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Congressional Record

SEVENTY-THIRD CONGRESS, FIRST SESSION

SENATE

TUESDAY, APRIL 4, 1933

(Legislative day of Monday, Mar. 13, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 4220) for the protection of Government records, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a resolution (H.Res. 93), as follows:

Whereas MALCOLM C. TARVER, on the 27th day of March 1933, submitted to the House of Representatives his resignation as a manager on the part of the House in the pending impeachment against Harold Louderback, a district judge of the United States for the northern district of California, which resignation on said date was accepted by the House of Representatives: Therefore be it

Resolved, That J. EARL MAJOR and LAWRENCE LEWIS, Members of the House of Representatives, be, and they are hereby, appointed managers on the part of the House of Representatives, with the managers on the part of the House heretofore appointed and acting, to conduct the impeachment pending in the United States Senate against Harold Louderback, a district judge of the United States for the northern district of California.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	King	Robinson, Ark.
Ashurst	Couzens	La Follette	Robinson, Ind.
Austin	Cutting	Lewis	Russell
Bachman	Dickinson	Logan	Schall
Bailey	Dieterich	Lonergan	Sheppard
Bankhead	Dill	Long	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fess	McGill	Stephens
Bone	Fletcher	McKellar	Thomas, Okla.
Borah	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Johnson	Pittman	Wheeler
Connally	Kean	Pope	White
Coolidge	Kendrick	Reed	
Copeland	Keyes	Reynolds	

Mr. LEWIS. I desire to state that the senior Senator from New Mexico [Mr. BRATTON] is necessarily detained from the Senate.

Mr. BYRD. I wish to state that my colleague the senior Senator from Virginia [Mr. GLASS] is unavoidably detained from the Senate.

Mr. FESS. I wish to announce that the Senator from Vermont [Mr. DALE] and the Senator from Rhode Island [Mr. HEBERT] are necessarily absent.

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is absent on account of illness.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

RESPONSIBILITY OF OWNERS AND OPERATORS OF VEHICLES FOR HIRE IN THE DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Public Utilities Commission of the District of Columbia, transmitting a draft of proposed legislation to require financial responsibility of owners and operators of vehicles for hire in the District of Columbia, and for other purposes, which, with the accompanying paper, was referred to the Committee on the District of Columbia.

FUNCTIONS OF FEDERAL BOARD FOR VOCATIONAL EDUCATION (S.DOC. NO. 11)

The VICE PRESIDENT laid before the Senate a letter from J. C. Wright, Director of the Federal Board for Vocational Education, transmitting, in response to Senate Resolution No. 351, Seventy-second Congress, a detailed report of all functions of the Board, including accounting, disbursing, collecting, purchasing, and personnel, and the annual cost thereof for the fiscal year ended June 30, 1932, which, with the accompanying statements, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a memorial of the Legislature of the State of Maine, favoring the restoration of the former 2-cent postal rate, which was referred to the Committee on Finance.

(See memorial printed in full when presented by Mr. HALE on the 3d instant, p. 1099, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate resolutions adopted by the Council of the City of San Buenaventura, Calif., favoring the issuance of national currency to municipalities on the pledge of their bonds, which were referred to the Committee on Banking and Currency.

He also laid before the Senate a letter from Louis J. Haennie, St. Louis, Mo., enclosing a memorandum report and other papers relative to a revival of the building industry, which, with the accompanying papers, was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Thirty-ninth Annual State Conference of the Rhode Island Daughters of the American Revolution, protesting against the recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate resolutions adopted by the Board of Supervisors of the City and County of San Francisco, Calif., favoring the passage of legislation known as "the Lea bill", legalizing wine with an alcoholic content of from 10 to 12 percent, which were referred to the Committee on the Judiciary.

Mr. ROBINSON of Arkansas presented a letter from S. R. Taylor, of the firm of Taylor & White, and a telegram from Arthur H. Carter, president of the New York State Society of Certified Public Accountants, both of New York City, N.Y., in reference to pending legislation regarding the regulation of securities sales, which were referred to the Committee on Banking and Currency.

RETRENCHMENT IN FOREIGN COMMERCE SERVICE

Mr. REED. Mr. President, I send to the desk a resolution adopted by the Philadelphia Board of Trade and ask that it may be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

[Extract from minutes of quarterly meeting, Philadelphia Board of Trade, held Mar. 20, 1933]

Your committee on foreign and coastwise commerce submits the following report:

"FOREIGN COMMERCE SERVICE

"Having been instructed by the executive council in previous sessions to study the opportunities for economy in the Foreign Commerce Services maintained by the United States Government, your committee would recommend to your favorable consideration that a protest be made to Congress against further retrenchment in appropriations for the Department of Commerce and the maintenance of its commercial attachés in foreign countries.

"That this be supplemented by recommendations to Congress that the Agricultural Department and certain other branches of the Federal Government be brought into more economically efficient coordination along the lines already adopted between the Department of Commerce and the Department of State.

"That the reduction of 47 percent in the Department of Commerce appropriations for the fiscal year ending July 1932, followed by a further 9 percent cut for the fiscal year ending July 1933, is evidence that there has been sufficient pruning in this particular branch of the Federal service, since American enterprise, seeking to reach markets abroad, is more dependent than ever before upon the assistance which the Commerce Department is able to accord in so marketing their merchandise.

"Despite the economies necessarily consequent upon this protracted depression in world commerce, which has so greatly curtailed the individual activities of American traders in foreign countries, it is noted that Great Britain is increasing their appropriations for the maintenance of their foreign commercial service, as are also Germany, Belgium, and Canada."

On motion the report of the committee was unanimously adopted and copy ordered forwarded to the proper executives at Washington.

True copy.

THE PHILADELPHIA BOARD OF TRADE,
PHILIP GODLEY, *President*.

Attest:
[SEAL] H. W. WILLS, *Secretary*.

PROSECUTION OF CERTAIN BANKING OFFICIALS

Mr. WALSH. Mr. President, I present and ask that there be printed in the CONGRESSIONAL RECORD and appropriately referred a copy of a resolution adopted by the Swedish-American Republican League, of Worcester, Mass., which is similar to a number of resolutions I have received from other groups in Massachusetts.

There being no objection, the resolution was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

Whereas officials of the National City Bank of New York, one of our greatest financial institutions, have admitted to a congressional investigating committee that they have withheld from the investing public information which would have caused them to withhold purchasing their issue of Peruvian bonds; and

Whereas this institution and all institutions of a similar nature are created to protect the interests of the American investor who uses their services; and

Whereas confidence in our Government goes hand in hand with confidence in our banks, and inasmuch as government in general is influenced favorably or unfavorably by the character of the men or by their acts in the conduct of the affairs of our great financial institutions; and

Whereas the actions of the officials of said institution would seem to indicate that they have conspired to defraud the American people knowingly in order to secure unfair profit at the expense of the American public: Therefore be it

Resolved, That this organization place itself on record in favor of an immediate prosecution of all those who are guilty and to the full extent of the law, so that the Government of these United States may indicate to the American people that it will not tolerate such violations of trust either in the case of the officials of the above institutions or in the case of any other in the future.

AMERICAN BANKERS FAVOR PRESENT SYSTEM OF STATE AND NATIONAL BANKS

Mr. SCHALL. Mr. President, I am herewith sending to the desk, to be published in the RECORD in connection with my remarks, a brief article from the Washington Evening Star of last Saturday, containing an Associated Press dispatch to the effect that the economic policy commission of the American Bankers' Association at their last annual convention favored the present set-up of State and National banks, in preference to the centralized national system advocated by Governor Meyer, of the Federal Reserve Board.

This committee of the American Bankers' Association holds that the present dual system of State and National bank charters, which maintains local financial independence free from the domination of an overcentralized Federal arm, should be strengthened rather than destroyed.

I am free to say that the people of the 48 States, with their remaining 12,000 State banks saved from the wreck of the panic and depression which had its origin in a centralized stock-gambling orgy, will be glad to know, as the Members of this Chamber will be glad to know, that representative American bankers are not yet ready to surrender to a Wall Street oligarchy.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the Evening Star, of Washington, D.C., Saturday, Apr. 1, 1933]

BANKERS OPPOSED TO UNIFIED SYSTEM—POLICY COMMISSION OF ASSOCIATION HAS DECLARED IN FAVOR OF PRESENT SET-UP

Creation of a unified banking system in this country is contrary to the views of the economic policy commission of the American Bankers' Association, voiced at the last annual convention of the association in Los Angeles last October.

At that time the commission declared that while it was in sympathy with the basic purposes envisioned in a unified plan it felt that the purposes could be attained under the present dual system of State and National charters.

It declared further that the present dual system has additional virtues in itself, particularly along the lines of maintaining local financial independence and credit sympathies free from the domination of overcentralized Federal Government, and that the dual system should be strengthened rather than destroyed.

On the other hand, Eugene Meyer, Jr., Governor of the Federal Reserve Board, believes we will never have a "satisfactory banking system in the United States until banks of deposit, commercial banks, can be gathered under one chartering, supervising, and regulatory power."

FEDERAL RESERVE BOARD LEGAL OPINION FOR BANK CENTRALIZATION

Mr. SCHALL. Mr. President, I am also sending to the desk to be published in the CONGRESSIONAL RECORD the full text of the legal opinion of the general counsel of the Federal Reserve Board on the powers of Congress to abolish State banks and make unlawful the receipt of deposits subject to withdrawal by check at any bank except one organized under Federal laws.

This opinion recites the statements of Governor Meyer, of the Federal Reserve System, at dates ranging from 1923 to 1932, to the effect that the failure of 10,000 banks during recent years is due to what he calls the present "heterogeneous banking structure" of State and National banks.

General Counsel Wyatt, of the Federal Reserve Board, thereupon gives it as his legal opinion that Congress has the power to abolish State banks by sundry prohibitions upon deposits, checks, and loans, and by imposition of prohibitive taxes and Federal penalties. This opinion is published in the Federal Reserve Bulletin of the current issue of March 30, 1933.

Not only every Member of Congress, but every State legislature, every State bankers association, every depositor in State banks, and every American citizen should have the opportunity to read this opinion and be apprised of the program of centralized banking power now formulated by those imbued with the ambition of controlling the financial resources of the 48 States.

Therefore I am asking general consent of the Senate to have this opinion published in full, that our constituents in 48 sovereign Commonwealths may know the details of the plan to destroy a large majority of their home banks.

In this connection I desire to say that many American citizens do not find the cause of recurring financial panics in the dual system of State and National banking, as held by Governor Meyer.

There are citizens who recall that the panic of 1929, the panics of 1907, 1893, and 1873 began in one place—the Wall Street Stock Exchange.

The panic spread to the States because of two centralized conditions: First, because Wall Street was the center of the banking reserves of the 48 States; second, because these reserves and the surplus savings of the people of 48 States

were used in stock-gambling operations instead of in the lawful business of industry and commerce.

In other words, the central cause of our national panics resides in the fact that already there is too great centralization of the national resources. That centralization is already destroying the financial independence of the States and towns to the extent that a school teacher in a village 2,000 miles away, a farmer in any of the 48 States, may not be able to cash a check against their home savings because there is a panic in Wall Street.

I hope that Congress will never pass a law to further increase this overcentralized banking power pursuant to the opinion of the general counsel of the Federal Reserve Board. But this much our constituents are entitled to know, and that is, to know in detail the plans of our financial oligarchy against the banking democracy and financial freedom of the States and our home institutions.

Every State banker and depositor should have the truth and the whole truth, so far as the Senate is able to furnish it.

That there may be no question with regard to the aim of this Federal Reserve Board legal opinion, I am going to quote two short sentences therefrom. The first sentence is on page 2 of the opinion, as follows (p. 167 of the March Federal Reserve Bulletin):

> If it deems it necessary to prevent banks organized under State laws from engaging in the commercial banking business in order to accomplish this object, Congress may lawfully do so.

The second sentence is on the last page of the legal opinion (p. 186 of the Bulletin), in the list of legal findings of congressional power:

> (1) It could forbid the receipt of deposits subject to withdrawal by check by any individual, partnership, or corporation other than a bank organized under the laws of the United States and provide suitable penalties for violations of this provision.

There are in all 22 pages reciting in sundry forms the general thesis above indicated. The findings embraced on the final page include six classes of prohibitory provisions, covering deposits, loans, checks, collections, credits, commercial facilities, and confiscatory taxes and penalties for Federal enforcement. It has more teeth against State banking than apparently the eighteenth amendment against the liquor traffic.

The country will be glad to read the new prohibition act proposed by Wall Street.

There being no objection, the opinion was ordered to be printed in the RECORD, and it is as follows:

CONSTITUTIONALITY OF LEGISLATION PROVIDING A UNIFIED COMMERCIAL BANKING SYSTEM FOR THE UNITED STATES

The Federal Reserve Board, at the time of the appearance of the Governor of the Board on March 29, 1932, before the Senate Committee on Banking and Currency in connection with the Glass bill (S. 4115), which was then under consideration by the committee, was requested to suggest a constitutional method of creating a unified banking system in the United States. In accord with this request, the general counsel of the Federal Reserve Board prepared an opinion, which was transmitted to the Chairman of the Senate Committee on Banking and Currency. The text of the opinion is published below:

To the Federal Reserve Board:

Senate Resolution 71, adopted on May 5, 1930, directed the Committee on Banking and Currency to conduct an investigation and recommend legislation "to provide for a more effective operation of the national and Federal Reserve Banking Systems of the country." Following extensive hearings by a subcommittee of which he was chairman, Senator GLASS introduced Senate bill 4115, Seventy-second Congress. At a hearing on the bill before the Committee on Banking and Currency on March 29, 1932, Governor Meyer presented a letter expressing the unanimous views of the members of the Federal Reserve Board, which contained the following statement:

"It should be recognized that effective supervision of banking in this country has been seriously hampered by the competition betweeen member and nonmember banks, and that the establishment of a unified system of banking under national supervision is essential to fundamental banking reform."

Bankers had testified that certain provisions of the bill would make it difficult for member banks to compete with nonmember banks and would cause defections from the Federal Reserve System and the national banking system; and during his testimony Governor Meyer called attention to the statement quoted above and stressed the fact that "effective supervision of banking in this country has been seriously affected by competition between member and nonmember banks", and that "competition between the State and national banking systems has resulted in weakening both steadily." Thereupon Senator GLASS requested Governor Meyer to "suggest to us a constitutional method of creating a unified banking system in this country."

In view of the circumstances under which this request was made, the history of our banking system, and the provisions of Senate Resolution No. 71, it appears that, by "creating a unified banking system", is meant bringing all commercial banking business in the United States into a single banking system subject to effective regulation and supervision by the Federal Government.

Congress has already created the national banking system and the Federal Reserve System; and the problem is how to achieve uniformity of corporate powers, regulation, and supervision with respect to banks engaged in the commercial banking business and to provide for their safe and effective operation, by eliminating the existing competition between the Federal Government and the 48 States for the privilege of granting charters to banks transacting that type of business.

Since commercial banking necessarily involves the receipt of deposits subject to withdrawal by check, Congress can achieve that result if it can enact legislation which will have the effect of confining the business of receiving deposits subject to withdrawal by check to national banks, which have uniform powers under the National Bank Act, are subject to effective regulation and supervision by the Federal Government, and are required to be members of the Federal Reserve System.

The question presented, therefore, is whether, in order to provide for a more effective operation of the national banking system and the Federal Reserve System, Congress has the power under the Constitution to restrict the business of receiving deposits subject to withdrawal by check to national banks.

A consideration of the decisions of the Supreme Court of the United States leaves no room for doubt that this question must be answered in the affirmative. While numerous authorities supporting this conclusion are cited and discussed below, the principal reasons may be stated concisely as follows:

1. The power to create the national banking system and the Federal Reserve System as useful instrumentalities to aid the Federal Government in the performance of certain important governmental functions includes the power to take such action as Congress may deem necessary to preserve the existence and promote the efficiency of those systems. (*McCulloch* v. *Maryland*, 4 Wheat. 316; *Farmers and Mechanics National Bank* v. *Dearing*, 91 U.S. 29; *Westfall* v. *United States*, 274 U.S. 256.)

2. Having provided the country with a national currency through the national banking system and the Federal Reserve System, Congress may constitutionally preserve the full benefits of such currency for the people by appropriate legislation. (*Veazie Bank* v. *Fenno*, 8 Wall. 533; *Legal Tender cases*, 12 Wall. 457.)

3. The existence of a heterogeneous banking structure in which there have been more than 10,000 bank failures during the past 12 years constitutes a burden upon and an obstruction to interstate commerce, and Congress may enact appropriate legislation to correct this condition. (*United States* v. *Ferger*, 250 U.S. 195; *Stafford* v. *Wallace*, 258 U.S. 495; *Board of Trade* v. *Olsen*, 262 U.S. 1.)

Any one of these grounds standing alone would be a sufficient constitutional justification for the enactment of legislation restricting the conduct of the commercial banking business to national banks; and, when all three grounds are considered together, there can be no doubt that such legislation would be not only constitutional but also entirely appropriate and in accordance with a proper division of authority between the Federal Government and the States.

Having the power to confine the commercial banking business to national banks, Congress can exercise that power in any manner which it deems appropriate and adequate for its purposes. It is not necessary that the legislation assume the form of a revenue act or an act to regulate interstate commerce, though either of these means would be appropriate.

I. THE POWER TO CREATE AND MAINTAIN A BANKING SYSTEM

Ample authority for the first conclusion stated above is contained in the opinion of Chief Justice Marshall in the case of *McCulloch* v. *Maryland* (1819) (4 Wheat. 316, 4 L.ed. 579), wherein the Supreme Court of the United States established the following principles:

(1) Congress has the power to create banks as convenient, appropriate, and useful instrumentalities to aid the Federal Government in the performance of its functions.

(2) This power is derived from a group of great powers, including the powers to lay and collect taxes, to borrow money, to regulate commerce, to declare and conduct wars, to raise and support armies and navies, and "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof."

(3) If the end be legitimate and within the scope of the Constitution, all the means which are appropriate, which are plainly adapted to that end, and which are not prohibited, may constitutionally be employed to carry it into effect.

(4) If a certain means to carry into effect any of the powers, expressly given by the Constitution to the Government of the Union, be an appropriate measure, not prohibited by the Constitution, the degree of its necessity is a question of legislative discretion, not of judicial cognizance.

(5) The States have no power by taxation or otherwise to retard, impede, burden, or in any manner control the operation of the constitutional laws enacted by Congress to carry into execution the powers vested in the Federal Government.

(6) The Constitution and laws of the United States are the supreme laws of the land; and "it is of the very essence of supremacy to remove all obstacles to its action within its own sphere."

Applying these principles, Congress has created the national banking system and the Federal Reserve System, which are now recognized as appropriate, if not indispensable, agencies to assist the Government in the performance of certain essential governmental functions. The States have no legal power to retard, impede, burden, or in any manner control the operation of these agencies; and Congress clearly has the right to enact such legislation as it may deem necessary to "remove all obstacles" to their safe and effective operation. If it deems it necessary to prevent banks organized under State laws from engaging in the commercial banking business in order to accomplish this object, Congress may lawfully do so.

Since the decision of the Supreme Court in *McCulloch* v. *Maryland* is the legal foundation stone upon which our national banking system, our Federal Reserve System, and our Federal Farm Loan System have been built and their constitutionality sustained, that case should be considered in more detail. The essential facts giving rise to the decision were as follows:

The Bank of the United States was granted a special charter by the act of Congress approved April 10, 1816, and was authorized to establish branches throughout the United States. It established its head office in Philadelphia and a branch in Baltimore, Md. The Legislature of the State of Maryland enacted a statute taxing all banks or branches thereof in the State which were not chartered by the State and prescribing a penalty to be collected from the officers of any bank that failed to pay the tax. The Bank of the United States did not pay this tax on the transactions of its Baltimore branch, and a suit was brought against McCulloch, the cashier of the branch, to recover the penalty.

McCulloch defended on the ground that the State law was unconstitutional and void because it was in conflict with a valid Federal statute. The State contended that the act of Congress chartering the Bank of the United States was unconstitutional and that, therefore, the State statute was valid. By a unanimous opinion the Supreme Court of the United States held that the act of Congress chartering the Bank of the United States was valid and that the State law purporting to tax the bank was invalid.

The following quotations from the masterful opinion rendered by Chief Justice Marshall will illustrate the profound reasoning upon which the Court's decision was based (4 Wheat. 407, 411, 415, 421, 422, 424):

"Although, among the enumerated powers of government, we do not find the word 'bank' or 'incorporation', we find the great powers to lay and collect taxes, to borrow money, to regulate commerce, to declare and conduct a war, and to raise and support armies and navies. The sword and the purse, all the external relations, and no inconsiderable portion of the industry of the nation, are intrusted to its government. It can never be pretended that these vast powers draw after them others of inferior importance, merely because they are inferior. Such an idea can never be advanced. But it may with great reason be contended that a government, intrusted with such ample powers, on the due execution of which the happiness and prosperity of the nation so vitally depends, must also be intrusted with ample means for their execution.

* * * * * * *

"But the Constitution of the United States has not left the right of Congress to employ the necessary means for the execution of the powers conferred on the Government to general reasoning. To its enumeration of powers is added that of making 'all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution, in the Government of the United States, or in any department thereof.'

* * * * * * *

"To have prescribed the means by which government should, in all future time, execute its powers, would have been to change entirely the character of the instrument and give it the properties of a legal code. *It would have been an unwise attempt to provide by immutable rules for exigencies which, if foreseen at all, must have been seen dimly, and which can be best provided for as they occur.* To have declared that the best means shall not be used, but those alone without which the power given would be nugatory, would have been to deprive the legislature of the capacity to avail itself of experience, to exercise its reason, and to accommodate its legislation to circumstances.

* * * * * * *

"We admit, as all must admit, that the powers of the Government are limited, and that its limits are not to be transcended. But we think *the sound construction of the Constitution must allow to the National Legislature that discretion with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional.*

* * * * * * *

"If a corporation may be employed indiscriminately with other means to carry into execution the powers of the Government, no particular reason can be assigned for excluding the use of a bank, if required for its fiscal operations. To use one must be within the discretion of Congress, if it be an appropriate mode of executing the powers of government. That it is a convenient, a useful, and essential instrument in the prosecution of its fiscal operations, is not now a subject of controversy.

* * * * * * *

"After this declaration it can scarcely be necessary to say that the *existence of State banks can have no possible influence on the question.* No trace is to be found in the Constitution of an intention to create a dependence of the Government of the Union on those of the States, for the execution of the great powers assigned to it. Its means are adequate to its ends, and on those means alone was it expected to rely for the accomplishment of its ends. To impose on it the necessity of resorting to means which it cannot control, which another government may furnish or withhold, would render its course precarious, the result of its measures uncertain, and create a dependence on other governments, which might disappoint its most important designs, and is incompatible with the language of the Constitution. But were it otherwise *the choice of means implies a right to choose a national bank in preference to State banks, and Congress alone can make the election.*" (Italics supplied.)

Having announced that it was "the unanimous and decided opinion" of the Court that the act to incorporate the Bank of the United States was a law made in pursuance of the Constitution, and was a part of the supreme law of the land, the Chief Justice proceeded to consider the question whether the State could tax the bank (4 Wheat. 426, 427, 436):

"This great principle is, that the Constitution and the laws made in pursuance thereof are supreme; that they control the Constitution and laws of the respective States, and cannot be controlled by them. From this, which may be almost termed an axiom, other propositions are deduced as corollaries, on the truth or error of which, and on their application to this case, the cause has been supposed to depend. These are, *1. That a power to create implies a power to preserve. 2. That a power to destroy, if wielded by a different hand, is hostile to, and incompatible with these powers to create and to preserve. 3. That where this repugnancy exists, that authority which is supreme must control, not yield to that over which it is supreme.*

* * * * * * *

"* * * *It is of the very essence of supremacy to remove all obstacles to its action within its own sphere,* and so to modify every power vested in subordinate governments as to exempt its own operations from their own influence. This effect need not be stated in terms. It is so involved in the declaration of supremacy, so necessarily implied in it, that the expression of it could not make it more certain. We must, therefore, keep it in view while construing the Constitution.

* * * * * * *

"The Court has bestowed on this subject its most deliberate consideration. The result is a conviction that the *States have no power, by taxation or otherwise, to retard, impede, burden, or in any manner control the operations of the constitutional laws enacted by Congress to carry into execution the powers vested in the general government.* This is, we think, the unavoidable consequence of that supremacy which the Constitution has declared." (Italics supplied.)

In the case of *Osborn* v. *United States Bank* (1824) (9 Wheat. 738; 6 L.ed. 204), substantially the same questions as had been considered by the Supreme Court in *McCulloch* v. *Maryland* were presented in substantially the same form. Yielding to the request of counsel, the whole subject was re-examined and the principles announced in *McCulloch* v. *Maryland* were restated and upheld.

Considering more fully the question of the possession by the bank of private powers associated with its public authority and meeting the contention that the two were separable and that the public power should be treated as within, and the private power as without, the implied power of Congress, the Supreme Court expressly held that the authority of Congress was to be ascertained by considering the bank as an entity, possessing the rights and powers conferred upon it, and that the lawful power to create the bank and give it the attributes which were deemed essential should not be rendered unavailing by detaching particular powers and considering them alone and thus destroying the efficacy of the bank as a national instrument.

The ruling of the court, therefore, was to the effect that, although a particular character of business might not, when considered alone, be within the implied power of Congress, yet, if such business was appropriate or relevant to the banking business, the implied power was to be tested by the right to create a bank and the authority to attach to it that which was relevant in the judgment of Congress to make the business of the bank successful.

In rendering the opinion of the Court, Chief Justice Marshall said (9 Wheat. 860–863):

"* * * That the mere business of banking is, in its own nature, a private business, and may be carried on by individuals or companies having no political connection with the Government, is admitted; but the bank is not such an individual or company. It was not created for its own sake or for private purposes. It has never been supposed that Congress could create such a corporation. The whole opinion of the Court, in the case of *McCulloch* v. *The*

State of Maryland, is founded on, and sustained by, the idea that the bank is an instrument which is 'necessary and proper for carrying into effect the powers vested in the Government of the United States.'

* * * * * * *

"* * * Can this instrument, on any rational calculation, effect its object unless it be endowed with that faculty of lending and dealing in money which is conferred by its charter? * * * The distinction between destroying what is denominated the corporate franchise and destroying its vivifying principle is precisely as incapable of being maintained as a distinction between the right to sentence a human being to death and a right to sentence him to a total privation of sustenance during life. Deprive a bank of its trade and business, which is its sustenance, and its immortality, if it have that property, will be a very useless attribute. This distinction, then, has no real existence. To tax its faculties, its trade, and occupation is to tax the bank itself. To destroy or preserve the one it to destroy or preserve the other.

* * * * * * *

"* * * The operations of the bank are believed not only to yield the compensation for its services to the Government but to be essential to the performance of those services. *Those operations give its value to the currency in which all the transactions of the Government are conducted. They are, therefore, inseparably connected with those transactions. They enable the bank to render those services to the Nation for which it was created and are, therefore, of the very essence of its character as national instruments* * * *." (Italics supplied.)

The charter of the Bank of the United States, having expired in 1836, the country was left to depend for its currency on a multitude of State banks which sprang up under numerous different State laws, most of which contained either no provisions or inadequate provisions regarding capital, reserves, and supervision.

Having experienced the difficulty of conducting the War of 1812 without the aid of a Federal banking system, however, Congress during the Civil War enacted the National Bank Act on February 25, 1863, and revised it on June 3, 1864. This time it did not undertake to create a single bank with branches throughout the Union, but provided for the creation of numerous local banks, each independent of the other, but all operating under a single banking law and under the supervision of the Treasury Department of the United States Government.

In the case of *Farmers & Mechanics National Bank* v. *Dearing* (1875) (91 U.S. 29; 23 L.ed. 197) the Supreme Court applied the doctrines of its earlier decisions to national banks organized under the National Bank Act of 1864. The case involved the question whether State usury laws were applicable to national banks, and in holding that they were not the Court said (p. 33):

"The constitutionality of the act of 1864 is not questioned. It rests on the same principle as the act creating the second bank of the United States. The reasoning of Secretary Hamilton and of this Court in *McCulloch* v. *Maryland* (4 Wheat. 316) and in *Osborn* v. *Bank* (9 Wheat. 738) therefore applies. *The national banks organized under the act are instruments designed to be used to aid the Government in the administration of an important branch of the public service. They are means appropriate to that end. Of the degree of the necessity which existed for creating them, Congress is the sole judge.*

"Being such means, brought into existence for this purpose, and intended to be so employed, the States can exercise no control over them, nor in any wise affect their operation except insofar as Congress may see proper to permit. Anything beyond this is 'an abuse, because it is the usurpation of power which a single State cannot give.' Against the national will 'the States have no power, by taxation or otherwise, to retard, impede, burthen, or in any manner control the operation of the constitutional laws enacted by Congress to carry into execution the powers vested in the General Government.' (*Osborn* v. *Bank*, supra; *Weston and Others* v. *Charleston*, 2 Pet. 466; *Brown* v. *Maryland*, 12 Wheat. 419; *Dobbins* v. *Erie County*, 16 Pet. 435.)

"*The power to create carries with it the power to preserve. The latter is a corollary from the former.*" (Italics supplied.)

In *Davis* v. *Elmira Savings Bank* (1896) (161 U.S. 275; 16 Sup. Ct. 502) the same question arose in another form. The Legislature of the State of New York provided by law that a savings bank organized under the laws of that State should have a preference as a depositor in other banks in case of the insolvency of the latter, and it was sought to apply this provision to the case of a deposit by a savings bank in a national bank which had subsequently become insolvent. The Supreme Court of the United States held that such a provision of a State law could not apply to national banks, because it was in conflict with that provision of the National Bank Act which requires the assets of an insolvent national bank to be distributed ratably among its creditors. In so holding the Court said (p. 503):

"National banks are instrumentalities of the Federal Government created for a public purpose, and as such necessarily subject to the paramount authority of the United States. *It follows that an attempt by a State to define their duties or control the conduct of their affairs is absolutely void, wherever such attempted exercise of authority expressly conflicts with the laws of the United States, and either frustrates the purpose of the national legislation or impairs the efficiency of these agencies of the Federal Government to discharge the duties for the performance of which they were created.* These principles are axiomatic and are sanctioned by the repeated adjudications of this Court." (Italics supplied.)

In *Easton* v. *Iowa* (1903) (188 U.S. 220; 23 Sup. Ct. 288), Easton the president of a national bank, was convicted in the State court under a State law making it a crime to receive deposits while the bank was insolvent. On appeal the Supreme Court of the United States held that the State law had no application to a national bank. In so holding the Court said (pp. 290, 293):

"* * * the Federal legislation creating and regulating national banks * * * *has in view the erection of a system extending throughout the country, and independent, so far as powers conferred are concerned, of State legislation which, if permitted to be applicable, might impose limitations and restrictions as various and as numerous as the States.* Having due regard to *the national character and purposes of that system*, we cannot concur in the suggestions that national banks, in respect to the powers conferred upon them, are to be viewed as solely organized and operated for private gain. *The principles enunciated in* McCulloch *v.* Maryland (*4 Wheat. 316, 425*) *and in* Osborn *v.* United States Bank (*9 Wheat. 738*), *though expressed in respect to banks incorporated directly by acts of Congress, are yet applicable to the later and present system of national banks.*

* * * * * * *

"Our conclusions, upon principle and authority, are that Congress, having power to create a system of national banks, is the judge as to the extent of the powers which should be conferred upon such banks, and has the sole power to regulate and control the exercise of their operations; * * * *that it is not competent for State legislatures to interfere, whether with hostile or friendly intentions, with national banks or their officers in the exercise of the powers bestowed upon them by the General Government.*" (Italics supplied.)

Having been denied the right to impose limitations and restrictions upon national banks, the States have granted increasingly liberal powers to competing State banks and, in many instances, have subjected them to fewer restrictions and less effective regulation and supervision. This has led Congress to modify the safeguards contained in the original National Bank Act in order to enable national banks to compete with State banks and thus to preserve the existence of the national banking system. Such competition between the Federal Government and the various States has led to more and more laxity in bank regulation and supervision.

Moreover, when Congress has undertaken to enact legislation designed to "provide for the safer and more effective use of the assets of national banking associations", it has been told that the proposed legislation would make it difficult for national banks to compete with State banks and would cause national banks to reorganize as State banks.

Since "it is not competent for State legislatures to interfere * * * with national banks or their officers in the exercise of the powers bestowed upon them by the General Government", they cannot do so indirectly by granting State banks competitive advantages; and if the competition of State banks interferes with the safe and effective operation of national banks, Congress can put an end to such interference with the national purpose by preventing State banks from competing with national banks for commercial banking business.

First National Bank v. *Union Trust Co.* (1917) (244 U.S. 416; 37 Sup. Ct. 734) turned upon the constitutionality of section 11 (k) of the Federal Reserve Act, which granted to national banks the right to act, in certain circumstances, as trustees, executors, and administrators. It was contended that, unlike the business of banking, there was no natural connection or relationship between acting in these capacities and carrying on the fiscal operations of the Federal Government, and that, moreover, the legislation constituted a direct invasion of the sovereignty of the States, which control not only the devolution of the estates of deceased persons and the conduct of private business within the States but as well the creation of corporations and the qualifications and duties of such as may engage in the business of acting as trustees, executors, and administrators. The Supreme Court of the United States, however, took cognizance of the fact that Congress had authorized national banks to act in these capacities in order to enable them to compete with State corporations which were authorized to transact such business in connection with their banking business, and therefore the Court sustained the constitutionality of the law.

In rendering the opinion of the Court on this question Chief Justice White reviewed the earlier decisions of the Supreme Court in the cases of *McCulloch* v. *Maryland* and *Osborn* v. *Bank*, and said (p. 737):

"* * * What those cases established was that although a business was of a private nature and subject to State regulation, if it was of such a character as to cause it to be incidental to the successful discharge by a bank chartered by Congress of its public functions, it was competent for Congress to give the bank the power to exercise such private business in cooperation with or as part of its public authority. Manifestly this excluded the power to the State in such case, although it might possess in a general sense authority to regulate such business, to use that authority to prohibit such business from being united by Congress with the banking function, since to do so would be but the exertion of State authority to prohibit Congress from exerting a power which, under the Constitution, it had a right to exercise. From this it must also follow that even although a business be of such a character that it is not inherently considered susceptible of being included by Congress in the powers conferred on national banks, that rule would cease to apply if, by State law, State banking

corporations, trust companies, or others which, by reason of their business, are rivals or quasi-rivals of national banks, are permitted to carry on such business. This must be, since *the State may not by legislation create a condition as to a particular business which would bring about actual or potential competition with the business of national banks, and at the same time deny the power of Congress to meet such created condition by legislation appropriate to avoid the injury which otherwise would be suffered by the national agency.*" (Italics supplied.)

Likewise, the States may not, by granting increasingly liberal powers to State banks and trust companies, create a competitive situation that makes it impossible for Congress to preserve the existence of the national banking system without removing the safeguards necessary to make it a safe and effective system and at the same time deny the right of Congress to meet the situation by putting an end to such competition.

In the case of *State of Missouri* v. *Duncan* (1924) (265 U.S. 17, 44 Sup. Ct. 427) the Burnes National Bank, of St. Joseph, Mo., being duly authorized to act as executor by a permit issued by the Federal Reserve Board under the provisions of section 11 (k) of the Federal Reserve Act, was named as executor by a citizen of Missouri who died leaving a will. The bank applied to the probate court for letters testamentary but was denied appointment on the ground that national banks were not permitted to act as executors under the laws of Missouri. Thereupon, the national bank applied to the supreme court of the State for a writ of mandamus to require the judge of the probate court to issue letters testamentary. The Supreme Court of Missouri denied a writ of mandamus and an appeal was taken to the Supreme Court of the United States, which reversed the opinion of the State court and held that the probate court had no right to deny the national bank letters testamentary.

After quoting the second paragraph of section 11 (k) of the Federal Reserve Act, as amended by the act of September 26, 1918 (40 Stat. 967), the Supreme Court said, through Mr. Justice Holmes (pp. 23, 24):

"* * * This says in a roundabout and polite but unmistakable way that whatever may be the State law, national banks having the permit of the Federal Reserve Board may act as executors if trust companies competing with them have that power. The relator has the permit, competing trust companies can act as executors in Missouri, the importance of the powers to the sustaining of competition in the banking business is so well known and has been explained so fully heretofore that it does not need to be emphasized, *and thus the naked question presented is whether Congress had the power to do what it tried to do.*

* * * * * * *

"The States cannot use their most characteristic powers to reach unconstitutional results. (*Western Union Telegraph Co.* v. *Kansas*, 216 U.S. 1; *Pullman Co.* v. *Kansas*, 216 U.S. 56; *Western Union Telegraph Co.* v. *Foster*, 247 U.S. 105, 114.) There is nothing over which a State has more exclusive authority than the jurisdiction of its courts, but it cannot escape its constitutional obligations by the device of denying jurisdiction to courts otherwise competent (*Kenney* v. *Supreme Lodge of the World*, 252 U.S. 411, 415). So here—the State cannot lay hold of its general control of administration to deprive national banks of their power to compete that Congress is authorized to sustain." (Italics supplied.)

Nor would it seem that the States, through the exercise of their power to charter banks, can maintain a situation which impairs the efficiency of the national banking system and the Federal Reserve System. The power to create these systems includes the power to preserve them; and Congress can eliminate the ruinous competition that now exists between the national banking system and the 48 State banking systems if it finds it necessary to do as a means of preserving the efficacy of its own instrumentalities.

In *Westfall* v. *United States* (1927) (247 U.S. 256; 47 Sup. Ct. 629) the defendant, who was not even an official of any member bank of the Federal Reserve System, was indicted for aiding and procuring a branch manager of a State bank which was a member of the Federal Reserve System to misapply the funds of the bank in violation of a provision of section 9 of the Federal Reserve Act. He attacked the constitutionality of the statute on the ground that Congress had no power to punish offenses against the property rights of State banks and that the statute is so broad that it covers such offenses when they would not result in any loss to the Federal Reserve bank. The Supreme Court of the United States, however, held that the statute was constitutional and said (p. 258):

"* * * And if a State bank chooses to come into the System created by the United States, the United States may punish acts injurious to the System, although done to a corporation that the State also is entitled to protect. The general proposition is too plain to need more than statement. That there is such a System and that the reserve banks are interested in the solvency and financial condition of the members also is too obvious to require a repetition of the careful analysis presented by the Solicitor General. The only suggestion that may deserve a word is that the statute applies indifferently whether there is a loss to the reserve banks or not. *But every fraud like the one before us weakens the member bank and therefore weakens the System.* Moreover, when it is necessary in order to prevent an evil to make the law embrace more than the precise thing to be prevented, it may do so. It may punish the forgery and utterance of spurious interstate bills of lading in order to protect the genuine commerce. (*United States* v. *Ferger*, 250 U.S. 199.) See further *Southern R. Co.* v. *United States* (222 U.S. 20, 26). That principle is settled. Finally Congress may employ State corporations with their consent as instrumentalities of the United States (*Clallam County* v. *United States*, 263 U.S. 321), and may make frauds that impair their efficiency crimes." (*United States* v. *Walter*, 263 U.S. 15.) (Italics supplied.)

If Congress can go to that length in order to protect the Federal Reserve System from a relatively minor danger, it can relieve the member banks of that System of the competition of nonmember banks for commercial banking business in order to protect the Federal Reserve System from the greater danger of having the efficiency and safety of its operations impaired by such competition. If, in order to accomplish this object, it deems it appropriate to restrict the transaction of a commercial banking business to national banks, which are required to be members of the Federal Reserve System, Congress clearly has the right to do so.

A brief review of the history of Federal banking legislation will disclose that Congress already has made two attempts to create a unified banking system for the United States and that, in the language of Mr. Justice Holmes in *State of Missouri* v. *Duncan*, "The naked question presented is whether Congress has the power to do what it tried to do."

When it enacted the National Bank Act Congress recognized that banking is a matter of national public interest and attempted to create a unified banking system under Federal supervision. As will be shown in more detail hereinafter, the act of March 3, 1865, which imposed a prohibitive tax on the circulating notes of State banks, was intended not only to provide a uniform currency but also to compel State banks to convert into national banks. It succeeded in eliminating State-bank currency and almost succeeded in eliminating State banks; but the State banks overcame the handicap of not being able to issue currency and multiplied in number until by 1910 their number was almost twice that of national banks.

By the enactment of the Federal Reserve Act of December 23, 1913, Congress made another attempt to create a unified banking system, by requiring all national banks in the continental United States to become members of the Federal Reserve System and inviting State banks to do so voluntarily. This object was recognized by the Federal Reserve Board in a circular issued on June 7, 1915, and published in the Federal Reserve Bulletin for July 1915, at page 145, wherein the Board said:

"A unified banking system, embracing in its membership the well-managed banks of the country, small and large, State and national, is the aim of the Federal Reserve Act. There can be but one American credit system of Nation-wide extent, and it will fall short of satisfying the business judgment and expectation of the country and fail of attaining its full potentialities if it rests upon an incomplete foundation and leaves out of its membership any considerable part of the banking strength of the country."

When we entered the Great War, however, only 53 State banks, with resources aggregating $750,000,000, had become members of the Federal Reserve System; and, in order to induce additional State banks to become members, so that the financial resources of the Nation might be mobilized for the great struggle then confronting it, Congress made a number of concessions which materially diminished its own control over State member banks of the Federal Reserve System.

By the act of June 21, 1917 (40 Stat. 232), it eliminated the requirements of the original Federal Reserve Act that State member banks must comply with the loan limitations of the National Bank Act and must be examined at least twice a year by the Comptroller of the Currency and provided that, subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board made pursuant thereto, such banks should retain their full charter and statutory rights as State banks or trust companies and might continue to exercise all corporate powers granted by the States in which they were created.

On October 13, 1917, the President of the United States appealed to the State banks and trust companies to become members of the Federal Reserve System for patriotic purposes, saying that "The extent to which our country can withstand the financial strains for which we must be prepared will depend very largely upon the strength and staying power of the Federal Reserve banks." (Ann. Rept. F.R. Board, 1917, p. 9.)

Notwithstanding these concessions by Congress and this appeal of President Wilson, however, there were only 936 State member banks with resources aggregating $7,338,813,000 in the Federal Reserve System on January 1, 1919. Only 11 percent of the State banks had become members of the Federal Reserve System, and these banks held only 54.5 percent of the resources of all State banks and trust companies in the country. (Ann. Rep. F.R. Board, 1918, pp. 26–27.)

Moreover, at the peak of State-bank membership, which occurred on June 30, 1922, there were only 1,648 State banks and trust companies which were members of the Federal Reserve System out of a total of approximately 20,000 State banks and trust companies in the country; and the member State banks and trust companies held only 51 percent of the total resources of all State banks and trust companies. (Ann. Rep. Fed. Res. Board, 1922, p. 29; Ann. Rep. Comp. Cur., 1931, pp. 3, 5.) And on June 30, 1932, there were only 835 State member banks and trust companies in the Federal Reserve System.

Furthermore, the amendments of June 21, 1917, which were enacted in order to induce State banks to become members of the Federal Reserve System voluntarily, had greatly weakened the control of the Federal Government over State member banks; the successive amendments to the National Bank Act, which were

intended to enable national banks to compete more effectively with State banks, had materially lowered the standard previously set by the National Bank Act; the "better supervision of banking, which is one of the major purposes of the Federal Reserve Act, had been seriously impeded; and the 10 years 1921 to 1931 witnessed numerous failures of State member banks and a larger number of failures of national banks than had occurred previously in the entire history of the national banking system from 1863 to 1921.

Mr. Eugene Meyer, then managing director of the War Finance Corporation, made the following statement on January 31, 1923, in testifying before the Committee on Banking and Currency of the House of Representatives (hearings on S. 4280, 67th Cong., pt. I, p. 56):

"There are necessarily many difficulties involved in our dual system of banking. We have a State banking system, a national banking system, and a Federal Reserve System, the latter having a membership derived from both the State and the national systems. The State banking departments supervise the State banks and the Comptroller of the Currency supervises the national banks, while the Federal Reserve System has a supervision of its own for the member banks, and there has been at times some disposition to competition between the State and the national banking systems.

"The State banking laws frequently permit practices which national banks cannot legally engage in. This is creating competition between the two systems which cannot be regarded as wholesome and may lead to the gradual weakening of both. * * * The competition that exists at the present time between State and national banks cannot fail to remind one of the competition that prevailed a generation ago among the various States seeking to become domiciles for corporations—a competition that was based upon the laxity of the laws governing incorporation. *Nothing could be more disastrous than competition between the State and national banking groups, based upon competition in laxity.*" (Italics supplied.)

In testifying before the Committee on Ways and Means of the House of Representatives on April 27 and 28, 1932, in his capacity as governor of the Federal Reserve Board and chairman of the board of directors of the Reconstruction Finance Corporation, and in the light of his experience as managing director of the War Finance Corporation, Mr. Eugene Meyer discussed this subject again. (Hearings re payment of adjusted-service certificates, 72d Cong., 1st sess., pp. 631, 642, 643.) His testimony was, in part, as follows:

"Personally I feel, as I stated to a subcommittee of the Banking and Currency Committee the other day, that we will never have a satisfactory banking system in the United States until banks of deposit, commercial banks, can be gathered under one chartering, supervising, and regulatory power. The constant competition between State and national banking systems has resulted in a weakening of the laws and the safeguards of both systems, which, I think, contributed in no small degree to the excesses of the inflation period and to the suffering of the deflation period. The minds of the committees charged with banking and currency responsibilities are engaged in studying this problem.

* * * * * * *

"I am entirely in favor of maintaining State rights to the extent that they can properly be maintained. But there are various functions over which the Federal Government has had to assume jurisdiction. We have the Postal Service, and have had it since the beginning of the Government. As other activities become national and interstate on a greater scale, I feel that we must take account of these changed conditions. We must have elasticity in our conception of decentralization and the advantage of local control when there are vital changes in financial and economic conditions."

This subject was also discussed by Mr. Owen D. Young, deputy chairman of the Federal Reserve Bank of New York, in his testimony before the subcommittee of the Senate Committee on Banking and Currency on February 4, 1931. (Hearings pursuant to Senate Resolution No. 71 of the 71st Cong., pp. 353 et seq.) He said:

"I want to say, first, Mr. Chairman, * * * that all commercial deposit banking in the United States should be carried on under one law, that examinations of banks and their control should be under one authority. Their reserves should be mobilized in the Federal Reserve System. Then we could develop for the country as a whole a sound banking system and definitely fix responsibility. That would mean that all banks of deposit, as distinguished from savings, should be national banks.

"As it is now, banks are chartered both by the National Government and by each of the 48 States. They are in competition, each endeavoring to offer the most attractive charters and the most liberal laws, to say nothing of the liberality of administrative officials in interpreting the laws. The National Banking Act has to compete not only with the most conservative States but the most liberal ones. Consequently there has been a constant tendency to liberalize banking laws and to weaken their administration. In such cases the argument is always made that it is desirable to liberalize the law so as to enable the banks to be of great service to borrowers.

"The first question always regarding banks doing a demand-deposit business should be the safety of the deposits and the ability of the bank to return them to depositors instantly on request, unless they be time deposits. No thought of service to borrowers should be permitted to impair the safety and security of deposits. Banks of deposit are, after all, primarily custodians of liquid funds. Only such use of such funds should be permitted as may be consistent with the interests of the depositors.

"In the early years of our Government our business was largely done by currency moving from hand to hand. It was felt at that time, and properly so, that we should have a national and uniform currency. Consequently Congress was given power to coin money and regulate the value thereof. This power was made effective as to paper money by the National Bank Act. Now our business is carried on mostly by transfers of bank deposits, currency forming only a small part of our money transfers. If control of our currency were necessary in the beginning by the Federal Government, control of our bank deposits by it now would seem desirable. We have transferred, either affirmatively or by acquiescence, many powers to the Federal Government which ought not to be there. I am bitterly opposed to the impairment of the rights to the States in their appropriate field. It does seem strange, however, that in the face of such gravitation toward Federal authority we should have retained divided rather than unified power over our deposit banking system.

"Except for the currency in our pockets, our banks of deposit hold the liquid capital of the people of the United States. The transfer of this capital from one of us to another promptly and safely should be facilitated. That means, however, that every bank of deposit is truly engaged in a national business. Its soundness and safety are of concern to our people everywhere. Our business of deposit banks is not local in character; it is, and should be, national. Therefore, in my judgment, it should be governed by the national law.

* * * * * * *

"I should hope, sir, that you might find a way to bring all State banks holding themselves out to do a national business and carrying demand deposits into the Federal Reserve System by compulsion."

Having failed to accomplish fully its purposes by creating the Federal Reserve System and inviting State banks to become members voluntarily and by modifying the safeguards contained in the National Bank Act and the Federal Reserve Act, in order to encourage the organization of national banks and to induce State banks to become members of the Federal Reserve System, Congress may resort to other measures. It can abandon inducement and resort to compulsion. In other words, it can prevent the transaction of a commercial banking business except by national banks, which must be members of the Federal Reserve System.

That Congress has the power to adopt this means to accomplish its great objects follows necessarily from the fundamental principles established by the Supreme Court of the United States in its decision in the case of *McCulloch* v. *Maryland* and the other cases discussed above; but there are also other reasons and additional authorities for this conclusion.

II. THE POWER TO PROVIDE A NATIONAL CURRENCY

A separate and independent ground for the above conclusion and an effective method of bringing all commercial banking into the national banking system are found in the measures adopted by Congress to provide a national currency for the Nation and in the decisions of the Supreme Court regarding the constitutionality of such measures.

By the act of March 3, 1865 (13 Stat. 484), later reenacted as the act of July 13, 1866 (14 Stat. 146), Congress imposed a tax of 10 percent on the circulating notes of State banks paid out by National or State banks. The avowed purpose of this legislation was to create a uniform currency by driving the circulating notes of State banks out of existence and, if necessary, by driving all State banks into the national banking system; and the Supreme Court of the United States upheld its constitutionality. (*Veazie Bank* v. *Fenno* (1869), 8 Wall. 533; 19 L.ed. 482.)

How near this legislation came to creating a unified banking system is indicated by the fact that up to November 15, 1864, there were only 584 national banks, with capital aggregating $81,961,450, and by October 1, 1865, there were 1,566 national banks, capitalized at $276,219,450. In 1862, prior to the passage of the National Bank Act, there were 1,492 State banks; in July 1864 there were 467 national banks and 1,089 State banks; in 1865 there were 1,294 national banks and 349 State banks; in 1866 there were 1,634 national banks and 297 State banks; and by 1868 the number of State banks fell to 247, the lowest figure for any time since 1857. (Report, National Monetary Commission, vol. 5, pp. 22, 103; Ann. Rept. Comp. Cur., 1931, p. 3.)

It is appropriate, therefore, to examine in this connection not only the legal basis for the decision of the Supreme Court in the case of *Veazie Bank* v. *Fenno*, but also the circumstances giving rise to that opinion. While the situation then confronting Congress assumed a different form, the problem of the sixties and the method of its solution furnish a guide to the method of dealing with the problem of effecting desirable reforms in our present banking system.

In his report to Congress dated November 28, 1863 (p. 57), the Comptroller of the Currency said:

"* * * The idea that the national banks cannot supersede the State banks without breaking them down and ruining their stockholders is an erroneous one, and can only be honestly entertained by those who have not carefully considered the subject or noticed the process of conversion, which has changed some banks in the West, and is changing others in the East, from one system to the other. No war is being waged, or is intended to be waged, by the national system upon State institutions. So, far from it,

it opens the way by which the interests of stockholders can be protected, at the same time that the character of their organizations is changed.

"* * * The amount of losses which the people have sustained by insolvent State banks and by the high rate of exchanges, the result of a depreciated currency, can hardly be estimated. That some of the new States have prospered, notwithstanding the vicious and ruinous banking systems with which they have been scourged, is evidence of the greatness of their resources and the energy of their people. *The idea has at last become quite general among the people that the whole system of State banking, as far as circulation is regarded, is unfitted for a commercial country like ours.* The United States is a nation as well as a union of States. Its vast railroad system extends from Maine to Kansas and will soon be extended to the Pacific Ocean. Its immense trade is not circumscribed by State lines, nor subject to State laws. Its internal commerce is national, and so should be its currency. At present some 1,500 State banks furnish the people with a bank-note circulation. This circulation is not confined to the States by which it is authorized, but is carried by trade or is forced by the banks all over the Union. People receive it and pay it out, scarcely knowing from whence it comes or in what manner it is secured. Banks have been organized in some States with a view to lending their circulation to the people of others. Probably not one quarter of the circulation of the New England banks is needed or used in New England, the balance being practically loaned to other States. The national currency system is intended to change this state of things, not by a war upon the State banks but by providing a means by which the circulation which is intended for national use shall be based upon national securities through associations organized under a national law." (Italics supplied.)

In his report of November 25, 1864, (p. 54) the Comptroller of the Currency said:

"As long as there was any uncertainty in regard to the success of the national banking system, or the popular verdict upon its merits and security, I did not feel at liberty to recommend discriminating legislation against the State banks. It is for Congress to determine if there is any longer a reasonable uncertainty on these points, and if the time has not arrived when all these institutions should be compelled to retire their circulation. It is indispensable for the financial success of the Treasury that the currency of the country should be under the control of the Government. This cannot be the case as long as State institutions have the right to flood the country with their issues. As a system has been devised under which State banks, or at least as many of them as are needed, can be reorganized, so that the Government can assume a rightful control over bank-note circulation, it could hardly be considered oppressive if Congress should prohibit the further issue of bank notes not authorized by itself, and compel, by taxation, (which should be sufficient to effect the object without being oppressive), the withdrawal of those which have been already issued. My own opinion is that this should be done, and that the sooner it is done the better it will be for the banks themselves and for the public. *As long as the two systems are contending for the field (although the result of the contest can be no longer doubtful), the Government cannot restrain the issue of paper money;* and as the preference which is everywhere given to a national currency over the notes of the State banks indicates what is the popular judgment in regard to the merits of the two systems, there seems to be no good reason why Congress should hesitate to relieve the Treasury of a serious embarrassment, and the people of an unsatisfactory circulation. (Italics supplied.)

The circumstances giving rise to the enactment of the act of March 3, 1865, and the purposes sought to be accomplished thereby were graphically described by Senator Sherman, Chairman of the Finance Committee, when he reported the bill to the Senate on February 27, 1865. His entire speech is worthy of careful study; but the following quotations will suffice. (Congressional Globe, 38th Cong., 2d sess., pp. 1138, 1139.):

"The people of the United States having definitely determined to prosecute war, it only remained for Congress to provide the ways and means to carry it on. * * * I still think that with parsimonious economy and heavy taxes from the beginning we might have borrowed money enough on a specie basis to have avoided a suspension of specie payments; but when it came, we were without a currency and without a system of taxation. Gold disappeared and was hoarded by banks and individuals. It flowed in a steady stream from our country. By the Subtreasury Act we could not use the irredeemable bills of State banks, and with the terrible lessons of 1815 and 1837 staring us in the face, *no one was bold enough to advise us to make as a standard of value the issues of 1,500 banks founded upon as many banking systems as there were States.* Under these circumstances we had but one resource.

"We had to borrow vast sums, and as a means to do it we had to make a currency. This was done by the issue of United States notes. Subsequently, to unite the interests of private capital with the security of the Government as a basis of banking, we established a system of national banks, and upon this currency, as a medium for collecting taxes and borrowing money, have waged a war unexampled in the grandeur of its operations, and, as I trust, soon to be crowned with unconditional success.

* * * * * * *

"A still more important feature of this bill is the section to compel the withdrawal of State-bank notes. As the volume of currency affects the price of all commodities, I have no doubt the amount of such paper money now outstanding adds to the cost of our purchases $50,000,000. The refusal of Congress, at the last session, to pass restrictive measures to compel its redemption has seriously affected the value of our currency. *The national banks were intended to supersede the State banks. Both cannot exist together;* yet, while the national system is extending, the issues of State banks have not materially decreased. Indeed, many local banks have been converted into national banks, and yet carefully keep out their State circulation. They exact interest from the people on this circulation, and yet avail themselves of the benefits of the new system. They transfer their capital to national banks, issue new circulation upon it, and yet studiously keep out the old. They issue two circulations upon the same capital. It is far better at once to abandon the national banking system than to leave it as a cloak for outstanding State issues.

"If the State banks have power enough in Congress to prolong their existence beyond the present year, we had better suspend the organization of national banks. As the first friend of this measure in the Senate, I would vote today for its repeal rather than allow it to be the agency under which State banks can inflate our currency. And *the power of taxation cannot be more wisely exercised than in harmonizing and nationalizing and placing on the secure basis of national credit all the money of the country.*" (Italics supplied.)

The various legislative steps leading up to the passage of the act of July 13, 1866, were stated as follows in the opinion of the Supreme Court in the case of *Veazie Bank* v. *Fenno* (8 Wall. 536–540) by Mr. Chief Justice Chase, who had been Secretary of the Treasury during the events related:

"At the beginning of the rebellion the circulating medium consisted almost entirely of bank notes issued by numerous independent corporations variously organized under State legislation, of various degrees of credit, and very unequal resources, administered often with great, and not unfrequently with little, skill, prudence, and integrity. The acts of Congress then in force prohibiting the receipt or disbursement, in the transactions of the National Government, of anything except gold and silver, and the laws of the States requiring the redemption of bank notes in coin on demand, prevented the disappearance of gold and silver from circulation. There was, then, no national currency except coin; there was no general regulation of any other by national legislation; and no national taxation was imposed in any form on the State bank circulation.

"The first act authorizing the emission of notes by the Treasury Department for circulation was that of July 17, 1861. The notes issued under this act were Treasury notes, payable on demand in coin. * * *

"On the 31st of December 1861 the State banks suspended specie payment. Until this time the expenses of the war had been paid in coin or in the demand notes just referred to; and, for some time afterward, they continued to be paid in these notes, which, if not redeemed in coin, were received as coin in the payment of duties.

"Subsequently, on the 25th of February 1862, a new policy became necessary in consequence of the suspension and of the condition of the country, and was adopted. The notes hitherto issued, as has just been stated, were called Treasury notes, and were payable on demand in coin. The act now passed authorized the issue of bills for circulation under the name of United States notes, made payable to bearer, but not expressed to be payable on demand, * * *.

"This currency, issued directly by the Government for the disbursement of the war and other expenditures, could not, obviously, be a proper object of taxation.

"But on the 25th of February 1863 the act authorizing national banking associations was passed, in which, for the first time during many years, Congress recognized the expediency and duty of imposing a tax upon currency. By this act a tax of 2 percent annually was imposed on the circulation of the associations authorized by it. Soon after, by the act of March 3, 1863, a similar but lighter tax of 1 percent annually was imposed on the circulation of State banks, in certain proportions to their capital, and of 2 percent on the excess; and the tax on the national associations was reduced to the same rates.

* * * * * * *

"At a later date, by the act of June 3, 1864, which was substituted for the act of February 25, 1863, authorizing national banking associations, the rate of tax on circulation was continued and applied to the whole amount of it, and the shares of their stockholders were also subjected to taxation by the States; and a few days afterward, by the act of June 30, 1864, to provide ways and means for the support of the Government, the tax on the circulation of the State banks was also continued at the same annual rate of 1 percent as before, but payment was required in monthly installments of one twelfth of 1 percent with monthly reports from each State bank of the amount in circulation.

"It can hardly be doubted that the object of this provision was to inform the proper authorities of the exact amount of paper money in circulation, with a view to its regulation by law.

"* * * The act just referred to was * * * followed some months later by the act of March 3, 1865, amendatory to the prior internal-revenue acts, the sixth section of which provides 'that every national banking association, State bank, or State banking association shall pay a tax of 10 percent on the amount of the notes of any State bank, or State banking association, paid out by them after the 1st day of July 1866.'

"The same provision was reenacted, with a more extended application, on the 13th of July 1866 in these words: 'Every

national banking association, State bank, or State banking association shall pay a tax of 10 percent on the amount of notes of any person, State bank, or State banking association used for circulation, and paid out by them after the 1st day of August 1866, and such tax shall be assessed and paid in such manner as shall be prescribed by the Commissioner of Internal Revenue.'

"The constitutionality of this last provision is now drawn in question, and this brief statement of the recent legislation of Congress has been made for the purpose of placing in a clear light its scope and bearing, especially as developed in the provisions just cited. It will be seen that when the policy of taxing bank circulation was first adopted in 1863, Congress was inclined to discriminate for, rather than against, the circulation of the State banks; but that when the country had been sufficiently furnished with a national currency by the issues of United States notes and of national bank notes, the discrimination was turned, and very decidedly turned, in the opposite direction."

Let us consider the present problem in the light of past experience: By the Revenue Act of 1932, approved June 6, 1932, Congress recently imposed a tax of 2 cents on each check, without making any distinction between checks drawn on State banks and those drawn on national banks. Is there any reason why Congress could not increase this tax to 10 percent of the amount of each check but exempt therefrom the checks drawn upon national banks and Federal Reserve banks, the instrumentalities which it has created to aid the Government in the performance of certain important functions?

While there are other grounds for holding that Congress could do so, adequate grounds for such a conclusion are contained in the reasons given by Mr. Chief Justice Chase for the Court's decision in the case of *Veazie Bank* v. *Fenno*.

After disposing of the contentions that the tax was a direct tax and had not been apportioned among the States, as required by the Constitution, and that the act imposing the tax impaired a franchise granted by the State, which it was urged Congress had no right to do, he stated and disposed of the principal question as follows (8 Wall. 548–550):

"It is insisted, however, that the tax in the case before us is excessive, and so excessive as to indicate a purpose on the part of Congress to destroy the franchise of the bank, and is, therefore, beyond the constitutional power of Congress.

"The first answer to this is that *the judicial cannot prescribe to the legislative departments of the Government limitations upon the exercise of its acknowledged powers.* The power to tax may be exercised oppressively upon persons, but the responsibility of the legislature is not to the courts but to the people by whom its members are elected. So if a particular tax bears heavily upon a corporation, or a class of corporations, it cannot, for that reason only, be pronounced contrary to the Constitution.

"But there is another answer which vindicates equally the wisdom and the power of Congress.

"It cannot be doubted that under the Constitution the power to provide a circulation of coin is given to Congress. And it is settled by the uniform practice of the Government and by repeated decisions, that Congress may constitutionally authorize the emission of bills of credit. It is not important here to decide whether the quality of legal tender, in payment of debts, can be constitutionally imparted to these bills; it is enough to say that there can be no question of the power of the Government to emit them; to make them receivable in payment of debts to itself; to fit them for use by those who see fit to use them in all the transactions of commerce; to provide for their redemption; to make them a currency, uniform in value and description, and convenient and useful for circulation. These powers, until recently, were only partially and occasionally exercised. Lately, however, they have been called into full activity, and Congress has undertaken to supply a currency for the entire country.

"The methods adopted for the supply of this currency were briefly explained in the first part of this opinion. It now consists of coin, of United States notes, and of the notes of the national banks. Both descriptions of notes may be properly described as bills of credit, for both are furnished by the Government, both are issued on the credit of the Government, and the Government is responsible for the redemption of both, primarily as to the first description, and immediately upon default of the bank, as to the second. When these bills shall be made convertible into coin, at the will of the holder, this currency will, perhaps, satisfy the wants of the community, in respect to a circulating medium, as perfectly as any mixed currency that can be devised.

"*Having thus, in the exercise of undisputed constitutional powers, undertaken to provide a currency for the whole country, it cannot be questioned that Congress may, constitutionally, secure the benefit of it to the people by appropriate legislation.* To this end, Congress has denied the quality of legal tender to foreign coins, and has provided by law against the imposition of counterfeit and base coin on the community. To the same end, Congress may restrain, by suitable enactments, the circulation as money of any notes not issued under its own authority. Without this power, indeed, its attempts to secure a sound and uniform currency for the country must be futile.

"Viewed in this light, as well as in the other light of a duty on contracts or property, we cannot doubt the constitutionality of the tax under consideration." (Italics supplied.)

Likewise, having undertaken to provide an elastic currency for the country by enacting the Federal Reserve Act, which authorized the issuance of Federal Reserve notes through the Federal Reserve banks, Congress may constitutionally secure the benefit of that currency to the people by appropriate legislation.

Federal Reserve notes are secured by the assets of Federal Reserve banks; and the Federal Reserve banks depend largely upon their member banks to furnish the assets required for this purpose. They derive all their capital from subscriptions by member banks to their capital stock, and most of their deposits consist of the legal reserves deposited with them by their member banks.

In normal times Federal Reserve notes are secured largely by eligible paper acquired by the Federal Reserve banks from their member banks; and, as pointed out by the Federal Reserve Board in the circular quoted in part above, the Federal Reserve Act contemplated the creation of a banking system which would include most, if not all, of the commercial banks in the country.

This result not having been accomplished by the methods heretofore adopted, it would seem clear that Congress has the power to enact appropriate legislation in order to preserve for the Nation the full benefits of the flexible currency which it undertook to provide by the enactment of the Federal Reserve Act. If it finds that in order to accomplish this purpose it is necessary to prevent the transaction of a commercial banking business except by national banks, which must be members of the Federal Reserve System, Congress may constitutionally adopt this means, and the courts will not interfere, because the degree of the necessity for the enactment of such legislation is a question of legislative discretion, not of judicial cognizance. (*McCulloch* v. *Maryland*.)

At one time it was contended that Congress is not authorized to provide the people of the United States with a national currency; that the only power of this general character granted to it was the power to coin money and regulate the value thereof, and that this power is confined to matters pertaining to metallic money.

Such an argument was answered, however, in the decision of the Supreme Court of the United States in the Legal Tender cases (1871) (12 Wall. 457; 20 L.ed. 287), wherein the Supreme Court upheld the validity of certain acts of Congress making United States notes and Treasury notes legal tender for the payment of debts. In that case the court, speaking through Mr. Justice Strong, said (544–546):

"It is not easy to see why, if State-bank notes can be taxed out of existence for the purposes of indirectly making United States notes more convenient and useful for commercial purposes, the same end may not be secured directly by making them a legal tender.

"* * * *The Constitution was intended to frame a government as distinguished from a league or compact, a government supreme in some particulars over States and people. It was designed to provide the same currency, having a uniform legal value in all the States. It was for this reason the power to coin money and regulate its value was conferred upon the Federal Government, while the same power as well as the power to emit bills of credit was withdrawn from the States.* The States can no longer declare what shall be money, or regulate its value. *Whatever power there is over the currency is vested in Congress. If the power to declare what is money is not in Congress, it is annihilated.* * * * it might be argued with much force that when it is considered in what brief and comprehensive terms the Constitution speaks, how sensible its framers must have been that emergencies might arise when the precious metals (then more scarce than now) might prove inadequate to the necessities of the Government and the demands of the people—when it is remembered that paper money was almost exclusively in use in the States as the medium of exchange, and when the great evil sought to be remedied was the want of uniformity in the current value of money, it might be argued, we say, that *the gift of power to coin money and regulate the value thereof, was understood as conveying general power over the currency, the power which had belonged to the States, and which they surrendered.*" (Italics supplied.)

In a separate concurring opinion Mr. Justice Bradley said (p. 562):

"Another ground of the power to issue Treasury notes or bills is the necessity of providing a proper currency for the country, and especially of providing for the failure or disappearance of the ordinary currency in times of financial pressure and threatened collapse of commercial credit. *Currency is a national necessity. The operations of the Government, as well as private transactions, are wholly dependent upon it.* The State governments are prohibited from making money or issuing bills. *Uniformity of money was one of the objects of the Constitution.* The coinage of money and regulation of its value is conferred upon the General Government exclusively. That Government has also the power to issue bills. It follows, as a matter of necessity, as a consequence of these various provisions, that *it is specially the duty of the General Government to provide a national currency. The States cannot do it, except by the charter of local banks, and that remedy, if strictly legitimate and constitutional, is inadequate, fluctuating, uncertain, and insecure, and operates with all the partiality to local interests, which it was the very object of the Constitution to avoid.* But regarded as a duty of the General Government, it is strictly in accordance with the spirit of the Constitution, as well as in line with the national necessities." (Italics supplied.)

The tax imposed by the act of July 13, 1866, accomplished the object of eliminating the circulating notes of State banks and thus giving us a national currency of uniform value; but it has not accomplished the object of eliminating the competition of State banks and thus creating a unified commercial banking system as a basis for that currency.

Prior to the Civil War, banks derived most of their profits from the issuance of circulating notes and relied to a much lesser extent than they do now on deposits as a source of earning power.

In fact, the amount of their circulating notes frequently exceeded the amount of their deposits. (Rept. National Monetary Commission, vol. 5, pp. 16, 27.) It was expected, therefore, that the imposition of a prohibitive tax on their circulating notes would cause all State banks either to convert into national banks or to go out of business.

A way was soon found, however, to conduct a profitable banking business without issuing circulating notes. It was through the development of the use of checks in lieu of currency as a means of payment. This was convenient to depositors and profitable to the banks, since the latter could enjoy the use of the money pending its withdrawal and even while the checks were in process of collection; and the practice was encouraged by national banks as well as State banks. Moreover, arrangements facilitating the easy flow of checks throughout the country made the use of checks so popular that it has been estimated that, at the present time, more than 90 percent of all payments are made by means of checks.

Checks, therefore, have to a very large extent taken the place of currency as a medium of payment; and State banks, operating under laws allowing a greater latitude and requiring less rigorous supervision and regulation than the National Bank Act, have grown in number until, in the peak year of 1921, there were 20,349 State banks (other than mutual savings banks) compared with 8,154 national banks and, in 1931, there were 13,728 State banks compared with 6,805 national banks. The reduction in the number of banks of both classes resulted principally from failures and consolidations. (Ann. Rept. Compt. Currency, 1931, p. 3.)

Moreover, with the return of the predominance of State banks, many of the disadvantages of a heterogeneous banking structure have reappeared in another form; and checks, which have replaced currency as the principal medium of payment, frequently prove to be an ineffective medium. Checks go unpaid because the banks upon which they were drawn have failed. Balances against which depositors expected to draw checks in settlement of their business transactions are unavailable for that purpose, because the banks have closed their doors.

Not only has the effective operation of the national banking system and the Federal Reserve System been seriously impaired by the "competition in laxity" of bank regulation and supervision, described in the statements of Governor Meyer and Mr. Owen D. Young quoted above, but the proportion of national banks to the total number of commercial banks in the country has fallen from 87 percent in 1868 to 38 percent in 1931; and only 38 percent of all the commercial banks were members of the Federal Reserve System in 1931. A material portion of commercial banking business, therefore, is conducted outside of the Federal Reserve System and contributes nothing to the basis for our currency.

The tax on circulating notes having become ineffective as a result of the use of checks in lieu of currency, Congress has the right to bring the act of July 13, 1866, up to date by making the tax applicable to checks drawn on State banks.

III. THE POWER TO REGULATE AND PROTECT INTERSTATE COMMERCE

Either one of the two grounds discussed above is sufficient to sustain the conclusion herein reached, but there is still another separate ground upon which the same conclusion could be sustained independently. The right to enact legislation to make banks more reliable instrumentalities of interstate commerce is included in the power granted to Congress by section 8 of article I of the Constitution, "To regulate commerce with foreign nations, and among the several States, and with the Indian tribes."

In a long series of decisions this clause of the Constitution has been held to give Congress control over all phases of interstate commerce as well as over all other matters so connected with interstate commerce as to require congressional control over them in order to make effective the control over such commerce itself. The rule of these decisions is that "commerce" does not include merely the transfer of goods, but that the proper regulation of commerce must include the regulation of all aspects of commerce and of all instrumentalities upon which the carrying on of commerce depends. (*Mondou* v. *New York, New Haven & Hartford R.R. Co.*, 223 U.S. 1; 32 Sup. Ct. 169.) Since the transportation system of the country is regarded as an essential instrumentality to this end, it has, under the commerce clause, been subjected to congressional regulation on a vast scale. Railroad cars not used in interstate commerce, but which may be placed in the same train with those that are, must conform to the Federal safety appliance act. (*Southern Railway Co.* v. *United States*, 222 U.S. 20; 32 Sup. Ct. 2.) Intrastate freight rates are subjected to Federal regulation when they interfere with interstate rates. (*Railroad Commission of Wisconsin* v. *Chicago, B. & Q. R.R. Co.*, 257 U.S. 563; 42 Sup. Ct. 232.) The issuance of fraudulent bills of lading is punishable under a Federal statute even when they cover no interstate shipment. (*United States* v. *Ferger*, 250 U.S. 199; 39 Sup. Ct. 445.) Stockyards, although engaged in dealing locally in livestock, are subjected to Federal control, because they are essential cogs in the machinery of interstate commerce. (*Stafford* v. *Wallace*, 258 U.S. 495; 42 Sup. Ct. 397.) The same is true of the principal grain markets. (*Board of Trade of City of Chicago* v. *Olsen*, 262 U.S. 1; 43 Sup. Ct. 470.) The decisions contain many other examples of a similar nature.

Although the courts have held that the powers of Congress under the commerce clause extend to a great variety of matters related to commerce—from the quality of radio broadcasting stations to the criminality of traffic in certain articles—no judicial interpretation nor any extension of the literal terms of that clause is necessary to make it include the very essentials of commerce, i. e., the acts of transferring the goods and of transmitting the consideration for them. The one is as essential as the other. A breakdown in the means of payment would be as disastrous as a breakdown in the means of shipment, since virtually every commercial transaction requires the services of a commercial bank for its consummation.

That the power to regulate commerce among the several States includes the power to remove obstructions and impediments to such commerce and to regulate the instrumentalities as well as the articles of that commerce is too well settled by numerous decisions of the Supreme Court to require argument. No attempt will be made, therefore, to review the multitude of decisions of the Supreme Court regarding the extent of this important power. A few leading cases will suffice.

The scope of the power of Congress over interstate commerce was stated concisely by the Supreme Court in *Mondou* v. *New York, N. H. & H. R.R. Co.* ((1911), 223 U.S. 1; 32 Sup. Ct. 169), wherein the Court sustained the validity of the Federal Employees' Liability Act and reaffirmed the power of Congress to determine the necessity for, and to enact, uniform national legislation to replace the variant State legislation governing the same subject (pp. 173, 174):

"The clauses in the Constitution (art. I, sec. 8, clauses 3 and 18) which confer upon Congress the power 'to regulate commerce * * * among the several States', and 'to make all laws which shall be necessary and proper' for the purpose, have been considered by this Court so often and in such varied connections that some propositions bearing upon the extent and nature of this power have come to be so firmly settled as no longer to be open to dispute, among them being these:

"1. *The term 'commerce'* comprehends more than the mere exchange of goods. *It embraces commercial intercourse in all its branches*, including transportation of passengers and property by common carriers, whether carried on by water or by land.

"2. The phrase 'among the several States' marks the distinction, for the purpose of governmental regulation, between commerce which concerns two or more States and commerce which is confined to a single State and does not affect other States—the power to regulate the former being conferred upon Congress and the regulation of the latter remaining with the States severally.

"3. '*To regulate,*' in the sense intended, *is to foster, protect, control, and restrain*, with appropriate regard for the welfare of those who are immediately concerned and of the public at large.

"4. *This power over commerce among the States, so conferred upon Congress, is complete in itself, extends incidentally to every instrument and agent by which such commerce is carried on, may be exerted to its utmost extent over every part of such commerce, and is subject to no limitations save such as are prescribed in the Constitution.* But, of course, it does not extend to any matter or thing which does not have a real or substantial relation to some part of such commerce." (Italics supplied.)

That these considerations apply as much to the *instruments* as to the *agents* of such commerce, is shown by the brilliant passage which immediately follows in the opinion (p. 174):

"As is well said in the brief prepared by the late Solicitor General: 'Interstate commerce—if not always, at any rate when the commerce is transportation—is an act. Congress, of course, can do anything which, in the exercise by itself of a fair discretion, may be deemed appropriate to save the act of interstate commerce from prevention or interruption, or to make that act more secure, more reliable, or more efficient. The act of interstate commerce is done by the labor of men and with the help of things; and these men and things are the agents and instruments of the commerce. If the agents or instruments are destroyed while they are doing the act, commerce is stopped; if the agents or instruments are interrupted, commerce is interrupted; if the agents or instruments are not of the right kind or quality, commerce in consequence becomes slow or costly or unsafe or otherwise inefficient; and if the conditions under which the agents or instruments do the work of commerce are wrong or disadvantageous, those bad conditions may and often will prevent or interrupt the act of commerce or make it less expeditious, less reliable, less economical, and less secure. *Therefore, Congress may legislate about the agents and instruments of interstate commerce, and about the conditions under which those agents and instruments perform the work of interstate commerce, whenever such legislation bears, or, in the exercise of a fair legislative discretion, can be deemed to bear, upon the reliability or promptness or economy or security or utility of the interstate commerce act.*'" (Italics supplied.)

If banks are destroyed, commerce is stopped; if banks are suspended, commerce is interrupted; if banks are not of the right kind or quality, "commerce in consequence becames slow or costly or unsafe or otherwise inefficient"; and if the laws, regulations, and supervision under which banks perform their functions are wrong or inadequate, "these bad conditions may and often will prevent or interrupt the act of commerce or make it less expeditious, less reliable, less economical, and less secure." Therefore, it would seem that Congress may legislate about banks as agents and instruments of interstate commerce and may prescribe the conditions under which banks perform the work of finally consummating transactions in interstate commerce, "whenever such legislation bears, or, in the exercise of a fair legislative discretion, can be deemed to bear, upon the reliability or promptness or economy or security or utility" of the act of interstate commerce.

The fundamental incentive for interstate commerce is profit; and no transaction in interstate commerce is finally consummated until payment has been received for the goods which have

been sold and shipped. In many instances, the very act of shipping goods in interstate commerce is inseparably connected with the forwarding, through a series of banks, of bills of lading attached to bills of exchange which must be paid or accepted before the goods are released. The ultimate payment which constitutes the object and the final act of nearly every transaction in interstate commerce is made by means of a check drawn upon a bank in one State in favor of a payee in another State; and such checks are forwarded for collection through a series of banks scattered over at least two, and frequently more, different States. Banks, therefore, are essential instrumentalities of interstate commerce.

Nearly every bank failure delays or prevents the final consummation of numerous transactions in interstate commerce by preventing or delaying the payment of the checks given in settlement therefor; and Congress clearly would be justified in finding that a heterogeneous banking system in which there have been more than 10,000 suspensions involving deposits amounting to nearly $5,000,000,000 since 1920, is a burden upon and an obstruction to interstate commerce.

Since "Congress * * * can do anything which, in the exercise by itself of a fair discretion, may be deemed appropriate to save the act of interstate commerce from prevention or interruption, or to make the act more secure, more reliable, or more efficient," it would seem clear that Congress can create a unified banking system in order to remove such an obstruction and burden to interstate commerce.

In *Houston, etc., R. Co.* v. *United States* (1914) (234 U.S. 342, 34 Sup. Ct. 833), wherein the Supreme Court sustained the validity of an act of Congress regulating purely intrastate freight rates when such rates were found by the Interstate Commerce Commission to interfere with interstate rates, the Court said (p. 836):

"It is unnecessary to repeat what has frequently been said by this Court with respect to the complete and paramount character of the power confided to Congress to regulate commerce among the several States. *It is of the essence of this power that, where it exists, it dominates. Interstate trade was not left to be destroyed or impeded by the rivalries of local government.* The purpose was to make impossible the recurrence of the evils which had overwhelmed the confederation, and to provide the necessary basis of national unity by insuring 'uniformity of regulation against conflicting and discriminating State legislation.' *By virtue of the comprehensive terms of the grant, the authority of Congress is at all times adequate to meet the varying exigencies that arise, and to protect the national interest by securing the freedom of interstate commercial intercourse from local control.*" (Italics supplied.)

It has been recognized that one of the principal reasons for subjecting interstate commerce and matters related to it to national rather than local regulation is the fact that *interstate commerce "is of national importance, and admits and requires uniformity of regulation."* (*Walton* v. *Missouri* (1876), 91 U.S. 275.)

In *Mondou* v. *New York, N. H. & H. R. Co.*, supra, the Court said (p. 175):

"We are not unmindful that that end was being measurably attained through the remedial legislation of the several States, *but that legislation has been far from uniform, and it undoubtedly rested with Congress to determine whether a national law, operating uniformly in all the States,* upon all carriers by railroad engaged in interstate commerce, *would better subserve the needs of that commerce.*" (Italics supplied.)

Obviously the same principle applies to banks or a banking system which Congress has created. See *Easton* v. *Iowa*, supra, wherein the Court said that the national-bank legislation "has in view the erection of a system extending throughout the country, and *independent, so far as powers conferred are concerned, of State legislation which, if permitted to be applicable, might impose limitations and restrictions as various and as numerous as the States.*"

It is not only within the power of Congress, therefore, to create a unified banking system in order to remove existing impediments and obstructions to interstate commerce resulting from the existence of 48 different State banking systems but it is also right, meet, and proper for Congress to do so, since the object is a national one which can be dealt with effectively only by the National Legislature.

This conclusion is not based upon the theory that the banking business is itself commerce, but upon the fact that banks are instrumentalities of interstate commerce and that an unsound and unsatisfactory banking system is a burden upon and an impediment to interstate commerce.

If, therefore, Congress decides to solve this problem through the exercise of its powers over interstate commerce and as a means to removing an obstruction to interstate commerce, it need not confine the legislation to transactions of an interstate character, but may legislate for the banking system as a whole, since every commercial bank actually functions as an instrumentality of interstate commerce and every failure of a commercial bank obstructs and impedes the consummation of numerous transactions in interstate commerce.

The effective regulation of interstate commerce requires the regulation of some matters which in and of themselves are not interstate commerce, but which have a direct relationship to such commerce. In other words, if the transaction which is of itself purely intrastate is a vital part of interstate commerce, the regulation of that transaction may be undertaken by Congress under the commerce clause.

In *Stafford* v. *Wallace* (1922) (258 U.S. 495; 42 Sup. Ct. 397) the Court considered the validity of an act of Congress which, among other things, provided for Federal supervision and control of stockyards. The Court found that, although many of their transactions are purely local, the business of the packers and of the stockyards is an integral and essential part of the interstate commerce in livestock and meat, and accordingly held the statute to be a valid exercise of the power conferred on Congress by the commerce clause.

In rendering the opinion of the Court, Mr. Chief Justice Taft said (pp. 517, 521):

"* * * The only question here is whether the business done in the stockyards, between the receipt of the livestock in the yards and the shipment of them therefrom, is a part of interstate commerce, or is so associated with it as to bring it within the power of national regulation. A similar question has been before this Court and had great consideration in *Swift* v. *United States* (196 U.S. 375; 25 Sup. Ct. 376; 49 L.ed. 518). The judgment in that case gives a clear and comprehensive exposition, which leaves to us in this case little but the obvious application of the principles there declared.

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"* * * *Whatever amounts to more or less constant practice, and threatens to obstruct or unduly to burden the freedom of interstate commerce is within the regulatory power of Congress under the commerce clause, and it is primarily for Congress to consider and decide the fact of the danger and meet it.* This Court will certainly not substitute its judgment for that of Congress in such a matter unless the relation of the subject to interstate commerce and its effect upon it are clearly nonexistent." (Italics supplied.)

Two cases dealing with congressional legislation regarding grain futures markets have an important bearing not only upon the right of Congress to regulate the commercial banking business in order to prevent an obstruction to interstate commerce but also upon the proper method of preparing such legislation.

In the first of these cases, *Hill* v. *Wallace* (1922) (259 U.S. 44; 42 Sup. Ct. 453), an act of Congress designed to regulate the conduct of business boards of trade through the exercise of the power of taxation was held to be unconstitutional. In *Board of Trade* v. *Olsen* (1923) (262 U.S. 1; 43 Sup. Ct. 470), however, the Court upheld the validity of a statute having the same object, on the ground that it was intended to remove an obstruction or interference with interstate commerce in the form of price manipulation and control in these markets.

Unlike the statute held unconstitutional in *Hill* v. *Wallace*, the statute which was sustained as constitutional in *Board of Trade* v. *Olsen* clearly stated its relation to interstate commerce. It contained a recital and finding of the facts disclosed in the hearings and committee reports to the effect that transactions in grain involving sales for future delivery as commonly conducted on boards of trade are affected with a national public interest and that they are susceptible of speculation, manipulation, and control resulting in fluctuations in prices which constitute an obstruction to and a burden upon interstate commerce in grain.

With certain exceptions the act forbade boards of trade to use the mails or interstate telephone, telegraphic, wireless, or other communication in offering or accepting sales of grain for future delivery or to disseminate prices or quotations thereof unless such boards of trade are located at terminal markets which have been designated by the Secretary of Agriculture as contract markets, comply with certain regulations and restrictions contained in the act, and submit to the supervision of the Secretary of Agriculture.

In rendering the opinion of the Court sustaining the constitutionality of the act, Mr. Chief Justice Taft said (262 U.S. 31–41; 43 Sup. Ct. 475–479):

"Appellants contend that the decision of this Court in *Hill* v. *Wallace* (259 U.S. 44) is conclusive against the constitutionality of the Grain Futures Act. Indeed in their bill they pleaded the judgment in that case as *res judicata* in this, as to its invalidity. The act whose constitutionality was in question in *Hill* v. *Wallace* was the Future Trading Act (c. 86, 42 Stat. 187). It was an effort by Congress, through taxing at a prohibitive rate sales of grain for future delivery, to regulate such sales on boards of trade by exempting them from the tax if they would comply with the congressional regulations. It was held that sales for future delivery, where the parties were present in Chicago, to be settled by offsetting purchases or by delivery to take place there, were not interstate commerce and that Congress could not use its taxing power in this indirect way to regulate business not within Federal control."

* * * * * * *

"The Grain Futures Act which is now before us differs from the Future Trading Act in having the very features the absence of which we held in the somewhat carefully framed language of the foregoing prevented our sustaining the Future Trading Act. As we have seen in the statement of the case, the act only purports to regulate interstate commerce and sales of grain for future delivery on boards of trade *because it finds that by manipulation they have become a constantly recurring burden and obstruction to that commerce.* Instead, therefore, of being an authority against the validity of the Grain Futures Act, it is an authority in its favor."

* * * * * * *

"It is impossible to distinguish the case at bar, so far as it concerns the cash grain, the sales to arrive, and the grain actually

delivered in fulfillment of future contracts, from the current of stock shipment declared to be interstate commerce in *Stafford* v. *Wallace* (285 U.S. 495; 42 Sup. Ct. 497; 66 L.ed. 735). That case presented the question whether sales and purchases of cattle made in Chicago at the stockyards by commission men and dealers and traders under the rules of the stockyards corporation could be brought by Congress under the supervision of the Secretary of Agriculture to prevent abuses of the commission men and dealers in exorbitant charges and other ways, and in their relations with packers prone to monopolize trade and depress and increase prices thereby. It was held that this could be done, *even though the sales and purchases by commission men and by dealers were in and of themselves intrastate commerce, the parties to sales and purchases and the cattle all being at the time within the city of Chicago.*

* * * * * * *

"This case was but the necessary consequence of the conclusions reached in the case of *Swift & Co.* v. *United States* (196 U.S. 375, 25 Sup. Ct. 276, 49 L.ed. 518). That case was a milestone in the interpretation of the commerce clause of the Constitution. It recognized the great changes and development in the business of this vast country and drew again the dividing line between interstate and intrastate commerce where the Constitution intended it to be. *It refused to permit local incidents of great interstate movement, which taken alone were intrastate, to characterize the movement as such.* The Swift case merely fitted the commerce clause to the real and practical essence of modern business growth. It applies to the case before us just as it did in *Stafford* v. *Wallace.*

* * * * * * *

"In the act we are considering, Congress has expressly declared that transactions and prices of grain in dealing in futures are susceptible to speculation, manipulation, and control which are detrimental to the producer and consumer and persons handling grain in interstate commerce and render regulation imperative for the protection of such commerce and the national public interest therein.

"It is clear from the citations, in the statement of the case, of evidence before committees of investigation as to manipulations of the futures market and their effect, that *we would be unwarranted in rejecting the finding of Congress as unreasonable, and that in our inquiry as to the validity of this legislation we must accept the view that such manipulation does work to the detriment of producers, consumers, shippers, and legitimate dealers in interstate commerce in grain and that it is a real abuse.*

* * * * * * *

"* * * The question of price dominates trade between the States. Sales of an article which affect the country-wide price of the article directly affect the country-wide commerce in it. By reason and authority, therefore, in determining the validity of this act, we are prevented from questioning the conclusion of Congress that manipulation of the market for futures on the Chicago Board of Trade may, and from time to time does, directly burden and obstruct commerce between the States in grain, and that it recurs and is a constantly possible danger. For this reason, Congress has the power to provide the appropriate means adopted in this act by which this abuse may be restrained and avoided." (Italics supplied.)

Likewise, if Congress finds that our present banking system, which has given rise to more than 10,000 bank failures since 1920, which necessarily have delayed and obstructed the consummation of innumerable transactions in interstate commerce, is a burden upon and obstruction to interstate commerce, the Supreme Court would not be warranted in rejecting the finding of Congress as unreasonable or in concluding that legislation designed to correct this situation and remove such an obstruction to interstate commerce is not a proper exercise of the power to regulate commerce among the States.

If the purchase and sale of cattle by commission men, dealers, and traders at the Chicago stockyards, and the sale of grain for future delivery on the Chicago Board of Trade and the dissemination of prices and quotations thereof, can be brought by Congress under the supervision of the Federal Government, on the ground that abuses in such business constitute obstructions to interstate commerce, it seems clear that the transaction of a commercial banking business, involving the payment of checks given in settlement of transactions in interstate commerce and the handling of innumerable bills of exchange secured by bills of lading growing out of transactions in interstate commerce, can also be brought under the supervision of the Federal Government.

Such cases as *Hammer* v. *Dagenhart* (1918) (247 U.S. 251, 38 Sup. Ct. 529) and *Bailey* v. *Drexel Furniture Co.* (1922) (259 U.S. 20; 42 Sup. Ct. 449), need not be distinguished in detail, because they relate to Federal legislation wherein Congress attempted to deal with purely local questions having no essential connection with interstate commerce, whereas commercial banking is a matter of national rather than local concern and is essentially connected with and inextricably related to interstate commerce.

Federal legislation to relieve interstate commerce of the impediments and obstructions resulting from a heterogeneous and inefficient banking structure would not constitute an invasion of the rights of the States, because it would relate to a subject which the fathers of the Constitution clearly intended to intrust to the National Government, in order that we might have a Nation and not a mere confederation of States, and in order that the free flow of commerce between the different parts of the Nation might not be impeded by State legislation.

The importance of banking as an indispensable aid to commerce has already been recognized by the Supreme Court of the United States in the case of *Noble State Bank* v. *Haskell* (1911) (219 U.S. 104; 31 Sup Ct. 186), wherein the Court said, through Mr. Justice Holmes (p. 188):

"* * * Among matters of that sort probably few would doubt that both usage and preponderant opinion give their sanction to *enforcing the primary conditions of successful commerce. One of those conditions at the present time is the possibility of payment by checks drawn against bank deposits, to such an extent do checks replace currency in daily business.* * * * Even the primary object * * * is not a private benefit, * * * *but it is to make the currency of checks secure and by the same stroke to make safe the almost compulsory resort of depositors to banks as the only available means for keeping money on hand* * * *." (Italics supplied.)

It is appropriate and in accordance with the fundamental principles of our Government for Congress to undertake the task of making "the currency of checks secure", because it is essential to the free and unhampered flow of commerce between the States, the regulation of which is intrusted to Congress alone by the Constitution.

If Congress should decide that more effective regulation and supervision of the commercial banking business is desirable in order to make the currency of checks secure, it is peculiarly fitting and proper that Congress should undertake to provide that remedy because the problem is not a local one but relates directly to matters of national concern which are expressly intrusted to Congress by the Constitution.

In the case of *United States* v. *Ferger* (1919), 250 U.S. 199, the Supreme Court of the United States sustained the constitutionality of section 41 of the act of August 29, 1916 (39 Stat. 538), which provides for the punishment of any person who forges or counterfeits a bill of lading, even though that section applies to cases where no shipment from one State to another is made or intended. The Court held that, in order to protect and sustain interstate commerce, Congress may prohibit and punish the forgery and utterance of bills of lading for fictitious shipments in interstate commerce.

In delivering the opinion of the Court, Mr. Chief Justice White said (250 U.S. 203–205):

"* * * Thus both in the pleadings and in the contention as summarized by the court below it is insisted that, as there was and could be no commerce in a fraudulent and fictitious bill of lading, therefore the power of Congress to regulate commerce could not embrace such pretended bill. *But this mistakenly assumes that the power of Congress is to be necessarily tested by the intrinsic existence of commerce in the particular subject dealt with, instead of by the relation of that subject to commerce and its effect upon it.* We say "mistakenly assumes" because we think it clear that if the proposition were sustained it would destroy the power of Congress to regulate, as obviously that power, if it is to exist, *must include the authority to deal with obstructions to interstate commerce (In re* Debs, *158 U.S. 564) and with a host of other acts which, because of their relation to and influence upon interstate commerce, come within the power of Congress to regulate, although they are not interstate commerce in and of themselves.* It would be superfluous to refer to the authorities which from the foundation of the Government have measured the exertion by Congress of its power to regulate commerce by the principle just stated, since the doctrine is elementary and is but an expression of the text of the Constitution (art. I, sec. 8, clause 18). *A case dealing with a somewhat different exercise of power, but affording a good illustration of the application of the principle to the subject in hand, is* First National Bank *v.* Union Trust Co., *(244 U.S. 416).*

* * * * * * *

"* * * *That, as instrumentalities of interstate commerce, bills of lading are the efficient means of credit resorted to for the purpose of securing and fructifying the flow of a vast volume of interstate commerce upon which the commercial intercourse of the country, both domestic and foreign, largely depends, is a matter of common knowledge as to the course of business of which we may take judicial notice.* Indeed, that such bills of lading and the faith and credit given to their genuineness and the value they represent are the producing and sustaining causes of the enormous number of transactions in domestic and foreign exchange is also so certain and well known that we may notice it without proof.

"With this situation in mind, the question, therefore, is, Was the court below right in holding that Congress had no power to prohibit and punish the fraudulent making of spurious interstate bills of lading as a means of protecting and sustaining the vast volume of interstate commerce operating and moving in reliance upon genuine bills? To state the question is to manifest the error which the court committed. * * * It proceeds further, as we have already shown, upon the erroneous theory *that the credit and confidence which sustains interstate commerce would not be impaired or weakened by the unrestrained right to fabricate and circulate spurious bills of lading apparently concerning such commerce.* Nor is the situation helped by saying that as the manufacture and use of the spurious interstate commerce bills of lading were local, therefore the power to deal with them was exclusively local, since the proposition disregards the fact that the spurious bills were in the form of interstate commerce bills which in and of themselves involved the potentiality of fraud as far-reaching and all-embracing as the flow of the channels of inter-

state commerce in which it was contemplated the fraudulent bills would circulate. *As the power to regulate the instrumentality was coextensive with interstate commerce,* so it must be, if the authority to regulate is not to be denied, that the right to exert such authority for the purpose of guarding against the injury which would result from the making and use of spurious imitations of the instrumentality must be equally extensive." (Italics supplied.)

The reference to the Court's decision in the case of *First National Bank* v. *Union Trust Co.*, which appears at the end of the first paragraph quoted from the opinion in the Ferger case, is significant, because that is the case discussed elsewhere in this opinion, wherein the Supreme Court upheld the right of Congress to grant trust powers to national banks in order to enable them to compete with State banks and trust companies. While that case dealt with a somewhat different exercise of power, the Supreme Court recognized that it afforded a good illustration of the application of the principle to the subject dealt with in the Ferger case. Conversely, it would seem that the Court would not hesitate to apply the principle underlying its decision in the Ferger case to the subject of banking.

If bills of lading are instrumentalities of interstate commerce, so are checks and the banks upon which they are drawn, and if Congress has the right to prohibit and to punish the fraudulent making of spurious bills of lading in order to protect and sustain the vast volume of interstate commerce operating and moving in reliance upon genuine bills, then Congress must have the right to enact legislation to safeguard the use of checks in order to protect and sustain the vast volume of interstate commerce which is consummated by payments made by means of checks. Since the safe use of checks depends primarily upon the solvency of the banks upon which they are drawn, Congress must have the right to enact legislation to promote the safer and more effective operation of commercial banks.

Nor is Congress prevented from exercising this power by the fact that part of the business of commercial banks is purely local in character; but the power to regulate interstate commerce "must include the authority to deal with obstructions to interstate commerce * * * and with a host of other acts which, because of their relation to and influence upon interstate commerce, come within the power of Congress to regulate, although they are not interstate commerce in and of themselves."

If Congress in its wisdom should find that our heterogeneous banking structure, which has given rise to more than 10,000 bank failures in the last 12 years, constitutes a burden upon or an obstruction to interstate commerce, therefore, there can be no doubt that Congress has the constitutional power to correct the situation by bringing all commercial banking business into a single system subject to effective regulation and supervision by the Federal Government, to the end that the currency of checks upon which practically every transaction in interstate commerce depends for its consummation may be made more secure.

IV. METHODS WHICH COULD BE ADOPTED

Having the power to enact such legislation, Congress could exercise the power in any manner which it deems appropriate and adequate for this purpose. It is not necessary that the legislation assume the form of a revenue act or an act to regulate interstate commerce, though either of these means would be appropriate. In the light of the decisions of the Supreme Court of the United States in *Stafford* v. *Wallace* and *Board of Trade of Chicago* v. *Olsen*, however, it would be desirable for such legislation to contain findings of fact and a recital of the national objects to be attained, as did the Grain Futures Act.

Among the constitutional means which Congress could adopt in order to accomplish these objects or to aid in their accomplishment are the following:

(1) It could forbid the receipt of deposits subject to withdrawal by check by any individual, partnership, or corporation other than a bank organized under the laws of the United States and provide suitable penalties for violations of this prohibition.

(2) It could impose a prohibitive tax on all checks and similar documents drawn on, or payable at, banks not organized under the laws of the United States.

(3) It could forbid any officer of the United States or any Federal Reserve bank, national bank, Federal land bank, joint-stock land bank, Federal intermediate credit bank, or Federal home-loan bank to receive in payment, on deposit, for the purposes of exchange or collection, or for any other purpose, any check drawn upon any bank not organized under the laws of the United States.

(4) It could forbid any bank organized under the laws of the United States to make loans or extend credit to, or deposit any of its funds in, or permit the use of any of its facilities by, any commercial bank not organized under such laws.

(5) It could forbid the deposit of public funds of the United States in any bank not organized under the laws of the United States.

(6) It could exempt all national banks from taxation, State or Federal, except taxes on real estate.

In order to be completely effective, the legislation could combine several of the measures suggested above. Thus, a comprehensive bill on this subject might include the following:

(1) A finding of facts by the Congress (on the basis of evidence already obtained pursuant to S.Res. 71 and other evidence which may be produced) to the effect that, in order (a) to provide for the safe and more effective operation of the national banking system and the Federal Reserve System, (b) to preserve for the people the full benefits of the currency provided for by the Congress, and (c) to relieve interstate commerce of the burdens and obstructions resulting from the existing situation, it is necessary to restrict the business of receiving deposits subject to withdrawal by check to national banks and thereby to subject all commercial banking business to national regulation and supervision;

(2) A prohibition against the receipt of deposits subject to withdrawal by check except by banks organized under the laws of the United States;

(3) A prohibition against any officer of the United States or any bank organized under the laws of the United States receiving in payment, on deposit, for exchange or collection, or for any other purpose, any check drawn upon any bank not organized under such laws;

(4) A prohibition against any bank organized under the laws of the United States making loans or extending credits to depositing any of its funds in, or permitting the use of any of its facilities by, any commercial banking institution not organized under such laws;

(5) A provision imposing a prohibitive tax on all checks or substitutes therefor drawn upon or payable at any bank not organized under the laws of the United States; and

(6) A provision prescribing suitable penalties for violations of the above provisions.

If such legislation is enacted, its effective date necessarily would have to be postponed for a sufficient length of time to avoid too sudden and revolutionary a change in our existing financial structure and to allow time for existing State banks to adjust themselves to the situation, by converting into national banks or discontinuing the transaction of commercial banking business.

The time intervening between the enactment of such legislation and the date when it becomes effective could be devoted to the preparation and enactment of additional legislation for the purpose of providing further for the more effective operation, regulation, and supervision of the national banking system and the Federal Reserve System, by repealing undesirable amendments to the National Bank Act and Federal Reserve Act which grew out of the competition in laxity, equipping the supervisory authorities with adequate powers to enable them to perform their functions more effectively, and adopting such other measures as might be deemed appropriate.

Respectfully,

WALTER WYATT,
General Counsel.

WASHINGTON, D.C., *December 5, 1932.*

REPORT OF THE JUDICIARY COMMITTEE—THE HARRIMAN NATIONAL BANK OF NEW YORK

Mr. STEPHENS, from the Committee on the Judiciary, to which was referred the resolution (S.Res. 55) to investigate the delay in prosecuting alleged law violations by the Harriman National Bank, New York City, reported it with an amendment, and it was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

INVESTIGATION OF BANKING BUSINESS AND SECURITY EXCHANGE

Mr. BYRNES. On behalf of the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably with an additional amendment the resolution (S.Res. 56) to investigate the matter of banking operations and practices, the issuance and sale of securities, and the trading therein.

The VICE PRESIDENT. The resolution will be placed on the calendar.

Mr. FLETCHER. Mr. President, the Committee to Audit and Control the Contingent Expenses of the Senate has reported with an additional amendment a resolution, which the Banking and Currency Committee reported on yesterday. I ask unanimous consent for its present consideration.

The VICE PRESIDENT. Without objection, the resolution will be read.

The Chief Clerk read Senate Resolution 56.

The amendments were, on page 1, line 2, after the word "authorized", to strike out "subcommitee" and insert "subcommittee"; on page 2, line 20, after the word "telephone", to strike out "and" and insert "the radio, and"; on page 3, after the word "such", to strike out "expenditures" and insert "expenditures,"; and in line 12, after the words "per hundred words", to insert "The expenses of the investigation shall be paid out of the sum heretofore made available for the investigation authorized under S.Res. 84, S.Res. 239, and S.Res. 371, Seventy-second Congress."; so as to make the resolution read:

Resolved, That the Committee on Banking and Currency, or any duly authorized subcommittee thereof, in addition to the authority granted under S.Res. 84, Seventy-second Congress, agreed to March 4, 1932, and continued in force by S.Res. 239, Seventy-second Congress, agreed to June 21, 1932, and further continued by S.Res.

371, Seventy-second Congress, agreed to February 28, 1933, shall have authority and hereby is directed—

(1) to make a thorough and complete investigation of the operation by any person, firm, copartnership, company, association, corporation, or other entity, of the business of banking, financing, and extending credit; and of the business of issuing, offering, or selling securities;

(2) to make a thorough and complete investigation of the business conduct and practices of security exchanges and of the members thereof;

(3) to make a thorough and complete investigation of the practices with respect to the buying and selling and the borrowing and lending of securities which are traded in upon the various security exchanges, or on the over-the-counter market, or on any other market; and of the values of such securities; and

(4) to make a thorough and complete investigation of the effect of all such business operations and practices upon interstate and foreign commerce, upon the industrial and commercial credit structure of the United States, upon the operation of the national banking system and the Federal Reserve System, and upon the market for securities of the United States Government, and the desirability of the exercise of the taxing power of the United States with respect to any such business and any such securities, and the desirability of limiting or prohibiting the use of the mails, the telegraph, the telephone, the radio, and any other facilities of interstate commerce or communication with respect to any such operations and practices deemed fraudulent or contrary to the public interest.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, either in the District of Columbia or elsewhere, during the first session of the Seventy-third Congress, or any recess thereof, and until the beginning of the second session thereof, to employ such experts and clerical, stenographic, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production and impounding of such books, papers, and documents, to administer such oaths, and to take such testimony and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the investigation shall be paid out of the sum heretofore made available for the investigation authorized under S.Res. 84, S.Res. 239, and S.Res. 371, Seventy-second Congress.

The amendments were agreed to.

The resolution as amended was agreed to.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHEPPARD:

A bill (S. 1128) granting a pension to Mary L. Robinson; to the Committee on Pensions.

By Mr. STEPHENS:

A bill (S. 1129) to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412, of title 46 of the United States Code relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof; to the Committee on Commerce.

By Mr. WALSH:

A bill (S. 1130) to incorporate the National Society of Women Descendants of the Ancient and Honorable Artillery Co.; to the Committee on the Judiciary.

By Mr. ASHURST (by request):

A bill (S. 1131) to amend the probation law; to the Committee on the Judiciary.

By Mr. ASHURST:

A bill (S. 1132) for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc.; to the Committee on Claims.

By Mr. DILL:

A bill (S. 1133) to provide a preliminary examination of the Cowlitz River and its tributaries, in the State of Washington, with a view to the control of their floods; to the Committee on Commerce.

By Mr. FRAZIER:

A bill (S. 1134) restoring to tribal status and allotments certain lands on Standing Rock Indian Reservation in the States of South Dakota and North Dakota;

A bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended; and

A bill (S. 1136) authorizing the Secretary of the Interior to erect a monument as a memorial to the return from Canada and surrender to the Government of the United States of the Sioux Indian chiefs, Sitting Bull, Gall, Rain in the Face, and Crow King, with their several bands of followers, in 1881; to the Committee on Indian Affairs.

By Mr. ERICKSON:

A bill (S. 1137) for the relief of Ruth J. Barnes; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 1138) authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Mont., to the State of Montana, for use as a fish-cultural station, game reserve, and public recreation ground, and for other purposes; to the Committee on Agriculture and Forestry.

A bill (S. 1139) authorizing the Court of Claims to investigate and determine the facts in connection with the claim of the First National Bank of Billings, Mont.; to the Committee on Claims.

A bill (S. 1140) granting an increase of pension to Louise Hatch; and

A bill (S. 1141) granting an increase of pension to Dora White; to the Committee on Pensions.

(Mr. SHEPPARD introduced Senate bill 1142, which was referred to the Committee on Agriculture and Forestry and appears under a separate heading.)

By Mr. BONE:

A bill (S. 1143) granting a pension to Leonard Claud Huntington; to the Committee on Pensions.

By Mr. SCHALL:

A bill (S. 1144) granting a pension to Della M. C. Rudolph; to the Committee on Pensions.

RELIEF OF UNEMPLOYMENT

Mr. SHEPPARD. Mr. President, I desire to introduce a bill relating to unemployment. I ask that the bill be set out in the RECORD and, following the bill, a memorandum explaining it which was prepared at my request by Mr. George T. Pickett, president and general manager Llano Cooperative Colony, Newllano, La., who suggested to me the introduction of the bill.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 1142) for the purpose of providing industrial and agricultural communities for the absorption of unemployed citizens of the United States, and for issuance of self-liquidating bonds for the establishment thereof, was read twice by its title, referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That there be, and there hereby is, created a national corporation which shall be known as the United Communities.

SEC. 2. That the purpose of the said corporation shall be to establish a series of communities throughout the United States, at such locations as may be deemed proper and convenient, and to secure land, housing, machinery, and other equipment as the same may be required for the accommodation, employment, and maintenance of families and individuals, citizens of the United States, who shall be engaged in productive employment under the direction of the said corporation.

SEC. 3. That it shall be the policy of the said corporation to direct the productive and other activities of the said communities to the end that the products thereof shall be destined for, and only for, consumption by the residents of said communities, so far as possible, save and excepting when said products may be exchanged at a fair market value for commodities of which there is an insufficient production in said communities to meet the actual need within said communities, or which commodities are found to constitute a surplus over and above the current consuming and purchasing capacity of the general markets at any given time; and/or when said products constitute a surplus over and above the needs of the residents and of the operation of the activities within said communities.

SEC. 4. That the machinery, tools, and equipment of industry and of agricultural production within such communities shall be of such available type and pattern as shall be approved by the Bureau of Standards of the Federal Government at Washington as being calculated to produce the largest quantity of approved product with the smallest expenditure of man-hours of labor.

SEC. 5. That the working time of the residents of said communities shall be adjusted to the end that it shall not exceed the total man-hours per week required to produce such and so much in quantity as shall be sufficient to meet the necessities and convenience of said residents, whether in direct distribution of said products or by exchange for and distribution of the products of

other communities under the administration of said corporation, or by exchange for and distribution of commodities not sufficiently produced by said communities either singly or in total but produced elsewhere, and that the initial working time of the residents of said communities shall not exceed 30 hours per week, save and excepting where any excess time shall be agreed upon by and between the working and resident members of said communities and the local administration of the given communities.

SEC. 6. That the initial direction of the activities of said corporation shall be entrusted to a general board of directors, consisting of nine persons, to be appointed by the President of the United States within 30 days from and after the approval of this act, each of whom shall give his entire time to the business of said corporation, for such reasonable compensation as shall be fixed by the said general board of directors; that the said board shall elect a president, a vice president, a secretary and a treasurer, whose duties shall be such as are customary to the discharge of such offices and as may be determined by the board; and that each member of said board shall register as a member of one of said communities.

SEC. 7. That the direction of the affairs of each local community shall be under the initial control of a local director, to be appointed by the general board of directors, except as hereinafter provided.

SEC. 8. That working members of said communities may, with their own consent, be transferred from one community to another, to meet the demand for services of any particular kind, and when so transferred, whether on their own initiative or otherwise, they shall not forfeit, by reason of such transfer, any rights, privileges, credits, or interests which they may have acquired or enjoyed in connection with their residence or work in said community.

SEC. 9. That upon the registration of each working member of such communities as a resident, there shall be credited to him or her, for satisfactory service, a credit which shall entitle him or her to draw from the administration a quota of supplies and service necessary and convenient for the maintenance of him or her self and family as residents of said community, including shelter, food, clothing, hospitalization, and recreation: *Provided*, That if any person so registering shall thereafter be convicted of a crime, or shall refuse to perform a reasonable requirement of service within the community, he shall be disqualified as a resident or working member of any of said communities and shall be excluded therefrom.

SEC. 10. That for each day of satisfactory service rendered by each person so registering in any such community as a working member, there shall be credited to him or her one unit of interest, which shall represent a share of interest but not of ownership in the said United Communities; that when the total number of said units of interest so credited to any individual shall amount to the number of 1,000 of said units, said individual shall have a voice and vote in the election of the members of the local board of directors of any such community in which he shall have been for 30 days a resident and working member: *Provided*, That there shall be in residence in such community at such time not less than 50 working members holding such total of 1,000 units of interest.

SEC. 11. That the local board of directors in each community shall be chosen by ballot from said qualified holders in good standing of 1,000 units of interest, and shall consist of nine members, who shall hold office for 3 years, excepting that of the members first so chosen, one third shall be chosen by lot to hold office for 1, 2, and 3 years, respectively, or until their successors shall have been elected and qualified: *Provided also*, That in the absence of a sufficient number of holders of units of interest within a given community, the general board of directors may appoint a local board of directors of suitable persons, for the term of office aforesaid, from among the working members of said communities or otherwise, in the discretion of the general board of directors, to be succeeded in such office by members to be elected as hereinbefore provided; and provided further, that the regular elections of such members of the local boards of directors shall be held on the first Tuesday of the month of April in each year.

SEC. 12. That in the first year in which there shall be on the first Tuesday in April not less than 20 of said communities in which there shall have been elected a full quota of nine members of the local boards of directors, as hereinbefore provided, each of such local boards of directors shall, not later than the 1st day of May thereafter, select from its number a representative; and that the whole number of said representatives so selected shall meet at a time and place to be designated by the general board of directors, and not later than the 1st day of June following, for the purpose of electing, from among the qualified holders of 1,000 units of interest throughout the said communities, the successors to the original board of nine directors, who shall hold office for the term of 3 years, except that of those first so elected 3 of them shall be chosen by lot for the term of 1, 2, and 3 years, each, respectively; provided further, that in each following year there shall be elected in a similar manner three members of the general board of directors for the full term of 3 years; provided further, that in case of any vacancies occurring in said general board of directors, the same may be filled by the said board selecting from the qualified holders of 1,000 units of interest, excepting, that in the case of more than three such vacancies arising in any one year, the general board shall call a special meeting of the representatives chosen for the current year, either on its own initiative or on the motion of two or more local boards of directors, for the purpose of taking such action as may be appropriate for the filling of such vacancies.

SEC. 13. That the title to any real property occupied by any of the said United Communities, and used or useful in connection with their operations severally or as a whole, shall be vested in the United States of America, and shall not be alienated at any time prior to 10 years after the same shall have ceased to be so occupied, used, or operated; that the ownership of all natural resources occupied, used, developed, discovered, grown, or operated by any or all of said United Communities shall be vested in the United States of America, whether of forests, mines, water powers, or any other, but that the same shall be subject only to the free use and development of the administration of the said United Communities for the sole benefit and use of the working members, and the said ownership shall not be alienated from the United States at any time prior to 10 years after the same shall have been so used.

SEC. 14. That the said United Communities shall be and hereby is authorized to develop, use, and operate such means of transportation and communication by land, water, air, and otherwise, as shall be best suited to the requirements of its several communities and as a whole but not as a common carrier and to integrate the operation and the personnel of the same with the organization of its communities in whatever manner may appear necessary and convenient.

SEC. 15. That the fundamental economic operating principle of the United Communities shall be, to balance production and distribution within the population of the said communities, maintaining the highest reasonable standard of living consistent with the available skill and ability of its working members and the use of the most productive type and pattern of equipment reasonably available.

SEC. 16. That the said United Communities, through its general board of directors, may supply the said available standard of equipment, on terms providing for liquidation in products, to existing communities operating independent of the United Communities but upon the same economic principle aforesaid.

SEC. 17. That the general board of directors of the United Communities shall be, and the same hereby is, authorized to issue bonds, based upon the credit of the Government of the United States, in an amount equal to not more than $1,000 for each horsepower of applied energy intended to be developed and/or applied in the operation of each such local community and its enterprises, and not less than $1,000,000 in the case of each such community initially; and that upon the deposit of said bonds with the Treasurer of the United States, and the filing with said Treasurer of a certified copy of a pertinent resolution duly adopted by the said general board of directors, the treasurer of the general board of directors shall be, and hereby is, authorized to draw upon the Treasurer of the United States for funds necessary and convenient for the establishment and operation of the said local communities, and the operation of the United Communities in general, and to expend the same according to the directions of the general board of directors for the purposes and to the ends hereinbefore set forth.

SEC. 18. That the said general board of directors may require the retirement of any part or the whole of any such issues of bonds so deposited with the Treasurer of the United States, upon the delivery to any department of the Government of the United States of a corresponding value in the products of such community or communities, of suitable quantity and quality for the current use of such governmental department: *Provided*, That the United Communities shall be given preference in the supplying of products for the use of the departments of the Government of the United States.

SEC. 19. That a working member of said communities shall be a person of good character, a citizen of the United States, above 18 years of age, who is willing and able to perform, and who does reasonably perform 6 hours of required service a day and 30 hours of required service in any one week.

SEC. 20. That the general board of directors shall provide for adequate educational facilities for all persons under 18 years of age, and for further educational privileges for those qualified therefor.

SEC. 21. That the general board of directors shall provide modern and adequate hospitalization, medical care, and maintenance for all working and resident members who may become disabled by reason of age or physical disability.

The memorandum submitted by Mr. SHEPPARD was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

MEMORANDUM IN EXPLANATION OF THE PROPOSED BILL FOR THE PURPOSE OF PROVIDING INDUSTRIAL AND AGRICULTURAL COMMUNITIES FOR THE ABSORPTION OF UNEMPLOYED CITIZENS OF THE UNITED STATES, AND FOR THE ISSUANCE OF SELF-LIQUIDATING BONDS FOR THE ESTABLISHMENT THEREOF

In explanation of this bill I feel it fair to give something of the practical side of our organization which has been in operation now under me for 13 years. During this time we have had less than $100,000 in cash supplied us from sales of stock and donations, which is the only means of financing the organization outside of our own production.

During the 13 years we have been able to establish eight of these units, and at the same time carry on the enormous expense of education and development at the home unit in Newllano.

We have had a tremendous expense to meet as an educational feature, both for our schools and in the movement itself. I am convinced that $5,000,000 would be a sufficient amount of money to develop 20 of these units, especially in the southern portion of the United States where food can be grown through a long period of the year, and where materials for food, clothing, and shelter can be obtained in abundance and with a minimum of cost.

We are thoroughly convinced from the practical experience we have gone through in this demonstration that after one set-up of this program is made, it, in itself, from the surplus production, will soon be in a position to finance other units, and take off of the Government in a very short time the burden of financing the program. If great speed is necessary to put the unemployed army to work, naturally it will call for more cash than if a greater time is taken in putting these people to work.

In liquidating the bonds the point is made that in the event these people are not selling their goods or commodities in the regular channels of trade, which would put them in competition with the present order of business, their only method of liquidating the bonds and paying the interest would be to turn to the Government for it to use in connection with the Army, Navy, or other governmental institutions their surplus. The Government could credit them on a basis of cash which would make the matter only a question of bookkeeping.

During the years of the depression we have been able to take into our organization food and clothes, and to house twice as many people as are bona fide members of the organization; in other words, absorb into our unit more unemployed, destitute people, 2 to 1, than we had members themselves, and those people are given the same food, clothing, and shelter and a lifetime opportunity that we have for ourselves.

As to the salaries of the first nine men, I should say that I can select nine men who will function on this board without one dollar of compensation as salary, working, as we do, on the basis of livelihood only.

PROTECTION OF GOVERNMENT RECORDS

The VICE PRESIDENT. The Chair lays before the Senate a bill from the House of Representatives, the title of which will be stated.

The bill (H.R. 4220) for the protection of Government records was read twice by its title.

Mr. ROBINSON of Arkansas. I ask that the bill may be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Without objection, that reference will be made.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT, 1932

Mr. OVERTON submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the Emergency Relief and Construction Act of 1932, which was ordered to lie on the table and to be printed.

5-DAY WEEK AND 6-HOUR DAY

Mr. HATFIELD submitted an amendment intended to be proposed by him to the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day, which was ordered to lie on the table and to be printed.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

ADDRESS OF SENATOR CAPPER ON HIGH COST OF HOUSING IN THE DISTRICT

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD an address made by the senior Senator from Kansas ([Mr. CAPPER] at a mass meeting of Government employees on the high cost of housing in the District of Columbia, Friday, March 31, 1933, at McKinley High School Auditorium.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

My friends, I welcome this opportunity to meet with you here tonight to discuss the high cost of housing in the District of Columbia.

According to the best economic thought, rent should take not more than one quarter of the family budget. But how many of you are paying out a good deal more than one fourth of your reduced salaries for housing? You are now confronted by an additional cut in your wages. This will bring about a further disproportion between your incomes and the amount you pay in rent.

I think it is vitally necessary that drastic action be taken in the immediate future to bring about a fair reduction in rents in Washington. What effective action can be taken? How soon can some definite good be accomplished? Who will take the initiative in this work of rent reform? These are the questions which I shall attempt to answer this evening.

First, however, let me say to you most emphatically that I do not intend to waste sympathy or effort on persons who are trying to "keep up with the Joneses" in the matter of living accommodations.

Every one of you knows that there always will be dwellings and apartment houses where rents will be high. These places are for persons of considerable means who are not obliged to count their pennies. Now, if they want to pay fancy rents for exclusive neighborhoods or palatial apartments, that is their concern. But the salaried man who deliberately moves into one of these show places, knowing that he will have trouble in paying the rent, is not entitled to any consideration. If he wants to put on a front, as the saying goes, let him pay the price of his folly. But he need not expect much consideration if he complains that the rent he is paying is too much.

We can forget about that type of tenant. My interest is not in him, but in the plain people of Washington—in the families who are worrying along from month to month trying to keep a roof over their heads and to give their children an education. Many such people are in this assembly tonight. They are striving earnestly to keep their heads above water, to pay their bills as they go along, and not get into debt.

These people do not live in pretentious homes. They are not trying to maintain a false standard of living. They live decently and quietly in the manner of the average Washingtonian. If they work for the Government, as you do, they have had to figure their budget more closely since the retrenchment program of the Government began. But now they are looking with despair at that household budget soon to be unbalanced by a further salary cut.

Where are these people going to live after their pay has been reduced? We cannot drive these families into the alleys of Washington or into neighborhoods where none of you would want to bring up your children.

High rents have done enough damage to Washington. They have forced families to double up in living quarters, a practice that offends good health, morals, and comfort. High rents in Washington have worked a grave injustice to a population that is still paying boom-time rents from depression incomes. Rents in Washington have been coming down slowly since 1928, according to the latest information from the Bureau of Labor Statistics, but the drop has been insignificant, in comparison with the needs of the people of Washington.

My interest in the present rent situation was aroused early last year, when it became evident that Government salaries were to be reduced. I had been receiving letters from Washingtonians complaining of high rents, but I wanted to find out whether the feeling was general that rents should come down.

I mentioned publicly my interest in the matter, and I got an immediate response from the people of Washington. Letters came in by the hundreds, not only to me but to other members of the Senate District Committee, urging that some steps be taken to bring about a lower rent level in the District. I consulted the records of the Bureau of Labor Statistics as to rental charges in other cities to see whether these numerous complaints of exorbitant rentals in Washington were justified. I found that these entirely impersonal figures, collected by the Government and based on a large number of rentals on homes of workingmen and their families throughout the country, supported the contentions of the Washington tenants.

The District Committee was deeply concerned when the facts were laid before them. Other members and myself urged on landlords and real-estate agents the pressing necessity for action in behalf of the tenants. I am sorry to say that we received very little assistance from the real-estate interests in our efforts at that time.

Because of this attitude on the part of landlords and agents, and because of serious charges made by tenants concerning the conduct of the real-estate business in the District, it became the duty of the committee to request the Senate for authority to inquire into all the facts concerning rents in Washington. The Senate gave this authority very readily.

Now, let me say to you in all sincerity that the Senate District Committee had no desire to embark on a tedious investigation in the summer of 1932. One of the stormiest sessions of Congress was drawing to a tumultuous close. I was tired and so, I believe, was every other member of the committee. We did our utmost to obtain from the real-estate men some assurance that they would recognize their responsibility and reduce rents to a reasonable level. But that assurance was not forthcoming, and the inquiry was begun.

We began our work in June. The investigation was completed in December. During that time the average of rents began to decline, but at a snail's pace. In the meantime the impression had grown among the people that the Senate had created a rent commission charged with the duty of looking into individual cases and reducing rents where warranted. Now, we had no legal right to do that. Our sole responsibility was to collect the facts and report our findings and recommendations to the Senate.

I can look back with pride on the rent investigation. It was conducted with great economy and developed the information on which to base a far-reaching and progressive legislative program on housing in the District.

Briefly, this is what our subcommittee on the rent investigation told the Senate as to the rental situation here:

"A state of emergency in housing exists in the District of Columbia. Almost 10 percent of the families in the District are destitute and entirely dependent on public or private relief. Thousands more are existing on pitifully small incomes, which may be utterly wiped out by illness or unemployment of breadwinners.

"There is in the District a dire lack of low-cost sanitary housing. This is accentuated by the inability of municipal relief authorities to find adequate housing for families made homeless by eviction. Unable to match their reduced incomes against present rent levels, residents of the District are resorting to the practice of 'doubling up' * * *. Rents in the District of Columbia have not been reduced sufficiently to meet the needs of the people.

"Rent levels in the District do not reflect the decline in the costs of practically all other commodities, nor do they show the same decline as do rents in other cities.

"Rents of apartments in the District underwent an average reduction of less than 7 percent during the past year, while the rate of vacancies in apartments increased 10 percent.

"Rent reductions in houses were so insignificant that it may be stated that such rents show practically no change from those of a year ago."

That is the report our committee made to the Senate a few weeks ago.

The subcommittee also reported, in the strongest possible terms, that the real-estate business in the District, including the activities of rental agents, had drifted into practices and policies opposed to the public interest. I quote from the report on that point:

"Although assurances were given the subcommittee by real-estate brokers that the era of high financing in Washington real estate is a thing of the past, the subcommittee is convinced that many of the evils of the present rental situation find their roots in a vicious system of financing and related functions, largely noncompetitive, which has encouraged and fostered speculation and has placed a crushing burden of interest, commissions, insurance, and title costs on every real-estate transaction.

"Under this system the small-home buyer suffers alike with the owners of equities in rental property.

"The lack of proper and sufficient legal safeguards has nurtured this system, the fruits of which are summary foreclosures, vast losses to investors in real-estate securities, and, in part at least, high rents."

The subcommittee also censured the Washington Real Estate Board for its part in the rent situation. The report referred to evidence produced at the hearings which indicated that the board in many ways had acted to eliminate competition among its members, through various restrictions on their activities and through fixing rates of commissions on real-estate transactions.

The report also dealt with the general attitude of the board to the public. In this respect the report stated:

"In the opinion of the subcommittee the public policies of the Washington Real Estate Board have been deficient in many respects, and unresponsive to the legitimate needs of the public.

"Representatives of the board have offered no constructive suggestions for improvement of the rental situation. Their demand for a fair return on the assessed value of their property displays a woeful disregard of present-day economic conditions in the District of Columbia and in the country as a whole."

I hold no brief for the Washington Real Estate Board. I concur in the report of the subcommittee. But I know several members of the board, and I believe them to be upright and public-spirited men. I think the subcommittee was absolutely right in its analysis of the situation, which showed that men engaged in the real-estate business in Washington had permitted themselves to fall into mistakes of policy. Knowing some of these men as I do, I cannot help but believe that the investigation has served to show them how far their organization had gotten away from the ideals of public service.

There is a decidedly hopeful development in the announcement by the board to the effect that a special committee of board members has been appointed to consider the complaints of tenants and, if possible, to rectify injustices.

Regardless, however, of this commendable action by the real-estate board, I think that action should be had on the recommendation of the subcommittee which calls for the passage of a Senate resolution calling on the Attorney General to make a complete investigation of charges that competition in real-estate transactions has been stifled in the District of Columbia. I think the people are entitled to have the benefit of the Attorney General's opinion as to the legality of the actions of the real-estate board.

This proposal, however, is only part of the general housecleaning that is needed in the local real-estate situation. I think we all realize that the mere enactment of legislation is not sufficient to correct wrongs against the public interest. It is essential that good laws, if passed, shall be enforced fairly and impartially.

Our subcommittee recommended a legislative program which is comprehensive and strikes at the principal evils in the local situation. I am certain that public opinion will get behind these laws and see that they are enforced after they have been enacted.

It had been my wish to get action on this legislation in the last session of Congress. But, through unavoidable delays, the report of the subcommittee was late in getting to the Senate, and too little time remained for completion of our work.

As you know, when the Democrats organized the Senate after the 4th of March, Senator KING, of Utah, became Chairman of the District Committee in my place. Senator KING has been a student of District affairs for many years. During my 8 years as chairman he was one of the most helpful and conscientious members of the committee.

Soon after assuming the chairmanship he appointed me chairman of a special subcommittee to take charge of the rent-investigation report and carry out its recommendations. I can say to you that I am prepared to go ahead with this work as rapidly as care and proper deliberation will permit. I shall do my best to see that justice is done the people who are now suffering from high rents.

I have communicated with the corporation counsel of the District to ask his assistance in preparing legislation along the lines recommended in the rent report. To give you an idea of just what is proposed in this legislation, let me quote once more from the report:

"Recognizing the present emergency in housing, and in view of evidence and testimony contained in the record of the investigation, the subcommittee recommends to the Senate the following actions:

"A. Consideration at an early date of such legislation as will limit evictions of tenants when conditions are such as to merit the intervention of the Government in their behalf; legislation to provide a moratorium for not exceeding 2 years upon the foreclosure of mortgages and deeds of trust on homes; legislation to confer on the Commissioners authority to take such action as may be required for the protection of tenants in cases of extreme emergency."

Recommendation "B" relates to the proposed investigation by the Attorney General of the rent-combine charges. I have previously referred to that, so let us now go to the next:

"C. Passage of a resolution calling on the District Commissioners for enforcement of existing laws and regulations affecting public health, comfort, and safety in connection with rented property, and directing the Commissioners further to obtain through the District assessor and submit to the Senate annual reports affecting rentals and values of apartment houses.

"D. The enactment of a bill to require the furnishing of heat in living quarters in the District of Columbia.

"E. Passage of a resolution calling on the District Commissioners for a study of fire- and title-insurance rates and practices in the District of Columbia, with particular reference to the fixing of such rates and elimination of competition."

All of this is new legislation. I have asked the corporation counsel, Mr. Bride, who is much in sympathy with this movement for fair rentals, to study the report and to draft these bills as soon as he can do so. The exception to this procedure is the bill to require that heat be furnished in rented quarters.

I have the draft of that bill in my office. It was sent me, on my request, by the health officer, Dr. Fowler, who tried on numerous occasions in the past to have this bill made law.

In his letter transmitting the draft of the bill, Dr. Fowler advised me that its enactment "would result in great benefit to persons who occupy quarters in apartment houses and rooming houses in this District and who are forced to depend on the owner, landlord, or other person in charge of such apartments and rooming houses to provide them with adequate heat for their comfort and well-being during the cold seasons of the year."

The rent report went farther than these recommendations, however. It took into consideration bills which had been passed by the Senate and other bills pending before the Senate District Committee. All of these, together with the matters referred to the corporation counsel, constitute a well-rounded and essential legislative program for rent reform and housing development.

Some of these bills have been reintroduced, and others will be.

They include bills to accomplish the following objects:

To provide a period of redemption in foreclosures.

To regulate and license real-estate brokers and agents.

To put teeth in our present weak and ineffective usury law. Interest rates paid by many home owners are outrageous.

To create a housing board for the purpose of assisting in the promotion of low-cost housing by limited-dividend corporations in the District.

Together with this last-named bill it is my intention to recommend the enactment of the bill to allow the Commissioners to convert the present disgraceful alley dwellings to commercial uses.

This must be done without hardship to the poor occupants of alley homes, who are the victims of the most flagrant forms of exploitation. Vice and disease are the principal products of Washington's alleys. Sanitation is practically unknown in these hidden communities. The alleys are almost impossible to police. Washingtonians and Members of Congress who have studied the alley problem decided long ago that these alley homes must go.

The alley bill was not included among the measures recommended in the rent report, the reason being that the committee had reported the bill to the Senate before the rent report was made.

I wish I had time to talk with you about each of these bills in detail, because it is necessary that the public get behind them if we are to get effective action in the near future. But I hope on some other occasion to have an opportunity to talk about each one of these proposals which are, in my opinion, absolutely necessary if we are to have any genuine and lasting relief in the local housing situation.

The need for every one of the bills I have mentioned cannot be successfully denied. The record of the hearings held by our subcommittee during the rent investigation contains evidence that

proves the public necessity for reform in the real-estate business and a practical, businesslike adjustment of our housing difficulties.

And now let us talk for a little while about statistics. We have heard a great deal during the past few days about statistics on the cost of living. This has been in connection with the recent Executive order of President Roosevelt in applying the 15 percent reduction to Government salaries on the basis of changes in living costs between June 1928 and December 1932.

President Roosevelt found that the cost of living for the United States during that period had decreased 21.7 percent.

There can be no question, I think, of the fact that food and clothing, particularly, have led the decline in living costs in the District.

I have studied very carefully the pamphlet issued by the Bureau of Labor Statistics for December 1932, entitled "Retail Prices and Cost of Living." It was from the data furnished by this publication, largely, that the President arrived at his conclusions as to decreases in living costs.

Now, the Bureau of Labor Statistics tries to present its data in the clearest possible form, so that it may be widely understood and used. However, it is not always easy to get behind the statistics and tell just what they mean.

When the Bureau furnished our subcommittee with a fine and very valuable report on Washington rents during the course of our investigation they urged that care be used in quoting comparisons of the statistics for different periods and for different cities, because of the ease with which errors can be made when dealing with statistics.

However, I think I am on pretty safe ground when I draw a few inferences from the statistics in the Bureau's December bulletin.

As you doubtless know, a great part of the Bureau's figures are offered in the form of index numbers, while others are expressed in terms of percentages.

The report carries a table of index numbers showing changes in the costs of food, clothing, rent, etc., in the United States from 1913 to 1932. Another table shows the changes in the costs of these commodities in 19 cities, of which Washington is one, between 1914 and 1932; but these changes are expressed in terms of percentages of increase over December 1914. So it is pretty difficult to arrive at an accurate and usable comparison between the local figures and the national statistics.

We do find on examining the report, so far as Washington rents are concerned, that between June 1928 and December 1932 they dropped from 32.7 percent above the 1914 level to 22.5 percent above 1914, a reduction in 4½ years of 10.2 percent. According to the Bureau's figures, rents in Washington were higher in 1928 than in any other period.

They began a very gradual decline after 1928—a point or a fraction thereof each 6 months—until June 1932, when the rent investigation was begun. I think the Federal pay cut and the effect of our inquiry combined to bring about the first real drop in the Bureau's figures on Washington rents. In June of last year the percentage was 27.1 over 1914. In December the percentage had dropped to 22.5.

We have seen that Washington rents declined 10.2 percent in the 4¼ years between June 1928 and December 1932.

Let us see what this Government Bureau's report says about other cities for the same period. You will find that it is as true today as when I first stated it last June that rents in the District have not experienced the same deflation as have rents in the other cities.

Betwen 1928 and 1932, according to the report of the Bureau, rents in Baltimore, our neighboring Maryland city, dropped 28.8 percent against Washington's 10.2 percent; in Norfolk, Va., rents went down 33.5 percent against Washington's 10.2; Boston, 24.1 percent; Cleveland, 43.6 percent; New York, 25.2 percent; Philadelphia, 31.4 percent; Detroit led the list with a decline of 78 percent in rents. And yet Washington has had only 10 percent reduction.

Washington was lowest on this entire list of 19 cities. This should be conclusive evidence that the rents in the Nation's Capital are not responsive to the conditions which forced rents down in every other city. While rents have been reduced, I say they have not been reduced enough.

Of course I expect to be told, as I was during the rent inquiry, that rents in the District did not go as high as they did in other cities in the years immediately following the war. Now that may be the case. But you will remember, many of you, that rent profiteering in the District became so dangerous to the public welfare that Congress stepped in and established a rent commission to protect tenants.

Also, when we compare the figures of the Bureau of Labor Statistics for different cities we should not forget that the percentages expressed there are, in each case, related only to the average rent charged workingmen in any one city in 1914.

I mean by that that all of these figures have significance only as they apply to the average rent charged in a city in 1914. For instance, the 1914 rent in Washington may have been $40. In Baltimore it may have been $30. In some other city it may have been $25. The average rent in Washington is a high rent compared with that in other cities. In 1914 that was true, and it is today.

So when changes in rents are expressed in percentages it is quite possible that a city with a $40 average rental in 1914 and a $60 average today will show the same percentage of increase as a city with a $15 average in 1914 and a $22.50 average today, because in both cities the present rents are 50 percent above 1914.

However, there is a lot of difference between a $60 rent and one of $22.50, even though both are shown to be no more than 50 percent higher today than they were in their respective cities in 1914.

That is why I feel very strongly that the President should look beyond index figures and percentages in studying the cost of living to Government employees in Washington. Everybody knows that Washington has higher living costs than many other cities.

I believe that we shall know just how much it costs to live in Washington, as compared with other communities, by getting down to a dollars-and-cents basis in our computations.

By this statement I want you to know that I do not disparage the extremely valuable work of the Bureau of Labor Statistics. Nor do I criticize the method by which the President reached his conclusions as to the decrease in the cost of living.

I am supporting President Roosevelt, though a Republican. I think President Roosevelt wants to be fair to all Government workers. But I think he should know exactly what the conditions are concerning Washington rents, and I intend to see that he does know them.

I intend to go to President Roosevelt myself and put before him all the facts in the Washington rental situation. I think I can convince him that rents in the Capital are outrageously high. I am going to ask him to support the legislative program for housing reform that I have outlined to you tonight, or some other program, and help us bring down these rents as quickly as possible.

The President should know, also, that many Washingtonians consider the present conditions serious enough to warrant the reestablishment of the rent commission in the District.

As I have said before, that commission was instrumental in preventing a great deal of profiteering at a time when the District was crowded with war workers and was feeling the effects of an acute shortage in housing.

Today the situation is different. There is no shortage in housing here, except as regards the low-cost types of housing. There is a large percentage of vacancy in apartments and in houses of the larger type.

Our rent subcommittee gave considerable thought to the proposal that the rent commission be again set up to safeguard tenants from extortionate charges. We called into conference Mr. Keech, the people's counsel, and Mr. William A. Roberts, the special assistant corporation counsel, both of whom have the public interest at heart. It was their opinion that legislation at this time providing for a rent commission would be unconstitutional because of the absence of the sort of emergency under which the commission first came into being.

However, I have not discarded the idea. If it is necessary to put a rent commission to work—and such a commission is a fairly expensive piece of governmental machinery—I think it should be done, unless our object of lowering rents and providing other reforms can be accomplished in a better way. The weight of legal opinion at this time—and I am not a lawyer—seems to incline to the kind of legislation that I have mentioned in my talk with you this evening, and I certainly think we should give this progressive plan of regulating housing a fair trial, keeping in mind always the possibility that, if other plans fail, we should resort to relief through a rent commission. I know this: The United States Senate is in full sympathy with this movement—fair rental charges.

Let me mention here just one other matter that I have spoken of earlier in my talk. Among the recommendations of the rent subcommittee was the passage of a resolution to give the Commissioners authority to study fire and title insurance rates and practices.

It seems strange to me that we should have so many complaints of high rates on fire insurance when the fire loss in the District is one of the lowest in the United States. I believe the home owners are paying too much for their insurance. I am reliably informed that only a very small fraction of the amount paid out in fire insurance in Washington is returned in the form of settlements.

The Commissioners should have ample authority to examine fire-insurance rates and to compare them with those charged in other cities. They also should be given the power to look into the rates charged by the title-insurance companies here and to report whether the existing procedure in the District is the best that may be obtained for the benefit of the people.

Let us bear one important fact in mind when we leave here tonight:

Rent in Washington is no sacred white cow. I certainly have no thought of delaying action any longer to see whether eventually rents in this city will come down to more sensible levels.

Tenants who are still paying rents based on fictitious, watered, and inflated values of rental property in this city are doing so with great difficulty. They cannot be expected to continue to keep on paying the same old high rents after their pay has been reduced.

Remember, also, that the owners of rental property in Washington are not all rolling in wealth. Some of them have met this situation fairly. They have reduced rents and have been lenient with tenants who have been temporarily without employment. Many landlords paid high prices for the property they bought. Now, with rents on the down grade, they are not making as much money as they did a few years ago. But I cannot get excited about that. None of us are as well off financially as we were before the depression overtook us.

The honest landlord need fear nothing from the legislation that is soon to be offered. But the owner or agent who is determined

to get all he can, and to evade rent reductions, is heading for a lot of trouble. If he is blind to everything except profit now, I confidently predict that his field of vision will be widened considerably in the immediate future.

LAWS AND REGULATIONS AFFECTING VETERANS' COMPENSATION

Mr. ROBINSON of Indiana. Mr. President, a great many inquiries are being received by Members of the Senate and the House with reference to the meaning of the new veterans' law and the Presidential regulations. Mr. Thomas Kirby, chairman of the national legislative committee of the Disabled American Veterans of the World War, has prepared a digest of the law, and, because of the fact that its various provisions are summarized and the digest is in easily understandable English, I think perhaps it ought to be incorporated in the RECORD, and I ask that that may be done.

There being no objection, the digest was ordered to be printed in the RECORD, as follows:

DISABLED AMERICAN VETERANS,
Washington, D.C., April 3, 1933.

BULLETIN ON NEW UNITED STATES RELIEF POLICY FOR WORLD WAR VETERANS (ACT MAR. 20 AND PRESIDENT'S REGULATIONS APR. 1, 1933)

All present payments will cease on July 1 next except on claims of widows and orphans which must be reviewed to establish whether eligible under new 1-year presumption.

"Compensation" and "disability allowance" are terms not in the act of March 20, as the whole system of direct financial relief is classified as "pension."

There is a rebuttable presumption of soundness at enlistment, but such veteran must have served 90 days in the military service.

There is 1 year's presumption for service connection of chronic diseases provided the veteran served 90 days.

Misconduct cases are generally excluded from pensions but permitted hospitalization under certain conditions.

Compensation will be paid where a preexisting disease was aggravated unless there is a specific finding that the increase in disability was due to the natural progress of the disease.

Where the service connection is granted the payment of pension will be as follows: 10 percent, $8; 25 percent, $20; 50 percent, $40; 75 percent, $60; P.T., $80; with an additional allowance of $20 per month for the anatomical loss of 1 foot, 1 hand, or 1 eye.

Where there is a loss of 2 limbs or the veteran is so helpless as to be in need of an attendant the pension shall be $100. Where there is a loss of 2 hands and 1 foot, or 2 feet and 1 hand, the monthly pension shall be $150. For blindness in both eyes, with only light perception, $175 per month. For blindness in both eyes, only light perception; loss of 1 hand or 1 foot, $200 per month. For the loss of both feet or both hands and is blind in both eyes, $250 per month.

The rate of death pension to dependents of service-connected veterans is unchanged.

There is a payment of $20 per month on non-service-connected veterans who served 90 days or more and who are permanently and totally disabled. Enlistment for this class must have been between April 6, 1917, and November 11, 1918, and those are not eligible if they paid income tax preceding year.

No retroactive payments will be made prior to the date of filing claim.

Dependency compensation to children will terminate at 16 years of age unless the child is totally incapacitated for self-support.

No dependency payments will be made to father or mother where the dependency arises 10 years after the death of the veteran.

Application on appeals must be made within 6 months after initial adverse action. Where a case is denied in part appeal must be made within 60 days.

All ratings will be based on average impairment of earning capacity resulting from similar injuries in civil occupation.

Emergency officers now on retired list will be retained providing they served between April 6, 1917, and November 11, 1918, and that such service was the "causative factor" of the present disability.

Hospital treatment will be granted for service-connected disabilities.

Destitute persons who served 90 days and are suffering from permanent and total disabilities of tuberculosis, NP, and ailments which wholly incapacitate them will be hospitalized.

Clothing will be furnished to veterans hospitalized only where they are indigent and clothing is necessary to protect health and sanitation.

Transportation may be furnished to and from hospitals for service-connected disability, but to no other classes.

Where a veteran dies in a hospital of a service-connected disability payment for transportation of the body to a national cemetery or the veteran's home may be paid in the discretion of the adminstration.

No veteran shall receive domiciliary or medical care who resides outside of the United States.

The maximum amount payable to a man without dependents receiving institutional care is $15 per month.

The Administrator is authorized to apportion pensions to dependents.

The Administrator may furnish orthopedic appliances to veterans suffering service-connected disabilities.

Where a veteran is receiving yearly renewable term insurance payments and the award is terminated the insured shall be entitled to convert the amount of to any other form of Government insurance. The insured has 30 days in which to make this conversion after notice of his right.

No claim for yearly renewable term insurance will be considered except where payments are now being made or where suit was filed prior to March 20, 1933.

Payment, not to exceed $75, for funeral expenses of honorably discharged veterans is allowed except where the veteran's net assets exceed $75.

Claims for reimbursement of burial allowance must be made within 1 year.

The World War is considered as beginning April 6, 1917, and ending November 11, 1918, except for those serving in Russia, in which case April 1, 1920, is the closing date.

The term "wife" or "widow" of a World War veteran is a person who was married to the veteran prior to July 3, 1931.

Where the injury or disease occurred while on leave, the burden of proof shall be on the claimant to show that it was in line of duty. Where the disability occurred while at camp or post, the burden shall be upon the Government to show the disability was not in line of duty.

No person holding position under the United States Government or the District of Columbia shall be paid a pension or retirement while in such employment, except where the pay is for disability actually incurred in combat. Persons so employed will receive $6 per month for directly service-connected disabilities.

Where a person receiving pension or retirement pay resides outside of the continental limits of the United States, exclusive of Alaska, Hawaii, and the Panama Canal Zone, he shall not receive more than 50 percent of the amount otherwise due.

The veteran may grant Disabled American Veterans or other recognized service organization written power of attorney to act as his representative to present his claim, but only one such authorization will be allowed in each case.

No person receiving monetary benefits from the Administration will be permitted to sit on a rating board to determine the rights of another person to receive such benefits. Indications are that adjudicators and authorizers will also be barred.

The Administrator of Veterans' Affairs may enter into a contract in emergency cases for hospitalization of veterans suffering with service-connected disabilities.

All information concerning a veteran and his claim shall be deemed confidential, except the President is authorized, at his discretion, to make public information concerning actual beneficiaries.

While attorneys may represent veterans in claims before the Administration, these lawyers will be barred from inspection of files and drastically limited as to fees, expenses, and other financial allowances.

All but a few of the larger Veterans' Administration offices in the field will be gradually closed before July 1, 1934, and practically all activities, except hospitals and homes, will be centralized in Washington.

Present plans call for indefinite continuance of diagnostic centers at Washington, Chicago, and San Francisco.

All intermediary boards of appeal have been discontinued and the only appeal will be from a regional office on final action at Washington.

It is planned to abandon all beds outside of Veterans' Administration facilities as fast as feasible.

All statements as to retention, transfer, or surplusing of Administration personnel are at present purely speculative, although it is expected that thousands of present employees will be disposed of within the next 6 months.

All World War awards—compensation, disability allowances, insurance, retirement, and dependency—will be reviewed as fast as practicable and the new law applied.

Indications are that the $50 award for arrested tuberculosis will be continued for 5 years after arrest, $25 for second 5 years after arrest, and then dropped from the rolls unless there is a reactivation, when same plan will be repeated.

Men in hospitals for service-connected disabilities will not be automatically rated total while in hospital, but will be paid for actual degree of disability.

5-DAY WEEK AND 6-HOUR DAY

The Senate resumed the consideration of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. GOLDSBOROUGH. Mr. President, I am offering an amendment providing for the striking out, on page 2, lines 5 and 6, of this bill, of the word "cannery."

The canning industry, while it is seasonal, yet it is one of the most important industries of my State. It hardly seems possible that the author of the bill or the Committee on the Judiciary, which reported it, could have realized the serious blow it was dealing this industry when it included canneries

in the enumeration of producing organizations to be affected by its provisions.

I note in the report submitted by the committee that this is a bill intended "to revive languishing interstate commerce in the products of mines, factories, and manufacturing establishments throughout the Nation." What a mistaken thought that is, insofar as the canning industry is concerned, for the bill, in all probability, if enacted into law with the word "cannery" retained in it, will prove to be the most deadly blow ever struck at the canning industry and at the farmer in the State of Maryland.

As is well known, a very large percentage of farmers of the State are engaged in raising fruits and vegetables for canneries. These fruits and vegetables only ripen once a year, and there is no law which can be passed by Congress that will supersede the immutable law of the universe that guides and directs their ripening. When ripened, products of the farm and orchard must be cared for immediately, or enormous losses will be sustained. Do you think, Mr. President, this can be done by working 5 days per week or 6 hours per day? Far from it. Canning is one of the most intensive, concentrated businesses in the world, for when the fruits and vegetables are ready for canning they must be used immediately, or tremendous losses will ensue. At the very most, no cannery, even though it is canning both fruits and vegetables of a varied character, operates more than 3 or 4 months in a year, and no canning organization or section of the country has sufficient labor available to run in shifts of 5 hours a day in order to care for the products as they are turned in by the farmers, and, consequently, they would be compelled to stand idle part of the time and see their perishable fruits and vegetables rot, as well as having the resultant pack of much lower quality because of unsatisfactory labor conditions.

This same condition would apply to a greater or less extent to the canning of seafood products, which are only prepared for the market at certain seasons of the year. This, too, is an enormous industry in the State of Maryland, and if the word "cannery" should be retained in the bill, this industry would also be dealt a staggering blow from which it would hardly be likely to recover.

In other words, under the guise of reviving industry and reducing unemployment, this bill as it now stands will deal almost a death blow to one of the great industries of the country, and one of the principal industries of the State of Maryland. Surely there is no one of my colleagues who would deliberately vote to do this. The situation is so obvious that it cannot be successfully denied, and I would respectfully ask for the adoption of the amendment I have proposed.

Mr. BORAH obtained the floor.

Mr. McCARRAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Nevada?

Mr. BORAH. I yield.

Mr. McCARRAN. I merely want to ask a question of the Senator from Maryland with reference to the amendment submitted by him. Would the amendment meet the conditions better than an amendment which provided that the Department of Labor, or some other authority, should have the right and power, at stated times and under certain conditions, to vary the terms of the bill?

Mr. GOLDSBOROUGH. Replying to the inquiry of the Senator, I must say that I prefer to have the word "cannery" eliminated from the bill, but if that cannot be accomplished, then I think the suggestion submitted by the Senator from Nevada may be the best that can be done.

Mr. McCARRAN. I noticed that in the hearings which were held before the last subcommittee in charge of the bill that very question came up; hence I am asking the question.

Mr. GOLDSBOROUGH. I think I have answered the Senator's question.

Mr. McCARRAN. I thank the Senator.

Mr. VANDENBERG. Mr. President, will the Senator from Idaho yield to me for a statement on the same question which has just been discussed?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Michigan?

Mr. BORAH. I yield to the Senator from Michigan.

Mr. VANDENBERG. May I say to the Senator from Nevada [Mr. McCARRAN] and the Senator from Maryland that the author of the bill, the able Senator from Alabama [Mr. BLACK], the senior Senator from Washington [Mr. DILL], and myself spent an hour this morning on this particular subject, and, so far as we could, we agreed upon general language which I think will succeed in accomplishing every legitimate objective that we want to reach without actually impinging on any of the necessary and advisable functions of the bill itself. It will be submitted subsequently by the Senator from Washington.

Mr. GOLDSBOROUGH. Will the Senator from Idaho yield that I may ask a question of the Senator from Michigan?

Mr. BORAH. I yield.

Mr. GOLDSBOROUGH. Would the Senator from Michigan be kind enough to state what that amendment is?

Mr. VANDENBERG. I should prefer to have the amendment textually submitted by the Senator from Washington later, because I do not have a copy of it in my hand.

Mr. McKELLAR. Mr. President, will the Senator from Idaho yield to me in order that I may ask a question of the Senator from Michigan?

Mr. BORAH. I yield.

Mr. McKELLAR. Will the amendment which was prepared by the Senators mentioned meet the objections that have been offered to the bill by the canneries? I have heard from a great many of them in my State.

Mr. VANDENBERG. I think it will, Mr. President. I think I can read to the Senate from the notes in my hand, if the Senator from Idaho will permit, the language upon which we agreed this morning. The first paragraph of the new proviso would read as follows:

> This section shall not apply to commodities which a cannery or manufacturing plant produces by canning or preparing for marketing or commerce fish, seafood, fruits, or vegetables of a perishable character.

The second paragraph upon which there was agreement—and I am speaking subject to the correction of the able Senator from Alabama all the time—is intended to reach those individual cases in industry which are exceptional or where there may be an occasional expert whose labor has to be continuous, and reads as follows:

> Upon the submission of satisfactory proof of the existence of special conditions in any industry included herein making it necessary for certain persons to work more time than herein provided, the Secretary of Labor may issue an exemption permit in respect to such persons, relieving the commodity from the provisions of this act.

We think that within this language is embraced all of the legitimate exemptions, and yet the Senator from Alabama agrees that we have not invaded the legitimate and desirable objectives of the bill itself.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BORAH. I yield to the Senator from Maryland.

Mr. TYDINGS. Apropos of what the Senator from Michigan has just said, I think the amendment would be all right except that it puts the packer of perishable food up against the necessity of getting a permit from a Government bureau here first.

Mr. BORAH. Mr. President, would it be inconvenient to Senators if we should debate this amendment later?

Mr. TYDINGS. I did not know the Senator was planning to discuss that matter further; otherwise I would not have intruded on his time.

Mr. BORAH. Mr. President, at the proper time I am going to move to strike out these words:

> and this act shall remain in force for 2 years after the date it becomes effective.

I shall move to strike out those words for the reason that they are inserted upon the theory that if the bill is treated as an emergency bill it may be regarded as constitutional, whereas if it is treated as permanent legislation a different

question is presented. Something in the nature of a supposed emergency is invoked in order to make certain the Court will find it easier to find it constitutional.

From my viewpoint, the most objectionable feature of this bill is that which rests upon the contention that the Congress or the Court, or the Congress and the Court, may adjudge a bill on a law constitutional upon the theory that an emergency exists, whereas if no emergency exists it would not be regarded as constitutional.

This measure presents one of the most important questions, not only from a constitutional standpoint but from a humanitarian standpoint, that has been presented of late in this body. It presents the question of how far the Court will go in the future in permitting the Congress to exclude from interstate commerce any commodity which the Congress in its wisdom may see fit to exclude. Secondly, it involves the humanitarian and social question of limiting the days of work per week. The former question presents a constitutional problem which has been before the courts from time to time since the Government was organized and has never yet been clearly and definitely and finally settled as to the question presented by this measure. Lawyers have divided and courts have given us decisions with powerful opinions on both sides of the question. The latter problem is one of social justice, becoming more urgent with our industrial growth and development.

I suspect that the Senate almost as a body is in harmony with the view which has been expressed by the Senator from Alabama [Mr. BLACK] that there should be a limitation in some respects of the days per week which people should be required to labor; but scarcely less important than that is the question of controlling the wage of workers.

There has long been in this country a discussion of the question of the living wage; and I presume it will be conceded that if we may exclude from interstate commerce commodities which have been produced by 6-day-week labor, we may also exclude from interstate commerce, if that principle is sustained, commodities which have been produced at a wage which we deem to be below a living wage. In other words, if we can exclude a commodity because we think that the 5-day week should alone be utilized in producing a commodity, we can also exclude a commodity if we think the wage is too low. I mention this to indicate the wide sweep of the problem before us.

Mr. BLACK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. I do.

Mr. BLACK. The Senator made the statement that it will be conceded that if we had the power to prohibit the shipment of goods in interstate commerce by reason of the hours of labor, we would also have the power to prohibit the shipment of goods in interstate commerce if a minimum wage should not be adopted. Under my conception of the effect of the commerce clause if the minority opinion of the Supreme Court in the Dagenhart case should be adopted, that is correct. However, a line of distinction has been drawn by the Supreme Court which would permit upholding a statute with reference to hours of labor which would not permit upholding a similar statute with reference to a minimum wage.

Mr. BORAH. Mr. President, I do not think an analysis of those decisions will sustain the contention of the Senator from Alabama. I do not believe that distinction has really entered into those decisions to the extent that we may consider it settled. The arguments which would limit the days per week would limit the hours per day and the wage paid. Constitutionally, and as a matter of social well-being, we cannot stop with this first step. Logically, we must, in time, move on.

Mr. BLACK. If the Senator will permit me, I simply wanted it clearly understood that while in my judgment, if the minority opinion should be adopted, Congress would have the right to prescribe a minimum wage, yet, proceeding in line with certain opinions of the Supreme Court in connection with minimum wages and hours of labor where the Court has drawn a distinction, I desire the Senator to understand that so far as my personal views are concerned that distinction is not justified; but it has been made by the Court.

Mr. BORAH. I know it is contended that it has been made; but when we come to consider the different opinions I think it is a very feeble thread upon which to hang legislation.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I do.

Mr. LONG. If the Senator will yield just for an observation, there are many grounds upon which the Court can sustain a limitation of hours where they cannot sustain a wage schedule. For instance, certainly preventing an unwholesome surplus from accumulating and burdening the markets of interstate commerce is a ground that would not be in existence on the wage-scale matter.

Mr. BORAH. Well, I take it that the Supreme Court of the United States are not wholly governed nor wholly controlled by the question of dollars and cents or the material side of it, but that humanitarian principles, the employment of people at a living wage, would be as controlling and conclusive with them in considering the whole question of social justice and the entire question of the permanency of our institutions as would be the question of whether or not there was a surplus on hand.

Mr. President, the first question which I ask the Senate for a few moments to consider is this dangerous and indefensible doctrine of an emergency. It seems to be supposed that through and by means of what is called an emergency we may in some way secure a different constitutional construction than would prevail if the emergency were not appealed to. It seems to be believed in some quarters that the word " emergency " may evoke all kinds of constitutional powers.

The Senator from Arkansas [Mr. ROBINSON] stated the whole matter yesterday, to my mind, in a single paragraph:

> I wish to make clear at this juncture that it is my thought that the justification for this legislation must be found within the Constitution rather than outside the Constitution. I do not believe that Congress has the power, or that the judiciary has the power, to set aside the Constitution for one hour, and I think that any case or any legislation that is rested on that basis will in the end prove subversive.

I agree entirely with the statement of the Senator that it is not within the power of Congress or the power of the courts, or the power of the courts and of Congress, or any other power except the amendatory power of the people of the United States, to change the Constitution of the United States. It cannot be changed by suspension. It cannot be changed by construction, if that construction is based upon anything but a fair interpretation of the language found in the Constitution. I should like therefore to eliminate from this bill the implied recognition of the proposition that by inserting a clause which makes it an emergency measure we will get from the Supreme Court of the United States a different construction than we would if it were not there. The proposition is wholly untenable, and I do not want expressly or impliedly to see it recognized by the Congress.

I refer to a case which, to my mind, has never been modified, much less reversed or in anywise emasculated in its purport by the Supreme Court of the United States. I refer to *Ex parte Milligan* (4 Wall. 2).

It should be borne in mind that this case came up at the close of the great Civil War. The Court was construing a law which arose out of and was enacted during the Civil War. It was supposed to be connected with the successful prosecution of the war. It had had the approval of the President of the United States. When it reached the Supreme Court the Supreme Court had this to say in the single paragraph which I shall read—page 120:

> Time has proven the discernment of our ancestors; for even these provisions, expressed in such plain English words that it would seem the ingenuity of man could not evade them, are now,

after the lapse of more than 70 years, sought to be avoided. Those great and good men foresaw that troublous times would arise, when rulers and people would become restive under restraint, and seek by sharp and decisive measures to accomplish ends deemed just and proper; and that the principles of constitutional liberty would be in peril unless established by irrepealable law. The history of the world had taught them that what was done in the past might be attempted in the future. The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men at all times, and under all circumstances. No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government.

Mr. President, upon no other theory can a constitutional government exist. A constitutional government such as we have is the expression of the will of the people crystallized into the Constitution; and no power can change it or suspend it except the power which makes it, and that is the people of the United States. It is the difference between a government of law and a government of men; between that of a republic, a democracy, and that of a dictatorship.

Such a doctrine leads directly to anarchy or despotism, but the theory of necessity on which it is based is false; for the Government, within the Constitution, has all the powers granted to it which are necessary to preserve its existence.

No power exists anywhere, in the Congress or in the courts or in any body which Congress can create, to change the Constitution, either by suspension or otherwise—as the Senator from Arkansas said, not for 1 hour. If for 1 hour, it could be for 1 year or 10 years. If for a day, it might be for 4 years, as in Germany where all constitutional government, all forms of a republic, has been made to give way to a dictatorship.

It has been supposed that the decision of the Court has been modified. I do not so understand. The case which is relied upon as indicating a modification of the case of *Ex parte Milligan* is the case of *Wilson* v. *New* (243 U.S. 332).

Mr. BLACK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. I yield.

Mr. BLACK. I do not think the Senator is referring to the argument I made as making reference to any modification of the Milligan case. I did not intend so to state. What I said was, if the Senator will read my remarks, that the majority opinion in the case took the position that legislation might be enacted to meet a temporary emergency for the period of the emergency, while the minority insisted that the majority were sustaining legislation on the emergency theory, which legislation violated the Constitution.

I have read the RECORD this morning, and I see that at one place the statement is left out that the minority had made that statement; but my entire argument was based on the fact, not that I claimed that the Milligan case had been changed, but that emergency conditions, according to these four opinions, justified emergency legislation during that time, which, according to the statement of the justice writing the opinion, might not be justified permanently. I agree with the Senator, and I do not think the Milligan case has been modified at all. I did not intend to leave that impression.

Mr. BORAH. I misunderstood the able Senator from Alabama, and I am glad to have his view permanently incorporated in the RECORD to the effect that there is no power anywhere, at any time, under any circumstances, whatever they may be called—emergency or otherwise—to suspend the Constitution of the United States. Insofar as we may, let us discard, disown, and denounce that un-American theory.

Mr. BLACK. I agree with the Senator fully. Of course, during war time there are certain powers given to the Congress——

Mr. BORAH. They are war powers.

Mr. BLACK. But they are war powers within the Constitution.

Mr. BORAH. Exactly.

Mr. BLACK. And I thoroughly agree with the Milligan case. There is no question on my part about that being sound law, and just law, and law that is necessary to the perpetuity of the Republic.

Mr. BORAH. Then, Mr. President, there is no occasion for putting into this bill a provision which undertakes to make it an emergency matter, and I should like to see that taken out.

Before I leave that, however, I am satisfied that the impression is entertained, whether by the Senator from Alabama or not—and I assume it is not, because he has so stated—there is an impression entertained that by some method, under certain circumstances, the Court will put a construction upon the Constitution to meet an emergency that it would not put upon the Constitution if the emergency did not exist; in other words, that an emergency grants powers, as it were. That proposition I controvert. I not only controvert it but I denounce it.

I desire to call attention to the case of Wilson against New. This is the case upon which so much stress is laid, and to which the able Senator from Alabama referred yesterday. I read from page 346:

That common carriers by rail in interstate commerce are within the legislative power of Congress to regulate commerce is not subject to dispute. It is equally certain that where a particular subject is within such authority the extent of regulation depends on the nature and character of the subject and what is appropriate to its regulation.

Here was a case in which the competency of Congress to deal with the subject was not questioned. It was a subject matter with which Congress undoubtedly had power to deal—to wit, the control of the railroads, the instrumentalities of interstate commerce—and the Court stressed the fact that as Congress was dealing with a subject which was unquestionably within its competency, the extent to which Congress would go in dealing with it was for the judgment of Congress; but in no sense could an emergency give to the Congress any power that it did not find within the Constitution—a wholly different proposition from what is proposed here.

The powers possessed by Government to deal with a subject are neither inordinately enlarged or greatly dwarfed because the power to regulate interstate commerce applies. This is illustrated by the difference between the much greater power of regulation which may be exerted as to liquor and that which may be exercised as to flour, dry goods, and other commodities. It is shown by the settled doctrine sustaining the right by regulation absolutely to prohibit lottery tickets and by the obvious consideration that such right to prohibit could not be applied to pig iron, steel rails, or most of the vast body of commodities.

That is what is proposed to be done here.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. LOGAN. I agree with what the Senator is saying, and I think the pending bill is unconstitutional, in the light of the decisions which have been rendered by the Supreme Court; but I would like to ask the Senator this question: The States, before the Constitution was adopted, undoubtedly had a right to regulate or prohibit the importation of goods from other States. The power the States had was either retained by the States or conferred upon the Federal Government. The Supreme Court has held that there are certain articles which are deleterious to public health, morals, or the general welfare, which may be prohibited from entering into interstate commerce. They have also held that where the goods are articles such as the pig iron, mentioned here, their shipment cannot be prohibited. I would like to know what became of the power that was originally invested in the States when the Constitution was adopted. No power was lost. It must have gone somewhere, either into the Federal Government or into the States. We know it is not in the States; so what became of that power to prohibit the importation of goods into States when the Constitution was adopted?

Mr. BORAH. There is no power lost. All power is found either in the States or the National Government.

Mr. LOGAN. When they were independent colonies?

Mr. BORAH. The power which as separate sovereignties they exercised in excluding foreign goods the National Government now enjoys.

Mr. LOGAN. Did they not prohibit the shipment of goods from Pennsylvania into New York before the Constitution was adopted?

Mr. BORAH. That was in the colonial days, before independence, and when they were not guided by the constitutions of their own States. They were independent sovereignties.

Mr. LOGAN. The point I make is that the States, before they became bound together in a union, or in a compact did have the power to prohibit the importation of goods into the States. All the power the Colonies had, all the power the independent States had, before the Constitution was either retained in the States or it was delegated to the Federal Government. What became of that particular power they had to prohibit the importation of goods?

Mr. BORAH. I think that if the Senator will examine the case of United States against Marigold, in Ninth Howard, he will find a vast amount of support in that decision for his contention, but there the Court was dealing with the shipment of goods from a foreign nation. I think the Court went all the way in saying that it was within the power of Congress to prevent the shipment of goods from a foreign nation into the United States, regardless of whether they were deleterious or not. That would be something like the case which the Senator is speaking of. But there they were dealing with a foreign nation and not dealing with matters between States.

Before we go farther with this matter, I would like to say a further word regarding the matter of the emergency, and then I will take up the question the Senator has been discussing.

I was dealing with the question of whether an emergency would justify a different construction of the Constitution than that which would prevail if an emergency did not exist. The Milligan case was cited, and the case of Wilson against New has often been cited, as holding that Congress may exclude from interstate commerce, regardless of whether it is the case of an emergency or not, goods which otherwise would be admissible. But let me ask Senators to give attention to this paragraph from the case of Wilson against New:

> This must be unless it can be said that the right to so regulate as to save and protect the public interest did not apply to a case where the destruction of the public right was imminent as a result of a dispute between parties and their consequent failure to establish by private agreement a standard of wages which was essential; in other words that the existence of the public right and the public power to preserve it was wholly under the control of the private right to establish a standard by agreement. Nor is it an answer to this view to suggest that the situation was one of emergency, and that emergency cannot be made the source of power. The proposition begs the question, since although an emergency may not call into life a power which has never lived, nevertheless an emergency may afford a reason for the exertion of a living power already enjoyed.

In other words, in this case the Court was doing nothing more than undertaking to determine how far Congress might go in the exertion of a conceded power, but stating explicitly that no emergency could call into existence a power which was not found in the Constitution. To refer again to the statement made by the Senator from Arkansas, it must be found within the Constitution. It cannot be found within an emergency. The emergency cannot call anything into the Constitution which the fathers did not write there.

> If acts which, if done, would interrupt, if not destroy, interstate commerce may be by anticipation legislatively prevented, by the same token the power to regulate may be exercised to guard against the cessation of interstate commerce threatened by a failure of employers and employees to agree as to the standard of wages, such standard being an essential prerequisite to the uninterrupted flow of interstate commerce.

What the Supreme Court approved in that case was that, conceding that the power of Congress existed to deal with the railroads, that competency belonged to Congress; then Congress might proceed to the point of dealing with the wage question in order effectively to regulate a conceded agency of which it had control.

Mr. President, I do not desire to continue the discussion on the question of the power in an emergency to sustain the Constitution of the United States. I had supposed that that doctrine was dead everywhere except in certain foreign countries. It has no place in our theory of government.

Mr. LONG. Mr. President, before the Senator leaves the point, the Senator does concede, however, that what would be in the public interest at one time might not be in the public interest at another time, would he not?

Mr. BORAH. I think that is true; that is, the Constitution may be adapted to new conditions. The Constitution is a living ordinance, subject to construction from time to time, in the light of developing facts. In other words, that instrument may be construed in the light of new conditions, not by writing something into the Constitution but adopting its tactics to new developments.

Mr. LONG. All that I concede and all that I assert. Now I want to ask the Senator one more question. Suppose it developed that, with the capacities which we now have to handle commerce, a 10-hour day was resulting in the production of 15 times as much goods as the railroads could haul. Would it not be within the power of Congress, the only authority that has jurisdiction over interstate commerce, to protect that commerce from being burdened by superfluous crops which were weighing it down to such an extent that it could not be handled?

Mr. BORAH. No; I do not think so, if I understand correctly the Senator's contention. I think the argument which would be made by the Senator upon that proposition, and the exceedingly able argument made by the Senator from Alabama upon that proposition yesterday, might justify an amendment to the Constitution, but would not justify usurpation of powers by the Congress or the courts.

Mr. BLACK. Mr. President, will the Senator yield before he leaves the subject of emergencies?

Mr. BORAH. I yield.

Mr. BLACK. I simply desire to inquire of the Senator what he construes to be meant by the Court in the case of Block against Hirsh, although I do not disagree with his idea about suspending the Constitution, but this sentence appears in that decision:

> A limit in time, to tide over a passing trouble, well may justify a law that could not be upheld as a permanent change.

Mr. BORAH. That is in effect what they held in the case of Wilson against New, that owing to the fact that the railroads were unable to agree with their employees as to a standard wage, Congress, having jurisdiction of the railroads, that being within their competency without doubt, in order to maintain the instrumentalities of commerce and to maintain interstate commerce, which was within their competency, might for a time deal with the question of wages in order to keep the instrumentalities of commerce moving, and to my mind they undertook to do so in the light of the Constitution, and not in defiance of it.

Mr. BLACK. Mr. President, may I ask the Senator this question? The sentence I read was this:

> A limit in time, to tide over a passing trouble, well may justify a law that could not be upheld as a permanent change.

Does the Senator agree with that?

Mr. BORAH. It might justify it as a matter of ordinary legislation, but it could not justify it if it had to depend upon calling from the Constitution some power which was not provided in the Constitution.

Mr. BLACK. I agree with the Senator fully on that, but there are conditions, then, as stated by the Court, where a law can be justified to tide over a passing trouble, as was in this case limited to 2 years, while it could not be upheld as a permanent change.

Mr. BORAH. No; they did not say "upheld." They thought the wisdom of the law was not questioned.

Mr. BLACK. They used the word "upheld."

Mr. BORAH. Exactly, but they thought the wisdom of the law as a law was justified, but that no one assumed that that justification arose out of a different construction of the

Constitution than that which would have existed had it been a permanent law.

Mr. BLACK. I agree with the Senator there, but they said:

> The regulation is put and justified only as a temporary measure. A limit in time, to tide over a passing trouble, well may justify a law that could not be upheld as a permanent change.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. The case of *Block* v. *Hirsh* (256 U.S. 135), to which reference has been made apparently as justifying the contention that the Constitution varies with emergencies, is a case which involved the power of Congress to empower a rent commission to determine fair and reasonable rental charges in the District of Columbia. Unquestionably the Congress had all the power to pass that act that a State legislature would have to deal with the same subject as affecting rents in a State.

Every decision, like every statute, must be construed in the light of the subject matter with which it deals, and the conditions sought to be dealt with. The Supreme Court, in the case of Block against Hirsh, said, among other things:

> But a declaration by a legislature concerning public conditions that by necessity and duty it must know, is entitled at least to great respect. In this instance Congress stated a publicly notorious and almost world-wide fact. That the emergency declared by the statute did exist must be assumed, and the question is whether Congress was incompetent to meet it in the way in which it has been met by most of the civilized countries of the world.
>
> The general proposition to be maintained is that circumstances have clothed the letting of buildings in the District of Columbia with a public interest so great as to justify regulation by law. Plainly, circumstances may so change in time or so differ in space as to clothe with such an interest what at other times or in other places would be a matter of purely private concern.

Then the general doctrine that the law was advanced and enacted as a temporary and emergent measure was asserted. I do not concede that the case of Block against Hirsh rules this bill in any sense. It does not involve the power of Congress to pass a law which under normal conditions is unconstitutional. It does recognize the fact that circumstances may be the guide as to whether the subject matter is affected with such a public interest as to warrant Congress in dealing with it, the assumption being that in ordinary times the subject matter would be regulated by a private contract, but because of the fact that this is the Capital, that space here is required for governmental agencies, that the regulation of the use of space in the National Capital involves the public interest, it was held that, owing to the conditions which existed at that time, there was an emergency which justified the exercise of the legislative power in regulating rentals.

Mr. BORAH. Mr. President, as I understand that case, and as construed by the Senator from Arkansas, it was really applying the principle of the old *Granger cases*, where the Supreme Court undertook for the first time to determine whether public elevators were affected with a public interest, and were therefore subject to control; they were applying that principle to the rental of buildings in the District of Columbia. I think that is a different proposition entirely from what we have here.

Mr. ROBINSON of Arkansas. That is my thought, that the case is really not applicable to this bill.

Mr. BORAH. Mr. President, let us discuss for a few moments, and only a few moments, the bill as a matter of permanent legislation.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Illinois?

Mr. BORAH. I yield.

Mr. LEWIS. I have waited for the eminent Senator from Idaho to reach the point where I could put to him an interrogatory I know will be responded to in clarity, whatever may be the Senator's conclusion. I ask the Senator from Idaho what particular provision of the Constitution the Senator feels would be violated by the measure proposed by the Senator from Alabama. That I am very much interested in.

Mr. BORAH. Does the Senator mean as a permanent law, free from the doctrine of emergency?

Mr. LEWIS. Yes; what particular feature or provision of the Constitution of the United States does the Senator from Idaho urge would be violated by this measure, or what provision would this measure run counter to by which it may be held as being unconstitutional? I call for the Senator's judgment.

Mr. BORAH. I am coming to that question, and I will discuss it. As I understand the able Senator, he asks what provision of the Constitution would be contravened by this proposed law.

Mr. REED. Mr. President, will the Senator permit a question just there?

Mr. BORAH. Certainly.

Mr. REED. When the Senator answers, will he not also answer this question: What provision in the Constitution authorizes Congress to enact such a law?

Mr. BORAH. It is one and the same question really.

Mr. REED. No; the Senator from Illinois is asking for the prohibition; I am asking where our power comes from.

Mr. BORAH. The prohibition arises out of the fact that Congress has no powers except such as are delegated to it by the Constitution; so that if the power is not found in the Constitution Congress cannot exercise it. In other words, that which is not granted by the Constitution is prohibited, because the Federal Government is one of delegated powers. I am coming to that question now.

Mr. LEWIS. Then I will not further interrupt the Senator from Idaho.

Mr. BORAH. Mr. President, whether the Congress of the United States has the competence to exclude from interstate commerce any commodities which in its wisdom it thinks ought to be excluded for any reason is a question which is squarely and fairly presented by this bill, and Senators will all agree, I think, that that is about as important a question as could possibly be presented as a constitutional question and with reference to the interstate-commerce clause. The Court has never yet held that the Congress had power to exclude ordinary commodities from interstate commerce. It has held, by a divided Court, that it is not within the power of Congress to exclude from interstate commerce commodities which were not in some way hurtful, harmful, deleterious, or injurious to the public.

I would say in answer to the Senator from Pennsylvania [Mr. REED] and in answer to the Senator from Illinois [Mr. LEWIS] that if we do not find within the Constitution authority for excluding from interstate commerce commodities which are void of injury or are not hurtful to communities, then when we seek to exclude such commodities we are acting without authority of the Constitution. In other words, if Congress is not authorized, so far as the validity of a law is concerned, it is quite as invalid as if it does that which is prohibited. I think the Senator from Illinois will agree with me as to that.

Mr. LEWIS. I may say that I am deeply interested in any legal proposition urged by the Senator from Idaho, for no one in this body is more familiar with his splendid achievements at the bar than myself; but I belong to the other school of thought. I think the time has come stoutly to insist that, instead of asking that we first read in the Constitution authority to do an act, until it can be pointed out that in the Constitution the act is forbidden the right is within the people to execute the act whenever it is found necessary for the welfare of the Nation.

Mr. BORAH. As I understand the Senator, then, he takes the position that the Government of the United States is not a government of delegated powers but a government which may exercise any power that is not prohibited?

Mr. LEWIS. Such is my position when it comes to that which professedly is in the service of the people themselves.

Mr. BORAH. Mr. President, as I understand, it has been universally held unless the power is found in the Constitution—delegated to the National Government—that the National Government cannot exercise that power. In other words, the National Government is one of delegated powers

and can enjoy no powers other than those expressly delegated or such powers as may be implied from the delegated powers. Such has been and is the view I entertain.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. BORAH. I yield.

Mr. REED. The tenth amendment to the Constitution expressly provides that—

> The powers not delegated to the United States by the Constitution * * * are reserved to the States, respectively, or to the people.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield.

Mr. FLETCHER. In connection with that thought, may I point out that in the *Child Labor case*—I have not the opinion before me and am speaking entirely from memory—the Supreme Court held that it was necessary to find some authority in the Constitution in order to enact that kind of legislation. Congress undertook to rest that legislation upon the taxing power mentioned in the Constitution, but the Supreme Court said: You are not raising revenue by this act; you are exercising a police power belonging to the State; and, therefore, we hold the act to be unconstitutional, although you claim to base it upon the taxing power contained in the Constitution.

Mr. BORAH. Mr. President, let me say that if the emergency feature is stricken from this bill, I myself shall not be averse to seeing this proposed law go to the Supreme Court of the United States, because I think it is an open question in the Supreme Court of the United States as to the power which Congress has to exclude from interstate commerce ordinary commodities. I say this for the reason that the *Child Labor case* was decided by a 5-to-4 decision. Five judges held that it was not within the power of Congress to exclude commodities from interstate commerce unless they were hurtful and harmful in some way to the community. Four judges seemed to hold, as I construe the opinion of Mr. Justice Holmes, that it was within the competency of Congress to exclude from interstate commerce any commodities which it, in its wisdom, thought ought to be excluded. So we really have, Mr. President, a constitutional construction resting upon a 5-to-4 decision.

Mr. LOGAN rose.

Mr. BORAH. Just a moment—and a 5-to-4 decision, so far as a legislator is concerned, is an unsatisfactory guide. It settles the controversy between the litigants; it establishes the law as to those who are in court; but in determining the wisdom of a bill or as governing Congress in discharging its duty in legislating, a 5-to-4 decision is a very poor guide for the legislator. I have never been willing as a legislator to surrender my views on a constitutional question on the strength of a 5-to-4 decision. That, in my opinion, is no unsound principle. We as legislators must construe the Constitution, and it has never seemed to me I should yield my construction to a decision of that nature.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. LOGAN. I wish to ask if it is the Senator's opinion that if the decision in the *Child Labor case* is adhered to, then, it necessarily follows that this bill, if it should be enacted into law, would be unconstitutional?

Mr. BORAH. If the decisions of the Court are accepted as they now stand undoubtedly, in my opinion, this proposed law would be unconstitutional.

Mr. LOGAN. Then, it is the Senator's view that there can be no great harm in again putting the question before the Supreme Court, since the former decision depended upon the will of merely one judge? If one judge had voted with the minority, then that would have become the majority opinion.

Mr. BORAH. Mr. President, some years ago I advocated in this Chamber a resubmission of the income tax law prior to the amendment of the Constitution providing for an income tax. I advocated it for the reason that the decision against the original law was a 5-to-4 decision, which, I then thought, was not a satisfactory conclusion when it came to matters of legislation. I was of the opinion that no harm would result by resubmitting the law to the Supreme Court of the United States, and, as I feel now, I am not at all averse to seeing this matter resubmitted to the Supreme Court of the United States. The Senator from Alabama has so framed the bill that when it reaches the Supreme Court in the form of a law, as, no doubt, it will, the Supreme Court will be called upon to decide whether or not Congress is to be the judge as to the commodities which shall enter the channels of interstate trade. It is a tremendously important question, because if it is within the competency of Congress to determine that for itself, the power which Congress may exert in many directions through the interstate-commerce clause of the Constitution is almost beyond the power of language to describe; and in view of the fact that the Court has never settled this question except by a closely divided Court, as I say, I am not averse to seeing it go to the Supreme Court again, but I should like to have it go as permanent legislation so that the question may be squarely met and the issue finally determined.

Again may I say to the Senator from Alabama that a 2-year law means very little in the cause of humanity; a 2-year law means very little in settling a great social problem, and, if we are going to serve the cause in which we are interested, let us present it to the Court in a way that it will be met and determined once and for all.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. BLACK. While it is my judgment, contrary to that of the Senator from Idaho, that this bill could be sustained under the majority opinion, the Senator is aware of the fact that when I first offered the bill it contained no limitation.

Mr. BORAH. Yes.

Mr. BLACK. Insofar as I am concerned, I want it to be permanent legislation, and if a majority of the Senate sees fit to strike out the limitation, I shall not be unfriendly. As a matter of fact, I do not anticipate that, even with the 2-year limitation, if the bill shall become a law and become effective, that it will end at the expiration of 2 years. I want it to be the permanent policy of this Nation, as I tried to set out yesterday; but, if any advantage is to be obtained in the way of votes in the Senate to pass the bill, or if any advantage is to be obtained in the possible upholding of the proposed statute, then, so far as I am concerned, I would rather have a bill with a 2-year limitation than to have no bill at all. The Senator understands, however, that it is my desire to make this the permanent policy, and I thoroughly agree with his views on that point.

Mr. LEWIS. Mr. President——

Mr. BORAH. Does the Senator from Illinois desire to ask a question?

Mr. LEWIS. Mr. President, I make bold to intrude upon the Senator from Idaho, and it cannot be often repeated that I hesitate to break into upon the continuity of his thought; but may I invite the attention of the Senator from Idaho to recall an argument he made on this floor along the line of the distinction between the rights of the people of a government and the privileges or limitations of the government in imposing provisions of control over the people? May I recall to his mind that in the Senate during the Wilson administration, when we both were offering our best services at a critical time here, the Senator from Idaho read an opinion from the Supreme Court of the United States in the case that now recurs to my mind, as cited by him, of Colorado against Wyoming, in which the Court descants upon the distinction between the privileges that are inherent in the people of the United States and those which are in the Government of the United States in its control or provision of control over the people. Does the Senator now recall that case? I only recall the argument.

Mr. BORAH. I do not know to what point I cited it, but I recall the case. It was a case in which there was a controversy between the State of Colorado and the State of Wyoming with reference to the waters in the respective States, and one of the questions which Justice Brewer discussed was whether the Government of the United States had certain inherent powers aside from the powers which were conferred by the Constitution. Did the Government have certain inherent powers by reason of the fact that it was a Government? If I recall accurately the opinion, it was held that all powers must be derived from the Constitution.

Mr. LEWIS. The Senator's memory is accurate, as I recall the circumstances, because at that time I was contending for something that my eminent friend and distinguished leader from Arkansas was in opposition to; that at a time when we were at war the constitutional provisions were more than suspended in their liberal application in order to permit the exercise of discretion on the part of those who were commanding the situation in behalf of the people. I here wish to ask the able Senator from Idaho, Is there not a difference between the powers and privileges that are inherent in the people of the United States for the protection of the people in an emergency, such as we contend now exists, as distinguished from the powers that are vested in the Government of the United States in its attempt to control the people of the United States? Is there not an inherent power on the part of the people of the United States in meeting an emergency to pass a law which in its expression seeks the protection of the people at a time when it is needed or to avoid injury at a time when it is threatened?

Mr. BORAH. I do not believe that there is any power in the people represented by their Congress—and that is the only way they can enact laws—to pass any law that is not authorized by the Constitution. I think that all that is answered, if the Senator will permit me to say so, by the proposition that the people may always change their Constitution. If they wish to give Congress unlimited powers the people may do so. But it was thought that it was wiser to put a restraint on Congress, on the courts, and on all public agents. It seems to me they acted with great wisdom in doing so. They may change their form of government and in that way express their will. They cannot express it except in harmony with the Constitution either as it is or as they see fit to amend it.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. Mr. President, may I say, apropos of what has just been said by the Senator from Illinois, that I have never acquiesced, as a matter of reason, in the argument of the Supreme Court in the *Child Labor case*. It was my province to have charge of the child labor bill during the time it was considered by the Senate. The subject of its constitutionality was then raised and debated at great length. It was decided adversely to the statute by the Supreme Court, the division being 5 to 4, as I remember. A decision like that, as in the decision in the original *Income Tax case*, is binding until it is reversed; a statute is binding until it is repealed or modified. The Supreme Court did reverse the principle underlying its original decision in the *Income Tax case*, and it has equal power to reverse the principle underlying the decision in the *Child Labor case*.

With respect to the immediate question raised by the Senator from Illinois, I undertake to say that, while there may be confusion in the language employed, there has never been an instance in which the Supreme Court has held that an emergency can call into use or life a power that is nonexistent. The true doctrine is admirably stated in one of the cases cited by the able Senator from Alabama [Mr. BLACK] and reported in Two Hundred and Forty-third United States Reports, page 348, in which this language is found:

> The proposition begs the question, since although an emergency may not call into life a power which has never lived, nevertheless emergency may afford a reason for the assertion of a living power already enjoyed.

When this country engages in war there exist certain powers on the part of the Commander in Chief of the Army and Navy that may be called into use that would not, and perhaps could not, practically be employed during a time of peace, but every power that this Government possesses, excepting such as inhere in all governments, must be found in the Constitution.

Mr. BORAH. As I said a moment ago—and I shall conclude on that—*the Child Labor case* was decided by the Court 5 to 4. So far as I am concerned, I have never felt under any obligation to run counter to my views as to legislation by reason of a 5-to-4 decision, and, as I said a moment ago, I advocated the resubmission of the income tax law because it was set aside by a 5-to-4 decision. I thought it ought to go again to the Court, so that the Court might finally settle the question; and I shall in this case, if the emergency clause is stricken out in the bill, vote for the bill, realizing that as the decision now stands, if the Court adheres to it, it will be held unconstitutional, but, being re-presented to the Court, it may determine that it is constitutional. It is a matter of such vital moment, both from the point of the power of Congress and from the humanitarian standpoint, that I have no hesitancy in voting my views as I entertain them and let the Court again review the question.

Mr. ROBINSON of Arkansas. Mr. President, may I add a statement?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. The case cited in the able argument of the Senator from Alabama sustaining some not clearly defined emergency power in the Congress to deal with the subject, in Two Hundred and Fifty-third United States Reports, page 206, merely held that the act known as the "Adamson law" "was not intended to govern the exceptional case of an insolvent railroad operating at a loss under an agreement with its men, which they desired to keep, allowing them less wages than the act prescribed."

It was purely a question of the interpretation of the terms and effect of the act, the constitutionality of the act on other grounds having been sustained. The Court in that case merely held that the act did not apply to the case of an insolvent railroad where the employees of the railroad had agreed with the receiver to work for less than the wages contemplated by the act.

Mr. BARKLEY. Mr. President, if the emergency clause is eliminated from this bill, does not that eliminate the fundamental basis upon which the author of the bill bases his argument for the constitutionality of the measure, assuming that as a permanent statute, based on the child-labor decision, the Court would sustain the decision rendered in that case?

Mr. BORAH. Yes; of course; but the Senator from Alabama, in response to a question which I asked him yesterday, stated that he had no doubt of the constitutionality of the act aside from the question of emergency. Am I correct in that?

Mr. BLACK. The Senator is absolutely correct.

Mr. ROBINSON of Arkansas. That is my position, too. I do not say I have no doubt as to what the Supreme Court will do, because if it follows precedent in the *Child Labor case* and adheres to that precedent it might hold the act unconstitutional; but already instances have been cited where the Supreme Court has changed its rulings in important particulars. The case of the income tax has been cited as one notable instance; and I think that in this case, if afforded the opportunity, it probably would reverse its ruling. Its decision is binding until it is reversed; but the same thing is true of a statute. That is in force until it is repealed.

Mr. GEORGE and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. In just a moment. Let me cite just one other instance regarding the Supreme Court:

In 1847, I think it was, the Supreme Court of the United States held that a State might exercise the right of pre-

cluding commodities being shipped within the State in interstate commerce if the Congress of the United States had not legislated upon the subject. In other words, if Congress had not legislated, then a State could exclude intoxicating liquors from coming within the State.

That was the old Chief Justice Taney decision, and I think a very sound decision; but afterward the Supreme Court reversed its position on that point entirely, and held that if the Congress had not legislated upon the subject it was a clear implication upon the part of Congress that it desired the commerce to remain free and uncontrolled. So I say that these decisions by divided courts furnish very little guide to a man in trying to determine what he should do with reference to legislation.

Mr. BARKLEY. Mr. President——

Mr. BORAH. I yield to the Senator from Kentucky.

Mr. BARKLEY. I recall that a few days ago, in the consideration of the beer bill, the Senator from Idaho took the position that we could not withdraw interstate-commerce privileges arbitrarily from a commodity; that it had to be something that was harmful or deleterious to the people.

I did not agree with that position on that bill, and I have as a rule not agreed with it generally. I voted for the child labor law, and I felt that it was constitutional. Of course, the Supreme Court reversed me. It has a habit of doing that. I did not believe that the provision of the Transportation Act for the recapture of certain income above 6 percent was constitutional, but the Supreme Court held that it was.

Mr. BORAH. The Supreme Court is fallible, when it differs with one.

Mr. BARKLEY. I realize that. Where the Court has passed on a question of this kind, though, so that we must assume that unless it reverses itself it would follow in the same line in the decision on this bill, I am somewhat confused and troubled about what it is the duty of a Member of Congress to do under those circumstances, even where he is in sympathy with the fundamental principles of the measure under consideration. I have for years felt and said publicly that I thought that industry in this country would ultimately have to come to a 6-hour day or a 5-day week, regardless of any emergency, because if machinery has so eliminated the work of man by hand that permanently a large proportion of our people must be out of work, the only solution of that problem would be to scatter the work that remains among those available to perform it. Yet I realize that probably the passage of this bill cannot be advocated on the ground of benefit to any greater extent, or probably to as great an extent, as we who voted for and advocated the child labor law believed would result from the enactment of that law, not only for adults but for children themselves who were being worked in factories; and I am confronted with a very serious problem as to my own vote here in view of the decision of the Court which conflicts with my general views on the subject.

Mr. GEORGE and Mr. McKELLAR addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. The Senator from Georgia rose a minute ago. I will yield first to him, and then I will yield to the Senator from Tennessee. Before I do so, however, I desire to repeat that I have never felt myself bound by a 5-to-4 decision when it comes to legislating. I said the other day in the *Liquor case* that, according to the decision of the Supreme Court, as the decision now stands, goods could not be arbitrarily excluded from interstate commerce unless they were deleterious or injurious. According to the decisions of the Supreme Court, if they adhere to them, that will be true in this case, in my judgment, and the Court will hold the law unconstitutional if it declines to modify its decisions. I am perfectly willing to have the question resubmitted to the Supreme Court of the United States in view of these divided decisions.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield at that point?

Mr. BARKLEY. Mr. President, the 5-to-4 decision is not the thing that bothers me. It is a perfectly legal and binding decision, just as a law passed by the Senate and the House by a majority of one is just as binding on the people as if it had been passed unanimously. Of course, I realize that the changes may be greater for some new judge to reverse the 5-to-4 decision by getting on the side of the 4, and making it 5 to 4 the other way; but in that case, of course, the same effect would result, except that it would be in the opposite direction. But I have just as much respect for a decision of the Supreme Court whether it is unanimous or whether it is rendered by a majority of 5 to 4, because it is binding; and under our theory of the rule of the majority, I think the Court is just as much justified in having its decisions by a majority of one respected as we would be justified in having the people respect our statutes which are passed by a majority of 1.

Mr. ROBINSON of Arkansas. Mr. President, of course, the only way it can ever be determined whether the Court would change its view on a question is by the passage of another statute under which the question would be raised.

Mr. BARKLEY. Not necessarily. Another lawsuit could be brought under the same statute, and new facts and new arguments could be presented to the Court. It is not necessary to pass a new act and have the same question passed upon again. The parties to the same act could bring——

Mr. ROBINSON of Arkansas. I think that would be res adjudicata as between the same parties.

Mr. BARKLEY. I am not saying the same parties.

Mr. ROBINSON of Arkansas. Well, I do not wish to make any technical argument. What I desire to point out is that when we analyze the Supreme Court decisions, they have not adhered to the doctrine that in order to exclude a commodity from interstate commerce it must be deleterious.

I cite the *Lottery cases*. Everyone knows that a lottery ticket cannot harm anybody. Tons of them could be carried through the mails, and they would not be any more harmful than letters. It is the after effect, the moral effect of the use of lottery tickets, that is harmful. When we analyze the logic of the *Lottery cases*, we come right back to the doctrine that the matter may be pursued a little further than the mere question as to whether the commodity to be transported is itself detrimental. We can go farther than that under the Supreme Court decisions.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I promised to yield first to the Senator from Georgia.

Mr. GEORGE. Mr. President, I merely wish to suggest to the Senator that, in my judgment, before the Supreme Court would sustain this act, if it were passed, it not only would have to reverse itself in the *Child Labor case* but I think undoubtedly it would have to reverse itself in the *Minimum Wage cases* and in many other cases. The *Child Labor case* certainly does not stand alone.

I think the Senator correctly observed in the beginning of his argument that if the length of the week could be regulated and the number of hours worked by those who produced an article in interstate commerce, or which subsequently went into interstate commerce, unquestionably the wage could be regulated; and may I say to the Senator that undoubtedly the price of basic commodities could be regulated, because there can be no commerce if basic commodities are sold below the cost of production through any long period of time. Our commerce would break down. It would disappear.

If the theory on which the bill is framed is sound in law, it seems to me almost futile and useless to be engaging in the exercise of setting up a whole lot of involved machinery for a farm bill. Why not simply say that in the judgment of Congress basic commodities absolutely essential for commerce—intrastate, interstate, and foreign commerce—are below the cost of production, that ultimately all commerce will disappear if that condition continues, and simply fix the price of the basic commodities?

So it seems to me that in principle there can be no reasonable doubt that if this law is sustained we can fix the price of a basic commodity, and we can also fix a minimum wage. I do not think there is any question about it. So, while I should like to see the Supreme Court decide the question that would be raised by the passage of this bill, I am quite confident that in order to decide it favorably to the bill the Supreme Court would have to reach a decision and a conclusion which would upset not alone the *Child Labor case* but the decision in the *Minimum Wage case* and in many other like cases.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. BORAH. Just a moment.

The suggestions of the Senator from Georgia suggest the vast possibilities of the interstate-commerce clause of the Constitution. All these questions are coming up to us. All these problems are going to be presented to the Congress either today or tomorrow or the next day; and that is an additional reason why I want the Supreme Court finally to settle what our powers are under the interstate-commerce clause with reference to these matters. If it is to the final judgment of that great tribunal that Congress may not exclude ordinary commodities, we shall either amend the Constitution or we shall content ourselves to accept the judgment of the Court as final.

All these decisions to which the Senator has referred, which the Supreme Court may upset, are 5-to-4 decisions, with one exception, I think; and it must be unsatisfactory to everybody who has to legislate upon the subject to undertake to settle the question because of a 5-to-4 decision.

The Senator from Kentucky [Mr. BARKLEY] has very properly said that a 5-to-4 decision is binding upon the litigants. It is the law of the land; but we are here making laws. We are establishing policies. Therefore, following the example of Abraham Lincoln, I have always felt that it is a justifiable position to take that when a proposition seems unsettled, legislators, who make laws and establish policies, ought to have some freedom of judgment in the matter.

Mr. McKELLAR. Mr. President——

Mr. GEORGE. If the Senator will permit me, I do not think all of the cases I had in mind were decided by divided courts or courts divided in that proportion, but most of them were. I very much desire to see precisely what the Senator from Idaho would like to see; but I apprehend that what the Supreme Court will do will be to pass upon each particular case and determine whether or not the provisions of that particular statute are a regulation of commerce.

Mr. BORAH. If the Supreme Court passes upon this bill with this emergency clause stricken out, it will have a case before it which will call for a full review of the interstate clause of the Constitution.

Mr. GEORGE. I grant that it would be a very sweeping decision.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. McKELLAR. I want to say that I think the amendment that the Senator has offered ought to be adopted so as to let the Supreme Court settle the exact question in controversy. That is particularly true because of the fact that while the Supreme Court ruled one way in the *Child Labor cases*, it rules exactly the opposite way in the *Oleomargarine cases*, in the *Lottery cases*, and in a number of other cases. There was no question of deleterious ingredients involved in the *Oleomargarine case*. That was a commodity that many people had to use, perfectly fit for human consumption, and in use all the time, and in use now; and yet the Supreme Court upheld the tax on that commodity, oleomargarine, in direct opposition to the principle of constitutional construction it announced in the *Child Labor cases*.

So that it seems to me, with the Court itself holding one way at one time and another way at another time, it is very appropriate that we should send to the Court the direct question as raised in this bill without the proviso that has been suggested. I hope the proviso will be voted down and that we will submit the direct question.

I have the greatest respect for our Supreme Court. Its members are great lawyers and great judges and great men, but we all know that its decisions in the *Child Labor cases* do not harmonize with its decisions in other similar cases decided by that Court.

Mr. BLACK. Mr. President——

Mr. McKELLAR. If the Senator will excuse me just a moment, the Senator from Idaho will recall that we passed a second bill taxing child labor, so as to tax it out of existence. As I recall, that bill was drawn upon the direct authority of an act that had barred phosphorus matches from interstate commerce. The Supreme Court upheld—as I recall, it has been some time ago; not by a divided Court, but upheld absolutely—the phosphorus match law, and yet it held exactly the contrary in the case of the child labor law. So that it seems to me we ought to submit this constitutional question to the Supreme Court again.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. BLACK. It seems to me the Senator from Idaho has rendered a very distinct service in bringing out an argument on this line. It shows the conflicting opinions about what the law is. No one can read these cases and go through the maze of suggestions without realizing that there is no formula at present in existence by which the law can be determined.

For instance, the *Child Labor case* to which the Senator refers places emphasis upon the harmfulness of the product, and it has led many people to believe that the product must be harmful in order to be excluded. At the same time the Court has sustained the antimonopoly law; and if a monopoly transports a Bible or transports some baby food in interstate commerce, it can be prohibited. The same thing is true with reference to the game law. The Court in the *Dagenhart case* emphasized the element of harmfulness, and led many people to believe that the commodity must be harmful in order to be prohibited; but, as I pointed out yesterday, a bird that is shot illegally is no more harmful to the person who eats it than a bird that is shot legally.

The court has done the same thing with reference to the railroad law. If a railroad directly or indirectly engages in any kind of manufacturing enterprise, it is against a Federal law which has been upheld for it to ship the most wholesome product in interstate commerce. It cannot even ship coal in interstate commerce. That shows that when the Supreme Court in the *Dagenhart case* left the impression that the product had to be harmful, they absolutely ignored their other opinions if it was intended by that case to leave the impression that the commodity itself must be inherently vicious or deleterious.

Mr. BORAH. Mr. Justice Holmes, in his dissenting opinion, points that out pretty strongly.

Mr. BLACK. Yes. So it shows the absolute necessity of getting this matter before the court, and, as I see it—and I think the Senator is correct—considering the humanitarian standpoint. If it should be conceded that the Supreme Court would have to overrule the *Dagenhart case*, at the same time they would be following some of their other cases; but if it be conceded that they would have to overrule it, certainly there is no excuse not to vote for this bill if we believe in the policy of protecting American labor.

Mr. DILL. Mr. President, I desire to offer an amendment to the pending bill, which I send to the desk and ask to have read.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 2, line 9, after the word "day", the Senator from Washington proposes to insert the following:

Provided, This section shall not apply to commodities which a cannery or manufacturing plant produces by canning or preparing for marketing or commerce fish, seafood, fruits, or vegetables of a perishable character: *Provided further*, That upon the submission of satisfactory proof of the existence of special conditions in any other industry included herein, making it necessary for certain

persons to work more time than herein provided, the Secretary of Labor may issue an exemption permit in respect to such persons, relieving the commodity from the provisions of this act.

Mr. DILL. Mr. President, I want to say, first, that I am in favor of this legislation. I shall not attempt to discuss the constitutional questions which have been so ably and so fully discussed by the Senator from Alabama and the Senator from Idaho other than to say that I believe the constitutionality of the proposed law is an open question, such an open question, in fact, that I want to resolve the doubt in favor of the laboring people of the United States and place the responsibility on the shoulders of the Court to determine whether such legislation can be made to stand as the law of the land under the Constitution.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. CONNALLY. Right on that point, does the Senator think that the Congress has the right to shift the entire responsibility as to constitutional questions to the Supreme Court?

Mr. DILL. I do not.

Mr. CONNALLY. Whenever we vote for these measures, does not each individual have to determine for himself whether they are constitutional or not?

Mr. DILL. Yes; I think that is true.

Mr. CONNALLY. The Senator from Idaho [Mr. BORAH], a moment ago, was talking about the desirability of passing the bill so that the Supreme Court could pass on it. When I vote for the measure it will not be for that reason.

Mr. DILL. I take the position that where a question is of doubtful constitutionality, because there are no cases that apply in all respects, I want to resolve the doubt in favor of the legislation which I believe is so highly desirable and leave it to the Court to decide the doubt in the question.

Mr. CONNALLY. Senators will stand on this floor, and I dare say the Senator from Idaho has done it repeatedly, and declaim against the encroachment of the courts on the legislative power. Yet Senators stand on the floor from time to time and "pass the buck", as it were, over to the Supreme Court by saying, "Well, we will let the Court pass on it." We are encouraging the very encroachment against which Senators declaim.

Mr. BORAH. Mr. President, will the Senator from Washington yield to me?

Mr. DILL. I yield.

Mr. BORAH. May I say to the Senator from Texas that I do think it is the duty of this body to pass upon the constitutionality of an act, and I am not willing to be bound in my view as to its constitutionality by a 5-to-4 decision.

Mr. CONNALLY. Mr. President, I congratulate the Senator. I was sure that was his attitude; but there was some suggestion that the Senator wanted the bill passed so that it could go up to the Court and the question be decided. While Congress has the power to regulate interstate commerce, the Court, in passing upon an act, could determine whether or not we were using it as a pretext to do something which we have not the right to do, or whether we were really undertaking to legislate to control interstate commerce. Personally I think this bill is an attempt to use the power to regulate interstate commerce merely as a pretext for doing something which we have not the power to do directly.

Mr. DILL. Mr. President, I must disagree with the Senator from Texas in that closing statement. I do not think it is a pretext. I think it is a power which exists under the power to regulate commerce for the best interests of the American people.

Mr. CONNALLY. Tc regulate commerce between the States.

Mr. DILL. Yes; between the States.

Mr. CONNALLY. The Senator knows Congress is not going to regulate commerce between the States but is going to standardize it throughout the United States. It will not regulate it as between the States, but, using the power as a pretext of regulating commerce, it is going absolutely to standardize industry in every State of the Union, so that there will be no regulation of the commerce as between the States, because it will all be the same everywhere.

Mr. DILL. I appreciate the Senator's viewpoint, but what I wanted to say, when I opened my remarks, was that the constitutional question is so close, as we see when we read the decisions of the Supreme Court, that I am not convinced that the interpretation given by that Court is an established interpretation which may not very readily be entirely changed, and the history of the Supreme Court of the United States justifies the viewpoint which I hold, namely, that that Court sometimes changes its attitude on questions where there have been divided decisions by the Court.

I say what I do regarding this bill because I want it understood that I am offering this amendment as a friend of the legislation. I call attention to the fact that the legislation does not apply to the agricultural industry. The agricultural industry is omitted designedly, and yet as written, the legislation might easily seriously interfere with some parts of our agricultural industry, and with some other productive industry, so that I feel an amendment is necessary.

Mr. FESS. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. FESS. The Senator has studied the bill, and I am therefore asking him this question. The Senator says the bill would not apply to agriculture. It would apply, however, would it not, to any manufacturing plant dealing in raw products of agriculture, like the packing industry?

Mr. DILL. It would, I think, it is true, but that is not a part of agricultural production. There are some acts of manufacture, and particularly cannery manufacturing, referred to, and covered by this legislation, in which it does directly affect the production, as it were, not only of perishable foods, fruits, and vegetables, but also affects the fishing industry.

My attention was called most forcibly to the need of the amendment by people engaged in the fishing industry on the Pacific coast. I have here a whole sheaf of telegrams from people who are engaged in that industry, particularly in Alaska. They call attention to the fact that they must take their ships and go on a week's or two weeks' journey from the United States, particularly from Seattle and Tacoma and Portland, and even San Francisco, and establish locations in Alaskan waters for the purposes of fishing. They take their crews with them. They proceed to catch the fish, can them, and prepare them for the market. The fish must be canned almost as soon as they are taken out of the water; and under the fishing regulations established by the Bureau of Fisheries, fishing is permitted only for certain hours and is prohibited for certain other hours. During the period when fishing is permitted the people engaged in that business must fish continuously if they make the catch which they want to make; and if this measure should be applied to them as it came from the committee, they would be required to take 2 or 3 crews, probably, because there is no way to get labor up there. Not only that, but the natives of Alaska, the Indians, who fish and sell their fish to the canneries, would be affected in the same way.

Mr. FESS. Mr. President, if the Senator will permit, I would state that representatives of the canning business, I think the president of the association, stated to me that under the necessity of doing their work within season, it having to be done without loss of time, this legislation would work untold hardship if applied to them.

Mr. DILL. For that reason I broadened my amendment, not only to cover fish, but to cover fruits and vegetables of a perishable nature. The fruit industry of the whole country, particularly the raising of peaches and pears and plums, the soft fruits generally, would be affected by this legislation. They must be canned immediately. They must be prepared while they are in a fresh condition. So I have written the first part of the amendment broad enough to take care of the fishing and seafood industries and also the perishable fruits and vegetables.

We have had protests from other industries, which do not deal in perishable foods, do not deal in fish, and the Senator

from Michigan [Mr. VANDENBERG] offered an amendment yesterday to meet that situation. We had a conference this morning, and, by agreement with him, I changed the form of my amendment as printed yesterday, and for that reason have offered the amendment containing both provisions, the second provision enabling an industry which finds itself in a condition where certain persons working in the industry must of necessity work more than 6 hours per day, to get a permit from the Secretary of Labor, if they can bring proof of the condition which necessitates such work by certain persons.

I do not care to take the time of the Senate to enlarge upon the discussion. I believe the amendment covers the exceptions which arise out of the fishing industry and in the perishable food industry, and I believe the second half of the amendment will meet the exceptional cases which no legislator can foresee in a country so large as ours, with industries so varied and conditions so widely different throughout the country.

I should like to call the attention of the Senator from Alabama particularly to this amendment.

Mr. LONG. Mr. President, I come from a State where this amendment, relating to perishable foods, would be supposed to render more relief than anywhere else. We can oysters, we can fish, we can shrimp, we can grapefruit, we can oranges, we can peaches. Louisiana is probably the greatest State in the United States for the processing of perishable foods. We also grind cane in the fall. But I am fearful, I wish to say to the Senator from Washington, that we are going to defeat the purposes of this legislation if we undertake to provide for any particular exceptions. I think that if we do make any rule at all to permit particular cases to come from within the measure we ought to be very careful. I myself refused in the committee to undertake to make any exceptions.

Mr. DILL. Mr. President, I want to call attention to the fact that unless we do make an exception in favor of taking care of fish as soon as they are taken out of the water, without any restriction to a 6-hour day, or as to fruits which are perishable in certain communities where there is not sufficient labor, then we are taking an unfair advantage of those engaged in that kind of production that we do not take of those engaged in the production of other agricultural products which are not so perishable.

Mr. LONG. I do not know of any case where they could not prepare in advance to operate on a shorter day.

Mr. DILL. I think the Senator would find it extremely burdensome and almost impossible in the cases I have cited.

Mr. LONG. That may to some extent be true; but I do not recall, even in the canning of fish and oysters and shrimp but that they might not prepare to take care of that kind of emergency, also with regard to fruit. We raise everything down in Louisiana.

Mr. DILL. That might be true in certain instances, but I have just explained to the Senator that the people who go a thousand miles and more to Alaskan waters have no way of getting help. They would have to carry three times the regular number of employees.

Mr. LONG. I can understand such a case.

Mr. DILL. It would be unjustifiable for us to apply such a rule to such an industry. I do not believe the amendment would put any unjust burden upon the manufacturing industry generally.

I should like to have the attitude of the Senator from Alabama regarding the amendment.

Mr. BLACK. Mr. President, at the very beginning of the preparation of the bill originally I was confronted with the question as to its effect upon agriculture, whether it could be operated successfully in agricultural pursuits. On account of the varying seasons and short time when work can be done in agricultural places, I reached the conclusion that agriculture should not be included in a measure of this kind. I am convinced that there are some exceptions which would have to be made in order for agriculture not to be seriously injured in seasons when those engaged in agriculture must act, and act quickly.

I have gone over the amendment very carefully, and it is my judgment that there should be that much flexibility in the bill.

Mr. DILL. I ask unanimous consent to have printed as a part of my remarks some telegrams relating to the Alaska fisheries.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

SEATTLE, WASH., *April 1, 1933.*

Senator C. C. DILL,
Washington, D.C.:

May we request your influence exempt salmon canneries from provisions Senate bill 158? We fully in accord principle involved, but because peculiar conditions surrounding salmon industry, whose natural season has been greatly curtailed by legislative and departmental enactment provisions, this bill would throttle vital Alaskan industry.

Most Alaska canneries at isolated points where no labor market exists requiring canners ship their labor into territory further because of way fish run cannery employees don't work over average 6 hours daily for season, but there are few days in season when run heavy and fish must be taken care of.

NORTHWEST SALMON CANNERS ASSOCIATION.

MCGOWAN, WASH., *April 2, 1933.*

Hon. C. C. DILL,
Senate Chamber, Washington, D.C.:

Refer to Senate bill 158, prohibiting interstate commerce in products of establishments in which any person is permitted to work over 5 days per week or over 6 hours per day. Fish canneries should be exempt as they have no control over runs of fish, and deliveries made to them must be canned immediately on account of their perishable nature.

H. S. MCGOWAN.

SEATTLE, WASH., *April 1, 1933.*

Hon. C. C. DILL,
United States Senate, Washington, D.C.:

We strongly urge your support to a change in Senate bill 158 exempting fish canneries account perishable nature of product, inability to control runs of fish, and Alaska housing problems for short season. Believe bill as proposed will seriously affect the Alaska and Washington fishing industry.

INDEPENDENT SALMON CANNERIES, INC.

SEATTLE, WASH., *April 1, 1933.*

Hon. C. C. DILL,
Senate, Washington, D.C.:

Reference Senate bill 158, making 6-hour day. Urgently request you use influence have salmon canneries exempted. Would defeat original purpose by closing canneries. Runs of fish not controllable and must be packed immediately. Overhead created by having three shifts would be prohibitive.

DRESSEL COLLINS FISH CO.

SEATTLE, WASH., *April 1, 1933.*

Hon. C. C. DILL,
United States Senator, Washington, D.C.:

Referring to Senate bill 158 prohibiting interstate commerce in products of establishments in which any person is permitted to work over 5 days per week or over 6 hours per day. This bill, if enacted, would prohibit salmon canneries in Alaska and the Pacific Northwest from operating successfully for the reason that said canneries have no control over the runs of fish and deliveries made to them must be canned immediately on account of their perishable nature. Heavy advances made by banks in Pacific Northwest for this season's operations will obviously have to be canceled or materially reduced if such a law is enacted. If canneries should be compelled to operate under bill 158 it would mean the shutting down of many of said canneries and others would be operated on part time, which in effect would reduce the employment of thousands of men in both the Territory of Alaska and State of Washington. Your best efforts in excluding the salmon canneries of Alaska and the Pacific Northwest from this measure will be appreciated.

W. H. PARSONS,
Chairman First National Bank.

VANCOUVER, WASH., *April 2, 1933.*

Hon. MARTIN F. SMITH,
Representative from Washington,
House of Representatives, Washington, D.C.:

Strongly urge use your influence have Senate bill 158 regulating hours employment exempt canners of perishable products. During canning period impossible secure sufficient help under restricted basis as provided by bill take care of perishable products as fast as they mature. Unless bill amended exempt canners perishable products during canning season hardship on growers will result and loss of raw material.

WASHINGTON CANNERS COOPERATIVE.

EVERETT, WASH., *April 2, 1933.*

Hon. C. C. DILL,
Senate Chamber, Washington, D.C.:

We earnestly enter our protest against inclusion Alaska and Puget Sound canneries in Senate bill 158 on grounds it will prevent many plants from operating at all. Lack of transportation, housing facilities, high costs make it impossible carry out its provisions when handling perishable commodities in isolated districts. If canning industries included effect will be great curtailment of employment.

FISHERMENS PACKING CORPORATION.
PURSE SEINE FISHERMENS ASSOCIATION.

SAN FRANCISCO, CALIF., *April 1, 1933.*

Senator CLARENCE C. DILL,
United States Senate, Washington, D.C.:

The passage of Senate bill 158, prohibiting interstate commerce in products of establishments in which any person is permitted to work over 6 hours per day, would close down every salmon cannery in Alaska. The larger portion of population in Alaska is now engaged in the salmon fishery; the catching of the fish is all tidal work; the time of the runs is limited in Bristol Bay. For instance, the fishing period is only about 3 weeks actual fishing time and this may be curtailed by stormy weather. It is a physical impossibility to transport the number of men required in addition to the Alaska population to run the canneries on a 5-day, 6-hour basis; housing and feeding accommodations are not available and could not be made available for the current year. If it were possible to overcome these obstacles the cost of packing would be nearly trebled, making the product so expensive that its sale would be impossible. If the bill is passed it should except establishments handling seasonable food products. May we respectfully ask your support to an amendment that will exempt all salmon and other canneries packing perishable marine and farm products. Passage of Senate bill 158 will not make more jobs but will throw out of employment many thousands of men now engaged in the salmon fisheries.

WILLIAM TIMSON,
President Alaska Packers Association.

SEATTLE, WASH., *April 1, 1933.*

Hon. CLARENCE C. DILL,
Senator, State of Washington,
Washington, D.C.:

Understand Senate bill 158, now pending, prohibits interstate commerce in products of establishments in which employees permitted work over 5 days per week or over 6 hours per day. Our cannery operations in Alaska seasonal, as fish available only from 30 to 40 days each year. Canneries are located in isolated areas, where impossible secure additional help. Necessary secure majority help from States. Provisions proposed bill would cut production at least 60 percent, making it impossible operate factories. Urge you propose and secure amendment this bill exempting canneries operating on perishable or seasonal products. Thanks for your consideration and fullest cooperation.

NEW ENGLAND FISH CO.

YAKIMA, WASH., *April 1, 1933.*

Hon. C. C. DILL,
Senator from Washington,
United States Senate, Washington, D.C.:

We believe Senate bill 158, regulating hours employment, should exempt canners of perishable products during period perishables are being handled. Canning season of perishables occurs when demand for labor for harvesting crops in localities where our plants are located is at its peak, and it will be practically impossible secure sufficient additional labor these points to maintain production necessary to process fruit as they mature in order avoid spoilage of raw material and loss to growers if working hours curtailed during time when canning of perishables occurred, as bill provides.

OREGON PACKING CO.

SEATTLE, WASH., *April 1, 1933.*

Senator C. C. DILL,
Washington, D.C:

Regarding Senate bill 158, establishing 6-hour day: Due to isolated conditions and lack of housing facilities, Alaska salmon canning industry cannot operate on basis outlined in bill. Please let this have your serious consideration.

SEATTLE HARDWARE CO.,
By R. P. BALLARD,
Secretary

SEATTLE, WASH., *April 1, 1933.*

Hon. C. C. DILL,
Senate Office Building, Washington, D.C.:

We are greatly interested in the furthering of the Alaska salmon industry, which we have participated in the financing of for the past 30 years. We understand the passage of Senate bill 158 prohibits interstate commerce to those whose employment of labor would exceed that specified. The Alaska salmon industry is so situated at far-flung outposts that it would be utterly impossible for them to provide sufficient crews to operate efficiently under the proposed bill during the short time the salmon runs. We are certain such legislation would not only seriously affect but put the industry in a position where they would be unable to compete with other food products or foreign supplies of salmon, consequently shutting their operation out completely. We therefore earnestly solicit your support in having an exemption made for the Alaska salmon industry.

THE BANK OF CALIFORNIA, N.A.

SEATTLE, WASH., *March 31, 1933.*

Senator C. C. DILL,
Washington, D.C.:

If proposed Senate bill 158 covering reduction of working days and hours is passed, would mean it would be impossible for anyone to operate salmon canneries in Alaska, this for the reason that it would be impossible transport and house the additional men made necessary under this bill. There is not sufficient floating labor in Alaska to take care of canneries, due to their isolated locations; also operation in Alaska very seasonal and limited to maximum of 3 to 4 weeks' operations.

WILLIAM CALVERT,
President San Juan Fishing & Packing Co.

EVERSON, WASH., *April 1, 1933.*

Senator C. C. DILL,
Washington, D.C.:

Senate bill 158—utterly impossible for growers to save their raspberry, blackberry, loganberry, and strawberry crop, all of which are highly perishable, if this bill finally becomes law. You cannot help agriculture by passing laws that prohibit growers saving their crops. Any one of these berry crops will mold on the vine in the Northwest if weather wet and unfavorable; absolutely necessary for canner to operate any time, night or day, Sunday or holidays, if grower presents this perishable crop to canner.

J. C. RICHENDORFER,
Director National Canners Association.

SEATTLE, WASH., *March 31, 1933.*

Hon. C. C. DILL,
Senate Office Building, Washington, D.C.:

Referring to Senate bill 158, establishing 30-hour work for labor. Salmon-canning industry much disturbed. Salmon-cannery operations depend entirely on runs of fish which extend only few weeks of year, making working hours very irregular, as perishable food must be handled immediately. This bill would practically necessitate closing Alaska canneries, thereby defeating purpose of bill. Employment conditions in Alaska necessitate transporting 20,000 workers from United States for canning season during summer. To take care of perishable fish product under this bill would necessitate transfer of 50,000 employees. Insufficient steamer service and housing facilities in Territory for this purpose. Most canneries in inaccessible locations. No local labor supply. If bill passes in present form, means practically complete shut-down of Alaska salmon canneries throwing 20,000 people out of work. Therefore this association, representing 85 percent American salmon-canning industry, respectfully requests your cooperation in amending bill to eliminate word "canneries" at end line 5, or if that impossible, insert amendment eliminating canneries in all Territories, and particularly Alaska, where all operations highly seasonal and irregular.

ASSOCIATION OF PACIFIC FISHERIES.

PORTLAND, OREG., *March 31, 1933.*

Hon. C. C. DILL,
United States Senate, Washington, D.C.:

Reference Senate bill 158, prohibiting interstate commerce in products of establishments in which any person is permitted to work over 5 days per week or 6 hours per day, in which canneries specifically named, we urge you arrange eliminate word "cannery" at end line 5 and insert words "excepting canneries." We positively favor share-work program, have already so arranged with our group, but cannery operations demand immediate handling perishable fruits. Severe penalty mentioned would cause many canners serious embarrassment, as not always possible comply with suggested law enactment. Will make canners play safe, having adverse effect rather than favorable. We will play fair without such restrictions.

E. M. BURNS,
Northwest Canners Association.

SEATTLE, WASH., *April 3, 1933.*

Hon. CLARENCE C. DILL,
Senate Office Building, Washington, D.C.:

Referring to Senate bill 158, limiting labor to 5 days per week and 6 hours per day, in our opinion such legislation would practically prohibit operation of fish canneries, which naturally have no control over the runs of fish and whose operation demands from the perishable nature of the product that the fish be canned immediately. We very strongly urge that canneries, and especially fish canneries, be specifically exempted from the operation of this bill.

PACIFIC MARINE SUPPLY CO.

SOUTH BELLINGHAM, WASH., *April 3, 1933.*

Hon. C. C. DILL,
Senate Office Building, Washington, D.C:

We are greatly concerned about Senate bill 158 as applied to salmon canneries in Alaska. We are one of largest packers and employers of labor in the business and know that as far as we are concerned the passage of the bill will result in less employment rather than more. At present we employ all labor available locally in Alaska, but take up bulk of our crews from the States. There could be no further local employment in Alaska, as there is no additional supply, and at most of our plants no local labor whatever. Passage of bill would render it impossible for us to operate in certain districts where catch is all made in 3 or 4 weeks, since we could not pack with one crew under 6-hour restriction, and, aside from prohibitive expense, it would be a physical impossibility for us to take care of additional crews to pack on this plan. We and other Alaska packers simply do not have the housing facilities at various canneries and cannot obtain them to take care of extra men that would be required under the bill. Even in districts where we could possibly operate with one crew for 6 hours result will be that there will be a decreased pack and no increased employment of labor, and the fishermen from whom we buy will be unable to dispose of all of their product, with consequent loss to them. Many contracts are already made for this year's operations and everyone concerned, both the men and the companies, will suffer heavy loss if this bill is passed on account of necessary readjustment. We feel that real distinction exists in favor of fish-packing industry in Alaska, as we cannot just blow the whistle and get more help. Would greatly appreciate it if you will offer or support amendment to bill exempting salmon canneries in the Territory of Alaska. Same applies to similar House bill when it reaches Senate.

PACIFIC-AMERICAN FISHERIES,
E. B. DEMING,
Chairman of Board.

SEATTLE, WASH., *April 3, 1933.*

Hon. C. C. DILL,
Senator from Washington,
Senate Office Building, Washington, D.C.:

This associaion speaks for 13 herring salteries and reduction plants operating in Alaska. If Senate bill 158 becomes law, all reduction plants would suspend operations, throwing out of employment over 1,000 men and women. Our aggregate investment is over $2,000,000. Last year expenditure for labor was more than half million dollars, taxes paid Alaska over $40,000, freight charges to Seattle on products $150,000. Fish may be brought to plants at any hour, day or night, and must be cured when fresh to make perfect product. We simply cannot operate if we must confine ourselves to 6 hours' work per day. Fish are extremely perishable, and, when available, must be handled quickly and continuously until the day's supply is cleaned up, regardless of time required. The Bureau of Fisheries dictates the days and hours we may fish. Aside from their restrictions storms during the fishing season materially cut down our fishing days, and during the 4 months' season employees are idle 20 to 25 percent of time. Suitable help is not available locally and must be taken from Seattle. Losses have been heavy during past 3 years, and even if we can operate this year we don't look for profit. There are number of independent herring operators in Alaska whose interests are not included in figures given above. Law contemplated by bill 158 would wipe out reduction-plant industry and throw into bankruptcy most of the fisheries interests, which paid 81 percent of all taxes derived by Alaska last year. Please consider these facts earnestly and at least exclude Alaska fisheries from the bill.

PACIFIC HERRING PACKERS ASSOCIATION,
W. W. WILDE, *Secretary.*

SELAH, WASH., *April 3, 1933.*

Senator C. C. DILL,
Washington, D.C.:

We urge that exceptions be made for canneries and apple evaporators from the 5 day 6 hour bill, because fruits and vegetables are perishable and seasonal and must be packed at high speed during very short harvesting season.

ROSS PACKING CO.

Mr. REED. Mr. President, will the Senator from Washington permit me to ask a question of the Senator from Alabama?

Mr. DILL. I yield.

Mr. REED. Is it the Senator's expectation that the individual who now works 8 hours a day for a stated wage is going to receive as much for a 6-hour day, after the bill goes into effect?

Mr. BLACK. I discussed that yesterday. Of course, those who have opposed legislation of this kind every time it has ever been offered always base their opposition, first, on the ground that it might reduce somebody's wages.

Mr. REED. Does the Senator think it will?

Mr. BLACK. As I stated to the Senator from Maryland [Mr. TYDINGS] yesterday—and I will go over it again—it is my judgment that with a uniform law throughout the country, under which all competitors must observe the same rules, it will be very difficult to have a universal reduction of wages. I think organized labor, organized public opinion, and, to a large extent, many of the industries themselves, would oppose it. Many people appeared before our committee, some from the Senator's own State, engaged in manufacturing enterprises, who stated that they would not reduce wages, that they would be perfectly willing to pay the same wages for 6 hours they are now paying for 8 hours, because the employees of their competitors would all be working the same number of hours.

Mr. REED. If that proves to be the case, is it not obvious that the labor cost of manufactured articles is going to increase by about 33 percent?

Mr. BLACK. I cannot say it would be increased 33 percent, but I certainly sincerely hope it will be. I do not believe this country will ever recover until the aggregate purchasing power of the men who work comes up nearer in proportion to the profits that have been going to bloated capital.

Mr. REED. Is not the Senator in this dilemma, that either his bill is going to reduce wages, the real earning power of the working people in these industries, 33 percent, or it is going to raise the cost of everything the farmer has to buy?

Mr. BLACK. I would not say about raising the cost.

Mr. REED. It is going to hurt one class or the other, or both.

Mr. BLACK. I have heard everybody talking about raising commodity prices. If I am not mistaken, I have heard the Senator say that if commodity prices are not raised there cannot be a recovery.

Mr. REED. I grant that, but I want them all raised uniformly, and this would raise some commodity prices against the consumers of the articles.

Mr. BLACK. That is very well put, and the Senator is going to have a chance to vote for what will raise the purchasing capacity of labor, and then there is coming from the Committee on Agriculture and Forestry another bill which will raise the prices of the farmer's products.

Mr. REED. And by the farm relief bill, you attack the suffering city workmen by putting a 100 percent sales tax on the necessities of life, and by this bill you either cut down that city workman's salary or you raise the prices of the farm products he has to buy.

Mr. BLACK. I am delighted to get the Senator's interest in the suffering city worker, because that interest will permit him to vote for this bill. We have evidence of people in Pennsylvania working 14 hours a day—hard, laborious drudgery—which it is very difficult for a man who has not done it to understand.

Mr. REED. I happen to know a good deal about labor conditions in my own city of Pittsburgh, and I do not know of anybody who is working 14 hours a day.

Mr. BLACK. Is the Senator familiar with the statement appearing in the paper this morning, about the 300 women who are on strike because, as I recall it, they are getting 5 or 10 cents an hour?

Mr. REED. Where is that—in Alabama?

Mr. BLACK. No; it is in Pennsylvania.

Mr. REED. I never heard of it.

Mr. BLACK. It appeared in the Philadelphia Record. The Senator can read it out in the reception room.

Mr. REED. I never heard of such a thing, and I do not think any such condition exists.

Mr. BLACK. It is in the morning paper. I read it this morning.

Mr. REED. The papers have been wrong before, and they may be wrong in that case.

Mr. BLACK. I understand that they are treating everybody very finely in Pennsylvania, but the public do not seem to think so, nor are they satisfied with the hours of labor.

Mr. REED. If the Senator will yield to me further, up in my city, in the steel business, many men are today getting

only 1 or 2 days' work per week under our system of rotation of jobs.

Mr. BLACK. What hours per day?

Mr. REED. About 8 hours a day.

Mr. BLACK. The Senator is sure some of them are not working over 8 hours?

Mr. REED. I am not sure some of them are not working over 8 hours a day, but I am sure none of them are working over 10, and those who are working 10 hours are glad to do it, because they get work for only so many days a week, and the effect of the Senator's bill would be to give them two 6-hour days a week instead of two 8- or 10-hour days a week.

Mr. BLACK. I agree with the Senator that they are anxious to do it, and so are all the other hungry and starving people in this country willing to work 15 hours if they have to do it in hard, grinding labor. If the Senator will read in the hearings in this case the statements of witnesses from his own State who came here to testify to the labor conditions in that State, as to the long hours they are working, how the working hours in the factories in his own State have been increased, according to the testimony of manufacturers, he will see why it is that laborers in his own State are working longer hours than he seems to know anything about.

May I call the Senator's attention further to the fact that if he wants to oppose the shortening of men's hours, why not oppose it on the ground that he is opposed to shortening their hours of labor? All manufacturers, all chambers of commerce, all organized groups that have stood for predatory plunder in this country since the beginning of its history have always based their opposition to reducing hours of labor not on the fact that they wanted to make more profit but they always say they are fearful it will reduce the compensation to labor. The very groups that have it in their power to fix the compensation of labor have always started the propaganda that a reduction in the hours of labor will reduce the compensation to labor.

I have in my office now a letter which came this morning from an organized lobby, which has been sent out to all lumbermen in the South, telling them exactly what to say against this bill—they have planned the whole thing—that it is going to reduce so greatly the wages of men down there who are engaged in the industry, although the owners have the right to fix the wages, that it will do a great injury to the workingmen. They will, however, all be on a competitive basis. Why not recognize the fact in this bill that machinery has advanced so far that it is necessary we should shorten the hours of labor? Why not be fair about it and give the men the benefit? It is true that some of them must keep on working long hours and others not be given any work at all. We can tax all industry to support 12,000,000 people, instead of dividing up the work and putting them all on a living basis.

I want to state to the Senator very frankly that, so far as I am concerned, if industry does take the position that it can reduce the wages, I am favorable to putting up to the Supreme Court of the United States the question whether the Congress can go farther, as was suggested by the Senator from Idaho, and see that they do not commit any such unpardonable crime under the conditions in which we now live.

Mr. REED. Mr. President, by the time the Senator from Alabama gets through there will not be any industry left in the United States.

Mr. BLACK. There is not much left now, and with what there is people are starving to death because they do not make enough to live on.

Mr. REED. That is true, and the tendency of just such legislation as this is what frightens business men and keeps them from going ahead.

Mr. BLACK. Well, this legislation was not pending in 1929.

Mr. REED. But it is pending now.

Mr. BLACK. It was not pending even in 1930; it was not pending even in 1931; and yet in 1931 the Governor of the Senator's own State, before this "iniquitous" bill was pending, came down here begging for money with which to feed the industrial people of his own State, when this bill had never even been introduced.

Mr. REED. Mr. President, the Senator from Alabama has been very eloquent, and he has covered a great deal of ground, but I am going to answer him directly.

I think that an 8-hour day is not too long for an American to work. I work that long and so does the Senator from Alabama.

Mr. BLACK. That is true.

Mr. REED. And neither of us is any worse for it, and we would bitterly resent it if anyone were to say to us that we could not lawfully agree to work over 6 hours a day; we would not stand for it a minute. The average American wants work and he does not want to be limited in his work to 5 days a week and to 6 hours a day. He is not a child to be nursed in such a way.

If the Senator wants my frank reason for opposing the bill, in addition to its clear unconstitutionality, which would make it our duty to vote against it, according to my view, I think it is basically unsound, that it is sentimentalism run mad. That is my view of his bill.

Mr. BLACK. With reference to the statement which the Senator from Pennsylvania has just made, that it is terrible to reduce these men to 6 hours a day, calling attention to the fact that he and I work longer, that is true. However, we are not around any loom; we are not down digging coal in the bowels of the earth; we are not listening to the constant whir of machinery; we are not in a cotton factory. I wonder if the Senator has ever stood outside of a cotton factory and watched the pallid faces of the people who come out after they have served a few years' apprenticeship there? No; we are not doing that kind of work. We are taking away from the people, from plain, average, everyday American citizens, who, if they had the leisure, might get some of the advantages of life as we know it here—the advantage of leisure by which they could study and become better citizens of this country. I do not bow down in worship of hard, laborious, drudging labor in steel mills and in cotton factories. It is easy enough to talk about it when we do not do it.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Kentucky?

Mr. BLACK. I yield.

Mr. BARKLEY. I do not understand that this bill is based upon the necessity for shortening the hours of labor because of the character of work men are doing.

Mr. BLACK. That is correct.

Mr. BARKLEY. My understanding is that the theory of this whole bill, and the only justification for its enactment into law, is that by reduction of the hours and of the number of days of labor some of those who are now not working at all will be given an opportunity to work. That is my understanding of the theory of the bill.

Mr. BLACK. That is correct. It is not a question of reducing the hours of labor to 6, but think of the 12,000,000 who are unemployed and who are unable to obtain the opportunity of working even an hour a day.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Maryland?

Mr. BLACK. I yield.

REVENUE FROM BEVERAGES IN THE DISTRICT—CONFERENCE REPORT

Mr. TYDINGS. I ask that the conference report now lying on the table may be laid before the Senate for immediate consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will read the conference report.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3342) to provide revenue for the District of Columbia

by the taxation of beverages, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with the following amendments:

On page 3, line 7, of the Senate engrossed amendment strike out "six" and insert "two."

On page 3, line 8, of the Senate engrossed amendment, beginning immediately following the colon, strike out through the word "business" in line 11 and insert in lieu thereof the following: "*Provided*, That it shall be within the discretion of the Commissioners whether any permit under this act shall be issued for the sale of any such beverages in any building in the District of Columbia owned or leased by the United States and used for the transaction of public business."

And the Senate agree to the same.

MILLARD E. TYDINGS,
ROBERT D. CAREY,
J. HAMILTON LEWIS,
Managers on the part of the Senate.

MARY T. NORTON,
VINCENT L. PALMISANO,
LORING M. BLACK, JR.,
JAS. L. WHITLEY,
Managers on the part of the House.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. SHEPPARD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Robinson, Ind.
Ashurst	Costigan	Lewis	Russell
Austin	Couzens	Logan	Sheppard
Bachman	Dickinson	Lonergan	Shipstead
Bailey	Dieterich	Long	Smith
Bankhead	Dill	McCarran	Steiwer
Barbour	Duffy	McGill	Stephens
Barkley	Erickson	McKellar	Thomas, Utah.
Black	Fess	McNary	Townsend
Borah	Fletcher	Metcalf	Trammell
Brown	Frazier	Murphy	Tydings
Bulkley	Goldsborough	Neely	Vandenberg
Bulow	Hale	Norbeck	Van Nuys
Byrd	Harrison	Norris	Wagner
Byrnes	Hastings	Nye	Walcott
Capper	Hatfield	Overton	Walsh
Caraway	Hayden	Patterson	Wheeler
Carey	Johnson	Pope	White
Clark	Kean	Reed	
Connally	Kendrick	Reynolds	
Coolidge	Keyes	Robinson, Ark.	

Mr. LEWIS. I wish to announce that the Senator from New Mexico [Mr. BRATTON] is necessarily detained from the Senate.

Mr. BYRD. I desire to announce that my colleague the senior Senator from Virginia [Mr. GLASS] is unavoidably detained from the Senate.

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present. The question is on agreeing to the conference report.

Mr. SHEPPARD. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. I am not advised as to how he would vote, and therefore I withhold my vote. If permitted to vote, I should vote "nay."

Mr. STEIWER (when his name was called). On this vote I have a pair with the senior Senator from New Mexico [Mr. BRATTON], who is unavoidably detained from the Chamber. I understand that if present he would vote "nay" upon this question. If I were permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. BANKHEAD (after having voted in the negative). Since voting I have been informed that my general pair with the senior Senator from Vermont [Mr. DALE] is still in effect. I therefore withdraw my vote.

Mr. LEWIS. I desire to announce the following general pairs:

The Senator from Nevada [Mr. PITTMAN] with the Senator from New Mexico [Mr. CUTTING]; and

The Senator from Oklahoma [Mr. THOMAS] with the Senator from Minnesota [Mr. SCHALL].

I also desire to announce that the Senator from Washington [Mr. BONE], the Senator from Georgia [Mr. GEORGE], the Senator from Oklahoma [Mr. GORE], the Senator from Utah [Mr. KING], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. PITTMAN], and the Senator from Oklahoma [Mr. THOMAS] are necessarily detained from the Senate on official business.

I also wish to announce that the Senator from New Mexico [Mr. BRATTON] is necessarily detained.

Mr. BYRD. I desire again to announce that my colleague the senior Senator from Virginia [Mr. GLASS] is unavoidably detained from the Senate.

Mr. FESS. I wish to announce a special pair on this question between the Senator from Rhode Island [Mr. HEBERT] and the Senator from Virginia [Mr. GLASS]. If present, the Senator from Rhode Island [Mr. HEBERT] would vote "yea", and the Senator from Virginia [Mr. GLASS] would vote "nay."

The result was announced—yeas 42, nays 34, as follows:

YEAS—42

Ashurst	Coolidge	Lewis	Robinson, Ark.
Austin	Copeland	Lonergan	Shipstead
Bachman	Couzens	Long	Thomas, Utah
Barbour	Dieterich	McCarran	Tydings
Barkley	Duffy	McKellar	Van Nuys
Brown	Fletcher	McNary	Wagner
Bulkley	Harrison	Metcalf	Walcott
Bulow	Johnson	Murphy	Walsh
Byrnes	Kean	Overton	Wheeler
Carey	Kendrick	Reed	
Clark	La Follette	Reynolds	

NAYS—34

Adams	Dickinson	Hayden	Russell
Bailey	Dill	Keyes	Sheppard
Black	Erickson	McGill	Smith
Borah	Fess	Neely	Stephens
Byrd	Frazier	Norbeck	Townsend
Capper	Goldsborough	Nye	Trammell
Caraway	Hale	Patterson	White
Connally	Hastings	Pope	
Costigan	Hatfield	Robinson, Ind.	

NOT VOTING—19

Bankhead	Davis	King	Schall
Bone	George	Logan	Steiwer
Bratton	Glass	McAdoo	Thomas, Okla.
Cutting	Gore	Norris	Vandenberg
Dale	Hebert	Pittman	

So the conference report was agreed to.

A NATIONAL PLAN FOR AMERICAN FORESTRY

Mr. HAYDEN. Mr. President, by direction of the Committee on Printing I report back favorably two Senate resolutions, and ask unanimous consent for their immediate consideration.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). The first resolution reported will be read.

The Chief Clerk read Senate Resolution 57, submited by Mr. COPELAND on the 3d instant, as follows:

Resolved, That the report of the Department of Agriculture entitled "A National Plan for American Forestry" transmitted to the Senate on March 30, 1933, in response to Senate Resolution 175, Seventy-second Congress, be printed with illustrations as a Senate document.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

Mr. MCNARY. Mr. President, I desire to ask the able Senator from Arizona a question. This is a favorable report from the Committee on Printing?

Mr. HAYDEN. It is.

Mr. MCNARY. Is it a unanimous report?

Mr. HAYDEN. It is.

Mr. MCNARY. What is the amount involved in the printing?

Mr. HAYDEN. The estimated cost of printing is $8,083. The manuscript consists of five typewritten volumes prepared by the United States Forest Service pursuant to a resolution introduced nearly a year ago by the Senator from New York [Mr. COPELAND]. The work has been very carefully done, and the Committee on Printing is well satisfied that the information contained therein is particularly pertinent to the reforestation program which Congress recently authorized.

Mr. McNARY. Is this pursuant to a Senate resolution or to a joint resolution of the two Houses?

Mr. HAYDEN. The information was assembled pursuant to a Senate resolution.

Mr. McNARY. That was acted upon favorably about a year ago, the Senator says?

Mr. HAYDEN. Yes.

Mr. McNARY. May I ask what is the purpose of the compilation of the information?

Mr. COPELAND rose.

Mr. McNARY. Probably the Senator from New York will answer that question.

Mr. COPELAND. Mr. President, a year ago we were discussing the question of unemployment, and how we might give employment; and it was brought to my attention that through forestation a large number of men might be employed in a manner to add to the national wealth.

I presented the matter to the Senate in the form of a Senate resolution asking the Forest Service of the Department of Agriculture to make an extensive and complete report on the needs of the country as regards reforestation, and what methods might best be used to bring about the result intended to be brought about by the resolution.

The Senate adopted that resolution of mine, and it went to the Forest Service. To my sorrow, the report was, I thought, unnecessarily delayed; but, as a matter of fact, when the report came to the Senate it turned out to be one of the finest, one of the most complete and one of the most convincing reports ever presented to this body, in my judgment.

Mr. WALSH. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. WALSH. As a member of the Committee on Printing, I was impressed with the importance of having this report made a Senate document, but I was very much disturbed about the cost being in excess of $8,000. May I ask the Senator if it would not be possible to boil down the report and reduce it so that the cost would not be so excessive?

Mr. COPELAND. Mr. President, when I saw the report I was somewhat staggered myself at its voluminous nature; but when I studied it, as I did, I found that it contained material of tremendous value to our country just now, particularly in view of the fact that the Walsh bill has been passed, seeking to bring about reforestation. It would seem that this is a textbook which may well be used in carrying out the purposes of the measure which the Senator contended for so vigorously and so successfully.

Mr. WALSH. Mr. President, in view of the fact that this report is going to amplify in extent the knowledge that the public will have of forestation, and the fact that the Senator from New York vouches for its value, I have no objection.

The PRESIDING OFFICER. Is there objection to the consideration of the resolution?

There being no objection, the resolution was considered by the Senate and agreed to.

REPORT ON USE OF SILVER COINAGE IN EUROPEAN NATIONS

The Chief Clerk read Senate Resolution 49, submitted by Mr. DILL on March 28, 1933, as follows:

Resolved, That the report on an investigation made in 1932 by Senator CARL HAYDEN, of Arizona, relative to the use of silver coinage in the 16 European nations whose governments are indebted to the United States be printed as a Senate document.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. McNARY. Mr. President, has this resolution received the unanimous sanction of the Committee on Printing?

Mr. HAYDEN. It has.

Mr. McNARY. What is the amount of money involved?

Mr. HAYDEN. The cost of printing will be less than $300.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered by the Senate and agreed to.

5-DAY WEEK AND 6-HOUR DAY

The Senate resumed the consideration of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. BLACK. Mr. President, I should like to get a unanimous-consent agreement to vote on the pending measure.

Mr. LONG. Mr. President, the pending measure has been, I think, very exhaustively discussed. Could we not reach a unanimous-consent agreement to vote on it, say, tomorrow about 1 o'clock?

I ask unanimous consent that we vote on the pending measure tomorrow at 1 o'clock.

Mr. ROBINSON of Arkansas. That would require the calling of the roll.

Mr. McNARY. Mr. President, I can anticipate that situation by stating that I shall object to a vote tomorrow at 1 o'clock.

The PRESIDING OFFICER. Objection is made by the Senator from Oregon.

Mr. BLACK. Mr. President, may I ask the Senator if he would agree to a vote tomorrow at a later hour?

Mr. McNARY. Speaking for myself personally, I think probably I would be willing to agree upon a limitation of debate commencing at some time tomorrow afternoon, but not as to any specific hour at which a final vote is to be had.

Mr. BLACK. May I ask the Senator, in order that an agreement may be reached, if possible, what he would agree to as to a limitation? So far as I know, there is not to be any further debate. In any event, we have from now until 5 or 6 o'clock today.

Mr. McNARY. I am not the only Senator to be consulted. In the usual practice the Senator should make his proposal, and others may object, or we may all consent.

Mr. BLACK. Then, Mr. President, I suggest the absence of a quorum.

Mr. WALSH. Why not proceed with the debate?

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	King	Robinson, Ark.
Ashurst	Couzens	La Follette	Robinson, Ind.
Austin	Cutting	Lewis	Russell
Bachman	Dickinson	Logan	Schall
Bailey	Dieterich	Lonergan	Sheppard
Bankhead	Dill	Long	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fess	McGill	Stephens
Bone	Fletcher	McKellar	Thomas, Okla.
Borah	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Johnson	Pittman	Wheeler
Connally	Kean	Pope	White
Coolidge	Kendrick	Reed	
Copeland	Keyes	Reynolds	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Washington [Mr. DILL].

Mr. BLACK. Mr. President, before that matter is voted upon I should like to ask for a unanimous-consent agree-

ment that beginning tomorrow at 1 o'clock debate may be limited to 30 minutes on the bill and 15 minutes on each amendment.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I think the agreement should read "on any pending amendment or any that may be offered thereto." If the Senator will advance the hour to 2 o'clock, personally I shall have no objection to the unanimous-consent agreement.

Mr. ROBINSON of Arkansas. Mr. President, the proposed agreement is not clear at present. I take it the Senator from Alabama means that after the hour of 2 o'clock tomorrow no Senator shall speak more than once or longer than 30 minutes on the bill, or more than once or longer than 15 minutes on any amendment that may be pending or that may be offered.

Mr. McNARY. Certainly; that is the implication.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. VANDENBERG. Mr. President, a parliamentary inquiry. What is the pending question?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Washington [Mr. DILL].

Mr. VANDENBERG. I desire to speak to that amendment.

Mr. NEELY. Mr. President, will the Senator yield for just a moment?

Mr. VANDENBERG. I yield to the Senator from West Virginia.

Mr. NEELY. I ask unanimous consent to have read from the clerk's desk, for the information of the Senate, a telegram relative to the pending bill.

The PRESIDING OFFICER. Without objection, the telegram will be read.

The Chief Clerk read as follows:

WHEELING, W.VA., *April 3, 1933.*

Senator M. M. NEELY,
Washington, D.C.:

Understand Senate considering 5-day 30-hour week. We now work four 6-hour shifts each 24 hours wherever possible. Prevented in some departments in some States on account of labor laws prohibiting employment of women at night. It seems to us if working time is reduced to 30 hours all other labor restrictions should be null and void excepting as to minors. We favor the 6-hour shift, or even shifts of shorter duration, but the 5-day week is a handicap to us for the reason that our process is continuous as our furnaces cannot be shut down during their life, otherwise the furnace is lost or fuel wasted. These and similar problems should be carefully considered, otherwise serious difficulties will result from the passage of the 5 day 30 hour week bill. Our plants are located in Pennsylvania, West Virginia, Ohio, Oklahoma, New York, and California.

HAZEL ATLAS GLASS CO.,
J. H. MCNASH, *President.*

Mr. FLETCHER. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Florida.

Mr. FLETCHER. I have a very brief telegram and letter which I should like to have read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The legislative clerk read as follows:

CARYVILLE, FLA., *April 1, 1933.*

Hon. DUNCAN U. FLETCHER,
Senator, Washington, D.C.:

Passage of the Black bill on 5-day week 6-hour day would be most disastrous to the lumber industry. This would prohibit us from operating, especially in our logging department. We trust you will vigorously oppose the passage of this bill. We are depending on you. Letter following.

BASIL E. KENNEY,
Vice President and General Manager Brown Florida Lumber Co.

BRADENTON, FLA., *April 1, 1933.*

Hon. DUNCAN U. FLETCHER,
Washington, D.C.

MY DEAR SENATOR: We understand that a bill has been introduced in the Senate (S. 158) prohibiting commerce in products that have been manufactured in plants operating more than 5 days per week and 6 hours per day.

While we believe that this will be almost a fatal hardship on all manufacturing business, we know that it will ruin perishable, seasonable food-conserving plants such as grapefruit-canning plants. Therefore we request that you use your utmost endeavors to have canning plants excepted from the operation of the law at least.

Thanking you, we are, yours truly,

FLORIDA GRAPEFRUIT CANNING CO.,
CLAUDE E. STREET, *Manager.*

Mr. BLACK. Will the Senator yield for just one statement?

Mr. VANDENBERG. I yield.

Mr. BLACK. In connection with the telegram read from the lumber company, I desire to state to the Senate that I have in my office a copy of the letter sent out by the President of the lumbermen's association urging that these telegrams be sent to Senators, and giving the language of the telegrams to be sent, and giving the arguments to be made in the telegrams and letters to be sent to Senators and Members of the House. I shall be glad to show that letter to any of the Senators here who have received those telegrams and letters, in order that they may know the source which sent them here.

Mr. LONG. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. LONG. I just wish to add to the statement of the Senator from Alabama that the propaganda league will begin to get busy as soon as any humane legislation is offered. We can all expect to be flooded from every industry when anything that strikes a note to help humanity is offered. That is customary.

Mr. BLACK subsequently said: Mr. President, I ask unanimous consent to have inserted in the CONGRESSIONAL RECORD, immediately following the telegram received by the Senator from Florida from the gentleman in the lumber business, a letter from New Orleans, signed by Mr. H. C. Berckes, telling exactly what kind of letters to write to Senators, calling attention to the fact that they must be writen "vigorously." I think that a part of the message received by the Senator from Florida will be found word for word in this letter and the accompanying enclosure.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. ROBINSON of Arkansas. The letter to which the Senator has referred is more modest than some communications that are directed at Members of Congress. Frequently they are informed that if they vote for or against the pending measure they will not receive in the future the political support of those who are conducting the propaganda.

Mr. BLACK. The Senator is correct. What is recommended here is to "wire your Senators and Representatives, vigorously stating your views."

I might state in this connection that the representative of this association appeared before the committee. He stated that he favored the shorter work week, that he believed it was absolutely essential for us to adopt it, but his only reason for appearing against the bill was that he favored having it enacted by each separate State instead of by the Federal Government, and he agreed there to see if he could not have the States adopt it. That has not been done.

I ask that the letter be inserted in the RECORD with the accompanying pages; and I desire to call attention to the fact that I have taken out the name of the gentleman to whom it was written. He belongs to this association and requested that I might not use his name.

There being no objection, the letter and enclosure were ordered to be printed in the RECORD, as follows:

NEW ORLEANS, U.S.A., *March 31, 1933.*

GENTLEMEN: A news item from Washington indicates that the Black 5-day week 6-hour day bill was approved yesterday by the Senate Judiciary Committee. This bill, as you will recollect, prohibits all mills and factories producing anything to be shipped in interstate commerce where any person is employed or permitted to work therein more than 5 days in any week or more than 6 hours in any day.

This matter was seriously considered by our subscribers and directors at their annual meeting yesterday, and a resolution was adopted vigorously opposing this measure and urging not only the lumber industry but all citizens having the welfare of their country at heart to immediately take the matter up with their Senators and Representatives.

If this bill were forced to undergo the usual sifting of the Senate and the House, its impractical nature would manifest itself, but the conditions under which Congress is now acting and the facility with which it is passing measures considered emergency in nature make it not improbable that legislation of this kind may be passed, unless you and everyone else concerned make themselves heard and convince your representatives in Congress of its deficiencies.

For your convenience there is enclosed a digest of the reasons why the South, and the lumber industry in particular, should oppose this measure. You should immediately upon receipt of this letter wire your Senators and Representatives, vigorously stating your views. It might help to supplement that wire with a letter, indicating in detail how such regulation would adversely affect their constituents.

Such legislation would not affect you alone, and so you should also bend every effort to have other interests in your community, including your chamber of commerce, likewise immediately communicate their views to their representatives in Washington.

Yours very truly,

H. C. BERCKES,
Southern Pine Association.

COMMENTS ON THE BLACK BILL (5-DAY WEEK 6-HOUR DAY)

Lumber is the South's most important industry; it employs more people, pays more wages, and contributes more in taxes than any other industry in nearly every Southern State. Any plan to regulate or improve conditions of labor that is unworkable in this industry would seriously affect all of the people of the South and contribute to greater unemployment.

Operating time among southern-pine manufacturers has been reduced constantly during the past 3 years, now averaging 20 hours per week.

Sawmill and logging operations cannot be maintained, from a practical-cost and selling-price standpoint, with a 6-hour day. There is hardly a sawmill that is not losing money on every foot of lumber shipped. For more than 2 years many mills have continued production several days a week solely for the purpose of giving employment to the people of their community who are dependent entirely upon the operation of the sawmill. If the sawmill operators should be forced by law to employ their labor not more than 6 hours a day, it would be impossible for them to operate at all, for their already demoralized condition would not permit their absorption of the added expense involved.

Mills have gone very far in the last 3 years toward providing employment and taking care of their men and their families. Since the beginning of the depression they have staggered employment, alternating the personnel of shifts so that every man might at least earn something. If they should be forced to close down because of impractical regulations of this nature, untold distress would be created among the thousands of sawmill workers in every Southern State.

Even if it were possible to operate sawmills on a 6-hour day, the mere fact that half of the southern-pine production, for instance, is cut by the smaller mills, who are beyond regulation, would either make prohibitive the cost of policing or inflict an unfair burden upon the larger manufacturer, and thus perpetuate the present demoralized conditions in the industry.

Intermittent and irregular operation of sawmills is expensive; even under today's conditions of operation tremendous losses are being sustained in the production of small quantities by sawmills designed for larger outputs, which losses could be greatly reduced if the sawmill men felt no responsibility for the welfare of their workers.

There would be entirely too much lost motion in a 6-hour shift in the sawmill industry, and it would be prohibitive to run one crew 6 hours and employ another for 2. To work two 6-hour crews consecutively is impractical, considering other operating problems and the limits now placed on production. With respect to logging, particularly, it would be impossible to function under such regulations.

The effect of such legislation at any time would be to increase cost greatly in connection with all fixed expense, such as taxes, interest, insurance, depreciation, and obsolescence. Fuel and feed costs would be doubled. It would in many cases make it impossible to cut timber before cutting rights expired. Woods and railroad operations would be thrown into utter confusion, especially with mills hauling their logs long distances. Under today's conditions it would compel the closing down of hundreds of industrial plants that still afford some employment to thousands of our people.

The plan will prove unworkable and will fail to help those it is intended to benefit. No legislation designed to interfere with the right to work or the operation of economic laws of any kind ever has worked or produced any result save further confusion and handicap. Such laws are impossible of fair enforcement at reasonable cost.

Mr. VANDENBERG. Mr. President, I want to say just a word about the pending amendment submitted by the Senator from Washington. As I indicated earlier in the day, it represents the result of a conference this morning in which the Senator from Washington, the Senator from Alabama, and I participated, and it represents a meeting of minds upon a formula which undertakes to provide legitimate exemptions and exceptions without invading the legitimate prerogatives and purposes of the legislation.

Mr. President, there are certain exemptions in the bill, anyway; and the Senator from Alabama will correct me if I am wrong. It does not apply, for example, to executives or to office work; it does not apply to railroads; it does not apply, for example, to newspapers; it does not apply to agriculture. Therefore, if a further limited classification of exemptions is created, it is not necessarily in conflict with the genius of the legislation.

As the Senator from Washington so well said, if it is appropriate to exempt agriculture, it obviously is appropriate to exempt those processing operations in respect to agriculture which otherwise would be interfered with.

There can be no question in the world that canneries operating upon perishable commodities could not live under the restrictions to be imposed. The Senator from Louisiana indicated a doubt a moment ago as to whether there were actual situations which, if the effort were made, could not be actually brought within the rule proposed by the new legislation. I call his attention to the fact that there are numerous situations similar to that defined in the telegram which I now read to him:

TRAVERSE CITY, MICH., *March 31, 1933.*

Hon. A. H. VANDENBERG,
United States Senate, Washington, D.C.:

When a perishable crop is presented to a cannery for sale it is in its prime for canning, which means that it must be processed practically immediately for the benefit of all concerned if we are to maintain the present high standard of American canned foods for either American or export consumption. You fully realize that the majority of canning factories are located in more or less isolated communities, where three shifts of skilled or unskilled labor are not available, which would preclude the possibility of even opening a plant under the present contemplated law.

In other words—and I know this to be a fact from my own observation—there are situations involving the canning of perishable commodities which require continuity of operations, and those operations usually are in isolated parts of the country, where it would be a physical impossibility to contemplate an adequate labor on a staggered basis for just a few weeks or months of the year.

The same thing is true with respect to the manufacture of beet sugar. I am not referring to the topping of the beets; I am referring to the manufacture of beet sugar, which has to be a continuous process for the comparatively few days of the year the plants operate and those plants invariably are in sections of the country where it would be physically impossible to mobilize or enlist the necessary labor for these staggered operations.

Mr. FESS. Mr. President, has any amendment been offered to take care of the sugar situation?

Mr. VANDENBERG. The pending amendment would take care of it. So much for the first section of the pending amendment. It seems to me perfectly obvious that if the bill is to become a law the first section of the pending amendment ought to be attached in order to prevent needless tragedy, which is not in the contemplation of the author of the bill at all.

The second section of the amendment simply permits a judicial review in the Department of Labor in those intances, not now foreseen, where it is subsequently disclosed that it is a physical impossibility to proceed under the limitations of the measure. It would be an obvious error on our part to undertake to write a charter for all American industry of this nature in such detailed restriction at the present time, when we cannot possibly know all of the exceptions which might arise, and be urged in good faith, and which could be met in no possible way except by exemption licenses.

Therefore the author of the bill and the Senator from Washington, working with me upon this phase of the subject this morning, united in submitting the pending amendment, which would take care, I repeat, in the first instance, of perishable commodities, and situations in respect to agricultural processing which otherwise would be fatally jeopardized; and, in the second place, would take care of those

at present unforeseen circumstances which might arise, and in which we all admit and concede that an exemption and an exception should be made.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. COPELAND. I take it that the second section of the amendment would cover a wholesale bakery, would it not, where it might be necessary, in baking processes, to maintain operation longer than the hours fixed by the bill?

Mr. VANDENBERG. Mr. President, I would not undertake to interpret the second section in specific instances except as the full facts were submitted, because the rule speaks for itself:

> If there is satisfactory proof of the existence of special conditions making it necessary for certain persons to work more time than provided within these limitations.

Upon the submission of adequate and satisfactory proof, the permit issues from the Department of Labor.

Mr. COPELAND. I think that undoubtedly such an industry as I have mentioned, the wholesale baking industry, could submit to the Secretary of Labor proof of conditions under which they operate, and a case could be made out that that industry should be excluded from the operation of the law.

Mr. VANDENBERG. It is entirely proper, on the submission of adequate proof and demonstration of the good faith of the submission, to make an exception.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BLACK. That would not mean the exemption of the industry from observing the rules with reference to all of its employees. It simply would mean that if there were an individual employee whose work was of such nature that it would be absolutely imperative that that individual work more than 6 hours, the Secretary of Labor could give an exemption as to that individual.

Mr. VANDENBERG. That is precisely my understanding of the amendment.

Mr. COPELAND. Then, if there were in a wholesale bakery an operator with peculiar talent, the facts could be set forth, and then that industry would not be blacklisted by reason of the employment.

Mr. BLACK. Of that particular individual.

Mr. COPELAND. That is right. I think the amendment is a very good amendment.

Mr. REED. Mr. President, the Senator from Michigan was formerly a distinguished newspaper editor, I believe.

Mr. VANDENBERG. A newspaper editor; I could not concede the balance of the definition.

Mr. REED. Would the Senator consider that a newspaper publisher was within the terms of the bill?

Mr. VANDENBERG. I would not. I am so advised, furthermore, by the author of the measure, with respect to his own interpretation of it.

Mr. REED. The Senator does not consider that a newspaper is manufactured?

Mr. VANDENBERG. I do not, in any such industrial sense as the language of this bill implies. I should prefer to have the Senator address that inquiry, however, to the Senator from Alabama, because perhaps he could answer more authoritatively, and I think the Senator from Pennsylvania should have an authoritative answer, so far as possible.

Mr. REED. I wish the Senator from Alabama would tell me.

Mr. BLACK. Mr. President, in my judgment there is no language in this bill which would justify the application of the law to a newspaper. I do not think it is a manufacturing establishment or factory. I never so intended, and it never occurred to me until after the bill was offered that anyone might think that it related to a newspaper.

Mr. REED. Would it apply to the ordinary job printer?

Mr. BLACK. In interstate commerce?

Mr. REED. Yes.

Mr. BLACK. I think his establishment would be a workshop.

Mr. REED. What is the difference between the occupation of the job printer and the occupation of the printer of a newspaper? Does not each of them manufacture?

Mr. BLACK. There is a very obvious difference between a workshop and a newspaper establishment. A workshop is known as a workshop. A newspaper establishment is known as a newspaper establishment.

Mr. REED. That is true, but both of them employ printers, and they both produce a printed product, using ink and paper as their raw materials, and I am wondering whether it would apply to the newspaper business.

Mr. BLACK. The Senator may believe that this includes newspapers, and I am frank to state that I would have very high respect for the Senator's judgment on a legal proposition or a legal interpretation, but I never so intended. It is my judgment that it would not be related to newspapers.

Mr. REED. Of course, it would all depend on the terms "workshop, factory, or manufacturing establishment", and I presume that would be a matter for judicial construction.

Has the Senator given any thought to the exclusion of managing officials and clerical workers from the terms of his bill? For example, it would be very difficult to have four general managers of a factory in order that each of them might work a 6-hour shift, and then I presume we would have to have a fifth and sixth in order to relay on the sixth and seventh days of the week, if it were a continuous operation. Should not the directing officers of these establishments be excluded from the measure?

Mr. BLACK. I do not believe this measure would apply to the officers of an organization. I am of the opinion that, under the amendment which has just been offered and explained by the Senator from Washington, there would be no question but that such executives could be excluded by the making of the application provided for in the bill.

Mr. REED. But I am thinking of what would happen to industry while the pleas for exclusion were being acted on. At present we have thrown a pretty heavy burden on the Comptroller of the Currency. The average bank out through the country cannot even get an answer to a telegram, the Comptroller's office is so overworked. This measure would throw a terrible burden on the Secretary of Labor. Thousands, hundreds of thousands, of requests will come pouring in here to Washington, and the senders will be very lucky if they get answers in 3 months. It seems to me we ought to make the exemption here, and not leave it to some bureaucrat to handle.

Mr. BLACK. With reference to exemptions, I might state that I spoke in the Senate on this bill at the last session. I stated then that I wanted it distinctly understood that the bill was not offered as a gesture, but was offered with the belief that it ought to pass and would pass, and at that time I invited all of the public, Senators and all who might be interested in the legislation, to present before the committee any matters they thought might be pertinent. I realized then and I realize now that there must be some exceptions in legislation of this character. Unfortunately, for some reason nobody presented any requests for exceptions of any kind whatever, and if the Senator will read the hearings he will note that in several instances I asked questions about how a certain matter could be reached, but there being no requests made and no amendments suggested, the committee did not take the matters up any further. When the question came up on the floor yesterday with reference to these particular matters which have been mentioned, I very gladly conferred with Senators in an effort to bring about a proper condition which would not place an undue or unfair burden upon industry.

Mr. REED. If the Senator will permit another question, I should like to know how long the taint will adhere to any article. For example, let us suppose that I quite innocently buy a box of matches in Washington. We will suppose they are manufactured here, but with 8-hour labor. Under the terms of the bill I would be guilty if I took that box of matches in my pocket across the Potomac River.

Mr. BLACK. Knowing the Senator's ingenuity as a lawyer and his skill as a practitioner of many years, which

has brought about his employment from time to time by those who gave him very lucrative and well-deserved practice, I do not believe the Senator apprehends any danger on that score.

Mr. REED. The Senator is trying to soothe me with soft words. I put a simple illustration. If the purchaser of the article is affected by its original taint, then he cannot carry the article across a State line. If he is not affected by its original taint, it would be perfectly easy to evade the statute by selling the product of every factory to some so-called "broker", and have the broker make the shipment across the State line. If it did follow the article into the hands of a purchaser, I can see many difficulties that would arise, because innocent purchasers would find their property anchored within the State of origin, whereas if it did not follow into the hands of the purchaser, the act would be meaningless, because the purchaser in all cases would make the shipment across the State line. Has the Senator considered that seriously?

Mr. BLACK. I do not apprehend that people are in danger from too much law enforcement of any kind, or carrying it to too great an extent. It seems to me that recent history has shown that the trouble is in getting any law of any kind enforced, not whether anyone will try to carry it to absurd conclusions, and it would be an absurd conclusion to arrest the distinguished Senator from Pennsylvania, for instance, for having in his pocket a box of matches which he had innocently purchased and which may have been produced under restrictions coming within this bill, because there would be no reason why the Senator, in purchasing the box of matches with which to light his pipe or his cigar, should endeavor to see how they were produced. Of course, we know he would not.

Mr. REED. I gave perhaps an extreme illustration. But suppose that a blast furnace sells all of its product to a wholesaler, and that that man ships pig iron in interstate commerce. Would the Senator say that such a shipment was a violation of the law? If not, the act would be very easy to evade.

Mr. BLACK. I do not know exactly what the court would hold, but I do know what the court held in a case in which I happened to be interested. It was held that there must be some guilty knowledge or some intent before criminality could be attached to the conduct of an individual.

Mr. REED. Of course, that is axiomatic.

Mr. BLACK. If this broker knew that they were working over the time provided in this bill—and very likely he would know it if he was a broker who was selling their product—I see no reason why the fact that he is a broker and sells the product with that knowledge would exempt him from responsibility, the same as though he had originally manufactured the product.

Mr. REED. Very good. Now think of the situation that would surround a dealer in scrap iron, which is a very important commodity both in the Senator's State and in mine, millions of dollars' worth of it being sold every year. How can anybody know whether that scrap iron was produced by 6-hour labor or by 8-hour labor?

Mr. BLACK. Unfortunately, perhaps, I have been a prosecuting attorney, and I have found out that one cannot tell much about scrap iron.

Mr. REED. I know he cannot.

Mr. BLACK. And, as a usual thing, at least, in too many cases there is far greater criminality attached to it than anything else the Senator has suggested.

Mr. REED. Very good; but it merely illustrates my point, that the moment an article enters into the great body of goods that are on the market within a State it becomes impossible for anyone to know whether or not it is tainted by 8-hour labor.

Mr. BLACK. If it becomes impossible for the purchaser to know it, there would be nothing to do about it, if he has no reason to suspect it, and he is just following the usual course of business. The Senator has just said that it is axiomatic that there must be criminal intent, and clearly in that case there would be none.

Mr. REED. All right. We have thus outlined a method by which every producer of a standard article can ignore this act with complete impunity.

Mr. BLACK. The Senator is suggesting an idea, but I hope he is not doing that for the benefit of any individual?

Mr. REED. No; I am not.

Mr. BLACK. But if the Senator believes that that is a weakness in the bill, I should certainly be very much gratified if he would make a suggestion and offer an amendment which would prevent an evasion of that kind.

Mr. REED. I do not know now how any such amendment could be drawn. I would suggest it to the Senator readily enough if I could think of it. However, I think this is one of the necessary weaknesses of this type of regulation.

Mr. BLACK. That would, of course, be a reason why it should be strengthened; and, as I stated before, I should be very glad to have suggestions in regard to strengthening it.

Mr. HATFIELD. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I do not have the floor. I was simply asking a question.

Mr. HATFIELD. Will the Senator permit a question?

Mr. BLACK. I shall be glad to do so.

Mr. HATFIELD. What advantage, if any, will foreign commerce have over home commerce under the administration of this bill?

Mr. BLACK. The Senator from West Virginia has evidently asked me a question on a matter that I have heard him discuss a number of times and upon which he has very settled views. I am frank to say to the Senator that I do not think anything I might say would alter those views; but, insofar as I am concerned, it is my belief that American industry, American skill, and American efficiency, which were so exceedingly well outlined in a speech made by the senior Senator from South Carolina [Mr. SMITH] several years ago, are sufficient to enable America to compete, certainly with the high tariff wall which the Senator was instrumental in erecting some time ago.

Mr. HATFIELD. I am rather proud of my record in that respect.

Mr. BLACK. I know the Senator is. That is the reason I mentioned it.

Mr. HATFIELD. We are dealing, however, with a proposition here which proposes to reduce the hours of labor to 6 as compared with 12 and 14 hours in Europe and Asia. I am merely wondering what effect such a regulation would have upon our domestic commerce and whether or not the effect would be hurtful?

I wish to say to the Senator from Alabama that I am in sympathy with his idea.

Mr. BLACK. Might I say to the Senator, partially in answer, that I believe, as I said before, that our ideas are fundamentally divergent——

Mr. HATFIELD. That is very true.

Mr. BLACK. As to the background of the question which he suggests; but, approaching it from another viewpoint, the most this country has ever sold to foreign countries has been less than 10 percent of our output. At the present time it is a great deal less than that. Perhaps, if the figures could be actually computed for manufactures, it would be found that today less than 4 percent of our domestic production is sold to foreign countries. I do not state those figures as being absolutely accurate, but they are approximately correct. That being true, perhaps 95 percent of our customers must be found in this country, and the Senator, I know, will agree with my idea that it is necessary, so far as possible, to maintain the American market. There being at least 95 percent of the goods sold in this country, certainly it is of paramount and supreme importance that we first consider our domestic customers. Twelve million of them, we know, are wholly a loss as American customers. That being true, I would say that the figures will show that it would be far more valuable to give those people a purchasing power than it would be to attempt to restore the purchasing power of foreign countries.

I understand that the Senator is interested in the idea that probably foreigners might ship goods here and compete for American business, but the tariff has very well seen to that. In addition, in my judgment, the superior efficiency and productivity of the individual American working man and the individual American factory have been far more instrumental than has the tariff. The Senator might not agree with that, but I would invite his attention as to the proportionate productivity to an address in the Senate several years ago by the senior Senator from South Carolina. The information therein contained was compiled by a member of the legislative counsel; it was most instructive to me; and I feel sure it would be very interesting to the Senator from West Virginia.

Mr. HATFIELD. Would the Senator consider favorably an amendment to place foreign imports upon a parity with home products?

Mr. BLACK. I would think that at this time that would be a most unfortunate amendment. While some do not agree, there are many who honestly believe that a part of our trouble has been brought about by tariffs which practically reach an embargo; but whether one agrees with that idea or not, it is certainly true that the tendency of the world today is to try to bring about better trade relations; and I would believe that such an amendment as the Senator from West Virginia suggests would be very unfortunate.

SEVERAL SENATORS. Vote!

Mr. JOHNSON. Mr. President, I inquire whether the amendment of the Senator from Washington [Mr. DILL] is now before the Senate?

Mr. DILL. It is.

Mr. JOHNSON. Is the Senator familiar with the fact that the other House has adopted an amendment somewhat similar to his amendment? Has the Senator from Washington examined that amendment?

Mr. DILL. I have not. I understood, however, that there was such an amendment, but that it was much longer than mine and somewhat involved. I have not seen that amendment. In any case, I think that the matter ought to go to conference.

Mr. WALSH. Mr. President, may we have the amendment proposed by the Senator from Washington stated?

The PRESIDING OFFICER (Mr. OVERTON in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 2, line 9, after the word "day", to insert the following:

Provided, This section shall not apply to commodities which a cannery or manufacturing plant produces by canning or preparing for marketing or commerce fish, seafood, fruits, or vegetables of a perishable character.

Provided further, That upon the submission of satisfactory proof of the existence of special conditions in any other industry included herein, making it necessary for certain persons to work more time than herein provided, the Secretary of Labor may issue an exemption permit in respect to such persons, relieving the commodity from the provisions of this act.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington.

The amendment was agreed to.

Mr. WALSH. Mr. President, I should like to ask the Senator from Alabama a question, if I may. What influenced the committee in drafting this bill to limit the work week to 5 days of 6 hours. Why did it not limit it to 5 days of 7 hours or 5 days of 8 hours or some other limitation? What led it to agree to make the requirement 5 days of 6 hours?

Mr. BLACK. It was made a 30-hour week by me.

Mr. WALSH. The question presents some complaints I have heard made against this proposed legislation. Some fear it is too drastic. The factories now employing labor 48 hours or 56 hours per week claim that they will be obliged, if this bill becomes a law, to cut the time one half, or nearly one half, in many instances and in many instances to cut weekly wages nearly one half. It has been argued that it would be better to experiment awhile with a work week of many less hours than at present rather than a 30-hour week. I should like to have the Senator explain what led to the conclusion that the soundest and best public policy, under the circumstances, would be to require a 30-hour week rather than, say, a 36-hour week.

Mr. BLACK. At the last session of Congress the Judiciary Committee of the Senate had this bill under consideration. A subcommittee was appointed to study and investigate the measure, and there appeared before that subcommittee many witnesses. There was not a single individual who appeared before the committee who did not agree that it was desirable to reduce the hours of labor.

Mr. WALSH. I think public sentiment is in accord with that idea. I have long favored it. In 1931 I introduced a 5-day week bill for Government employees.

Mr. BLACK. I desire to give the Senator this background, in answer to his question. There were two outstanding witnesses who appeared against the bill. One was a Communist, and very frankly his evidence shows that he objected to it because he did not want anything written into the law that might preserve this country from what he called "a crisis." The other chief witness was Mr. Emery, of the National Manufacturers' Association. His objection was to the change being made by law. Everyone who appeared before the committee was in sympathy with the object of the bill. There were many manufacturers who appeared before the committee as well as the heads of the American Federation of Labor. One witness, who is the largest plush manufacturer in the world—I have forgotten his name; he comes from Rhode Island, I believe, and has a number of factories, one being in Pennsylvania——

Mr. WALSH. What kind of a manufacturer?

Mr. BLACK. A plush manufacturer. He stated that he had carefully investigated the facts concerning labor and that there never had been a time during the height of prosperity in 1928 when his industry could have absorbed more than 60 percent of the potential labor. He and numerous others recommended a 30-hour week.

Mr. WALSH. Did they agree in their recommendation of a 30-hour week that the wages now paid for a 48-hour week or a 56-hour week would be maintained?

Mr. BLACK. One of the witnesses, who had five factories, I believe, wanted a minimum wage provision put in the bill. Another, who was a large worsted manufacturer, said that wages would take care of themselves, because this bill would naturally reemploy a great many people and that, in addition, since all the people engaged in the same line of business would be required to obey the same restrictions as to hours of labor, competition would not demand that they bring about a reduction in wages in proportion to the reduction in the hours of labor.

Mr. WALSH. My thought is that if the hours of labor were reduced less drastically there would be more likelihood of the present wage standard being maintained. Is not that true?

Mr. BLACK. I do not say that is so.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. BLACK. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, among those who favor reducing the hours of labor as a method of spreading employment so as to give opportunity for work to many who cannot now obtain it, there are some who feel that this reduction is too great to be put immediately into effect.

Mr. WALSH. And especially to keep the present standard of wages. I do not want to see additional reductions in wages. We should keep weekly wages up as well as reduce the work week.

Mr. ROBINSON of Arkansas. And, in all probability, on tomorrow an amendment will be proposed designed to modify the provision in the bill of the Senator from Alabama so as to authorize 35 hours for a week instead of 30 hours. The question, I think, cannot be disposed of today, and I think it will be necessary to give some consideration to it. Everyone here, I believe, wishes to see——

Mr. WALSH. Employment more widely spread.

Mr. ROBINSON of Arkansas. A different arrangement from that which now prevails so that employment may be spread to include as many as practicable.

Mr. WALSH. With the least possible reduction in wages.

Mr. ROBINSON of Arkansas. At the same time it is not desirable so to limit the hours that an imperative demand will be made for a comparative reduction in wages. That is a problem of very great importance and difficulty.

Mr. WALSH. Does the Senator think that the limitation of hours as provided in the bill might result in a reduction of wages?

Mr. ROBINSON of Arkansas. Many feel as the Senator from Massachusetts fears. If the bill may now go over until tomorrow, and the Senator from North Dakota [Mr. NYE] may be afforded an opportunity to dispose of the joint resolution in which he is interested, or to have it considered, I may say to the Senator from Massachusetts and the Senator from Alabama that I think, in all probability, some amendment on the subject matter discussed by the Senator from Massachusetts may be proposed. Following the request of the Senator from North Dakota and its disposition, if the request shall be granted, I shall ask for a brief executive session.

Mr. WALSH. I appreciate the Senator's suggestion and will be interested in his proposed amendment. I want to say to the Senator from Alabama that, as he knows, I am not out of sympathy with this proposed legislation. I have favored, as a great humane policy, the reduction of hours of labor, as well as an emergency necessity. My inquiry was simply to find out what assurances he had received from witnesses, employers, and others that there would be less likelihood of a reduction in wages by fixing the work week at 30 hours rather than some other number of hours. That was the purpose of my inquiry. I am in general sympathy with the importance at this time of spreading employment; but I do think that perhaps a work week of a few more hours might result in a less sharp decline in wages than may happen with a sudden drop of a work week of from 48 to 56 hours, which is the usual number in the textile industry—56 in the South and 48 in New England—to a work week of 30 hours.

Mr. BLACK. I might say to the Senator that I placed in the RECORD more than a week ago a statement, under a Geneva date line, showing the effect of the reduction of hours of labor in Europe. In some instances it actually brought about an increase in wages.

Mr. WALSH. Was the reduction in the number of hours a job as is proposed in the Senator's bill?

Mr. BLACK. Yes; it amounted to a 5-day week and a 6-hour day.

Mr. WALSH. This bill requires a reduction in some instances from 56 hours, which is the factory law in some States, to 30 hours.

Mr. BLACK. I understand that; but if it covers all industry, it is immaterial whether it provides for a 30-hour week or a 40-hour week, for each competitor will have to go along on the same basis. I admit, as I said yesterday, quoting the man whose name I did not mention, that the spirit of commerce is the spirit of greed; that too many times anything is accepted as an excuse to cut wages; and I believe that about the only way we can control that, unless we shall reach a time when employers go so far that we will have to enact legislation on the subject, is by the strong coercion of public sentiment and of organized labor.

Mr. WALSH. The Senator knows that industries in New England, particularly the textile industry, have for a long time been desirous of a uniformity of labor laws in connection with employment in the textile industry, and the amendment to the Constitution looking toward the abolition of child labor was a move in that direction, to try to bring about uniformity in the hours of labor throughout the whole United States of America. This bill certainly is a move in that direction; and one thing is certain—that the industries of New England and other northern States will be less under the handicap they are now of being obliged to give their employees shorter hours of labor than are rendered for like wages in the other parts of the country.

I thank the Senator for the information.

Mr. HATFIELD. I offer an amendment to the pending legislation to be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

JUDGMENT AGAINST PAN AMERICAN PETROLEUM CO.

Mr. NYE. Mr. President, I have no desire to delay action upon the business pending before the Senate; but an emergency exists which calls for the Senate's action on Senate Joint Resolution 13, which is Order of Business No. 8 on the Senate Calendar, which will cause me to ask to have the pending bill temporarily laid aside in order to take up Senate Joint Resolution No. 13.

Before making the motion I shall state, as briefly as I can, just what is the purpose of the joint resolution.

Mr. McNARY. Mr. President, does the Senator intend to move to take up the joint resolution with the result of displacing the unfinished business, or is he asking unanimous consent to do so?

Mr. NYE. I ask unanimous consent that the unfinished business may be temporarily laid aside, and that Senate Joint Resolution No. 13, which is Order of Business No. 8, be taken up at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

Mr. McNARY. Mr. President, I cannot consent to the request made in that form and fashion. If the Senator will make a statement of the purpose of the joint resolution, and then accompany it with a request, I shall then consider the proposition. Meanwhile, I shall object.

Mr. NYE. I will thank the Senator, then, if he will withhold his objection.

The PRESIDING OFFICER. Does the Senator withhold his objection?

Mr. McNARY. I do.

Mr. NYE. Mr. President, the joint resolution authorizes the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered.

The judgment to which the title of the joint resolution refers grows out of the prosecutions following the disclosures of the Senate investigation involving the leases upon the naval oil reserves. It will be recalled that the Senate authorized the engagement of special counsel to prosecute these cases. One of the actions brought—that against the Pan American Petroleum Co. and against the Richfield Oil Co., one of which is a subsidiary of the other—resulted in a judgment being rendered against these companies in favor of the Government in the amount of $9,277,666.17.

Since that judgment was obtained both of these companies have gone into receivership, and any attempt to collect upon the judgment could not win for the Government as much as a million dollars at this time.

Certain properties of these oil companies, however, seem to be desired by larger distributors of oil, who are ready under stipulation to insure that the Government will receive at least $5,000,000 on the face of this $9,000,000 judgment if the stipulation is entered into. The Attorney General now is asking for that right. It does not in any way compromise the whole judgment which the Government holds.

The matter was laid before the Senate Committee on Public Lands and Surveys last February, in the old Congress; and after very careful consideration and deliberation the committee unanimously reported to the Senate a like joint resolution, and it was passed by the Senate. It went to the House, and there failed, for some reason or other, to be referred to the Committee on Public Lands of the House, and it died.

The joint resolution for which I am asking consideration now is not unlike in any particular the joint resolution which passed the Senate in February. In fact, the Public Lands Committee of this Congress has acted upon this joint resolution, and has unanimously directed that it be reported to the Senate.

The Attorney General and the Secretary of the Navy in the administration that went out of existence on March 4 recommended favorable action upon this joint resolution. Likewise, its passage was urged by the special counsel engaged by the Government. Since March 4 the joint resolution has been referred to the Secretary of the Navy and the Attorney General in the new Cabinet; and, as the report in the Calendar reveals, they have likewise favored and urged its immediate passage.

Mr. President, with that explanation I hope the Senator from Oregon will see fit to withdraw his objection to the consideration and passage of the joint resolution.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, let me ask the able Senator from North Dakota whether the Attorney General appeared in person before the committee.

Mr. NYE. No, Mr. President. An assistant to the Attorney General did appear.

Mr. McNARY. Did the Attorney General express himself in a written opinion as favorable to this action?

Mr. NYE. He did; and the report which accompanies the joint resolution contains his letter in full.

Mr. McNARY. Has that letter been published in the RECORD.

Mr. NYE. It has been published in the report of the committee, which is on the calendar at this time.

Mr. McNARY. But it has not been published in the RECORD?

Mr. NYE. No.

Mr. McNARY. I suggest to the Senator, should I consent to the immediate consideration of the joint resolution, that the letter be published in the CONGRESSIONAL RECORD following his remarks, so that it may indicate upon what basis the plea is now being made, because this is a very large judgment. The amount stated is a very small compromise for this huge judgment. Standing by itself, it does not appear to be in the public interest, and I am only willing to consent in view of the statement the Senator has made.

Mr. NYE. I think the Senator's point is a very splendid one; and I ask that the letters of the Attorney General and his special assistants under date of February 13, 1933, which are contained in the report accompanying this joint resolution, may be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
Washington, D.C., February 13, 1933.

HON. GERALD P. NYE,
Chairman Committee on Public Lands and Surveys,
United States Senate, Washington, D.C.

MY DEAR SENATOR NYE: I am advised that the suit for the cancelation of three leases (commonly known as the E, I, and G leases) in Naval Petroleum Reserve No. 1, California, has been brought to a successful conclusion including a judgment against the defendant in the sum of $9,277,666.17, with interest at 7 percent per annum from November 29, 1932, until paid. The defendant is a wholly owned subsidiary of the Richfield Oil Co. of California. Before final judgment was obtained both companies went into receivership and I am advised are hopelessly insolvent.

A stipulation has been negotiated which, without compromising the judgment, is expected to result in the collection of over $5,000,000 from the assets of the two insolvent companies to apply on the judgment. It has been possible to negotiate this stipulation only because the Standard Oil Co. of California is willing to offer the reorganization committees $23,025,000 for the assets of the companies, exclusive of possible claims of the receiver against Mr. Edward L. Doheny, cash in the hands of the receiver of the Pan American Petroleum Co., and the proceeds of an application of that company to the United States for a refund of income taxes.

The stipulation is so drawn that at the public auction of the assets any other company has the right and opportunity to bid more than has been offered by the Standard Oil Co., in which event the Government would share in the benefits of such higher bid. The Government will receive whatever amount is allowed as a refund of income taxes, the cash in the hands of the receiver of Pan American Petroleum Co. when the estate is ready to close, and the proceeds of any recovery from Mr. Doheny not exceeding the balance remaining due on the judgment. On account of these contingencies the recovery may be more than $5,000,000.

In order to consummate this settlement it will be necessary to assure any purchaser of three strip leases across the northern portion of sections 1 and 2 in said naval petroleum reserve, known as the "D", "H", and "F" leases, or as the "Visalia 010032, 09264, and 010097" leases, that the United States will make no claim said leases are voidable on account of fraudulent dealings between Mr. Doheny and former Secretary of the Interior Albert B. Fall, or that said leases are illegal. These strip leases have never been in question, and are now entirely satisfactory to the United States. The Secretary of the Navy desires to be in a position to have the wells on these leases operated whenever the wells upon bordering private property are operated in order to offset drainage from the naval petroleum reserve. He considers the royalty rates fixed in the leases fair to the Government and is willing to consent to their assignment to the purchaser at the receiver's sale if reputable, responsible, and for a fair consideration.

The Standard Oil Co. purchased some of the oil and petroleum products produced from the E, I, and G leases which were set aside in this suit from the Pan American Petroleum Co. and paid in full for such oil. The purchases were under written contracts entered into before the dealings between Mr. Fall and Mr. Doheny were disclosed and the written contracts were approved by First Assistant Secretary of the Interior E. C. Finney. The Standard Oil Co. maintains it is under no liability to the Government for the value of such oil, but if it is to be the means of financing the partial satisfaction of the judgment against the Pan American Petroleum Co. aforesaid, feels that it should be under no fear of litigation to hold it responsible for the value of such oil. Under all the circumstances, I am of the opinion there is merit and fairness in its point, but, regardless of the point, I regard the opportunity to secure the large payment on the Government's judgment aforesaid, as more desirable than the insistence by the United States upon a probable claim against the Standard Oil Co. of California.

The stipulation was signed by my special assistants, subject to the approval of the Secretary of the Navy and myself. A copy of their report to me, including a copy of the stipulation and a statement of the collateral understanding with the Standard Oil Co. is furnished you herewith.

We approve of the stipulation and of a collateral understanding with the Standard Oil Co. relative to the release of any liability for oil it purchased, which was produced from the E, I, and G leases, upon condition that it carry out its aforesaid offer. A serious legal question exists as to whether the Attorney General has authority to adjust the claims of the United States to have its judgment paid out of certain assets. There is a statute allowing compromises approved by the Secretary of the Treasury, but the Treasury Department has had nothing to do with this claim, and I am reluctant to ask the Secretary of the Treasury to take action on a matter respecting which he is not informed. For these reasons, before indicating our approval to the other parties to the stipulation, we desire the Congress to have full information and to expressly authorize us to secure the aforesaid collection on said judgment, the understanding with the Standard Oil Co., and make such further incidental compromises as under the exigencies of concluding the collection of the judgment may seem advisable to us or our successors in office. For your information I inclose a report addressed to me by the special assistants in charge of this case, dated February 13, 1933, which explains the matter fully. Accordingly we submit herewith a form of resolution for adoption by the Congress if it approves thereof.

Very truly yours,

WILLIAM D. MITCHELL,
Attorney General.

Approved.

C. F. ADAMS, *Secretary of the Navy.*

REPORT CONCERNING COLLECTION OF JUDGMENT AGAINST PAN AMERICAN PETROLEUM CO.

CLEVELAND, OHIO, *February 13, 1933.*

THE ATTORNEY GENERAL,
Washington, D.C.

DEAR MR. ATTORNEY GENERAL: Pursuant to the resolution of Congress, approved by the President February 8, 1924, Hon. Atlee Pomerene and Hon. Owen J. Roberts, as special counsel for the United States, on March 17, 1924, brought suit to cancel two contracts and two leases pertaining to the lands in naval petroleum reserve no. 1, California, upon grounds of fraudulent conduct between Albert B. Fall, formerly Secretary of the Interior, and Edward L. Doheny, and of absence of authority in law for the making of the contracts and leases. The leases involved in that suit covered the major portion of said naval petroleum reserve, but did not include three leases covering 661 acres in sections 1 and 2 of said reserve, because said resolution of Congress was interpreted as giving said special counsel no authority to sue for the cancellation of these three leases officially known as "Visalia 010042, 010043, and 010097", and commonly known as the "E, I, and G" leases.

The $100,000 passed from Mr. Doheny to Mr. Fall on November 30, 1921. The E and I leases were made on December 14, 1921, and the G lease on February 8, 1932. The contracts and leases involved in the suit brought by special counsel were executed upon later dates in 1922.

Pursuant to the request of Hon. Curtis D. Wilbur, then Secretary of the Navy, and Hon. Hubert Work, then Secretary of the

Interior, the Attorney General, through his special assistant, S. W. Williams, on September 3, 1924, commenced suit for the cancelation of the E, I, and G leases. This suit was continued from time to time until the suit commenced by special counsel should be decided. The suit commenced by special counsel was brought to a successful conclusion with the decision of the Supreme Court on February 28, 1927.

In the meantime a suit under the direction of the Attorney General to cancel a lease which had been made in April 1922 to the Belridge Oil Co., covering the east quarter of sec. 34, T. 30 S., R. 24 E., in naval petroleum reserve no. 1 was decided in favor of the defendant. There was no evidence that Mr. Doheny or any of his companies had any interest in this lease or exercised any influence to aid the Belridge Oil Co. in procuring it.

Shortly before July 12, 1927, the Attorney General appointed the Hon. Atlee Pomerene and the Hon. Owen J. Roberts, as special assistants, to conduct the suit for the cancelation of the E, I, and G leases and on that date they filed an amended bill of complaint for that purpose and for incidental relief. Before the case came on for trial Mr. Roberts resigned and other special assistants to the Attorney General were appointed to assist Mr. Pomerene. The case was tried at Los Angeles in December 1929, and decided by the district judge against the United States on November 8, 1930. On February 5, 1932, the United States Circuit Court of Appeals, for the Ninth Circuit, reversed the decision of the district court and directed a decree in accordance with the prayer of the amended bill of complaint. On October 10, 1932, the Supreme Court denied an application for writ of certiorari and on November 7, 1932, denied an application for rehearing.

Pursuant to the mandate of the court of appeals the district court on November 29, 1932, entered a final decree canceling the E, I, and G leases and directing the defendant to account for the value of all oil and oil products taken from said leaseholds. The account was filed on January 9, 1933, showing the sales value of the petroleum products taken from said leases, less royalties already paid into the Treasury of the United States, at $6,130,-531.85 with interest thereon in the sum of $3,175,103.86, making a total of $9,305,635.71. Credits were allowed in the sum of $27,-969.54 in accordance with stipulations entered into during the progress of the litigation for the repairing of wells so that they could be indefinitely closed down. The balance is $9,277,666.17, for which, on motion of said special assistants to the Attorney General, judgment was entered on January 14, 1933, together with interest thereon from November 29, 1932, until paid and for the taxable court costs of the plaintiff.

At the time the leases were made Pan American Petroleum Co. was a wholly owned subsidiary of the Pan American Petroleum & Transport Co., which was under the domination of Mr. Doheny. During the summer of 1928 the Richfield Oil Co. of California acquired the indirect control of Pan American Petroleum Co. and in July 1929 acquired all of the capital stock of said company. In a suit by a creditor, and with the consent of the Richfield Oil Co., a receiver for it was appointed on January 14, 1931. In a suit by a creditor, and with the consent of the Pan American Petroleum Co., the receiver for the Richfield Oil Co. was on March 5, 1932, appointed also receiver for said subsidiary. Both companies have proven to be hopelessly insolvent.

Bonds secured by a first mortgage upon practically all of the property owned by Pan American Petroleum Co. on December 15, 1925, are outstanding in the principal amount of $10,441,400 with accrued interest to October 31, 1932, in the amount of $1,223,-993.11. Unpaid property taxes on December 9, 1932, amounted to $139,841.50, according to the books of the company. There are other liens in small amounts.

Bonds secured by a mortgage dated May 1, 1929, upon certain property of the Richfield Oil Co. are outstanding in the amount of $24,981,000 with accrued interest to October 31, 1932, of $3,155,-100.34. Accrued property taxes amount to $111,182.68, according to the books of the company. There are also other liens in small amounts.

Unsecured claims of private parties against the Pan American Petroleum Co. aggregate approximately $700,000. In addition to the bondholders' claims against Richfield Oil Co. there are other private claims aggregating approximately $35,000,000.

Separate committees have been organized to represent each of the following:

1. Bondholders under the Pan American Petroleum Co. mortgage trust indenture.
2. Bondholders under the Richfield Oil Co. mortgage trust indenture.
3. Unsecured bank creditors of Richfield Oil Co.
4. Unsecured trade creditors of Richfield Oil Co.

The committees have separate attorneys and the trustees under the mortgages have separate attorneys.

The representatives of the committees and the trustees have been working since the receivership of the Richfield Oil Co. to get some plan of reorganization. Under existing general business conditions any plan of reorganization involves a sale of the assets and business in receivership. At various times the Cities Service Co., Consolidated Oil Corporation, and Standard Oil Co. of California have shown interest. We verified the fact that at the present time the Standard Oil Co. of California is the only company ready and willing to make a definite proposition upon which to base calculations. The proposition it made to the committees was to issue its securities of an estimated value of $22,500,000 in exchange for all of the assets of the Richfield Oil Co. and the mortgaged assets of the Pan American Petroleum Co. The first report to us was that it would not be interested in purchasing the unmortgaged assets of Pan American Petroleum Co.

Under these circumstances our problem was how to proceed to collect the aforesaid judgment of the United States against Pan American Petroleum Co. The United States Bureau of Investigation examined the books and records of both companies to furnish the information desired, and their report is on file with you.

It was found that shortly after the Richfield Oil Co. acquired all the stock of Pan American Petroleum Co. the business of the latter company was conducted by the former. The books of the two companies were consolidated and for operating purposes the Pan American Petroleum Co. ceased to exist as a separate corporate entity. The intangible and much of the tangible movables of the Pan American Petroleum Co. were confused with similar properties of the Richfield Oil Co. Due to such confusion and the consolidation of the books, as aforesaid, the receiver of the Richfield Oil Co., upon his appointment, found it impossible to completely segregate the assets of his company from the assets of Pan American Petroleum Co., but his accountants, Price Waterhouse & Co., undertook to segregate the bookkeeping and start separate books for the Pan American Petroleum Co., showing, as they believed, all that could be definitely identified as its assets.

After the Pan American Petroleum Co. went into receivership, special counsel for its receiver was appointed to prepare claims against the Richfield Oil Co. and its receiver. Haskins & Sells were engaged as special accountants for the Pan American Petroleum Co. for that purpose. Their work has been checked by the United States Bureau of Investigation and found accurate. As a result the claims of Pan American Petroleum Co. against the Richfield Oil Co. and/or its receiver were agreed to be compromised by an allowance of $1,100,000 as a preferred claim and of $14,392,606.30 as a general claim. The $1,100,000 was considered to be the fair value of all the assets of the Pan American Petroleum Co. that could be traced into the hands of the receiver of the Richfield Oil Co. The claim of $14,392,606.30 was considered to be the value of assets which could not be identified as having come into the hands of the receiver of the Richfield Oil Co.

Production of oil, gasoline, and gas from the E, I, and G leases was sold or taken by the Pan American Petroleum Co. according to the following distribution showing the value, including interest, to January 1, 1933:

To Standard Oil Co. of California	$4,011,747.83
To Associated Oil Co	768,040.44
To Midway Gas Co	561,818.07
To Receivers Naval Petroleum Reserve No. 1	499.79
To Belridge Oil Co	1.85
To Pan American Petroleum Co	3,753,993.08
To Richfield Oil Co	404,218.71
To Los Angeles Midway Pipe Line Co	28,406.90
Grand total	9,528,726.67

Of the foregoing sums approximately three eighths represents interest. The total does not check with the judgment entered solely because of the difference in dates to which interest is figured and the credit for repairing wells and a credit of one half of the cost of treating casing-head gas in the process of extracting casing-head gasoline that was allowed in calculating the value of production.

This latter was a 50 percent compromise of the claim of the defendant that it was entitled to credit for the entire cost of such treatment in order to arrive at the value of the product at the top of the wells.

The Pan American Petroleum Co. has pending claims for refund of income taxes aggregating the principal sum of $823,788.67. These claims arise out of payments made in the years 1920 and 1922–26, both inclusive, and with interest would amount to over $1,000,000. The claims are being vigorously prosecuted by the representatives of the receiver of the Pan American Petroleum Co.

Debts owing to the United States by parties consenting to the appointment of a receiver are entitled to preferential payment, except as against bona-fide lien debts existing at the time of such receivership and receivership expenses (sec. 3466 of the R.S.; 31 U.S.C., sec. 191).

We consider the United States is entitled to all of the proceeds of the unmortgaged assets of Pan American Petroleum Co. These assets would include the proceeds of the claims aforesaid of Pan American Petroleum Co. against Richfield Oil Co. A hearing is now in process before a special master for determination of what assets are subject to the mortgage and what are not subject to the mortgage. Included among the unmortgaged assets are several Government leases of lands outside the naval petroleum reserves and the three strip leases across the northerly portion of sections 1 and 2 in naval petroleum reserve no. 1. The Secretary of the Interior has agreed to the assignment of the leases outside of the naval petroleum reserves to any reputable and responsible purchaser, if qualified under applicable laws to hold such leases. A purchaser will especially want to know that good title will be received to the said strip leases within the naval petroleum reserve.

These strip leases, officially known as Visalia 010032, Visalia 09264, and Visalia 010096, and commonly referred to as the D, H, and F leases, were made under the following circumstances:

In 1921 section 36, immediately north of said D and H leases, was being intensively developed by the Standard Oil Co. of California, and former Secretary of the Navy Josephus Daniels deter-

mined that the area covered by said D and H leases should be operated to offset drainage to said section 36. Before he issued the call for bids Hon. Edwin Denby became Secretary of the Navy and in April 1921 published a call for bids. Approximately 12 bids were received, among them a bid by Pan American Petroleum Co. at a straight royalty of 55½ percent to the Government. Before the bids were opened President Harding, on May 31, 1921, promulgated the Executive order which transferred the administration of the naval petroleum reserves from the Secretary of the Navy to the Secretary of the Interior. The bids were then forwarded to the Secretary of the Interior, and the then Secretary, Mr. Fall, found the bid of the Pan American Petroleum Co. the highest and best. However, at the time there was a placer mineral claim to all of section 1 which was still being pressed by the United Midway Oil Land Co.

Secretary Fall arranged with Mr. Doheny that Mr. Doheny would accept a lease to the D area and permit the United Midway Oil Land Co. to be awarded the H area at the same royalties in consideration of the surrender by that company to the Government of said placer mineral claims. Secretary Fall signed the H lease to said United Midway Oil Land Co. under date of July 8, 1921, and signed the lease on the D area to the Pan American Petroleum Co. under date of July 12, 1921. The Pan American Petroleum Co. acquired the H lease in March 1922. The leasing of the area covered by both leases at royalty rates, bid by the Pan American Petroleum Co. had the approval of the Navy Department. The Navy Department has consistently to the present time given us to understand that the wells upon the D and H leases should be operated whenever and so long as the bordering wells upon section 36 are operated by the Standard Oil Co. and that 55½ percent straight royalty is a high and very satisfactory rate. It appears from the foregoing that these leases were made approximately 5 months before the $100,000 transaction between Mr. Fall and Mr. Doheny.

The F lease is for two rows of wells across the northern part of section 2, immediately south of section 35, outside of the reserve. The lease was made February 8, 1922, at which time said section 35 was owned by the Pacific Oil Co. Said section 35 is now owned by the Standard Oil Co. of California. The lease was made under the following circumstances:

The Pacific Oil Co. had drilled a number of wells along the eastern border of its section to offset wells which the Standard Oil Co. had drilled along the western border of its section 36. At a conference late in October 1921, attended by Secretary Fall and representatives of the Bureau of Mines and of the Secretary of the Navy, it was decided that the F area should be leased to offset the wells in the southeasterly corner of said section 35 and to anticipate the further development of said section 35. Under date of December 1, 1921, Director Bain, of the Bureau of Mines, called for bids for a lease of that area and received quite a number. There was a placer-mining claim to the entire section which the Department of the Interior decided would have to be adjudicated before the F lease could be made. The Pan American Petroleum Co. acquired that claim and agreed to surrender it to the United States in consideration of the acceptance of its bid for the F area and an award of the balance of the north half of the section to it at regulation royalties. Its bid for the F area was at royalties, upon a sliding scale from 12½ percent to 35 percent for the grade of oil expected and which has been produced. This deal was recommended by the Bureau of Mines and the First Assistant Secretary of the Interior and approved by Secretary Fall. Thereupon, E. C. Finney, as First Assistant Secretary of the Interior, issued the lease under date of February 8, 1922. Thus it appears that the F lease was made after the $100,000 transaction between Mr. Fall and Mr. Doheny. However, the Pacific Oil Co. has fully developed said section 35 and we are informed that the Navy Department considers the wells on the F lease should be operated whenever the wells in the southern portion of said section 35 are operated and that the rates of royalties carried in the lease are fair.

Of course, there are a great many other details concerning the making of the D, H, and F leases, but we believe we have given a sufficient summary for present purposes. We understand the Secretary of the Navy is ready to act upon the recommendations of Capt. H. A. Stuart, at present inspector of naval petroleum reserves in California, and Commander Thomas Moran, acting director of the naval petroleum reserves, and consent to the assignment of said three leases to a reputable and responsible purchaser, provided the purchase price is in a satisfactory amount.

We are of the opinion that the Richfield Oil Co. is liable for the entire judgment against the Pan American Petroleum Co. to the extent that it is not satisfied out of assets of the Pan American Petroleum Co. by reason of the fraudulent manner in which the subsidiary was dominated, managed, and its assets commingled with the assets of the parent corporation. The liability of the Richfield Oil Co. upon this theory is stoutly denied by the attorneys for all classes of creditors of the Richfield Oil Co. and by the attorney for its receiver.

The statement of disposition of the production from the E, I, and G leases, given hereinbefore, shows $404,218.17 to the Richfield Oil Co. and $28,406.90 to the Los Angeles Midway Pipe Line Co. This latter-named company is a wholly owned subsidiary of Pan American Petroleum Co., and deliveries to it were after it was under the control of the Richfield Oil Co. We contended that the Richfield Oil Co. was liable for these sums upon the additional ground that it purchased the oil while charged with knowledge of the fraudulent and illegal character of the leases.

The receiver of the Pan American Petroleum Co. is considering the advisability of a suit against Mr. Doheny to recover the entire loss suffered by the company on account of the judgment. Should the receiver decide to bring such a suit and should he be successful, of course, the amount recovered would be an unmortgaged asset of Pan American Petroleum Co. and applicable to the preferred claim of the United States, pursuant to the judgment, to the extent that it is not otherwise satisfied. In the stipulation, which has been submitted to you, we have been careful to save the right of the United States to have, or to share in the proceeds of anything recovered by the receiver of Pan American Petroleum Co. from Mr. Doheny and also to save the right of the United States to proceed directly against Mr. Doheny, should you determine such an action to be advisable.

From the statement of disposition of production, given hereinbefore, it appears that practically all of the sales to companies not affiliated with the Richfield Oil Co. were to the Standard Oil Co. of California, Associated Oil Co., and Midway Gas Co. The sales to each of said companies were pursuant to written contracts, made, submitted to, and approved by the Department of the Interior before the $100,000 transaction between Mr. Fall and Mr. Doheny was disclosed to the Senate and the public late in January 1924. We have discovered no evidence sufficient to justify us in believing that any of said companies had any knowledge of the dealings between Mr. Fall and Mr. Doheny, or of the illegal purpose for which the E, I, and G leases were issued at the time the sales contracts were made. They paid the Pan American Co. in full for all such oil.

E. C. Finney, now Solicitor for the Department of the Interior, advises that the sales contracts were approved upon the recommendations of subordinates and without any directions from the Secretary, Albert B. Fall.

The Standard Oil Co. was advised that we were considering the possibility of its liability to the Government for the value of such oil as it purchased and its attorney maintains it is under no liability.

We were at Los Angeles from January 6 to January 17, 1933, to try to negotiate a settlement of the Government's claims in a way that would not be a compromise of the judgment obtained but would permit the sale of the assets now in the hands of the receiver.

During the negotiations it seemed as if the numerous parties could not be gotten together upon a common plan. Twice the situation was presented extrajudicially to Judge William P. James and he urged the parties to compromise and prevent the disaster he felt would result from protracted litigation. Finally all parties agreed to the stipulation, a copy of which was sent you, and a copy of which is attached hereto and there are certain collateral understandings among counsel. Our signatures were understood by all parties to be subject to your approval and approval by the Secretary of the Navy.

The Standard Oil Co. of California was persuaded to cause a bid of $525,000 to be made for the unmortgaged assets of Pan American Petroleum Co. as a part of, but in addition to, its bid of $22,500,000 (in securities) for the mortgaged assets of Pan American Petroleum Co. and all the assets of Richfield Oil Co. provided that if such bid is made the United States will assure it of good title to the Government leases and will release it of any claim for the value of oil and petroleum products it purchased from the Pan American Petroleum Co. and paid for in full; $75,000 of the $525,000 was said to be considered the "nuisance value" of any suit the United States should bring to recover for such oil. If additional properties are adjudged unmortgaged an increase in the amount to be bid is to be negotiated.

In any reorganization under the circumstances of this receivership it is customary for the reorganization committees to make some arrangement for the purchase of the assets. The receiver then holds a public sale of the assets. The committees bid as much for the assets as they are justified in offering in view of the disposition they can make of such assets. Any other party is free to make a better bid. If the assets are knocked down to the reorganization committees, they then can convey the assets to the party who is the real purchaser. In view of the appraised value of the unmortgaged assets being much higher than the offer of Standard Oil Co., we refused to accept the $525,000 for a firm release of such unmortgaged assets, so the stipulation provides that if more is bid the Government will be entitled to the higher sum. This leaves the Navy Department free to see if it can find anyone that will appear at the receiver's sale and bid more for such assets. However, since the Standard Oil Co. will be financing an offer of at least $525,000, having the effect of an upset price, it will be entitled to a release of any claim that it is responsible for the value of the oil it purchased from the Pan American Petroleum Co. Furthermore, were it not for the fact that the Standard Oil Co. is furnishing the other $22,500,000 out of which the other sums to be received by the Government will come, the other provisions of the stipulation could not have been negotiated.

Of the $22,500,000 offered by the Standard Oil Co. for all the assets of Richfield Oil Co. and the mortgaged assets of Pan American Petroleum Co., a sufficient sum is allocated to the unmortgaged assets of Richfield Oil Co. to pay the unsecured preferred claims in full and an estimated dividend of 12 percent on general claims. Estimates before the amount of claims of Pan American Petroleum Co. against Richfield Oil Co. as aforesaid, were prepared and without considering the direct claims of the Government against Richfield Oil Co., were that general creditors of Richfield Oil Co. would receive about 18 percent on their claims.

We persuaded the parties to guarantee the United States that its dividend would be at least 15 percent and to agree that if the dividend should be more the United States shall be entitled to the greater percentage. As a result, since the United States should receive the proceeds of the claims of Pan American Petroleum Co. against Richfield Oil Co., the stipulation gives the Government an option to convert the general claim of $14,392,606.30 into a preferred claim (15 percent) of $2,158,500; $430,000 of the direct claim of the Government against Richfield Oil Co. is for the oil it and the Los Angeles Midway Pipe Line Co. received from the E, I, and G leases and $408,000 of that claim (making a total of $838,000) is a compromise of the alleged liability of the Richfield Oil Co. for the entire judgment against Pan American Petroleum Co. Since $430,000 of the claim is upon the additional theory of liability for oil received, it is allowed as a preferred claim without any option to convert it into a general claim, while the $408,000 is subject to conversion into a general claim of $2,720,000 in the event the dividend should be greater than 15 percent. We endeavored to get more on our claim. The Richfield Oil Co. is liable for the judgment, but its unsecured creditors refused to allow more than the $408,000 without litigation which might last 2 or 3 years.

At the time we were negotiating, the receiver of Pan American Petroleum Co. had cash on hand in the sum of approximately $380,000. This is the fund into which income is carried and out of which receivership expenses are paid. The trustee under the Pan American Petroleum Co. mortgage claims a portion of the income is from mortgaged property and should be ultimately distributed to it. We did not wish to have to concern ourselves with proceedings to adjudicate what portion of the income is from mortgaged property and what portion is from unmortgaged property, or how expenses should be allocated between mortgaged and unmortgaged property. The stipulation provides that to the extent the fund is depleted on account of claims of the mortgage trustee, the direct claim of the United States against Richfield shall be increased. Since the stipulation was signed the general creditors of Richfield Oil Co. are threatening to object at the court hearing on confirmation of the stipulation unless this provision be modified so as to provide that the increase in the claim against Richfield Oil Co. on this account shall not exceed $380,000.

In our conferences reference has been made to an agreement by the Petroleum Securities Co. (Mr. Doheny's family corporation), given at the time it sold the control of Pan American Western Petroleum Co. to Richfield Oil Co. that it would indemnify the Richfield Oil Co. in an amount not exceeding $1,000,000, if the Government should be successful in this suit and Pan American Petroleum Co. should pay the judgment in full. The receiver of the Richfield Oil Co. is considering bringing a suit against the Petroleum Securities Co. upon that guaranty. If he brings suit and recovers, the proceeds will swell the unmortgaged assets of Richfield Oil Co. so that the Government will receive an indirect benefit insofar as that additional asset may increase the dividend upon the claim of Pan American Petroleum Co. against Richfield Oil Co. and upon the compromise of the direct liability of Richfield Oil Co. to the United States ($408,000 preferred or $2,720,000 general claim of the United States against Richfield Oil Co.), but the United States will not be entitled to the entire proceeds of any recovery from Petroleum Securities Co. upon that indemnity agreement.

There has been some discussion of the fact that the Standard Oil Co., if it acquires these assets will strengthen its position in the oil trade of the Pacific coast. We are advised that even after acquiring the Richfield Oil Co. business, the Standard Oil Co. would only have approximately 33⅓ percent of the Pacific coast business. As you know there are a great many other oil companies operating on the Pacific coast, including the Shell Oil Co., the Union Oil Co., the Associated Oil Co., the General Petroleum Co., etc. But a conclusive answer to any objection to the United States being a party to any plan based upon an offer of the Standard Oil Co. is that before the business can be acquired by the Standard Oil Co., the assets at the foundation of the business will have to be sold at public auction. There is no way to prevent the Standard Oil Co. causing the highest bid to be made at such public auction. We are making no agreement that will prevent any other party from outbidding the reorganization committees and thereby cutting off the Standard Oil Co.

The willingness and ability of the Standard Oil Co. to make a definite arrangement is a great advantage to the Government in the collection of its judgment against the Pan American Petroleum Co. If it were not for the Standard Oil Co. offer, there would be no way of insuring the payment of the claims of Pan American Petroleum Co. against Richfield Co., or the payment of the direct claims of the Government against Richfield Oil Co. All parties familiar with the oil industry of the Pacific coast, including the receiver of these companies, Capt. H. A. Stuart, and Judge James, fear that without the Standard Oil Co. offer the properties would have to be dismembered and sold piecemeal in bankruptcy with the probable result of a very small recovery.

Capt. H. A. Stuart and his assistant, Lt. Thomas J. Kelly, participated in all our negotiations and are very much pleased with and strongly recommend the settlement.

Considering the fact that the bondholders of the Richfield Oil Co. only expect a dividend of 30 percent, the unsecured bank and trade creditors of the Richfield Oil Co. a dividend of 12 percent, and the bondholders of Pan American Petroleum Co. a dividend of 40 percent, whereas the Government is assured of more than 50 percent, with the possibility of an increase resulting from the allowance of an income-tax refund and a recovery against Mr. Doheny, we have no hesitancy in urging with all the force at our command the earliest possible approval of the stipulation and the collateral understanding with the Standard Oil Co.

H. J. CRAWFORD,
FRANK HARRISON,
Special Assistants to the Attorney General.

Approved.

ATLEE POMERENE.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota that the unfinished business be temporarily laid aside and that Senate Joint Resolution 13 be taken up for immediate consideration? The Chair hears none.

The Senate proceeded to consider the joint resolution (S.J.Res. 13) authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered, which was read, as follows:

Resolved, etc., That the Attorney General of the United States, with the concurrence of the Secretary of the Navy, be, and he is hereby, authorized, in connection with collection of amounts due the United States of America under a certain judgment for $9,277,666.17 entered in the office of the clerk of the District Court of the United States for the Southern District of California at Los Angeles on January 14, 1933, against the Pan American Petroleum Co., a corporation, to release from claim or lien under said judgment such part or portions of the property and assets of the said Pan American Petroleum Co. and the Richfield Oil Co. of California, in such manner and with such reservations as shall seem to him proper and advisable, in consideration of payments to the United States to apply upon said judgment, of not less than the sum of $5,000,000, and in connection therewith to release any claims of the United States against purchasers of oil and petroleum products from the leases commonly known as "E", "I", and "G" leases, or also known as Visalia 010042, 010043, and 010097 leases in naval petroleum reserve no. 1, Kern County, Calif., and to consent, in the premises, to the assignment of other oil and gas leases in said naval petroleum reserve no. 1, now part of the unmortgaged assets of Pan American Petroleum Co., with the concurrence of the Secretary of the Navy, and to the assignment of other oil and gas leases, also part of the unmortgaged assets of Pan American Petroleum Co., of the United States outside the said naval petroleum reserve no. 1, with the consent of the Secretary of the Interior, said assignments to be authorized only to assignees otherwise duly qualified under existing laws.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from North Dakota if this joint resolution yields or disposes of any substantial right on the part of the Government?

Mr. NYE. The Attorney General, in his letter to the committee of last February, declared that the stipulation which is involved now, involving the sale of certain properties of the Richfield and Pan American Oil Cos., would not compromise the judgment in any way. The Senator will find that language of the Attorney General in the report on page 3.

Mr. ROBINSON of Arkansas. I assume from the statement just made by the Senator from North Dakota that it would not impair the prospect of the Government recovering its judgment.

Mr. NYE. Not at all; and, quite to the contrary, it would largely improve the chance of the Government's realizing something resembling the full amount of the judgment which it enjoys.

Mr. ROBINSON of Arkansas. Very well.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE ORDERS RELATIVE TO VETERANS' RELIEF (S.DOC. NO. 10)

The PRESIDING OFFICER (Mr. CLARK in the chair) laid before the Senate the following message from the President of the United States, which was read:

To the Senate and House of Representatives:

Pursuant to the provision of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith a photostat copy of Executive orders embodying

the regulations approved March 31, 1933, relating to veterans' relief, which have been issued in accordance with the terms of title I of that law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 4, 1933.*

The PRESIDING OFFICER. The message and accompanying documents will be printed and referred to the Committee on Finance.

Mr. WALSH. Mr. President, may I inquire whether the accompanying documents will be printed?

The PRESIDING OFFICER. The Chair is informed that that is the ordinary custom.

Mr. REED. Mr. President, there will be a very great demand for copies of these particular documents. The Chairman of the Committee on Printing is here, and I would suggest that an order be entered that they be printed as a Senate document.

Mr. LONG. Mr. President, does the Senator mean there will be a great demand now or a year from next November?

Mr. REED. Probably all of next year.

Mr. ROBINSON of Arkansas. Does the Senator desire this matter printed in the RECORD and as a document also?

Mr. REED. No; I think it is scarcely as useful to print it in the RECORD as it is to print it as a separate Senate document, which we can all send out in answer to inquiries.

Mr. WALSH. I will say to the Senator that I am informed by the printing clerk that it is customary to print all messages of the President in document form, and that a large number of these documents will be ordered for general distribution.

Mr. REED. I thank the Senator.

5-DAY WEEK AND 6-HOUR DAY

The Senate resumed the consideration of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. TYDINGS. Mr. President, I offer an amendment to the unfinished business.

The amendment offered by the Senator from Washington [Mr. DILL] reads in part as follows:

Provided, This section shall not apply to commodities which a cannery or manufacturing plant produces by canning or preparing for marketing or commerce fish, seafood, fruits, or vegetables of a perishable character.

I should like to strike out the period after the word "character" and insert a comma and add the words "nor to newspapers and periodicals."

The PRESIDING OFFICER. Does the Senator move to reconsider the vote by which the amendment of the Senator from Washington [Mr. DILL] was adopted?

Mr. TYDINGS. I do not want to change that amendment. I simply want to add these words.

The PRESIDING OFFICER. The Chair will state to the Senator that the amendment of the Senator from Washington having been adopted by action of the Senate, it will be necessary to reconsider that vote before the amendment of the Senator from Maryland can be considered.

Mr. ROBINSON of Arkansas. Mr. President, in the absence of the Senator from Washington I think the Senator from Maryland might make his motion and let it be pending, and not undertake to dispose of it now. We can easily dispose of it tomorrow; and I anticipate that if it is merely to add something to the amendment, the opportunity will be given the Senator.

Mr. BLACK. Mr. President, if the Senator will yield, I hope he will not ask to reconsider the vote on this amendment.

Mr. TYDINGS. I will not. I think we can work it out without that being done; and, if I may add just a brief word, so that the RECORD will show the purpose of this proposal, it is thought by some that the making of a newspaper is the manufacturing of a product. I understand from the author of the bill that he does not feel that newspapers are included in the text; but in order to make doubly sure I should like to have the amendment incorporated in the bill.

Mr. ROBINSON of Arkansas. I think the Senator can offer it as an independent amendment at whatever place in the bill he would like to have it inserted.

Mr. TYDINGS. Then, if that is in order, I should like to have pending, to be inserted at the proper place, an amendment, as follows:

Nothing in this act shall apply to the manufacture or production of newspapers or periodicals.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. TYDINGS. Is there objection to the immediate consideration of the amendment? The author of the bill is here.

Mr. BLACK. I have stated that we did not intend to include newspapers.

Mr. McNARY. Mr. President, I have stated to some Members who are now absent that no action would be taken today upon the bill or any amendment relating to it.

Mr. TYDINGS. Then I ask that the amendment be pending.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

THE CALENDAR

The PRESIDING OFFICER. Reports of committees are in order.

If there be no reports of committees, the calendar is in order.

PANAMA CANAL

The first business on the Executive Calendar was the nomination of Julian L. Schley to be Governor of the Panama Canal.

Mr. ROBINSON of Arkansas. Mr. President, on yesterday a Senator requested that the first nomination on the calendar be passed over. The Senator is present, and I shall leave him to take his own course about the matter.

Mr. KING. Mr. President, I ask that the consideration of that nomination be passed over for the present.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

DEPARTMENT OF WAR

The Chief Clerk read the nomination of Harry H. Woodring, of Kansas, to be Assistant Secretary of War, vice Frederick H. Payne, resigned.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE NAVY

The Chief Clerk read the following nominations in the Navy:

PROMOTIONS

Charles P. Snyder to be rear admiral.
Herbert S. Babbitt to be captain.
Hiester Hoogewerff to be commander.
Louis E. Denfeld to be commander.
Joseph B. Anderson to be lieutenant commander.
Percival W. Buzby to be lieutenant commander.
William C. Vose to be lieutenant commander.

Harry R. Thurber to be lieutenant commander.
James B. Sykes to be lieutenant commander.
John O. Huse to be lieutenant commander.
Winston P. Folk to be lieutenant.
Thomas H. Dyer to be lieutenant.
John F. Addoms to be lieutenant.
Harold H. Tiemroth to be lieutenant.
Claude E. Adkins to be assistant dental surgeon.
Clement F. Cotton to be naval constructor.
William J. Murphy to be naval constructor.
William H. Magruder to be naval constructor.
Joseph C. Huske to be naval constructor.
Carl W. Porter to be civil engineer.
George W. Woolwine to be chief gunner.
Harry J. Lucy to be chief pharmacist.
Donald F. McLean to be lieutenant.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

IN THE MARINE CORPS

The Chief Clerk read the following nominations in the Marine Corps:

PROMOTIONS

Monitor Watchman, Jr., to be captain.
Carroll Williams to be first lieutenant.
Raymond C. Scollin to be first lieutenant.
Albert O. Woodrow to be chief quartermaster clerk.
Charles R. Nordstrom to be chief marine gunner.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

The Senate resumed legislative session.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 3 o'clock and 38 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, April 5, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 4 (legislative day of Mar. 13), 1933

DIRECTOR OF THE CENSUS

William L. Austin, of Mississippi, to be Director of the Census, vice William M. Steuart, retired.

FOURTH JUDGE, CIRCUIT COURT, FIRST CIRCUIT OF HAWAII

Edward M. Watson, of Hawaii, to be fourth judge, Circuit Court, First Circuit of Hawaii. (He is now serving in this position under an appointment which expired Mar. 5, 1932.)

CONFIRMATIONS

Executive nominations confirmed by the Senate April 4 (legislative day of Mar. 13), 1933

ASSISTANT SECRETARY OF WAR

Harry H. Woodring to be Assistant Secretary of War.

PROMOTIONS IN THE NAVY

Charles P. Snyder to be rear admiral.
Herbert S. Babbitt to be captain.
Hiester Hoogewerff to be commander.
Louis E. Denfeld to be commander.
Joseph B. Anderson to be lieutenant commander.
Percival W. Buzby to be lieutenant commander.
William C. Vose to be lieutenant commander.
Harry R. Thurber to be lieutenant commander.
James B. Sykes to be lieutenant commander.
John O. Huse to be lieutenant commander.
Winston P. Folk to be lieutenant.
Thomas H. Dyer to be lieutenant.
John F. Addoms to be lieutenant.
Harold H. Tiemroth to be lieutenant.
Claude E. Adkins to be assistant dental surgeon.
Clement F. Cotton to be naval constructor.
William J. Murphy to be naval constructor.
William H. Magruder to be naval constructor.
Joseph C. Huske to be naval constructor.
Carl W. Porter to be civil engineer.
George W. Woolwine to be chief gunner.
Harry J. Lucy to be chief pharmacist.
Donald F. McLean to be lieutenant.

MARINE CORPS

Monitor Watchman, Jr., to be captain.
Carroll Williams to be first lieutenant.
Raymond C. Scollin to be first lieutenant.
Albert O. Woodrow to be chief quartermaster clerk.
Charles R. Nordstrom to be chief marine gunner.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 4, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Heavenly Father, bless us with that inward stillness until we cease any imperfect thinking. In singleness of heart may we wait to know Thy will and to apprehend both the need of our country and the obligation which that need imposes. Let us have the assurance of the right way, and also of that quality of life and action that shall lead us to the Master and to our God. Inspire this Congress to lift up a standard for all the people in every section of our beloved land, and Thine shall be the praise forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendment to the bill (H.R. 3342) entitled "An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes", disagreed to by the House of Representatives, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. LEWIS, and Mr. CAREY to be the conferees on the part of the Senate.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

DISTRICT OF COLUMBIA APPROPRIATION BILL—FISCAL YEAR 1934

Mr. CANNON of Missouri, from the Committee on Appropriations, reported the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, which was read a first and second time, and with the accompanying papers, referred to the Union Calendar and ordered printed.

Mr. TABER reserved all points of order.

THE ECONOMY BILL

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD by inserting a synopsis of the regulations on veterans' bill that was passed the other day. It was compiled or worked out by a representative of the Disabled Veterans of the World War and merely gives information as to the effect of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The matter referred to follows:

DISABLED AMERICAN VETERANS, MUNSEY BUILDING,
Washington, D.C., April 3, 1933.

BULLETIN ON NEW UNITED STATES RELIEF POLICY FOR WORLD WAR VETERANS. (ACT MAR. 20 AND PRESIDENT'S REGULATIONS APR. 1, 1933)

All present payments will cease on July 1, next, except on claims of widows and orphans which must be reviewed to establish whether eligible under new 1-year presumption.

"Compensation" and "disability allowance" are terms not in the act of March 20, as the whole system of direct financial relief is classified as "pension."

There is a rebuttable presumption of soundness at enlistment but such veteran must have served 90 days in the military service.

There is 1 year's presumption for service connection of chronic diseases, provided the veteran served 90 days.

Misconduct cases are generally excluded from pensions but permitted hospitalization under certain conditions.

Compensation will be paid where a preexisting disease was aggravated unless there is a specific finding that the increase in disability was due to the natural progress of the disease.

Where the service connection is granted, the payment of pension will be as follows: Ten percent, $8; 25 percent, $20; 50 percent, $40; 75 percent, $60; P.T., $80; with an additional allowance of $20 per month for the anatomical loss of 1 foot, 1 hand, or 1 eye.

Where there is a loss of 2 limbs or the veteran is so helpless as to be in need of an attendant, the pension shall be $100. Where there is a loss of 2 hands and 1 foot, or 2 feet and 1 hand, the monthly pension shall be $150. For blindness in both eyes, with only light perception, $175 per month. For blindness in both eyes, only light perception; loss of 1 hand or 1 foot, $200 per month. For the loss of both feet or both hands and is blind in both eyes, $250 per month.

The rate of death pension to dependents of service-connected veterans is unchanged.

There is a payment of $20 per month on non-service-connected veterans who served 90 days or more and who are permanently and totally disabled. Enlistment for this class must have been between April 6, 1917, and November 11, 1918, and those are not eligible if they paid income tax preceding year.

No retroactive payments will be made prior to the date of filing claim.

Dependency compensation to children will terminate at 16 years of age, unless the child is totally incapacitated for self-support.

No dependency payments will be made to father or mother where the dependency arises 10 years after the death of the veteran.

Application on appeals must be made within 6 months after initial adverse action. Where a case is denied in part, appeal must be made within 60 days.

All ratings will be based on average impairment of earning capacity resulting from similar injuries in civil occupation.

Emergency officers now on retired list will be retained providing they served between April 6, 1917, and November 11, 1918, and that such service was the "causative factor" of the present disability.

Hospital treatment will be granted for service-connected disabilities.

Destitute persons who served 90 days and are suffering from permanent and total disabilities, of tuberculosis, neuropsychopathy, and ailments which wholly incapacitate them will be hospitalized.

Clothing will be furnished to veterans hospitalized only where they are indigent and clothing is necessary to protect health and sanitation.

Transportation may be furnished to and from hospitals for service-connected disability, but to no other classes.

Where a veteran dies in a hospital of a service-connected disability, payment for transportation of the body to a national cemetery or the veteran's home may be paid in the discretion of the Administration.

No veteran shall receive domiciliary or medical care who resides outside of the United States.

The maximum amount payable to a man without dependents receiving institutional care is $15 per month.

The Administrator is authorized to apportion pensions to dependents.

The Administrator may furnish orthopedic appliances to veterans suffering service-connected disabilities.

Where a veteran is receiving yearly renewable term insurance payments and the award is terminated the insured shall be entitled to convert the amount thereof to any other form of Government insurance. The insured has 30 days in which to make this conversion after notice of his right.

No claim for yearly renewable term insurance will be considered except where payments are now being made or where suit was filed prior to March 20, 1933.

Payment, not to exceed $75, for funeral expenses of honorably discharged veterans is allowed, except where the veteran's net assets exceed $75.

Claims for reimbursement of burial allowance must be made within 1 year.

The World War is considered as beginning April 6, 1917, and ending November 11, 1918, except for those serving in Russia, in which case April 1, 1920, is the closing date.

The term "wife" or "widow" of a World War veteran is a person who was married to the veteran prior to July 3, 1931.

Where the injury or disease occurred while on leave, the burden of proof shall be on the claimant to show that it was in line of duty. Where the disability occurred while at camp or post, the burden shall be upon the Government to show the disability was not in line of duty.

No person holding position under the United States Government or the District of Columbia shall be paid a pension or retirement while in such employment, except where the pay is for disability actually incurred in combat. Persons so employed will receive $6 per month for directly service-connected disabilities when such disabilities are not a result of combat.

Where a person receiving pension or retirement pay who resides outside of the continental limits of the United States, exclusive of Alaska, Hawaii, and the Panama Canal Zone, shall not receive more than 50 percent of the amount otherwise due.

The veteran may grant Disabled American Veterans, American Legion, Veterans of Foreign Wars, or other recognized service organizations written power of attorney to act as his representative to present his claim, but only one such authorization will be allowed in each case.

No person receiving monetary benefits from the Administration will be permitted to sit on a rating board to determine the rights of another person to receive such benefits. Indications are that adjudicators and authorizers will also be barred.

The Administrator of Veterans' Affairs may enter into a contract in emergency cases for hospitalization of veterans suffering with service-connected disabilities.

All information concerning a veteran and his claim shall be deemed confidential, except the President is authorized, at his discretion, to make public information concerning actual beneficiaries.

While attorneys may represent veterans in claims before the Administration, these lawyers will be barred from inspection of files and drastically limited as to fees, expenses, and other financial allowances.

All but a few of the larger Veterans' Administration offices in the field will be gradually closed before July 1, 1934, and practically all activities, except hospitals and homes, will be centralized in Washington.

Present plans call for indefinite continuance of diagnostic centers at Washington, Chicago, and San Francisco.

All intermediary boards of appeal have been discontinued, and the only appeal will be from a regional office on final action at Washington.

It is planned to abandon all beds outside of Veterans' Administration facilities as fast as feasible.

All statements as to retention, transfer, or surplusing of Administration personnel are at present purely speculative, although it is expected that thousands of present employees will be disposed of within the next 6 months.

All World War awards, compensation, disability allowances, insurance, retirement, and dependency will be reviewed as fast as practicable and the new law applied.

Indications are that the $50 award for arrested tuberculosis will be continued for 5 years after arrest, $25 for second 5 years after arrest, and then dropped from the rolls unless there is a reactivation, when same plan will be repeated.

Men in hospitals for service-connected disabilities will not be automatically rated total while in hospital but will be paid for actual degree of disability.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to proceed for one half minute.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

THE AMERICAN LEGION SUPPORTS THE PRESIDENT

Mr. WOODRUM. Mr. Speaker, when the economy bill was under consideration several days ago, I inserted in the RECORD a brief paragraph from the statement issued by the national commander of the American Legion. The complete statement is very short, and I now ask unanimous consent to extend my remarks by inserting the statement of the national commander in full.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following message of Louis Johnson, National Commander of the American Legion:

INDIANAPOLIS, IND., March —.—Louis Johnson, national commander of the American Legion, has issued the following message to the 10,709 posts of the Legion, calling upon them to support the President of the United States:

"On the day following the new President's inaugural oath I pledged the million men of the American Legion to give their utmost loyalty and help in the complex and difficult problems now facing the Chief Executive. I stated then, in a nation-wide broadcast in which the President participated, that the American Legion wants nothing more than to be of service to America in this situation as our members were in 1917–18.

"The time to render that service has arrived. Congress has given to the President the authority to put into effect the economies the President believes necessary to restore the financial stability of our country. This new legislation is fraught with gravest consequences to the disabled veteran. The President, under the authority given him, has powers of life and death over thousands of men who once gladly offered their lives in a period of national emergency.

"The Legion has every faith in the discretion, fairness, and the justice with which the President will deal with this problem, involving as it does in many instances the need for compassion and mercy.

"The President needs the support of every loyal American, and today I am calling upon the 10,709 Legion posts and our 1,000,000 members throughout our great organization to uphold the pledge that I have made as the national commander of the American Legion. I am asking that special meetings be held by every Legion post where it will officially express, by a resolution, such loyalty and utmost help. Many of our posts already have taken the initiative and set dates for such meetings.

"In addition, I am tendering to the President of the United States the benefit of exhaustive studies the Legion has made throughout the years and the entire facilities of the Legion's national rehabilitation committee, that he may have direct contact with and the expert advice and experience of these American Legion officials who have devoted their lives to the rehabilitation of the disabled veterans of the World War.

"There is no question of Legion loyalty. The patriotism of every member has been proved in his war service and in his peacetime devotion to the welfare of our country, as evidenced by his membership in the Legion. In this hour of emergency we are but eager to serve the Stars and Stripes again under whatever orders our new Commander in Chief may give. Many may disagree with the new law, but now in this crisis we must take his orders. We have never asked anything for ourselves but what we felt was just and what was first proposed by the American people through their Representatives in Congress. We have fought long and hard for the proper care of our disabled comrades, and they will always remain our first and greatest obligation, save only God and Country.

"Our President is confronted with problems as great as ever faced the Chief Executive of the United States at the beginning of his administration. He has not faltered in action needed as he sees it. Like a brave soldier in battle, he is giving unstintingly of himself. Yet, with all his leadership and fine courage, he cannot win the war on the depression, and he cannot lead us back to the mountain tops unless all citizens accord him their utmost help. The need for patriotism is as urgent today as it was in 1917–18. Our Nation needs a reawakened spirit of unity and confidence. Our citizens need a reinspired willingness to follow the leadershp of our duly-elected Chief Executive. The American Legionnaire is that kind of a citizen, and it is the purpose of our organization to set an example for all citizens to follow in giving to our President and Government our utmost faith and assistance whenever it is needed and whatever the necessary cost in sacrifice may be, including life itself.

"I again pledge the Legion to fulfill its preamble declaration of service to God and Country, and to 'keep on keeping on.'

"LOUIS JOHNSON,
"National Commander the American Legion."

SENATE ENROLLED BILLS SIGNED

The SPEAKER. The Chair desires to announce that, pursuant to authority conferred upon him by House Resolution 89, he did, on March 30, 1933, sign the enrolled bill of the Senate (S. 598) for the relief of unemployment through the performance of useful public work, and for other purposes; and, on March 31, 1933, the enrolled bill of the Senate (S. 562) relating to the prescribing of medicinal liquors.

THE WAGNER BILL—PRIVILEGES OF THE HOUSE

Mr. BYRNS. Mr. Speaker, if necessary, I now call up the resolution introduced by the gentleman from Massachusetts [Mr. TREADWAY] on yesterday.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 91

Resolved, That Senate 812, in the opinion of this House, contravenes the first clause of the seventh section of the first article of the Constitution of the United States, and is an infringement of the privileges of this House, and that the said bill be respectfully returned to the Senate with a message communicating this resolution.

Mr. BYRNS. Mr. Speaker, if I may be permitted to say this much, the resolution, in my opinion, involves much more than a question of procedure insofar as this bill is concerned. It may involve considerable delay, and it might jeopardize the passage of the legislation in its present form, if the House should adopt the resolution and send it back to the Senate and a controversy should arise between the House and the Senate as to whether or not the House is justified in passing such a resolution.

Personally, I am frank to say, I am not satisfied that the bill in question is a revenue measure; but, aside from this, it strikes me that the best thing to do is to send the resolution to the Committee on the Judiciary and let that committee investigate the whole proposition, since it is a question of whether or not the provision of the Constitution has been violated by the Senate in passing this particular bill. I ask unanimous consent, Mr. Speaker, that the resolution be referred to the Committee on the Judiciary.

Mr. RAGON. Mr. Speaker, reserving the right to object—and I shall not object—I am desirous of knowing what shape the bill would be in in case this procedure were followed. Will the bill be referred to the proper committee so that it may go ahead and work on the measure or is it the gentleman's purpose to have a similar bill introduced in the House and permit the committee to work on that?

Mr. BYRNS. I want to be entirely frank. It would be my idea that this action of the House, if consented to, would not serve to delay consieration of the so-called "Wagner bill", but we would have a thorough investigation of this matter by the law committee of the House, with a view to further action.

Mr. RAGON. Can the gentleman give us any information as to the consideration of the Wagner bill?

Mr. BYRNS. It has been suggested—and I think it is a wise suggestion—that the proper committee of the House may consider the House bill, pending action on this resolution. In the meantime the Senate bill can remain on the Speaker's desk.

Mr. RAGON. There is no similar House bill.

Mr. BYRNS. If that be true, someone can introduce the bill. If no one else does, I shall introduce it myself.

Mr. SNELL. I understand a similar House bill has already been introduced.

Mr. BYRNS. The Senate bill may then stay on the Speaker's table pending such consideration.

Mr. TREADWAY. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. TREADWAY. Do I understand the gentleman's position to be that a similar House bill having been introduced or about to be introduced shall be taken up by the Ways and Means Committee pending the time the Committee on the Judiciary is giving a decision on the resolution as to whether or not we are within our province in declining to receive the Senate bill?

Mr. BYRNS. It has been suggested that there might be a question whether the Ways and Means Committee would be the committee to have jurisdiction. That is a question for the Speaker.

Mr. TREADWAY. In that connection there was the question of an additional authority for $500,000,000, which went to the Ways and Means Committee in the Garner bill last session.

Mr. BYRNS. That is a remark the gentleman should address to the Speaker, who will have the decision of that question.

Mr. TREADWAY. I want it distinctly understood that if unanimous consent is granted in this case, it is on the condition that the Judiciary Committee is to take up the subject matter on the merits of the resolution——

Mr. BYRNS. That is my request.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. O'CONNOR. I trust that this motion is not going to establish a precedent that any time any Member raises such a point of order by way of resolution that the House must refer it to the Judiciary Committee. It seems to me there is no basis whatever for the point of order raised by the minority leader [Mr. SNELL].

Furthermore, the Speaker decides points of order in the House, and in this particular instance of constitutional jurisdiction the House itself can, if at any time it does not agree with the Speaker, overrule him. But, if you are establishing a precedent of sending it to the Judiciary Committee to come back and advise the House, I think it is an extremely bad precedent to establish. It is a question of rules rather than law; and I think, if you must refer it, the Rules Committee could better decide the parliamentary question involved.

Mr. BYRNS. I am in accord with the gentleman, but I question very seriously whether or not it can be called a

precedent. This is not a point of order, it is a highly privileged resolution which the gentleman from Massachusetts introduced, and it involves a question of constitutional law that the Speaker cannot pass upon. It is necessary for the House to pass upon the resolution, and it is my idea that the House should have an opportunity to investigate the whole subject, and it would infinitely prefer that the Committee on the Judiciary make some recommendation before it was called upon to decide it.

Mr. O'CONNOR. Right there let me ask, if any time a bill comes from the Senate which some Member thinks raises revenue in violation of the constitutional provision and he introduces a resolution, do I understand that resolution must be referred to the Judiciary Committee to consider it?

Mr. BYRNS. Not necessarily, but it seemed to me that it would be infinitely better, as I have said, for the Judiciary Committee, since it involves a question of constitutional law, to make an investigation and report tomorrow or as soon as may be, their conclusions as to whether or not the action of the Senate violated the spirit of the Constitution.

Mr. O'CONNOR. Must we wait on that, when an emergency confronts us?

Mr. BYRNS. I have asked unanimous consent for the reasons stated. Of course, any Member can forestall that.

Mr. RAGON. Mr. Speaker, I suggest that whatever ruling is brought back here, whether the House sustains the Committee on the Judiciary, or overrules it, it will therefore constitute a precedent which the Speaker can follow hereafter. As I understand it that is exactly what the gentleman is trying to do. I do not take the same position that the gentleman from Tennessee [Mr. BYRNS] or the gentleman from New York [Mr. SNELL] takes. I say this, if the Senate has a right to originate this bill, then they have a right to originate an appropriation bill for every department. This is even a stronger case—and I say this so that Members may have it in mind later—than the matter of appropriations, because it visits a charge on the Treasury of a bond issue. Yet we are very jealous to have the House originate appropriation bills.

Mr. BYRNS. Without going into an argument about it, it may be seriously questioned as to whether it creates an obligation upon the Treasury through a bond issue, because it is expected that these bonds will be satisfied without calling upon the Treasury.

Mr. RAGON. But primarily they get their strength from the Treasury.

Mr. BYRNS. That is true. I have assumed that other Members feel about the matter just as I do. I know that it is a highly controversial matter. For my part I would rather, before I vote on the resolution, have the opinion of the Committee on the Judiciary as to whether or not in its judgment the initiation of this legislation in the Senate did violate the Constitution.

Mr. SNELL. Mr. Speaker, reserving the right to object, I brought this matter up yesterday with all honesty of purpose, because I desired to protect the rights and prerogatives of the House in this matter. All that I am desirous of is simply to get as fair a decision upon the proposition as we possibly can at this time. So far as I am concerned, it was not to delay the legislation, whether I support it finally or not. I am perfectly willing to yield to the request of the gentleman from Tennessee to let it go to the Committee on the Judiciary and let us have a fair and deliberate consideration of the matter, a more deliberate consideration than you could possibly have on the floor at this time.

Mr. BANKHEAD. Mr. Speaker, I desire to make a brief statement in connection with this matter. I shall not oppose the request of the majority leader with reference to the action that he desires on this proposition, but I do want to preserve in the RECORD what I conceive to be a proper interpretation of this situation. In its last analysis, by the very nature of the case, this is a parliamentary question. The resolution introduced by the gentleman from Massachusetts [Mr. TREADWAY] raises the specific, parliamentary question, not a judicial question, as to whether or not the bill now under discussion violates that section of the Constitution providing that all bills raising revenue shall originate in the House of Representatives. I do not know how long the Committee on the Judiciary would undertake to consider this matter, or what their report might be; but whatever report they bring back to this House, we must certainly pass our individual judgment on the interpretation of this proposition. That is all that is involved here. Personally I regret that the issue is not directly submitted to the House for its determination now, because there can be only one question finally submitted to the House, and that is the proposition of whether or not this Senate bill violates that section of the Constitution, and any Member of the House, even a nonexpert on these questions of parliamentary construction, in my opinion, after an examination of that bill and of the precedents and of the principles involved, cannot reasonably come to the conclusion that the bill provides for the raising of revenue. In my opinion the minority leader would not undertake to say on his responsibility that he is clear, even in his own mind, that it does undertake to do that thing.

Mr. SNELL. From any study that I have been able to make, and I have spent considerable time upon it, I am firmly convinced that it has to do with the raising of revenue.

Mr. BANKHEAD. That is an honest difference of opinion which I shall not discuss now, but I think if I had the opportunity I could convince the Members of the House that it is not. We have had this question here before.

Mr. SNELL. Oh, it has been raised a thousand times.

Mr. BANKHEAD. The gentleman stated two specific precedents, in which there did not appear to be any twilight zone on this proposition, and I think properly presented a question of the privileges of the House, but it seems to me that in its last analysis the only proposition we will have to pass on when it comes here, either by a favorable or an adverse report from the Committee on the Judiciary, is the one distinct and specific proposition I have referred to, and that the House will have to pass on.

Mr. LUCE. Mr. Speaker, reserving the right to object, there are the gravest reasons why this matter should be referred to the Committee on the Judiciary as it has been in the past at least once and perhaps at other times when raised. Even the greatest exigency ought not to allow us to pass judgment hastily and without due consideration on such a constitutional question. An issue of the same sort was raised in 1837, when the Secretary of the Treasury reported that he could not raise specie on a draft for $811. Gentlemen perhaps are unfamiliar with the fact that the crisis then was more severe, and the need for haste more imperative than now. Nevertheless John Quincy Adams rose and objected to the consideration of a revenue bill that had been originated in the Senate, and the House, rather than decide the question, substituted a House bill to the same end.

Long before that issue was raised yesterday I had occasion to make a somewhat thorough study of the problem and found it be one of the most important problems in matter of political theory that can confront the House. Decision that the House of Commons should originate money bills was reached conclusively in the time of William of Orange. The liberties of the English-speaking people were then believed to be dependent upon the issue, and it was decided in favor of their representatives.

In the American Colonies the power of the purse was the chief bone of contention between the governors of the assemblies rather than between two legislative branches, but out of their quarrels came the belief that the right to control taxation and expenditure was one of the most precious guaranties of liberty, and it may fairly be said to have been the most potent cause of revolution.

In our Constitutional Convention of 1787 this question was the rock upon which the Convention came near splitting. In the darkest hours of that assembly, when it seemed as if no constitution could be framed, Benjamin Franklin rose and, stating the issue, pleaded for compromise. In the Congress of the Confederation, which had carried on the Revolutionary War, and then had proved so inadequate

that a new frame of government was hoped for, and in the Convention itself, voting was by States, giving large and small an equal voice. Should the Congress to be created be framed on that basis or should relative populations be taken into account? Franklin said: "The diversity of opinion turns on two points. If a proportional representation takes place, the small States contend that their liberties will be in danger. If an equality of votes be put in its place, the larger States say their money will be in danger."

In the end compromise was reached by yielding to the small States equal representation in the Senate and to the large States representation in the House of Representatives on the basis of population, with the exclusive right for the House to originate what were most frequently spoken of as "money bills", the power of the purse.

That compromise was what enabled this Nation to be created.

Now, when an issue of such gravity arises, the proper procedure is a matter of supreme importance. I have found but one precedent in all the times when this issue has been raised, when the House did an unwise thing. In 1874 the question came up unexpectedly, and incidental to another, and the parliamentary situation was such that there was no debate. The issue was not squarely laid before the House. James A. Garfield, afterward President of the United States, who had written an exhaustive and admirable discussion of the question 3 years earlier, tried to get the floor. A division had been started, and he was unable to present any argument. So, without deliberation, without debate, without knowledge, the House took a dangerous and unwise step. This single precedent, in a matter where opinion is so sharply divided, where the issue can be presented with such force on either side, an issue that this House has never dared to determine, an issue that the Senate has never dared to determine, where each body in every instance except the one to which I have referred, has evaded definite conclusion, ought not to bind. This issue ought now be settled once and for all, in spite of exigency, in order that we may know whether the bargain by which this Nation was created, shall still be kept. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

The SPEAKER. The Chair will state for the information of the House that an identical House bill has been introduced and referred to the Committee on Banking and Currency, and the Senate bill will remain on the Speaker's desk.

The unfinished business is the disposition of the President's message.

REFINANCING OF FARM-MORTGAGE INDEBTEDNESS

Mr. JONES. Mr. Speaker, I move that the President's message be referred to the Committee on Agriculture.

The SPEAKER. The gentleman from Texas is recognized for 1 hour.

Mr. STEAGALL. Mr. Speaker, I desire to make a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STEAGALL. It is my purpose to offer a substitute for the motion submitted by the gentleman from Texas [Mr. JONES]. I wish to inquire whether I should make that motion now or make it later?

Mr. SNELL. Mr. Speaker, what is the resolution before the House now?

The SPEAKER. A motion to refer the President's message to the Committee on Agriculture is now before the House.

Mr. SNELL. I wish the Speaker would state what the resolution is.

The SPEAKER. It is the President's message on the farm mortgage bill, which was read to the House on yesterday. Today it is the unfinished business on the Speaker's desk, and the gentleman from Texas has moved to refer it to the Committee on Agriculture.

The gentleman from Texas is recognized for 1 hour.

Mr. JONES. Mr. Speaker, I would like to make this suggestion in connection with the suggestion made by the gentleman from Alabama: The motion which I have made makes a clear-cut issue of submitting this message to the Committee on Agriculture. It can be voted up or voted down. If it is voted down, I will join with the gentleman from Alabama in asking that the message be referred to the Committee on Banking and Currency, but I believe we ought to vote on the straight issue and not have it confused with other motions.

Mr. STEAGALL. Mr. Speaker, I desire at the proper time to submit a substitute motion that the message be referred to the Committee on Banking and Currency.

Mr. JONES. Mr. Speaker, I do not yield for that purpose.

The SPEAKER. The gentleman from Texas does not yield. It is necessary to vote down the previous question before that motion will be in order.

Mr. STEAGALL. Mr. Speaker, I submit a further parliamentary inquiry.

Mr. JONES. Mr. Speaker, I do not yield for that purpose. I will yield time to the gentleman at the proper time.

Mr. STEAGALL. Mr. Speaker, will the Chair not recognize me to make a parliamentary inquiry?

The SPEAKER. Not unless the gentleman from Texas yields for that purpose.

Mr. BLANTON. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. I make the point of order that the matter of reference is the function of the Speaker of the House; that only the Speaker of the House has the right to refer a message or bill to a committee.

The SPEAKER. The House is the supreme court in that matter. The House can exercise its right.

The gentleman from Texas [Mr. JONES] is recognized for 1 hour.

Mr. STEAGALL. Mr. Speaker, my inquiry is whether or not I may submit a substitute motion.

The SPEAKER. After the previous question is voted down, if that should occur, then the Chair will recognize the gentleman from Alabama to make such a motion.

Mr. STEAGALL. Then I desire to submit an inquiry with reference to the debate on this question. I assume there can be no desire to preclude discussion of this question, and I would like to submit a request that whatever time the gentleman from Texas has may likewise be allowed to the other side of the question.

Mr. JONES. I may say to the gentleman that I will yield him as much time as I use, and I have an hour.

Mr. STEAGALL. Then let me submit a unanimous-consent request, Mr. Speaker, that the opposition to the motion of the gentleman from Texas have a like amount of time, to be controlled by those opposed to the motion.

Mr. JONES. Mr. Speaker, to this I shall have to object, because this would make me lose control of the floor. I will yield the gentleman from Alabama fully as much time as I may use in the discussion of this motion.

Mr. STEAGALL. Mr. Speaker, may I ask the gentleman if we are to understand from his statement that he is to have 30 minutes under his control and I may have 30 minutes under my control?

Mr. JONES. Before my time starts to run, will the Speaker inform me if I may be permitted to yield time to the gentleman, which he in turn may yield to others, without my yielding the floor?

The SPEAKER. That can be done by unanimous consent.

Mr. STEAGALL. Mr. Speaker, I desire to submit to the House, if I may, the request that those opposed to the motion be accorded the same amount of time as that given to the gentleman from Texas.

Mr. CLARKE of New York. Mr. Speaker, I object.

Mr. JONES. Mr. Speaker, I ask unanimous consent that I be permitted to yield as much as 30 minutes to the gentleman from Alabama, with the privilege on his part of yielding to others, without my yielding the floor in any event.

Mr. GOLDSBOROUGH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOLDSBOROUGH. When the gentleman from Alabama offers a substitute, will he not have an hour on his substitute, just as the gentleman from Texas on the original motion?

The SPEAKER. Certainly.

Mr. STEAGALL. Then are we to understand that the gentleman from Texas has 1 hour and I have 1 hour?

The SPEAKER. No. The gentleman from Texas has an hour. He may dispose of it as he pleases.

The gentleman from Texas asks unanimous consent that he be permitted to yield as much as one half of his hour to the gentleman from Alabama, the gentleman from Alabama to reyield the time, with the understanding that the gentleman from Texas does not lose control of the floor and has the right to move the previous question at the expiration of his hour. Is there objection?

Mr. STEAGALL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FULLER. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, the President's message of yesterday covers the whole field of farm credits, not only farm mortgages but farm credits. He stated in that message:

> I ask the Congress for specific legislation relating to mortgage and other forms of indebtedness of the farmers of the Nation.

The message covers the different forms of credit for agriculture.

A tremendous issue is involved in the disposition of this message. It will cover probably not only the bill that is to follow, in this particular instance covering farm mortgages, but every form of farm credits that may hereafter issue.

We will have on the effective date of an Executive order a completely different control from what has heretofore existed. So precedents that may have been decided heretofore can have no bearing in the set-up of the future.

I hold in my hand the Executive order which covers all forms of agricultural credits. It covers the old Farm Board which was abolished, but its machinery is used as the nucleus for several different forms of credit issuing out of the farm-credit administration. This covers not only farm mortgages, which will be involved in the bill immediately to follow, but it covers crop-production loans which have heretofore been handled by the Committee on Agriculture. It covers the Federal land banks heretofore handled by the Committee on Banking. It covers the cooperative credits heretofore handled by the Committee on Agriculture. It covers the emergency loans—the whole range, the entire range of farm credit. True, this will not be effective until the end of 60 days, but, as everyone knows, they are going ahead under this order and there is going to be no disposition to resist it.

Mr. CLARKE of New York. To what Executive order does the gentleman refer?

Mr. JONES. To the Executive order of the President, Document No. 7, issued March 27, 1933, combining the different lending agencies making loans to agriculture, covering not only what has heretofore been handled by the Committee on Banking and Currency but also what has heretofore been handled by the Committee on Agriculture, and even by other committees.

I merely mention this to give the House the background. As a matter of fact, there is something far more fundamental, far more important, than the mere technical forms that are involved here. I think, inasmuch as we are deciding a policy, that the Speaker wisely submitted it to the House, for the House may now determine this legislation in the sense of the way it ought to be determined, and that is what I ask this House to do.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield for a question.

Mr. McFADDEN. The gentleman is suggesting, if I understand him correctly, the organization of a new committee of the House on farm credits.

Mr. JONES. No; not at all. The President's Executive order, which may be obtained from the House document room, has already established a farm credit administration. It will handle not only farm mortgages but all kinds of agricultural credit. Now, what committee ought to handle this? I submit to you that this is the most important issue for agriculture, the most important vote on agriculture anybody in this House has ever been called upon to cast; and it is the most important vote I ever expect to cast in this House, because it involves the very heart and life of agriculture.

If it were merely handling this bill, I would not be so interested. But other measures will follow through the years. Who will handle these? When jurisdiction is started in a new set-up it follows logically ever after. It is the future that I have in mind.

My one ambition is to have a system of financing agriculture outside of the regular commercial banking channels. [Applause.] High interest rates have long been the curse of agriculture, as well as high freight rates and other discriminations. I want to unshackle and set agriculture free. [Applause.]

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. JONES. I yield for a question.

Mr. JOHNSON of Texas. As I understand, the gentleman is now emphasizing the difference that exists between agricultural credits and banking credits, in that they are entirely foreign, separate, and distinct.

Mr. JONES. They are entirely separate and distinct. A different form of credit is necessary.

I have a high regard for the members of the Banking and Currency Committee. There are very many things they need to do and are doing. It is a very busy committee. They have the whole Federal Reserve System, the matter of the gold content of the dollar, the matter of the issue of currency, the carrying out of the President's suggestion in his original message that we should have an adequate currency on a sound basis. There are tremendous problems which that committee needs to handle, including the question of a bank guaranty and other matters that are of great importance.

The Committee on Agriculture, if this is assigned to its jurisdiction, will go to work immediately on its program. The committee will have in mind what is most vital to agriculture, and I assure you that the different members will study this problem thoroughly, both now and in the future.

Mr. DIES. Will the gentleman yield?

Mr. JONES. For a question; yes.

Mr. DIES. Has the gentleman's committee given any study to the question of the refinancing of farm mortgages?

Mr. JONES. Yes; we have devoted considerable study to that question. As a matter of fact, one of the bills in the last session was referred to the Committee on Agriculture. At my special request they secured bills that had gone to other committees. Our committee has given a good deal of study to this question.

As I stated originally, the message covers the whole field of farm credits, and the question of the immediate bill and its terms is but an incident. The terms may be changed or a substitute bill may be presented. The question, on first impression, is a question of who should have jurisdiction of credits that are vital to agriculture and that require a different form and a different system of credits.

I do not want those who handle the commercial credits of America to dictate the policies with respect to how the financing of agriculture shall be maintained.

I reserve the balance of my time, Mr. Speaker, and yield 30 minutes to the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. I regret that this matter has been thrust into the House, but the Committee on Banking and Currency has asked that proper steps be taken to preserve the integrity of its jurisdiction and the integrity of the procedure of this House.

Let us see what the jurisdiction of the Committee on Banking and Currency is under the provisions of the rules of the House.

I quote from the Manual:

It has reported on subjects relating to the strengthening of public credit, issues of notes and taxation and redemption thereof, propositions to maintain the parity of the money of the United States, the issue of silver certificates as currency, national banks and current deposits of public money, the incorporation of an international bank, subjects relating to the Federal Reserve System, Farm Loan Act, home loan bills, stabilization of the dollar, War Finance Corporation, and Federal Reserve bank buildings.

I quote again:

The Committee on Agriculture was established in 1820. In 1880 the subject of forestry was added to its jurisdiction and at the same time the authority to receive the estimates and report appropriations was conferred, but on July 1, 1920, authority to report appropriations for the Department of Agriculture was transferred to the Committee on Appropriations. It has had jurisdiction of bills for establishing and regulating the Department of Agriculture, for inspection of livestock and meat products, regulation of animal industry, diseases of animals, adulteration of seeds, insect pests, protection of birds and animals in forest reserves, the improvement of breed of horses, even horses in the Cavalry service.

I invite the attention of the Membership of the House to the provisions of the rules fixing the jurisdiction of these two committees.

Mr. Speaker, every line of the bill that is to follow the President's message providing for a readjustment of the farm-mortgage indebtedness of the United States relates to the Federal Farm Loan Act, the Reconstruction Finance Corporation Act, or to a method of getting money out of the Treasury of the United States in the form of advancement to the banks established under one of these acts. Every one of these agencies was established under legislation which was reported by the Committee on Banking and Currency.

There is not one line in this bill that deals with anything fundamental to agriculture. The bill from one end to the other is a credit bill, and there is not the slightest basis for the contention that it relates to agriculture save in that particular.

The set-up to which the gentleman refers and which becomes effective 60 days after the President's consolidation order—which the gentleman admits is not effective now—and which is the sole basis for bringing this question into the House. There is not a provision in the bill that does not relate to the subject of credit.

There is a possible basis for the contention that this bill should go to the Ways and Means Committee, because there is in the bill a provision that obligates the Treasury of the United States directly in the amount of $2,000,000,000 surety on bonds to be used by the Federal land banks for the purpose of refinancing land mortgages.

But there is not the slightest logical basis, under the provisions of the bill, and the precedents of the House unbroken for a long period of years, to remove the jurisdiction of this legislation.

Now, it is true that there is to be a new set-up of the machinery that is handling agricultural credits in the United States. The man who is at the head of this credit agency is to take the place of the president or head of the Federal Farm Board.

The Federal Farm Board itself was not created under any credit act of Congress, but it was established under the Marketing Act and so referred to at all times. It was not a credit proposition.

The powers of the Federal Farm Loan Board which superintended the Federal land banks and the joint-stock land banks have become merged in the Farm Loan Commissioner, and all authority of the Federal Farm Loan Board has been conferred on the Farm Loan Commissioner, who is to be a part of the new set-up.

That is only a method for creating the credit machinery to be used in carrying out this legislation. It does not matter whether these facilities are to be handled by the land banks or the joint-stock banks or under the Farm Board administration—it is essentially a credit proposition—the same kind of credit legislation that has always been referred to the Committee on Banking and Currency.

We might just as well contend that the act providing a method by which the Reconstruction Finance Corporation could make loans and advances to railroads should be referred to the Interstate Commerce Committee, because the Interstate Commerce Committee has jurisdiction of legislation relating to interstate commerce and general railroad problems.

The bill is no more a relief measure for agriculture than the bill authorizing the Reconstruction Finance Corporation to go to the relief of railroads is a railroad bill.

This bill was referred in the Senate to the Banking and Currency Committee. Our former beloved Speaker of this House referred the bill in the Senate to the Banking and Currency Committee, and it is being considered now by that committee.

I was in repeated conferences in the office of one of the Senators on several occasions when this legislation was discussed. In every one of those meetings it was suggested that the bill be introduced in the Senate and referred to the Banking and Currency Committee, and that I should introduce the bill in the House and that it should be referred to the Committee on Banking and Currency. The bill was sent to me yesterday morning with my name on it, with the proper reference in pursuance of the agreement entered into at every one of these conferences.

There was a conference at the White House when the gentleman from Texas was there; and certainly he was at most of the conferences. At the White House it was specifically stated that the bill should be introduced in the House by me and referred to the Banking and Currency Committee.

Only in the last conference—on Friday night of last week—did the gentleman from Texas [Mr. JONES] suggest that after the new set-up consolidating agricultural agencies goes into effect the jurisdiction should be lodged with the Committee on Agriculture in the House, and then only after the order consolidating the various credit organizations should become effective.

That is the situation. It is not a question of selfish pride or desire for authorship. The Banking and Currency Committee of this House reported the Farm Loan Act, under which every Federal land bank and joint-stock land bank was established; it reported the Reconstruction Finance Corporation Act. I ask the Members of the House to get the Senate bill and look at it. You will find that every line and caption and title of the bill refers to the legislation that was reported by the Banking and Currency Committee of the House.

Some of us have lived with this question of farm credits for many years; we have made this fight in the Committee on Banking and Currency for years; and now that obstacles are about to be removed, now that our labors are about to be crowned with success, I think I might say with some pardonable pride that the Banking and Currency Committee of the House who have all these years fought the battle for the farmers of the country covet the opportunity to complete that work. That is what we ask of this House. [Applause.]

The SPEAKER. The gentleman has used 12 minutes of his time. He has 18 minutes remaining, and the gentleman from Maryland is recognized for 9 minutes.

Mr. STEAGALL. Before that is done, Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, any member of the Committee on Banking and Currency might gladly welcome relief from facing some of the tremendous responsibilities brought to it by the financial situation. As a matter of personal convenience, as a matter of ease of mind, we of the committee might well hope that the proposal pending might prevail and rejoice in its approval, but, sir, our first duty is to the House and through it to the Nation. This committee has now for nearly 20 years lived with these questions relating to credit for agriculture. The farm loan bill came from this committee. It has in my judgment taken more of the time and more of the energy of this committee than any other

one question in all these years, and by reason of that fact it is to be presumed that at least the older Members of the committee would come to the facing of new problems connected with this same subject with some experience, with some acquaintance with the facts, with some knowledge that may be of service to the House. Therefore, if for no other reason, the House should pause before it turns this whole question over to a group of men who, no matter how able, no matter how much concerned they are with agriculture, yet do not know the history of this subject, do not know the law of this subject, do not know the problems involved.

Furthermore, I venture to say that the gentleman from Texas [Mr. JONES] would not rise—nor would any other Member rise—and urge that, for example, matters of the tariff relating to agriculture be taken away from the Committee on Ways and Means. I well remember a dozen years ago sharing in a discussion of the agricultural tariff bill, meant entirely for the benefit of agriculture, which came from the Committee on Ways and Means. If any one class of the community is to be taken into consideration, then properly every tariff measure affecting agriculture should be referred to the Committee on Agriculture. But this is not primarily a class question, not primarily a question of any one region. It is a question of the welfare of the whole country.

Furthermore, it is a question where not alone the debtor is involved but also where the creditor is involved. Why, in this bill there is a proposal to abolish the joint-stock land banks. That more vitally concerns the people of my own district than any other one particular in this whole field. Would you say that its determination should be entrusted to those who represent only one side of this question, only the agricultural interest? No; you would say, of course, that this ought to go to gentlemen who are concerned with both sides of the question; who are primarily concerned, first, last, and all the time, with the welfare of the country as a whole. Therefore, all logic and all precedent prove that at this juncture it would not be wise to dispense with the experience—with the knowledge—that through all these years has been acquired by the committee charged with matters of finance, and because from one point of view the questions involved seem at first sight to affect particularly the interest of one class in the community, turn it over to a committee whose jurisdiction concerns that class only. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Speaker, I note that the gentleman from Massachusetts [Mr. LUCE] says that his committee, the Committee on Banking and Currency, has been for 12 years experimenting with this problem—the problem of financing agriculture. Yes; experimenting with it, and at the same time wrecking agriculture in this Nation. We, who represent agriculture, are through with experimenting. We demand action. We want real, not make-believe farm legislation. No committee in this House can deal with farm legislation as intelligently, efficiently, and well as the Committee on Agriculture. [Applause.]

There is a feeling abroad among the farmers of this Nation—a suspicion against anything that has the name "banking", or "banking and currency" connected with it. The Banking Committee, like Caesar's wife, is under suspicion by the farmers of this Nation, and rightly so. We know that in the Banking Committees of both the House and the Senate they strangle agricultural babies that they do not want before they are born.

The Frazier bill has been before the Banking and Currency Committee of this House for over 2 years, and that committee is still experimenting with it—strangling it, and therefore we have had no results.

If agriculture is to survive, the farmers of this Nation must be refinanced at a much lower rate of interest on long-time payments and on the amortization plan. You cannot get such lower rates of interest out of the Banking and Currency Committee, no matter how amiable and well meaning the gentlemen on that committee may be. According to their own spokesman, they have been experimenting with that problem for 12 years. They have all they can do in taking care of the banks and bankers of this Nation. Their time is taken up with refinancing banks and banking institutions. And the refinancing of banks just does not mix with the refinancing of agricultural indebtedness. Banks thrive and live on high rates of interest and agriculture prospers on low rates of interest. The needs of agriculture and banking are opposite each other, and should be, and must be handled by different committees.

Therefore, we say to the Members of this House that the Committee on Agriculture is the proper committee to deal with the problem of refinancing agriculture. We want the President's message on refinancing agricultural indebtedness referred to that committee. We want it in the hands of the friends of agriculture—in the hands of those who understand agriculture from the farmers' viewpoint and not from the bankers' viewpoint. The Members on the Committee on Agriculture were selected because of their knowledge, their experience, and their familiarity with agricultural problems, while the Members on the Committee on Banking and Currency were selected because of their knowledge and familiarity with banking problems.

The very fact that the Committee on Banking and Currency in this House has had the Frazier bill before it for over 2 years and has not seen fit to hold a single hearing upon it, while in the Senate they have held numerous hearings during the past year on the bill, is sufficient reason why this message should go to the Committee on Agriculture. We have confidence in the administration, and we are sure the administration wants the bill on the refinancing of farm indebtedness prepared by the friends of agriculture, who are best qualified, and who have first-hand knowledge on the subject. It wants a bill that will meet the demands and the requirements of the farmers, and no committee in this House is better qualified than the one which Mr. JONES presides over. [Applause.]

The SPEAKER. The time of the gentleman from North Dakota [Mr. LEMKE] has expired.

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Speaker, as a representative of the agricultural interests of this Nation, and as a farmer myself, I earnestly beg of you to let this bill go to the Committee on Agriculture. There is nothing as dangerous in America today as the farmers in revolution in the middle States and the great West. They have lost their faith in the Committee on Banking and Currency. There is no question about that. The chairman of that committee exclaimed, "Why are the farmers interested in credit?" Good heavens! is there anything we are more deeply interested in than money and credit? That is just what we are most interested in. If the present hodge-podge system of lending to farm interests of this Nation is representative of the work of the Committee on Banking and Currency, please give the Committee on Agriculture a chance at it and see if we cannot do something better.

I personally have paid all the way from 5 to 9½ percent to Government lending agencies. I am extremely anxious to see this matter referred to the Committee on Agriculture. Long ago Charles Beard in his history, The Rise of American Civilization, said:

> In every age and in every clime where civilization has passed its most primitive form there has always appeared a group of men devoted to finance, commerce, and industry, and the group have always borne with terrific oppression upon the group that derived their sustenance from agriculture.

Agriculture believes that the banking East is bearing down terrifically, and they want some relief. It must come in the shape of more liberal loans, lower interest rates, and longer amortization periods for their loans. [Applause.]

The SPEAKER. The time of the gentleman from Oregon [Mr. PIERCE] has expired.

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, in his message yesterday the President of the United States said that this was "to restore to farmers the hope of ultimate free ownership of their land", and then he said:

I seek an end to the threatened loss of homes and productive capacity now faced by hundreds of thousands of American farm families.

This is a farm-relief measure. It ought to go to the farmers' committee. It ought not to go to a bankers' committee. The bankers have been running the business of the farmers long enough. Running that business has ruined most of our farmers.

I want to ask the gentleman from Massachusetts [Mr. LUCE] that if he expects farmers now to get any relief as to farm mortgages from the Committee on Banking and Currency, why is it that just such a measure as this has been pending before his committee for 3 years without relief? It is my firm belief that our farmers cannot expect much relief from that committee. [Applause.]

Three years ago I introduced a bill to stop Federal land banks and joint-stock land banks from foreclosing mortgages against farms until this country recovers from this depression, and to provide for the redemption of farms sold under foreclosures. It was a good bill. It would have stopped foreclosures against farms. It would have provided adequate means to redeem farms already foreclosed. It would have done what the President now says he wants to do, "restore to farmers the hope of ultimate free ownership of their land." By that bill I sought an end, just as the President now says that he "seeks an end to the threatened loss of homes and productive capacity now faced by hundreds of thousands of American farm families." That bill of mine, had it been passed into law, would have saved thousands of farmers within the last year from being turned out of their homes.

But that bill of mine, Mr. Speaker, was referred to the Committee on Banking and Currency. There were other bills sent to this committee of like import. The committee granted hearings on the proposed legislation. At first the committee was sympathetic and there seemed to be a unanimous inclination to favorably report the bill. Then certain banking interests opposed it. Then the Treasury Department sent its representatives before the committee to defeat the measure. And the bills all died pigeonholed in the committee. And farmers have been suffering ever since.

One situation above all others that has caused ruin and desolation in farm homes is that when farmers have needed money to finance their crops, many of them have been forced to pay 10, and 12, and even in instances 15 percent interest to banks, and have been forced to mortgage their work stock, their milch cows, their brood sows, and all their farm tools and utensils, and when crops failed, some banks have foreclosed, and taken from them all they had.

I am glad, indeed, that their forlorn cry of distress has at last been heard by a President in the White House. This is no time to experiment. This is no time to take chances. This is no time to further depend upon the Committee on Banking and Currency, which time and again has brought on this floor legislation asserted to be sufficient to grant necessary relief to farmers, yet did not require such relief to be granted, and under it no relief was granted. Time and again we tried to get this committee to adopt language that would force relief. But it would not. Time and again we tried to get this committee to force the passage of a bill that would guarantee 100 percent the deposits of farmers and other citizens in all banks. But the Committee has hesitated. It has let banks and bankers talk them out of it. It has let banking interests keep back all proper measures that would adequately guarantee bank deposits. If this Banking and Currency Committee will get busy and favorably report and pass a proper measure to guarantee absolutely all bank deposits 100 percent, and we can get the Senate to pass it, and the President to sign it, this committee will have performed a most valuable service to the country; it should devote all of its time to that much-desired accomplishment, because until bank deposits are adequately guaranteed, we will never get the banking business back to normalcy and upon a sound financial footing again.

And it is time for the bankers to realize that they will never repeal the postal savings law and get the Government out of the banking business until they get a law passed guaranteeing bank deposits. Whenever all bank deposits are absolutely guaranteed 100 percent, then I will work uncompromisingly to repeal the postal savings law and take the Government out of the banking business.

Personally I am the friend of every member of the Committee on Banking and Currency. I have in them all absolute confidence. I know that they are sincere and are all friends of farmers. But they have been under a banking-and-currency environment so long, and they have heard so little from farmers and have heard so much from bankers, that I am rather afraid that the atmosphere of their committee chambers smacks more of banking than it does of farming. Bankers have a way of getting their side and their propaganda before a committee. Farmers are not so well organized.

For the reasons I have stated I feel compelled to vote for the motion of my colleague from Texas [Mr. JONES] to refer the President's message to the Committee on Agriculture.

Mr. JONES. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Speaker, one of the largest lines of business engaged in by me during all the years has been agriculture. In the next place merchandising and banking, selling a general line of merchandise, mostly on credit, and loaning money to farmers. I say to you now, that there is just as much difference between financing and advancing credit to farmers and financing and advancing credit through commercial banks for commercial purposes as there is between day and night. The gentleman, Mr. STEAGALL, of Alabama, a while ago referred to the various bills that had been handled by his committee for the past years creating credit facilities for the purpose of extending credit to farmers. I am willing to state here and now that his committee has either been under the control of that great and powerful commercial banking interest or his members have not been able to grasp the difference between agricultural credit and commercial credit. The present deplorable condition of agriculture has been brought about because of the type of agricultural credit legislation passed by his committee. The Agricultural Committee has agricultural problems before it in season and out of season. We understand the problems of agriculture. We are in a better position to know how to finance the farmers and with reference to extension of credit than is the Committee on Banking and Currency. In this bill we propose to take care of thousands of drainage projects, located in 34 different States. There are 5,000,000 farmers residing in these districts today that are facing bankruptcy, and unless they are properly financed, and with low rates of interest, they will be forced into the hands of receivers.

My friends, I say to you this is one of the most important bills that has been considered since I have been a Member of Congress. It is purely a relief proposition. If you will submit this bill to the Committee on Agriculture, where we have time, where we can give it thought and put into execution what we have already studied about agricultural credits, we will be able to bring out a bill that will give relief to agriculture.

Farmers are getting sick and tired of the Federal Reserve banks and the Federal Land Bank Board dictating to the Banking and Currency Committee. They are willing to trust us. We must give long terms and low rates of interest—the very things we have not had. In all my banking experience in dealing with agriculture and trying to deal through the various credit organizations as created by the Banking and Currency Committee I have never been able to properly assist in financing agriculture. I hope you will do the

wise and proper thing; that is, place in the hands of the Agricultural Committee, which is interested in, and which has given great thought to agriculture, this bill, whereby we can give prompt action to it.

The gentleman said a few moments ago that the bill introduced in the Senate was referred to the Committee on Finance. This is true. However, the Finance Committee immediately sent it to the Committee on Agriculture, and that committee is now considering the bill. It is understood that this committee will put it on the relief bill now pending before that committee and send it over to the House.

The SPEAKER. The time of the gentleman from South Carolina [Mr. FULMER] has expired.

Mr. STEAGALL. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Speaker, I have asked for this time merely to make a suggestion. First, the implication in several of the speeches that the Committee on Banking and Currency has been to blame for our present condition in banking is, of course, preposterous on its face. I doubt whether there is a more progressive or useful committee in the House than the Committee on Banking and Currency, and I doubt whether there is a committee in the House that does its work better than the Committee on Banking and Currency. I say the same thing about the Committee on Agriculture.

I may say, however, that it looks to me as though we are approaching an entirely new phase of legislation in government, and that is the loaning by the Government for the protection of the homes of this country. I do not believe at the present time there is great choice between these two committees on this subject. It seems to me, indeed, we ought to have "a committee on farm and home credits", because we are going to come to that on a constantly increasing scale.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Speaker, it seems to me there is only one fundamental and primary question involved here for the decision of the Members of the House, and that is whether or not under the history of prior legislation affecting the matters involved in the bill in controversy, whether under the proposition of the fundamental jurisdiction conferred upon these respective committees by the rules of the House, this bill ought to take the ordinary course of being referred to the Committee on Banking and Currency or take the extraordinary course of being referred to the Committee on Agriculture.

As far as I am concerned, and as far as most of the Members of the House are concerned, there is nothing of the personal equation entering into the consideration of this question. I do not know that there is a committee of this House, if I may say a personal word, upon which I have more intimate and more beloved personal friends and associates than the Committee on Agriculture. As far as I could I have gone along and cooperated with it in every progressive measure for the relief of this great industry representing the agricultural sections; but, gentlemen, we have certain established principles of government and procedure here in this House that have been built up through a series of years. Their wisdom, their probity, and their prudence have not been speculative and imaginary things, but they have been the result of a regular system of experience and experiment.

In speaking of this bill I am merely undertaking to argue the fundamental question of where this bill ought to go, not what might happen to it after it goes there. I am assuming, and I have the right to assume, that the membership of the Committee on Banking and Currency and the membership of the Committee on Agriculture are both anxious and eager to carry out the fundamental requests of the President's message on this bill—the one as much as the other. Take a bill of this sort affecting matters of parliamentary procedure, matters of jurisdiction of committees, and analyze it for just a moment.

Under all the precedents of the House, under all the formal practices of the House, under all the formal references of bills introduced under the subject matter covered in this bill, and you will find without exception that every one of them has been referred, and properly referred, to the Committee on Banking and Currency. Under the rules of the House this committee has jurisdiction over matters of banking and currency. The Committee on Agriculture has jurisdiction over matters relating to agriculture and forestry. This bill and the several sections of it refer to measures that have always heretofore been considered and reported by the Committee on Banking and Currency.

The suggestion has been made that under some new set-up that may be created under the President's executive order 60 days from now a bill of this sort might properly be referred to the Committee on Agriculture. Gentlemen, we are now acting merely upon the status quo.

What is the parliamentary situation? What have been all of the precedents? I do not think it can be assumed, from the record of members of either of these committees, that one would more favorably consider the President's recommendations than the other.

My only interest in this matter, and it is purely an impersonal one, because I have endeavored over a number of years to give some little thought and attention to the matter of preserving the stability of the rules of the House, the coherence and continuity of our proceedings here. It seems to me that the arguments in this case, not the ad hominem argument, but the parliamentary argument, is in favor of referring this bill to the Committee on Banking and Currency.

Now, there is a peculiar parliamentary situation presented here to which I wish to call attention. If you agree with my views on this question and want this bill referred to the Committee on Banking and Currency instead of the Committee on Agriculture, you will first have to vote down the previous question of the gentleman from Texas, and that will bring up the direct issue of how you stand on this proposition.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Speaker (Mr. BANKHEAD in the chair), the gentleman who has just preceded me is a man whom I admire possibly as much as any man in this group, or anywhere else. The question before us, if you please, is essentially not one involving meticulous attention to parliamentary procedure but one which is directed entirely to the relief of a basic industry of this country.

The history of the credit extended to agriculture under the banking legislation we now have and the banking institutions we now have places agricultural credit in ill repute. Agriculture has had too much credit of the wrong kind. There should be a great difference, Mr. Speaker, between commercial credit and agricultural credit. There is no question on the face of this earth but that the average commercial loan is a bad loan for both the farmer and the banker who makes it. In the first place the loans are too short to enable the man engaged in agriculture to even remotely believe it possible that he will be able to meet his indebtedness when it falls due, and the interest rate is too high.

The consideration of a measure of this character, in my opinion, goes directly to the question of whether or not the intention of this body is to do something of direct and signal benefit to agriculture. The question is not whether we are going to continue the system of agricultural credits we now have, which was erected according to the idea of commercial bankers.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. BRENNAN].

Mr. BRENNAN. Mr. Speaker, I come from an agricultural district. I come from that part of the country west of the Allegheny Mountains. It is not my purpose nor is

this the time, Mr. Speaker, to discuss the condition of the American farmer.

I do not believe there is any Member of this House who is afraid to trust this bill with either of the committees that is seeking jurisdiction, but I want to say, Mr. Speaker, there is something more involved in this matter. The people of the West are looking to the Capitol. The farmers of the Nation are looking to the Capitol today. If this bill is not sent to the Committee on Agriculture, where it belongs, the confidence that the farmers of this Nation have in their Congress will be materially impaired. [Applause.] I am asking you, not for the purpose of complimenting any committee in this House, not for the purpose of complimenting any individual in this House, but for the purpose of restoring confidence to that great army which is suffering in the West through loss of their earnings in the agricultural field, to refer this bill to the Committee on Agriculture.

I could go on to remind you that today the farmer is suffering agonies untold, his back is bent down, judgment after judgment is upon him, foreclosure after foreclosure, and eviction after eviction are his lot. So may I ask you instead of trying to determine to whom this bill shall be referred, may you not look back to my people and say by your vote here that this Congress is looking with its eyes westward once more and that the farmer will get some relief. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, it seems to me, after listening to the debate, that we are approaching this subject from a wrong angle.

This is not a question of whether you are willing to vote farm relief; it is simply a question of which committee, under the precedents and rules of the House, from its previous experience, from its previous handling of legislation in this House, is better qualified at this time to take up this legislation.

We are all in favor of giving the farmers relief, but that is not the question pending now. The question of whether former banking bills have furnished proper relief is not before us. We propose now to amend these laws and pass new ones. This is merely a question of procedure now before us.

This question, without shadow of doubt, is seven eighths a banking and financial proposition. As I understand from a casual reading of the bill, you propose to reorganize the Federal land banks, liquidate the joint-stock land banks, and in general reorganize the banking legislation along all credit lines, especially as referred to farm loans.

The Banking and Currency Committee is set up for this purpose and has always handled these bills. This is one of their real functions and, it seems to me in all fairness and in the interest of absolute honesty of consideration and doing what is best for the people of the whole country, this bill rightfully belongs to the Committee on Banking and Currency. [Applause.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker, I shall not attempt to measure words and opinions with the distinguished gentleman who has preceded me. It would be most presumptuous, indeed. I want to say to you, only, that I think I can well speak for the 1¼ million farmers in the great State of Ohio whom I represent.

I want to submit that this is a question of preserving the perpetuity and the integrity not of a committee of this House, not of the House itself, but that great institution, the American farm home.

I say not one word against the Banking and Currency Committee or against the bankers themselves. I only speak for these sons of toil, these tillers in the great Corn Belt, who produce the golden grain, and your splendid planters in the Southland who raise the cotton that we wear.

I look into these homes and see these folks being strangled in the deadly clutches of the moneylender. We want this bill to be considered by its real friends, not alone that confidence may go out to these farmers, but that new hope that will forestall a revolution may come to them.

If this were a banking bill is anyone so foolish as to believe that the farmers would be consulted? If it were a bill relating to the powers of the Federal Reserve Board to inflate or deflate the incomes of the masses of this country—would the farmers be asked to sit in on the conference? If it were a bill to benefit the railroads with their immense overcapitalization, their watered stocks, high-salaried executives who stubbornly refuse to advocate the reduction of freight and passenger rates—would the farmers be asked to air their views? No. They look upon the farm as a mere granary from which the city is to be supplied with food and raw materials for clothing.

The workmen who hew in wood and stone and steel long have recognized what bankers fail to perceive—namely, a good foundation is necessary before a wrecked structure can be restored. The carpenter knows a rotted sill precedes a collapsed building; the ironworker who rivets the steel beams of lofty skyscrapers realizes that the structure stands longest when firmly anchored to the living rock; yet the superindustrialists and big bankers, who have dictated policies of government for 12 long years, are too blind, selfish, or stupid to see that a profitless agriculture has ever been the treacherous quicksand that pulls the whole Nation down into the bottomless depths of utter ruin and disaster. We want farm relief to come from friends and not from known enemies or lukewarm supporters.

The farmer has been selling food and raw materials for clothing at less than cost of production. This continued impoverishment has reduced his purchasing power to the vanishing point, annihilated his land values, and increased his mortgage indebtedness to the breaking point. He has survived as long as his accumulated resources lasted, and, now being unable to borrow more money, he is definitely out of the buying market, cannot pay his taxes; his lands are confiscated daily by the foreclosures of the moneylenders; the whole Nation wallows in the slough of depression which becomes ever deeper, ever more bitter; and, if continued much longer, will terminate in universal doles, repudiation of debts, and chaos.

Never before in the history of this country has there been witnessed a calamity such as now engulfs us. Never before in the history of American Government have the human rights of the many been so brazenly trampled under foot, and with such malignant hatred as by and for the property rights of the privileged few. "Surplus of wheat, surplus of cotton", they cry, while people are starving in their nakedness. "Overproduction", they shout, unmindful that the greatest overproduction is a surplus of wretched peasants, ill-fed serfs, and able-bodied paupers. So I speak to you in defense of an issue as righteous as the cause of liberty—the saving of American farms and homes. The Democratic administration must meet the issue foursquare, and stand ready and wholly unafraid to face the severest test of its existence, the test of its ability to overthrow the control and domination of the plutocrats, money kings, and international bankers, and restore the country to its own people with equal rights to all and special privilege to none.

It must not only provide for a complete refinancing of farm mortgages at very low rates of interest, but must call a halt on the moneylenders' predatory operations. We must demand a complete suspension of mortgage foreclosures until the President's refinancing bill becomes operative.

Tabulation of reports received from practically all of the States indicate that an average of 5,000 farms, homes, and properties are confiscated every day by the moneylenders of this country. Following the passage of the President's farm relief and farm refinancing bills an interim of at least 60 days will elapse before the bills become operative. This would permit 300,000 more American farms and homes to be legally stolen under the present antiquated, outworn, and unjust mortgage-foreclosure and deficiency-judgment laws.

I want to tear away forever the destroying tentacles of the bloodsuckers who have bled the farmer white.

These trying times call for vision into the future; they call for a new deal in legal thinking and in judiciary procedure. This bill represents fundamentally, analytically, and in every other way American agriculture. The first duty of this Congress is to the food producers of this Nation and to the heroic efforts of President Roosevelt to save these tillers of the soil from engaging their fellows in mortal and bloody combat.

The farmers may not be so well informed on precedent and custom and tradition. They do know justice when they see it, and this case is merely one of justice—simple and long-delayed justice to those perhaps who are most entitled to it—the tillers of the soil. Mention has been made that if this bill is referred to the Committee on Agriculture it will be a one-sided proposition. That is exactly the trouble with farmers today. For 12 years they have been on one side of a plea for relief and the bankers have been on the other side, with the bankers always winning. The new day has arrived and we propose to fulfill our promise to the farmer and place him for the first time in American history on the winning side.

What did the Democratic Party offer the farmer? Why, it offered him the right to live again, to hope once more, and for the pursuit of happiness and contentment. Obviously this can be accomplished only by insuring him the cost of production, lower operating expenses, reduced taxes, and adequate credit facilities. Agriculture is bled white to furnish transfusions of the big bankers, railroads, and mortgage-loan companies. The bankers refuse to loan the farmers money, the moneylenders sell him out, and the loan sharks crush him with 36 percent interest. The farmer has applied for new loans and his applications have been rejected; he has pleaded for extensions and his pleas have been scorned; he has petitioned for a moratorium and his petitions have been ignored. So he petitions no longer, he pleads no more, he applies no more; he defies them and demands relief from the strangling cord of the moneylender.

The Democratic Party answered with a pledge to refinance farm mortgages through recognized farm-bank agencies at low rates of interest, with preference given to loans for the redemption of farms and homes lost through foreclosures. Let us redeem that pledge now in letter and in spirit.

When we passed the President's farm relief bill in this House we fulfilled the first step in our promise to give American agriculture a new deal. Now let us complete the second step by voting to refer this bill to the home of its friends—the Committee on Agriculture.

Let us fulfill the glowing promises that have often been made by others in the past, but invariably broken and cast aside after each Presidential election.

A real friend of the common people is now in the White House. When Governor Roosevelt was inaugurated President of the United States the masses rather than the classes became the chief concern of government. Special-privilege interests used every conceivable, despicable method to defeat him solely because of his championship of the "forgotten men", who personifies the distressed millions of the farms, and the other distressed millions in the cities. This opposition was to be expected since the election of Roosevelt meant the end of the vicious system under which 80 percent of our Nation's wealth had become centered in the hands of 4 percent of our people. The President is deeply convinced that prosperity cannot return to the Nation until the farmer's buying and debt-paying power is restored, and it was because he had the courage to say this that the wolf pack of Wall Street marked him for slaughter. They failed miserably. Let this Congress not fail in its duty to the President of the United States and to the suffering masses on the farms. Let us free them from the shackles of the bankers.

No man has ever aspired to the Presidency who understands the farm problem better than President Roosevelt, and this is true because he owns and operates large farms himself. Since he was elected a new hope dwells in every heart and a new light shines in every farm home, and likewise in the homes of the millions of idle and hungry ones in our great industrial centers, the small business man, and the distressed homeowners in the cities. The existing situation under which we have granaries bursting with foodstuffs with little or no sale value on the one hand, and millions of hungry men, women, and children on the other, is as damnable as it is unnecessary, and the election of Roosevelt was a direct challenge to this perilous situation. Let us all, Republicans as well as Democrats, hold up his hands in this courageous attempt to end forever the vicious control of the bankers over 50,000,000 producers of the two elementals of life itself, food and clothing.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. MCFARLANE].

Mr. MCFARLANE. Mr. Speaker, I rise in favor of the motion to refer this measure to the Committee on Agriculture. I have no word of criticism of the Banking and Currency Committee; but, as the previous speakers have said time and again today on this floor, the Banking and Currency Committee of the House has had every opportunity to work out such a program as is provided in this bill, and it has failed to bring in such a measure.

I believe the American farmers and those dependent upon them are expecting this legislation to be referred to the Committee on Agriculture in order that it may be given an opportunity to speedily bring in some such agricultural-relief measure.

> Princes and lords may flourish and may fade;
> A breath can make them as a breath hath made;
> But the bold yeomanry of the countryside
> When once destroyed can never be supplied.

Mr. JONES. Mr. Speaker, I yield to the gentleman from Michigan [Mr. WEIDEMAN] such time as he may desire.

Mr. WEIDEMAN. Mr. Speaker, I do not represent any farmers. I have not any farmers in my district except window farmers who grow plants and flowers on their window sills, but we have 300,000 of unemployed in my city. I am interested in having this bill referred to friendly hands, the Committee on Agriculture, that understands the problems of the farmer, so we can set again in motion the wheels of industry, and you will find the men from the city of Detroit will back the measure and now are asking to have it referred to the Committee on Agriculture. It is said this is an extraordinary matter to refer to this committee. My answer to that is that these are extraordinary times. We have not been proceeding in the last month over an ordinary course; this is not the time for only ordinary measures. I hope that this Congress sees fit to apply some extraordinary measures to the moneylenders of Wall Street internationalism.

This measure should go to the Agriculture Committee, for what we want is action and action now. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, strange to say, all of the discussion so far has gone far of the real mark. Every man who has objected to the jurisdiction of the Committee on Agriculture has assumed that this particular measure is the only thing involved. Read the President's message—

> I ask the Congress for specific legislation relating to the mortgages and other forms of indebtedness of the farmers of the Nation.

Every conceivable form of credit will follow the transfer of this Presidential message to one or the other committees. I freely concede to my friends on the Banking and Currency Committee that they have worked hard, that they have had an infinite task. There is a great deal of work connected with essential legislation that must go to that committee. It will have much to do. It deals with the issue of currency, which is the lifeblood of the Nation. It has jurisdiction of many matters. But what is the issue here? Read the Executive order under which the Farm Credit Administration is established. It is established around the old Farm Board as a nucleus, and you will see that every form of agricultural credit that is involved—crop loans in the De-

partment of Agriculture, cooperative credit, and emergency credit of all kinds—are involved in this transaction.

My friend from Maryland [Mr. GOLDSBOROUGH] refers to the 12 long years that his committee has worked on this proposition. I concede that they have worked. During those 12 years the Committee on Agriculture has also worked. We will leave him the jurisdiction of the Banking and Currency Committee as such—commercial banking, the Federal Reserve Act, and those things that are incident thereto. But I say to you that the 10-, 12-, and 8-percent interest that the farmers have paid on their short-term loans from the commercial banks have been a chain and a hobble about the feet of agriculture for more than 12 years. [Applause.]

I want agriculture to have a distinct place in this new deal. I have studied agricultural questions for more than 12 years. I have given the prime and bloom of my life to this subject. I want to see the question of agriculture torn from the bankers of the Nation and to have agriculture stand on its own bottom. I am pleading for an industry that is prostrate. I am pleading for a cause in which this Nation's very life is involved. I ask you to let this question go to a committee that has time to consider it, study it, and learn about it, a committee that will take care of agriculture.

Mr. Speaker, I move the previous question.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. JONES) there were—ayes 172, noes 83.

So the previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Texas to refer the message to the Committee on Agriculture.

The motion was agreed to.

The SPEAKER. The message referred to by order of the House is referred to the Committee on Agriculture and ordered printed.

EXECUTIVE ORDERS RELATING TO VETERANS' RELIEF, ETC. (S.DOC. NO. 10)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered printed:

To the Senate and House of Representatives:

Pursuant to the provision of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith a photostat copy of Executive orders embodying the regulations approved March 31, 1933, relating to veterans' relief, which have been issued in accordance with the terms of title I of that law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 4, 1933.*

Mr. KVALE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KVALE. That is to inquire whether there will be a sufficient number of copies of the message just read printed to meet the requirements facing us in each mail.

The SPEAKER. There will be a sufficient number, and if not, we will order additional copies.

Mr. LUCE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LUCE. Inasmuch as this Executive order changes the laws of the United States, has any consideration been given to whether or not it ought to be incorporated in the annual volume of the code, showing changes in the law?

The SPEAKER. That has not been considered, but the Chair thinks it would require legislation to incorporate it in the statute. The Chair thinks that ought to be considered by a committee of the House in some way.

Mr. LUCE. If when the laws of the United States are changed by the Chief Executive, may I inquire further whether the Committee on Printing would have any jurisdiction of such legislation?

The SPEAKER. The Chair will ask the gentleman to defer the question until later so that an investigation can be made in respect to the matter.

LEAVE TO ADDRESS THE HOUSE

Mr. BUSBY. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

Mr. CANNON of Missouri. Mr. Speaker, I reserve the right to object. Does the gentleman feel that he can conclude in 5 minutes?

Mr. BUSBY. Yes.

Mr. CANNON of Missouri. We want to take up the District appropriation bill, and with the understanding that the gentleman will conclude in 5 minutes I shall not object.

The SPEAKER. Is there objection?

There was no objection.

Mr. BUSBY. Mr. Speaker and gentlemen of the House, I have asked for this time to call attention to the state of mind of the House. Unquestionably, from the standpoint of a great many Members of the House who voted to refer the message of the President to the Committee on Agriculture, under the rules and precedents that message should have gone to the Committee on Banking and Currency. But this House, and perhaps justly so, is in a state of rebellion against legislation that has been proposed here from the Banking and Currency Committee that has not come from the people who are supposed to be benefited. In suggestng that, I tell you that I am a member of the Banking and Currency Committee of the House. I have risen on this floor time and time again, and I have complained of the way we were not doing business in our committee. I have complained at the way we hesitate until we receive orders from some other source. I do not always know from what source it comes. I have seen the management of the Treasury and of the Federal Reserve Board for the past 3 or 4 years, and their management of the finances of this country has been undoubtedly destructive to the best interests of the people of this Nation. [Applause.] I say to you that I regard the present Governor of the Federal Reserve Board, Mr. Eugene Meyer, as the most detrimental influence to the recovery of this country that it is possible for you to find in all the bounds of this fair land. [Applause.] The gentleman I was sitting by in the House a moment ago told me that one of the banks in his home town this week was directed by the Federal Reserve Board to reduce its loans from $11,000,000 to $8,000,000. How they are going to do it they do not know. They must squeeze $3,000,000 out of that community and retire that amount of credit from circulation. What was supposed to be an inflationary move for the benefit of this country, put forth only a few days ago, when it was proposed to supply $2,000,000,000 in money, has resulted in a contraction of the currency to the amount of more than a quarter of a billion dollars.

I tell you this: I am not an adviser to the President. He has not asked for any advice from me. The same influences that wrecked the administration that preceded ours, have horned themselves into the Democratic administration as advisers to that administration. Just as surely as you live, unless our President shakes himself loose from those influences and gets some other and different kind of advisers, we will go down just as the administration before us went down in disrepute. [Applause.] One man said, and you all know it is true, if our President will listen to the people who elected him, he will come out all right; but if he listens to the people who destroyed the administration which preceded him, he will come out all wrong. I believe that is true. [Applause.] I say to you if the Banking and Currency Committee of the House stands in disrepute before this House today, it is because it has listened to those same advisers that surrounded the former administration, and who have set themselves up as advisers to our present administration in large part, and as far as they could do so

have taken over the prerogatives of dictating what kind of financial legislation shall be enacted for the people. [Applause.]

The SPEAKER. The time of the gentleman from Mississippi [Mr. BUSBY] has expired.

THE EMERGENCY RELIEF BILL—EXTENSION OF REMARKS

Mr. JONES. Mr. Speaker, may I prefer a unanimous-consent request? I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks on the motion which has just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

There was no objection.

Mr. DUNN. Mr. Speaker, I am in accord with the President of the United States when he maintains something must be done in behalf of the farmers. It is true the small farm owner has been compelled to give up his home because he was unable to pay taxes and meet other necessary obligations. It is my opinion that it is the duty of the Government to bring about a condition whereby the farmers can preserve their homes, because they are the class of people on whom society must depend for its food—the thing which we mortals must eat if we desire to live. Why hesitate in doing something in a humanitarian way in behalf of our farmers?

I also wish to state that our coal miners, ditch diggers, women who scrub and wash for a living, and every other class of people who possess homes should be given consideration. Hundreds of thousands of men and women throughout the country have lost their homes because they were unable to pay their taxes. A government refusing to assist its citizens in preserving their homes is, in my opinion, not a government for the people. If more consideration would be manifested in behalf of the masses instead of the privileged few, we could truthfully say it is a "government of the people, for the people, and by the people."

Mr. SMITH of Washington. Mr. Speaker, I hope that this bill will be referred to the Committee on Agriculture. It is intended to provide credit facilities and loans to the hundreds of thousands of farmers over all this land, whose farms and homes are being sold by mortgage foreclosure at sheriff's sales and for nonpayment of taxes. It is essentially a farm-relief measure, and therefore should not go to the Committee on Banking and Currency, for it embodies very few of the elements of commercial banking, and we should avoid any possibility of its being emasculated at the behest of the Federal Reserve Bank Board.

The farmers and the American people generally are skeptical of the Federal Reserve Banking System.

When we passed the emergency bank relief bill on the opening day of this special session, which provided for the issuance of practically an unlimited quantity of new currency, I said:

> I hope that the additional currency which may be issued by the national banks under this act will render available the credit and funds so sorely needed by the business and industrial interests of our country, in order that there may be a resumption of operations and employment for the people. If the new currency is not placed in circulation, this legislation, my colleagues, will fail of its purpose, which should be to aid the people rather than the banks.

What has happened? We are receiving reports that the Federal Reserve Bank Board is calling upon the member banks to further reduce their loans and contract, instead of expand, the banking credit in the local communities of this country. Members of the House, if this unwise and vicious policy is not checked, it will prove the ruination of our people.

Mr. Speaker, the Senate Agricultural Committee, in its report recommending immediate passage of this farm and mortgage relief bill, declares:

> No substantial relief is possible for agriculture until the policy of deflation is not only checked but reversed and a substantial sum of money is admitted and, if need be, forced into circulation.
>
> We report that it is not sufficient to have an ample supply of currency in the vaults of the Federal Reserve banks, and that it is not even sufficient to have an ample supply of currency in the vaults of the national, State, and private banks of the country.

The Senate committee unanimously recommends inflation of the currency without recommending any particular plan, the members being divided between remonetization of silver, reduction of the gold content of the dollar, and several other proposals. The members of the committee condemn the Federal Reserve System and assert that it has failed in the recent monetary crisis and permitted $25,000,000,000 of bank credit to be canceled and destroyed since the start of the banking crisis.

I shall therefore vote "aye" on the motion of the gentleman from Texas [Mr. JONES] to refer this legislation to the Committee on Agriculture. I trust that a similar measure for the relief of the small home owners, to refinance their mortgages and real-estate contracts at a lower rate of interest, will also soon be introduced and passed in this body.

Mr. AYERS of Montana. Mr. Speaker, the President's message on farm mortgages and farm indebtedness deals with the whole structure of agriculture indebtedness and agriculture credits, and the motion to send it to the Agriculture Committee must prevail. This is, for many reasons, the most important of all agriculture questions this Congress has had. Issues upon which the very life of this Nation depend are involved in this message. It covers not only farm mortgages but it includes every class of agriculture indebtedness and every conceivable system of agriculture credit that may hereafter arise; it involves legislation, the success or failure of which means either the rehabilitation or the entire wiping out of the agriculture industry.

To this Nation the legislation sought by this message is the most vital matter now before Congress. Adequate, workable, and proper agriculture credit legislation must be forthwith enacted; that this is true we all agree, but as to what committee of this House shall work out that legislation is the question to be resolved at this instant. Shall it be the Banking and Currency Committee or shall it be the Committee on Agriculture? To me there is but one answer.

The President has asked and this Congress has given him broad executive powers on the subject of economy. In pursuance of that power he, on March 27, swung the broadaxe of bureaucratic abolition and set the starting post of consolidation of overlapping boards.

The Federal Farm Board is abolished. The Federal Farm Loan Bureau, the Federal Loan Board, the Farm Loan Commissioner, the Crop Production Loan Office, and the Seed Loan Office, together with the functions of the Treasury Department and the Department of Agriculture, insofar as these Departments "gave aid to farmers", and the functions of the Reconstruction Finance Corporation relating to the management of the Agriculture Credit Corporation, have all been consolidated so far as their usefulness is concerned, and abolished so far as their overlapping, duplicating, conflicting, and useless agencies are concerned. This consolidation is to be set up under one head—the Farm Credit Administration—for which the President has asked adequate and workable legislation to put it into operation.

At the stroke of the President's pen there was a saving of $2,000,000. This was the unexpended balance in the Farm Board, which will be returned to the Treasury. This saving is in addition to the other savings to be effected by his order of abolition and consolidation. By this order there will be a lot of high-salaried men added to the army of unemployed. I hold no brief for them. "By their fruits ye shall know them."

That the agriculture credit agencies of this Nation should be consolidated is indisputable. It eliminates the overlapping, the duplicating, and the conflicting boards, bureaus, offices, and commissions. Now, the Governor of the Farm Credit Administration can appoint all necessary subordinate administrative boards and officers designed to do each separate class of work without such duplication and overlapping.

SUBJECTS FOR THE COMMITTEE

A review of some of the things to be considered by the committee to which this message is referred will probably be of interest. In my State, where the chain-bank system

prevails, the banks, among other things, have succeeded in peddling their bad loans—their mistakes—to the Government through the Regional Agriculture Credit Corporation. leaving the Government to hold the sack; yes, they have traded their worthless paper and hopeless security for Uncle Sam's good money which was designed to help the farmer and the rancher. A considerable percentage of the loans made have only prolonged the misery of the farmer and rancher for a short time, and has put the money sent out there by the Government into the channel and the funnel of the chain-bank system, so that it will soon find its way back to Wall Street without material aid except to that banking system.

The farmer is carrying three unbearable loads: First, excessive interest rates, which go to the money barons; second, an unbearable tax burden caused by extravagant governments, ranging from the National Government all the way down the line to the school district; and, third, exorbitant freight rates. These are the balls and chains welded to the ankle of every farmer and rancher. I have dragged them; I am dragging them now; the shackle that holds them to my ankle has cut to the very bone. I feel for and am pleading for the millions who are suffering like torture.

We have not had relief on interest rates from the bankers. We have not had relief on taxes from the benefactors of extravagant governments; and we have not had relief on the freight rates from the transportation companies. Indeed, the farmer will not get relief at all unless he battles in his own defense. The battle he is putting up now is to defend his right to have this message referred to his committee instead of the Banking Committee.

Let the farmers farm and let the bankers bank. There are plenty of banking subjects to take up the bankers' time while the farmers are taking care of this message. There is WHEELER's silver bill, and there is the proposition of the Government's guaranteeing bank deposits. Both of these are bound to become laws sooner or later, and the sooner the better. And then a little time devoted to the Federal Reserve Board and its favoritism to the chain-bank system would not go amiss.

The Federal Reserve, having for its purpose an inflationary movement for the benefit of the country, only a few days ago put forth with one hand, under the new Bank Conservation Act, vast sums of new and freshly printed money, while with the other hand—the deflationary hand—it is calling its loans and thereby contracting the currency. It is directing its member banks to reduce its loans by a certain percentage; that just forces that amount of money out of the local community and takes that amount of credit out of circulation. In the chain-bank territory it just throws that amount of money out of the local channels of trade and centralizes it in the parent bank. From the valleys and prairies of Montana, from the plains of the Dakotas and Nebraska, from the cornfields of Iowa, and from the dairy farms of Minnesota and Wisconsin, the chain-bank system is drawing the money to New York, where stands the Statue of Liberty pointing to Europe.

The agriculture credit we now have is patterned along the line of commercial banking. It has put agriculture credit in bad repute, and under conditions of the last few years it has not aided banking institutions generally—only those benefited by centralization of wealth. Agriculture has had too much credit of the wrong kind—wrong because of too high interest rates and too early maturity dates. There is a world of difference between commercial credit and agriculture credit. I interpret the President's message as advice to Congress to divorce these two systems of credit and to work out an adequate system of agriculture credit.

FARMERS LOOKING TO WASHINGTON

All the farmers of this Nation are looking to the White House and to the Capitol Building, and their ear is eager for news on the subject "agriculture credit." If the news goes out that this message has gone to the Banking Committee, I warn you that it will breed germs of rebellion in the heart of the farmer and it will retard the confidence that has been manifest since March 4. On the other hand, if this message goes to the Agriculture Committee, where it of right belongs, then the great army of producers will know that our eyes are turned from Wall Street and we are looking westward to the breadbox of this Nation.

HOW THE FARMER'S MONEY BECAME CENTRALIZED

Originally the farmer's money stayed at home and worked over and over and over to build up the community. His fencing and his building materials were made of local products. He produced most of his food, killed and cured his own meat, and local mills ground his flour. The people in the nearby towns and cities bought his products. They did their delivery and draying and joyriding with horses bought from him, and they bought his hay and grain to feed them. The money remained in the community. It was deposited in the local banks where other farmers could borrow it. Nearly everyone was a good moral risk. The banks were locally owned, hence he was borrowing his neighbor's money, and his neighbors had the benefit of the interest he paid. When borrowed, this money was spent in the community, and the persons with whom it was spent respent it in the same local channels of trade. It got back to the same bank to be reloaned again.

The modern set-up has changed all this. The farmer now buys tractors and automobiles manufactured in the East. His building and fencing material is shipped in. The town and city man who formerly bought his horses and his feed now buys motor vehicles which are fed with gasoline, neither of which are produced in the farmer's field. Telephones and electric lights have been installed with materials manufactured in eastern centers, and all profits from the tolls and service of these companies leave the community. Fire insurance written in eastern centers takes millions annually from the farming sections; however, some of this gets back in the form of loans upon which an exorbitant rate of interest is sent to the East, and the loan when paid goes back to the insurance company without help to the local banker. Then come the mail-order houses that take the farmer's business from the local merchant and take not only the profit but the entire purchase money out of the community, and the chain store leaves only its operating expenses in the local town.

Succeeding generations emerging from the habits and characteristics of their frugal forebears fell easy victims to the urge of modern ideas and living, and have placed mortgages upon their lands with which to purchase modern conveniences. Land values increased, thereby increasing taxes, and roads and bridges added more to these already heavy tax burdens. Then came the decline in agriculture prices, while taxes, cost of living, interest rates, and transportation charges increased.

The farmer, with the trend of the times, became more of a wholesaler, specializing in his product—wheat, cattle, sheep, cotton, corn, hogs, and dairy products. For these products he received wholesale prices which were lower than local or retail prices. The middleman and the profiteer crept in between the farmer and his market, absorbing a large percentage, if not all, of his profits, which also left his community. Then, under the chain-bank system, and under the modern slogan of "safety first", these banks carried a large percentage of their balances in eastern banks under the line on their balance sheet of "due from other banks and bankers." Indeed, there are hundreds of ways the money from the farming sections has been carried to the eastern manufacturing and financial centers, and the West has been drained of its cash.

This money has been used to build the world's highest skyscrapers, fine hotels, palatial homes, and beautiful and costly edifices, both public and private. In general, it has built up and supported the great cities of the financial East. It has also been used to finance huge corporate enterprises, foreign and domestic bond issues, the benefits reaching to all parts of the earth except the place where the money was actually produced by the very lifeblood of the producer.

COMMERCIAL BANKING NO AID TO AGRICULTURE

Of course, this money is still in existence. It has not been worn out or destroyed. A proper exposure of the books of

the large financial institutions of this country will show that it is bulging the vaults of the banks of the financial centers. It does not belong to these banks. It is only on deposit with them, and under the present system of commercial banking, with due regard to their depositors and stockholders, these banks cannot loan it on long-time slow security at a low rate of interest.

The net result of all this concentrated accumulation of wealth and cash is like the proverbial snowball rolling down hill—the farther it rolls the larger it grows, and the faster it goes. This financial centralization, like that snowball, is nearing the inevitable time for dissolution when it must burst and go back to small pieces and scatter.

GOVERNMENT AS DECENTRALIZATION AGENCY

The big question before us is how can agriculture be refinanced, what can these big bankers do, and if unwilling, how can Congress act to peaceably and with the least disturbance possible redistribute these funds so that they will find their way back to the farming communities where they can again be returned to the channels of trade and industry? It cannot be solved by Government loans to be repaid through taxation. This would be an unjust penalty on those able to pay and would be confiscatory on those unable to pay. It can be done by the National Government acting as redistributing agent and by putting its credit back of bonds for this accumulated money, and then replace it in the afflicted communities in self-liquidating, long-time, low-interest rate loans to farmers and ranchers and allied industries.

Mr. Speaker, the committee to which this message is referred will have to deal with all of these things, and the question now occurs: What committee shall have the first say on these subjects? The decision, I impress upon you, involves the very sinews and backbone, if not, indeed, the very life of agriculture. Where goes this message, there also goes all legislation on the subject of it.

AGRICULTURE MINDS SHOULD STUDY AGRICULTURE PROBLEMS

This class of legislation must be studied by men of agriculture mind and not by men of banking mind. The theories of men of banking mind have helped to weld the present shackles to the ankles of agriculture, and, mind you, those shackles will not be broken by bankers. It will take agriculture-minded men to do that.

Practically all of the legislation we now have and all the legislation the President nullified by his order of March 27 on agriculture financing went through the various committees on banking and currency. Now, in all fairness and candor—let us not use any loaded dice—are any of those agriculture financing laws a success? Is it not fair to assume from the premise before us that the farmer has had enough law molded and framed and worked out and set up by the bankers?

MINORITY VIEWS

Mr. FISH. Mr. Speaker, I ask unanimous consent to file minority views from the Committee on Foreign Affairs.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL—FISCAL YEAR 1934

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District, for the fiscal year ending June 30, 1934, and for other purposes; and pending that motion, I would like to make some agreement with the gentleman from New York [Mr. TABER] as to general debate.

Mr. TABER. I suggest to the gentleman from Missouri [Mr. CANNON] that we have 1 hour general debate divided equally between the two sides. That should be sufficient, provided it is confined to the bill.

Mr. CANNON of Missouri. Then, Mr. Speaker, pending my motion to resolve into the Committee of the Whole, I ask unanimous consent that general debate on the bill be limited to 1 hour, one half to be controlled by the gentleman from New York [Mr. TABER], and the other half by me, the debate to be confined to the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Missouri [Mr. CANNON].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 4589, the District of Columbia appropriation bill, with Mr. TAYLOR of Colorado in the chair.

The Clerk read the title of the bill.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

Mr. CANNON of Missouri. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the retrenchment of expenditures, the decrease of appropriations, and especially the reduction of salaries, is one of the most unwelcome and most difficult tasks that can confront a legislative body. It is easy to increase appropriations; it is a very simple matter to raise salaries; and public officials have made lasting reputations for statesmanship by taking the line of least resistance, by drifting with the tide, and adding to appropriations, advancing salaries, and enlarging amounts paid out of the Public Treasury. But when the time comes—as inevitably it must—to reverse the process, those upon whom the burden of the thankless task falls, as it now falls on the President, the Director of the Budget, and the chairman of the Committee on Appropriations, the gentleman from Texas [Mr. BUCHANAN] must endure criticism and make a sacrifice, the extent of which few realize or appreciate.

For that reason I desire to call to mind the fact that the reductions proposed in the pending bill are but the natural reaction to the steady increase which has been made from year to year in the annual bill over the past decade, and the amounts of those reductions are insignificant in comparison with the enormous increases made in these same items within the memory of practically every member of the committee. In fact, the increase in the cost of the District government in recent years has been out of all proportion to its growth in wealth and population—a rate of increase unmatched by any comparable city of modern times. That is a strong statement, but one fully justified by the facts. In 1914, at the beginning of the war, we were spending for the maintenance of the District government, in round numbers, a total of $11,000,000. Six years later, in 1920, after we had passed the great period of inflation attending the war and its aftermath, the sum had increased to approximately $15,000,000; but for 1932, in the midst of the greatest economic depression of all time, with a consequent decline in the cost of labor and materials, we expended the stupendous sum of $49,000,000.

In other words, in the 6 years beginning with the war, with every department of the District government operating at high pressure, the city crowded with the sudden influx of temporary employees in the Federal departments and recruits from neighboring military camps, there was an increase of only $4,000,000.

While in the 12 succeeding years coincident with the deflation beginning in 1920 and culminating in 1932, although relieved of the acute problems of war times, we have had an increase of $34,000,000. In comparison with these increases the reductions proposed in this bill are inconsequential.

And this increased growth in expenditure for the District government has been attended by a corresponding increase in public construction in the District, an increase so

marked that those of us who have been here for the last 10 years may say as Nero said of Rome, "We found Washington brick and leave it marble." And when the program of construction, now in process of completion, is finished, if Nebuchadrezzar the Magnificient could be transported from his country and his time, and could look out from the battlements of this Capitol over Washington, as he looked out from the parapets of the famous Hanging Gardens over Babylon, he would be consumed with envy as he viewed this city of granite bronze.

Mr. McFARLANE. And aluminum; do not forget the aluminum.

Mr. CANNON of Missouri. And aluminum, with its monumental buildings, its beautiful gardens, and the far-reaching vistas of its broad avenues unfolding along the Potomac like an enchanted panorama from the Arabian Nights.

That is as it should be. The Capital of the greatest and most progressive Nation of the world should be the most beautiful and progressive city of the world. [Applause.] I am in fullest accord with that policy, although I cannot subscribe to a plan—even when endorsed by the Fine Arts Commission—which would build in a day a city which should be the product of the years and saddle on the taxpayers of today a burden which should be distributed over a generation.

Every citizen may justly take pride in this city. But in times like these, when retrenchment is the order of the day in every city in the land, Washington should be no exception to the rule and should accept gracefully and gratefully her share of the burden and the sacrifice.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield myself 8 additional minutes.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. GOSS. I cannot find in the hearings anything about the question of public welfare.

Mr. CANNON of Missouri. If the gentleman will excuse me, we will take that up when we reach it in the bill. I am merely making a preliminary statement at the present time.

Mr. GOSS. I notice there is but one item which has been increased. I wish to get an explanation of it for the benefit of the House.

Mr. CANNON of Missouri. With the gentleman's indulgence I will discuss that in just a minute.

In concluding this general statement I should like to emphasize two things: First, that this bill is in the nature of an emergency measure and these drastic retrenchments, I trust, temporary expedients. During the war the French had a phrase with which they answered every complaint. In response to every protest they said, "C'est la guerre." It is the war. So we can answer today in response to the protests that are being made against this bill, "C'est la depression." It is the depression.

Every individual, every municipality, and every corporation and organization, both public and private, is cutting costs and reducing expenses and invoking every possible economy in order to balance their budgets. Washington must do the same and should be thankful that the retrenchment is so mild and so reasonable.

Second, this is an administration measure. It comes direct from the Executive and is a redemption in terms of the pledges made during the recent campaign to reduce the cost of government and balance the Budget. It is in direct and implicit compliance with the mandate of the American people given in the last election to retrench expenditure and reduce taxation and bring our expenses within our income.

I may say further that the bill here presented reduces no item in the bill to a degree which will in any way interfere with the efficient operation of any department of the municipal government. And I wish particularly to emphasize the fact that it is reported to the House by the unanimous vote of the committee and with the harmonious approval of the Bureau of the Budget, representing the executive departments, of the subcommittee which considered the Budget estimates, and of the House Committee on Appropriations which today unanimously directed that it be reported to the House with favorable recommendation.

Let me also ask of our friends on the floor and the newspapers of the city the virtue of consistency.

As each message has come from the White House they have insistently admonished us to stand by the President. Let me now ask them in the same spirit that they stand by the President on this bill—the first appropriation bill reported out since he assumed office, and reported practically verbatim as it came from the Bureau of the Budget.

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. BLACK. I understand a reduction is made in the appropriation for the schools. I also understand that the Superintendent of Schools has assured the committee that this does not mean the reduction of salaries or a curtailment of force. Is this the gentleman's understanding?

Mr. CANNON of Missouri. I do not recall that the superintendent of schools appeared before the committee, and I have had no statement from him to that effect; but in response to a question when the Commissioners were before us, we were told that, while the reduction was severe, it would in no way materially reduce the efficiency of any department of the government to where it would interfere with its efficient functioning.

Mr. KELLER. Would not destroy it?

Mr. CANNON of Missouri. The statement was that it would do no material injury.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield to the gentleman from Michigan 1 minute in which to ask the question he wants to ask.

Mr. DONDERO. Can the gentleman from Missouri inform the House to what degree the salaries of the school teachers of the District of Columbia, including the superintendent and principals, have been reduced under this bill in comparison with what they were last year?

Mr. CANNON of Missouri. There is a reduction in their salary as there was in the salary of every other official, provided for by the economy bill, a straight blanket reduction of 15 percent. The economy bill takes care of that just as it takes care of the salaries of Members of Congress.

Mr. DONDERO. Does the present bill reduce the salaries of school teachers, principals, and superintendents any more than that?

Mr. CANNON of Missouri. It makes no reduction in the salary of any official of the District.

Mr. DONDERO. May I say that back in my own State the salaries of school teachers, principals, and superintendents have been reduced as much as 50 percent in order to get along and run the public schools.

Mr. McSWAIN. If the gentleman will permit, in some of the States some of the teachers have not received a cent of money in the last 12 months, except little scrip that they take to some bank and discount if they can, or if there is any bank left open to discount it.

Mr. DONDERO. That applies also to Michigan.

Mr. CANNON of Missouri. I will say further in response to the question that a recent tabulation of the salaries paid teachers in all the adjoining areas, including Virginia and Maryland, shows that the average salary paid the Washington teacher is more than twice, and sometimes thrice, the salary paid teachers in the territory immediately adjoining the District of Columbia.

Mr. DONDERO. How can we justify the amount they are allowed in this bill if we leave the salaries as they are?

Mr. CANNON of Missouri. Of course, this bill does not attempt to reach that matter.

Mr. TABER. Mr. Chairman, I yield myself 5 minutes.

This bill carries very liberal appropriations when you come to consider the whole picture.

In 1923, the appropriation was approximately $24,236,000; in 1924 it was $24,573,000; in 1925 it was $26,455,000; in 1926

it was $34,000,000 and odd; in 1927 it was $34,000,000 and odd; in 1928 it was $36,000,000; in 1929 it was $37,000,000; in 1930 it jumped to $41,000,000; in 1931 it jumped to $48,000,000; in 1932 it was $48,900,000; and in 1933, $44,400,000.

As a result of these large increases in District expenditures the surplus of the District is exhausted.

The figures which I have given you show that back in the heyday of prosperity, in 1923, 1924, 1925, and 1926, we were spending less on the District than we propose to spend under this bill. They show that there are further reasonable reductions to be expected, as we get into this situation and have time to hold committee hearings and run these matters down.

The Federal contribution provided for in this bill is a little over $5,700,000. If it were based upon the same ratio that the Appropriations Committee brought in here in February, it would be $5,300,000. This shows that the District has been treated very liberally. On top of this, the Appropriations Committee directed its chairman to offer amendments to the bill providing for $1,040,000 additional out of the gasoline tax for highways, in the discretion of the President, bringing the total practically up to the conference agreement of last March, and this is to be met out of the gasoline revenues and not out of taxes. It also provided that there might be expended, in the same way, not to exceed $635,000 out of water revenues for repair of the water system.

I believe that all through this bill there are opportunities for further retrenchment, which further study on the part of the Bureau of the Budget can make very productive.

Of course, we were not permitted to reduce salaries beyond the 15 percent that was carried in the economy bill. Frankly, I do not believe it would be desirable to attempt to bring anything of this kind in here so soon after the passage of the economy bill until folks have an opportunity to study the situation and figure it out.

Notwithstanding the fact that I believe the lump-sum appropriation is too high, I have agreed to go along with the committee, because I believe that this budget marks a forward step in cutting down expenses, and if no attempt is made to raise it, I shall not make any attempt to cut it.

Frankly, I shall not feel bound by this position if an attempt is made to raise the Federal contribution.

Mr. BLANCHARD. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BLANCHARD. There may be proposals subsequent to this one further reducing the budget of the District?

Mr. TABER. If there are not, I shall be very much disappointed because I believe there is a very marked field for further reductions to get it down to the preexpansion basis.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, I wish to take this opportunity to direct the attention of the Members to the fact that this appropriation bill differs fundamentally from any other appropriation bill that Congress has to consider. In passing upon this bill, we are acting as a town council for the municipality of Washington, and appropriating back to the people of Washington for the operation of the municipal government funds derived directly from local taxation in the District.

This bill has nothing to do with balancing the National Budget. The reasons for curtailing appropriations in the other appropriation bills for national purposes that come before the Congress do not pertain to this bill except incidentally. This money is the money of the people of Washington, derived by local taxation.

Mr. CANNON of Missouri. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. CANNON of Missouri. The gentleman must concede that there is a contribution by the Federal Government to which we owe some obligation.

Mr. SMITH of Virginia. I am not asking to increase that. The taxpayers of the District of Columbia had no hearings on this bill, although they asked for them.

We should keep constantly in mind the fact that we are legislating for the only people in the United States, with the exception of aliens, convicts, and the occupants of lunatic asylums, who are denied the American right to speak for themselves. We are handling the money that is to be raised by the taxation of the voteless American citizens who live in the District of Columbia, and if we do not appropriate all of it, or give them the benefit of reduced taxation so that what is not to be spent need not be taken from them by taxation, this idle money will be amassed in the Treasury as an unusable surplus.

Let us not speed too hastily through this measure. Let us see where we can wisely and judiciously spend the local money that is to be raised by local taxation, giving work to those who need it, preserving our city's schools and libraries and institutions instead of destroying them, and let us make this a balanced budget in fact as well as in theory. The budget that raises more money by taxation of the people than is needed for governmental expenditures is just as unbalanced as a budget that spends more than is raised.

No man in this House has supported by his vote the policies of the administration in the attempt to balance the Budget more consistently than I have, for I have voted for every recommendation that has come from the White House since the session started. But whether we vote for a few thousand more or a few thousand less for the necessary functions of the local government of the District does not affect the balancing of the Federal Budget one jot or tittle.

The District appropriation bill for 1934 passed the House in February, but died in conference with the expiration of the Seventy-second Congress. That bill drastically cut appropriations for the operation of the municipal government of the District. This bill makes further cuts aggregating about $6,000,000. I shall offer amendments at the proper time to restore what I regard as some of the necessary items for the proper and orderly conduct of municipal affairs for the next fiscal year.

The hearings upon the last bill showed that there would be a surplus at the end of the fiscal year of something like $5,000,000. By the drastic cuts in this bill that surplus will be increased to an estimated $9,300,000. These millions of dollars, which will come from the hard-pressed taxpayers but left idle in the Treasury, serve no useful purpose. It will result in the discharge of a large number of municipal workers, depriving them of a livelihood, while a needless surplus of nearly $10,000,000 is accumulating and while necessary municipal public works are being neglected and delayed.

Yet in the very same bill a million and a quarter dollars is appropriated for the relief of the local unemployed. If there is any reason, logic, or sound business in this policy, I ask the chairman of the committee having the bill in charge to state it to the House so that the Members may have a fair presentation of both sides of the question. To me the answer is obvious.

First. The tax rate upon real estate in the District of Columbia should be reduced; and

Second. Normal appropriations for needed public works should be continued until this surplus is absorbed.

Under the peculiar governmental set-up for the District of Columbia there are two special funds derived from certain sources, which are allocated by law, and which cannot be used for anything but special purposes. They are:

First. The gasoline tax allocated for street-improvement purposes.

Second. Revenues derived from water service which are confined to expenditures in that department.

As to the first, the gasoline tax, there will be a surplus under this bill of idle money in the next year of $1,800,000, which under the law cannot be used for any purpose except street improvement.

Mr. TABER. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. TABER. The $1,800,000 will go down to $400,000 under the amendment which the committee is directed to offer.

Mr. SMITH of Virginia. I am glad to be informed that the committee is so liberal.

The Commissioners in the bill which passed the last House specified certain street improvements to carry on the necessary development of the National Capital and at the same time afford employment to the unemployed here, and expend in a normal way the revenues which otherwise must lie idle at a time when they are most needed for unemployment relief.

The amendment which I will offer is, in the language of that bill, seeking to carry out the recommendation of the Commissioners of the local government, which calls for the expenditures of idle money in the gasoline fund, and which does not cost the Federal Government one penny. If my amendment is adopted, it will call for the expenditure on street work in the District of an additional sum of $503,950, coming solely out of local revenues, which cannot be used for any other purpose, which costs the Federal Government nothing, and which must otherwise lie idle in the Treasury.

I do not believe that anyone can successfully deny that this is a sound and logical policy.

With respect to the other special fund, namely, revenues derived from water service, it is estimated that under the present bill there will be created an idle surplus of $1,400,000, derived wholly from fees paid by the taxpayers of Washington for water service, and which cannot be expended for other purposes.

The amounts appropriated in this bill are approximately $580,000 less than the amounts recommended by the appropriation bill in February and passed by the House at that time. This apparent saving comes about by reducing appropriations for needed extensions and improvements of water service, renewal of mains, repairs, and so forth, which are recommended by the District Commissioners.

I hope that the House will give thoughtful consideration to the amendments which I expect to offer to restore these appropriations which will tend to increase employment on public works, and thereby reduce unemployment in the District for the next fiscal year without one dollar's expense to the Federal Government.

If the House will not increase the appropriation, then obviously a much more substantial reduction in the rates of water service should be provided than is contained in the bill.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman and gentlemen, I will only discuss one phase of this bill, and that is the question which has been asked, "What is the matter with the District government?"

To that question, after intelligent investigation, I want to suggest and place in the RECORD the fact that in 1920 we had in the District of Columbia 437,000 people. In 1930 we had 487,000 people, an increase in the population of the city of 50,000, or 11.4 percent.

In 1920 the total appropriations for the administration of every activity of the District government was $20,072,000. At that time we had 437,000 population. In 1932 the total appropriation for every activity was $48,137,000, or an increase of 140 percent in appropriations, with only an increase of 50,000 in population.

I have received resolution after resolution from civic associations complaining about the contribution made by the Federal Government. Let me review a few of these appropriations.

Public schools, of which we hear complaint, in 1920 had a total appropriation of $3,760,000. In 1932, the appropriation was $13,600,000, an increase of 261 percent in 12 years.

Street and road improvement and repair in 1920 was $1,651,000. In 1932 it was $5,195,000, or an increase of 214 percent in 12 years.

Police activity in 1920, the appropriation was $1,694,000, and in 1932, $3,501,000.

There is no use of my going down the line of these activities, the proportion of enormous increase held throughout the District government service.

What is the matter? The District government is attempting to render too much service to the people of this District for an economical government. One of the gentlemen a while ago said that we want this to be a model government, we want it to dazzle the eye and confuse the brain. I do not want it to do that. I want it to be a government of simplicity, a government of simple utility, a government that is good, that is clean, a government in which law and order are maintained and in which peace and tranquillity are to be found. I want the citizens of all States to come here and say that we have a clean businesslike government here, a government of simplicity, and not of grandeur. If there is anything that appeals to the American heart, it is simplicity, because simplicity is the starting point as well as the goal in the history of cities and of nations. We must retrace our steps and get on an economical basis.

Let me read one or two more of these things. You have heard a lot of talk and some of you have letters in your pocket about public libraries. In 1920 the appropriation for public libraries amounted to $107,810 and in 1932 it amounted to $463,350, or an increase of 330 percent.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McFARLANE. Mr. Chairman, I suggest that the gentleman put those in the RECORD.

Mr. BUCHANAN. Mr. Chairman, I shall put them in, and I ask unanimous consent to extend my remarks in the RECORD and also to include a statement showing the per capita governmental cost increase on the people of the District of Columbia.

The CHAIRMAN. Is there objection?

There was no objection.

District of Columbia per capita governmental cost payments for operation and maintenance

[Statistical Abstract, 1932]

1922	$42.03
1930	65.37
Increase	23.34
Percentage of increase	55.5

District of Columbia appropriations, 1920–32

Purpose	Fiscal year 1920	Fiscal year 1932	Percentage of increase
Total including for 1920 water fund (gas-tax fund not created) and including for 1932 appropriations from water fund and gas-tax fund	$20,072,000	$48,137,000	140
Principal increases			
Public schools, including sites and buildings	3,760,000	13,600,000	261
Street and road improvement and repair, including bridges	1,651,000	5,195,000	214
Police department	1,694,000	3,501,000	106
Fire department	1,255,000	2,584,000	106
Water service, including Washington Aqueduct	[1] 751,210	2,354,220	213
Sewers	503,000	1,386,000	175
Street cleaning, including collection and disposal of refuse	1,100,000	2,076,000	88
Electrical department, including street lighting	500,000	1,253,000	150
Board of Public Welfare, including institutions and activities under Board's control	2,522,000	5,793,000	130
Public parks, including reclamation of Anacostia Flats	813,000	2,685,000	230
Free public library	107,810	463,350	330
Playgrounds	92,000	219,000	138
Health department	[1] 214,310	454,760	112

[1] Does not include indefinite appropriations for additional compensation.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. CANNON of Missouri. Mr. Chairman, I yield 7 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I want to congratulate the Congress and the taxpayers of the United States on having as their chairman of the Committee on Appropriations my distinguished colleague from Texas, Judge JAMES P. BUCHANAN. He stands for strict economy in governmental expenditures. He is against waste. He is against extrav-

agance. He is against graft. He is a man of good judgment. He is a man of keen intellect. He is a man of great courage. I deem it a distinct honor to serve under him and with him.

He has shown great wisdom in placing this bill in charge of our able friend from Missouri, CLARENCE CANNON, as chairman of the subcommittee framing this bill. There is no man in Washington more familiar with District business than our good friend from Missouri. He digs down to the very bottom of everything. He knows how to get reliable information and how to uncover the facts. Shrewd bureau chiefs across the table cannot overreach him. There is no such thing as being able to influence him to do something that ought not to be done. And the dependable help given to the committee at all times by our good friends, the gentleman from Alabama [Mr. OLIVER] and the gentleman from New York [Mr. TABER], has been invaluable.

The Washington newspapers have for a week been proclaiming daily that the committee refused to grant a proper hearing to the Commissioners of the District. That is not the fact. I quote from page 51 of the hearings the following:

The CHAIRMAN. Is there any question in the mind of any of the Commissioners on this subject? I just heard a while ago what was hardly a complaint, but a statement, that you were, perhaps, unduly rushed in making your allocations of the $33,000,000 to the different projects in the District. Now, since you made those allocations under those conditions, has the question occurred to any of you since then as to whether the allocations should be made differently or could be made more advantageously to the District without exceeding the $33,000,000 submitted? If so, this committee will not hesitate a moment to shift the allocations in accordance with what the facts seem to suggest.

Mr. DONOVAN. I desire to make this statement: I believe, and I think the Commissioners will join with me in the statement, that if we spent any further time, we would not make any material change in the figures already submitted here. I do not believe that further study would change those figures.

All three Commissioners of the District of Columbia were present and all acquiesced in the above statement made by Auditor Donovan. Not one asked for any additional hearing. All admitted that the hearings should close. Hence the newspaper criticism is wholly unwarranted.

If you will look into these hearings we held the other day, you will find that the people of Washington are the best treated people in the United States. You must not believe all this falderal you see in the Washington newspapers about the Congress damaging the people of Washington. I do not blame the newspapers of Washington. It is to their interest to get the Congress to appropriate just as many millions of dollars out of the Treasury as they can to be spent in Washington. It helps the business interests, it helps the merchants to take whole advertisements in the newspapers, and when clamoring for larger appropriations they make the people think that they are fighting the people's cause. But they let the people overlook the fact that the more money is spent the more the people will have to pay in taxes. As a result of this bill, do you know what is going to happen? The taxes of every taxpayer in Washington are going to be reduced from $1.70 to $1.50 on the $100, and yet the District will not be hurt at all. We save the money. As a result taxes are reduced.

When we had the District bill up here on the night of March 3, just before the last Congress closed, it will be remembered that we showed you that the bill ought not to pass, and by a big vote of this House the bill was killed. I told you on that night, you who were here at that time, that there could be squeezed out of that bill over $6,000,000 without hurting the people's interests at all. I told you that the Federal contribution was entirely too much, and that it ought to be reduced, and the bill died, and what has happened? The President of the United States has had his Budget committee go over this bill carefully, go over every item in it, and now he has reduced the bill $6,239,447 below the bill that was killed that last night in the last Congress. He has reduced the Federal contribution $1,900,000 below the amount that was carried in that bill we killed on the night of March 3.

Yet every civic and business enterprise in this District is carefully preserved and protected.

Look at the hearings. You will find that in the presence of the three Commissioners I made the auditor admit that in Washington you can take deeds or other documents that would cost several dollars to record in any county of the 48 States, and have same recorded here for 75 cents each.

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. GRIFFIN. Does not the gentleman know that it was he who put those words into the mouth of the auditor, and that on the very next page of the hearings, page 12, the fees are given and the fee is 15 cents a folio, and nothing that the gentleman has said could possibly happen.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend my remarks and to put in the questions put to the auditor and his answers.

Mr. GRIFFIN. And also the fees.

Mr. BLANTON. Yes; and to extend my remarks by inserting other data.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. OLIVER of Alabama. The gentleman has referred to a saving of $6,000,000. His modesty forbids his taking the credit for this saving.

Mr. BLANTON. Oh, it was due to the splendid, able help of the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. It is due the gentleman from Texas [Mr. BLANTON] to say that a difference arose in conference between him and the retiring chairman of the Senate committee handling the District appropriation in the closing days of the last Congress, and that the gentleman's report to the House of that difference led the House to reject the conference report, and he is truly entitled to the credit for saving this $6,000,000.

Mr. BLANTON. Oh, I am not going to take all that credit. I want you to read the splendid unanswerable speech made that night by the gentleman from Alabama [Mr. OLIVER] that helped kill that bill. I want you to read the splendid speech of our good colleague, the great Representative from Michigan [Mr. MAPES]. He deserves credit also. I do not want to take credit that is due them. It was to the credit of this House that the Membership of this House kept that wasteful and expensive bill from passing that night. You have a President's bill now. The President sent us this bill.

Mr. McFARLANE. Will the gentleman yield?

Mr. BLANTON. In just a moment I shall be glad to yield. I want the gentleman from Virginia [Mr. SMITH], who has taken the mantle of our friend, the great Walton Moore, on his shoulders, when he gets up and fights for increases in this bill, to remember he is fighting against the President's bill. This is the President's bill we are asking the House to approve.

The President has asked us to make these cuts. The President has passed upon the bill that was agreed upon in conference. The President has sent this message here and asked us to save these amounts. I want the gentleman from Virginia to answer to his people of Virginia when he tries to change this bill on these cuts. Let him explain to Virginians why in Washington the people do not pay one single thing for planting trees in front of their homes. All the trees are planted at the expense of the District government. They are pruned by the government, at government expense. They are sprayed by the government at government expense. They are looked after and replaced when they die. In Virginia you have to pay for such trees yourself. In Washington the gasoline tax is 2 cents on a gallon. In Virginia it is 5 cents a gallon. Why do Virginians have to pay 3 cents per gallon more than Washingtonians?

The people of the gentleman's district—his constituents in Virginia—pay 5 cents tax on gasoline while his friends in Washington pay 2 cents. In Washington the people do not

pay a thing for having the garbage gathered, except the general tax. In the States they have to pay for it.

The people here do not have to pay anything for having their trash gathered. In other cities they do. The people here do not pay anything to have their ashes taken up in the winter, but in other cities they do. The people in the District of Columbia who have owned their property for 30 years have not had to pay one dollar in 30 years for sewer service, but in other States they have to pay so much a month. I have to pay in my home city $2.75 per month on my residence in Abilene, whether I am there or not, for that service. In Washington a family pays $8.75 per year for water. In some cities you pay that much per month. In Washington you get a flat tax rate of $1.70 per $100. That is every tax you have to pay on both personal and real property, with a thousand-dollar personal exemption for your furniture—$1.70 per $100. In some cities of some States it is $3.50 and $4.50, and it even runs up to $6 per $100 in some cities.

Mr. DONDERO. Will the gentleman yield?

Mr. BLANTON. I promised to yield to my friend from Texas [Mr. McFARLANE] first.

Mr. McFARLANE. The gentleman has answered the question I had in mind.

Mr. BLANTON. I yield to the gentleman from Michigan.

Mr. DONDERO. Does the gentleman mean to tell the House that the total tax in Washington is $1.70?

Mr. BLANTON. One dollar and seventy cents a hundred on real property and on personal property, and under the savings made in this bill it will be reduced to $1.50 on the $100. In States they have the State and county tax, which in instances is more than the tax in Washington. Then there is the city tax extra; there is the special school tax, and in some instances a special water tax, and an extra sewer tax, and then, in addition to that, we have to pay for gathering all the commodities I have mentioned. In Washington, license tags on automobiles cost only $1, even for the most expensive cars, while in the States you pay from $10 to $40 for same.

Mr. TABER. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. TABER. In the District government the Federal Government makes a contribution to the District based on the amount of buildings it has, and out in Virginia, if there is a navy yard or a Government hospital or a mint or something like that, they do not pay any tax at all to the State.

Mr. BLANTON. Certainly. That is correct. Yet every single piece of Government property in Washington is an asset to the people of Washington. Our chambers of commerce back home spend thousands of dollars in advertising to get people to come to their cities. It is the Government's business and buildings here that attract people to Washington.

When they talk about voteless Washington I want you new colleagues to remember this: When I first came here I thought it was a shame to keep the people in Washington from voting, and I introduced a bill to give them a vote. I had a caucus of Washington people held over in the big caucus room in the House Office Building one night and heard what the people here said about it, and, to my great surprise, the leading interests of this city came up here and said they were against the bill. They said, "We do not want a vote here. You know where the balance of power is in Washington, and we do not want that balance of power to control the elections in Washington. We do not want it." I have said nothing more about a vote for Washington since that time. All that hurrah about voteless Washington is nothing in the world but propaganda to get you to vote the people's money out of the people's Treasury to carry on the civic expenses of Washington.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TABER. Mr. Chairman, I yield 3 additional minutes to the gentleman from Texas.

Mr. BLANTON. I will now quote from the hearings some of the facts I elicited from Colonel Donovan, the auditor of the District, all three of the District Commissioners being present while he was testifying, to wit (first, as to charges for water):

Mr. DONOVAN. No. There is a flat rate now of $8.75.

Mr. BLANTON. It is $8.75?

Mr. DONOVAN. That is the flat rate which entitles one to 7,500 cubic feet of water. There is an additional charge for use above that.

Mr. BLANTON. But in the ordinary residence for the ordinary family the flat rate is $8.75 a year?

Mr. DONOVAN. Yes, sir.

Mr. BLANTON. Which is less than a dollar a month. That is all they have to pay unless they use an excessive amount of water.

SERVICES NOT ASSESSED

Now, with regard to sewer connections. Let us assume you own your residence; it has been built and sewer connections have been made. You do not have to pay any more than the original charge as a sewer-service charge, do you?

Mr. DONOVAN. No, sir.

Mr. BLANTON. No resident has to pay that?

Mr. DONOVAN. No, sir.

Mr. BLANTON. With regard to the collection of garbage; residents do not pay for that service. That is collected by the city free?

Mr. DONOVAN. Of course, it is all a part of the general tax charge that is made; but there is no special charge made for that purpose.

Mr. BLANTON. If you will just answer my questions, yes or no, we will get along very much faster. There is no special charge for garbage collection made to residents?

Mr. DONOVAN. No, sir.

Mr. BLANTON. There is no special charge for trash collections from a residence?

Mr. DONOVAN. No, sir.

Mr. BLANTON. There is no special charge for ash collections from a residence?

Mr. DONOVAN. No, sir.

Mr. BLANTON. With regard to the trees that are put out in front of your residence and in front of mine, we do not have to pay anything for those trees put out in front of our residences?

Mr. DONOVAN. No special charge.

Mr. BLANTON. They are sprayed and pruned and looked after and maintained and restored by the city out of the general revenues?

Mr. DONOVAN. Yes, sir.

Mr. BLANTON. We do not have to pay any special school tax outside of the $1.70 that we pay, do we?

Mr. DONOVAN. No, sir.

Mr. BLANTON. We do not have any other special taxes of any kind outside of the $1.70 tax on personal property and the $1.70 tax on real property and the tax on intangibles, do we?

Mr. DONOVAN. Except for paving the streets, paving alleys, paving sidewalks, laying water mains, laying sewers.

Mr. BLANTON. Those expenses are incurred when you first build your residence. But after you have built your residence and the sidewalk is paved, you do not have any more of that kind of expense?

Mr. DONOVAN. When you once pay for it you have entirely paid for it.

Mr. BLANTON. You have paid for it for all time?

Mr. DONOVAN. Yes, sir.

Mr. BLANTON. For instance, I purchased a residence here 16 years ago. I have had none of that to pay since, have I?

Mr. DONOVAN. No, sir.

Mr. BLANTON. And I will not have any more in the future, will I?

Mr. DONOVAN. No, sir.

Mr. BLANTON. When you are putting up a new residence to start with you pay only a nominal charge for connecting your water main, is that right?

Mr. DONOVAN. For connecting from the main to the house, that is entirely paid by the owner.

Mr. BLANTON. I mean connecting out to the curb.

Mr. DONOVAN. For the construction of the main itself, my recollection is the charge is about $3 a front foot.

Mr. BLANTON. And when the street is once made, you never thereafter have to pay any more for that purpose?

Mr. DONOVAN. Provided you have paid the assessment once.

Mr. BLANTON. Then when the street needs repaving or repairing, the city general tax covers that?

Mr. DONOVAN. That is right.

Mr. BLANTON. So that when you once pay out those charges you do not have to do as you would have to in Texas and Missouri and in Alabama—you do not have to pay new assessments every time there is repaving to be done, do you?

Mr. DONOVAN. Not if you have paid the assessment once.

TAX EXEMPTIONS

Mr. BLANTON. With regard to exemptions, how much is each family allowed as an exemption on personal property?

Mr. DONOVAN. $1,000 for household furnishings.

Mr. BLANTON. That comes off before they pay any tax?

Mr. DONOVAN. Yes, sir.

Mr. BLANTON. Then on what is left they pay $1.70?

Mr. DONOVAN. On each hundred dollars.

Mr. BLANTON. $1.70 a hundred; yes. That rate is the same both as to personal property and as to real property?

Mr. DONOVAN. There is no exemption on real property.

Mr. BLANTON. But as to the rate of $1.70, it applies to both?

Mr. DONOVAN. The rate of $1.70 applies to both real estate and tangible personal property.

Mr. BLANTON. That used to be $1.30 and $1.20 and 90 cents, did it not? At one time it was as low as 90 cents, was it not?

Mr. DONOVAN. I do not recall it ever having been as low as 90 cents.

Mr. BLANTON. Was it not 90 cents when I first came here, 16 years ago?

Mr. DONOVAN. I am afraid not; let me see what it has been.

Mr. BLANTON. Put that in the record later, without taking up the time of the committee now.

Mr. DONOVAN. I have the information available here, and I will insert it in the record.

TAX RATES SINCE 1920

Mr. BLANTON. Insert in the record the various mutations of tax rates.

Mr. DONOVAN. Very well.

Tax rates

Fiscal year:	
1920	$1.50
1921	1.95
1922	1.82
1923	1.30
1924	1.20
1925	1.40
1926	1.70
1927	1.80
1928	1.70
1929	1.70
1930	1.70
1931	1.70
1932	1.70
1933	1.70

AUTOMOBILE TAXES

Mr. BLANTON. With regard to automobile taxes, in some States it costs $24 to register and get your license tags for, say, a Pierce Arrow, on up to a pretty high charge for a Rolls-Royce. You can register a Rolls-Royce or Pierce Arrow or a Cadillac here in the District of Columbia and get your license tags for $1; is that right?

Mr. DONOVAN. You can get your tags here for $1. Then, of course, you pay a personal tax.

Mr. BLANTON. You pay the personal tax everywhere. I am talking about the license-tag tax. Elsewhere the people pay $20, $30, $40, while you pay $1 here in the District.

Mr. DONOVAN. Correct.

Mr. BLANTON. There has been no move to make that a higher tax?

Mr. DONOVAN. Yes. The Mapes committee reported out a bill providing for a tax on automobiles by weight.

Mr. BLANTON. But that has never been passed?

Mr. DONOVAN. It passed the House.

Mr. BLANTON. But it has not become a law?

Mr. DONOVAN. It has not become a law.

I wish to say to my new colleagues that they must not forget that this 10 miles square between Virginia and Maryland is the Government's place of business. It is set apart for this Government. It is the Government's office. Our forefathers and the framers of our Constitution saw to it that we had a place to carry on the business of this Nation. Do not let any Washington City officials ever get any control on this 10 miles square. When I came here I thought it was an outrage because we had the Park Police and we had the Capitol Police and the Senate Police, and we had this kind of police and that. I said, "Let us make it all one Metropolitan Police." Then, when I began to study about it and came to confer with the older heads, the men of wisdom, I saw I was wrong.

I saw the necessity for this great Government to have its own constabulary, because the time might come when there could be a conflict of interest between the people of Washington clamoring for rights that they should not have here in this 10 miles square. Every time a man moves to Washington he comes here knowing that this is the seat of government. He comes here knowing that he cannot vote unless he keeps up his residence in some State. Every time a person moves to Washington to live he must take cognizance of that fact, that we are not going to turn loose the rights of this Government to the people here who have gotten rich on the Government.

I know some lots here in Washington which when I first came here in 1917 were worth only $100. Today some of them are worth $100,000 because of money the Government has spent here.

In addition to this bill there are half a dozen appropriation bills that provide large sums of money which is spent in Washington for the interest of Washington. The deaf and dumb asylum in Washington is maintained for the benefit of this city. Howard University is maintained for the colored people, a necessary institution, one which furnishes nurses, physicians, dentists, school teachers, and colored ministers for the colored people, and every dollar it gets is contributed to it by this Government and is spent here by that university. Another instance is St. Elizabeths Hospital, one of the biggest insane asylums in the world. The Washington people get just as much benefit out of it as the other people of the United States. The Federal Government furnishes the courts for this great city, from the police court up, and gives Washington all the fees. All the judges are paid by the people of the United States. Look at the many public parks and places of amusement. Yet these newspapers are not satisfied. They hammer us who stand and speak for the people. They hammer on us all the time; but let me tell you this: You may not get a position on the front page of Washington's newspapers, but you will have the approval of your own conscience, and of your own heart, and of your constituents back home.

The former great leader in the other end of the Capitol who was responsible for this bill being raised from $20,000,000 to $48,000,000 a year is not there any more. His people back home found out he was fighting for the people of Washington and forgetting the people of Connecticut and they kept him at home. Any other Senator at the other end of this Capitol who attempts to act against the interests of the people of the United States in behalf of the people of the District for a few front-page mentions in the Washington newspapers will be found out sooner or later by his people and be kept at home.

I want you new colleagues of ours who are not familiar with this question to get some of the records from the Mapes committee, find out what that committee, after careful, scientific investigation, reported. You will see that this Government has been a big spender for the District. The long, hairy arm of this District, reached out constantly by the Washington newspapers and its satellites into the Public Treasury, has every year pulled out of the people's hard-earned tax money millions of dollars and spent them here in Washington. We must keep control of this situation. [Applause.]

Mr. TABER. Mr. Chairman, I yield to the gentleman from New York [Mr. GRIFFIN] 3 minutes.

Mr. GRIFFIN. Mr. Chairman, I have no prejudice either for or against the people of this District. I pride myself that I have an open mind, and notwithstanding some very unpleasant experiences with the realtors of Washington, I believe I can render justice to all. I shall not enter into a general discussion of this bill in the limited time at my disposal, but let me call your attention to the manner in which the Congress often passes on the financial affairs of this District and how prone they are to acquire misinformation.

The gentleman from Texas [Mr. BLANTON], who has just spoken, referred to the hearings, and said he compelled the auditor of the District to admit that it costs only 75 cents to record a deed or instrument in the office of the recorder of deeds, whether it consisted of 1 page or 100 pages.

The truth is that Mr. Donovan, the auditor, knew nothing about it and took for granted that my amiable and good friend from Texas knew all about it. The fact of the matter was that Mr. Donovan, the auditor, could hardly be expected to know anything about it, because the recorder of deeds in Washington is an independent office. On the very next page—page 11—of the hearings, as it happens, section 552 of the Code of Laws of the District is set forth in full, and I invite your attention to it. This provides as follows:

> For filing, recording, and indexing or making a certified copy of any instrument containing 200 words or less, 50 cents, and 15 cents for each additional 100 words, to be collected at the time of filing when the copy is made.

So it was certainly impossible for anybody to file an instrument of a large number of pages for the little fee of 75 cents without violating the law.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, may I emphasize that this bill is the bill recommended by the Director of the Budget? Certainly no Republican is going to suggest any increase. Personally, I believe this bill can be decreased. There are between 15 and 20 independent bureaus or offices in the District of Columbia that are not under the jurisdiction of the District Commissioners. This, from an administrative point of view, is a ridiculous situation and I believe the government of the District of Columbia can be very much simplified with great resultant saving to the Government.

We have given the President of the United States the authority to make changes in the Federal Government, to consolidate bureaus, commissions, and independent establishments. I believe if similar authority were given the President in the matter of the government of the District of Columbia great simplification could be had, increased efficiency, and a decreased cost of government in the District. [Applause.]

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. BACON. Certainly.

Mr. BUCHANAN. The committee considered that, and most of the committee, if not all, thoroughly agree with the position taken by the gentleman from New York and would like to have done it, but it is legislation, and I am one chairman who intends to try to follow the rules of the House and not bring in legislation on an appropriation bill.

Mr. BACON. I am in very thorough accord with my chairman and only make this statement to bring it to the attention of the proper legislative committee. I want to express the hope that the District of Columbia Legislative Committee will see fit in the near future to discuss legislation along the lines I am suggesting in the interest of efficiency and economy. The Appropriations Committee are in agreement and hope that the necessary legislation can be passed.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I listened with a great deal of attention to what the gentleman from Texas had to say about Washington being the land of milk and honey, where they supposedly lay your sidewalks, haul your garbage, and plant your trees without cost, and where everything, supposedly, happens at Government expense.

If this be true, I should like to inquire into the other half of the picture. Since I have been here I have been informed that the Mayflower Hotel is in receivership. I have been informed that nearly all of the hotels and apartment houses here are in receivership. Why is it, if everything is provided for the people of Washington, D.C., at a tax rate of $1.70—and, incidentally, it was not explained that that tax rate was levied on the full, fair cash value rather than on a fictitious assessed value such as obtains elsewhere—I am simply asking as a matter of information why there is all this economic hardship in Washington, D.C., the land of milk and honey?

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That in order to defray the expenses of the District of Columbia for the fiscal year ending June 30, 1934, any revenue (not including the proportionate share of the United States in any revenue arising as the result of the expenditure of appropriations made for the fiscal year 1924 and prior fiscal years) now required by law to be credited to the District of Columbia and the United States in the same proportion that each contributed to the activity or source from whence such revenue was derived shall be credited wholly to the District of Columbia, and, in addition, $5,700,000 is appropriated, out of any money in the Treasury not otherwise appropriated, to be advanced July 1, 1933, and all the remainder out of the combined revenues of the District of Columbia, namely:

Mr. BLANTON. Mr. Chairman, on page 2, line 2, I move to strike out the words "District of Columbia and the United States."

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 2, line 2, strike out the words "District of Columbia and the United States."

Mr. BLANTON. Mr. Chairman, if I may have the attention of my friend from Illinois [Mr. DIRKSEN], I want to answer his question. The reason you find a great many hotels and large apartment houses and office buildings in the District of Columbia in trouble is on account of fraudulent manipulation of trusts. The owners will build a building for, say, $500,000. They will put on a first trust of $300,000; then they will put on a second trust of $300,000 more, $100,000 of which is clear velvet; and then they will put on a third trust of $400,000, making $500,000 of net, clear velvet. Then they will sell it at a profit, and finally the bubble bursts. [Laughter.]

That is a fair illustration. If the gentleman had been here during the last 10 years and had known of the manipulations of just one company here, the F. H. Smith Co., he would have answered his own question.

It is this unfair, fraudulent sale of worthless stock and worthless mortgages on the marts of the country outside of Washington that has not only wrecked the new buyers of buildings here but has wrecked holders of second and third trusts all over the country. We are trying to squeeze out all of this manipulation. As a matter of fact, there ought not to be any second mortgage, and there ought not to be any third or fourth mortgage for the people to be swindled with. In some cases they have even put on fifth and sixth trusts here. This is what we are trying to stop.

I may say to my friend from New York [Mr. GRIFFIN] in talking about the testimony of Auditor Donovan, if he will look into the record he will find that I requested Mr. Donovan to state if there were not a time when the tax rate here was 90 cents on the $100. He said he would have to look it up, and I told him to put in the figures, but he did not go back far enough when he put in the figures, but started with 1920. I am going to make him dig that up this evening, and I am going to put in the RECORD later the figures showing a time when there was a tax rate of less than $1 on the $100.

I want to say to my friend over here that this is the only city in the United States that has not some bonded indebtedness. Do you know why? It is because the Government has paid all the money for things for which the cities usually issue bonds. There is no bonded indebtedness here. It is the great Treasury of the United States that for years has been taking care of the city of Washington.

I am also going to put in the exact facts about the recorder of deeds office, I will state to my friend from New York. I am going to make them get out those facts, because I have been in that office myself.

Mr. GRIFFIN. That is in the hearings.

Mr. BLANTON. He merely cited the law. He cited it specially as to issuing certified copies. I was not speaking about certified copies; I was talking about filing deeds for record and having them recorded.

Mr. GRIFFIN. That is covered by section 552 of the District Code.

Mr. BLANTON. I want to show you what they actually charge there. I was in that office and I saw one of these realtors that my friend from New York referred to come in and hand the recorder a handful of instruments to be recorded. Some of them apparently were of good size. I heard the clerk tell this man that they were 75 cents apiece and I saw them paid for right through the window. You cannot beat actual experience. When I check up a bureau here in Washington, I check it up with my own eyes, and I want to tell you now that every single bureau of the District government is overmanned at least 50 percent. You can just take 50 percent of the clerical power out of every bureau here and not hurt it if you will make the rest of them work a full honest day's work.

Mr. McFARLANE. Will the gentleman yield there?

Mr. BLANTON. Certainly.

Mr. McFARLANE. The statement of the gentleman from Virginia a while ago was to the effect, as I understood it,

that the taxpayers of the city of Washington are paying in a surplus, leaving the impression with us that they are self-sustaining. I notice in the first paragraph of the bill here we are appropriating $5,700,000.

Mr. BLANTON. Instead of the $9,000,000 that the Senate tried to force us to appropriate. We have thus saved for the taxpayers of the United States $3,300,000 on that one item alone.

Mr. GRIFFIN. Mr. Chairman, I rise in opposition to the pro forma amendment.

As to this matter of fees in the offices of the recorder of deeds and of the recorder of wills, they are not within the discretion of any clerk or of any of the employees who are employed in these offices. The fees are provided by the Code of the District of Columbia, or, in other words, by the Congress.

After the very interesting colloquy that the gentleman from Texas had with the auditor, Mr. Donovan, Mr. Donovan subsequently put in the hearings an extract from the code covering the fees. This is section 552, and provides, as I read the text:

For recording, indexing, or making certified copies of any instrument containing 200 words or less, of 50 cents and 15 cents for each additional 100 words, to be collected at the time of filing or when the copy is made.

So if the gentleman from Texas says he was in the office of the recorder of deeds and saw this big bunch of legal instruments left there for recording, which would have cost so much in Texas, and that they only charged 75 cents for each of them, notwithstanding the number of pages which they contained, the man in charge of the office clearly violated the law, and I challenge the gentleman from Texas to pursue his statement to its logical conclusion.

Mr. BLANTON. I stated what I saw with my own eyes and what I heard with my own ears in the office of the recorder of deeds. The realtor who handed in the package of instruments paid an average of 75 cents each for all of them. I am going to telephone that office and find out whether or not they are collecting the lawful recording fees, or collecting a flat rate for each instrument.

Mr. GRIFFIN. With all due respect to the gentleman from Texas, I think that he was mistaken, and that those instruments were not recorded for 75 cents, but they were recorded at the price fixed by the statute.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 2, line 9, after the word "Columbia", insert the following: "and the tax rate in effect in the fiscal year 1934 on real estate and tangible personal property subject to taxation in the District of Columbia may be fixed by the Commissioners as to prevent the accumulation of any unnecessary surplus of local revenues above what is herein appropriated."

Mr. BLANTON. Mr. Chairman, I make the point of order that that is legislation on an appropriation bill and is a change of existing law.

Mr. SMITH of Virginia. Mr. Chairman, the object of my amendment is merely to declare the policy of Congress. It is not offered as substantive law; it is merely advising the Commissioners that it is the expressed policy of the House.

Mr. BLANTON. That is the duty of the legislative committee.

The CHAIRMAN. The amendment offered by the gentleman from Virginia is clearly legislation subject to a point of order. The Chair sustains the point of order.

The Clerk read as follows:

No part of the appropriations contained in this act shall be used for or in connection with the preparation, issuance, publication, or enforcement of any regulation or order of the Public Utilities Commission requiring the installation of meters in taxicabs until such regulation or order shall have been approved by Congress: *Provided*, That this prohibition shall not be construed to affect any order or part of an order of such Public Utilities Commission other than with respect to the requirement of the installation of such meters.

Mr. HARLAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, strike out everything beginning with line 21, up to and including line 4 on page 7.

Mr. HARLAN. Mr. Chairman, this provision that I ask to be stricken out of the bill to my mind is manifestly legislation. It has been in the last three bills, and the point of order has been raised against it, but technically it has been able to evade the point of order and so is retained in the bill.

However, when the bill was before the Senate the last time, the Senate committee, after the hearings, struck out this provision of the bill. If there is anything to clinch the argument against this provision, the experience we had in the Capital during inauguration seems to me to be that clinching argument.

Mr. BLANTON. Let me say to the gentleman that this provision was agreed to in conference.

Mr. HARLAN. Yes; but it was stricken out in the Senate.

Mr. BLANTON. Oh, no; here is the clerk of the conference committee, and he will tell you that it was agreed to in conference.

Mr. CANNON of Missouri. It was included in the House bill, but it was not included in the Senate bill. The Senate conferees receded and it remained in the bill.

Mr. HARLAN. That is my statement, and that was the statement I first made.

Mr. BLANTON. Here is what happened: The Senate first struck out this provision of the House bill; then it reversed its action, and amended the House provision and passed it. In conference the House conferees accepted the Senate amendment, and this provision is just the one agreed to in conference.

Mr. HARLAN. There are now about 5,000 taxicabs roaming on the streets of the District of Columbia, with over one third of their time not used in hauling fares. The Utility Commission passed an ordinance requiring them to have meters. These metered cabs would charge 25 cents for the first 2 miles, and 10 cents a mile after that, the idea being to do away with this absurd, silly zoning system that we have in this District. It is not a law, but it is just an agreement between the taxicab drivers and the companies. There is no way of enforcing it. We simply have anarchy in the District so far as taxicabs are concerned.

The Commission passed an ordinance that would make order out of chaos in this thing. The ordinance was attacked in the court, and the court sustained the ordinance, not only on the legal side, but as to the basic factual reasons therefor, and here we come in with a restriction such as is included in this bill and hamstring the Commission in enforcing the ordinance. It was suggested at the last session that they wanted this provision because they did not want our people profiteered upon during the inauguration. There was not a 20-cent cab in the business that I saw that did not take down its 20-cent sign during the inauguration, and that did not exploit everybody who came into this District. One constituent of mine paid $12.50 to ride down to Mount Vernon and back during the inauguration, and day after day there was no restriction, no control over them and the people coming in here not knowing this zoning system, this purely arbitrary arrangement between the taxicab companies, got into disputes and fights and all kinds of disturbances. The number of accidents that happen in the streets from these drivers working 14 and 16 and 18 hours a day to eke out a living on this 20-cent fare is a disgrace to this Capital—just to save 5 or possibly 10 cents on a taxicab fare. It seems to me that we have gone far enough in that. I wish I had the time to read some excerpts from the hearing before the Senate committee. The taxicab drivers do not want this, and when this was before the Court, the Court said it was nothing but a method of exploiting labor and that is all it is.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment. I want the chairman of the committee and the clerk of the committee to listen to what I have to say. Here is what happened: We put this amendment to prevent meters in the House bill. The bill went to the Senate. At

first the Senate struck it out. Then the Senate reconsidered it on the floor and amended it in certain particulars and put it back in the bill, and in conference we agreed to the Senate amendment.

Mr. CANNON of Missouri. Mr. Chairman, that is correct. I had in mind another amendment when I made the statement in response to the inquiry from the gentleman from Ohio. This proposition was reconsidered on the floor of the Senate and agreed to in the form in which it appears in this bill, and was so approved by the managers on the part of the two Houses in conference. The gentleman from Texas is correct.

Mr. BLANTON. And this is the very proposition that was carried that was agreed to on the Senate floor first, and then in conference.

Mr. CANNON of Missouri. Precisely.

Mr. BLANTON. I will tell you the reason for it. When General Patrick, the chairman of the Utilities Commission, was before our committee, we said, "Now, General, when Congress adjourns, if we do not put this provision back into this bill to stop you from installing meters, will you tote fair with Congress and not install meters while we have gone home?" He said no; that he was going to install them. Then I said to him, "Then, General Patrick, if we want to stop you from installing meters, it will be necessary to put such a provision in the bill." He replied that we would have to stop him by such a provision. Then the committee decided they would stop him, as they were not going to let him put 1,500 ex-service men driving taxicabs here out of business.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HARLAN. Are there any of those 1,500 ex-service men who want this ordinance defeated; and if so, where have they testified and said so?

Mr. BLANTON. They have testified many times before us in our offices when we were investigating the matter and have written us hundreds of letters. I have been so told by several hundred of them myself when I would stop them on the street. I made it my business day after day when Congress was not in session to stop them on the street and ask, "Are you an ex-service man?" "Yes." "Did you serve in France?" "Yes." "Are you satisfied with the present arrangement?" "Yes." And they would say: "I do not want you to let them put meters on, because they will run me out of business." Some said "I stayed here in Washington 2 or 3 years without making a dollar, and now I am driving a taxi and making $4 or $5 or $6", and some said $7 a day.

Mr. CANNON of Missouri. And the members of the committee are in receipt of many letters from individual drivers to that effect.

Mr. BLANTON. Yes; I have a number of them in my office. They say "Do not let them put meters in, it is the big companies, the monopolies, who are trying to run us out." The speech that my friend from Ohio [Mr. HARLAN] made a while ago is almost word for word what was contained in the page advertisements that these monopolies had in the Washington newspapers not long ago. How on earth can a poor devil who cannot make a living pay for a full-page advertisement in the Washington Herald or the Washington Times or the Washington Post or the Star or the News? They had a full-page ad in these papers about this very provision that you have in here to protect these ex-service men of this District.

They have a right to make a living here in Washington. If you did not put in this provision, you would see a taxicab regulation here to require meters. That would run 1,500 ex-service men out of business. Then you would see the rates go up. They would put in meters, and you would get in an automobile and ride down to the Washington Hotel and, instead of paying 20 cents, they would charge you a dollar, or you would ride out to the Roosevelt Hotel and they would charge you $1.50. You would say, "You ought to charge me only 25 cents." The taxi driver would reply: "Pay me." Are you going to stand there and argue with a taxicab driver? No. You will pay what he charges. You have to dig up the money and pay it. We do not want a condition here that will rob our visiting constituents and the people of Washington every day.

Go down to these departments, call the employees into the assembly room, and ask them whether they want this 20-cent taxicab fare to continue. One hundred percent they will tell you they do. You have a lawyer here known as the "people's counsel" paid for by Congress, paid a big salary to represent the interests of the people of Washington. That lawyer has appeared before our committees. He has appeared before the Commissioners time and again, representing the people of this District, saying, "We do not want this provision changed." I hope you will leave it in the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLANTON] has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. HARLAN].

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 2, noes 62,

So the amendment was rejected.

The Clerk read as follows:

For personal services, $68,000.

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to take up the time of the Committee for 5 minutes to call attention to the fact that last night when I returned home I found an engraved envelope addressed to my wife and myself, inviting us to the Auditorium to attend what seems to me to be a beer-drinking contest at midnight on Friday. I have taken the matter up with the Commissioners. I think it would be an outrage if the District Commissioners permit this affair to go on. [Applause.] I have been just as anxious to do away with prohibition as any Member in the House. I like a glass of beer. I want a glass of good beer, and we have provided a way to get a glass of good beer, but if we permit such things as this to go on, in time there will be a reaction, beer will be taken away from us, and there will be no repeal of the eighteenth amendment. [Applause.]

Now, this affair starts at 12 o'clock. What is going to happen before 12 o'clock? There will be a lot of people out on a lark, and by the time they get to the Auditorium at 12 o'clock they will be full of gin, Maryland rye, and Virginia corn, and they will get a bottle or two of beer and they will be drunk, not on the beer, but on the gin, the corn, and the rye, and it will go out all over the country that people were drunk in the city of Washington by drinking a few bottles of beer.

I mention this on the floor of the House today so that it will come to the attention of the Commissioners. I have written them a letter calling their attention to the affair, and I urge them not to permit this to occur. In the first place, the promoters are not entitled to a license under the law. Now they propose to give it away, for they are charging $3, and as an added attraction they say: "All you can eat and drink for nothing." They should not be permitted to get around the law. [Applause.] Where are they going to get any good beer by 12 o'clock Friday that will be fit to drink?

You have one brewery in Washington; and if this brewery is going to be a party to violating the law the first night it is in force, the brewery should lose its license. Frankly, I never did like Washington beer. I preferred the beer that came from other cities; but regardless of that, no one can stay within the law and sell beer to the promoters of this affair, because a brewery can only sell to a distributor, and I cannot conceive that the ones responsible for arranging this so-called "entertainment" will be in possession of a license.

I want to again express the hope that the District Commissioners and the police department will see that the pro-

moters, whoever they may be, are not permitted to carry on Friday night as they intend to carry on according to their invitation. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri [Mr. COCHRAN] has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For personal services, $60,000.

Mr. GRIFFIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRIFFIN: On page 9, line 25, strike out "$60,000" and insert in lieu thereof "$63,924."

Mr. GRIFFIN. Mr. Chairman, when this bill was originally before the House I offered a similar amendment to increase the appropriation for salaries in the office of the Register of Wills from $60,000 to $68,000, which was the amount that was allowed by the Budget. I do not expect to get very far with this amendment, but I am offering it for the RECORD, and I think the Members at least ought to have an opportunity to listen to the facts—that is, those who are interested. Since the Budget was adopted we have had the economy bill, and if we followed its program it would have taken 15 percent off the amount, the same as was done with all of the other bureaus and departments of the Government. I think the committee made a little miscalculation here. Fifteen percent would bring the appropriation from $68,940 down to $63,924, which is the amount I am asking in my amendment. If the bill is passed providing for $60,000, it will mean a reduction of 22½ percent in this particular agency of the Government.

I want to again call your attention to the fact that the office of register of wills yields a profit every year to the Government. Last year its receipts were $93,000 on an expenditure for salaries of $68,000, and the business of the office is increasing from day to day. It is greater now than it ever was before.

This is a very poor time, it seems to me, to decrease the efficiency of the office and to throw men out into the pool of unemployment. I am informed by the register of wills that if this reduction of 22½ percent instead of 15 percent is insisted upon, he will be compelled to throw out three of his employees. I do not think this is the time for the Government of the United States to be so picayunish as to insist upon throwing working people out of employment.

The whole thing is inconsistent. I think, Mr. Chairman, we should give these people a chance to efficiently perform public business. This is one of the most efficient offices in the city of Washington. Let us compare this office with the office of recorder of deeds, which, has lost, according to the hearings, $45,000 a year. The office of the register of wills yields a profit to the District of over $20,000 a year.

If the question of fees is raised again, as it was a few moments ago, I call attention to section 1111 of the District Code, which provides that the fees for the recording of all papers per folio is 15 cents; that is, 15 cents for every 100 words. So the misinformation which has been circulated around here about recording papers of hundreds of pages for 75 cents ought to be stopped right now. Here is the Code of the District, which gives the facts which ought to stop it.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I may say in answer to the suggestion of the gentleman from New York that this exact figure was agreed upon when the bill was last before the House. An amendment was offered—by the gentleman from New York himself, as I recall—proposing to increase the appropriation provided for in this item. We covered the whole subject fully at that time; and after exhaustive debate, the House, first on a division and then by a teller vote, put it at exactly this figure.

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. GRIFFIN. Why was the additional 7½ percent taken off above the 15 percent under the economy bill? By reducing this appropriation to $60,000 there is being taken away from this particular agency of the Government 22½ percent.

Mr. CANNON of Missouri. I may say to the gentleman from New York that, with the exception of the two reductions with which he is familiar, the committee approved the bill as it came to us from the Bureau of the Budget, as he will observe from an examination of the Budget estimates.

Mr. GRIFFIN. We are not obliged to follow the recommendations of the Bureau of the Budget.

Mr. CANNON of Missouri. But, as the gentleman is aware, it has been the policy of the Committee on Appropriations throughout the last Congress, and so far in this Congress, not to exceed the Budget estimates. Furthermore, Mr. Chairman, there is no necessity for the office losing a single man under the provisions of this bill if they use the administrative furlough. Or if they do not chose to take a furlough, they would have to retire at most only 3 out of their 35 employees. It is the opinion of unbiased observers that this department is overmanned, and the remaining 33 employees should be able and willing to handle the work at a salary cut of 15 percent when employees in private industry are accepting cuts of from 40 percent to 60 percent.

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. GRIFFIN. I find on page 8 of the report that the Budget estimate was $68,490; that it passed the House at $68,490; and that the conferees agreed at $68,490.

Mr. CANNON of Missouri. Possibly the gentleman is reading from the wrong column. Sixty thousand dollars was the amount agreed on in the reduced estimates we received from the Budget, as the gentleman will note if he looks under the proper heading. Therefore, even if they decided not to resort to administrative furloughs, it would bring them down to a figure which would still be above that paid in comparable cities.

Mr. GRIFFIN. What I am getting at is that there seems to be an error in the calculation. Fifteen percent taken from $68,490 does not leave $60,000 but $63,924, exactly what I provide in my amendment.

Mr. CANNON of Missouri. The gentleman doubtless has in mind the economy bill which made a blanket reduction of 15 percent in all salary items. No attempt was made to follow any specific percentage of reduction in formulating this bill. Each item was considered separately and reduced to a greater or lesser degree as circumstances required.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, the meat of this seems to be that nobody says more is needed to do the work than the committee has provided. Why should we give them any more?

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. GRIFFIN. Is it not a fact that no one from this office was called to ascertain what they wanted? The hearings do not disclose that any effort was made to find out what they wanted.

Mr. TABER. That is so, but the matter had been fully developed by the District Subcommittee in January and February.

Mr. CANNON of Missouri. At that time it was developed exhaustively.

Mr. TABER. Yes.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word so that I may answer the gentleman from New York.

Mr. Theodore Cogswell, the register of wills, is as good a friend of mine as he is of the gentleman from New York. He is a bully good fellow and I know how anxious he is to get this extra $8,000.

Mr. GRIFFIN. It is only $3,000.

Mr. BLANTON. But the gentleman spoke of $68,000.

Mr. GRIFFIN. That was the Budget recommendation.

Mr. BLANTON. From a former Budget, not this one. The gentleman from New York [Mr. GRIFFIN] is one of our most loved Members. I have served with him a long time. I

think a lot of him. He fights earnestly for everything he thinks is right. He is earnestly in favor of this matter because his friend is interested in it.

Now, when this bill was before the last Congress, just before we adjourned, the gentleman from New York made a valiant fight to increase this item above $60,000. He got on this floor and spoke for it earnestly. We had a record vote and the House voted against it. Then he called for tellers and by a decisive vote of the tellers the House voted against it. They then had all of the facts before them.

Mr. GRIFFIN. The teller vote was 71 to 69.

Mr. BLANTON. Yes; but the House voted against it. And our friend, Cogswell, had been up here to see us. He had been in my office. He had been in the gentleman's office. He had been in other offices lobbying for it. I went over the matter carefully. I could see where there was an overmanning not only of his office but of every other bureau office in Washington.

Under my friend's theory, if this office took in $1,000,000, we ought to let it spend $1,000,000 in expenses. I can remember when county clerks were on the fee system; a county clerk in a good-sized city who ought to be getting a salary of about $2,000 a year was, on investigation, found to be getting $75,000 a year. So the fee system was stopped, and officers are now paid definite salaries.

I have communicated with the recorder of deeds and find that the gentleman from New York [Mr. GRIFFIN] is correct in his statement that under the law the proper charge for recording deeds and other instruments is 50 cents for the first 200 words and 15 cents for each additional hundred words. I therefore presume that when the realtor handed in the bunch of instruments and paid for them an average of 75 cents each that it just so happened that all together, some short and some long, they averaged 75 cents under the fees authorized by law, as it is to be presumed that the lawful charge was made.

The register of wills and his employees all get salaries. The fees charged by his office are assets belonging to the people. Such fees should not be dissipated. They should not be wasted in paying unnecessary clerks and in unnecessary expenses.

Mr. GRIFFIN. Will the gentleman yield there?

Mr. BLANTON. Certainly.

Mr. GRIFFIN. Does the gentleman mean to imply that the register of wills is collecting fees personally?

Mr. BLANTON. Oh, no.

Mr. GRIFFIN. He is paid a salary, is he not?

Mr. BLANTON. Certainly. My friend said the office was taking in more than was paid out. Certainly, you would expect an office of this kind to take in more than it pays out, and the people are entitled to whatever the office takes in as assets, not as expenses.

Mr. GRIFFIN. It goes to the Government.

Mr. BLANTON. If my friend will go down to these bureaus in Washington, he will be convinced that many employees are not busy half the time. They ought to get busy. The man in charge ought to fire half of them and put the other half to work. Then they would be doing something of real value. If they worked as hard as my friend from New York works, you could take more than three of them off the pay roll.

Now, this is the President's budget. This is not our Budget, this is not from the Committee on Appropriations, it is from the President of the United States, and it says:

Communication from the President of the United States.

It says:

The White House, March 27, 1933.

It says:

I have the honor to transmit herewith for the consideration of Congress the following estimate:

for this bill, and the President puts in this bill his limit of $60,000 for this particular office.

Who am I to say the President is wrong? Who is the gentleman from New York to say the President is wrong? Are we following BLANTON or GRIFFIN or are we following the President? I am following the President of the United States, and I am sure my friend from New York is going to do the same thing, because he is a loyal, patriotic Democrat. [Laughter and applause.]

Mr. GRIFFIN. Does the gentleman mean to imply that the President made the calculation of 15 percent on the Budget figures of $68,000 and arrived at $60,000?

Mr. BLANTON. Do not you ever believe the President does not know what he is doing down there. He is giving us the first efficient White House administration we have had since the days of Woodrow Wilson. [Applause.]

Mr. GRIFFIN. I agree with the gentleman.

Mr. BLANTON. And he has the courage to do what he thinks is right. [Applause.]

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. GRIFFIN].

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 10, noes 36.

Mr. PALMISANO. Mr. Chairman, I object to the vote on the ground of no quorum.

The CHAIRMAN. The Chair will count.

Mr. PALMISANO. Mr. Chairman, I withdraw the point of no quorum.

The amendment was rejected.

Mr. FISH. Mr. Chairman, I ask unanimous consent to speak out of order for 5 minutes.

Mr. CANNON of Missouri. Mr. Chairman, reserving the right to object, does the gentleman think he can conclude in 5 minutes?

Mr. FISH. Yes.

Mr. CANNON of Missouri. I shall not object.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Chairman, I have just introduced a resolution, part of which I am going to read:

Resolved, That the Speaker of the House of Representatives is authorized and directed to appoint a committee of five Members of the House of Representatives to investigate the causes of the disaster and destruction of the United States Navy dirigible, *Akron*, off Barnegat Light on the morning of April 4, 1933, with heavy loss of life.

Mr. Chairman, I hope the House will act promptly. I do not give a tinker's darn whether my resolution is adopted or not, but I hope the majority will put in a similar resolution and provide for an immediate House investigation of this tragedy.

We have already lost 3 out of 4 of these lighter-than-air ships, the *Roma*, the *Shenandoah*, and the *Akron*, with many casualties. The reason I am impelled to speak at the present time is this:

When the *Akron* was being built, reliable information was received that there was sabotage being conducted by certain employees. It developed that an ex-officer of the Austrian navy was employed upon the *Akron* and that he was sabotaging on his job.

Department of Justice agents were sent there to investigate. Although the Department of Justice has no authority whatever to investigate Communist activities, it has authority to protect public property. Two very able agents of the Department of Justice went there, and they practically lived with this Austrian ex-lieutenant. They became his best friends and associates. They went to the job with him, they worked with him, and they made a report that is now on file with the Department of Justice in regard to the sabotage in the construction of the *Akron*, which is the most extraordinary report made by any agents of the Department of Justice I have ever read. These agents said that they attended Communist meetings with this former officer, and that he was an avowed Communist; that he told them that he was sabotaging; that he was cutting halfway through bolts and different parts of the framework. As chairman of the committee to investigate Communism I was given the privilege of reading this report, but as far as I remember it was never made public.

I believe the report should have been made public 2 years ago, because it goes into some important facts in regard to the construction of this airship. Later on, a subcommittee of the Committee on Naval Affairs looked into the construction of the Akron, but they did not call before them either of the two agents of the Department of Justice who had made this investigation and developed the facts upon which they had made their report to the Department of Justice. It is time that this report be made public as the American people are entitled to know the facts, and in my opinion, the two agents whose names I have forgotten are also entitled to the commendation of the Congress and the gratitude of our people for the efficient, difficult, and courageous investigation they made even to attending Communist secret meetings at considerable risk to themselves.

Only this afternoon we find by special bulletin in the evening paper the announcement that—

The naval semidirigible *J–3*, out of Lakehurst Naval Air Station in search of the *Akron* wreckage, crashed into the sea 1,000 yards from shore at 1:45 o'clock this afternoon and its crew of five men were killed.

I am not stating that there was sabotage in either case, but I think the whole matter should be investigated from the very beginning of the construction of the *Akron*, and that the facts should be submitted to Congress and the American people, in order to determine what our future policy should be. I do not believe in hiding such information from the people. There is often too much secrecy and mystery attached to governmental matters that are not warranted and facts withheld from the public that they are entitled to know and could make good use of.

In the report of the subcommittee on aeronautics of the Committee on Naval Affairs, submitted just 1 year ago, one member of the committee refused to sign the report because he thought that the *Akron* was unfit and should not be used. That was, in effect, the statement made by Representative BOLAND, still a Member of this House, who was a witness to the accident that occurred to the *Akron* while anchored at Lakehurst, N.J., on February 22, 1932.

We have the responsibility in the House to ascertain the facts, and I hope if a committee is created it will have at least 1 member from the Naval Affairs Committee, 1 from the Committee on Military Affairs, 1 from the Appropriations Committee, and 1 from the Judiciary Committee, which latter committee has control of legislation connected with sabotage and communism. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

Northwest: Thirty-first Street, Chesapeake and Ohio Canal to K Street and South Street, Thirty-first Street to Wisconsin Avenue, $7,400.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 17, line 7, strike out the paragraph and insert in lieu thereof the following:

"Northeast: Benning Road, Culvert to Kenilworth Avenue, $69,000;

"Northwest: Michigan Avenue, North Capitol Street to Columbia Road; Park Place, Hobart Place to approximately 200 feet north of Columbia Road; Hobart Place, Fifth Street to Michigan Avenue and Fifth Street, Harvard Street to Hobart Place, $57,000;

"Northwest: Fourteenth Street, Juniper Street to Kalmia Road, $15,000;

"Northwest: For the widening to 70 feet and repaving the roadway of Thirteenth Street, Massachusetts Avenue to Logan Circle, including the necessary replacement and relocation of sewers, water mains, fire-alarm and police-patrol boxes, $75,000: *Provided*, That in widening and repaving this roadway 40 percent of the entire cost thereof shall be levied against and collected from the owners of the abutting property in the manner provided in the act approved February 20, 1931 (46 Stat. pp. 1197–1199). The owners of abutting property also shall be required to modify, at their own expense, the roofs of any vaults that may be under the sidewalks or parking on said street if it be found necessary to change such vaults to permit of the roadway being widened;

"For grading streets, alleys, and roads, including construction of necessary culverts and retaining walls, $50,000;

"For surfacing block pavements and paving the unpaved center strips of paved roadways, $25,000;

"For minor changes in roadway and sidewalks on plans to be approved by the Commissioners of the District of Columbia to facilitate vehicular and pedestrian traffic, $5,000;

"For construction of curbs and gutters, or concrete shoulders in connection with all forms of macadam roadways and adjustment of roadways thereto, together with resurfacing and replacing of base of such roadways where necessary, $200,000;

"For the surfacing and resurfacing or replacement of asphalt, granite block, or concrete pavements with the same or other approved material, $450,000;

"For construction, maintenance, operation, and repair of bridges, including $45,000, or so much thereof as may be necessary, for replacement of the fender-pile system of the Highway Bridge, and including maintenance of non-passenger-carrying motor vehicles, $87,500;

"For current work of repairs to streets, avenues, roads, and alleys, including the reconditioning of existing gravel streets and roads, and including the purchase, exchange, maintenance, and operation of non-passenger-carrying motor vehicles used in this work, $750,000: *Provided*, That the Commissioners of the District of Columbia, should they deem such action to be to the advantage of the District of Columbia, are hereby authorized to purchase a municipal asphalt plant at a cost not to exceed $30,000;

"This appropriation shall be available for repairing pavements of street railways when necessary; the amounts thus expended shall be collected from such railroad companies as provided by section 5 of 'An act providing a permanent form of government for the District of Columbia', approved June 11, 1878, and shall be deposited to the credit of the appropriation for the fiscal year in which they are collected;

"In all, not to exceed $1,741,350, to be immediately available; to be disbursed and accounted for as 'Gasoline tax, road and street improvements and repairs', and for that purpose shall constitute one fund: *Provided*, That assessments in accordance with existing law shall be made for paving and repaving roadways where such roadways are paved or repaved with funds derived from the collection of the tax on motor-vehicle fuels and accretions by repayment of assessments."

Mr. GOSS. Mr. Chairman, I make the point of order against the amendment that it is not germane to this part of the bill, as well as covering legislative provisions unauthorized by law. It provides for bridges out of the gasoline tax, and then it goes on and provides for matters in other sections of the bill. The gentleman did not give notice that he was going to strike out all after this particular section.

Mr. SMITH of Virginia. Mr. Chairman, this amendment is simply the language of the bill that passed the House last February. All I have done is to clip out the provisions of that bill and put them in here. The Appropriations Committee before did not offer any appropriation for streets where it was not in order because the clerk of the committee looked out for that. There was no question about its being in order at that time, and there is no question about it's being in order at this time.

The CHAIRMAN. The Chair thinks the amendment is germane to the bill, and therefore overrules the point of order.

Mr. GOSS. Did I understand the ruling of the Chair to be that the amendment is germane to the bill or to this paragraph?

The CHAIRMAN. To this particular portion of the bill to which it is offered.

Mr. SMITH of Virginia. Mr. Chairman, this is one of the amendments to which I referred, an amendment which goes back to the bill that this Congress passed in February for the same fiscal year, and it includes the figures and the streets and the projects that were recommended by the Budget committee and recommended to you by this same Appropriation Committee and passed by the House. Every dollar of the money provided for in this amendment is out of the gasoline-tax fund, a 2-cent tax on gasoline sold in the District of Columbia, that under the law can be used for no other purpose. The effect of the bill which has been presented to you today is that, if you do not spend this money on streets as is provided for in my amendment, you will be simply putting from three to four thousand people out of employment on street work in the District of Columbia this year, as shown in the hearings in the statement made by the auditor for the District of Columbia. While doing that a surplus of $1,800,000 of money of the District of Columbia, which can be used for no other purpose, will be permitted to lie idle in the Treasury. In addition to that, while you are doing that, you are in the same bill appro-

priating one million and a quarter dollars of the District's money for the purpose of feeding the unemployed in the District of Columbia. It is obvious that there can be no economical reason why this money in the Treasury should not be used for the purpose for which the tax was levied.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. MAPES. I was not able to follow all of the gentleman's amendment, but does it include a bridge over Rock Creek at Calvert Street?

Mr. SMITH of Virginia. I do not think this amendment does, but I have another one that will.

Mr. CANNON of Missouri. Mr. Chairman, any need for the amendment offered by the gentleman from Virginia [Mr. SMITH] is amply provided for by a more comprehensive amendment which the chairman of the committee, the gentleman from Texas [Mr. BUCHANAN], proposed in the session of the Committee on Appropriations this morning and which the committee authorized him to offer at the close of this section as a committee amendment. I yield now to the gentleman from Texas [Mr. BUCHANAN] to discuss, if he so desires, the proposition which he will propose when the appropriate paragraph is reached in the reading of the bill.

Mr. BUCHANAN. Mr. Chairman and gentlemen of the Committee, the accumulation of surpluses in the gas tax fund and in the water fund has given the chairman of your committee and the chairman of the subcommittee considerable trouble. We got together and I presented to the main committee this morning an amendment on the gas tax fund and also one on the water fund and asked authority of that committee to present them to the House as committee amendments. The authority was unanimously given. If these Budget estimates sent to us pass the Congress, then in the gas tax fund there will be a surplus of $1,800,000, which is dedicated by the law that levies the gas tax only to the purpose of street improvements and repairs. It was a serious question for us to consider whether during the time of this great unemployment we should permit necessary improvements in the District to go unprovided and necessary appropriations that could be made for necessary improvements not to be made. Therefore, we concluded that we would offer a committee amendment to this bill making available $1,040,000, to come exclusively out of the fund raised by the gas tax, to be devoted to such projects as the President of the United States approved. The purpose was to permit him to pass on the circumstances and conditions that exist at the time and to consider the emergency said to exist at the time. Of course, in doing that he will have the assistance of his new Commissioners who will carry out his policy. Therefore, I ask you to vote down this amendment and vote for and adopt the committee amendment that makes more money available for the relief of unemployment and improvements that are necessary than does the amendment of the gentleman from Virginia.

Mr. SMITH of Virginia. Mr. Chairman, under the circumstances, I ask unanimous consent to withdraw my amendment. I think that the amendment that the gentleman from Texas is going to offer is a better amendment than mine.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

The Clerk read as follows:

In all, not to exceed $1,237,400, to be immediately available; to be disbursed and accounted for as "Gasoline tax, road and street improvements and repairs", and for that purpose shall constitute one fund: *Provided*, That assessments in accordance with existing law shall be made for paving and repaving roadways where such roadways are paved or repaved with funds derived from the collection of the tax on motor-vehicle fuels and accretions by repayment of assessments.

Mr. BUCHANAN. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: Page 19, after line 11, insert a new paragraph, as follows:

"For additional street and road improvements and repairs to aid in the relief of unemployment, to be allotted for such projects and purposes and in such amounts as the President may approve (including the allocation of additional sums to any or all of the general items herein chargeable to the gasoline-tax fund), there is hereby appropriated out of the gasoline-tax fund and to be immediately available, such sums (not to exceed in the aggregate $1,040,000) as may be deemed surplus in such fund."

The Clerk continued the reading of the bill:

No part of the appropriations contained in this act shall be used for the operation of a testing laboratory of the highways department for making tests of materials in connection with any activity of the District government.

Mr. SMITH of Virginia. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: Page 21, line 4, after the word "government", insert a new paragraph, as follows:

"For widening to 73 feet and repaving the roadway of Constitution Avenue NW., North Capitol Street to First Street, and for widening to 80 feet and repaving the roadway of Constitution Avenue NW., First Street to Second Street, and for widening to 80 feet and repaving the roadway of Constitution Avenue NW., Pennsylvania Avenue to Sixth Street, in accordance with plans therefor to be jointly approved by the National Capital Park and Planning Commission and the Commissioners of the District of Columbia, including the necessary reconstruction, relocation, changes, and adjustments of all water mains, sewers, and for storm-water sewer in Constitution Avenue, Sixth Street to Tenth Street (at a cost not to exceed $30,000), in advance of paving, trees, sidewalks, lampposts, fire hydrants, or other structures affected, and including personal services and all necessary incidental expenses, at a total cost not to exceed $138,000, of which sum $94,800 is hereby appropriated out of the revenues of the District of Columbia, to be immediately available, and not to exceed $43,200 shall be transferred from and in accordance with the appropriation in the Independent Offices Appropriation Act, 1934, for the construction of the Arlington Memorial Bridge."

Mr. SMITH of Virginia. Mr. Chairman, this is one of the amendments which I mentioned before, attempting to restore to the bill needed public works in the District of Columbia which were provided for in the Budget report previously, which were provided for in the report of this Appropriations Committee in February, and which passed this House. The money for this will come out of the revenues of the District of Columbia, but in addition to that there is a portion of it that comes out of the Federal Government by reason of the allocation of another fund, because this particular project on Constitution Avenue is that wide new street that is being built from the Capitol over to the Memorial Bridge, and which passes by this great row of new Government buildings. If we do not do any work on that this year, that street will be left in a very unsatisfactory and unsightly condition, a condition which I am sure the Members of this Congress would not want to see. It simply does what 2 months ago this Congress and this Committee and the Budget Bureau said ought to be done.

I submit it for your consideration.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment. If the Committee were to adopt the amendment offered by the gentleman from Virginia [Mr. SMITH], it would mean an expenditure on this one project alone of $138,000.

Mr. BUCHANAN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BUCHANAN. As a matter of fact, the amendment which I offered, and which was just adopted by the Committee, in the discretion of the President he can do this work, anyway, if he wants to.

Mr. BLANTON. Certainly. He can do it, anyway, if he wants to; but the salutary amendment of our chairman leaves it to the President in this time of stress.

Now, I want to show you what the last amendment offered by the gentleman from Virginia [Mr. SMITH] involved in sums of money.

This is what it would have taken out of the Treasury: One item, $69,000; another one, $57,000; another one, $15,000; another one, $75,000; another one, $50,000; another one, $25,000; another one, $5,000; another one, $200,000; another one, $450,000. Think of it, $450,000 in one item! Another one, $87,500; another one, $30,000, making a total expendi-

ture occasioned by the gentleman's last amendment of $1,063,500 that would have been taken out of the Treasury if we had allowed his amendment to pass.

Mr. SMITH of Virginia. Will the gentleman yield? Did the gentleman not report those very items and vote for them 2 months ago?

Mr. BLANTON. Others proposed to do it, but I did not. I want to tell you why the gentleman from Virginia thinks in such large sums. I do not blame him. What is $450,000 to him? He lives over in a great commonwealth district of our historical State of Virginia just across the Potomac River. He has watched this Government build the magnificent Memorial Bridge across to his district at an expense of $14,500,000.

Mr. SMITH of Virginia. I was not here.

Mr. BLANTON. But it goes to the gentleman's district. Then there was the Key Bridge costing nearly $3,000,000 more. The gentleman's predecessor, Mr. R. Walton Moore, our long-arm friend, helped to get these famous bridges built. Then there is a fine boulevard running from the Memorial Bridge, a boulevard nearly as wide as this Chamber, running all the way down to Alexandria, built by the Government. Then there are other big boulevards built over there.

There are 2,500 children of scholastic age from Virginia and Maryland going to the schools in Washington. They begin in the kindergarten here. They go through all the grade schools, they go through all the high schools, they attend the business high school. They are educated by the Government and the District government, at no expense whatever to the fathers and mothers living in Virginia and Maryland. Naturally, when the gentleman has grown up in that kind of atmosphere he can think in terms of these great big sums of tax money. I cannot think in such large figures, but it is easy for the gentleman from Virginia, if we will let him, to take all this money out of the Federal Treasury to spend, because he has so many constituents here in Washington, friends of his, who are interested.

I do not blame him. He ought to spend for them. He has to do something for them. Next to R. Walton Moore he is one of the most energetic men in behalf of his Virginia constituents who have ever served in this House. Just since he has come here his arms have grown 16 inches longer in the direction of the Federal Treasury. [Laughter.] He inherited that from Walton Moore. We must not pass this amendment. We must keep this bill in line. The gentleman has performed his service when he offered the amendment. He has gotten it in the RECORD. He has made a speech for it. He now must go along with us and help hold up the arms of the President.

His President is trying to get this country back to normalcy. He is trying to get the Budget balanced. He is trying to help the farming interests. He is trying to protect the bank depositors of the country. He is trying to bring the American people back to where they should be with a new deal granted them; and I hope the amendment of the gentleman from Virginia will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. SMITH].

The amendment was rejected.

The Clerk read as follows:

BRIDGES AND WHARVES

Benning Bridge over the Anacostia River: For completing the construction of a bridge to replace the bridge and trestle in line of Benning Road over the Anacostia River in accordance with the provisions and conditions contained in the District of Columbia Appropriation Act for the fiscal year 1933, $148,500.

Mr. SMITH of Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH, of Virginia: On page 21, line 11, after the sign and figures "$148,500", insert a new paragraph, as follows:

"Calvert Street Bridge over Rock Creek: For construction of a bridge to replace the Calvert Street Bridge over Rock Creek, including necessary changes in water and sewer mains, and including the employment of engineering or other professional services, by contract or otherwise, without reference to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5), or the Classification Act of 1923, as amended, and engineering and incidental expenses, $500,000, and the Commissioners are authorized to enter into contract or contracts for construction of said bridge at a cost not to exceed $750,000: *Provided*, That any street-railway company using said bridge shall install thereon at its own expense an approved underground system of street-car propulsion and at its own expense shall thereafter maintain such underground construction, and bear the cost of surfacing and resurfacing and maintaining in good condition the space between the railway tracks and 2 feet exterior thereto as provided by law, and shall defray the cost of excess construction occasioned by such use including the relocation and construction of closed plow pits at the west approach to the bridge in accordance with plans to be approved by the Commissioners of the District of Columbia."

Mr. BLANTON. Mr. Chairman, I make the point of order that this is legislation unauthorized on an appropriation bill and that it is a change of existing law. The Chair will note that the amendment sets aside several statutory acts. I think there may be a few acts it does not set aside.

The CHAIRMAN. Does the gentleman from Virginia desire to be heard on the point of order?

Mr. SMITH of Virginia. Only to say that it is the language of the gentleman in the last District appropriation bill; it is the same language he reported in the bill in the last Congress.

Mr. BLANTON. Well, we are now cutting out all legislative matters on appropriation bills.

The CHAIRMAN. There is no question but what the gentleman's amendment contains legislation and is subject to the point of order.

The Chair sustains the point of order.

Mr. GOSS. Mr. Chairman, I move to strike out the word "bridges" in line 5.

Mr. Chairman, this matter of the Calvert Street Bridge is of little interest to me. Some 4 years ago the Engineer Commissioner had plans drawn for this bridge. These plans were submitted to and accepted by the Fine Arts Commission, and they provided for a stone bridge. The Commissioners seemed to forget they had that bridge plan; and within the last couple of years they had another bridge plan drawn providing for steel construction, and this cost them something like $60,000 in addition. This was in addition to the plans already drafted and approved by the Commissioners some few years ago. Had the amendment proposed by the gentleman from Virginia been in order it was my intention to call to the attention of the House such tactics of the District Commissioners and especially the Engineer Commissioner. Such tactics should not be tolerated by this body. I do not know why they forgot they once had a bridge plan, but it seems a ridiculous waste of public money to have another one drawn. I understand we appropriated $40,000 last year to pay for part of these drawings and I understand there is an additional bill pending providing for $20,000 more. Am I right, Mr. Chairman?

Mr. CANNON of Missouri. That is correct.

Mr. GOSS. So now we have another bill for $60,000 for duplicate plans for this bridge.

I hope this will serve as notice to the Engineer Commissioner and to the other Commissioners of the District of Columbia that in the future we are going to watch these matters more closely than we have in the past.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For personal services of teachers and librarians in accordance with the act approved June 4, 1924 (43 Stat., pp. 367–375), including for teachers colleges assistant professors in salary class 11, and professors in salary class 12, $5,427,360: *Provided*, That as teacher vacancies occur during the fiscal year 1934 in grades 1 to 4, inclusive, of the elementary schools, such vacancies may be filled by the assignment of teachers now employed in kindergartens, and teachers employed in kindergartens are hereby made eligible to teach in the said grades.

For the instruction and supervision of children in the——

Mr. KVALE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KVALE: Page 27, line 23, strike out "$5,427,360" and insert in lieu thereof "$5,562,000."

Mr. KVALE. Mr. Chairman, I am wondering if it will be possible to secure the consent of the chairman and the

members of the subcommittee for the restoration of this $135,000, when it is recalled that this is the amount carried in the bill that was before the last Congress, passed this body just a few weeks ago, and failed of enactment, and also that it provides for the continuation of existing educational facilities, the retention of the present scale of teachers' salaries and the present personnel. This is all that is involved, Mr. Chairman.

If this cut goes through and the bill, as reported, passes the House and, subsequently, the Senate, and becomes law, three things that concern me are going to happen.

In the first place, we are going to inflict upon the teachers of the District of Columbia a salary reduction, in many cases in excess of the 15 percent which the President of the United States has declared the maximum salary reduction that should be imposed upon anyone. No one here wishes that.

In the second place, it is going to result in the shortening of the statutory school year by at least 2 weeks, and perhaps 4 weeks. It is already short enough. That we know.

In the third place, it is going to result in the elimination not only of summer schools and night schools and of some of the kindergarten activities but of some of the vocational-guidance work. Further, this bill as drawn is also going to result in the curtailment of playground activities, and I am speaking of this in connection with the facilities afforded the children of the District of Columbia, as provided by accompanying items which are being slashed.

I think this is most important, and I certainly deplore the fact there are only 25 or 30 faithful Members in the House who remain here, late in the afternoon, to participate in this Committee discussion. I wish the matter could go over until tomorrow, so that we could resume debate upon this item at that time.

I realize this amendment may not prevail; I understand the pressure under which the Committee operates, and the necessary resistance to any amendment to increase the items as we reach them. I have profound sympathy for the chairman of the subcommittee, whom I have long admired.

But, Mr. Chairman, no one can tell me that the President of the United States favors making the little children, undernourished as they are, restricted in their educational and recreational facilities as they are here in the District, with families dependent on welfare and charity funds constantly increasing, pay for a depression that is entirely out of their control and for which they have no responsibility. I know too much about his philosophy, his principles, his convictions, his history.

I do not want to see the recreational facilities and the educational facilities cut down below what is sane and normal or what now is the minimum program here in the District.

Mr. BLANTON. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. BLANTON. Does my friend believe that the facts are unknown to the chairman of the subcommittee and to the chairman of the main committee?

Mr. KVALE. Of course not, let me say to the diligent gentleman; but I insist that I am acting sincerely and on the basis of actual figures.

Mr. BLANTON. Does the gentleman think that the subcommittee or the main committee of 35 Members of this House or the President himself would lower the standard or do injustice with respect to any of the things the gentleman complains about or thinks would take place?

Mr. KVALE. Apparently they have done just that, because I am citing facts here that are not denied.

Mr. BLANTON. Where does the gentleman get his facts?

Mr. KVALE. I get my facts from indisputable sources. I have been in conference with the members of the Parent-Teachers Association, with members of the teachers organization, and with members of the vocational-guidance group. None of them appeared before the committee or was consulted, and I only wish fervently that the committee might have paused just long enough to hear their facts and arguments. I think then that the committee itself would be sponsoring my amendment.

I have respect for the gentleman's opinion, as he well knows, but I do not admit that the Appropriations Committee or any member of it is infallible.

Mr. BLANTON. I want to say to my friend that he knows the very high regard I have for him.

Mr. KVALE. I hope I shall continue to have it.

Mr. BLANTON. But I may say, with all due respect, I think this committee knows much more about these things than does the person who informed the gentleman.

Mr. KVALE. But the committee has not had the benefit of the facts that have been laid before me.

Mr. BLANTON. The gentleman ought to know that various members of this committee have been investigating these matters for years.

Mr. KVALE. Mr. Chairman, I shall yield to the chairman of the subcommittee, and I think he will verify my statement that these people were not consulted. On account of the stress of matters here, perhaps the committee has not had time to call upon them.

Mr. BLANTON. Not on the pending bill, but we have heard them year after year.

Mr. COLLINS of Mississippi. Will the gentleman yield?

Mr. KVALE. Yes.

Mr. COLLINS of Mississippi. From what I understand to be the facts in this case, there are about 40 teachers in the District that go from school to school and help in teaching activities in the District. Many persons believe these teachers unnecessary; others are of the opinion their work is very necessary. Anyway, the teaching force has been decreased in this bill by about 40 teachers. So, with the school population at a standstill, there would be no shortage in the teaching force, but I understand there is a substantial increase in the school population and also an increase in the number of classrooms.

[Here the gavel fell.]

Mr. KVALE. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. And that, perhaps, this cut may result in a too great reduction in the teaching force in the schools of the District, which should not be permitted.

Mr. KVALE. The gentleman is correct. The teachers are already assigned too many pupils per unit, and they are already operating under a very heavy schedule. The classrooms are crowded, and this cut, if permitted by Congress, will not only result in what the gentleman describes but also in a lack of teaching personnel for schools that it is planned to open next fall.

I now yield to the chairman of the subcommittee in case he desires to take exception to any of the statements I have made.

Mr. CANNON of Missouri. When the gentleman has concluded I shall take the floor.

Mr. KVALE. Then I shall conclude right now.

(Mr. KVALE yielded the floor.)

Mr. KVALE. Mr. Chairman, under leave to extend my remarks, let me merely add here a thought or two which I failed to elaborate or from which I was diverted by the debate.

Let us realize what we are doing in this revamped bill, brought in to us with practically no hearings, and substantially below the carefully prepared bill which the committee reported and passed through this body in the last session after the most careful scrutiny and after consultation with competent advisers from the District government.

Departments and divisions of the educational system will go by the board; the school year will in all likelihood be materially shortened, teachers will suffer an unjustifiable and disproportionate reduction in salaries, summer schools and night schools as well as other activities will be curbed or eliminated, all in the name of economy. Bathing pools that have kept District children healthy and happy and

removed during hot summer months from the streets for years and years will be closed.

Library facilities and recreational facilities, now in these days of unemployment and distress facing the greatest loads in their entire history, are to be sharply curtailed. In the name of God, when will we stop practicing this "economy" at the expense always of the defenseless and of those who are unable to raise their voice in organized protest?

No wonder the parents and teachers, organized in their associations, are aroused. No wonder the other kindred agencies are irate. No wonder that District taxpayers are asking why, voiceless in this body, they must stand helplessly by and watch our body cripple the agencies that they now depend upon more than ever before. No wonder that they petition us; to quote just a paragraph from one of them:

These abridgments and eliminations fall most heavily on the children who are in no way responsible for the present economic situation. If they lack good schools, libraries, and playgrounds, the alternative is ignorance and possible crime. The burden also falls on parents, whose ability to provide private schools, wholesome reading matter, and healthful recreation are now less than ever. In making the petition to have these essential services restored, we are not asking that the right to expend our own money through taxation be not denied us, since lacking in representation we have no other right except that of petition. As we understand it, there is happily not in the District of Columbia the lack of money needed to maintain these essential services. This favorable financial condition, due to the conservative, orderly development of educational and recreational facilities under the District Commissioners, we respectfully submit, should be made the occasion for a continued program of service consistent with the need for economic conservation at the present time.

Mr. Chairman, one word to stress the appeal in that last sentence. It should be stressed; it is a thought that the people of my own State have heard from me again and again in the last 3 years. This all goes deeper than a temporary and a transitory spasm of acute pain over the "economy" we effect just now. Uneducated and mentally handicapped youth, undernourished children, and those whose parents without means must with indescribable anguish deny the adequate medical attention and care as well as the proper rounded diets so necessary to growing children are piling up economic losses for the future which we cannot fully grasp. Try to compute the annual losses in earning power and national income that will result from these handicaps a generation hence. Try to envision the added social load this Nation, with its history and traditions, under its Constitution cannot dodge or evade, even if some of its leaders ever would. Try to realize the added sum of unhappiness and suffering for which we in our wretched ignorance will be responsible. Then let us approach these problems, as they come before us, in a different spirit.

Mr. CANNON of Missouri. Mr. Chairman, as the gentleman from Minnesota knows, I am in heartiest sympathy with the objective he seeks to attain. The weak points in my armor, when it becomes necessary to apply economy reductions to the items in connection with this bill, were always the schools and the libraries; but, Mr. Chairman, we should take into consideration the fact that there has been a phenomenal increase in all school facilities in the District in the last 10 years, with the result that the school appropriations are among the most generous in the bill and consequently ample to take at least their proportional cut. For example, with the last 10 years this appropriation has been more than doubled.

In 1923 we appropriated for this item $3,110,740, while for the current year of 1933 we are spending $6,539,764. That is an unprecedented increase for that brief time.

In fact, for schools, including sites and buildings, the increase since 1920 has increased at the astonishing rate of 261 percent—from $3,760,000 in 1920 to $13,600,000 in 1932. Certainly no one can charge that we have been neglectful of the schools or the cause of education in the District of Columbia. I dare say there has not been another city of the size in the country which has pyramided its expenditures for school purposes to this extent. In fact, Congress has been so generous in its appropriation for this item that for the last fiscal year, after expending every possible dollar required for this purpose, there remained on hand in this item a surplus of $103,640.89. If we gave them $103,000 more than they could spend last year, a little economy this year will do no harm.

As a further indication of the generosity with which the local schools have been provided for, the salary scale of the teachers employed in the District of Columbia is out of all proportion to those paid in adjacent States. For example, in Arlington County, just across the river, the average annual salary of public-school teachers is $1,093; in Fairfax County, $787; in Alexandria, $1,154; in Loudoun, $861; while in Washington the average annual salary of public-school teachers is $2,269.

Mr. BLANTON. And these teachers in the District of Columbia have not missed getting their salaries a single month.

Mr. CANNON of Missouri. That is true, while in communities in every State of the Union, the public-school teachers, after being subjected to drastic reductions in salaries, are holding unpaid warrants which they cannot cash.

I understand that in the city of Chicago, for example, the teachers have not received their full salary for more than 2 years. Furthermore, as the gentleman from Mississippi [Mr. COLLINS] has indicated, there is now a surplus corps of teachers in the District schools—a pool of approximately 40 unattached teachers, subject to assignment from day to day, which will supply every vacancy which might be occasioned by the reduction in this item.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. KVALE].

The question was taken; and on a division (demanded by Mr. KVALE) there were 15 ayes and 35 noes.

So the amendment was rejected.

Mr. KVALE. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. KVALE: Page 28, line 4, after the word "grades", insert a colon and the following: "*Provided*, That no funds herein appropriated shall be so administered as to eliminate any department or division of classroom instruction or to shorten the statutory school year, or to effect a reduction in the annual pay of teachers and officers employed by the Board of Education in excess of the 15 percent maximum cut authorized in accordance with the act approved March 20, 1933, entitled, 'An act to maintain the credit of the United States Government.'"

Mr. BLANTON. Mr. Chairman, I make the point of order that this proposed amendment is legislation unauthorized on an appropriation bill and a change of existing law and that it is therefore not in order.

The CHAIRMAN. Does the gentleman from Minnesota desire to be heard on the point of order?

Mr. KVALE. No, Mr. Chairman; I regard that as a waste of time.

The CHAIRMAN. The Chair thinks that this amendment is subject to a point of order as being legislation, and therefore sustains the point of order.

The Clerk read as follows:

NIGHT SCHOOLS

For teachers and janitors of night schools, including teachers of industrial, commercial, and trade instruction, and teachers and janitors of night schools may also be teachers and janitors of day schools, $75,000.

Mr. CARTER of Wyoming. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. CARTER of Wyoming: Page 29, line 4, after the word "may", strike out the word "also" and insert the word "not."

Mr. CANNON of Missouri. Mr. Chairman, I make the point of order on that.

Mr. CARTER of Wyoming. Mr. Chairman, will the gentleman reserve that?

Mr. CANNON of Missouri. I reserve the point of order.

Mr. CARTER of Wyoming. Mr. Chairman, the bill as it is written authorizes the employment of teachers both in day and night schools. With the great number of unemployed teachers in Washington I think it is fair that those who get a good salary for teaching in the daytime should

not be authorized to get another salary for teaching at night. If they limit this to those who teach in the daytime, it will put to work several hundred unemployed teachers in the night school and allow them to get $50 or $60 a month. That is the purpose of the amendment.

Mr. SWANK. Will that take any more teachers if we adopt that amendment?

Mr. CARTER of Wyoming. No.

Mr. SWANK. Will it cost any more?

Mr. CARTER of Wyoming. It will cost no more. In other words, there will be the same number of teachers, except that those working in the daytime will not be allowed to work at night, and it will give a couple of hundred who have spent many years training themselves to teach who are now out of work an opportunity to earn something.

Mr. CANNON of Missouri. Mr. Chairman, I insist upon my point of order that it is legislation on an appropriation bill.

Mr. BLANTON. And it is change of existing law.

The CHAIRMAN. Does the gentleman from Wyoming desire to be heard?

Mr. CARTER of Wyoming. No.

Mr. TABER. Mr. Chairman, if it is a change in existing law it would be in order because this evidently would not be here unless it is a change in existing law. It is, therefore, not subject to the point of order.

The CHAIRMAN. The Chair thinks it is additional legislation on an appropriation bill and is subject to the point of order.

Mr. CARTER of Wyoming. Then I make the point of order to the language in line 4, page 29, and all of line 5.

Mr. GOSS. I make the point of order that that point of order comes too late.

The CHAIRMAN. The Chair sustains the point of order. It is too late.

The Clerk read down to and including line 16, page 38.

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committe do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 4589), the District of Columbia appropriation bill, and had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed to the report of the committe of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3342) entitled "An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes."

DISTRICT OF COLUMBIA BEER BILL—CONFERENCE REPORT

Mrs. NORTON. Mr. Speaker, I present a conference report upon the bill (H.R. 3342) to provide revenue for the District of Columbia by taxation of beverages, and for other purposes, for printing under the rule.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with the following amendments:

On page 3, line 7, of the Senate engrossed amendments strike out "six" and insert "two."

On page 3, line 8, of the Senate engrossed amendment, beginning immediately following the colon, strike out through the word "business" in line 11, and insert in lieu thereof the following: "*Provided*, That it shall be within the discretion of the Commissioners whether any permit under this act shall be issued for the sale of any such beverage in any building in the District of Columbia owned or leased by the United States and used for the transaction of public business"; and the Senate agree to the same.

MARY T. NORTON,
VINCENT L. PALMISANO,
LORING M. BLACK, Jr.,
JAS. L. WHITLEY,
Managers on the part of the House.

MILLARD E. TYDINGS,
ROBERT D. CAREY,
J. HAMILTON LEWIS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

BEVERAGES INCLUDED

The House bill authorized beer, ale, porter, and similar brewed or fermented beverages containing one half of 1 percent or more of alcohol by volume and not more than 3.2 percent of alcohol by weight. The Senate amendment also included wines and fruit juices of like alcoholic content. The effect of the amendment was to authorize essentially the same kind of beverages as are authorized by the national beer bill. The conference agreement retains the Senate provision.

PERSONNEL FOR ENFORCEMENT OF ACT

The House bill authorized the Commissioners to employ clerical and other assistants to administer the act, the expenses, not to exceed $25,000, to be paid from the funds arising from license fees under this act. The Senate amendment omitted this provision. The conference agreement omits the House provision.

PERSONS TO WHOM PERMITS MAY BE ISSUED

The House bill provided for the issuance of permits to individuals, partnerships, corporations, and associations. Under the Senate amendment no permit may be issued to an unincorporated association. The conference agreement retains the Senate limitation.

"ON SALE" PERMITS

Both the House bill and the amendment provided for the issuance of "on sale" permits to bona fide restaurants and hotels. The House bill provided also for permits to bona fide incorporated clubs with annual dues of at least $15. The Senate amendment reduced the required annual dues to $6. The conference agreement retains the Senate reduction in required dues.

In the case of restaurants, the House bill permitted "on sale" permittees to serve beverages at "tables." The Senate amendment required the sale to be at "public tables", but provided that no beverages should be sold in any room not used primarily for the serving and consumption of food. However, the Senate amendment authorized the Commissioners to permit the sale of beverages in private rooms or at private tables in the case of assemblages of more than six individuals. The conference agreement retains the Senate provision. The Senate amendment provided that no permit shall be issued for any restaurant which has not been established and doing business for at least 6 months immediately prior to the application for the permit. The House bill had no such requirement. The conference agreement reduces the 6 months' period to 2 months.

In the case of clubs, the House bill permitted the sale only at tables. The Senate amendment extended the privilege to the rooms of members or guests. The conference agreement retains the Senate provision.

"OFF SALE" PERMITS

The House bill authorized holders of "off sale" permits to sell beverages only "in original packages." The Senate amendment permitted sales in the immediate container in which the beverage was received by the permittee, except that in the case of an "off sale" permit held by a manufacturer or wholesaler the beverages may be sold only in such closed containers as the Commissioners may prescribe. The Senate amendment also prohibited sale by a holder of an "off sale" permit to other permittees for resale. The Senate amendment also forbade an "off sale" permit and an "on sale" permit to be in force at the same time with respect to the same premises. The conference agreement retains the Senate provisions.

MANUFACTURERS' PERMITS

The House bill required a manufacturer's permit under which it is lawful to sell only to a person holding a permit. The Senate amendment limited the sale to sales in barrels, bottles, and other closed containers, and sale to the other permittee must be for resale only. Under the Senate amendment a manufacturer may get one "off sale" permit which is confined to his premises as a manufacturer, and sales under such "off sale" permit must be in such containers as the Commissioners may prescribe. The conference agreement retains the Senate provisions.

WHOLESALERS' PERMITS

The House bill apparently did not provide for a wholesalers' permit. The Senate amendment requires a wholesaler to obtain a permit at a fee of $250 a year and he is permitted to sell to other permittees for resale only, and may sell only in barrels, bottles, or other closed containers. He may hold only one "off sale" permit, which shall be issued only for his premises as a wholesaler, and under such permit the beverages may be sold only in such closed containers as the Commissioners may prescribe. The conference agreement retains the Senate provisions.

SOLICITORS' PERMITS

The Senate amendment makes it unlawful for any individual to offer for sale or to solicit any order for the sale of, within the District of Columbia, any beverage unless he has obtained a solicitor's permit and unless the vendor is a holder of a permit issued under the act, but the prohibition does not apply to offers for sale or solicitations made upon the premises of the vendor. Solicitors' permits are issued for a fee of $1 per year and may be issued only on the recommendation of the vendor for whom the solicitor is acting. Nothing in the act is to be construed as repealing any portion of the District of Columbia License Act, as amended July 1, 1932. None of these provisions were in the House bill. The conference agreement retains the Senate provisions.

SALES IN PUBLIC BUILDINGS

The Senate amendment provides that no license shall be issued for the sale of beverages in any building owned or leased by the United States and used for transaction of public business. The House bill had no such limitation. The bill as agreed to in conference provides that it shall be within the discretion of the Commissioners whether any permit shall be issued for the sale of beverages in any such public buildings in the District of Columbia.

APPLICATION FOR AND ISSUANCE OF PERMITS

The Senate amendment rewrites these provisions of the House bill in the interest of a more orderly statement and easier administration. The House bill required the Commissioners before issuing any licenses to determine the total number of licenses to be issued, which number may be increased or diminished at any time. The Senate amendment omits this provision but inserts the requirement that not more than five "on sale" permits shall be issued to any one person. The conference agreement retains the Senate provisions.

The Senate amendment also amplifies the provisions of the House bill in regard to the interrelation of the "on sale" or "off sale" permittee and the manufacturer or wholesaler. Under the Senate amendment before an "off sale" or "on sale" permit is issued the Commissioners must satisfy themselves that no manufacturer or wholesaler has any substantial financial interest, direct or indirect, in the business for which the permit is requested or in the premises for which the permit is to be issued, and that the business will not be conducted with any moneys, equipment, furniture, fixtures, or property rented from or loaned or given by any manufacturer or wholesaler. The conference agreement retains the Senate provisions.

The House bill contained no provision for renewal of permits. The Senate amendment provides for a renewal of a permit on approval of the Commissioners without making a new application. The conference agreement retains the Senate provision.

DESIGNATION OF MANAGERS

The Senate amendment provides for the designation by a permittee of a person to manage his business for him, and for the designation of a new manager in the event of the termination of employment of any such manager. The House bill contained no such provision, except in the case of corporations, firms, or associations with more than one place of business. The conference agreement retains the Senate provision.

INTERRELATION OF MANUFACTURER OR WHOLESALER AND PERMITTEE

The House bill prohibited any manufacturer or wholesaler having any direct or indirect financial interest in the business of a permittee. Under the Senate amendment if any manufacturer or wholesaler has any substantial financial interest, direct or indirect, in the business of any "on sale" or "off sale" permittee, or in the premises on which such business is conducted, the permit may, in the discretion of the Commissioners, be revoked. The Senate amendment also provides that no manufacturer or wholesaler shall rent, lend, or give to any permittee, or to the owner of the premises on which he conducts his business, any money or property to assist in the conduct of the business. The conference agreement retains the Senate provision.

REPORTS OF SALES

The House bill required all permittees to submit a monthly report showing the quantity of beverages purchased during the preceding month. The Senate amendment omitted that provision and required a monthly report of sales to be made by "on sale" and "off sale" permittees. The conference agreement retains the Senate provision.

COLLECTION OF TAXES

The House bill provided that the tax imposed on the sale of beverages should be paid on or before the 15th day of each month. The Senate amendment fixed the 10th day of the month, the same day as that required for the making of reports of sales, as the day on which such taxes shall be paid. The conference agreement retains the Senate provision.

SALES BY OUTSIDE MANUFACTURER

The House bill prohibited any manufacturer of beverages outside the District of Columbia from bringing into the District and selling or offering for sale to permittees any beverage without first obtaining a permit from the Commissioners and agreeing to submit a monthly report under oath of the quantity of beverages shipped into the District. The Senate amendment prohibits any "on sale" or "off sale" permittee from purchasing any beverage from any manufacturer or wholesaler doing business outside the District of Columbia and not holding a permit issued under the act, and transporting or causing the same to be transported into the District for resale, unless such manufacturer or wholesaler has a certificate of approval from the Commissioners. Such certificate is to be granted only on condition that the manufacturer or wholesaler agrees to furnish to the assessor a monthly report under oath showing the quantity of the beverages sold or delivered to "on sale" and "off sale" permittees, and may be revoked by the Com-

missioners in case such report is not furnished. The conference agreement retains the Senate provisions.

REVOCATION OF PERMITS

The House bill provided that in case of revocation of a permit upon conviction of the permittee for violation of the act, no license could ever be issued to such permittee, and no license could be issued in respect of the premises of such permittee for a period of 6 months. The Senate amendment provides that in case of such revocation the permittee cannot receive another permit for the period of 3 years. The House bill, in case of revocation of a permit by the Commissioners, provided that such revocation be for a period of 1 year. The Senate amendment places no limitation on renewal or reissuance in such case. The conference agreement retains the Senate provisions.

SALES TO MINORS

The House bill made it unlawful to sell any beverages at any licensed place to persons under 18 years of age. Under the Senate amendment, it is unlawful for an "off sale" permittee to give or sell or for an "on sale" permittee to give, sell, or serve any beverage to any person under 18 years of age. The conference agreement retains the Senate provisions.

PENALTIES

The House bill provided for the maximum penalties of a fine of $1,000 or imprisonment for not more than 1 year, or both, and the Senate amendment fixes a maximum fine of $500 and the maximum imprisonment of 6 months, or both. The conference agreement retains the Senate provisions.

SEPARABILITY CLAUSE

The Senate amendment adds a "separability" clause protecting the validity of the remainder of the act in the event that any provision of it is held invalid. This provision is retained in the conference agreement.

EFFECTIVE DATE

The House bill provided that the act should take effect April 7, 1933. Under the Senate amendment, the bill will take effect immediately upon enactment, but sales or offer for sales will be unlawful prior to April 7, 1933. The conference agreement retains the Senate provisions.

MARY T. NORTON,
VINCENT L. PALMISANO,
LORING M. BLACK, JR.,
JAS. L. WHITLEY,
Managers on the part of the House.

COMMITTEE ON THE POST OFFICE AND POST ROADS

Mr. SABATH, from the Committee on Rules, reported the following resolution:

House Resolution 96 (Rept. No. 26)

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Resolution 59, a resolution, "That for the purpose of obtaining information necessary as a basis for legislation the Committee on the Post Office and Post Roads of the Seventy-third Congress is authorized as a committee, by subcommittee or otherwise, to continue the investigation begun under authority of House Resolution 226 of the Seventy-second Congress."

After general debate, which shall be confined to the resolution and shall continue not to exceed 30 minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Post Office and Post Roads, the resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the resolution for amendment the Committee shall rise and report the resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution and the amendments thereto to final passage, without intervening motion, except one motion to recommit.

TWENTIETH AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES

The SPEAKER laid before the House communications from the executive department of the State of Maryland, the executive department of the State of Tennessee, and the executive department of the State of New Mexico, announcing that the several States had severally ratified the twentieth amendment to the Constitution of the United States.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. ALMON, indefinitely, on account of illness.

ADJOURNMENT

Mr. CANNON of Missouri. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p.m.) the House adjourned until tomorrow, Wednesday, April 5, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, April 5, 1933, as reported to the floor leader:

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 o'clock a.m., on April 5, 1933, continuing hearings on H.R. 4314, the proposed Federal Securities Act.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CANNON of Missouri: Committee on Appropriations. H.R. 4589. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes; without amendment (Rept. No. 23). Referred to the Committee of the Whole House on the state of the Union.

Mr. CONNERY: Committee on Labor. H.R. 4557. A bill to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day; without amendment (Rept. No. 24). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 96. Resolution providing for the consideration of House Resolution 59, a resolution to provide for further investigation of expenditures of the Post Office Department; without amendment (Rept. No. 26). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H.R. 1354) for the relief of C. V. Mason, and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri: A bill (H.R. 4589) making appropriations for the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. JONES: A bill (H.R. 4590) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; to the Committee on Agriculture.

By Mr. LEA of California: A bill (H.R. 4591) to provide revenue by increasing taxes on certain nonintoxicating liquors and to remove the limitation of the prohibition laws upon their manufacture, transportation, and sale in certain cases; to the Committee on Ways and Means.

By Mr. STEAGALL: A bill (H.R. 4592) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; to the Committee on Agriculture.

By Mr. CROSSER: A bill (H.R. 4593) to provide capital at reasonable rates of interest in order to promote the establishment and ownership of homes by the people of the United States, and for other purposes; to the Committee on Banking and Currency.

Also, a bill (H.R. 4594) to relieve unemployment by providing for the building of check dams and other structures to prevent soil erosion, gullying, floods, and drought by retarding the run-off on watersheds and causing the waters to soak into the ground in order to replenish springs and wells and to restore subsoil moisture; to the Committee on Agriculture.

Also, a bill (H.R. 4595) to promote interstate commerce, agriculture, and the general welfare by providing for the development and control of waterways and water resources, for water conservation, for flood control, prevention, and protection; for the application of flood waters to beneficial uses; and for cooperation in such work with States and other agencies, and for other purposes; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 4596) to provide retirement insurance for railway employees, and for other purposes; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 4597) to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 4598) to promote the safety of employees and travelers on the railroads and on the highways at grade crossings, compelling common carriers engaged in interstate commerce to inspect, test, repair, and maintain all signals, interlockings, highway-crossing devices, train control or stopping devices, centralized or remote control systems and their controlling factors, parts or appliances used in regulating train or engine operation; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 4599) to limit the working hours of all persons working on dredges or tugs on the Great Lakes to 8 hours a day, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SINCLAIR: A bill (H. R. 4600) to increase the tariff duties on flaxseed and the oils produced therefrom; to the Committee on Ways and Means.

By Mr. VINSON of Georgia: A bill (H.R. 4601) to promote the efficiency of the Navy by repealing certain provisions of law placing restrictions on the employment of enlisted men of the Navy on board battleships of the Navy; to the Committee on Naval Affairs.

Also, a bill (H.R. 4602) ultimately to terminate transfers to the Fleet Naval Reserve and the Fleet Marine Corps Reserve; to the Committee on Naval Affairs.

By Mr. SINCLAIR: A bill (H.R. 4603) authorizing the creation of Indian tribal councils, and for other purposes; to the Committee on Indian Affairs.

By Mr. McCORMACK: A bill (H.R. 4604) to provide a 5-day week for Federal employees; to the Committee on the Civil Service.

By Mr. MONTAGUE: A bill (H.R. 4605) for the extension and completion of the United States Capitol; to the Committee on Public Buildings and Grounds.

By Mr. LEWIS of Maryland: A bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes; to the Committee on Banking and Currency.

By Mr. DEEN: A bill (H.R. 4607) to reduce the mileage of Senators, Representatives, and Delegates to 10 cents a mile; to the Committee on Expenditures in the Executive Departments.

By Mr. FISH: Resolution (H.Res. 90) authorizing the appointment of a committee to investigate the causes of the disaster and destruction of the United States Navy dirigible *Akron*; to the Committee on Rules.

By Mr. SABATH: Resolution (H.Res. 96) providing for the consideration of H.Res. 59, a resolution to provide for further investigation of expenditures of the Post Office Department; to the Committee on Rules.

By Mr. KRAMER: Joint resolution (H.J.Res. 142) authorizing the President of the United States to present the Distinguished Service Medal to George Dewey Lyon; to the Committee on Naval Affairs.

By Mr. McCORMACK: Joint resolution (H.J.Res. 143) to exclude certain temporary employees from the operation of the Economy Act; to the Committee on Expenditures in the Executive Departments.

By Mr. SWANK: Joint resolution (H.J.Res. 144) proposing an amendment to the Constitution of the United States relating to courts, appointment of judges, their tenure and salaries; to the Committee on the Judiciary.

By Mr. CROSSER: Joint resolution (H.J.Res. 145) proposing to amend the Constitution of the United States to authorize the Congress to reduce the daily period of time for which contracts of employment may be lawfully made; to the Committee on the Judiciary.

By Mr. SANDERS: Joint resolution (H.J.Res. 146) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Maine, memorializing Congress to restore the 2-cent postage rate; to the Committee on Ways and Means.

PRIVATE BILLS AN RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 4608) for the relief of Martin-Walsh, Inc.; to the Committee on Claims.

Also, a bill (H.R. 4609) for the relief of Augustus Thompson; to the Committee on Claims.

By Mr. CONDON: A bill (H.R. 4610) for the relief of George D. McFarland; to the Committee on Military Affairs.

By Mr. CROSSER: A bill (H.R. 4611) for the relief of Barney Rieke; to the Committee on Claims.

Also, a bill (H.R. 4612) for the relief of the Champion Rivet Co., Cleveland, Ohio; to the Committee on Claims.

Also, a bill (H.R. 4613) to authorize the President to reinstate Guy H. B. Smith, formerly captain, Fourth Regiment United States Infantry, in the Army; to the Committee on Military Affairs.

By Mr. CROWE: A bill (H.R. 4614) granting a pension to Viola Massey; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4615) granting a pension to Dolly Liese; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4616) granting a pension to Annie J. Henderson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4617) granting a pension to William R. Cole, Jr.; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4618) granting a pension to Ernest P. Garlach; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4619) granting a pension to Quincy Scott; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4620) granting a pension to James W. Spencer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4621) granting a pension to Nettie Roberts; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4622) granting a pension to Ama E. Nichols; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4623) granting a pension to George E. Hilgert; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4624) granting a pension to Emma A. Schmidt; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4625) granting a pension to Emma C. Colvin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4626) granting a pension to John Crutchfield; to the Committee on Pensions.

Also, a bill (H.R. 4627) granting a pension to Samuel M. Hatfield; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4628) granting a pension to Edwin Wade Buford; to the Committee on Pensions.

Also, a bill (H.R. 4629) granting a pension to Andrew J. Owens; to the Committee on Pensions.

Also, a bill (H.R. 4630) granting a pension to Isaac A. Chandler; to the Committee on Pensions.

Also, a bill (H.R. 4631) granting a pension to Ebbie Allstott; to the Committee on Pensions.

Also, a bill (H.R. 4632) granting a pension to Elmer Goldman; to the Committee on Pensions.

Also, a bill (H.R. 4633) granting a pension to Lydia Ann Choat; to the Committee on Pensions.

Also, a bill (H.R. 4634) granting a pension to Crawford Johnson; to the Committee on Pensions.

Also, a bill (H.R. 4635) granting a pension to Clem A. Endris; to the Committee on Pensions.

Also, a bill (H.R. 4636) granting a pension to Earl R. La Master; to the Committee on Pensions.

Also, a bill (H.R. 4637) granting a pension to William S. Davis; to the Committee on Pensions.

Also, a bill (H.R. 4638) granting an increase of pension to Katherine Carpenter; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4639) granting an increase of pension to Ida I. Goldman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4640) granting an increase of pension to Rachel A. Coats; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4641) granting an increase of pension to Etta Noe; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4642) granting an increase of pension to Charlotte Meadows; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4643) granting an increase of pension to Mary E. Murphy; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4644) granting an increase of pension to Ellen Moffatt; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4645) granting an increase of pension to Nancy J. Littell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4646) granting an increase of pension to Charlotte M. Barnett; to the Committee on Pensions.

Also, a bill (H.R. 4647) granting an increase of pension to Maggie Crecelius; to the Committee on Pensions.

By Mr. DEEN: A bill (H.R. 4648) for the relief of H. B. Arnold; to the Committee on Claims.

By Mr. DIES: A bill (H.R. 4649) for the relief of Amanda Allen Walker; to the Committee on Claims.

By Mr. FLETCHER: A bill (H.R. 4650) granting a pension to Eva Ann Brollier; to the Committee on Pensions.

Also, a bill (H.R.4651) granting an increase of pension to Sarah L. Kooken; to the Committee on Pensions.

By Mr. HESS: A bill (H.R. 4652) for the relief of Isacher Reese; to the Committee on Military Affairs.

By Mr. HOIDALE: A bill (H.R. 4653) for the relief of Asa J. Hunter; to the Committee on Claims.

Also, a billl (H.R. 4654) for the relief of Mary A. Rockwell; to the Committee on Claims.

By Mr. IMHOFF: A bill (H.R. 4655) for the relief of Theodore Torok; to the Committee on Claims.

By Mr. JENKINS: A bill (H.R. 4656) granting a pension to Charles Younger; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4657) granting an increase of pension to Annie Levering; to the Committee on Invalid Pensions.

By Mr. KVALE: A bill (H.R. 4658) for the relief of Mary A. Rockwell; to the Committee on Claims.

By Mr. McCORMACK: A bill (H.R. 4659) for the relief of Carleton-Mace Engineering Corporation; to the Committee on Claims.

Also, a bill (H.R. 4660) for the relief of Ralph M. George; to the Committee on Naval Affairs.

Also, a bill (H.R. 4661) for the relief of Teresa Cowley; to the Committee on Claims.

By Mr. PETERSON: A bill (H.R. 4662) for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla.; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 4663) for the relief of Isaac M. Donnelly; to the Committee on Claims.

Also, a bill (H.R. 4664) granting an increase of pension to Oscar Sheffield; to the Committee on Pensions.

Also, a bill (H.R. 4665) granting a pension to Mary A. Green; to the Committee on Pensions.

By Mr. SINCLAIR: A bill (H.R. 4666) for the relief of Jerry O'Shea; to the Committee on Claims.

By Mr. SWANK: A bill (H.R. 4667) for the relief of Sidney R. Nixon; to the Committee on Military Affairs.

Also, a bill (H.R. 4668) for the relief of William Wilkerson Tate; to the Committee on Military Affairs.

By Mr. WIGGLESWORTH: A bill (H.R. 4669) for the relief of Henry Herbert Coughlin; to the Committee on Naval Affairs.

By Mr. WILCOX: A bill (H.R. 4670) for the relief of Lyman D. Drake, Jr.; to the Committee on Claims.

Also, a bill (H.R. 4671) for the relief of Edgar H. Taber; to the Committee on Military Affairs.

By Mr. WOLVERTON: A bill (H.R. 4672) for the relief of certain purchasers of lands in the borough of Brooklawn, State of New Jersey; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

313. By Mr. ARENS: Petition of the William Peck Post of the American Legion, Hugo W. Benson, senior vice commander, Post No. 1, Disabled American Veterans, pledging the President of the United States loyal support in working out a fair and just system of dealing with veterans' benefits; also to hold the President responsible that law be administered with justice and mercy; to the Committee on World War Veterans' Legislation.

314. Also, petition of Arthur F. Meyers, president of St. John's locals of the farmers union, and G. E. Johnson, president of Mamre locals of the farmers union, urging whole-hearted support of the Frazier bill and condemnation of the Shipstead bill; to the Committee on Banking and Currency.

315. By Mr. CUMMINGS: Memorial of the Twenty-ninth General Assembly of the State of Colorado, requesting of the President of the United States the appointment of Hon. John T. Barnett, of Colorado, as Attorney General of the United States; to the Committee on the Judiciary.

316. Also, Senate Joint Memorial No. 5, of the Senate of the Twenty-ninth General Assembly of the State of Colorado, regarding intercoastal traffic through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

317. By Mr. DELANEY: Petition of the Rittenhouse Astronomical Society, urging that any reduction in the appropriations for the Naval Observatory be made with full knowledge of the facts and that no reduction be made which will curtail its everyday and fundamental usefulness; to the Committee on Naval Affairs.

318. By Mr. HASTINGS: Petition of the House of Representatives of the Fourteenth Legislature of Oklahoma, memorializing the President of the United States to create a Cermak memorial; to the Committee on the Library.

319. Also, petition of the House of Representatives of the Fourteenth Legislature of the State of Oklahoma, memorializing the Congress of the United States to appropriate sufficient funds to build a water-power site on the Grand River in Oklahoma, and to cause a survey of the entire Arkansas River Basin in Oklahoma for the purpose of ascertaining the feasibility of flood control, reclamation of flood lands, reforestation, and revocation with a view of developing the Arkansas-Grand River Basin at an early date; to the Committee on Flood Control.

320. By Mr. HENNEY: Petition of 4,000 citizens of Milwaukee, urging our Government to intercede with the German Government for the immediate cessation of anti-Semitic propaganda and discrimination against the Jews; to the Committee on Foreign Affairs.

321. By Mr. KENNEY: Petition of Dr. Samuel S. Lefkowitz, chairman, and other members of the Temple of the Sons of Israel of Bergen County, Palisades Park, N.J., asking that immediate steps be taken to the end that the life, liberty, and freedom of the people of Jewish faith in Ger-

many shall be protected and that their happiness be safeguarded and guaranteed; to the Committee on Foreign Affairs.

322. By Mr. KVALE: Petition of mass meeting held at Minneapolis, Minn., on March 27, opposing the anti-Jewish activity in Germany; to the Committee on Foreign Affairs.

323. Also, petition of Watonwan County Farmers Union, urging enactment of the Frazier bill; to the Committee on Banking and Currency.

324. By Mr. LAMBERTSON: Petition of 27 citizens of Washington County, Kans., urging the passage of the Frazier bill for the refinancing of farm loans; to the Committee on Ways and Means.

325. By Mr. LINDSAY: Petition of United Mutual Life Insurance Co., Indianapolis, Ind., opposing the passage of the Wilcox bill; to the Committee on the Judiciary.

326. Also, petition of New York Coffee Roasters Association, New York City, opposing a special tax on coffee; to the Committee on Ways and Means.

327. Also, petition of Widmer's Grape Products Industry, Naples, N.Y., opposing tax on cider containing 3.2 percent alcohol by weight; to the Committee on Ways and Means.

328. Also, petition of New York Board of Trade, Inc., New York City, favoring the establishment of free ports in the United States, especially one to be located in the port of New York; to the Committee on Ways and Means.

329. Also, petition of C. F. Thatcher, Inc., makers of riding boots and sport shoes, Brooklyn, N.Y., concerning adjustment of duties on military boots; to the Committee on Military Affairs.

330. Also, petition of Parshelsky Bros., Inc., wholesale jobbers, Brooklyn, N.Y., urging the term "safety plate glass" in House bill 706 be amended to read "safety nonscatterable glass"; to the Committee on Ways and Means.

331. Also, petition of Abraham Miller Association, Inc., of Williamsburgh, Brooklyn, N.Y., protesting against atrocities perpetrated against their Jewish brethren in Germany; to the Committee on Foreign Affairs.

332. Also, petition of Norwood Democratic Club, Inc., Brooklyn, N.Y.; protesting against the persecution of Jews in Germany; to the Committee on Foreign Affairs.

333. Also, petition of Greenpoint Peoples Regular Democratic Organization, Brooklyn, N.Y., protesting against the treatment of Jews in Germany by the Hitler regime; to the Committee on Foreign Affairs.

334. Also, petition of Thirteenth Assembly District Regular Democratic Organization, Inc., Brooklyn, N.Y., protesting against the persecutions inflicted upon the Jewish people in Germany; to the Committee on Foreign Affairs.

335. Also, petition of Jewish-American citizens of Williamsburgh, Brooklyn, N.Y., protesting against the persecution of Jews in Germany; to the Committee on Foreign Affairs.

336. Also, petition of Peoples Regular Democratic Organization, Inc., nineteenth assembly district, Brooklyn, N.Y., protesting against the persecution of the Jewish people in Germany at the hands of Hitler and his Nazi forces; to the Committee on Foreign Affairs.

337. Also, petition of Jamie Kelly Association, Inc., Brooklyn, N.Y., protesting against alleged atrocities perpetrated upon the Jewish people in Germany under the Hitler regime; to the Committee on Foreign Affairs.

338. By Mr. LUDLOW: Petition favoring equal rights for men and women throughout the United States and every place subject to its jurisdiction; to the Committee on the Judiciary.

339. By Mr. MALONEY of Connecticut: Resolution adopted by the Jewish community of New Haven, Conn., in mass meeting assembled at the Shubert Theater in New Haven on March 27, 1933; to the Committee on Foreign Affairs.

340. By Mr. MEAD: Petition of the New York Board of Trade, favoring the establishment of a free port in the harbor of New York; to the Committee on Rivers and Harbors.

341. By Mr. MURDOCK: Concurrent memorial of the Senate of the State of Utah, memorializing Congress to pass House bill No. 11816, Seventy-second Congress, for the regulation and control of the public range of the United States and for the creation of grazing districts by the Secretary of the Interior under the direct supervision of the users of the public range; to the Committee on the Public Lands.

342. Also, concurrent memorial of the House of Representatives of the State of Utah, memorializing the President and Congress of the United States to support or initiate a movement to stabilize the monetary and credit bases, so as to improve world commodity prices; to the Committee on Coinage, Weights, and Measures.

343. Also, concurrent memorial of the State Senate of the State of Utah, memorializing the Congress of the United States to appoint a committee to investigate the administration and control by the Bureau of Biological Survey of the Bear River Migrating Bird Refuge; to the Committee on Agriculture.

344. By Mr. ROBERTSON: Memorial of Capt. Greenlee D. Letcher and Charles W. R. Dunlap, of Rockbridge Post, No. 95, American Legion, Lexington, Va., commending the President and the Congress on economy legislation and pledging the loyal allegiance of the post; to the Committee on Economy.

345. By Mr. RUDD: Petition of the Old Glory Council, American Association for the Recognition of the Irish Republic, demanding that the Government insist on full payment of all indebtedness by our European debtors; to the Committee on Foreign Affairs.

346. Also, petition of Westend Republican Club, of Queens County, Woodhaven, Long Island, N.Y., opposing any recognition of the Soviet Government of the Union of Socialist Soviet Republics or any other government in old Russia; to the Committee on Foreign Affairs.

347. Also, petition of Westend Republican Club, of Queens County, Long Island, N.Y., favoring the Tinkham resolution; to the Committee on the Judiciary.

348. Also, petition of New York Coffee Roasters' Association, opposing the proposed tax on coffee; to the Committee on Ways and Means.

349. By Mr. WELCH: Resolution No. 534 adopted by the Board of Supervisors of the City of San Francisco, Calif., calling upon Congress to enact legislation limiting hours of labor on public works of the United States to 6 hours in any calendar day; to the Committee on Labor.

350. Also, Resolution No. 707 adopted by the Board of Supervisors of the City of San Francisco, Calif., calling upon Congress to pass bill legalizing wine with alcoholic content from 10 to 12 percent; to the Committee on the Judiciary.

351. By Mr. WHITE: Memorial of the Legislature of the State of Idaho, memorializing Congress to enact into law Senate Joint Memorial No. 7, to amend section 5 of the Idaho Admission Act; to the Committee on the Judiciary.

352. By the SPEAKER: Petition of the City Council of the City of San Buenaventura, advocating the issue of national currency to municipalities on pledge of their bonds; to the Committee on Banking and Currency.

353. Also, petition of the Board of Supervisors of San Francisco, urging Congress to pass a bill legalizing wine with an alcoholic content of 10 to 12 percent; to the Committee on Ways and Means.

354. Also, petition of J. F. Barnhill, urging Congress to impeach United States District Judge George Cosgrave and Referee in Bankruptcy James L. Irwin; to the Committee on the Judiciary.

SENATE

WEDNESDAY, APRIL 5, 1933

(Legislative day of Monday, Mar. 13, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. LEWIS. Mr. President, I note the absence of a quorum and ask a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk (Ben Logan) called the roll, and the following Senators answered to their names:

Adams	Couzens	King	Robinson, Ark.
Ashurst	Cutting	La Follette	Robinson, Ind.
Austin	Dickinson	Lewis	Russell
Bachman	Dieterich	Logan	Schall
Bailey	Dill	Lonergan	Sheppard
Bankhead	Duffy	Long	Shipstead
Barbour	Erickson	McAdoo	Smith
Barkley	Fess	McCarran	Steiwer
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Glass	Metcalf	Townsend
Bulkley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neeley	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Johnson	Pittman	Wheeler
Connally	Kean	Pope	White
Coolidge	Kendrick	Reed	
Costigan	Keyes	Reynolds	

Mr. LEWIS. I beg to announce that the senior Senator from New Mexico [Mr. BRATTON] and the senior Senator from New York [Mr. COPELAND] are necessarily detained. The announcement may remain for the day.

Mr. REED. My colleague the junior Senator from Pennsylvania [Mr. DAVIS] is still detained from the Senate on account of illness.

Mr. FESS. I desire to announce that the senior Senator from Vermont [Mr. DALE] and the junior Senator from Rhode Island [Mr. HEBERT] are necessarily absent.

The VICE PRESIDENT. Ninety Senators having answered to their names, a quorum is present.

THE JOURNAL

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of Friday, March 31, Monday, April 3, and Tuesday, April 4, 1933.

The VICE PRESIDENT. Is there objection? The Chair hears none.

CHAIN STORES—CHAIN-STORE MANUFACTURING (S.DOC. NO. 13)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, transmitting, pursuant to Senate Resolution 224, Seventieth Congress, a report of the Commission entitled "Chain-Store Manufacturing", which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

FEBRUARY REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Reconstruction Finance Corporation, reporting, pursuant to law, relative to the activities and expenditures of the Corporation for the month of February, 1933, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying tables, was referred to the Committee on Banking and Currency.

FUNCTIONS OF THE GEOGRAPHIC BOARD (S.DOC. NO. 14)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Geographic Board, reporting, pursuant to Senate Resolution 351, Seventy-second Congress, relative to the functions and activities of the Board, the total annual expenditures for the latest complete fiscal year wherever practicable, or part thereof, as indicated, and also enclosing a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying paper, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution adopted by the Legislature of the State of California, memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation-project settlers to the United States and providing for a loan to the reclamation fund to replace the income thereto thus suspended, which was referred to the Committee on Irrigation and Reclamation.

(See joint resolution printed in full when presented by Mr. JOHNSON on the 3d instant, p. 1097, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a telegram from James J. Cahill, secretary, stock exchange reform committee of the Manhattan Board of Commerce, embodying a resolution adopted by the board of directors of the Manhattan Board of Commerce, New York City, N.Y., urging that the Congress disregard all former State "blue sky" legislation during its consideration of regulatory measures to protect the people against the wholesale flotation of worthless and fraudulent stocks, bonds, etc., and favoring the enactment of a fair and reasonable Federal "blue sky law which would apply to the rich as well as to the poor and which would be a pattern for all State blue sky laws to follow", etc., which was referred to the Committee on Banking and Currency.

He also laid before the Senate resolutions adopted by members of the Regular Democratic Club, Inc., of Fairview, N.J., favoring the passage of pending legislation establishing a shorter work day and week, which was ordered to lie on the table.

PROPOSED BANKING REGULATIONS

Mr. BONE presented resolutions adopted by the Council of the City of Seattle and the Board of County Commissioners of King County, Wash., which were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Resolution 11203

Whereas the Federal Government of the United States asserted its willingness to issue money to the banks of the United States, taking their commercial paper and other securities as collateral; and

Whereas city and county warrants, when issued within the provisions of the budget, make one of the safest investments; and

Whereas national banks refuse to cash these warrants, and give as their reason the inability to rediscount them with the Federal Government; and

Whereas we consider it the duty of the Federal Government in these days of stress to come to the rescue, not only of private business but of the various political subdivisions: Now, therefore, be it

Resolved by the City Council of the City of Seattle, That we petition the President of the United States, our Senators, and Members of Congress that the laws, rules, and regulations pertaining to banking be so changed or amended as to enable banks to accept warrants issued by political subdivisions wherever and whenever these warrants are issued in compliance with the budget laws and regulations of the various political subdivisions; be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, to the United States Senators and Members of the House of Representatives, and to the senators and representatives of the State of Washington.

Passed the city council this 20th day of March 1933, and signed by me in open session in authentication of its passage this 20th day of March 1933.

FRANK LAUBE,
President of the City Council.

Filed this 20th day of March 1933.

H. W. CARROLL,
City Comptroller and ex officio City Clerk.

Resolution 5006

Whereas the Federal Government of the United States asserted its willingness to issue money to the banks of the United States, taking their commercial paper and other securities as collateral; and

Whereas city and county warrants, when issued within the provisions of the budget, make one of the safest investments; and

Whereas national banks refuse to cash these warrants, and give as their reason the inability to rediscount them with the Federal Government; and

Whereas we consider it the duty of the Federal Government in these days of stress to come to the rescue, not only of private business but of the various political subdivisions: Now, therefore, be it

Resolved by the Board of County Commissioners of King County, That we petition the President of the United States, our Senators, and Members of Congress that the laws, rules, and regulations pertaining to banking be so changed or amended as to enable banks to accept warrants issued by political subdivisions wherever and whenever these warrants are issued in compliance with the budget laws and regulations of the various political subdivisions; be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, to the United States Senators and Members of the House of Representatives, and to the Senators and Representatives of the State of Washington.

Passed this 21st day of March 1933.

JOHN C. STEVENSON,
W. B. BRINTON,
LOUIS NASH,
Board of County Commissioners, King County, Wash.

Attest:

GEORGE A. GRANT,
Clerk of Board.

EMERGENCY RELIEF OF AGRICULTURAL INDEBTEDNESS

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the bill (S. 1110) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, reported it with amendments and submitted a report (No. 17) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. CAPPER:

A bill (S. 1145) for the relief of William M. Sherman; to the Committee on Military Affairs.

By Mr. McNARY:

A bill (S. 1146) for the relief of John W. Beck; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 1147) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

By Mr. McGILL:

A bill (S. 1148) granting a pension to Ida Lane; to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 1149) to extend the time of payment of certain loans made to farmers by the Secretary of Agriculture; to the Committee on Agriculture and Forestry.

By Mr. COSTIGAN:

A bill (S. 1150) for the relief of J. O. Winnett; to the Committee on Claims.

A bill (S. 1151) granting a pension to William A. Walters; and

A bill (S. 1152) granting an increase of pension to Thomas N. Pray; to the Committee on Pensions.

By Mr. RUSSELL:

A bill (S. 1153) to amend the Bank Conservation Act to provide for the appointment of conservators for certain closed banks; to the Committee on Banking and Currency.

6-HOUR DAY AND 5-DAY WEEK

Mr. LEWIS submitted an amendment intended to be proposed by him to Mr. TYDINGS' amendment proposed to the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day, which was ordered to lie on the table and to be printed.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. KING submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the Emergency Relief and Construction Act of 1932, which was referred to the Committee on Banking and Currency and ordered to be printed.

NAVY DIRIGIBLE "AKRON" DISASTER

Mr. KING. Mr. President, I submit a resolution and ask that it may be read and referred to the Committee on Naval Affairs, and I respectfully urge the committee to meet as soon as possible and report the resolution to the Senate.

The resolution (S.Res. 58) was read and referred to the Committee on Naval Affairs, as follows:

Whereas the Navy dirigible *Akron* was wrecked at sea on April 4, 1933, while on a flight in the course of duty, such wreck apparently resulting in the death of 73 officers and members of the crew and the total destruction of such dirigible; and

Whereas it is imperative in the public interest that the responsibility for the wreck of said dirigible and the casualties resulting therefrom should be clearly ascertained, and that for this purpose a thorough, impartial, and unrestricted investigation thereof should be made by an agency having plenary authority to conduct such investigation; and

Whereas such wreck is one of a series of disasters involving the destruction of Army and Navy dirigibles with great loss of life; and

Whereas the dirigible is a costly form of aircraft and entails great expenditure in its proper housing and maintenance and requires an extensive staff of technicians and numerous personnel for its proper care and navigation; and

Whereas the utility of the dirigible for military or naval purposes is open to question; and

Whereas the Congress should become fully advised in the premises in order that proper and intelligent direction shall be given to the military and naval air policy: Therefore be it

Resolved, That a special committee consisting of five Senators, to be appointed by the President of the Senate, is hereby authorized and directed to investigate the cause or causes of the wreck of the naval dirigible *Akron*, and of the wrecks of other Army and Navy dirigibles, to seek to fix responsibility for the same, to inquire generally into the question of the utility of dirigibles in the Military and Naval Establishments, and to make recommendations to the Senate with respect to the use of dirigibles for military and naval purposes. The committee shall report to the Senate, as soon as practicable, the results of its investigations, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third and succeeding Congresses, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 20 cents per hundred words. The expenses of the committee, which shall not exceed $15,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

5-DAY WEEK AND 6-HOUR DAY

The Senate resumed the consideration of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. LEWIS. Mr. President, I tender an amendment to the amendment of the Senator from Washington [Mr. DILL] to the pending bill, which I ask may lie on the table.

The VICE PRESIDENT. The amendment to the amendment will lie on the table for the present.

Mr. TYDINGS. Mr. President, on yesterday I introduced an amendment exempting newspapers and periodicals from the operation of the bill. Since then I have conferred with those who have presented the bill, and I have put the amendment in different form, which I hope and believe is satisfactory to them.

I therefore ask permission to withdraw the amendment I offered yesterday and substitute the one which I have sent to the desk.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBINSON of Indiana. Mr. President, I desire to comment very briefly on the measure that is now before the Senate. I shall not detain the Senate long, but since I happened to be a member of the subcommittee and heard much of the evidence adduced before that committee I thought perhaps it might be well to make some comment on that evidence.

Mr. President, I shall not discuss at all the constitutional questions involved. The constitutional questions were gone into very thoroughly, I think, before the committee and in the debate on the floor thus far. Therefore I shall not attempt to discuss them except to say that so far as I am personally concerned I prefer to follow the reasoning of Mr. Justice Holmes, who wrote the minority opinion in the so-called "*Child Labor case*", and to advert to the fact also that in the antinarcotic cases later Mr. Justice McReynolds, speaking for the Court, intimated that a different decision might be rendered if the case came up properly for review again. Before leaving this phase of the matter, too, I should

like to refer to the language of Mr. Justice Brandeis in the *New State Ice Co. case*, which I quote:

> There must be power in the States and the Nation to remold, through experimentation, our economic practices, and institutions to meet changing social and economic needs. I cannot believe that the framers of the fourteenth amendment, or the States which ratified it, intended to deprive us of the power to correct the evils of technological unemployment and excess productive capacity which have attended progress in the useful arts.

And then this significant sentence:

> If we would guide by the light of reason, we must let our minds be bold.

I think the bill is constitutional, though I recognize it may be a close question, and there is argument on both sides of the question and good reason for the positions taken by advocates on either side.

With that brief word, I pass on to what seem to me to be the broader aspects of this whole matter. The economic situation in the United States, and, indeed, in the world, is and has been for several years very bad; but, Mr. President, much as I dislike to say this, for I am motivated, I think, by the same impulses as are other Members of this body and would like to see times get better, and God knows the misery abroad in the land is shocking to all of us, I think conditions are constantly getting worse, and I think they will continue to grow worse so long as the policy of deflation continues. At some place or another we must turn around and go the other way. Thirteen million men are out of employment, and the number is constantly increasing. I noticed a statement in the press this morning, purporting to come from William Green, president of the American Federation of Labor, to the effect that in March, the month just behind us, unemployment increased, and as unemployment increases purchasing power decreases; and as unemployment increases, therefore, just to that extent we are destroying the American market for the products of the soil, for agriculture, and for the various industries in the country.

More than 90 percent of all our production, mark you, is sold in the home market. The home market consists largely of the wage earners of the country. They spend nearly all they make for the commodities produced in this country. Those situated more fortunately economically, who have large earning capacity, may save much of their earnings, but the ordinary wage earner spends practically all of his. Therefore, he is the backbone of the great American market. Consequently, the more men who are unemployed, the larger the army of the unemployed, the smaller is the American market, more restricted is business and commerce in this country, and deflation goes on apace. If unemployment continues to go on the way it has recently, increasing at the rate of some four or five million annually, we shall face conditions in midsummer that will beggar all description. Consequently, I am anxious to do something about it. I believe the pending measure would have a very wholesome effect.

Evidence before the committee, from competent authority, those who ought to know, was to the effect that the enactment of the pending bill would place back to work six and one half million men. That means much; and if by passing merely one act Congress can perform such a constructive service as that, it seems to me the earlier and quicker we act the better.

Testimony of a reliable character was given to the committee that at the peak moment of 1929, when economic conditions were at their zenith, at the topmost point, right then, there were 2,000,000 men unemployed in America, that condition being due to technological improvements, mechanization of industry, and of the arts and the sciences. Reliable evidence was also adduced before the committee to the effect that if tomorrow, in some magic way, we could go back to normal times, to normal economic conditions, just as we were at the peak in 1929, more than 5,000,000 men would still be unemployed.

What is the answer to that? Almost with one accord those who appeared before the subcommittee of the Committee on the Judiciary stated that a shorter workweek was the answer. In fact, it was suggested by one of the witnesses, of national and international renown, that organized labor in the country proposed to see that there was a shorter workweek; that there must be a greater spread of labor in this country; that, if necessary, labor, pushed to its last ditch, with its back to the wall, would use its great weapon—economic force. It is a question of to starve or not to starve. The only way to take up the slack, to absorb the unemployment, he, with many others, stated, is to have a shorter workday and a shorter workweek.

It seems to me there are three things to which we might look forward: Either we must spread the work in this country, employ more men by enacting legislation such as that now before the Senate, which will enable us to add more than 6,000,000 to the number of employed at present and therefore improve our American market to that extent; or else, secondly, with the army of unemployed increasing, growing by leaps and bounds—the estimate being made by some that by the middle of June or the first of July it will be 20,000,000 if the deflationary policies we have been following so long shall be continued—then relief for the suffering and the needy must be provided on a scale the like of which we cannot even imagine at this moment. If we get to that point, it will take much of the country's wealth to extend the necessary relief. A desperate situation might easily be created and, in my judgment, is being created by this constant deflation, the constant destruction of purchasing power. I was informed—I do not know how true it may be—that the very day after we passed the so-called "Economy Act", which took 15 percent more pay away from the Government workers, and therefore decreased their purchasing power to that extent and went that much farther in the direction of destroying the American market for American products, one big concern in this city, where there are not so many large industries, notified all its employees that they would be subjected to another cut of 15 percent immediately because the Government had on the day before adopted that policy.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. If the Senator will pardon me, that is not to be held so much against the industry. The fact that the Government cuts the wages of its employees 15 percent merely starts the index to working, and industry cannot resist so easily as might appear. The Government is considerably more at fault than is industry itself.

Mr. ROBINSON of Indiana. Mr. President, if it should become necessary to perform these services of relief on a vast scale, it would mean taxes such as we have never heard of before, because the people must be fed. And finally, third, if we do not spread the work by shorter hours and a shorter week, giving more people employment, and if we do not relieve the suffering, we come to one of two things—revolution or starvation; and in either case the destruction of our present economic system.

So, Mr. President, it seems to me that of these three things that may happen, of these three courses that may be pursued, the one most salutary and wholesome, of course, for all the people is the passage of the pending 5-day week bill which will spread the work to such an extent that, as evidence before the committee indicated, more than six and one half million people will be employed at once.

How can shorter hours and a greater spread of work be obtained? First, they might be accomplished by the voluntary action of industry itself, of big business; but I submit, Mr. President, that, generally speaking, the trend in industry is just the other way. At this moment, when work should be spread as widely as possible, it has been the tendency, according to the evidence before the committee, for industry to lengthen the hours of employment, so as to force those who have been working 8 hours a day to work 10 hours and 12 hours at a much lower wage, thereby adding to the number of unemployed and also decreasing, to that further extent, purchasing power.

The second way to get shorter hours would be that which the representatives of organized labor have said it might be necessary for them to resort to, namely, economic pressure, economic force.

None of us want to see that come if it can be avoided; and may I say also that those who spoke for labor before the committee said they hoped it would never be necessary, but that they were prepared, if it came to a showdown, to insist on this spread of work, that general starvation might be avoided.

The third way to bring about shorter hours, a shorter workweek, is through the enactment of legislation by the Congress.

Those who appeared before the committee, almost without exception, I think, agreed that this bill would very generally have that effect.

Mr. President, the committee was informed that at the time the testimony was taken the high mark in unemployment had been reached for all time in this country, there being practically 11,000,000 men then out of work completely, and the evidence disclosed that probably an equal number were working part time, 1 or 2 or 3 days a week, and therefore having very little purchasing power. So that it was estimated then—and that has been 2 months ago—that there were more than 23,000,000 men in the country, a very large number of whom were supporting families, who were either completely out of employment or working part time.

It is true that if this measure became a permanent part of our body of law, we would have the 6-hour day and the 5-day week year in and year out. I see no objection to that. I do not care to place this legislation alone on emergency grounds. I think there is a very great emergency existing, but I am anxious to see the bill become the law of the land permanently. It will afford more leisure, that is true; but all the evidence before the committee was to the effect that leisure brings about the purchase of additional commodities, additional production.

Men and women, too, have time to pursue lines of activity in leisure that otherwise they never would be able to enjoy; and this brings about a demand for various articles of production that ordinarily never could be sold, for which there would not be any considerable market. It is good for the self-improvement of those who have a little leisure. In fact, all the evidence of President Hoover's Commission on Economics and Economic Trends, which was introduced before the committee, was to that effect. Leisure itself would be a good thing economically—that is the point I make—as well as affording an opportunity for education and self-improvement.

Mr. President, it would be an aid to agriculture. With 13,000,000 unemployed, of course, they are living on short rations, and all those dependent upon them are living on short rations; and with those employed only part time every possible saving is made on food. So that if we spread the work and subtract from the great army of unemployed some six and a half million people immediately and add them and their purchasing power to the American market, of course, it will be of inestimable benefit and aid to the American farmer.

Some people insist that the technological age has tended to increase employment. Of course, I think that statement does not bear analysis. As a matter of fact, as I mentioned before, at the very moment when we were enjoying the greatest so-called "prosperity" in this country—namely, back in 1929, before the break came in October—there were, even then, upward of 2,000,000 men out of employment, forced out of employment because of the mechanization of industry. I read from the evidence in the record of the statement by Mr. Lovell:

> The records of the Interstate Commerce Commission disclose that from the year 1919 to 1929, a 10-year period, during which the railroads of this country did the greatest volume of business, perhaps made the greatest earnings of any similar period in their history, 350,000 railroad employees were eliminated from the service.
>
> Three hundred and fifty thousand employees eliminated from the service in the midst of so-called "prosperity"—
>
> not in a business depression, but when this country was booming in business. That reduction came about by bigger engines, more efficient engines, bigger cars, heavier bridges, heavier track, more efficient operation.
>
> There are 350,000 men eliminated while business was booming on the railroads.

Mr. President, many of those engaged in industry on a large scale are in favor of this legislation. The Full-Fashioned Hosiery Manufacturers of America, Inc., with something like 33 manufacturing plants, wrote a letter to the author of the bill, which was introduced in the record before the subcommittee, favoring this measure because of some of the facts I have tried to state; chiefly, that it would add to the purchasing power of the country, and therefore there would be more people to buy the products of the hosiery mills. So they were in favor of putting in the 5-day week themselves, and hoped everybody else would, because it would spread employment, increase purchasing power, and therefore they themselves could sell more of their own product.

But the most striking testimony, I think, that was given before the committee—at least it impressed me, I think, as being as striking as any testimony adduced—was that coming from the lips of Mr. Austin T. Levy.

Mr. Levy is a big industrialist. He said in his testimony:

> My name is Austin T. Levy. I live at Harrisville, R.I. I am president of the Stillwater Worsted Mills, which operate in 4 locations in the State of Rhode Island, 1 location in the State of Connecticut, and 3 locations in the State of Virginia. The company employs slightly in excess of 1,500 persons.

In answer to a question from the Senator from Alabama [Mr. BLACK], the author of the bill, Mr. Levy said:

> The outstanding capital stock of the company—

That is, his own company—

> is about $3,500,000.

He was asked then to give his view in connection with the bill, and I should like to read a portion of his testimony:

> If this bill resulted merely in a reduction of hours and a commensurate reduction in wages, I should oppose it. This bill is valuable only if the hours are reduced and the compensation either remains where it is or is increased. I think logically it will follow if we find complete employment for our people, that wages must be paid that have some relation to the cost of living.
>
> I think it is important also that the classes of employees not covered in this bill should eventually come under its roof. I think also that that will occur as a matter of public opinion and good practice. I think that will follow automatically in the wake of this bill. I have been inquiring, Senator NORRIS, as to the objections to the bill. The first that occurs is a problem, and the certain increase in cost in all products, and I have sought to translate that into definite figures as bearing on the particular industry in which I am engaged, namely, the wool textile industry.
>
> My company is engaged in taking raw wool as it comes from the sheep and transforming it into finished fabric, and distributing those finished fabrics to the people who make clothing from them. There are a number of ways of plant operation, and I shall give you the figures that have to do with the most unfavorable transition that would follow with this bill, and that is the change from a single operation of 48 hours per week to a single shift of 30 hours per week.
>
> The additional cost in a suit of clothes for a man would be, as I calculate it, $1.08, a trifling amount indeed, when all the other factors in this situation are considered.
>
> Where other transitions are taken into consideration, the additional cost is very much less.
>
> It is interesting to note that the decline in prices since 1929 has been so great, due to the facts and circumstances that have been operating, a change which this bill hopes to meet and correct, that after those increases in cost, due to the operation of this bill, we would still have to add 67 percent to the then increased cost in order to equal the existing prices in 1929.

Mr. President, I think the following evidence, which came from Mr. Levy, should also go into the RECORD. He said:

> Mr. Lovell testified this morning that when he entered the railroad business 12 hours a day was the standard day, and what is of more interest is not only the succession of shortening of hours but the automatic increase in pay that accompanied the reduction in hours each time it took place, and, what is very important and interesting to everybody, is that as they decreased the hours and increased the pay, the prosperity of this country went forward. If people ask what is the cost of doing what the Black

bill would require, we might well ask what is the cost to the Nation in dollars—let alone the other costs—what is the cost to the Nation of the present unemployment, and if we take as a conservative estimate that there are 10,000,000 people unemployed—the American Federation of Labor says it is almost 12,000,000, and I think we can agree on 10,000,000—I have built up the following calculation. Ten million unemployed at a standard wage of $5 a day means $50,000,000; as many more working half time, or a loss of $2.50 a day, is $25,000,000. So we have a daily loss of wages on this one count of $75,000,000, which in a 5-day week becomes $375,000,000.

We have, going on at the same time, a huge national expense for the relief of unemployment, and if we set that down to the modest sum of $2.50 a week, 7-day week, it is only 30 cents a day, or a little more, and it becomes $25,000,000 a week. We have the huge total as the direct cost of unemployment of $400,000,000 weekly, or $20,000,000,000 per annum.

Now that, Senator NORRIS, is only the direct cost. We have the indirect losses that follow on that through the loss in security values, through the loss in real-estate values, through the losses in commodity values, through the losses in savings. Our savings banks' losses constituted four million of deposits last year and seven million bank accounts were closed. We assume that those people used up their last funds when those seven million closed their savings-bank accounts. We must add, then, the losses in dividends, and the losses in interest, and when you have added all those things together, while the figures are impossible, I believe, to obtain, I believe they represent a far greater sum even than the direct loss of $20,000,000,000 per annum.

When we point to those figures the whole foreign debt becomes relatively insignificant. The whole export trade of this country becomes relatively unimportant. Here we have a market at our doors of $20,000,000,000 per annum. Where else in the world could we find such a market? Where else in the world does it exist?

There have been a good many remedies suggested to meet this situation. Moratoriums on the payment of debts, expenditures for public works, many of them not needed, costly attempts to prevent the decline of commodity prices, equally costly attempts to open and maintain channels of credit, huge expenditures for relief, share the work, and then, most important of all, about 2 years ago just now, the edict went forth that there must be a liquidation of labor. As I understand the word "liquidation" it means "to terminate", "to wipe out", "to finish."

My opinion, Senator NORRIS, is that the depression did not begin in October 1929. It began when the order went forth that there must be a liquidation of labor. What occurred after October 1929 was merely a poker game on a grand scale indulged in by a small portion of our population. There was no connection between that unwarranted speculation and the real value of things which are built by human effort. The two things have no more relation than this table and the Potomac River, but when the order went forth, and the execution of the order began, that there must be a liquidation of labor, then the depression began, because then we proceeded to tear down our markets for the things that we made, and how we tore our markets down! We could no longer produce.

Mr. President, that is from no radical school of thought in this country. That statement was given in evidence before the subcommittee holding hearings on the pending bill by Mr. Austin Levy.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. In just a moment. Mr. Levy is the president of the Stillwater Worsted Mills in Rhode Island and operates mills at 4 locations in Rhode Island, 1 in Connecticut, and 3 in Virginia, and employs in excess of 1,500 persons. The outstanding capital stock of his company is about three and a half million dollars. He favors this bill because he realizes we must do something to increase purchasing power, and to eliminate unemployment, and he thinks this will do the job.

Now I yield to the Senator from Kentucky.

Mr. LOGAN. The Senator has mentioned exactly what I desired to ask him about, and if he is going to discuss it in the course of his address, I shall not ask him to stop now. But I am interested in knowing how the bill would increase purchasing power. What is the machinery that is to be set up under the bill that would insure a continuation of the same wages for shorter hours? What would there be to prevent a reduction of wages in the same proportion in which the hours of labor were reduced?

Mr. ROBINSON of Indiana. Mr. President, of course none of us knows definitely what the result would be, but I can state to the Senator that the evidence before the committee all tended to show that results from such a measure as this would be extremely beneficial; that in all of the various movements of hours downward, when we went from the 12-hour day to the 10-hour day, for instance, the various objections which are used against the pending bill were used against that procedure. It was stated then that it would not increase purchasing power or contribute to the welfare of those whom it was meant to serve; but when we went from 12 hours to 10, wages not only held their own, they were increased, and there was a greater spread of labor. More people could be employed, hence the purchasing power was much greater.

Again, when the agitation was begun for an even shorter workday, to be reduced from 10 hours to 8 hours, the same old argument was trotted out and dusted off and used by those who opposed the shorter workday. They utilized the very argument that is being brought to bear today against the pending bill. They said it would not increase purchasing power, but would have an opposite tendency. There, again, is the experience. History shows, and the evidence before the committee showed—and if the Senator will read the report of the hearings before the committee he will see that the evidence all tended in that direction—that with the shorter workday more people were employed, wages were not reduced, but, on the contrary, were advanced, so there was greater purchasing power, and the American market continued not only to hold its own but to grow in importance. As the Senator well knows, in normal times we sell vastly more than 90 percent of our entire production to our own people.

Mr. LOGAN. Mr. President, the question has been very well answered, and evidence submitted in support of the answer. But if it is true that wages will not be reduced, and hours of labor will be shortened, then it follows as a matter of course that the general public will have to absorb the increase, does it not, to take care of the increased prices of commodities?

Mr. ROBINSON of Indiana. The general public is composed largely, may I remind the Senator, of the 13,000,000 now unemployed and those who are only partially employed. They will be glad to absorb their proportion of the increase in the cost which may come from the rise in the price of commodities, if they can get jobs. The witness to whom I have referred, Mr. Levy, states with reference to a suit of clothes:

> The additional cost in a suit of clothes for a man would be, as I calculate it, $1.08, a trifling amount, indeed, when all the other factors in this situation are considered.

It would cost the 13,000,000 who are unemployed, if they bought suits of clothes, an average increase of $1.08. But there will be 6½ million additional people employed who now are walking the streets looking for jobs, who would be glad to pay $1.08 more for a suit of clothes; and even then, the evidence showed, we would have to add 67 percent, if I remember rightly, to the cost of the suit of clothes to get back to the price in 1929.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. The point about it is this: As long as there is a surplus of 13,000,000 unemployed men, they are not in position to demand any wages or any hours; but when we bring about a condition where production does not exceed consumption, then the laboring man will have a chance to barter for his wage, whereas today he has to accept whatever pittance he can get, because there are 13,000,000 men just as idle as he is.

Mr. BLACK. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Indiana. I yield.

Mr. BLACK. The question raised by the Senator from Kentucky is not only interesting but one which vitally enters into the consideration of the bill. I should like to invite his attention, if he has not read it, as well as the attention of other Senators who may be interested, to an article which I had inserted in the RECORD, which appears in the RECORD of March 27, 1933, on page 873, giving the effect of reduced hours.

Mr. LOGAN. I should be glad to read the article.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. NORRIS. I cannot let this opportunity pass in discussing this subject without suggesting to my colleague, the

Senator from Indiana, that the theory—it seems to me a perfectly logical one—is that, instead of an increase in the price to the consumer, it will mean the reverse, even though the wages are increased, because the very necessity of this legislation comes about, as the Senator has so well said, from the improved machinery and the new inventions in all lines of human endeavor. The iron man, the machine, will be able to produce at a less cost than the man of flesh and blood; otherwise he would not be invented and would not be there. So that in the end the total cost of the product, when considered properly in comparison with the man who owns the machine and his income, the consumer ought to be able to get the product at a less price than he gets it for now.

Mr. ROBINSON of Indiana. Precisely, and the Senator from Alabama [Mr. BLACK], the author of the bill, stated in his comment before the committee to at least one witness, I remember, that up to date entirely too large a proportion of the price received for commodities has been going to capital and nowhere near enough to labor. With that statement I agree.

Mr. NORRIS. It has been going to the man who owned the machine.

Mr. ROBINSON of Indiana. Yes. So if a man gets a machine that can do the work of 60 men, he can dismiss 60 men and still have the equivalent of 60 men, and if he desires to do so can put all the earnings of the 60 men into his own pocket.

Mr. NORRIS. It would all be profit. He does not have any wages to pay to the iron man that is doing the work.

Mr. ROBINSON of Indiana. He can use the iron man 24 hours a day, and in many cases does so.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Indiana yield to the Senator from Missouri?

Mr. ROBINSON of Indiana. Certainly.

Mr. CLARK. Is not one of the greatest troubles that nobody has yet been able to invent a machine that would consume as much as 60 men or buy as much as 60 men?

Mr. ROBINSON of Indiana. I shall not discuss extensively the evidence in the record of the hearings before the committee, but I wish briefly to refer to some portions of it indicating the enormous influence that a very few New York bankers have on industrial conditions in the United States.

Mr. BLACK. Mr. President, will the Senator yield for a suggestion?

Mr. ROBINSON of Indiana. Certainly.

Mr. BLACK. I should like to have the Senator discuss this point. The Senator is, of course, familiar with the fact that the courts have upheld the right of Congress to protect the people from a conspiracy on the part of monopolies throughout the Nation, even though a part of the business is intrastate. The Senator will also remember, and I hope he will comment on it, that there is evidence in the record of a conspiracy on the part of these very New York bankers to hold wages down and hours up, which, under the very cases sustained by the Supreme Court of the United States permitting Congress to legislate against conspiracy, would justify this bill. I am delighted that the Senator is going to discuss that question.

Mr. ROBINSON of Indiana. I am very glad to have the Senator's contribution to the discussion, and especially this phase of it. That evidence is in the record. I think some days ago, if I remember the figures—and the Senator will correct me if I err in any respect—the distinguished Senator from Nebraska [Mr. NORRIS] exhibited a chart here which indicated that the House of Morgan alone, through interlocking directorates, controls or exercises a certain measure of control, over 40 percent of the big business of the country. I do not desire to repeat what he has said much more ably than I could say it myself, but there are one or two features of these interlocking directorates that impressed me probably as having not been overlooked by the Senator from Nebraska but having a connection to which he probably did not refer at the time when he made his very interesting speech on this subject.

When one looks at the set-up and how practically one man in New York City can pull the strings and control the operation of manufacturers, transportation, banks, and mercantile concerns throughout the country, and then when one reflects on the evidence adduced before this committee of the conspiracy of the big bankers to manufacture and produce these commodities at the lowest possible cost in order to swell their profits, it indicates clearly, it seems to me, Mr. President, that labor has not a chance on earth ever to get a 6-hour day or 5-day week or to escape industrial slavery unless the Congress of the United States functions in their behalf.

I shall discuss only one of these banks, the House of Morgan. I am very glad, I may say, that the Senate Committee on Banking and Currency is going into some of the activities of this concern. I think it ought to have been done long ago before they had obtained their stranglehold on so much of the wealth of the Nation. But it is better late than never, and I hope the committee will go to the bottom of it and expose this machine in all of its ramifications.

I quote from the testimony of Mr. John P. Frey:

In taking up the firm of J. P. Morgan, I have omitted certain corporations in which the partners are concerned. The directory of directors in the city of New York names the following as the Morgan partners: Edward T. Stotesbury, Charles Steele, Thomas W. Lamont, Thomas S. Lamont, Horatio G. Lloyd, Thomas Cochran, Junea S. Morgan, Jr., George Whitney, R. C. Leffingwell, Arthur M. Anderson, William Ewing, Harold Stanley, Junius S. Morgan, Henry S. Morgan, H. P. Davison, Thomas Newall, Edward Hopkinson, Jr., Seamour Parker Gilbert, and Francis D. Bartow.

I did not mention J. P. Morgan, as he is, of course, one of the partners.

The CHAIRMAN. How many are there?

Mr. FREY. Nineteen, I believe.

Now, directly these 19 partners hold 18 directorships in other banks; 21 in miscellaneous corporations, most of them the largest of their kind in America; 12 in insurance companies; 32 in manufacturing corporations; 17 railway companies; and 19 public utilities.

The CHAIRMAN. What I would like to get is a list of the corporations. You have given the number of directorships these partners hold in these various corporations.

Mr. FREY. I have them here. Before that, Senator, I should like to indicate these commercial banks on which the Morgan partners sit, and the directorships which these banks hold in this great variety of corporations, because until that is done the picture does not become clear.

The Morgan partners hold directorships in the following:

Discount Corporation, of New York, which I have not broken down, because it would be a duplication.

First Security Co., of New York, which I have not broken down.

The Fidelity Philadelphia Trust Co., of Philadelphia.

Girard Trust Co., of Philadelphia.

Provident Loan Society, of New York.

But I desire to present this morning as the directorships held by the following 6 banks in which Morgan partners hold 1 or 2 directorships:

The Bank for Savings in the city of New York.

The Bankers Co.

The Bankers Trust Co.

The directors of these last two companies are identical.

The Corn Exchange Bank Trust Co.

The Guaranty Trust Co., of New York.

New York Trust Co.

Possibly these are called Morgan banks because Morgan partners sit on them, and apparently have much to do with their policy.

Taking these banks that I have just named, the six, I find that their directors hold 208 directorships in 104 other banks; 618 directorships in 569 miscellaneous corporations; 178 directorships in 142 insurance companies; 423 directorships in 360 manufacturing corporations; 283 directorships in 234 transportation companies. Those include railway, steamship, and aviation corporations, and 313 directorships in 266 public utilities.

Senator BLACK. Did you give us the total there?

Mr. FREY. Yes. The total is 2,023 of these directorships.

Mr. President, I think that all of us can easily agree that a financial machine such as I have just suggested, with the vast power it wields, is not for the good or the welfare of the American people, and that the sooner the light is thrown upon its various activities the better off the country will be.

I do not desire to add anything further, Mr. President.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Alabama?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. BLACK. Before the Senator closed, I was hopeful that he would refer to the fact, as bearing upon the constitutional features that I mentioned a few moments ago, that Mr. John P. Frey, who has had long experience with labor, testified that he had always heretofore opposed any method of fixing work regulations by law, but that he had been compelled to reach an opposite conclusion, because the influence of the House of Morgan and of the other banks that he mentioned extended to every business activity in America; that it even included school books, school supplies, milk for the babies, every kind and quality of commodity, and that since these banks control the business activities the various presidents or managers of local companies have no power to fix wages; that, therefore, the laborer was helpless to negotiate with them, and that the conspiracy on their part to hold wages down and hours of labor up made it absolutely imperative for labor, if labor was to get any kind of a square deal, to secure it through the instrumentality of law.

Mr. ROBINSON of Indiana. Precisely, and his conclusion finally was, if I remember the evidence—I have it here, but have not examined it recently as to the particular feature to which the Senator alludes—his final conclusion was that wages for about 40 percent of the industries of the country are finally determined by one man or one small group of men in Wall Street. In other words, that all the various general presidents, vice presidents, executives, and other officials of a vast number of concerns over the country really had no authority of their own to take any executive action without reference to the small group of leaders of the financial machine in New York and it was finally dictated there; that it amounted to a conspiracy which Mr. Frey thought ought to be exposed. He had tried to expose this conspiracy in various ways, but had had no opportunity to do so before, and was glad to give the information to the Senate committee examining this measure. That is about what it was, was it not?

Mr. BLACK. Yes; I thank the Senator.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. SHIPSTEAD. They not only fix the wages of labor for the United States but the same people also fix the wages of capital in the form of interest rates on bonds and mortgages for the industries of the United States.

Mr. ROBINSON of Indiana. Of course, and the share that capital shall have from the consumer.

Mr. SHIPSTEAD. And also the price to the consumer.

Mr. ROBINSON of Indiana. Precisely.

Mr. President, I desire to conclude. I am very much in favor of this measure; I believe it will represent the greatest step forward that thus far has been taken toward relieving the unemployment situation confronting us at the present time. I think it will tend to increase purchasing power tremendously, therefore restore the great American market, and, consequently, bring wealth, happiness, and contentment again to the American people.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on the amendment offered by the Senator from Maryland [Mr. TYDINGS].

Mr. WALCOTT obtained the floor.

Mr. McNARY. Mr. President, will the Senator from Connecticut yield to me?

Mr. WALCOTT. Yes.

Mr. McNARY. I promised that I would request a roll call at the conclusion of the remarks of the Senator from Indiana, and I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Black	Bulkley
Ashurst	Bankhead	Bone	Bulow
Austin	Barbour	Borah	Byrd
Bachman	Barkley	Brown	Byrnes
Capper	Goldsborough	McGill	Sheppard
Caraway	Gore	McKellar	Shipstead
Carey	Hale	McNary	Smith
Clark	Harrison	Metcalf	Steiwer
Connally	Hastings	Murphy	Stephens
Coolidge	Hatfield	Neely	Thomas, Okla.
Costigan	Hayden	Norbeck	Thomas, Utah
Couzens	Johnson	Norris	Townsend
Cutting	Kean	Nye	Trammell
Dickinson	Kendrick	Overton	Tydings
Dieterich	Keyes	Patterson	Vandenberg
Dill	King	Pittman	Van Nuys
Duffy	La Follette	Pope	Wagner
Erickson	Lewis	Reed	Walcott
Fess	Logan	Reynolds	Wheeler
Fletcher	Lonergan	Robinson, Ark.	White
Frazier	Long	Robinson, Ind.	
George	McAdoo	Russell	
Glass	McCarran	Schall	

Mr. LEWIS. I desire to announce that the Senator from New Mexico [Mr. BRATTON] and the Senator from New York [Mr. COPELAND] are necessarily absent.

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, there is a quorum present. The Senator from Connecticut is entitled to the floor.

Mr. ROBINSON of Indiana. Mr. President, before the Senator from Connecticut starts on his speech, will he permit me to ask a question of the Senator from Alabama [Mr. BLACK]?

Mr. WALCOTT. I will.

Mr. ROBINSON of Indiana. In the Senator's time, since he is good enough to yield to me, I should like to ask the Senator from Alabama if it is true that the President has requested that the hours of labor per week be raised to 36 in this bill instead of 30.

A report has come to me to the effect that the President has called certain Members of the Senate to the White House and insisted on 36 hours instead of 30. I should like to know whether or not that is true, and I think the Senate ought to know.

Mr. BLACK. I may state to the Senator that so far as the President is concerned I have no authority to speak for him, and I would not do so under any circumstances.

Mr. ROBINSON of Indiana. Is an amendment of that kind contemplated to the bill?

Mr. BLACK. No such amendment is contemplated by me.

Mr. ROBINSON of Indiana. Does the Senator know of anybody who expects to offer an amendment to that effect?

Mr. BLACK. I do not. There was a reference made to it yesterday. I was informed a few moments ago by a Senator on the other side of the Chamber that the bill would be more acceptable to many Members of the Senate if it provided for 36 hours.

Mr. ROBINSON of Indiana. But what I should like to know is, would the Senator from Alabama be satisfied with 36 hours instead of 30?

Mr. BLACK. He would not.

Mr. ROBINSON of Indiana. Does the Senator know of anybody on his side of the Chamber who proposes to offer such an amendment?

Mr. BLACK. I do not.

Mr. ROBINSON of Indiana. Does the Senator know whether the leader on his side of the Chamber expects to offer such an amendment?

Mr. BLACK. I do not.

Mr. ROBINSON of Indiana. I thank the Senator from Connecticut.

Mr. WALCOTT. Mr. President, this problem of unemployment has been coming up at more or less regular intervals, and with increasing severity, for the last 50 or 60 years in this country, for the last century and more in Europe. In view of the seriousness of this problem, it seems to me of vital importance that we give the problem close study, not only as to its present application but in an effort to look ahead into the future to see if we cannot in some way or other devise methods to prevent its recurrence in anything like the volume in which it is occurring today.

I therefore started last summer with a young sociologist and had him study at close range the various conditions of unemployment; the causes, so far as possible, and the effects of this unemployment in various communities, including

some of the western States, Kansas and Nebraska; living among the then striking farmers, on the benches in Pittsburgh, on the benches in the parks of New York City, picking up wherever he could direct information at first hand, getting the point of view of the unemployed and, in various localities, unemployment due to various reasons.

The report that has been made for me encompasses some 25 pages. It is too long to read; but a résumé of that report is, I think, very well worth while, and that is what I propose to give today. It has a direct bearing upon the bill that we are now considering. I will print the report in full at the end of my remarks. The report is the work of Richard S. Child, of Connecticut.

I do not want to be considered as favorable to this bill in all its details; but to the principle of fewer working hours per week, I am absolutely favorable. I believe that it is the only solution of this, perhaps our greatest national problem today.

Whatever has been the experience gained during the past 4 years, certainly one fact is outstanding: The Nation cannot risk stepping into the future with the threat of wholesale unemployment still hanging over its head. Immediate issues tend to obscure the problem. Two issues are immediate: First, the providing of adequate relief; second, the putting of men to work. But, granting these two be met, what then? The future still lies ominously ahead, rocking with every insecurity that has engulfed the Nation and the unprotected individual in the past.

The problem that must be faced now, while the public will is still sharpened to the task, is a comprehensive treatment of unemployment that will leave Nation as well as individual secured by at least those fundamental safeguards which are within the power of intelligent handling to offer from unlimited economic richness. No social fabric has the right to expect support from a people which it periodically either plunges into swift and terrible want or presses slowly into fantastic poverty with the imposition of a miserable standard of half living. Unemployment today is not a sign of individual but of collective incompetency.

The problem is far more than immediately to put men to work, whether it be through the adoption of a 30- or 36-hour week or the spending of public funds. The Nation must look into its future as well. The Nation can and must be assured of relief from the burden of charity; the normal and healthy individual must be guarded from the humiliation of facing charity; charity organizations must be for all time relieved of work not within their proper field. And while this means primarily that men must be placed at work, it means also that men must have the assurance of work in the future; more than that, the assurance of an income that will not only grant them and their families a guaranty of at least the essentials of twentieth century American life, but a guaranty that they will not, if temporarily out of a job, drag other workers with them into unemployment because of a consequent loss of purchasing power.

On the safeguarding of these fundamentals depends the future health of the Nation. Once the envy of all European workers, our wage earners must today look to England, to Germany, and to lesser countries, where the misery of unemployment can at least be borne without loss of self-dignity, without the humiliation and suffering of rationed and uncertain charity doles, without the loss of home, without the fear of starvation, with an assured if still inadequate income, and with the assurance that a well-organized system of employment exchanges will bring instant notice of any jobs suited to their peculiar skills.

As a result of the severe financial crisis in 1921, when the unemployed mounted in this country to upward of 4,000,000, a conference was called by the President to discuss the situation, to recommend remedial measures, that America might not again be haunted by the tramp of aimlessly wandering feet. At that time it was written:

> When business again declines men will be laid off and the problem of unemployment may again become serious. It will then be too late for any measures except relief for the unemployed unless we now address ourselves to the task of preventing or at least reducing these extreme fluctuations of business activity. Prevention, as contrasted with relief, is possible only through foresight.

Numbered among the definite recommendations were: The building up of adequate wage reserves to provide insurance against future periods of unemployment; a Nation-wide and interconnected system of employment bureaus forming a labor exchange which might not only furnish information on employment fluctuations continuously and accurately but which might also bring men and jobs together with an efficiency equal to that which brings commodities to buyers on our commercial exchanges; and, coupled with the last, an emphasis on the need for the further collection of fundamental data and a broader, more coherently centralized statistical service. In addition, there were numerous pious suggestions that private enterprise guard against the perils of overexpansion, save building projects for depressed periods, and the like.

Voluntary action was the instrument looked to to accomplish these reforms:

> Prevention, as contrasted with relief, is possible only through foresight.

Now, some 12 years later, it might be added:

> Accomplishment, as contrasted with discussion, is possible only through action.

What happened?

A succeeding period of prosperity rapidly shook the specter of economic insecurity from the minds of our largest, most thriving industrialists. No one of the reforms so earnestly suggested in 1921 took shape in any effective form. A few outstanding firms did attempt to regularize their employment and production schedules; some set up unemployment reserves; but no general need was felt to give coherence or the authority of centralization to these scattered efforts. Two thirds of 1 percent of our 31,000,000 wage and salaried workers came to be covered by any form of unemployment insurance, whether under individual company, trade-union, or joint-agreement plans. No system of public employment bureaus acting as a Nation-wide exchange was set up, and the remnants of our war-time system fell into decay. There exists today no adequate machinery for ascertaining the extent and degree of unemployment, and the figures given out under the last administration were continually and rightly under suspicion.

Extenuating circumstances may partially justify our neglect of fundamentals during the brief new-era period. Certainly many an individual tragedy of involuntary unemployment during those years was obscured by the unprecedented optimism which swept over employer and employee alike. Certainly the latter aspired to a standard of living that, though guaranteed by no provisions against old age, sickness, or unemployment, was still the envy of other workers the world over. But the extent of the catastrophe today only emphasizes the inadequacy of individual company efforts toward stability, the inadequacy of high wage rates alone to tide the individual worker over even short periods of worklessness. No one man, employer or employee, can stand out against an intensely interdependent industrial environment. It is that environment itself, the Nation, that must give, that can give, an assurance of at least those rock-bottom essentials to healthy living that can alone bring a sense of security to its individual components.

One looks on America today. Actually, there exists nothing to suggest that it had ever before tasted the self-destructive insanity of Nation-wide, all-inclusive unemployment, of terrifying want in the midst of spilling plenty. There is no sign that many a fine word has blown across the face of the land. Emergency relief is still today, after 4 years of emergency, the pressing and unsolved problem, progressive only in its growing futility and intensity.

No social assurance exists that this collective insanity will not reoccur. Voluntary action is not to be depended upon. Action must come from above. It must be direct, all-inclusive, and mandatory. Competition, when it means cutting under the standards of living of which we were

once proud by starvation and the exploitation of human misery, is not a principle to be rigidly adhered to.

If we are to profit at all by this present experience, we must crystallize into definite form the lessons taught by the last 12 years. Words, promises, discussions are not enough. There is a real danger lest business upturn again blind us to the weak spots in our economic system. We must act now during this period of acute self-consciousness. To reform a banking system, to launch loans intended to place men at work, to curtail the hours of labor, to restore agricultural purchasing power—none of these is enough by itself. None affords provision for future security. Now is the time to make lasting those elementary and essential safeguards which more pressing economic circumstances have urged most European nations to adopt in some form, and which in practice have proved not only humane, economically sound, but, in this world of industrial interdependence and intense local specialization, essential for the preservation of that which we prize above all else in our civilization—the integrity of individual self-hood.

Since the past 12 years have served only to emphasize the lessons in elementary economics, little can be looked for in the line of prevention as opposed to relief during the last 4.

May I interpolate here that in this larger report is to be found the quite complete history of the last 4 years; but, inasmuch as it would consume considerable time to give it to you, I refrain from that, and hope that perhaps it may be inserted in the RECORD at some other point.

Yet the last 4 years have expounded eloquent lessons in emergency relief methods, and it is necessary rapidly to sum up this newly acquired sober knowledge.

We have learned that local relief ideals, stemming from the inception of Elizabethan Poor Laws, and first shown inadequate with the dawn of industrialism, have not increased their claims to validity with the increasing interdependence of an industrialized and therefore locally specialized nation; that municipal, county, and State border lines are fictitious map conceptions in a land where Pennsylvania coal drives engines in California as well as in Maine, where Kansas wheat fills bellies in New York and San Francisco, where North Carolina cigarettes are smoked the Nation over and Detroit automobiles are familiar with every highway; where industrial and commercial promoters, boards of directors, armies of individual stockholders, modern absentee landlords, are scattered far from the sources of their wealth; where the corporate system differs from the feudal in that its units are linked by slips of paper and not by geographic area. Yet we have, with high slogan chanting, fled indignantly from phrases such as "Government interference" and "dole" when it came to feeding the Nation's hungry, and have insisted that pauper care for pauper, taxed with local taxes property that earns its ability to pay from local sources, ignored the concentrated pools of intangible wealth gathered from the Nation in corporate profit, and so sought to destroy all wealth by sucking dry its very foundation, low-income consumer's capacity to buy.

We have learned the costliness of economy that insists on the utter pauperization of whole families and countless individuals before they can be considered applicants qualified to receive a haphazard and miserably inadequate dole—that demands that before relief can be given, every salable piece of property, house, furniture, and clothing, the thin savings of a lifetime of struggle, the painfully gathered symbols of social respectability and personal achievement must already have been slowly consumed, bit by bit, in bits of food. Yet we have learned this at the expense of reducing 3,000,000 families to utter dependence on humiliating charity doles; at the expense of seeing 50,000 families more, equally destitute, increasing their numbers daily, denied even charity for lack of funds; at the economic expense of removing more than one third the Nation's population from effective consuming power; at the expense of destroying in innumerable cases not only the mental will to go on trying but the physical ability to do so; at the expense of breeding unemployables, malnutritional diseases, and deformed children to darken the future; and at the expense of wiping out local educational, hospital, and legitimate charity funds.

I may add here that in the full report, of which this is merely a brief summary, the points which are made here are all elaborated and definite proof given of every statement.

We have learned—or should have learned—that just as all efforts toward the prevention of unemployment must inevitably have been brought to nothing by the means relied upon to realize that end—chaotic voluntary action—so, too, relief measures, relying upon the same tactics, however well intentioned, aimed at nothing beyond stabilizing stagnation, must crumble. Voluntary action on the part of individuals, actual or legal, competing for profit in a world of intense interdependence, must result, where one man, in order to maintain an ever-increasingly precarious economic position, is forced to climb to the level of a more ruthless competitor immediately below him, in the gradual descent of the Nation as a whole toward the level of its lowest dirt. Caught in the fascination of its own nightmare, the Nation has been unwilling to set limits beyond which wholesale pauperization shall not reach and helplessly has watched the boasted standard of American living shrink to a bare subsistence ration amounting hardly to $200 a year; spellbound, has seen its vaunted business leaders, its manufacturers and financiers, surge downward in dizzy jig, a sweatshop driver piping the tunes of social and industrial chaos.

That seems like an extreme statement, but I am convinced, from the foregoing report, which gives specific illustrations, that that paragraph is in no sense an exaggeration of the position in which we find ourselves today with reference to unemployment.

Mr. BLACK. Mr. President, unfortunately I did not catch what report the Senator referred to.

Mr. WALCOTT. A report I had made for myself by a young sociologist, who started to work on it last August. I explained this at the beginning of my remarks.

To continue, the Nation collectively, expressing its will through government, is alone free to act. Engrossed in admiring the triumphant achievements of this so-called "individual" or that, as he rides borne high on a million shoulders, we have chosen not to search too carefully our collective achievements.

I want to emphasize here the great difference that exists between individualism and collectivism.

Individually we have grown skilled in the raising of fruitful crops, in the rich gathering of vitamin and energy from sun and soil; collectively we dump them when they are oranges into Pacific waves, milk along Wisconsin highways, corn into Iowa stoves, or lock them indiscriminately behind glass windows hungrily to be gazed upon.

Individually we have become skilled in the securing of abundant natural resources from the ground; we have shown great inventive power and have constructed machinery capable of unleashing the stored forces of long-vanished suns; collectively we shiver for lack of coal, walk ragged because we have no clothes, no shoes, and condemn as an orgy of luxuriously wild spending a time when once we aspired to the using of what we had created to be used.

Individually we have set up many magnificent buildings, many decently livable houses, and have advanced far in the science of hygienic living; collectively we sleep in kennels built of refuse, shrink for shelter like cats in doorways, grow white and sickly in the darkness and dank filth of slums.

Individually we have made marked progress in our knowledge of bodily requirements for physical and mental health, of the causes, cures, and prevention of many diseases; collectively we press one half our population into the weakness and mental apathy of semistarvation, study food rations that to the fraction of a penny will keep adult bodies only from too speedy a deterioration and no more, set about destroying the bodies of a generation to come, and breed with increasing rapidity every form of terrible malnutritional disease formerly associated only with the destructiveness of war, flood, earthquake, or natural famine.

This is all true today in certain sections of this country and among certain people, particularly in the larger cities.

Individually we have set up high standards for labor—clean factories; high wages; short hours; regular employment; old age, sickness, and unemployment insurance funds; collectively, wielding the club of mass starvation for bargaining power, we use labor to the point of physical exhaustion, slash wages to a cruel subsistence level, call the chaotic protestations of gnawing bellies and outraged dignity "radicalism", and in the name of liberty and the revolutionary tradition of our fathers attack it with machine guns, night-sticks, and gas bombs.

All of those are individual incidents of this terrible burden of unemployment which rests on this country today; not frequent, of course, but here and there, and all shown clearly and referred to as facts in the report that has been made.

Individually we sing praises to the nobility of work, to the rights of citizenship, to the sanctity of private property, to the beauties of family life, exalt the dignity of individual man; collectively we deny opportunity to work, deprive millions of their right to share in a national welfare to which they had contributed, steal away property, smash up families, and mock individual dignity with the haunting humiliation of charity rations.

All forced upon us, of course, as the result of this unemployment we are now facing.

Individually we make much of economy and thrift; collectively we indulge in an orgy of waste beyond the limits of imagination. We first spend billions of dollars in the erection of magnificent machinery, buildings, and transportation equipment; next we take millions of dollars from consuming capacity so that what we had built cannot effectively be used, and proceed to build still more; finally, when nothing is being used, we squeeze millions of dollars into niggardly charity relief—just enought to insure that nothing that was so expansively built can be used. After an intoxicating jab of economy our drunken collective wisdom squanders away daily untold millions of dollars, rolling into billions with the years, needlessly to pay for idle machinery, empty buildings, wasted human energy, and the darkness of a terrible future.

Individually we have not hesitated to attack and to subdue the laws laid down by nature, to adapt them to our practical needs; collectively we stand helpless before laws insisted upon by the mental sluggishness of some few men, while our efforts to readapt them to practical need are phonographically called "impractical", "emotional", "unsound."

So, in the year of our Lord 1933, in the year of our progress 157, individually we stand—collectively we reel.

However desperately urgent the problem of relief may still be, the essential question is to relieve relief. Relief itself is cracking down. At best it had no aim beyond the alleviation of present distress.

Prevention of unemployment must be conceived of as the providing of security against the consequences, social, economic, as well as individual, of unemployment. Unemployment in itself cannot be prevented. The consequences of unemployment can be prevented. The problem is not to prevent unemployment; it is to reabsorb the unemployed. It would be just as fantastic to insist that men no longer needed remain in industry as it would be to insist on the continued use of obsolescent machinery. The problem is not to regularize the production of each factory; it is to rechannel and keep fluid the stagnant masses of the intermittently employed, thus forcing a maximum of regularization on factories while a maximum of efficiency in a distribution of labor energy is being exercised.

We live in a profit economy. Factories are lured into action only when claims to wealth are in the hands of purchasers. Active factories turn claims to wealth as well as goods over to purchasers. Men can only be fully employed as long as claims to wealth remain in their hands. The activity, wealth, and health of the Nation is thus in a sense self-generated; so, too, is the stagnation, poverty, and sickness of the Nation. The burden of charity but increases stagnation, industrial as well as human. Charity must be limited to its proper field.

Provisions for the maintaining of adequate purchasing power are the keys to the prevention of the social, economic, and individual consequences of unemployment. This calls for collective action expressed through legislation passed and enforced by central government. Unless so expressed as the collective will, the achievements of individuals cannot be preserved. Constitutions and laws are but the expressions of individual achievements and aspirations in terms of the collective will. No steps have as yet been taken to preserve standards aspired to by American industry. Voluntary action is today bound hand and foot. Even if it meant well, it could not be looked to for effective action today.

National and individual security is the goal. Steps toward that goal must be determined both in the light of immediate necessity and eventual efficacy.

The first move to be taken is the mandatory establishment of the 30- or 36-hour week in industry. Its effect will be most immediate. It requires no setting up of elaborate machinery to control it. It enjoys the hearty backing of organized labor, farmer organizations, and far-sighted manufacturers the country over. It automatically releases purchasing power without the launching of Government bonds and delay of increased taxation. It automatically provides men with vital work without the delay involved in launching a public-works program. It is an important step toward regularization of employment. Most important of all at the moment, it will put an end to the gradual self-destructive sag now reducing industries to bankruptcy the country over; the insane chaos bred in the competitive struggle to snatch the hand-to-mouth orders of hesitant jobbers and retailers, resulting in longer and longer hours of driven labor for fewer and fewer men at lower and lower wages. With a falling price level and a steadily decreasing demand for goods no manufacturer dares manufacture to stock. The effect of increased employment and a new release of purchasing power will be twofold: It will mean the employment of more men still to meet the new effective demand, a rebolstering of the price level in response to new orders. These in turn mean a loosening of stagnant credit as well as the opportunity for industry to restabilize itself with a return to manufacturing to stock. There is at present a great shortage of commodities in the country. Though imperfect in its rigidity, the 36-hour week is an entering wedge toward the establishment of the concept essential for the maintenance of a steady flow of purchasing power—hours of labor, not men, must in general fluctuate in accordance with new technique, with temporary slackening of demand. No rise in the price level, so badly needed at the moment, the objective of all inflationary measures, can be sound save as it grows upon the solid foundations of an expanding purchasing power.

The second move, and it is placed second only because it cannot as immediately be launched, is the projection of an intelligently planned public-works campaign. National credit must be mobilized to perform what private credit at the moment cannot—it must be mobilized toward joining together our vast natural, industrial, and human resources in the re-creating of national wealth. A multitude of projects, all of them socially necessary, lie in readiness in every State in the Union. Many of them, having been held up during the depression, have thus played their part in deepening the depression. No prosperity has ever visited this country when building was not involved—whether it was the private building of railways or automobiles or the Government building of war-time munitions and supplies. Now mockingly in self-defeat we pray for war, yet it is within our instant grasp to re-create war-time conditions. Our Liberty and Victory Loans need only be directed toward social reconstruction rather than destruction of enemies. Building projects should, too, as in war, be non-self-liquidating. The object is not further to burden the consumer but to enable him to drain off the present supply of our productive capac-

ity. Loans as in the case of war loans, will be repaid during the period of returned prosperity in industrial activity.

There is talk of the need for a redistribution of wealth. There has never been a period of prosperity without redistribution of wealth. Each investment in new productive enterprise, insofar as it is paid out in wages, transportation, and materials, is in effect a redistribution of wealth. We fall down only when these new enterprises in turn become productive and wealth has not been correspondingly redistributed to pay for the increase in goods produced. Therefore, it is now essential for the Government to act as redistributing agency in the construction of social goods that do not have to be paid for by consumers—non-self-liquidating projects—in order that private redistributing agencies, the Nation's business world, may continue profitably to find outlet in their customary industrial, commercial, and agricultural self-liquidating projects.

It is estimated by experts that 80 percent of money expended in public works, covering such socially needed projects as slum destruction, construction of highways, parks, and bridges, flood control and reforestation, goes into labor, either directly to those locally employed or to those engaged in fabrication and transportation of materials. Sectional interests are actually not affected: 75 percent of the money spent on the new San Francisco bridge went to labor east of the Mississippi.

A public-works campaign will attack directly the largest pools of stagnant labor. Unemployment is heaviest in the production of raw materials, manufacture of capital equipment, and the building trades. Its ramifications extend to farmers and railroad employees. In no other way can private credit so effectively be unfrozen. While charity expenditures are only a burden, large expenditures on public works are essential primers of the industrial pump.

So much for the immediate putting of men to work.

The next move is the most fundamental of all contemplated attacks on unemployment. It is the prerequisite to any adequate and mature handling of the problem. It is immediately needed to bring knowledge to our present handling of the situation as well to lend intelligence to steps of the future. An interlocking Nation-wide chain of public employment agencies as provided for under the Wagner bill must be set up. It will automatically supply authoritative information from all corners of the country. It will be invaluable as clearing houses for local labor supplies. It will play an essential part in the vast work of redistributing and reeducating labor as yet to come. It affords the only practical means through which the right man will come to the right job. It is a service to both employer and employee. It is the only logical answer to the constant fluctuation of labor that comes as a consequence of dynamic change in industrial and business method. Its absence to date has been a missing cog in our economic system, and has allowed the placement of jobless men to fall into the cunning profit-grubbing hands of the private agencies.

The full report is the most shocking thing I have ever read on this particular subject. The grafting of employment agencies in our large cities is unbelievable until it has been investigated at first hand.

While primarily of impersonal economic importance, its social value is equally great. As recent experiments have demonstrated, the fact that a man out of a job can carry his problem to persons trained in handling it, able to discuss it intelligently with him, eager to secure him a new position—the fact that that man is not ignored, that he is given to feel that society is still eager to receive his contribution—is of immeasurable importance in preserving that man's sense of dignity and morale. In no other way can industrial society demonstrate that the individual, his skill and personal ability, is worth preserving. It is the only possible answer to long, discouraging, energy-sapping, savings-draining, haphazard months of hopeless job-hunting. A nation of scarecrow transients cannot long afford to be without such service.

The three experimentary public employment services at present being carried on in Philadelphia, Rochester, and Minneapolis demonstrate what skilled efficiency may be expected to accomplish in this line. Their experience furthermore cries out for the immediate extension of this service to all corners of the Nation. That it must be under nonpolitical administration is a foregone conclusion. Political hacks have done enough to damn such efforts in the past. In the future it can also be expected to play an essential part in the local adjustment of hours of labor to existent demand, in the recruiting and reeducating of fit men to increasingly important service positions. The industrial future of the Nation is linked with its establishment. And last but not least it is a prerequisite to the setting up of the fourth step toward protection against the consequences of unemployment:

Unemployment insurance. This, too, must be Nation-wide and mandatory. Individual efforts have only demonstrated their incapacity for action. Nor is it entirely fair to look to private enterprise for this safeguarding of the Nation's essential purchasing power. In a land where industry is dependent upon industry individual unemployment-insurance schemes would inevitably break down just as have local relief efforts. Only by industry as a whole can the slight burden fairly be borne. Depression does not rest with equal weight on all industries. Unemployment insurance is as essential a step toward security from the economic as from the individual point of view. Only through such insurance can the Nation be assured of a constant cushion of buying power for its essential consumer's goods; only so can the farmer and the local community retail store be saved from the vagaries of chaotic industry, can landlords, and so property values, be preserved against the disaster of unchecked deflation and its ramifications. Only through unemployment-insurance benefits can the individual know security or an approach toward security in his own life; can he dare lay plans for the future; can he feel that to do efficient work is not to cut his own economic throat; can he receive even a slight share of the wealth he aided in creating; can he and his family, his children, be guaranteed at least the right to healthy food and adequate clothing; and, most important of all in a land where human dignity is still talked of as an asset, can the individual preserve his own sense of independence and be relieved of the humiliating threat of charity, be preserved from its haunting psychological effects. Daily bodily needs do not fluctuate in strict accordance with the peaks and valleys of industrial production. Charity must be freed from paying industry's wages.

But employment agencies must first be established. The Nation must be assured that its insured jobless are pressing jobward. Local bureaus will be at once the logical centers of benefit distribution as well as in position to provide an automatic check on the applicant's sincerity in his demand for work. The acceptance or nonacceptance, within reasonable limits, of a job offered will determine whether or not one may qualify for the payment of benefits. Linked so with employment bureaus, all stock arguments against the payment of unemployment insurance are smashed.

America has lagged behind the rest of the world in its collective efficiency. Environmental circumstances have played a large part in postponing the day when she must face herself as a mature and interdependent social unit. She must now act to preserve what her individuals have accomplished. Competition is insane when it can only destroy what has laboriously been constructed. European initiative has demonstrated over a period of years the several pitfalls and advantages in the methods of administering social insurance. American inventiveness and boasted native efficiency will find no difficulties in perfecting much of this experimentary machinery. The essential necessity of such machinery is no longer in doubt.

But it is no longer a question of discussion. Action alone can now be effective. And now, while the stage is set, the moment for action has arrived.

The report referred to is here printed in full as follows:

INTRODUCTION

There is nothing either socially devastating or personally degrading in the mere fact of unemployment. More and more and more unemployment is actually the goal, the end of industrialism. It is because continued employment is made the sole means through which a man may qualify himself to the right to live, to keep a home, to nourish and to educate his children, that any break in employment is both socially devastating and personally degrading.

Continuous employment is, however, impossible. The roots of unemployment lie deep in our industrial civilization. They are intimately linked with the soil of capitalism. It is the consequence of unemployment, social as well as personal, that can be easily and effectively provided for.

A myriad of causes may shut down a factory. But while it is idle it remains intact. Homes built about it, however, are ruthlessly destroyed; property values vanish; personal belonging are lost; food is snatched from hungry mouths; families are broken up; lives are made chaotic; human values are hastily thrust below those realized by spinning wheels. Fire is less destructive than this. To keep wheels spinning is made the implicit end of life; should wheels once cease spinning, then life itself may be discarded; so affirms our civilization.

No one charges that the sturdy self-reliance of the landlord or property holder is undermined because he has taken out fire insurance; that the municipality is unduly paternalistic because it not only demands fireproof construction but also insists on sending fire-fighting apparatus to combat fire should it break out. Yet, when the country is laid waste by unemployment, those living in asbestos houses cry "dole" and seek to defeat organized preventative measures; they pluck forth the weary ghosts of 1776 with their bucket brigade social ideas to combat the social fires of 1933.

While the economic consequences of unprotected unemployment, because of its destruction of purchasing power and so of the productive wealth of the country, cannot be exaggerated; while economic instability can only be magnified as long as the vicious spiral generated by unemployment continues unchecked to precipitate business into the stagnant gulfs of depression; while the first steps of eventual recovery must come through a restoration of purchasing power; and while economic stability in the future must be looked for in the assurance of a constant cushion of reserve funds sufficient to meet the normal daily expenditures of a man while he is temporarily unconnected with a job—yet, it is unnecessarily to distort the picture to neglect the obligations of society. They are obligations which may justly be called moral. Society must provide security to those who have nothing beyond their bodies, their native physical wealth and mental ingenuity, to invest in the productive enterprises that enable society at large to exist and to divert its energies in other directions.

We have long emphasized the virtues of civic liberty. The habit grew when economic liberty could be taken for granted. The destruction of the latter, however, ruthlessly involves destruction of the former. Pæans sung to political liberty will forever remain anachronistic chantings while economic security remains unrestored.

If profits can be socially justified as the reward of business risk, then the least reward society can offer to those who bear the real physical burden of this risk today is security; the guaranty that that which has been gathered together during a lifetime of work, the mark of social respectability, shall not, together with health and hope, be swept away. Only in the face of such an assurance can the pipings of progress reveal more than hypocrisy blatant, can they show more than a stubbornly blind refusal to face the full implications of modern industrial interdependence.

This Nation will not have reached industrial maturity until the day on which it recognizes, accepts, and provides for the common risks of industry.

I

BACK DROP

A. THREE BROTHERS AND AN AMOEBA: FLOW AND OUTLETS

The amoeba is an interesting animal. Examined it reveals a ceaseless flow of constant activity. Pseudopodia, while influenced by external stimulants, are inherently directionless, illogical; slipping down the path of least resistance, they are quickened by self-generating forces within the organism itself toward the quest for food. Placed in a sympathetic environment the amoeba is unquestionably healthy, active, and urged on by the gusto of its own greed. Placed in a dilemma, in an inclosure from which there is no escape, no outlet for its abundant flow, no space to absorb the elimination of its waste material, it rapidly consumes itself and dies. Without the power of rationalization, or means to act upon it were it given it, the amoeba's fate is certain. The amoeba's well-being is dependent upon a number of given circumstances in its environment. Without restoration of these circumstances, without adequate substitutions, the amoeba must die.

For a century and more a guardian angel has kept watch over the growth and development of the world amoeba, capitalism. Gold it must have to eat and room to expand. Save in its multitudinous producing units it is not the result of any conscious design on the part of those who have lived and are living under its so called system. In America a series of fortuitous accidents, of favorable circumstances conducive to growth, have, throughout its entire history, enabled its expansion, its sprawling over first an empty continent and then over parts of a still wanting world, without having considered once the purpose or end toward which this expression of ceaseless turmoil, of frantic activity, might conceivably be directed. Only in each of its producing units is the answer to be found: the quest for profit, gold food.

Twice has the discovery of new gold thrust the ebb-tide of falling world prices into a stimulating springtide and enabled a relatively constipated credit structure to gush forth into new expansion. California gold in 1849 brought to an end a 25-year period of sagging prices, and, joined with a chain of fortunate warfare, thrust capitalistic development to a new high peak that did not sag until after the Franco-Prussian War had stilled a rush of new orders in the early seventies. African and Alaskan gold, a cheap extraction process, supplied the necessary lubrication to the world imperialist expansion and industrial activity of pre-war years, when from two thirds to three fourths of all gold ever mined assured men that crops could still be grown and the investigations of science utilized.[1] The World War provided America for a time with an intoxicatingly hopeful new area of market absorption, besides eliminating large quantities of the waste materials of the amœbic world, the unemployed. Now all eyes are raised hopefully to Heaven and to India, where reports of untouched gold are stirring.

While over the period at large circumstance seems to have molded itself with rare concern for the welfare of the amoeba, periodic pressures have occurred. Often the new vacuum or gap, determining the next area of expansion, was not immediately apparent. And where a vacuum has not naturally existed, or where one has not been created by warfare, or earthquake, or invention opening up new want, capitalism has periodically been given to creating its own by self-starvation methods called "sabotage", "crop destruction", and "restriction of production." Then booming it has flowed in to fill the gap. It has not yet been forced to carry self-starvation to its logical conclusion. Circumstance has been prolific in its distribution of gaps.

Where, today, is the new gap?

A brief consideration of the nature of old gaps and of the growth of the organism as it leaped to fill them would lend much perspective to any viewing of the problem as it exists today. The old way out by self-starvation just is not working. Circumstance is not always dependable.[2]

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James Watt Prometheus had no vision of an age of power-driven machinery. It happened that by the time the steam pump first made itself useful removing water from flooded coal mines, the English middle class had fashioned an effective factory system of its own. The enclosure movement, beginning with the growing importance of the woolen industry and carrying through the scientific development of agricultural production, had succeeded in furnishing the necessary number of men dispossessed from ownership either of land or of their own tools of production. Cotton spinning had grown to outrank in importance England's earlier discovery of the golden fleece. Division and therefore specialization of labor was fully recognized. Standardization had been introduced. And these are the only requirements for the application of power to machinery. Calvin's burgher god was being increasingly glorified by the new and practical demonstration of divine efficiency that his individualist devotees were earnestly working out on earth. But the relation of machines to man cannot be understood fully without introduction to the battling brothers born of world labor during the Reformation upheaval. Without this introduction one is apt to consider the machine a tool and be puzzled by the so-called "paradox of plenty."

All three of these brothers were fighters. They were born underdogs. They made their way to the top. History through the end of the eighteenth century is largely concerned with their struggle to power in the western world; through the nineteenth century to today with their struggle, often a bickering one,

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[1] "In the first place, it can be shown that the great European wars have begun the upward course of the long-wave movements and that the downward movement has set in after the end of each respective war. This statement applies equally (a) to the Napoleonic wars; (b) to the period of the Crimean War, the American Civil War, the Austro-Prussian and the Franco-Prussian Wars; and (c) to the period of time covering the Spanish-American War, the Boer War, the Russo-Japanese War, the Balkan War, and the World War * * *. The extremely rapid increase in the production of precious metals from the nineties, in conjunction with the immense expansion of the credit system, is held to have been responsible for the rise in prices during recent decades * * *. The establishment of these interconnections must satisfy us for the moment * * *." (Ernst Wagemann, Economic Rhythm.)

[2] The feeling that I had been too overflip in this passage worried me. But Mr. Charles M. Schwab on his 71st birthday assures me I had not: "Something will come along to give us a new impetus, some new development that is unseen. I have never lost the feeling that things ultimately will be all right. The United States must go bounding on and on. The great corporate development that began around 1900 brought us out of the depression of 1893, and then came Edison with his electrical devices, and then radio. And so, too, something will come along to give us new impetus. We usually find that something like that takes the nations out of the rut. If I could say what it is, it would not be a new development, would it?" (New York Times, Sunday Feb. 19, 1933.) In the meantime he urges higher tariffs and lower taxes to feed emptier bellies.

to domination over the world and, increasingly in recent years, with their efforts to maintain it, once obtained, against a self-generated opposition. One brother was religiously inclined: his name was Protestantism, a moody sober fellow, now mildly methodistic, now sternly puritan. Supporting and supported by his brothers, his most important weapon was the use of words. He attended assiduously to giving to the dispossessed on earth possessions in heaven, besides constantly holding the torch of moral salvation before his brothers' clutching hands, a torch that both lighted and burned their way during their upward climb. The second brother was more politically inclined, and his name was Democracy. While his weapon too was in a sense the use of inflaming words, he was not unwilling on occasion, both on his brothers' account and on his own, to take to arms. Twice he ran wild—once in 1776; once in 1789. And by steady plugging he has managed, more particularly in the interests of his third brother, to reshape the face of England. This third brother, with whom we are particularly concerned, was economically inclined. He was the hardest worker of the family, and was christened Laissez Faire. Without eloquence and without delight in the use of arms he accomplished much at first by virtue of a plugging zest for work and a gift for effective organization that even then somewhat belied his apparently solitary nature. But on the whole he preferred to keep to himself, worked hard, and relied on the strength of his brothers who found it to their material advantage to wield their weapons in his behalf. It was during these early days that a man named Adam Smith met him and became so fired with his sturdy qualities, ambition, and devotion to his brothers that he wrote a biography that has come down as a standard reference book to this day. He neglected, however, to entitle it "Boyhood Years", and much confusion has since resulted owing to efforts made to explain the mature man in terms of the solitary boy, interested in toy mechanics, sailing ships, farms, and other forms of tangible property, whose story is contained in the Wealth of Nations. For shortly after the appearance of this volume there came into the hands of the lad the weapon with which he finally succeeded in conquering the earth. Power-driven machinery was the weapon he wielded, and weapon it has remained to this day. The changes that this new means to power wrought in the character of Adam Smith's hero as he matured we need not here go into. Suffice it to say success went to his head. He became increasingly gregarious, and, amazed at his own swift rise, fell into the habit of exploiting the myth of his boyhood days, attributing success to his own virtues without reference either to the enormous sources of wealth he gratuitously tapped from the bowels of the earth or to the countless army, constantly increasing, of wage-slaves which ruthlessly he drove with the lash of economic want. Increasingly he grew in self-reliance and might, until finally taking to himself the weapons and strength of his brothers which had so ably cleared his early path, his brothers dwindled and became mere ghosts roaming a rootless earth. For the dispossessed, however, he continued to find possessions in heaven, and arms he incorporated as a supplementary part of his own mighty weapon, the machine. His greatest enemies therefore are those who now say man's treasure is stored here on earth, and who would deprive him of his weapon and make it what it might well be, a tool.

However one wishes to put it, the fact remains that toward the end of the eighteenth century steam power and an elementary factory system joined hands. By the end of the Napoleonic wars steam-driven machinery was ready to show what it could do.

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Inasmuch as Napoleon had been considerate enough to wreck a continent, England was blessed with a generation's start in the scramble as yet to come. Humbly, England became the workshop of the world, humbly and with one modest eye kept at first on the secrets of her new equipment to see they did not escape. Secrecy did not last long. But that did not seem to matter. Urgently, excitedly, irresponsibly, her goods, trinkets, and even machinery that would one day destroy her, flowed out over the world, itching for markets. Amongst the first shipment of goods to be unloaded in Brazil, in 1824, they lay strewn on the beach—for overcrammed warehouses could not contain them all—were articles glittering strangely under a tropic sun: ice skates, warming pans, and stoves. But in the happy-go-lucky days, before ungentlemanly and unfairly scientific Germans tried actually to find out what people wanted in various lands and to sell it to them, no real problems presented themselves.

But the germ of every problem we have come to know as a hulking giant today was contained in this early free-running capitalism. Production alone then needed to be considered. Pressure generated within was reabsorbed, waste materials easily eliminated; the amoeba was in his bouncingly healthy days. An exhiliratingly elusive expansion of market circumference, coupled with the creation of new industries and rapid growth of old ones, provided for the absorption of new labor, for men torn from old crafts and self-dependence by the undermining of new techniques, for a rapid swallowing of the dispossessed: this was the first sweetly subtle fruit of the new freedom; the right to a certain surplus of factory goods was now transferred to the owner of tools, rather than that of farm goods to the owner of land. The problem of how this surplus might one day be resold, since it could not be consumed by the tool owner, when the claims to wealth of society at large consisted of wages and salaries, did not press. And the existence of fresh geographic areas played an increasingly important part, not only for capital, but for human overflow. As an industry approaches an increasingly inelastic demand, as it draws near its so-called "saturation point", and, if it continues to improve technically from within, there are three and only three ways of absorbing the man-hours of labor contained in it (price reduction may temporarily relieve the pressure through market expansion, but this cannot go on indefinitely): (1) Man-hours may be withdrawn by a shortening of the hours of labor in accordance with increased productivity per man-hour; (2) the surplus of man-hours may be reabsorbed into an expanding demand created by new industries or into distribution services; goods cannot find their own way about the world; (3) man-hours may walk away on their own two feet into new geographic regions; emigration.

A stimulating environment served constantly to relieve young capitalism from facing either the problem of stagnant capital or of stagnant men. These young giants lay reasonably at peace within their mother's womb. Toward midcentury, however, a German Jew living in England did notice a swelling of the capitalist belly, which at the time was taken for fat by cheering economists.

Emigration for almost a century was a safety valve for the army of surplus labor and rootless men: However great the expansion, industry must involve a certain degree of fluctuating unemployment. Old skills are made worthless. Industries decay. In cyclical depression the workers are spun from the economic wheel helpless but for their two bare hands. Temporary lay-offs are a constant threat at the flow of daily bread; market demand is really known only when buying ceases; up to that point it is assumed to be limitless. Small businesses and trades are increasingly weeded out; the very struggle against being forced into the ranks of the dispossessed makes for combination, and the weeding out of those who fight for independence into dependence. So while chronic unemployment did not make its pressure felt for many years, hordes of men knew in their own lives the horrors of industrial unemployment before it was recognized by economic physicians as a definite malady. An increasing demand for new labor furthermore is in itself no cure for this unemployment, for demand is in itself qualified by specialization. Therefore emigration meant far more than a mere safety valve for a system, it was new life for those who undertook it.

When Micawber leaves England for Australia the reader is led by Dickens to believe: Now all is well; a new land can and will support his mighty tread. The problem is solved.

By 1850, emigration funds were established means of protection set up by many of the British craft unions. The Flint glassmakers, for example, supplying £20 a person, sent their unemployed to Australia. And it was a sound investment. For the concentrated mass of idle labor constituted an ever-present threat to those still employed as long as it remained in the region. It gave new strength to the bargaining power of the owners, was a weapon placed in their hands for keeping wages depressed. It meant that heaven for the employer, the easy labor market. And so emigration meant not only self-respect, hope, and the chance at gaining a foothold on life for the footless, but it meant also a better standard of living for those who remained. In short, while the opportunity for emigration remained, life flickered on the worker's horizon.

Between 1876 and 1906 it is estimated by Sir William Beveridge,[1] that upwards of 4,000,000 workers left England for Canada and Australia. A study conducted by the national bureau of economic research, Migration and Business Cycles, reveals that emigration from England to this country increased regularly as unemployment figures climbed at home. The Unemployed Workman's Act of 1905 recognized emigration officially as a move that necessity would force the State to encourage.

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I have remained in England this long for a particular reason: The nature of its haphazard industrial expansion parallels that of America so closely in essential respects that it affords a continually convenient background.

There is but one radical difference. English labor in its own defense early became vocal. A sense of solidarity was generated that never was paralleled in America. Today the British social insurance system is an expression of a labor movement driven to self-consciousness. In America the labor movement constantly was broken down, not only by geographic expanses, but by savage interclass conflict, and by the long-continued importation of gangs of cheap labor from Central Europe. This latter move on the part of industrialists served particularly as a club to beat down any organized system of collective bargaining. Bargaining grounds simply were swept out from under the feet of bargainers. The consequent weakness and chaos of the American labor movement, the gullibility of its accepted spokesmen, is a root cause of the unprecedented disaster into which the country is plunged today. In comparing England and America, then, this must be borne in mind.

As the world was to English industrialism, so was the frontier, 3,000 miles deep, to American; it, too, represented opportunity ever lingering on the horizon, ever beckoning; it, too, seemed indefinitely to postpone the day of problem-facing. As English industrialism set out neither to settle nor to civilize the world, save insofar as peaceful conditions would foster its business interests, so American industrialism set out neither to settle nor make civi-

[1] Unemployment, a Problem of Industry, published 1909.

lized a continent, but to guzzle off it. As the myth of the "white man's burden" molded itself to make spiritual a fundamentally practical and self-seeking job, so the myth of the "Pioneer Spirit", embronzed in the visionary stare of an ever-onward-stepping pioneer woman, carried the self-gorging manipulators of industry in mental covered wagons toward manifest destiny; its magic wand transformed in their own eyes the merchants, bankers, land speculators, and industrialists that spewed across the countryside for plunder into the actual pioneers, hunters, and settlers that had sought escape, freedom, and adventure from growing pressure behind. And, finally, as the world market, narrowing, produced its own ships and those staples it had once bought from England, so, too, the last frontier was reached, the last free homestead land opened, and a mass of self-made men were left in England and in America, some still seeing the limitless markets of the world before them and centuries of free-trade paradise, some still seeing ever-new frontier lands open to expansion, open, too, for the free feet of self-dependent men, and a continent still to be subdued and built.

B. DON QUIXOTE

The problem of unemployment, the direct offspring of industrialization, cannot today be effectively met until it is clear what psychological as well as material debris must be cleared away. That is my one excuse for such an apparently indirect approach to the subject. That it is justified will be made clear.

Cervantes made great sport of a man who felt himself living in an age that had long since passed from reality. So intensely did Don Quixote live his dream that even the most common features of objective reality were distorted to accommodate his subjective pattern. To meet a Don Quixote is a commonplace of everyday life. He presents at once a mixed problem. In private life he is harmless and somewhat touching. His bewildered assertiveness is at once tragic and amusing. But when the assertions of a Don Quixote, owing to the chance authority of public office, have power to influence the thought and action of men at large, then, however unintentionally, they become a dangerously malignant force in society.

Someone has said: "It requires a peculiar penetration to discover what in all discussions we are unconsciously taking for granted."

For a moment let us consider the following words in the light of the America of 1931 when they were uttered: "There has been a constant gain in knowledge and education; there has been continuous advance in science and invention; there has been a distinct gain in public health. I am opposed to any direct or indirect Government dole. The breakdown and increased unemployment in Europe are due in part to such practices. Our people are providing against distress from unemployment in true American fashion [4] by a magnificent response to public appeal and by action of the local governments. If the individual surrenders his own initiative and responsibilities, he is surrendering his own freedom and his own liberty."

Nothing would be gained if it were merely a question of juggling with the words of one man. President Hoover has passed into the limbo of forgotten men." Former President Hoover's conception of a government to which the people pay taxes and owe allegiance, but which has no direct responsibility to them, even when they are starving, is not only repugnant to true Americanism but has been repudiated by every enlightened country in the world, as well as by our own electorate in the fall of 1932."[5] But there happen still to be a great many, in positions of power, who have applauded just such ideas as are voiced above by the ex-President, and who would fight to enforce a preservation of the dreamland from which they spring: a land swarming with ghostly covered wagons * * * whither bound?

What sort of world does the first sentence, for example, take for granted? It is a benevolently together-working world where the means by which potential wealth is realized plays no part; science and invention have bounded forward tremendously; machinery can produce more than it could 20 years ago; the per-acre productivity of fields has increased; but no one of these things in a profit economy means wealth in itself—rather the opposite of wealth. It ignores the world of the sagging price level in which each owner in fierce panic strikes desperately out for himself and strikes others down in so doing; it ignores the world of unemployment, of wage and salary cuts, of temporary lay-offs, job-staggering, part-time work, decreased income of farmers, the world of savage self-interest and destruction at last of physical wealth itself for the sake of money wealth. It ignores, in other words, the chief conflict of today; whether or not fecundity of soil and fertility of scientific invention expressed in the tangible reality of abundance must be forever nullified by the wholly intangible mental realities of the financial structure. It is physical starvation versus imaginary wealth. In addition the naive optimism expressed over the apparent condition of public health betrays an ignorance which it is unnecessary at the moment to go into, but which, coming from assumedly responsible lips, is dangerously misleading. Competent physicians are better spokesmen here.

Sentence number two suggests the nonexistence of an interdependent industrial world. It deliberately distorts the picture of mature European social realization of unemployment as a phenomenon of industry and seeks to forestall the planning of an American attack, aware of European shortcomings, on the same subject. It neglects the very obvious economic advantages of unemployment benefits in a world where wholesale joblessness means the collapse of consumer purchasing power, and with it the collapse of independent retail dealers, grocers, bakers, druggists, and, in cumulative community collapse, that of banks themselves. It assumes that the panic efforts of local communities to stave off starvation are not only effective but that it is logical to put the burden on the most distressed areas and on the shoulders of those least able to support it. How successful would local relief have been had that policy been applied in Belgium?

And the last sentence is perhaps the most tragically blind of all, for in it is concealed the germ of the philosophy shaping the whole quixotic utterance. It is not so much the words but continued emphasis on the ideas they clothe that serves to place added burdens of shame on men who feel they ought, somehow, through the physical powers of their body, through the agility of their minds, somewhere, sometime, to be able to preserve themselves and their wives and families from the rising tide of poverty in an abundant world. Such words serve to make men shift the blame for their inability to find work from a maladjusted society denying them opportunity to their own shoulders, and not only destroy initative and self-confidence but leave in their place a morbid sense of inferiority; and they leave an added sting of degradation when private charity must dole out vitamins and calories because self-reliant men are not to be trusted in making their own purchases. Do dividend payments undermine freedom and liberty? Must capital be employed to enable such payments to continue? Do they not rather emphasize the fact that it is economic security alone that can secure a man any sense of freedom and allow initiative the liberty of expressing itself today?

It is indeed ironic that it should have been Mr. Hoover's own conservative committee appointed to report on recent social trends that so soberly annihilated pretention to material foundation for his beliefs: "There is", finds the committee, "in our social organizations an institutional inertia, and in our social philosophies a tradition of rigidity. The alternative to constructive social initiative may conceivably be a prolongation of a policy of drift and some readjustment as time goes on. Unless there can be a more impressive integration of social skills and fusing of social purposes than is revealed by recent trends, there can be no assurance that these alternatives with their accompaniments of violent revolutions, dark periods of serious repression of libertarian and democratic forms, the proscription and loss of many useful elements in the present productive system, can be averted. The committee does not wish to assume an attitude of alarmist irresponsibility, but it would be highly negligent to gloss over the stark and bitter realities of the social situation, and to ignore the imminent perils in further advance of our heavy technical machinery over crumbling roads and shaking bridges." Even pioneers realized that once they had arrived, there was a community to organize.

C. POWER MACHINERY WITHOUT OUTLETS

Confronting us is a world in which the application of power to machinery has taken place. What has it done? It has made millions, from the teeming wage-paid army of unskilled labor to the salaried ranks of clerks and managers, utterly dependent on its continued functioning. It has transplanted men to factories where no food grows. It has taken the tools of production from men's hands and made them helpless. It has removed the burden of growing grain, of weaving clothes, of building houses from the back of this man or of that and made it the burden of society. And where returns in material riches might conceivably have been stupendous, poverty, starvation, filthy dwellings, nakedness, and, more than ever, insecurity and dread of old age, still stare the masses in the face. The rotting cores of a thousand cities still send their concentrated stink to high heaven. And, worst of all, an increasing army of despair, the army of peace, stepping to the

[4] True American fashion: "Outside the meal depot * * * I collected my thoughts. I collected them into an image of a Braddock family treading the American way through the depression. Groceries from the company. Rent from the Family Welfare Association. Milk for the baby from the Milk and Ice Association. Milk for the school-age children from the schools. Shoes for some of them from the Family Welfare Association. Shoes for others of them from the directors of the poor. The sick ones among them tended by a visiting nurse from the Braddock health center. Coal from the directors of the poor. Occasional meals for the oldest boy from the Salvation Army. Cough medicines by the corner pharmacy. Some clothes from the Family Welfare Association. Other clothes from a church guild. Mother and a new baby at the Braddock General Hospital. Father getting a loan from the company * * *.

"Who said the dole? The thing is doles.

"But suppose—suppose that a money alternative for all of these alternatives were paid in a lump sum once a month by a collaboration of industry and of government.

"Ah! Cannot you hear the chant of patterned patter?" Ingots and Doles, by William Hard (the Survey, Feb. 1, 1932.)

[5] Abraham Epstein: Security. A challenge to America.

drumbeat of rumor, marches on in its never-ending directionless quest for an ever-receding nowhere.

There is more than a mere paradox involved.

Many, many times have answers been put forward, answers intended to deal with the question raised by the appearance of starvation stalking amid plenty. The intelligent voice of the entire nineteenth century still echoes its indignantly bewildered "Why?"

And just as cheap cotton clothing waved as a flag of triumph by early capitalists in the faces of reformers pointing to exploited misery toiling 17 and 18 hours a day in coal mine and cotton mill failed in settling the question then, so must the purring of 20,000,000 automobiles, the roar of 3,000,000 flush toilets, the morning crunching of 87 brands of breakfast food, the jangling of 12,000,000 telephones in America today fail utterly in drowning out this still persistent, Why?

The answer after a century of demonstration, even if it were not realized that the machine is essentially a weapon in the hands that wield it and not a mere tool, should be fairly obvious: However much undeniable material goods may sugarcoat the capitalist pill, however much the recital of columns of production figures may ease society's conscience, however lustily the chant of "Service" may ring, the overflow of goods has never been channeled toward the producing masses save as a necessary byproduct of a profit economy. If men at large have benefited, then it is because wages are a practical as well as an ethical necessity. That capitalism is trembling under its own burden of plenty today is an indication that the ethical nature of wages has until too recently obscured the practical.[6] And the question is now not, How can this burden be lightened by channeling it toward the satisfying of want?, but, Can it be destroyed rapidly enough to prevent financial collapse?

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The Hoover Committee on Recent Economic Changes had this to report in 1929: "The committee finds * * * that as a people we have become steadily less concerned about the primary needs—food, clothing, and shelter. We have long since lost all fear concerning our food supply, and so we no longer look on food as a luxury or as a primary source of pleasure. With greater knowledge of consuming habits, with more accurate records of the goods consumed, a sensitive contact has been established between the factors of production and consumption which formerly were so often out of balance. As long as the appetite for goods and services is practically insatiable, as it appears to be, and as long as productivity can be consistently increased, it would seem that we can go on with increasing activity."

In part the hopes of the Hoover committee might be said to have been confirmed and realized by subsequent events. Our productive capacity has increased; food is even less a luxury or primary source of pleasure than it was in 1929; certainly there has been evidence of a yawning insatiable appetite such as our land has not known. But lest there still be any confusion as to the essential purpose of power machinery, as to the need for redirection; lest the conflict of weapon versus tool be not clearly seen, let us take a look at the food men eat, the clothes they wear, the dwellings they inhabit once the profit motive for supplying these necessities has been withdrawn.

Take one little example:

On June 25, 1932, 52,000 families, who up to that time had been receiving charity food relief in Philadelphia, were informed that funds had been exhausted. What did they do? There was no food relief for 3 months. A survey was made of 400 families. They answer the question for the 52,000.

"But what of food, the never-ending, ever-pressing necessity for food? In this emergency the outstanding contribution has been made by neighbors. The poor are looking after the poor. In considerably more than a third of the 400 families the chief source of actual subsistence when grocery orders stopped was the neighbors. The supply was by no means regular or adequate; but in the last analysis, when all other resources failed, the neighbors rallied to tide the family over a few days. Usually it was leftovers, stale bread, meat bones for soup, a bowl of gravy. One neighbor sent two eggs a day regularly to a sick man threatened with tuberculosis. This help was the more striking since the neighbors themselves were often close to the line of destitution and could illy spare the food they shared. The primitive communism existing among these people was a constant surprise to the visitors. Without this mutual help the situation of many of the families would have been desperate.

"When the content of these meals is taken into consideration the facts are still more alarming. Four families had absolutely no solid food whatever; nothing but a drink, usually tea or coffee. Seventy-three others had only one food and one drink for all meals, the food in many cases being bread made from Red Cross flour. Even in the remaining cases, where there were 2 or 3 articles of food, the diets, day after day and week after week, consisted usually of bread, macaroni, spaghetti, potatoes, with milk for the children. Many families were getting no meat and very few vegetables. Fresh fruits were never mentioned, although it is possible that the family might pick these up in the streets occasionally.

"They kept alive from day to day, catch-as-catch-can, reduced for actual subsistence to something of the status of a stray cat prowling for food, for which a kindly soul occasionally sets out a plate of table scraps or a saucer of milk. What this does to the innate dignity of the human soul is not difficult to guess. What it does to the bodies and the social attitudes of adults and children is something that we shall know more and more about for years to come."[7]

While the garbage dumps of every large city of the country crawl with their human vermin grubbing for food, see now the lodgings provided for them by these same cities:

"The single men go to flophouses. Among the high whitewashed walls of an old furniture factory, the soiled yellow plaster and the scrawled and punctured blackboards of an old public school, the scraped-out offices and pompous paneling of a ghastly old courthouse; on the floors befouled with spit, in the pepperysweetish stink of cooking food, sulphur fumigations, bug exterminators, rank urinals embalmed with creosote—elements figuring more or less prominently as one goes from room to room, floor to floor, but all fused in the stagnant smell of humanity; they eat their chicken feed and slum amid the deafening clanking of trays and dump the slops in galvanized iron cans. They send their clothes to be fumigated and, if they are wet with the winter rain, ruined. They herd into steaming showers, the young still building some flesh on straight frames, the old with flat chests, skinny arms, and round sagging bellies; and they flop at last on the Army cots or in their bunks in double tiers, where the windows, shut against the piercing cold keep in the sour smell; men in holey socks and slit union suits, men tattooed with fancy pictures or the emblems of some service they have left, resting bunioned feet taken out of flattened shoes or flat arches wound around with adhesive tape, lying with newspapers for pillows, their arms behind their heads or with a sheet pulled over their faces or wrapped up in blankets rigid on their backs, their skins stretched tight over their jawbones so that they seem almost like the jaws of the dead. Yet Chicago has been apparently rather conspicuously efficient in providing and running these shelters."[8]

It would be highly shocking if the word "service" in the mouth of a practicing physician were suddenly and openly to mean: "Let's see what you've got, first"; yet there is applause when service-to-the-community, slipping greased from the tongues of the pioneers of the new profession of high finance, most patently means just that. The assumption is that food, clothing, and shelter are less urgently needed by the human body than medicine; that the life of the community may be dependent on financial whim,[9] its health on scientific skill.

D. WAR COORDINATION AND NEW OUTLETS

Not always has America allowed herself to depend on whim for her national well-being. In war-time, amœbic pseudopodia are channeled; energy is directed toward a given end.

"Promptly upon entering the World War, the United States followed the example of its allies and opponents by seeking to mobilize economic resources behind its military program. With extraordinary rapidity the Federal Government not only became incomparably the greatest employer in the country, incomparably the greatest buyer of goods—all of which it had become in earlier wars—but it also assumed direct control over fundamental economic activities. It took the railroads and many of the ships out of private hands. It regulated exports and imports systematically by licenses. It gave priorities in transportation, materials, and use of men to producers of war materials, and purposely repressed industries nonessential to military efficiency or civilian morale. It intervened between employer and employee through the war labor boards. It set up a Food Administration and a Fuel Administration. It fixed maximum and minimum prices for thousands of commodities. And it imposed all these drastic restrictions upon private initiative and free enterprise through the zealous cooperation of hundreds of business executives who served as officials on nominal pay.

"Despite the wastes and confusion attending upon this sudden overturn in economic organization, the mobilization served its purpose. In retrospect it offers a significant illustration of the rapidity and the success with which a people can recast its

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[6] "Social philosophies are somewhat like codes of morals in their resistance to change. Their changes often lay behind the social organizations with which they are connected. Old-fashioned attitudes toward work persist under urban factory conditions. Much confusion is engendered * * * by the gradual crumbling of many solid dependable beliefs which sustained the people of the nineteenth century." (Rec. Soc. Trends.)

[7] Statement of Dr. J. Billikopf before Senate Committee on Manufactures, Jan. 3, 1933.

[8] Edmund Wilson, the New Republic, Feb. 1, 1933.

[9] By "whim" I do not mean to imply that there exists an inherent quality of capricious Sadism in this or that representative of the business world: It is applied only to the inevitable instability of a system dependent upon a multitude of individual decisions—consumers, producers, and investors—and against the cumulative effect of which no one individual, no matter how well-intentioned he be, no matter how essential to the welfare of the community the commodity he handles may be, can possibly struggle. The individual, to remain in business is bound to the profit rules of the game. And these, whim, or a multitude of whims, determine.

basic institutions at need. Seemingly, what engineers regard as the slow pace of change in economic organization is due more to absence of unity in will and purpose than to lack of capacity to imagine and carry out alterations. In 1917 the country was nearly unanimous in putting victory in the war above all other aims. In this supreme aim it had a criterion sufficiently definite to determine what should be done. No similar revolution could be effected in times of peace, unless a similar agreement in purpose, supplying an equally definite criterion of social values, could be attained. But is it beyond the range of men's capacity some day to take the enhancement of social welfare as seriously as our generation took the winning of a war?" [10]

But besides industrial cooperation, certain other war-time developments are to be noted.

"At the beginning of 1917 there were some 40,000,000 able-bodied workers in the United States. Under the economic system prevailing at the time, the 40,000,000 working in fields, factories, stores, offices, provided an amount of goods and services, which, while enormous in the aggregate, was still insufficient to procure for the majority of the population what the United States Department of Labor Statistics terms a 'minimum budget of health and decency.' This budget called for food, shelter, and clothing, plus a few modest comforts, and, for a family of a father, mother, and three children, ran in the neighborhood of $1,700 a year. Less than a third of the families in America were receiving as much as this, and accordingly modern industrialism, whatever else its virtues, did not provide enough to go round in terms of houses, shoes, overcoats, bread, milk, schooling, and health protection. The slums of the great cities, the condition of the tenant farmer, the plight of the small shopkeeper and often the small professional man, confirmed this evidence. Of the reasonable comforts there was a great shortage; of the prime necessities, particularly housing, there was shortage enough." [11]

Thus America stood in 1917. That the war created a stimulating gap into which American goods could be rushed, has been commented upon. What has not generally obtained notice was the temporary resubstitution of another gap, a gap which withdrew surplus man-hours from industry which new geographical areas formerly provided for through emigration and homesteading projects.[12] Into the vacuum provided by nonproductive war-time jobs, the Army and the Navy, miscellaneous war-time activities, manufacturing devoted specifically to war materials, were drained off, at a conservative estimate, 25 percent of the gainfully employed. The Secretary of War lists 11,400,000 absorbed into nonproductive jobs. Each one of the men withdrawn from productive activities represents the withdrawal of a certain number of man-hours of labor.

With one fourth less labor-hours at its command, what happened to American industrial output—to the standards of living of those dependent upon it—during the war period?

Total output did not fall. It increased in volume of production from 100 in 1914 to 127.7 in 1919.[13]

Hours of labor for those employed were not increased. They dropped, owing to increased bargaining power, on an average of 5 hours per week between 1914 and 1919. And over the same period trade-union membership reached an almost all-time high point, outdone only by the succeeding 2 years, increasing from 2,716,900 in 1914 to 4,169,100 in 1919.[14]

In the same way labor's bargaining power increased the average annual earnings of employed wage earners from $613 in 1914 to $1,144 in 1919; or, reflected in an index of real earnings, from 100 in 1914 to 105 in 1919.

In other words, owing to an artificially induced scarcity of labor-hours, America suddenly realized a standard of living such as she had never known before. Men were in demand at any price. In spite of climbing price levels, constantly increasing incomes meant a steadily increasing absorptive capacity in purchasing power. For 2 years and more a sense of security came into the worker's life. He could buy; he did buy; output was steadily absorbed. Three factors stepped in to fill the gap created by the withdrawal of man-hours from American industry: (1) New standardization methods of mass production were introduced, and wastes were ruthlessly eliminated; (2) restriction of essential goods by capitalist sabotage ceased on the assurance of constant market demand, and goods flowed freely from the factories; (3) the consuming power of the workers, in relation to the total income of the nation, increased from 68.9 percent in 1917 to 77.3 percent in 1918. In 1916 the upper 5 percent of income levels received $14,300,000,000, or 34 percent of the national wealth; in 1919 they received $15,500,000,000, or only 24 percent of the national wealth. A combination of the first two factors meant an increasing flow of essential commodities which, finding in the third factor a steadily expanding market, the growing effective demand of an income group that above all others craved just such essentials, resulted in the possibility of continued capacity production and a new standard of living for America as a whole.

[10] Recent Social Trends, committee findings.

[11] Stuart Chase, Waste in Industry.

[12] For a full discussion of this, see Dahlberg: Jobs, Machines, and Capitalism.

[13] Mills: Economic Tendencies.

[14] Recent Social Trends.

"Now it really does appeal to one's common sense as preposterous," writes David Friday in Profits, Wages, and Prices, "that the laborers should be thoroughly employed at good wages and should enjoy a high standard of living when the Nation was wasting $15,000,000,000 a year upon war, but should find it impossible to maintain that standard when the waste of products had ceased. When one compares the tone of American life during the spring and summer of 1918 with the state of public opinion and industrial activity of 1920, he wonders whether peace is really a blessing."

For a few brief years then the American productive machine showed what it could do under pressure of cooperation, even when cooperating to kill Germans, when its goal was first of all effective distribution and production; secondly, profit; though one did not bar out the other, when it was reprovided with two of the essential pseudopodic gaps, expanding markets at home and abroad, and an overflow for unnecessary man-hours of labor, demanding concentration on essentials.

It is no wonder that there were many at the end of that period who began to speculate what the outcome might be if American industrial and inventive forces should unite their profit seeking and scientific urges in one drive toward a new end, a new destruction; the destruction this time of slums, of mass-poverty, of hunger at home, of ugliness, of disease, of industrial insecurity, of dependent old age, of unemployment, and of wholesale waste, thus providing for one essential gap in the yawning desire of an untouched home market, and providing for the other in the withdrawal of man-hours from industry, hours proved no longer, or rather decreasingly, required with the introduction of new productive techniques, into leisure and recreation with the firm ground of economic security under foot, rather than in the casting of men into haunted idleness with sifting quicksands of economic insecurity to tread upon.

But this most certainly was not to be.

Normalcy was just around the corner.

E. WAR COORDINATION AND FLOW: EMPLOYMENT AGENCIES

Before moving with the straggling parade down the avenues of the New Era, the bland easy smile of its band leader drives one back to present more emphatically one other development of war-time alertness.

Public employment agencies were not unknown in America before the war. All students of unemployment have recognized that: "A well-functioning system of public-labor exchanges could, by an organized and more rapid dissemination of information upon jobs to be had and workers desiring work, reduce the amount of time lost in job-getting and in the securing of labor by employers." Such a coordinated system of public-employment bureaus was seen by their advocates as a nation-wide chain, "centers which would make a specialty of knowledge regarding available jobs—where they are, how many, what they are, the type of ability they call for, and so forth—and also a specialty of knowledge regarding available workers, where they can be found, the number, what in general are their experience and capabilities. In other words these bureaus would eliminate waste and unnecessary idleness resulting from the irregular and ignorant efforts of individuals to find work or to secure workers." [15]

In 1907 a division of information was set up within the Bureau of Immigration "to promote a beneficial distribution of aliens admitted into the United States among the several States and Territories desiring immigration." In 1914, on the decline of immigration, this evolved into a strange attempt to further employment service by the creation of a Nation-wide cooperative system that linked up local employment bureaus, the national farm labor exchange, and the Postal Service—all under the control of immigration personnel.[16]

Between 1910 and 1916 there were seven studies made of unemployment in the United States. Of these not one failed in urging as an immediately necessary step the establishment of public employment offices. It was clearly recognized that not only the continuous transitional shifts required by modern industry as it spews forth and gobbles up labor demanded some means of channeling the labor flow over vast geographic areas that would be of service to both employer and employee through creating facilities for interstate transportation, but that also the abysmal ignorance concerning the degree of unemployment, the demand of the labor market, could never be effectively filled with knowledge until there were in existence regular and recognized centers in industrial and agricultural areas, where those seeking work could register according to trade and skill, where those seeking wokers could make their desires known in specified terms.

Certain States and municipalities had experimented with the idea. By 1905 there were 37 offices in 15 States; in 1913, 67 offices in 21 States. Wisconsin was well in the lead in efficiency and administrative methods. Offices in Milwaukee were conducted under an examining board representing the Industrial and Civil Service Commission, employers, and workers. The first generally coherent State system was produced by Ohio in 1917. As early as 1914 a bill was presented in Congress calling for a Federally administered service. It recognized clearly that cities and not States

[15] Public Employment Offices, Harrison and Associates, Russell Sage Foundation.

[16] See The United States Employment Service, Ruth M. Kellogg.

were the industrial and commercial units of the country, and that only by Federal cooperation with municipalities could an effective labor exchange and bureau of central information be achieved. But as long as an easy labor market remained, zeal on the part of those in power was not stimulated. The Murdock bill was not even voted on.

Then came the war.

A magic wand waved through the air.

Cinderella sitting by the fireside, scorned by her proud sisters, neglected by men, was transformed into the most sought-after beauty in all the wide, wide land. Even a prince went hunting.

Fairy godmother had transformed labor from a rather cheap commodity into one highly prized. It became expedient to facilitate its chaotic flow. The hodge-podge of 1914 was miserably inadequate. The United States Employment Service sprang into active being in early 1918. The National Association of Manufacturers saw clearly that such a move was now truly desirable,—that to own a slipper without a princess was nothing at all. State and municipal bureaus were linked up. Federal agencies were established. A revolving fund was set up that labor might be transported to and from strategic points. For a time gate-to-gate, newspaper-to-newspaper, employer-to-employer, hunch-to-hunch, and doubt-to-fear job-seeking vanished.

Then peace set in.

The army came home. It was demobilized. War workers went back to normal jobs, dollar-a-year men to normalcy. Post-war activity, the soft cushion of purchasing power labor had provided for itself, bolstered industry for a time. It swallowed without immediately vomiting the new man-hours poured down its throat. There was a vast amount of building and shipping to be done. The hastily formed war-time service began to readjust itself to peace demands, to seriously study the problem of finding the right jobs for the right men.

As suggested, the problem was no longer one of finding men for jobs; it was that of finding jobs for men. The National Association of Manufacturers had time to think things through more carefully.[17] Many overhasty, unwise steps had been taken during the war. The question now arose as to whether or not the United States Employment Service should continue. Efforts were made to expand and increase its efficiency, to place it on a sound and permanent basis under nonpolitical Civil Service authorities. But the sag toward normalcy was overpowering.

But the question was no longer one of finding men for jobs; it slowly became rather one of finding jobs for men. So little had the House Committee on Immigration and Naturalization gleaned from the war that in 1920, protesting against immigration restrictions as a curtailment of our "natural development", it declared there was a labor shortage in the country amounting to not less than 5,000,000 men.[18] The next year the President's Committee on Unemployment was in session attempting to decide whether or not soldiers "did not want to work" and what should be done with 6,000,000 unemployed. Voluntary action by business men was the keynote of the discussion: "When business again declines men will be laid off and the problem of unemployment may again become serious. It will then be too late for any measures except relief for the unemployed unless we now address ourselves to the task of preventing, or at least reducing, these extreme fluctuations of business activity. Prevention as contrasted with relief is possible only through foresight."[19]

After mature consideration the National Association of Manufacturers found that any measure that might tend to increase the bargaining power of workers, such as thinning the reserve hordes knocking always at the factory gate, was indeed unconstitutional. It, too, lusted for normalcy and the old heydays when labor was not a problem but just cheap.[20]

Meager funds only were allowed the Employment Service. The number of offices in existence, which had reached an all-time high of 850 by October of 1919, was drastically slashed. The amounts contributed by States for continuing their own and taking over some of the Federal agencies were, of course, but drops in the bucket.[21] Worse still the tone of public employment agencies fell into dismal decay. The United States Employment Service kept its name, but it passed into the care of second-hand political hacks, and ran no offices solely on its own. Its ambition did not extend beyond shifting a few gangs of extra-hand labor from place to place. Its monthly publication, Industrial Employment Information Bulletin, became and remained the standard source of industrial misinformation for those who troubled to look into it. It consisted of a few odd hunches as to what the situation might turn out to be, furnished by representatives with an ear for gossip throughout the several States of the land. Of course, it did not matter very much for a few years just what the bulletin chose to print. But in 1929 it mattered. In 1930 it mattered. In 1931 it mattered. In 1932, unless torn up first, it mattered. Accurate information in 1933 might matter.[22]

It is to be noted in passing that it was as a result of demobilization that Canada adopted and retained a coordinated system of public employment agencies. The maturity of Europe is therefor not wholly unreflected in North America.

In the meantime the old pot-luck system was in force again in the United States: a two-headed monster of economic waste and private tragedy. So, joining the staggering procession down the years of the new era, came again the blind and weary directionless tramp of men's feet from factory gate to factory gate.

Normalcy had begun.

F. NORMALCY

What is normalcy?

It is a good deal more than just an ungrammatical word.

It is not bothering to look into the dictionary for the right one. The originator of the phrase had a bland easy-going smile. To the local paper he was "Just plain folks."

Applied to one's self it expresses a certain slackness of living. It reflects an unconscious desire to side-step the harsh necessity of decision, to flow with the stream of events haphazardly. In a sense it reflects a mental softness that refuses to reexamine one's emotional reactions in the light of a consciously and deliberately aimed effort toward achieving objectivity.

It is the act of continual postponement. Things are not as bad as they seem; things will work out.

The spirit of normalcy has, slightly bedraggled, slipped on into the winter of 1933.[23]

Relief to families in 76 cities of the United States, representing in 1930 a population of 34,474,000, had mounted as follows:

1929	$40,791,300
1930	66,530,100
1931	160,802,300
1932 (first half)	140,576,078

The increase in funds spent in no way corresponded to the increase in families demanding aid. Funds were spread thinner, relief was denied, local educational and health budgets slashed. At best the R.F.C. had enabled emergency tactics to continue. This meant one thing—increasing emergency.

Each of its 3 representatives stands in varying degree the symbol of an era. I am not attempting to say that had we had other Presidents the tragedy of the last 3 years would necessarily have been averted. The leaders of our democracy are placed in office for it by a convenient slogan reechoing of its mass chant. They are therefore almost invariably expressions of rather than molders of events during their term of office. The last of the line, though outweighing mentally his predecessors, was also a symbol, and, as the flow of events changed in its nature, an anachronism as well. He stood for efficiency, a magic wand that at the time of

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[17] The line of thought is indicated by the following comment of a representative of one of the national employers' associations: "* * * We believe that the States should run their own services. You see we can get at the States more easily. It's a much tougher proposition to do anything with the Federal Government." (Pub. Emp. Agencies, Russell Sage Foundation.)

[18] Migration and Business Cycles (N.B.E.R.).

[19] Business Cycles and Unemployment: Report and recommendations of a committee of the President's Conference on Unemployment, 1921.

[20] It is always enlightening to study the declarations of the National Association of Manufacturers against the background of circumstance which prods them forth. A recent bill calling for a regulation of the hours of industry to prevent the present Nation-wide collapse of all standards and return to 19th century factory conditions, as well as to afford new opportunity to millions, brought forth this from the association's representative: "The measure is plainly designed to compel each producer to operate under conditions of production which Congress has not the right to determine. It permanently contracts the earning power of the individual and destroys his liberty to advance himself by his own efforts." Their concern for the individual is always touching. But their beliefs as to what Government should or should not do about conditions of production grow confusing. Only a few days later when a slight trickle of imports, still dismally below normal, still representing a larger decrease from currency-depressed countries than those on the gold standard, began to creep over an already disastrously high tariff wall, the situation was one that "calls for special powers of administrative adjustment."

[21] In 1918, $5,500,000 plus a deficiency appropriation of $272,000 was expended by the Federal Government. There were then in existence 773 offices in 605 cities and 48 States and the District of Columbia. In 1920, $1,547,000 was spent maintaining 269 offices in 42 States. The Federal appropriation for that year was $400,000; the remaining $1,147,000 coming from States and municipalities. By 1921 there were 174 offices in operation in 35 States. (Pub. Emp. Agencies—Russell Sage Foundation.)

[22] Since the writing of this report, Miss Frances Perkins has come into the Labor Department. For the first time that Department will probably live up to its name.

[23] The crying need for direct relief, in spite of the evidence submitted before the Senate Committee on Manufactures, was even then not recognized by the Senate. In the fourth winter of depression, confronted by an all-time high of 15,000,000 unemployed, by the rapidly increasing collapse of private charity, by the slow exhaustion of tax funds, by still prevailing haphazard relief measures, by no conceivable glimmer of hope, it still insisted that families first be reduced to destitution, then be allowed to subsist indefinitely or inadequate food rations, as though the gradual pauperization of a living generation were but a dream. On Monday, Feb. 20, 1933, it turned down even the meager appropriation for direct relief proposed by the LaFollette-Costigan bill, replacing it by a feebler substitute, the liberalization of a failure, intended to please the White House.

his election merely in the waving was supposed to work, bolstered by voluntary action, economic wonders; nor were any attempts made during his campaign to dispel the illusion.

The era of normalcy should therefore be rapidly diagnosed. The overemphasis that will bear heavily on factors making for unemployment must be allowed for. Unemployment is the subject of this paper: God is not seated in impartiality on His throne of judgment. But adequate measures for dealing with unemployment can only grow logically from a presentation of the problems involved. To be essentially applicable and coherent, they must be seen as evolving from a given course of events. As suggestions unrelated to time and place, they could only go toward swelling the already turgid mass of panaceas, not only suggested, but some of which are actually engaged in the great work of restoring normalcy and confidence: People are out of work—share the work; people have no money—print more money; budgets cannot be balanced—put on a sales tax; goods are not selling—slash wages; men are starving—toss them food; and so on ad nauseam from the heaven of free silver, through planned economy utopias, to the present-day hell of the R.F.C., local relief, economy drives, and collapsed standards of working conditions, savage wage cuts, and nineteenth-century hours of labor in sweatshops, coal mines, and textile mills.

The whole upper structure of capitalistic civilization seems water-logged, sinking into the forgotten sea on which it once floated, sea now turned foul morass, rotten with poverty, snarls of dulled hollow-eyed men drifting purposelessly across its stagnant surface.

The faith of communism is based upon the inevitable self-generated destruction of capitalism. It is mechanical and certain. It foresees amoebic growth clogging the world. One would be hard put to it to find a logical refutation. It has one major flaw, one not expressed in scientific logic. It denies the living belief that some still hold to, that men, by taking action among themselves, can, within the limits imposed upon them by material environment, determine the course of their own destinies; that they can, by facing the exigencies of necessity, as they arise from the sifting progress of persistent growth, preserve the form of society, readapted to newly evolved conditions, under which they are accustomed to living. Such a belief may be a bourgeois phantasy. Certainly it has not been demonstrated that men living under our present form of capitalism are capable of taking action together. The moments in which they will still be allowed to take action may not extend indefinitely into the future. Mounting scepticism is not layed by postponement.

The task ahead is a strange one. It is not one that requires facing hardship, deprivation, fierce physical struggle. It is rather one of applying determined intelligence to the new facts of an abundant environment—and of realizing in useful wealth its richness. Mental quirks alone are the dams checking its flow. The burden of proof is now on capitalism to demonstrate that capitalism is not synonymous with mental quirk. And a further continuance of the present degree of human degradation and physical suffering is too high a price to pay for a long-drawn-out argument.

II

1923–1929

A. THE CLOGGING OF OUTLETS

Rapidity is the keynote.

A confusion of many tongues still lingers over this period of American industrial development. All that can be done in the quick survey to follow is to grope below the clouds, grasp certain constant tendencies, and remove them for separate inspection. It is only by continuing to see unemployment as a function of the system that produces it that adequate long-range remedies can possibly be applied.

In his volume, Economic Tendencies in the United States, the most broadly adequate report on these post-war years, recently published by the National Bureau of Economic Research in cooperation with the Committee on Recent Economic Changes, Frederick Mills in part concludes the survey: "The expansion which dominated the course of economic events during the third decade of the twentieth century started against a background of violent and unbalanced change. Partly because of the effect of the war and of domestic policy on the course of immigration, partly as a result of slowly acting forces more fundamental in their origin, the factors affecting population growth had been changed. On the industrial side, the full effects of technical innovations and of a changing attitude toward the problems of production were beginning to be felt. A surge forward in productivity, probably exceeding in its intensity and rivaling in the scope and magnitude of its effects the advance which has given the label of 'industrial revolution' to the events of the late eighteenth and early nineteenth centuries in England, was under way. The movement, lowering costs and stimulating production, modifying the returns to producing groups, intensifying the ills of an old evil—unemployment—was to leave a deep impress on the years which followed."

During the course of this paper we have become familiar with certain environmental conditions necessary to the health and continued vigor of the amoeba. It would be well to see how the American amœba stood in 1923, having reassembled its forces after its period of post-war deflation. Two of the three essential outlets presented themselves temporarily unclogged. In Europe there was still a favorable area of destruction remaining to invite manufactured imports—the geographic outlet that in other parts of the world was rapidly clogging. In new industries, outlet was provided for capital expansion and labor absorption—the industrial outlet that without constant relief rapidly tends to clog itself. I emphasize this to invite a more critical attitude toward such plans as the "guarantee of industry" and similar measures seeking primarily to recapture the dream days of boom time without a realistic consideration of present circumstances.

That we suffered from a lack of realism at the time is adequately if not solely demonstrated by the spectacle of our foreign-trade policy stalking the night dressed in the musty costume of seventeenth-century mercantilism howling from its dream for higher tariffs, exports, and gold payments. And even today, our eyes open to depressed world price levels, shrinkage in foreign trade, and departures from the gold standard, though forced from our antiquarian's dream, we choose to see rather the hand of malignant fortune at work than our own grabby little fingers at play.

The credit our business leaders took for our prosperity in 1929 is mighty proof that we tumbled into it not knowing quite where or what it was. A restoration of confidence is not going to yank us out of the pit. No one can claim that confidence was lacking as we fell into it. "Our prophets of gloom and woe are being steadily refuted by the basic health of most of our important industries" crowed the chanticleer of the New York Stock Exchange, President Simmons, a moment before the sun failed to rise. "The business cycle has apparently ceased to operate in its former accustomed manner." Not love alone, but greed also is blind. If the textile industry, the boot-and-shoe industry, shipbuilding, soft-coal mining, railroad-shop construction, and agriculture, all languishing in a chronic illness, can be called basicly healthy, if 152,984 businesses and 2,451 bank failures between 1922 and 1928 are of no importance, then, it is granted, salvation lies in a restoration of confidence. On the other hand, if a structure collapses because it is rotten at the foundation and made of cheap material, merely to restore it, especially after it has lain weatherbeaten on the ground for some time, is not to promise much in the way of sound construction.

One thing these years have done: they have helped clear away much of that mazed tangle of dreams, ghosts, and musty doctrines of an outworn economy that for a time sent vibrant emotionalism singing through the thick voices of practical prophets at banqueting hour. Confidence must wait for something more substantial than the persistent dream of an ever-receding frontier, the ghost words of Adam Smith, and the verbiage of mercantilism to feed upon.

I have mentioned 2 of 3 outlets characteristic of capitalistic development that were still in existence in 1923. The third, the outlet for those who have a supply of labor-hours to offer in excess of demand, was clogged, inevitably in fact, needlessly in fancy. And while our immigration policies recognized the former—the passing of the physical frontier and opportunity for geographic emigration—by restricting the inflow from abroad, our industries reached a mental frontier and no longer provided or sought for further outflow. Though during the course of a century the trail of industry had passed through the land of the 14-hour day, the 12, the 10, and had now come to that of the 8, this it assumed to be not a mere country seen in passing but the promised land itself. Fertile fields ahead were ignored. The outlet afforded through leisure "emigration" was clogged. In the land of the 8-hour day industry proceeded to settle and to establish itself, unaware of a rapidly increasing congestion that immigration restrictions on mere physical boundaries were powerless to prevent.

From within the boundary lines new workmen arose with increasing rapidity. They could be hired, considering the productivity of their working hours, for appallingly little. They had no standards of living. They demanded only that enough be set aside to provide for their replacement in old age. Competition for the American workman did not die with the erection of immigration barriers. And geographically he had no place to which to shift his excess supply of man-hours. Therefore the rise above all of the automobile, creating as it did a multitude of jobs, directly and indirectly, and, to a lesser degree, that of the radio and electrical appliances, assumed tremendous importance during these years. They, together with openings of another character—service, advertising, and selling jobs—for a time served as conduits for our labor overflow, while geographic and leisure outlets were closed.

The Hoover committee report on recent economic changes summarizes the changes effected in American industry during the decade following its war-time speed-up as follows:

An increase in physical volume of product.

An increase in productivity of the individual worker or of the man-hour worked.

An increase in primary power utilized both in total volume and in amount per employee.

An increase in the total amount, and also in the proportion, of horsepower for industrial purposes which is purchased instead of being self-produced.

A decrease in the number of workers employed.

An increase in fixed capital assets; that is, in manufacturing buildings, equipment, and machinery.

A decrease in unit prime cost.

An increase in the attention given, resources available, and funds spent for industrial research.

An increase in the development of new manufacturing materials.

An increase in the development of new manufacturing processes.

An increase in material-handling machinery utilized, both to reduce cost of transporting materials and product to act as a pacemaker for the speed of production.

Reduction in wastage of manufacturing materials and the reclaiming of former waste products through the development of by-products.

An increase in safety of industrial establishments, with safeguarding carried to such a degree that the greater number of industrial accidents are now attributable to supervisory failure, not to physical cause.

An increase in the extent, degree, and quality of artificial illumination.

An improvement in working surroundings and in those physical conditions that can be modified by technological means.

These isolated changes gather themselves into one spearhead: "The first essential thing upon which we must keep our minds centered is that the whole problem arises from the vast expansion of our resources consequent upon the escape of production from the limits of human labor." [24]

Here are the net results taken from Mills' Economic Tendencies mentioned above. Here are reflected American industrial trends:

Average annual rate of change

	Pre-war years, percent	Post-war years, percent
Number of wage earners	+2.2	−1.3
Output per capita	+1.7	+3.3
Average real wages	−.10	+1.4
Common-stock receipts	+1.2	+16.4

The figures mean this: That though industry depends as much on mass consumption as it does on mass production for its continued successful functioning, that though it therefore requires that market and purchasing power expand in proportion to productive capacity, actually during the post-war decade, with no compensating expansion in foreign trade, the monetary returns to owners was rapidly outstripping that of employees; that, measured in terms of unit cost of production, the reward of labor was declining. They mean furthermore that the increased production was owing not to increased employment but to increased per capita productivity. Industry, in other words, was producing more goods, fewer effective consumers.

* * * * * * *

Now all these tendencies were noted by the President's committee in 1929. They are clearly expressed in the graphs and figures presented throughout the two volumes of recent economic changes. Notice, however, the point of view taken toward them: "It is this degree of economic activity, this almost insatiable appetite for goods and services, this abounding production of all things which almost any man can want, which is so striking a characteristic of the period covered by the survey."

Nothing need be said about the bland assumption that the major portion of America was peculiarly aware of "this abounding production of all things which almost any man can want" at this point. The way toward a clearer understanding of what was happening, however, is still blocked by one small but potbellied, greedy little figure, the last of the economic ghosts to be faced—the economic man. He is the gentleman referred to above in the term "insatiable desire." Who is this gentleman who has neither bottom to his belly nor walls to his house who has for so many years led not only economic theorists but hard-headed manufacturers dancing to his delirious pipings? Who is he? How does he dress? Is he one of the millions or one of the millionaires? That is important.

If he is of the millions then his insatiable desire is ineffective. It is of no more than academic interest to the builder of houses that the millions hunger for more and better housing.

If he is of the millionaires then desire is sated before the pocket is emptied—and again it is ineffective. It is of real concern to the builder of houses that once one palace is constructed hunger for more and better palaces is, in most cases, at an end in this lifetime.

While the minuteness of the individual claims to wealth of the millions keeps them bound to the economic treadmill and in a condition of perpetual hunger for this "abounding production" of most of the essentials of life, it is the existence of the few excessive claims to wealth that commands the attention and ingenuity of manufacturers. Pursuing the surplus spending powers of the rich, the economic man leads the chase into an ever-broadening variety of new fields, into unexplored corners of the old. It is just here that he stumbles and lags. It is beyond physical possibility to absorb more and more and more of the essentials of life in accordance with indefinitely expanding income. A man will continue to absorb just so many loaves of bread. Manufacturers attempting to horn in may diversify spending power by creating new fashions and styles in bread consumption, but they will find it hard to increase total consumption. And here they run into another difficulty: they will find their economic man is a creature of habit and has forcibly to be educated into the development of his "insatiable desire." And it will cost a good deal of advertising money to cajole him from raisin to nut bread to gluten. He may not even wait for the educating process to fulfill itself but will place his surplus spending power in the creation of yet another variety of bread and decrease further the earnings of all those already in the game. And in the meantime the millions will hunger for more plain bread. A large part of the new era economic activity was in pursuit of a ghost that died when the nineteenth century was still young. Where the economic man might have been given enough reality to have insured permanent business activity in his pursuit, he was ignored; he was catered to in the one income group where sooner or later surfeit must come to put an end to much of the worthless business machinery set up to stimulate and to invent new and makeshift desires.

So from the last of the ghosts to reality again.

* * * * * * *

The picture of these years must be gotten a little more clearly in mind. All told, some 2,300,000 men stopped working permanently in agriculture, railroading, manufacturing, and coal mining. In the same years there was a population increase of 17,000,000, which should have added from 5,000,000 to 6,000,000 workers to industry. The slack is assumed to have been taken up by an increase in secondary-school and college students of from 3,000,000 to 5,000,000. Increased building, which had the war-time lag in resident, factory, and office construction to make up for as well as the supplying of normal demand, opened 300,000 jobs; automobile construction, some 750,000 jobs; hotels created some 500,000 new opportunities; and so on into a miscellaneous chaos from insurance selling to manicuring. Almost every Washington taxicab driver I have questioned this winter was formerly employed in some manufacturing concern, a large majority of them dismissed prior to 1929. Advertising agents and salesmen, "hot-dog" stand tenders, barbers, movie-palace ushers, apartment-house door men, restaurant waiters, elevator boys, and bootleggers tell the story of what happened while industry was pressing men into economic rearrangements. "This failure of factory and railroad employment", to quote Recent Social Trends, "to advance is especially significant, since the gainfully occupied population increased from 42,600,000 to 48,000,000 during these years . . ."

This multitude of various and often makeshift jobs reflects the reasoning behind the economic theory that technological unemployment is an eventual impossibility. Capital surplus must be released; as it is released it tends to create new jobs, room for new service activities, and professional workers. And that is undeniably so. But notice the increasing difficulty with which the economic man creates wants that open new jobs.

This is what was happening. Those industries engaged in supplying the more basic and essential wants of the country at large underwent rapid technological changes. There were many efficiency measures induced by the principles of scientific management. These steps taken together reduced radically the number of labor hours required to produce a given amount. But, as this saving was realized not in a general reduction in the workday but rather in the working force, no correspondingly increased per capita leisure resulted. Men rather than man-hours were withdrawn from industry.[25] The consequent saving from decreased total wage payments added to a declining unit cost of production meant a sharp increase in profits for the owning class. This general trend has been indicated in the figures quoted. Actually the changed relationships between the value of the product, the cost of material, and the value added by manufacture; between the value added by manufacture, wages paid, and amounts going into overhead and profits were revolutionary in the sharpness of their break.

Throughout pre-war development these factors had advanced more or less proportionately. Thrown on a graph the curves show an approximately relative increase. In the first instance the break occurred in 1921; while costs of material became of relatively less importance, the value added by manufacture soared in a rapidly ascending curve through to 1929. In the second instance the break followed the deflation of 1921–22; while wages paid pro-

[24] Henderson, The Economic Consequences of Power Production.

[25] Changes by census periods are shown by the following summary (Economic Tendencies, N.B.E.R.):

Census interva	Increase in output per establishment (percent)	Change in number of workers per establishment (percent)	Increase in output per worker (percent)
1923–25	+10.1	+2.5	+7.3
1925–27	+6.7	+1.4	+5.2
1927–29	+2.6	−5.0	+8.0

ceeded in a somewhat normal line, tending to flatten off and dropping somewhat at the end, the amount going into overhead and profits climbed with increasing intensity. In both cases previous relationships were smashed. In both cases the only direct channels by which income flows to consumer's purchasing power—cost of material and wages paid—suffered at the expense of returns to ownership.

The following table sums up the post-war relationships:

Year	Physical volume of production	Value of products	Cost of materials	Cost of fabrication plus profits	Overhead expenses plus profits	Total wages paid
1923	100	100	100	100	100	100
1929	113	102	98.3	109.3	121	94.3

If men rather than man-hours are to be eliminated from industry, if the remaining wage payments are not to be inflated, if the unit cost of production is to decline, if prices are to remain fairly stationary,[26] the resultant increased "earnings" must find an outlet. Certain consequences must follow:

(1) New wants must be created and manufactured to absorb some of the new earning power of the rich. Yachts, Tudor palaces, elaborate furniture, de luxe editions of books, and luxury articles in general must be made highly desirable.

(2) Excess plant equipment must be constructed on an ever-increasing scale; investment may either flow to an existing factory or build a new one in total disregard of actual market demand. With 90 percent of the population eager to buy more the Bureau of Census reports that American industry even in 1923 was idle 25 percent of the time. The census estimate was based on a comparison between goods actually produced and potential capacity. Here are some of the actual production estimates[27] as compared with capacity:

	Percent
Food and kindred products	57.4
Textiles and their products	79.7
Iron and steel, etc	76.4
Machinery and manufacturing	69.4
Rubber products	70.2
Transportation equipment	65.9
Lumber and allied products	74.7
Stone, clay, and glass	77.6
Flour milling	40.0

And so forth.

This partially illustrates the somewhat tragic and ludicrous, state our industry, even in boom periods, tumbles into. Supply and demand could quite easily be balanced were demand allowed the means to become effective. Instead, industry languishes in a chronic condition of over-production by holding off its most willing consumers and even destroying them.

(3) Intense activity in advertising and distribution must be turned to, in order to consume excess profits and provide jobs clogged by an 8-hour work day in industry. Recent Social Trends reports that advertising matter increased from $98,697,000 in 1923 to $155,122,000 in 1929 in periodicals alone. The average annual bill footed by consumers for the privilege of being told what to buy comes to about $1,280,000,000. What they pay for excessive sales attention and distributive wastes would be difficult to estimate.

(4) Excess profits may indulge themselves by constantly working on new models and styles. They can energize a lethargic demand with schemes of elaboration and a stimulation of fashion changes.

(5) The machinery utilized per worker may be constantly added to with an eye toward further savings in wage reductions and a further speed-up of new production.

(6) And finally surplus capital must be shipped off to Europe or sent to stimulate production in other foreign countries. In the former case it helps preserve the illusion of an active export trade; in the latter case it helps eventually to destroy a favorable balance of trade, in the light in which we regard it today, by stimulating abroad a construction of the very things we like to ship.

There is not a great deal more that can be done with surplus earnings; by surplus I of course mean that which remains after the perpetuation of the original plant has been provided for. So the picture turns a little funny. Mr. Hoover and the Department of Commerce through the Bureau of Standards do yeoman's work investigating ways of eliminating waste from industry. Waste is eliminated by improved process methods, by wholesale cuts in various styles produced, etc.[28] Men are of course eliminated along with the wastes. A "saving" has been made. But what can be done with this "saving", if it is not to be reflected in the sating of mass desire? Nothing practically beyond the creation of new wastes on an unprecedented scale. Income must be spent. Income must be set to inventing traps for the capture of income.[29] And since men rather than man-hours are withdrawn from the more essential industries, surplus men and surplus capital, if they come together, must both be consumed in the production of frills, elaborations, advertising campaigns, supersales service, and distributive wastes.

And here is where the fatal lag sets in. Here is where the economic man stumbles and lags. The desire for the consumption of newly created industrial "wastes" is neither as spontaneous nor as insatiable as is that for the consumption of essentials; those commodities that appeal immediately to the instinctive mental and physical cravings of man. Men have to be persuaded and cajoled into the buying of Old Golds; a nation has to be educated to the use of the radio. But man will turn naturally to more varied diets, better shoes, better clothing, less smelly houses, and recreational pursuits as increased income and leisure allow them. Dahlberg has written a book on the danger to the capitalistic system of this sluggishness induced by the retention of longer hours of labor than are needed in the manufacture of essential goods. The rich can neither, because they are not economic men, spend their surplus profits fast enough on elaborations, frills, and wastes to preserve the necessary flow of consuming power at a constant rate, nor can they provide new job opportunities at a rate commensurate with that at which men are cast from the production of human essentials. "The newer classes of goods", he says, "differ from the old in the spontaneity with which the people with purchasing power demand them * * *."

Business demands that only enough of necessities be produced to provide maximum market returns. Capitalist sabotage is ruthless. Food will be destroyed, crops burned, shipments of fruit thrown into the harbor, factory production restricted, not because of a failure in physical demand, but because physical demand has not been provided with sufficient claims to wealth to make itself effective. So while business turns with all the machinery of oily advertising methods to securing for itself wealth where it lies in abundance, the worker who is thrown from the production of natural physical and mental necessities is faced with the task of readjusting himself to society. For, according to our way of living, it is only by utilizing the supply of man-hours which he has to offer that the worker can obtain the necessary claims to wealth to enable him to live. And since the standing market for man-hours was not expanded during the decade of the twenties by a reduction in the workday, the worker was forced to carry his excess supply to new markets. He could either:

(1) Create on his own account a demand for his labor energy: He sets up his "hot-dog" stand, buys a taxi, bootlegs, sets up some servicing specialty, or ticket agency, starts a luxury magazine, invents a tom-thumb golf course; or he could:

(2) Wait until capital had created a new "want", had launched enough advertising pressure to squeeze a fresh demand from the market to absorb his energy: He sells Listerine, makes radios, becomes a doorman or a waiter, or thinks up streamline designs for 1929 LaSalles; he can also realize on a demand springing from one originally created by capital and popularized by advertising: He starts a magazine called "Radio", "Motor", or "Vitamin Age."

If only the economic man had that constantly irritating itch for consumption attributed to him by classic economists and good Republicans, all might be well. But he has not. The new goods are less urgently craved by people with claims to wealth; a new obstacle is set up in the making of transactions. An inherent sluggishness clogs the flow of money, which no longer runs spontaneously enough from the higher income groups into active consuming power, neither directly through the purchase of consumer's goods or indirectly through the purchase of plant, new equipment, raw materials, and labor with wage payments.

This is of tremendous importance in any study of unemployment. Dahlberg sums up the immediate issue: "Men displaced by machinery today can be reemployed only when an appetite for new goods has first been created. This results in a continuous lag in the demand for labor on the supply of it, a lag which permanently undermines the bargaining power of workers. The growth of such a situation we objectively observe in low wages and unemployment among the very people who yearn to pour out more money into the patronage of American business. * * *."

* * * * * * *

Post-war industrial methods, not aware of their implication, introduced a condition in which there was a chronic scarcity of jobs and opportunity as opposed to an ever-increasing labor surplus that of necessity was forced into relatively wasteful enterprise or into providing for itself through the haunting insecurity of odd jobs. The promise America came to offer her wage earners

[26] Mills (N.B.E.R.) notes: * * * "An apparent loss of flexibility in important elements of the price structure." Among contributing causes—all highly disturbing to Adam Smith—are suggested: Heavy investment in overhead, price regulation, monopolistic and semimonopolistic control, trade agreements, changed distributive methods, emphasis on nonprice factors in selling, extensive valorization efforts.

[27] See Bulletins of the Taylor Society for April 1930 and June 1932.

[28] See Recent Economic Changes, p. 117, for reduction in varieties, etc.

[29] By multiplying wastes of all sorts, in both production and distribution, artificial scarcity may be retained for a time. "Prices" may thus be maintained and exchange made brisk. Leech, The Paradox of Plenty.

in the latter twenties was slightly increased wages for those still allowed to work, a rapidly diminishing call for work, and increasing unemployment. Insecurity and fear cannot be graphed.[20] But that line charted would show an accelerating upward curve during the years under consideration. For another product of new era American industrial prosperity, not quoted on the stock exchange in spite of its heavy increase, was the burden on all charity organizations. The added expenditures leaped far ahead of those that might have been accounted for by population increase. Well before the flood of unemployment broke in 1929 charity was swamped in its effort to continue make-shift wage payments to the industrial cast-offs.

For the first time in 1928 the New York A.I.C.P. closed its annual statement with a deficit and was forced to raise an extra $55,000 for relief purposes. By September 1 of the same year the Prudential Association of St. Louis had used 94 percent of its funds allotted for food, rent, and clothing. And so the reports run from city to city. The textile regions about Philadelphia dated their depression from 1926, and malnutrition, lack of clothing, and general poverty were rampant in Pennsylvania mining areas in 1927. Wendell F. Johnson, after a study of the increase in sickness, desertion, alcoholism, and imprisonment for bootlegging, had this to report in 1928: "It is unquestionably true that the family agency's entire load is influenced by the problem of unemployment, to a greater degree, perhaps, than by any other social problem." On June 28, 1929, Mrs. Worcester made these remarks at the National Conference of Social Work in San Francisco: "This myth of prosperity if believed will lead to inevitable catastrophe. American prosperity is for only 24 percent of the people, and this percentage owns all the wealth of the country * * *. In the time this excess has been accumulating, public charities have increased their expenditures 132 percent * * *."

The situation in fact could not better be summed up than in the words of the same President Simmons whom I have quoted before. With characteristic insight into the roots of economic problems: "Capital in this country has been generated faster than it is needed * * * with the result that American loans", he proceeds, "could be made without harming our own industrial and commercial growth * * *. The United States today actually has more available capital than it knows what to do with * * *."

Had President Simmons known his Marx his statements might not have assumed the same cockiness. For, more than half a century before, this German follower of Hegel had predicted just such a situation's arising, and it was not one to be attended with rejoicing on the part of those who had brought it about: "Along with the constantly diminishing number of magnates of capital, who usurp and monopolize all the advantages of this process of transformation, grows the mass misery, oppression, slavery, degredation, exploitation * * *. The monopoly of capital becomes a fetter upon the whole mode of production which has sprung up and flourished along with it and under it. Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. * * * The expropriators are expropriated."

Let's look at some of those who might have had suggestions as to what should be done with this capital surplus.

B. THE FORCED OVERFLOW—UNEMPLOYMENT

Early in 1929 the Brookings Institute conducted a survey intended to answer a few of the questions raised by rumors of an increasing army of the unemployed. At that time of peak prosperity estimates ran vaguely from 2,000,000 all the way up to 6,000,000. At that time of peak prosperity it was again felt in other quarters that new industries, new service jobs, and the increasing number of those in professions amply provided for the industrial overflow. Obviously no one knew very much. It was this that inspired the Brookings Institute to research.

Groups of workers from Baltimore, Chicago, and Worcester were selected for study. They represented a large number of varied skills and trades. Each of the 754 workers interviewed was certified by his former employer to have been dismissed for neither inefficiency nor insubordination. It was necessary that internal rearrangements within the plant should have involved an enforced unemployment.

Among the industrial groups represented were both heavy and light manufacturing, textile manufacturing, wholesale distribution, consumption industries, electrical-products manufacturing, piano and furniture manufacturing, automobile sales and service, wearing-apparel manufacturing, printing and publishing, and various retail and professional services. It was a fairly representative cross-section. All workers had been dismissed in 1928.

When interviewed 45.5 percent were still without work. Of these some 29 percent had been jobless for over 11 months. Of those who finally had found jobs when interviewed 56.3 percent had been out of work for over 3 months; 23.9 percent had been idle for over 6 months. Of the total group only 6 percent succeeded in finding reemployment within a month. Of the total group more than one third had to support the burden of unemployment for over 6 months. Of the total group less than 10 percent resecured their old jobs.

What were the new jobs, and how did they pay?

Only 45.9 percent were able to secure jobs bearing any relationship to their former skill:

"Trained cutters with years of experience in clothing factories had become gasoline-station attendants, watchmen in warehouses, timekeepers in steel plants, and clerks in meat markets. An assistant foreman in a wire mill was driving a truck; a rotary-press operator was pressing clothes in a tailor shop; a machinist, formerly in an envelope factory, was selling hosiery for a mail-order house; and a lathe operator was running a mixer in a cement brick plant. One licensed stationary engineer ultimately found a job as a caretaker in a public park; an operator of a welding machine became a farm hand; and an experienced spinner from a worsted-yarn mill took on the job of radio repairman. A skilled German woodworker, who for many years had been employed in a piano factory, was mixing salves for a drug manufacturer at $20 a week. Many skilled clothing workers had opened cleaning and pressing establishments of their own. Seven of the men had taken up bootlegging * * *"

In short, 48 percent of those who finally secured steady jobs did so at the cost of a sharp decrease in wages. Only 18 percent bettered themselves financially by the change.[21]

During the transition period many eked out their small savings with odd jobs, cleaning automobiles, roadbuilding, distributing circulars, and so on. In 10 percent of the cases the wife went to work. Some rented rooms to outside boarders. 20 percent, when interviewed, had been forced back on to charity. How large a percentage were eventually forced on to charity is not known. In every case the loss of a job meant drastic cuts in food and other living expenses, and in general the evaporation of what long years of careful saving had laid in reserve. In all, the new industries to which had been attributed such amazing powers of absorption employed 15 percent of those surveyed. And last but not least it was found that relatively fewer of those over 45 were able to secure new employment of any kind; those that had, as a group, averaged a longer period between jobs than the younger men. This then, the shrinking age limit for employment, was another contribution of American industry to increasing insecurity.

Hear the wives of Middletown on the subject:

(Husband, a pattern maker, aged 40) "He is 40 and in about 10 years now will be on the shelf. A pattern maker really isn't much wanted after 45. They always put in the young men. What will we do? Well, that is just what I don't know. We are not saving a penny, but we are saving our boys * * *"

(Husband, a molder, aged 51) "He often wonders what he'll do when he gets a little older. He hopes and prays they'll get the State old-age pension through pretty soon * * *"

And so it goes. The gloom of a winter twilight ahead and the chill of futility even in 1928 teaching the 5,000,000 over 65 in the United States, a fraction of whom have savings, the rest dependent on children, relatives, or charity, that the longer life made possible by science is hardly worth living. The speed-up years have made the attainment of an independent and self-respecting old age more difficult in the United States than in any other country in the civilized world. It must be remembered, in discussing relative standards of living, that there is not an important nation of Europe today without its old-age pension system, that from the later years of the nineteenth century it has universally been accepted as one of the natural obligations of the State. But 25 States now provide old-age pensions. The Federal Government recognizes no obligation.

* * * * * * *

To return to the jobless. Just what could 1 of the 2,000,000 or more unemployed in the year 1928 do about his own case? Just how much could self-reliance, a sense of economic independence help him out? Take a man 35 years old. He is in good physical condition. He has skill and training acquired from a working-lifetime's acquaintance with his job. All his life he has worked in a machine shop. Suddenly he is given a week's notice. New methods are to be introduced. He will be one of 250 to be dismissed. The company is retaining 30 men to do their work.

His ability he wants, if he can, to preserve. It is the fruit of his own life's experience, a grown part of him. It is a part of the very concept of self-reliance that he should not accept the first ditch-digger's job to come his way. He studies the want ads every night. Every morning he is up between 5 and 6 to be at the factory gates before the crowd. Interviews at factory gates begin at 8. By 9 or 10 he has been told to come back again tomorrow. So it is too late to try elsewhere that day. That day has to be killed somehow. A man does not seek cultural enlightenment with economic insecurity sifting away underfoot. The day is just plain killed.

He may wonder about chances in another town. But there is no way of obtaining accurate information. Once upon a time outside employers ran want ads in the local papers. But local manufacturers have decided that this practice is apt to be dangerous. It is

[20] Out of 8,515,237 industrial insurance policies terminated during the highly prosperous year of 1928, only 9.4 percent matured normally. The total loss accruing to wage earners through lapsed, surrendered, or expired policies amounted to $1,988,911,000. See p. 126, Epstein, Security A Challenge to America.

[21] Isador Lubin, The Absorption of the Unemployed by American Industry.

of high importance that the supply of skilled labor be kept plentiful at home. Therefore, not only have outside ads been suppressed, but the move has also been coupled with a propaganda campaign of false optimism designed to keep local hopes running high during spells of unemployment.

He tries a free State employment agency. But it handles nothing in his line of work. The free employment agencies have fallen into a general decay. Calls for gangs of unskilled labor are about all they get or deserve. Employers prefer to do their own picking at the gate.

With resources dwindling away he decides to gamble on one of the fee-charging private agencies. The one he picks happens to have been honest. It merely reports nothing doing. But in applying to one at all he was running the following risks (practices common to the private agencies):

(1) Of having from five to ten dollars extorted from him for the privilege of watching an elaborate pantomine staged in his behalf; letters are often sent off to persons in no position to offer jobs. The payment, however, must be in advance, and there is no means of checking the sincerity of the activity it appears to have aroused. And often, should a job turn up, he is forced into pledging a large percentage of his first month's pay before he is told where he may report.

(2) Of falling into the hands of an agency in league with local factory foremen with fee-splitting understandings between them: The fee is $10. Half of this goes to the agency supplying the man, half to the foreman supplying the job. Obviously the greater the supply of fee-paying men the less time the job will last. One firm in Buffalo, for example, hired and fired 500 men in 6 weeks, the foreman and agency each making $5.00 a man. In Camden, N.J., one agency supplied one job with 22 men in 60 days. The variations on this theme are endless. Sometimes, when the applicant is penniless, he can be persuaded to pledge his first 2 weeks' pay. Under the fee-splitting arrangement another Camden firm regularly employed men with such pledges for 2 weeks and then dismissed them. The agency would thus receive 1 week's wage for supplying the man, the factory 2 weeks' work, the man nothing.

(3) Of paying a fee on the assurance that a job had been found, and then of finding no job at the establishment to which he had been referred. In this case the employment agency will be truly sorry but will find it impossible to return the fee: service charges. In some cases an appeal to police protection will return the money, but more often agencies will have found it expedient to keep the police on their beat well satisfied. Too violent an attempt to get money back will merely mean the arrest of the job hunter. New York police are quick to suppress such violence.

(4) Of having working conditions in firms and factories deliberately misrepresented to him. The dangers here are far less for a man than for a girl. If the job to which he has been referred should prove dishonest or one involving lower wages than those represented, etc., he need only walk out, save in cases where his traveling expenses have been paid and he is bound either by obligation to his employer to remain, or because he would otherwise be stranded. Girls are not always able just to walk out of apparently innocent jobs once they have been proven otherwise. Mass unemployment is a rapid breeder of prostitutes; sexual attraction is one commodity with a steadily persistent effective demand.

(5) O having to pay greatly stepped-up fees for the privilege of a job when times are hard and he can least afford it. Private agencies fatten off depressions. In their case the laws of supply and demand work with rare beneficence. At times, when jobs are scarce and applicants are many, the job can even be auctioned off to the highest bidder.[22]

[22] A few years ago it was estimated conservatively that there were between 3,000 and 4,000 private fee-charging agencies in the United States. New York City alone boasted some 1,330. Attempts to legislate them out of existence on the part of several of the States were blocked by the Supreme Court. Efficient public agencies and greater precaution in issuing licenses are the only methods of getting at them. During the winter I employed a man to keep in touch with some of the activities of the Sixth Avenue agencies in New York. He not only followed the story through from start to finish of a number of jobs secured through these agencies by keeping in contact with the individual concerned, but also by loitering about in their waiting rooms and observing their methods, and by keeping his ears and eyes open and by pressing conversations, made a general survey as far as possible of this legally protected system of profiteering off human misery and desperation. In addition to the usually recognized abuses listed above he was able to report a number of refinements, for one of the merits of competition is that it keens a business to greater proficiency in its line of trade. It is enough to know, however, that the agencies are of course enjoying a boom-time lift. His estimate that 75 percent of the New York private agencies are dishonest has of course no statistical backing. It reflects merely the general impression gained by one man from random specific observations and a host of cumulative rumors. Their only service is that at present they are the only available clearing houses for the many odd jobs that crop up during a city day. One agency, for example, has a constant demand every morning at 6 a.m. for extra dishwashers needed for the day by restaurants. It makes 25 cents out of each of these $2 jobs.

At any rate our job hunter came safely through his private-agency experience. But how long can he hold out waiting for a job to match his skill? Machinists in tool shops were among the higher paid groups of industrial employees. It was Secretary of Commerce Hoover's boast of December 1927 that the average wage for manufacturing industries had reached $1,280. Granting our man an annual income of approximately $1,500 would place him far above the average, and, allowing for fluctuations in various parts of the country, would reflect generally the wages paid in machine shops in 1928. Since he is average in every way, he must also have a wife and three children to support.

How long then can he hold out on his savings?

He was dismissed in a year when thrift was a virtue more to be praised in our sturdy ancestors than in the living by our best publicists and advertisers. It is only today, when productive facilities are still greater than they were in 1928, that publicists have again come to recognize thrift as an inherent virtue in the American workingman.

Obviously we can only talk in terms of mythical averages. But the following figures give more meaning to an income of $1,500 than it can contain in isolation and unrelated to anything else. Under urban conditions it has been estimated that $1,800 will support a man, wife, and 3 children at a bare subsistence level; to live at a minimum for health and efficiency a similar family would have to aspire to an annual income of $2,100 a year. But even assuming our man had a son old enough to do odd jobs, to keep him within the group of averages, it is unlikely that the family income could have reached that height. In a cross-section investigation of American industrial life conducted by the Bureau of Labor Statistics under Ethelbert Stewart (since dismissed by Secretary Doak for showing a dangerously nonpolitical respect for the integrity of figures) it was found that 92 percent of the wage-earning families of America—and that means family, not individual, earnings—were below $2,100. We cannot place our average man and his family in an aristocracy of 8 percent.

Unless our man then had denied himself to an extraordinary degree he faces a lay-off with practically no prop of savings to preserve what possessions, what standards of decency, and what normal self-respect demanded he purchase for himself and his family. Nor can the budget estimates quoted above be discarded as reflecting sentimental wish-fulfillment on the part of well-meaning social workers. Those quoted are lower than a number of estimates; infinitely lower than those that take in the potentialities offered by modern living conveniences. They provide for practically no recreational activities, no reading matter beyond a newspaper, and the allowance for food is less than that provided for Federal prisoners in Atlanta, Ga.

Unfortunately living demands do not fluctuate in accordance with factory lay-offs. The job is the one foothold this man has on life. And the claims to wealth received from that kept him in a state of chronic want. The sickness of any member of the family, even when the job is steady, is more than enough to crack one year's budget. Loss of a job, however, means the scrapping of all plans looking into the future.

The main struggle of this man will be to keep out of the ranks of unskilled labor. Once he slips there is no getting back. Therefore, after exhausting every means of finding work suited to his ability, he will quickly be forced into falling back on what odd jobs he can pick up to tide him over. He is trustworthy, so the local butcher, grocer, and baker may allow his bills to run on for a time. But gradually other things slip away. All the several symbols of a slow climb toward respectability and progress, plates, furniture, personal belongings from a watch to his wife's wedding ring, all must gradually slip through the fingers, become food, and be eaten. The home itself cannot last many months of this. Perhaps before the four walls go, however, the inside cracks. To help her husband cling to his economic station, the wife goes to work, and the children go to neighbors.

There is no need to trace the slow drainage further. The direction of the flow is obvious. How long it is to continue depends not on the man, not on his native ability or acquired skill, but on the chance cracking open of his environment. But he has been taught not to believe this. And if he has faith in himself, he bears the burden of shame, too. Other men may go jobless, may lose all they had, but nothing like that can ever really happen to him. Something must turn up. So, borrowing from friends, cutting down drastically on food requirements, on clothing expenditures, letting the house go with all it represents of years of painful saving, moving into cheaper quarters, a slum area condemned 20 years ago, supported by his wife and the odd earnings perhaps of a child, struggling away from the last degrading and humiliating step toward which he is all the time slipping, application to charity, this man watches happen to him, always disbelievingly, what has happened to others. He is the main actor in his own nightmare. And at the end he discovers with a dazingly clear fine shock that he is quite ordinary. The solid world has crumbled beneath his feet, and he is nobody. And if, somehow, sometime, the job he wants should turn up, it is not likely that he will face, hopelessly in debt, the long hard road of saving with the same zest with which he first began it. You cannot start over again all the time. And he has discovered that no native ability or personal ingenuity can save him from playing the role that he has been taught to despise others for playing; even he cannot keep a home together, cannot feed his own children, must

rely on his wife, on private charity intended for paupers and cripples.

This is not a pleasant discovery.

* * * * * * *

The psychological effects of unemployment cannot, as I have suggested, be charted. Not that it would do any good if they were. The men who pay such flowery tributes at banqueting time to the faith, sturdy diligence, thrift, self-reliance, and patient loyalty [33] of the American workingman do not suggest by their public chantings that they possess even the not overquick imagination capable of understanding effect until it hits them in the stomach, cause unknown. They reveal themselves incapable even of facing stark reality, let alone the implications of industrial interdependence. Those several men in business who are equal to such understanding, save in isolated instances, are unable to act upon it, for our industrial tempo has been geared to those who are not.

There is much talk of the beautiful sanctity of private property coupled with lofty sniffings at "fumes brewed in the witch's cauldron of Moscow." Yet we are the one Western nation that refuses to take the first precautionary steps toward protecting it from the myriad economic storms that can utterly destroy it in one man's lifetime. Capital investments, to be sure, we have adequately protected against the fluctuations, cyclical and seasonal, of industry. The obsolescence of machinery is guarded against, the depreciation rate being properly regarded as a fixed charge in industrial undertakings. And when capital is temporarily unemployed, if management has been at all efficient, it receives its dole. It is a myth to talk of "earnings" when machines are idle. And no one has as yet suggested that self-reliance and thrift and independence are seriously undermined by these elementary evidences of efficient management: such measures are merely a recognition of the fact that security of income is the first essential in the planning of any life.

One wonders whether or not beneath the hazy words of high oratory it is really assumed that the need for food, shelter, clothing, and the maintenance of common decency of the American wage earner fluctuates in strict accordance with the need for his work. Such an assumption is not, of course, seriously made, yet the echoings of ancient faith persist: "If the individual surrenders his own initiative and responsibilites, he is surrendering his own freedom and his own liberty. Ours must be a country of such stability and security as cannot fail to carry forward and enlarge among all the people that abundant life of material and spiritual opportunity which it has represented among all nations since its beginning."

Of course, such words do paint glowingly a faith we believe we cherish more than other nations of the earth. The fight—and its emotional vigor cannot be jauntily ignored—is to preserve the wage earner from being treated like a machine. Stripped of warm honey, however, such words reveal a mind so warpedly blind that even the most terrible physical torture in the physical world is not able to disturb the roseate picture superimposed from the psychical world. Such words do not show a willfully cruel man, merely one witlessly stubborn.

The confusion arises from a refusal to recognize that all men share certain machinelike qualities; fuel must be burned before energy can be directed toward any task. And the very nature of our economic system, dependent as it is upon a specialization of human labor as well as of whole communities to production that is worthless save as it is related to the whole, enforces the utter material reliance of one man upon another for the right to life itself. It would be a strange spirit of individualism that could be destroyed by a sane admission of this fact. Yet the fight has gone on over a period of years to save the spiritual strength of the American wage earner while his body is invited to rot into silly weakness, and those of his children into distorted growth. The soul, beautiful in spite of physical ugliness, rich in spite of physical poverty, clean in spite of physical filth, independent in spite of physical dependence, has always been a myth of puritan fabrication.

Unemployment and poverty would be impossible today were there mere physical forces to contend with. That fact cannot be overemphasized. The stink of a thousand slums is more than a mere physical peculiarity of our civilization.

* * * * * * *

We may wonder at the depth of our present depression. But it is not wondrous. A little over 10 years ago, after investigation, discussion, and recommendations, the Government turned over the solution of unemployment to private industry. Private industry was profoundly touched by the recommendations and contributed some further ones on its own account couched in even more morally uplifting phraseology. The discovery that business cycles were things of the past relieved it from the burden of voluntary action. It still retained its right to destroy the property, crack up the lives and bodies of American citizens according to private whim and business hunch. It still retained its right to make public charges of its employees on the slightest provocation. A mere handful of industrial concerns took the first preliminary steps toward assuring a minimum of security to those in their employ. The classic examples of those who have sought to pluck order out of chaos are the Hill Bros. Co., preservers of dates; the Columbia Conserve Co., food canners; the Endicott Johnson Corporation, shoe manufacturers; the Dennison Manufacturing Co., paper novelty producers; the Proctor and Gamble Corporation, makers of Ivory soap; the S. C. Johnson Co. of Racine, Wis., varnish manufacturers; the Knox Hat Co.; and, last but not least, the General Electric Co. In each case efforts toward stabilization naturally have brought definite and tangible financial rewards to the company as well as a sense of security into the lives of the workers. And in each case this has been reflected in the life and appearance of the community surrounding the area so affected. In the December 1932 Report of the Bureau of Labor Statistics, after 3 years of depression, is a statement issued by each of the firms listed above as well as by the few others that have taken similar steps, reaffirming their confidence in the regularization schemes adopted during boom years; those that have in addition covered their employees with unemployment insurance show equal enthusiasm. But their welfare projects are on shaky financial legs.

And in spite of these firms, today, more than 10 years after the President's investigation committee met and conferred on the problems of unemployment, less than 1 percent of the workers in the United States are guarded against fluctuations in employment, and many of these are under trade-union protection. There is nothing wondrous in the depth of our present depression. The lives and fortunes, bodily as well as spiritual, of the vast majority of our people are still at the mercy of a chaotic and disorganized industry, and for this privilege they pay, physically and mentally.

What, for example, can the people of a town like Toledo know of the stability and security Mr. Hoover prized so highly? It is a town dominated by one industry, the Willys-Overland Motor Car Co. The 200 other small local industries float on the tides of good times and bad out at the plant. So, too, do the fortunes of every independent storekeeper in the vicinity. At the time, not so long ago, when it looked as though the Willys-Overland could look forward to putting the camel among the technologically unemployed in Central Asia as well as expect heavy sales in darkest Africa, radio and newspaper advertising campaigns sucked the surrounding countryside dry, and labor hustled to Toledo. This story is duplicated throughout the Middle West.

Automobile factories do not like to get caught short-handed; things are always apt to open up. And so as orders come and orders go men are hired and fired. The promised weekly pay check of $38.50 that sounded so fine coming in over the radio does not lump so large as it trickles in over the year. It averages for the lucky from $1,300 to $1,400 annually in normal times on the hired-this-week, fired-that-week system. The skilled jobs are apt, of course, to be steadier and average higher. But the community itself is actually no more than a vast reserve labor pool created by oily advertising methods for the benefit of the industry that brought it into being. In dull times the pool goes stagnant. Local business enterprises fail; banks sway. False promises and organized newspaper propaganda keep hopes up and the labor market glutted. That is the industry's sole concern. Charity and groceries on increasingly inelastic credit pay its wages, until local funds are exhausted and grocers ruined. The community lives off tomorrow. Seven thousand five hundred men to be taken on at the plant in the morning reports a local paper. The morning comes and five are hired.

In March 1929 there were 28,000 on the Willys-Overland pay roll. In November 1929 there were 4,000. Between October 1929 and December 1930, the number of new cases at the Family Relief, run by the Social Service Federation in that town, multiplied itself by 5.[34]

"We have learned", said President Miller of the company, "that maximum production does not pay."

That is indeed consoling. But it still remains a matter of some conjecture as to how much longer the Nation can afford to regard itself as a free experimental laboratory for the self-education of its industrialists. The job is still the navel string of the Nation's consuming power.

* * * * * * *

The results of industry's costly experiments at putting its own house in order are summed up by Mrs. Worcester writing in the Survey in 1928: "We look again at the United States, the twentieth century Crœsus: wealth, vast quantities of wealth, enough to abolish poverty throughout the land; 90 percent of this wealth owned by 13 percent of the people; 77 percent of the people owning no smallest portion of it; 50 percent of the national income going to capital; nowhere in all the land any evidence of a single industrial group in which the annual income of a wage earner is sufficient to enable him to support a wife and three small

[33] "There have been a number of violent manifestations resulting in deaths, injuries and destruction of property. An undercurrent of resentment, disaffection, and threats is becoming more prevalent, and it is believed that lack of program and leadership among the unemployed has prevented more serious outbreaks . . ." H. L. Lurie, statement before Senate Committee on Manufactures, Jan. 3, 1933. It might also be added that outbreaks, particularly in automobile regions of the Middle West, during depression years have not received publicity.

[34] The above from a report covering an investigation of Toledo by Beulah Amidon published in the Survey.

children in accordance with the low standard set by a group of employers; the average wage for the country as a whole, $1,280 a year, dooming the worker who is the father of dependent children to chronic want, forcing him into an acceptance of public or private charity in the event of any of the ordinary disasters of life—unemployment, sickness, death; and these same charities quadrupling, quintupling their budgets in a single decade. This is the richest nation on earth; this our amazing prosperity!"

That it was an amazing prosperity is not even questioned in the circles of highest finance. Our friend, President Simmons, seems always able to contribute the right word at the right time. And furthermore, in seeking the germs of unemployment, his utterances shed continual light on the long sequence of cause and effect: "Our great national prosperity", he said not long after Mrs. Worcester had written, "* * * is not yet thoroughly understood * * *. Few, if any of us, have as yet satisfactorily analyzed its basic causes * * *. That it has been accompanied by an enormous expansion in our facilities for production, and that the financing of these expanded productive facilities has been largely accompanied by increased issues of securities, seems self-evident. With the larger perspective", he goes on, "which future years will provide, we may well come to realize that there is an integral relationship between national prosperity and activity in the security business, and that to artificially hamper or interfere with the latter is inevitably to imperil the former * * *."

Such words clearly suggest, though they do not prove, that it is only in wonderland that Cheshire cats can grin long without body. It is for that reason that one is turned toward a more precise examination of the body as a whole.

C. UNEMPLOYMENT AND MARKET OUTLETS

"In this and every other highly developed industrial country, domestic consumption is now the key to every vital economic question. It has become the basis of industrial stability, the source of business profits, the measure of standards of living, the ultimate test of social progress. It sets the limits of profiable capital investment and industrial expansion, establishes the value of corporation securities, and must determine the fiscal policies of government."[25]

All that follows is to be considered in the light of our present policy of wage deflation—in order to determine whether or not our general failure to realize what aided in precipitating the depression has not increasingly led to its further depth and intensity.

Briefly these facts have been noted:

(1) Our combined export and tariff policy, while contributing to the general depression of world prices, has been matched by every other manufacturing country in an effort to maintain financial stability at home. Our exports, during the entire era, were a comparatively negligible factor compared to our total production. Their decline, since never were they more than 7 percent to 8 percent of our domestic market, does not materially affect what may or may not be done at home. In 1929 they amounted to only $7,490,000,000.

(2) This is of tremendous significance. It means that the burden of supporting from 90 to 95 percent of a rapidly expanding wealth of production fell on the domestic market, where insatiable desire now can only be expressed in terms of a correspondingly rapid expansion in wage, salary, or other income return.

(3) The speed-up and shift in industrial method and field resulted in a continuous transitional flow of labor. The unspontaneity of new demand resulted in a continuously increasing lag between job and job. New employment was increasingly characterized not only by a reduction in wage return but by the nonessentiality and precariousness of the job found.

(4) The more rapidly expanding new industries—automobiles, radios, and electrical appliances, as well as building—were marked by one characteristic: durability, indicating that once an absorption point was reached the turnover demand could only artificially be stimulated by advertising pressure, and new-model frills—their natural exhaustion rate, as compared to clothing and food, was slow. Slack was inevitable as long as the consumer's market was not allowed to expand in accordance with productive capacity.

(5) This period was marked—disastrously—for the first time by a break in the normally existing relationships between the volume of production and the number of work hours required to produce it—between the amount of wages received and the value added by manufacture; in 1923, 46.6 percent of the total value added by manufacture returned to capital—by 1929 this had increased to 51.4 percent; in 1923, 42.6 percent of the total value went into wages—by 1929 this had decreased to 37.2 percent.

(6) Finally the consequences: A surplus of capital hunting aimlessly for profitable investment—an enormous amount of construction of producers', as opposed to consumers', goods—a so-called "saving" through investment that was far more disastrous and riotous than any amount of spending—a burden of spending, because of capital savings, falling directly on a relatively underpaid consuming power that mass-credit facilities could only temporarily handle.

Therefore for the next few pages I want to put aside all thought of the social justice of the inequitable distribution of wealth and merely inquire into its economic soundness as it manifested itself during the years of prosperity. Political oratory only obscures the issue. But if it is not economically justified, then steps toward a redistribution should be taken to preserve even the rich themselves. After all, savings as represented by dead capital equipment; machinery, however efficient; factory plant, however expensively constructed; warehouses, however crammed, are useless. Only money in the pockets of the multitudinous army of consumers, as far as a business man is concerned, can touch this dead matter with the spark of life. Money—consumer's purchasing power—is the kiss to waken this sleeping beauty.

* * * * * * *

Recipients of wages and salaries are of dominant importance in our domestic market. Those that receive less than $3,000 a year account for over 67 percent of total purchases. And income groups below the $5,000 line purchase 78 percent of the total. In 1929 they consumed $65,143,000,000 worth of goods and services out of a total $89,000,000,000 of individual consumption. The group represented by the majority of wage earners, teachers, bank and store clerks, telephone operators, stenographers, and so on—receiving incomes of between $1,000 and $2,000—while it accounts for more than 36 percent of total domestic expenditures, spends more than any other income group for its food, clothing, housing, and what other essential and few luxury services it can command.

It is evident from this division of consuming groups where attention must be focused for any consideration of the basic health of the American economic system during its era of great prosperity. For it is equally evident that the pressure to support an increasing volume of supply must be least bearable where demand is allowed least leeway; that is, a major percentage of the expenditures of the lower-income groups, of necessity, in order that bodies may live, must go into food, clothing, and shelter.

The failure to grasp this fundamental principle of economic A B C's on the part of those responsible for the wage and salary policies of the United States during its boom period fill their high chantings, in retrospect, with a moon-struck hollowness. On close examination the so-called "economy of high wages" does not look impressive.

Look at manufacturing wages, for example, comparing them at the same time with the value produced. In 1923 total wages paid in manufacturing industries amounted to $11,009,000,000. In that same year the value of the product was $60,556,000,000. The total value continued to increase: 1925, $62,714,000,000; in 1927 it had become $62,718,000,000; and in 1929 it jumped rapidly to an all-time high of $70,420,000,000.[26]

Bear continually in mind that, save for a negligible percentage, American manufacturers depend on the domestic market. Now, how did wages fare during this period? While the value of products climbed over $2,000,000,000 between 1923 and 1925, total wages payments actually decreased by over $270,000,000. From then on they picked up slowly, reaching in 1929, $11,684,000—a total increase over the 6-year period of $675,000,000 to match an increase in value of goods produced of $9,864,000,000.[27]

Who was to absorb this additional $10,000,000,000 worth of goods? Evidently not those who had produced it. For while the physical production of goods had rocketed, the total real pay roll of those engaged in manufacturing not even for one brief high spot in 1929, in spite of the dollars-and-cents appearance, amounted to what it had been in 1923 when physical production was far less. It must not be forgotten that it is not wage rates, but volume of wage payments in relation to volume of goods produced, that is of importance.[28]

Who then was to absorb it? The farmers? That is a silly question. Wage earners outside of industry? The total wages received by all wage earners in the United States declined from 1927 on, in spite of the slight increase shown by those in manufacturing. Nor is the total increase in salary payments any more reassuring.

Year	Manufacturing	Mining and oil	Mercantile	Transportation	All industries, including agriculture
1920	$1,400	$1,464	$1,216	$1,597	$1,273
1921	892	1,077	1,159	1,248	983
1922	996	976	1,099	1,179	1,012
1923	1,195	1,408	1,159	1,333	1,150
1924	1,152	1,193	1,214	1,303	1,134
1925	1,195	1,250	1,219	1,387	1,176
1926	1,234	1,324	1,299	1,428	1,217
1927	1,216	1,224	1,262	1,436	1,207
1928				1,276	

NOTE.—Wil. King, the National Income and Its Purchasing Power, quoted by Epstein.

[25] Virgil Jordan, Bulletin of the Taylor Society, October 1932.

[26] Statistical Abstract of the United States.

[27] The trend is summed by Mills in Economic Tendencies: "For manufacturing labor the excess of rewards was steadily reduced (as a result of declining labor costs) after 1921, and was wiped out by 1929, but for ownership and management an axcess of rewards over apparent physical contribution * * * persisted through 1929."

[28] Average annual earnings of wageworkers taking account of actual unemployment.

Again, throughout this period, it was generally assumed that though the purchasing power of factory workers was not keeping pace with the volume of goods produced, that wages and salaries coming from the new service industries, trade, public utilities, and so on made up the deficiency. These new services thus are the bulwark of those who argue away the need for concern over increasing technological and efficiency unemployment. I quote from Emmet H. Welch, research associate in the University of Pennsylvania: "To the extent that these nonmanufacturing industries have afforded a means of investing additional capital and employing labor, they have acted as a temporary offset to deficient consumers' purchasing power distributed in manufacturing industries. However, the services created by these nonmanufacturing industries have to be paid for out of consumers' purchasing power (viz, advertising, etc.) and contribute further to the discrepancy between consumers' purchasing power and production unless all of the purchasing power distributed in the production of their services is used for consumption purchases."

There is no escapting the consequences of our mass-production methods. Wage and salary earners are the masses. They must receive purchasing power adequate to absorb the goods produced. It is obvious, however, from this brief survey of the period, that an obsolete and misapplied sense of self-interest led industrialists and financiers, as a group, directly to suicide.

* * * * * * *

Evidence in another direction that they failed to face the implications of new production technique comes from the rapid rise of mass credit facilities. In 1927 it is estimated that 60 percent of all automobiles, 80 percent of household equipment—from pianos and radios to vacuum cleaners and washing machines—75 percent of tractors, 10 percent of all farm machinery, and 25 percent of jewelry was sold on the installment plan. Mass credit, it is estimated conservatively, did business at the annual rate of $2,482,000,000. Credit sources ranged all the way from loan sharks charging annual interest rates up to 480 percent and doing a business of $750,000,000 annually to remedial loan societies of semicharitable characteristics. This is one outcome of the new era almost utterly ignored by economists, and emphasizes eloquently the inadequacy of wage scales based on former production technique. There is no call to go farther into the matter here. But it is evident that those in control of industry were far more concerned over what could immediately be plucked from it in the form of profit than in either its basic financial health or in the steady maintenance of more moderate profits over a longer period of time. There would be no call even to stress a point so obvious were it not for the mass of ballyhoo summoned up to obscure the issue. And it is furthermore futile to look for remedies in mere trade agreements.

Let us look into the earnings of capital for a moment.

In 1922 the total of dividends paid by all corporations was $930,684,000. By 1929 this figure had ripened to the lush total of $3,478,000,000. Bondholders and banks were no less well off; all corporations paid an interest in 1922 of $2,469,000,000—and in 1929 of $7,588,000,000. The "Golden Era", from this high pinnacle of finance, is indeed well named. Mr. Frey, writing in the American Federationist for July 1931, points out further that during this same period Federal Reserve banks had increased their capital from $1,900,000,000 to $2,700,000,000, their surplus from $1,600,000,000 to $2,800,000,000, dividends paid on their stock from $246,000,000 to $408,000,000.

In short, this period showed tremendously increased production, a declining number of wage earners, a declining pay roll, and a tremendous glut of surplus capital that could do little more than further increase production, eventually force down prices, intensify the always present fear of economic insecurity, until it had gnawed away its very foundations and plunged millions into a fantastic starvation amid the very strongholds of its own saved surplus—crammed warehouses, idle plants, and funds crying for profitable investment.

Mr. Frey concludes, and he is right as far as he goes: "The outstanding facts of the so-called "period of prosperity" from 1922 to the end of 1929, present a depressing picture of economically unsound and destructive business policies. There is little if anything in the basic statistics to encourage or create confidence in the future. It is apparent that during this period the American wage earner was considered almost wholly as a producer of wealth and that he was disregarded as consumer of the Nation's products * * *. It is the breakdown of this home market which has stilled the wheels of industry and created the condition of unemployment which contains such grave elements of danger. We will not refer to the many alleged reasons given for the depression. Some of them are absurd, a few partly true, but all of them carefully avoid reference to the principal cause—the payment of wages so completely out of economic relationship with the wealth being created that these wages actually forced continually lessened sales of manufactured goods in the United States, the one great market for American products * * *."

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"Poverty and insecurity in a world of abundant resources and of gigantic powers which have been effectively matured and put in harness for human service is a monstrous stupidity. It is not a deprivation imposed upon us by any lack of national opportunity, but a failure of human intelligence. Given the resources, their distribution is not a question of natural limits or inevitable laws from which we cannot escape, but of ordinary, sensible human arrangements * * *. It is the conduit, the system of distribution, which is the thing alterable at human will * * *. It is our production capacity alone which sets any limit of natural law to our possible standards of living * * *. It is the aqueduct which must be made capable of carrying the available supplies, and not the supplies which must be restricted to the carrying capacity of an inefficient aqueduct * * *," writes Fred Henderson in his Economic Consequences of Power Production.

How far from this conception of an economic system capable of producing an abundant surplus were our industrial and financial prophets as they plunged into depression we have observed. Rather than sharing with industry the new profits of increased production at lower unit cost, ownership channeled the wealth back to itself. In the meantime every known appeal to pride, emotion, and patriotism itself was made to wage earners to spend immediately their trickle of earnings buying goods to support American prosperity: Buy—buy—buy—even if you must borrow. The whole high-pressure drive toward production was accompanied by nothing approaching stability or sanity. It was accompanied only by intensified pressure on the majority of the middle class, including the professional groups, and on the wage earner, that served to turn life into an increasingly chaotic struggle to maintain not only appearance but economic station itself in life.

Added to this was the campaign conducted by the Treasury Department to reduce taxation on great wealth. The excess profits tax was repealed. Income taxes on the higher brackets were reduced.[29] All sane efforts toward stabilization were killed. The report of the coal committee was dumped. Agriculture was ignored. And the President boosted the stock market.

Thus normalcy, rising to fever heat, expired. Now comes the spectacle of watching the wise men—having once scratched out their eyes by jumping into the bramble bush—flounder again, deeper and deeper, with profound faith in Mother Goose.

National income tax paid on salaries in United States, France, and England by married man with 1 child, 1932

Income	United States	France	England	Income	United States	France	England
$1,000		$24	$39	$10,000	$448	$1,998	$2,240
2,000		98	202	50,000	8,568	18,578	22,392
5,000	$84	709	802	100,000	30,068	40,245	52,492

NOTE.—25.5 francs=$1. £=$3.20.

The following parallel columns of figures speak for themselves. Just as a badly outrun purchasing power helped plunge us into depression, so a ruthlessly slashed purchasing power has swallowed us into its depths. The first column shows relative amounts paid out in wages by manufacturing establishments reporting to the United States Bureau of Labor Statistics. The second column shows total interest and dividend payments by American corporations by years, according to the Standard Statistics Co. Both columns start with the base year 1926=100.

	Relative amounts paid in wages	Relative dividend and interest payments[1]
1926	100	100
1927	97	129
1928	95	137
1929	100	173
1930	80	196
1931	60	187
1932	42	[2]155-164
1933 (March)	33.4	

[1] Paul H. Douglas, World Tomorrow, Dec. 28, 1932.
[2] 1932 estimated.

The tremendous drop in wages, besides reflecting unemployment, is the result of part-time work and reduced hourly rates. From these figures it is clear that while wages have been slashed almost 70 percent below their 1926 level, dividend and interest payments, in spite of the decline since 1931, are still approximately 60 percent above their 1926 level. This reflects the careful building up of reserves.

It is insane that the most vital part of the consumers' market to industry, for its own self-preservation, is not similarly protected.

Do "natural economic forces" affect only wage earners? They have been overcome so far as investors are concerned.

In the year 1932 all wage earners received approximately $30,000,000,000 less in wages than in 1926. In the year 1932 dividends and interest paid approximately $7,000,000,000 more than in 1926. There is only one conclusion to be drawn. Unemployed capital is living off a dole supplied by the wage earners of the country.

[29] These figures throw interesting comparative light on our taxation policy. They are compiled by the Chase National Bank:

These figures reveal the essential futility of talking of and probing into the causes of unemployment. Until unemployment of men is considered as great an industrial hazard as the unemployment of capital investment and reserves built accordingly, unemployment causes and cures remain a rather academic discussion. It is with this warning that I proceed to just such a discussion.

III

UNEMPLOYMENT, STEPS TOWARD A CURE

A. UNEMPLOYMENT IN AMERICA

All figures on unemployment in this country, owing to our almost complete indifference to it up to now, are inaccurate—estimates only. In some cases they reflect at best the political prejudice of the compiler. The most careful studies show, however, that the relative volume of unemployment in the United States has consistently been on the average nearly twice that of pre-war Britain; that during our recent boom period the average for four major groups of industry has consistently increased; and that our total post-war average, in spite of the new and rapidly expanding industries that developed during that time, was only slightly under England's during her decade of greatest distress.

There are several immediate reasons, besides carelessness, why we should suffer so in comparison with England:

(1) Our climates change with greater intensity. Winters are really cold. Summers are really hot. In England they only talk about heat waves. They never have them. This reacts violently on producers of food. We change our diet with the weather. That is a refinement of civilization England has most certainly never had urged upon her. Meats and carbohydrates turn to fruits, vegetables, cold drinks, and ice cream. We have our own and varied winter sports. We tend to buy our automobiles at one time in the year. Building trades, though with increasing unnecessity, suffer tremendous seasonal fluctuations. And all this is in turn reflected back on to producers of raw products, capital equipment, and carriers.

(2) Style rules more mightily in the United States than in England. That clothes can be made to overleap class stratifications imposed by income is meat for the advertisers. Fads come and go with greater violence. And manufacturers, rather than attempting to restrain, urge on the tendencies outlined. New models, frills, elaborations, and artificially induced obsolescence clutter the markets.

(3) There are constant geographical shifts. New cities and districts explode into sudden building booms showering all corners of the land with the wreckage of blasted expectancy. Industries are given to wandering about in a vague sort of way. First we build too many cotton mills in New England; then we move down South and build too many more, all the time with a high medicine chanting: "It is highly important," says President Simmons of the New York Stock Exchange in Atlanta in 1929, "to such a new but rapidly evolving section of our country as this, that no impediment be placed in the way of the long-term security financing which the great economic opportunities here so manifestly justify and deserve * * *." And men talk of vision and the unfulfilled dreams of the new South, while New England turns into a hollow shell sucked dry.

Some idea of the roving nature of our industries is contained in the table below. They squat nesting, disgorge their spewings over the countryside, and, having lain in their own filth for a time, hatched their eggs, move on, leaving in their train strange grey ghost towns and bewildered men. They are birds that seldom return

Regional labor shifts

	Factory wage earners, 1919–25	Percent of change	Farm population, 1920–25	Percent of change
New England	−229,173	−17.0	+19,076	+3.7
Middle Atlantic	−381,614	−13.3	−82,806	−5.5
East North Central	−53,819	−2.3	−314,674	−8.3
West North Central	−46,815	−9.3	−177,704	−4.6
South Atlantic	+21,622	+2.7	−524,149	−11.4
East South Central	+26,769	+8.1	−387,672	−10.3
West South Central	−20,084	−7.0	−325,440	−8.6
Mountain	−8,842	−8.1	−108,828	−12.7
Pacific	−20,155	−4.6	+13,225	+1.6

(4) A comparison of the respective tempos of English and American industries suggests another reason why we have a larger percentage of men struggling to keep up with ever-receding jobs in spite of industrial expansion. From 1907 to 1924, for example, England's output per capita increased 4 percent. Ours rose 45 percent. England's total production increased by 23 percent, while ours increased by 80 percent. Our business men have never been cured of a certain inherent optimism, the reasons for which I have attempted to probe, that leads invariably to an overbalancing of industry. The speed of output is increased. The unit cost of output is decreased. Wage rates do not keep pace. Markets are glutted. Men are expelled. And another transitional stage sets in. The assumption is that initial sales are an indication of all-time heaven.

These trends have been gathered up quickly for examination in a figure-gathering dash through the New Era. The conclusion is one that may be assumed. Unemployment is a luxury our business prophets cannot continue much longer to afford. Mr. Hoover tried desperately to eliminate other monstrous wastes in industry for a decade. Yet no constructive steps, save in isolated instances, in spite of constant conferences, have been taken toward eliminating a waste that in normal years averaged $4,200,000,000 in lost purchasing power. Over $2,000,000,000 was lost annually through idle capital. And interest rates, depreciation, taxes, and obsolescence on this dead plant matter at a conservative estimate runs over $250,000,000.[40]

At the present moment over $30,000,000,000 is being lost because wage earners are not allowed to return that amount in purchasing power alone.

Indeed, as one follows the trail of the dizzy pioneers of the New Era frantically driving toward the ever-receding limits of a lost dream frontier, one conjures dreams of one's own—new covered-wagon expeditions, new lands to explore, endless regions for the bold pioneer. The trail leads directly across financial deserts to undeveloped regions, vast, untouched, and hungering—the consuming power and security and leisure of our own people. That is the new frontier.

B. MAIN CAUSES—THE CLOGS

It would, I believe, greatly clarify steps recommended toward a cure for unemployment if its main causes were isolated from the background sketched, and the recommendations allowed to evolve coherently, units bearing an inherent relationship to one another. For this reason I have broken unemployment down under three main headings. The unemployment listed under the first two, springing from the growth and environment of the system itself, will, regardless of glibly assumed basic economic health, always be a constant factor, always an irritant tending to precipitate the sickness of the system as a whole and the vomiting forth of the third and viciously destructive form of unemployment, cyclical. To isolate any one of the forms of unemployment is in itself an artificiality undertaken only for convenience; it is not meant to imply that unemployment is a curse imposed upon and not a consequence born of our economic system—reared to a menacing giant where business success must feed on want; where to satisfy want is to kill business.

The realities of a capitalistic background must not be forgotten, for they for a time must determine the logic of cure. Mere isolated reason, which, wandering in from a world where bread was bread and clothes something to be worn, might ingenuously suggest, seeing on the one hand an infinite amount of work to be done and, on the other, several million men eager to do it: Furnish this army with architects and engineers as generals; let it reconstruct its own and consequently the Nation's wealth; let it give more beautiful and slumless cities, parks, public playgrounds, more adequate highways, more accessible power sources—let it clean away the decay and accumulated filth of a century of messy community living in exchange for the bread, fruit, meat, milk, and vegetables, the shoes and clothing, the abundant building materials that it so earnestly and desperately craves, and that are cluttering your markets and destroying the foundations of your business world; let it enrich the Nation and itself with the products of its own labor, with the native ability of its members, many of whom are talented—or continue as you have for the past 3 years until you have furnished incontestable evidence that the capitalist system too must pass with the decay and accumulated filth of a century and more of insane community living.

I have grouped the main causes of unemployment as follows:

(1) Dynamic unemployment.—A coined but applicable term. This form of unemployment is the price inevitably paid for a surging economic system. It is inherently rooted in the very nature of capitalism, in the nature of any economy that would retain for itself the privilege of continuous dissatisfaction. It is the direct result of the obsolescence of an outmoded technique—the consequence of all progress. Society profits by it. It follows that society should concern itself over it. Its present ignoring of the whole problem amounts to an implicit withdrawal of the rights of citizenship from those who suffer by it. In its own self-interest it would repay society to bestir itself over this form of unemployment. It is as persistent in boom times as it is in depressed periods. It commonly manifests itself in the following forms:

In general, industrial and business efficiency tend to improve thus forcing out of business less efficient and more marginal units. Men will be unemployed.

Internal improvements within a given thriving industry that come as a result of labor-saving-machine improvements, the introduction of scientific management aimed at the elimination of waste and the cutting down of production costs will increase per capita output. If the industry has already passed through its period of initial expansion, if the field of demand which it supplies has therefore become increasingly inelastic, if it should fail to reduce prices—even if it should reduce prices, and its thousand and one retail distributors should fail to reduce prices—man-hours will be unemployed.

[40] Director and Douglas, the Problem of Unemployment.

Industrial areas built up about natural resources, communities given to their extraction, decay with the exhaustion of the ground. The same applies to agricultural areas. The development of new natural deposits, of more fertile land, hastens the collapse of the old. While the coal-mining regions of Pennsylvania, Illinois, Ohio, Indiana, and Iowa are in decay, they are growing in Kentucky, Virginia, and West Virginia. Texas is drawing cotton growers westward to its boll-weevil-less heaven. Men are not only unemployed but stranded as well.

Industries shift their location. Textile mills flow from New England to the cheaper South. Shoe factories walk westward from Massachusetts. Flour-milling centers leave Minneapolis for Buffalo. Chicago is no longer king of the livestock world. How much longer brass will be hauled across a continent to and from the Naugatuck Valley is doubtful. Men will be unemployed—and again stranded in skeleton husks.

New inventions that mean the crowding of fresh industries into established fields of already comparatively inelastic demand bring havoc to those now furnishing the supply. The bulk of consumer's purchasing power is in itself rigidly divided into certain percentages calculated to meet certain physical needs. New industries furnish fresh supply but must feed off the old demand as it exists in terms of dollars in the consumer's pocket. Therefore rayon cannot thrive without textiles in general receiving less of the consumer's dollar constantly set aside for clothing. And even should the dollar supply expand, people would not buy both ice and electric refrigerators, wooden shingles and manufactured roofing material. People tend to buy relatively fewer pianos and phonographs, more radios; less corn and flour, more spinach and tomatoes; less railway mileage, more gasoline and automobiles. Men will be unemployed.

Industries, banks, and retail units merge. There is not only a duplication of many jobs within the new combination—whole office staffs are wiped out—but the new combination will undermine many of the weaker businesses remaining in the same field. Men will be unemployed.

In the above list I have grouped only the normal and often desirable changing elements in a dynamic economic system. To offer an opposition to change and regroupings as many do as the solution of the difficulties involved, to declare a "moratorium" on invention, is so obviously futile, as to require no summoning of the shades of history to refute it. Yet, fantastic as a returning to day before yesterday as a solution to industrial evolution would be, such a scheme is no more amazing than the present spectacle of our social mechanism, which, as far as a practical recognition of the fact of change is concerned, is still attempting to live in day before yesterday. Its rigidity in the face of change has led to wild misconceptions of what readaptation would involve and equally wild misinterpretations of the conditions that need to be dealt with. Obviously, for example, new industries, new services, could neither replace the old nor come freshly into existence if men were not, to some extent, reemployed. A new factory staff does not emerge from thin air. But with increasing rapidity new factory staffs do emerge, in steel and electricity, from the ground—in skill and efficiency, from the brain of management.

Even if released capital does in the end "tend to reabsorb" displaced men, society cannot close its eyes to the bitter private tragedies, the blasting of expectation in many lives, that linger beneath the word "tend." The difficulties furthermore involved in the nature of the new reabsorptive "services" have been discussed. Such services just are not the answer, as economic theorists would have us believe, to technological unemployment. The whole problem is distorted if it is regarded primarily as one of unemployment. It is not. The problem set, the problem that society has deliberately and disastrously ignored, is not only that of reabsorption, but of providing a living income during the transition period.

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(2) Environmental unemployment.—In this list I have placed that form of unemployment that is peculiar to business engaged in certain fields of activity. It fluctuates rather to the physical and mental environment conditioning the business than to business method, though this often enters in as an overbalancing element. It is most common to industry exposed (*a*) to seasonal variation, (*b*) to excessive consumer variation in demand; social variations. In cases where the environment shows regularly recurring variations the business through long-term planning is to a limited extent able to adapt itself to or even control its environment. Where the demand is nonrecurring, as in the case of style and fashion, the business must obviously continue to fluctuate.

(*a*) Seasonal: Seasonal variations may be again subdivided into (1) those activities which are carried on out of doors and are directly exposed to and dominated by the seasons, and (2) manufacturing concerns that not only supply tools whose use depends on the season of the year, but those which in turn depend for their supplies of raw material on the season.

(1) All farming, crop gathering, and so on naturally fall into this group. Farmers, however, need hardly be classed among the seasonally unemployed. Though, in that they produce a surplus for market, they have been absorbed into the capitalistic circle and are as unable to live solely off their main product as is a shoe manufacturer, yet the farmer's winter can go hang as far as this paper is concerned. What industry in general needs is more, not less, farmer's winters. But nevertheless the threat of unemployment hangs over the farm. Agriculture is today no longer a Jeffersonian Utopia of sturdy independents. There is a floating army of men, women, and children, 4,500,000 strong, utterly dependent on the gathering of the crops and farm labor. The sugar beet, cotton, wheat, corn, and fruit raisers all face their seasonal "peak loads" and demand for extra help. And while the present unemployment service helps rout this army of casual labor to some degree, it has lifted not a finger toward stabilizing its fluctuating demand, or even toward rotating it from area to area in accordance with demand. Greater crop diversification in given regions are steps which farm owners themselves can take toward stabilizing employment, though the extent to which this can be carried is obviously limited. Dairy farmers alone can maintain steady employment.

The weather also obviously directly affects all outside construction work, road building in particular. That house construction in the South, however, and building in northern cities, where a large number of protective devices have been introduced, still show tremendous seasonal peaks—suggests that habit is as great an enemy to regularization as the weather. Lumbering activities are again directly subject to weather conditions, while coal mining is rather subject to a demand that in turn is governed by the seasons. All told, approximately 14,000,000 Americans and more are still directly subject to the turn of the seasons in their daily activities.

(2) Manufacturers of agricultural implements, cement, glass, and other building materials reflect back the seasons in their peak loads. There are also those industries engaged in sugar refining, canning and preserving and so on that depend for their material on weather conditions. Formerly each factory depended on its own reserve for outside help. Most still do. There is tremendous fluctuation in employment. There are many semistagnant pools of reserve labor, neither unemployed nor employed. But certain industries engaged in the above activities, recognizing not only the waste and inefficiency that the hire-and-fire haphazardness introduced to their own production, but also the human waste reflected in countless reserves of intermittently employed, have set about regularizing their production schedules. The increased efficiency of a constant labor force brings financial saving: Obviously not much expertness or skill is to be looked for in the man engaged only for a few months each year in a certain task, nor is he to be blamed if he consciously tries to stretch that task over as long a period of time as possible. The increased security in the life of the worker is worth the effort toward regularization of employment in itself

The methods used are many and vary, of course, according to industry.

The coal and ice company is the classic example.

Side lines and fillers suited to other seasons of the year and methods of production are taken up. Agricultural-implement producing firms turn to ice-skates and sleds. The Winchester Arms Co. produces a variety of hardware and camping equipment. Even a firm so utterly dependent on the season as the Columbia Conserve Co., which originally canned only tomatoes and so could not solve its difficulties by reliance on storage warehouses as many industries needing raw materials have, has had notorious success in meeting its problem. It discovered that a plant need not live by tomatoes alone. It now puts up soups and other food products which meet with a demand the year round. Its factory staff is skilled and efficient. Peaks and valleys of production are met almost entirely by a lengthening and a shortening of the hours of labor. The company guarantees a yearly salary to each employee, gives a vacation on pay, and has introduced other measures, aiming toward security and indicating that a combination of common-sense and humanity, in certain instances, can be the simplest way out of industrial difficulties. The books of the firm show that it is good business. Manufacturing to stock over a yearly rather than a monthly schedule, the use of warehouses both for the storage of raw materials and of finished product are other recognized ways of escaping the expansion and contraction of the seasons.

Some hotel companies have learned to maintain a regular staff merely by observing the migration of the birds. Staffs move to meet peak demands in sun-tanning and in canoeing. Most factory owners, having once undertaken regularization, are amazed at the simplicity of it all, and appalled at that former stupidity that assumed not only that it was good business to cram all activity into a few hectic months and stand idle the rest of the year, but that the eating and drinking and daily activities of employees must necessarily conform to the rhythm of the seasons.

(*b*) Social: Consumer variation may also be subdivided roughly into (1) those that affect plants supplying a more or less seasonally conditioned demand; (2) those that affect plants supplying a demand conditioned partly by habit, partly by fashion and change in style.

(1) Obviously such commodities as rubber boots, woolen and worsted goods, fur coats, bathing suits, paints, radiators, candy, ice cream, and tea all depend for their popularity ultimately on weather conditions. But because of the intervening human environment I have grouped them here. This environment may be controlled in some degree. It will react to suggestions. No "Gather your crops by winter" advertising campaign will popularize agricultural machinery and fertilizers in the off seasons,

but it was precisely by a "Paint in the fall" campaign that the Sherwin Williams Co. succeeded in stabilizing its production. Spring painting up to then had been merely a habit. The American Radiator Co. broke down the spell of the seasons and was able to set up a regular production schedule by offering lower prices to off-season buyers. The Tao Tea Co., by painting the summer delights to be found in drinking iced tea, now thrives the year round. The Hill Brothers Date Co., besides introducing cold-storage warehouses to give its staff a constant supply of raw material the year round rather than depend on the uncertainties and hectic rush periods conditioned by the arrival of foreign shipments, eked out the lean periods in demand by popularizing date salads. Summer candy selections and pie à la mode emphasized by winter are other common devices for overcoming the human element in environment.

The limitations here, however, so glibly brushed over by planning optimists, are obvious and need not be stressed; in general I shall continue to paint my house, eat my ice cream, order my rubber boots, ignore date salads—whenever it pleases me. So too will foreign nations continue to erect trade barriers, declare war, without holding previous discussions with business stabilizers.

(2) Where fashion and style force consumer demand the manufacturer is helpless. No regularization can solve the production of women's clothing, shoes, and millinery goods. At least I hope it cannot. Sales can be stimulated by oily suggestions—but certainly no sane manufacturer created the short skirt demand—he had to follow. Mere buying habits on the part of jobbers and retailers, however, most certainly can and should be regulated. All producers of standardized goods can manufacture to stock on balanced monthly ratios. There is no longer need for binding up production with seasonal orders or an irrational buying environment. The Dennison Manufacturing Co. has had some success in meeting both difficulties. Not only has it introduced sidelines that cumulatively meet an all-year demand, but it has induced retailers to accept orders in lots throughout the year. By manufacturing to stock in off season it can handle all its peak demands. Other companies, such as Procter & Gamble and the Knox Hat Co. have dispensed with the irrational element in their buying environment by eliminating the jobber, and so chaos, from the lives of their employees. The Packard Motor Car Co. has broken down the wall of fashion and instituted a regular yearly plan of production distributed equally over the months. It has partly overcome the high-cost difficulties of motor-car storage by persuading dealers to encourage buying throughout the year and to accept off-season shipments of cars. These examples suffice to emphasize the main roads toward a guaranty of steady employment.

The marvel is not that steps have been taken—rather that examples are so few in a nation boasting of its business ability. As a matter of fact it has shown no such ability in the mass. It has ignored the first essentials of all conduct—simplicity and directness. Whether these can ever be set as guide rules for an industrial system that depends on no given direction for its stimulation to action but on the chaos of conflicting whims of a multitude of sellers and buyers is a matter again of conjecture. The will toward regularization can obviously achieve some minimum stabilization of employment. It can never, however, eliminate the threat of unemployment.

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This is the one fact to be stressed. There is actually no longer, even in an individualistic profit system, save for a few obvious exceptions, any excuse for a continuance of the ruthless hire-and-fire method of employment. Carelessness and rank stupidity account for a large part of it. But intense competition for the consumer's dollar with consequent rising and falling in the tides of the casually employed will continue as long as society is unconcerned with methods of production that are said to serve it. For society is after all the environment that manufacturers at present must contend with. The methods of dealing with the Liverpool and Seattle dockhands are classic examples of what pooled labor reserves can accomplish toward eliminating the so-called unemployables: actually it is the elimination of human wastage. A comparison of the degree of contentment and enjoyment in life, pride in personal and community appearance reflected between towns whose inhabitants are sure of steady jobs, and those whose incomes depend on the ebbing and flowing of hunches and whims and managerial unconcern, speaks for itself.

While the odd-job, extra-hand worker will never fade out of the picture; while many of them might protest violently against being "regularized"—yet the fact cannot be escaped that a vast number of them are denied the opportunity of steady employment: haphazard industrial methods, slack management, and lack of planning have continued to regard them merely as so much factory fodder to be taken on and dropped according to convenience.

The fact also remains that many industries are so intensely interdependent that environment for any one of them is impossible to struggle against. This is particularly true of those supplying goods for producer's markets—manufacturers of capital equipment: a large part of the Middle West pulses to the fluctuating heartbeat of automobile factories. But the line of attack is not as chaotic as the problem would seem to suggest. Blueprints of a stable and planned society will probably remain blueprints for some time to come. The first line of attack is far more simple and direct.

The reduction of unemployment to a possible fluid minimum can never be accomplished while the ruthless "hire-and-fire" system is allowed to go on unchallenged. The system in itself, however, is dependent on the large reserves of men employers are allowed to keep on hand in semi-idleness and stagnation. Not only their own ignorance of where to turn prevents the exodus of these reserves, but they are kept massed by deliberately falsified information. The club of bargaining power is a privilege employers consider theirs alone: The more the men, the fewer the jobs, the lower the wage need be. Furthermore, these pools of labor make more than casual planning of production or efforts to control the market unnecessary for the employer; rush orders can always be met.

The immediate problem is distorted if it is regarded, as it appears to be on the surface, one of planned production. It is not. The problem that society can immediately and directly apply itself to is the tapping and rechanneling of these pools of stagnant labor energy.

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(3) Cyclical unemployment.—And under this last heading comes the most fiendishly vicious and fertile of all forms of unemployment—unemployment bred by unemployment—both by capital and by labor. It is not the mere chronic unemployment of "normal" times, leaks of labor and human energy that intelligent patches might plug up—it is the savage, all-consuming unemployment that is born of and intensifies social sickness, spawned at an ever-increasing rate from the already existent festering masses of human stagnation. To isolate such unemployment from that socially accepted phenomenon, the subject of learned treatises and reports, the business cycle, would be to distort its significance beyond value of discussion. To pretend to cast any further light on this subject of the economic scholiasts, however, would be silly—as well as beyond the scope of this paper. What can and must be emphasized is the disastrously vicious part unemployment without the support of purchasing power plays in deepening and prolonging the cycle of depression. It is obviously something that the rosy business economists who preach Buy and a Sales Tax do not take into account—or else the assumption must be that the 15,000,000 totally unemployed, the 17,000,000 on part time, their families and dependents, are "hoarding" either no income at all or an income cut to the bone that in normal years, bloated and juicy, was hardly enough to meet the barest requirements of living.

Today to say that production cannot continue without consumption, that the two are actually one, that they differ only as points on the circumference of a circle differ, is only to utter an apparent truism. There is no beginning and no end. Their flow is the bloodstream of any economic unit, whatever its method of distribution and exchange. The individual producing plant within the economic unit can produce only as it receives, or believes it will receive, its share of the wealth with which to continue production. In a competitive society the individual plant, by acting as it is compelled to act, either when its share of the necessary wealth is actually decreased, or when it feels that there is a good chance of its decreasing, only hastens on catastrophe. If it does not receive its share of the vital stream, its only recourse, in order to preserve life, is to release still less than its former share. This action in turn slashes the share normally flowing to all other units. They, in self-defense, are forced into acting likewise. And so, completing the vicious downward spiral, the share returning to the original unit is still further drastically reduced.

The logical outcome of such a process is self-strangulation. Yet of necessity it is all good business. It is essential from the point of view of each private business man, when times, subjectively, are hard, that rigid economy be practiced. Rigid economy characterizes itself in the well-known forms of unemployment, part-time work, wage deflation, and restricted production. The cumulative action of many individual business men, each moved by his own practical concern with immediate ends, is disastrously fatal for society as a whole if it is allowed to run free and unchecked. Independence and self-sufficiency are ghastly myths that breed a vicious cycle of self-destruction. Each self-sufficient unit by attempting to prove its self-sufficiency drags down every other self-sufficient unit into a bewildered chaos of tightened mental belts amid physical plenty. The business cycle is a phenomenon peculiar to capitalist society and can neither be understood nor examined apart from a capitalist background.

The failure obviously of the individual business man seeking his own profit and steady dividend payments lies in his inability to see the consumer as the vital link in the continued flow of production as well as the very source of his own profits and dividend payments; or, what amounts to the same thing, his tragic inability to act upon his vision even if he should see clearly. Such well-intentioned action would be merely to invite destruction and, furthermore, would be entirely futile. Every business man is forced into removing consumers, because they appear on his books as costs of production, from their share of the vital flow. Like men in some ghastly nightmare, standing upon chairs, their necks collared by knotted ropes dangling from rafters above, they calmly, as though impelled by some awful force, with terrible cold sanity, one by one, kick the chairs away from under their feet. So each producer, acting either in the light of

his own reason or compelled by restricted bank credit,[41] destroys purchasing power. And this is considered sound business.

Without purchasing power stagnation and the tidal wave of unemployment is on, and each man unemployed means a degree less security for the man still employed; he is one body less for which consumption goods need be produced. Eventually follows the savage and bitterly self-destructive phase of depression such as we are in the midst of now. Not only do employers fight among themselves in the desperate struggle for self-preservation, but workers also, pressed by starvation, beat one another down in the battle for jobs at any price. The would-be sane employer is reduced to the level of the common scamp profiting off the "willing" labor of men struggling against starvation. The labor-surplus of depression, without unemployment insurance to bolster its sagging and beaten down purchasing power, is more fatal to production than the glutted goods market of boom periods.[42] Industries are thrown into chaos in the fierce effort to snatch and to fill the trickle of hand-to-mouth orders sent in by cautious retailers.

The State alone, standing above, a representative of the whole, is in position to bring order out of chaos.

It is therefore peculiarly fatal when the actions of the State are dictated not by an objective and scientific view of society, but by logic determined by the practical and directly applicable thinking of the private business man. To quote Cassel: "Science must look upon economic life as a whole, and consequences which from the point of view of the individual business man are remote, may from a scientific standpoint have at least the same importance as nearer ones."[43]

The State cannot legislate business cycles out of existence. But it can, by recognizing its responsibilities, take such steps as are beyond the power of any self-reliant individual. It must launch forces moving in precisely the opposite direction from those set in motion by private business. It must restimulate the amoeba by opening new sources of purchasing power and relieving it of its cumulated waste materials. It can, to a large extent, so alter the environment that each individual productive unit may proceed to the increasing benefit rather than injury of every one else. Mr. Hoover himself, in spite of his constant retreat during the past few years from assuming a position of detached authority, once demonstrated that he had a fair grasp of the idea and stimulated many economists to false hope.[44] In 1923 he attempted to delay public works construction to a period of depression. He was attacked by the Manufacturer's Record for so doing, which was one of the greatest compliments he has ever received. But he has amply made up to the outraged gentlemen since. His 1934 budget estimates would set any manufacturer's heart beating with economic delight. The appropriations for Government buildings show a decline from the 1933 figure of $212,000,000 to $69,000,000; public improvements from $402,000,000 to $122,000,000; $18,000 is tucked carefully away for relief purposes—just in case any one should happen to lose a job. Mr. Hoover's engineering instincts have shown themselves in the end more dominating than his economic; only an engineer could seek to build a bridge of sound capital structure over the yawning chasm of lost purchasing power.

So much for a broad outlining of conditions creating unemployment. Only in one group, group II, have any active steps been taken to date toward remedy. The present depression has of course stimulated thought directed toward the problems offered by I and III, just as did that of 1921. Several of the States, 30 in varying degrees of seriousness, are considering unemployment insurance and more efficient systems of employment agencies.[45] But, encouraging as these signs are, they do not permit even the solace of feeling the barn door is to be locked after the cow is gone: a plank or two will be nailed across a gap through which a herd of cows may still be driven. Though one or two States may act as Wisconsin has acted, as Ohio is preparing to act, though certain exceptional industries have attempted to regularize output in the several ways mentioned and others may follow—what a group of business men stated as reflecting their point of view toward the problem as a whole as far as individual action was concerned, after a survey of the field in 1925, may be restated today and may be applied equally to the efforts of States as well as industries: "Private efforts * * * no matter how significant or encouraging they may be, still remain individual as far as a solution of the problem of unemployment in a large way is concerned[46] * * *."

North Carolina can just as surely undermine Massachusetts as the fly-by-night sweatshops can undersell and undermine the respectable garment shop attempting to operate and at the same time be responsible for the health and security of its employees.

The Nation has two courses before it: either to lift its people bodily into the structure of civilization which has been proved possible and to hold it there—or to resign itself to the level of its own dirt. There is no other alternative. It is monstrous idiocy to look for benevolent cooperation in a business world in which the loss of one is another's gain.

C. TOWARD CURE—FLOW AND OUTLETS

Just as I have attempted to break down the causes of unemployment into three main divisions, each of which was necessarily somewhat blurred about the edges, so I shall, for the sake of immediate clarity, break down the multitude of proposed remedies into what I believe to be three fundamental and immediately applicable approaches to a cure.

This, however, must be emphasized. The success or significance of any one of the three is dependent upon the simultaneous enactment of all three. No one is in itself a cure. Each bears with varying degrees of effectiveness upon each of the causal groups as listed above. With the bottom ripped open patchwork cannot save the boat. It is a question now as to whether or not even a whole new bottom will turn the trick. Therefore no one who pretends to have genuine interest in the preservation of the boat itself, who is sentimentally attached to its decorations and interior constructional designs, its familiar corridors and alleyways, would betray wisdom in refusing a complete overhauling of its damaged mechanism.

Many, with less interest in the old smoking-lounge atmosphere, are now taking to the lifeboats and urging the drowning crew to come with them. That more of the crew have not followed is only because their remnants of hardtack and clothing are still on board, and, from the water line, they have not seen the fertile lands toward which the lifeboats are heading, or else believe them as yet only to be mirage. But in the meantime the waters are rushing in. The crew is in the hold. The boilers, too, are down below. Complacency in the smoking lounge, while conversation has turned to shipwrecks of the long ago, lingers only because cigar smoke burns blue, and tales of wrecks at sea seem far away amid these dark-stained solid walls * * *.

The reasoning that makes the three recommendations necessarily one may be summed up as follows: A system erected for connecting the peculiar qualifications of men with suitable jobs, for surveying the trend of job opportunities, and for supplying information, while it is the groundwork for all attacks on unemployment, does not create jobs. It does not make jobs. It does not

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[41] What part the private banks play in determining the business policies of manufacturing corporations is impossible for me to go into. But the question cannot be ignored. The partners, for example, of J. P. Morgan & Co., Lee Higginson & Co., Kuhn-Loeb & Co., Dillon-Read & Co., Speyer & Co., J. and W. Seligman & Co., and 10 other private banks have 71 directorships in the leading commercial banks of New York, besides 996 directorships in some of the largest public utility, insurance, transportation, manufacturing, and other corporations. The eight leading commercial banks of New York, over which the private bankers have control through interlocking directorships, hold directorships in 287 insurance, 301 other banks, 521 public utility, 585 railroad, steamship, and airplane transportation companies, 846 manufacturing, and 1,201 other corporations. Among these eight banks are the Chase National, the National City, the Bankers Trust Co., and Guaranty Trust Co. Therefore, when Mr. A. G. Wiggin launches a low-wage campaign, as he did early in 1930, a large part of the country must listen—and woe betide any editor who opposes him if he is dependent on advertising for the financing of his paper or magazine. Certainly no manufacturer can run counter to "sound banking policy." His freedom of action is a myth.

[42] The time for discussing unemployment insurance reserves seriously, however, passed while Mellon was grinning over tax-rate cuts. In the words of the President's 1921 conference: "Prevention as contrasted with relief is possible only through foresight * * *." Not that they are not immediately essential, but that opposition to them today is almost insurmountable.

[43] The value of Federal construction and maintenance by fiscal years, ending June 30, was as follows:

1928	$274,000,000
1929	308,000,000
1930	340,000,000
1931	492,000,000
1932	637,000,000
1933	785,000,000

Public expenditures for permanent improvements other than Federal, exclusive of repairs and maintenance, were as follows:

1928	$2,821,000,000
1929	2,838,000,000
1930	3,054,000,000
1931	2,452,000,000
1932	900,000,000

Railroad and all public utilities:

1930	$4,000,000,000
1931	2,410,000,000
1932	1,200,000,000

Contracts awarded (factories, commercial, and residential) by calendar years:

1929	$3,400,000,000
1930	1,950,000,000
1931	1,260,000,000
1932	510,000,000

[44] The recommendations made by the President's committee on unemployment in 1921, on which Mr. Hoover sat, still make stimulating reading today!

[45] Since the writing of this paper the Wagner bill providing for a Nation-wide system of employment offices has been passed.

[46] Can Business Solve Unemployment? Lugwigson, Draper, Cannon, Lescohier.

preserve jobs. It feeds a man nothing. It can serve as a channel for free man-hours, but there is no certainty that it will dump them into wealth-producing overflow areas. It cannot unclog closed gaps. It does not regulate the flow of wealth that alone, in a profit economy, makes jobs possible. Therefore such a system must be supplemented: (a) By a legislative device aimed at creating and preserving the opportunity for work by apportioning the hours necessary for a certain quantity of production among those with a supply of labor hours to offer; (b) by machinery aimed, first at preserving the necessary flow of credit and currency that production may be absorbed by those whose jobs depend upon that absorption and consequent necessity for fresh production, and secondly at affording a constant minimum of purchasing power during jobless transitional periods. In other words, what must be aimed at is an equilibrium of gaps.

The method of procedure toward a shaping of the essential outlets has been determined by: (1) The conception of a healthy economic system as necessarily one in which the flow of producers' goods to consumers is either constant or expanding in accordance with the growth of productive technique; this is fundamental and is dependent on neither communistic nor capitalistic methods of distribution; (2) by the placing of the qualifying factors that determine the evenness of that flow in our present form of society upon that fundamental base, the profit motive; and (3) by then allowing the three causes of unemployment as listed above, when contrasted against the originally conditioned desirable state, to set up their own solution. In one hand one holds the design or pattern, in the other the roughly molded clay; by comparing the two it is immediately apparent where the clay is to be reshaped if it is to conform to the desired pattern.

1. A nation-wide system of public employment agencies must be established. Branch offices will be set up in strategic industrial and agricultural areas. These offices will be run by local, nonpolitical administrative authorities under the immediate control of the State in which it is found. State systems will in turn be linked together and given coordination by the Federal Employment Service as outlined in the Wagner bill. The present employment service will pass painlessly away.[47] The problem of sick labor distribution demands specialists and not quacks. The method of introduction of this step by Federal grants in aid to States contributing equal funds, while not the most desirably effective, is perhaps the most feasible. States are offered the opportunity of joining the plan. They are still free to accept or reject it.

This is by all odds the most essential and immediately necessary step toward attacking the problem of unemployment. Ignorance cannot be effective. Ignorance, save for the findings of unconnected investigation committees, is general today. It not only blinds all remedial steps but hangs as a cloud over employment conditions in the past. There is no factual basis to refer to. Estimates varying widely and frankly mistrusting their own conclusions alone indicate the normal amount of unemployment in the country at any time.

Some light on the present knowledge of unemployment is cast by the statement of Mr. Walter S. Gifford, director of the President's organization on unemployment relief, given before the Committee on Manufactures in January 1932.

"Senator COSTIGAN. We have had, however, some very definite estimates as to unemployment in certain parts of the country. They have been obviously conservative estimates, but a committee reported that last summer in Pennsylvania there were between 900,000 and 1,000,000 unemployed. The present estimate puts the figure in Pennsylvania somewhat in excess of 1,000,000 people. Do you regard that as a conservative estimate?

"Mr. GIFFORD. I do not know. I think that might be all right. I do not know what the working population of Pennsylvania is.

"Senator COSTIGAN. We have had estimates of New York City of approximately 750,000 people out of work and more or less in need at this time. Do you agree with that as a conservative estimate?

"Mr. GIFFORD. I think I do. I think that is perhaps all right.

"Senator COSTIGAN. Could you give us your estimate of how many in New York State are in need?

"Mr. GIFFORD. No; I could not.

"Senator COSTIGAN. Can you make an estimate for Illinois where we were advised the other day there are approximately 1,100,000 unemployed?

"Mr. GIFFORD. I could not do that.

"Senator COSTIGAN. Is your information similarly indefinite with respect to the rest of the country?

"Mr. GIFFORD. Yes, sir.

"Senator COSTIGAN. Do you know or does anyone else whom you can turn to know what the relief needs are in the smaller cities of the country which have no community chest organization?

"Mr. GIFFORD. No; I do not know.

"Senator COSTIGAN. Do you know what the relief needs are in the rural districts of the United States?

"Mr. GIFFORD. No.

"Senator COSTIGAN. Your committee has not assembled information of that sort?

"Mr. GIFFORD. That is correct * * *.

"Senator COSTIGAN. Did you, from any other source, acquire information which would enable you specifically to advise us how many people in the United States at this hour are on the verge of starvation?

"Mr. GIFFORD. I hove no such information.

"Senator COSTIGAN. You have no such information?

"Mr. GIFFORD. No, sir.

"Senator COSTIGAN. How much money is available to meet the needs in America? You have stated that the needs are not known to you. How much money is available to meet these unknown needs?

"Mr. GIFFORD. Well, certainly there should be enough available to meet them.

"Senator COSTIGAN. In any event, your organization has made no affirmative effort to tabulate the facts with respect to the human needs throughout the United States?

"Mr. GIFFORD. That is correct * * *."[48]

I cite this as the consequence of profound ignorance in grappling with a problem the immensity of which was not and could not be grasped by those in authority. There was no means of securing information. There was nothing but the vestigial remains of the war-time United States Employment Service which was a constant source of misinformation.

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Indeed, one cannot refrain from speculating as to what would have happened had an adequate system of local fact-finding agencies been in existence during the period from their post-war destruction, through 1929, to the present. It is somewhat ironic that the same Mr. Hoover who served on the committee for investigation of unemployment in 1921, that recommended then the promotion of a Nation-wide system of employment agencies, should have been the man to have vetoed the first affirmative effort toward bringing order out of chaos, 10 years later: "to prevent a serious blow to labor". By this he meant a blow to labor politicians. Rather than putting the job of attacking chaos in the hands of civil-service employees and skilled experts, the President turned it over to the lumpy fists of Doak. Doak winked. Democratic hacks turned Republican hacks overnight and found themselves cosily pillowed as Doak Employment Bureau chiefs. Bleary optimism resumed its blinking.[49]

Certainly years of blundering, of miscalculation, of duplication of effort, of not knowing when or with what to strike, would have been eliminated. Relief, had the need arisen at all, could have been immediately and adequately applied. There would in all probability have been no stampede drives for charity with quotas set not according to what crisis demanded but to what it was estimated a community could afford.

Listen to the bulletin reports of the United States Employment Service, as it now exists, as the depression gathered headway. Mr. Jones, its head, as a distinguished economist observed, "has revealed his incapacity in increasing measure with the years." Watch it month by month, revealing itself through a bulletin issued with all the authority of officialdom to back its appalling misinformation.

November 29, 1929: "Movements now under way will have an encouraging effect on industry, which will mean an increase in the volume of employment. All signs are encouraging and better economic conditions should prevail in the immediate future."

January 1930: "After a careful survey of the business outlook we enter the new year with optimistic spirit and high hopes and predict that 1930 will measure in volume of business with the preceding year * * *."

February 1930: "Business and industry appear to be consolidating the progress made in January for an expected upturn during the spring months * * *."[50]

Actually, between November 1929 and the expected upturn of the spring months, the volume of unemployment exactly doubled itself, and, continuing through the summer at the same rate, had tripled itself by August.

Thus was the President's committee armed to meet rather with the powers of darkness than with the specific needs of unemployment. What it did was to organize a sort of cheering section. It backed the disastrous policy of imposing the burden of relief on local communities—ignorantly and blandly. It supported a system of "poor relief" hardly adequate during the reign of Queen Elizabeth and finally outmoded by the industrial revolution. Its validity rests on the fantastic assumption that industrial areas are actually self-dependent; that the cigarette industry, for example, derives its wealth entirely from within the borders of North Carolina; the automobile industry from Michigan; that coal-mining areas are independent of the industrial needs of the country. It

[47] One of Miss Perkins' first moves was to discard the Doak system.

[48] The blame is not entirely Mr. Gifford's. Definite information, now, 1 year later, is still lacking, as is the machinery to bring it forth.

[49] For a full account of the Doak system in action, see The United States Employment Service, by Ruth M. Kellogg, University of Chicago Social Science Studies, XXIX.

[50] The Problem of Unemployment, Aaron Director and Paul Douglas, University of Chicago.

failed to take into consideration the nature of our modern corporate system. It ignored the concentrated wealth in the hands of modern "absentee landlords" and therefore imposed added tax burdens on the shoulders of those least able to bear them. Of the relief funds raised in this country approximately 70 percent was derived from taxes, the remaining 30 percent from charity drives up to 1931; public funds now bear 90 percent of the burden, private drives, 10 percent; and exhaustion is in sight for both. Few States and no municipalities have the power to levy income taxes. Taxes, therefore, fell on local property in distressed areas. The policy of local relief therefore further irritated the very incongruities that had plunged the Nation into depression. By forcing those least able to pay it not only precipitated the number of evictions and destroyed property values, but disastrously weakened consuming power and added another block to recovery. Local relief relieved the rich, not the poor.

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Public employment agencies of course would afford far more service than that of providing a constant check on the volume of employment in each industrial community. Their crying need grows directly out of the tempo and characteristics of modern industry. There is good reason to believe that all the forces that we have set down as making for industrial instability in the past will continue, possibly increase in the future. Technological improvements will certainly continue. New industries will arise, go through a period of initial expansion, and arrive at a point of satisfying a fairly constant demand. Old industries will grow obsolete. Their demand for fresh labor will constrict. There will be an increasing need for a rechanneling and reeducation of labor. Industrially decadent areas must be given information of new opportunity, the stagnant surplus pools drained off. It must be no longer necessary for armies of bewildered, ignorant, unwanted men to stray from State to State in hopeless pursuit of elusive rumor. There are better ways of connecting the right men with the right jobs.

In addition to responding to the needs suggested by my first group of unemployment causes public employment agencies will have far-reaching effects on the second. They will help crush the evil of intermittent employment. They will drain off the half-idle pools of men kept by factories to meet their peak loads. They will enable factories to stabilize and give the promise of steady employment to a selected group, knowing that they can draw on the agency for reserves. Thus instead of innumerable factories with innumerable men not knowing from day to day whether they will be called upon or not, growing despondent and shiftless, labor reserves may be pooled, and one constant source in a given area will take the place of many to meet peak loads as they arrive. Efficiency in the labor market will mean increased efficiency in industrial methods. This has been demonstrated again and again. Boom-industrially induced flowing of men to crowded centers will be reduced to a supplying of actual demand.

Just how the regularization of employment can be attained through the cooperation of public employment agencies has been partially demonstrated here in America by the work of an experimental center set up in Rochester, N.Y. The following is a short report on its activities in that line taken from the February 1933 midmonthly issue of the Survey: "* * * The center has for a year and a half carried on a field-work campaign to develop the clearing-house idea in the industry in question. This industry has six large factories in the Rochester area, each employing more than 500 workers in a normally busy season, 15 smaller factories, and 4 plants making units used in the business. * * * Before the public employment service stepped in the industry had recruited its labor through want ads, and had always suffered a dearth of skilled workers in peak periods. By agreement with the service plant superintendents and foremen now call the center when they need extra help. A policy of openly borrowing workers from plant to plant has been adopted, with the center as a clearing house. The center got the cooperation of one of the trade schools to train workers in new operations and to retrain workers who have been out of the industry for some time. A new industry using the same type of skilled operators recently located in Rochester. It was informed by the employment center of the seasonal complications of the older industry, and has arranged its production schedule to miss the peaks of the other plants. In this way employment periods for a large group of workers will be spread out, and neither industry will be crippled for lack of skilled workers at its busy season." I shall return to the experimentary work now being carried on by the several trial centers now in operation in America.

Public employment agencies offer, of course, no panacea. They are not a cure-all for unemployment. They create no jobs. But they do offer a practical and humane approach to one of the constant problems set up by modern industry. They give the only answer to long weary months of gate-to-gate job hunting, to weary days of street plodding, to the hopelessness of being unattached, without a job, and of feeling a world sweep on without one. They alone can preserve the act of saving on the part of today's workman from becoming a mockery, can keep pride in one's self and one's skill and ability from becoming a farce. They must be regarded for what they are, in the light of the problems they are designed to attack, and looked to for nothing magical. Essentially they are channels facilitating a flow necessary to the amoeba. They are a vital factor in the continued running of the economic mechanism.

To sum up: A coordinated system of public employment agencies can, by promoting a more efficient distribution of labor, reduce to some degree the amount of unemployment, and be of service to both workers and employers.

1. By providing a central place to which both jobs and applicants are referred, they will lessen the time lost by workers in hunting for jobs, as well as the expenses employers suffer in constant and unnecessary interviewing and advertising.

2. By providing a central labor reserve they can remove the necessity for individual enterprises maintaining separate and distinct reservoirs of labor to meet peak loads, especially in the case of those industries employing large groups of casual workers; in removing this constant threat, an existent labor surplus which menaces those employed, they attack the standard-lowering bargaining power of employers.

3. By protecting workers from exactions of private employment agencies that charge excessive fees for inadequate service; that are guilty of every conceivable type of fraud that can be practiced on the unprotected and helpless job hunter.

4. By providing special services for particular groups: for juveniles, women workers, and the aged vocational guidance and reeducation; for those who are forced out of industry or a locality by industrial shifts and are today without adequate protection and are left at the mercy of those interested in local real-estate values—the benefit of transportation.

5. By furnishing information on the state of the labor market, both as a whole, and in relation to specific industries and lines of work: Special investigations gotten up in times of crisis are expensive, unwieldy, too late to be of use—and often ignorant.

6. By affording a constant nervous sensory contact with industrial conditions and the needs of workers, and, should emergency again arise, by providing in readiness the skeleton outline of defenses against hunger.

7. Finally, when public unemployment insurance is established, a system of employment offices will be essential to the efficient administration of the measure. Only so can a check be kept on the willingness or unwillingness of a man receiving benefits to work—only so can the largely imaginary danger of dependence on benefits be avoided.

It is interesting to note reports from those pioneering experimental agencies now being carried on in Rochester, Philadelphia, and Minneapolis. They have recently been set up by special funds appropriated by the State and municipality. They serve as working models of what public agencies may be expected to do. In addition their experience will be of inestimable importance with the launching of the Wagner bill. They have added American technique, ingenuity, and efficiency to lessons learned from the long-established free system of England and continental countries.[51]

The first essential difference between the new and what remains of the old public employment service is in the type of office and in the section of town it is found. Every type of wage earner is catered to. The new offices are in thriving sections of the city. Their rooms are large, modern in design, light, scrupulously clean. Each office is spaced off; its staff is divided to take care of different occupational groups: technical and professional, sales and clerical, skilled hands, industrial workers, domestic and institutional workers, unskilled labor. Each applicant is shunted off to his respective division. There he is given a record blank to fill out. A Rochester office, for example, requires the applicant to set down his name, age, address, height, weight, marital status, dependents, work desired, salary required, restrictions as to place of work, educational degree and special training, the names and addresses of former employers, duties and responsibilities while employed, and, finally, reasons for leaving the last job. The applicant is then granted a private interview.

Similar to the cards filled out by applicants are employer's order cards stating in detail all job specifications, wage or salary, type of man desired, etc. Calls for workers come in as well by telephone and mail, or the employer may pay a personal visit to the agency. All jobs secured are followed up by the agency. For example, during the first 10 months of 1932, 59,110 men and women registered at the 3 Minnesota offices, of whom 23,425 were placed, 40 percent in permanent positions. Rochester reports during the same 10 months over 13,000 applicants, more than one third of whom were successfully placed. Neither showing bad for a slack year.

As yet these offices, in their experimentary stage, have not the advantage of the German offices where employers are required to report vacancies. They still have to sell their services. But an increasing number of firms are placing all their orders in the hands of these agencies. At present their own proved efficiency is the sole means, not only of routing out private agencies, but of gaining employers' confidence: they are on a business, not a charity basis. William H. Stead, head of the Minnesota project, reports: "The members of the staff have made 2,189 employer contacts or visits, each of them reported in full. As a result of these contacts, a total of 2,000 employers have used the service, most of them a number of times. This figure does not include

[51] Survey Graphic, February 1933.

individual employers of domestics, farm labor, and casual workers. * * * These 2,000 employers have placed orders for 35,212 workers; 42,735 applicants have been referred for consideration, and 33,402 verified placements have resulted. Approximately 40 percent of these placements are regular or permanent positions."

In addition to the service of bringing together jobs and men these agencies bring out curves of local business activities and employment, affording real foundation for further reaches of the work. The Minneapolis agency after a number of tests on representative members of various occupational groups has drawn up "profiles" charting skill and personality to afford a guide toward ascertaining the aptitude of applicants for jobs. This is but a summary of the possibilities the plan affords.

Above all must be emphasized their nonpolitical character. Governor Pinchot on the opening of the Philadelphia unit wrote the State employment commission: "The first and all-important step to the success of the Philadelphia experiment means its severance from all political affiliations. All of its appointments must be made clearly on the basis of experience and technical training for this highly important endeavor * * *. This work must be honestly and equally free from political control."

Not least of all these local experiments have clearly and convincingly demonstrated the crying need for not only State-wide but Nation-wide interlocking units. To quote a summary of their findings: "Again and again staff members have pointed out how the individual offices are hampered by being unrelated enterprises rather than units in a country-wide scheme. Their records and experience show that even in a depression, difference in climate, in the supply of raw materials, in market demand, style changes, and the manufacturing operations that cater to them accentuate an oversupply of labor at one point, while at another, factories or canneries may be running extra shifts and calling for more workers. These peaks and troughs of activity are of course sharper and more frequent in normal times. Similarly there is a shifting demand for skill. The resulting flow of labor is not determined by city or State lines. It is to the advantage of both employers and employees that the offices which would serve this flow, stop its leaks of wasted working time, and help stabilize the wage-earning market, should be interconnected."

In the end, then, such a system may have a marked effect on all three of the indicated causes of unemployment, cyclical as well. And in depressed times, because of their cracking up of the pools of labor reserve, keeping them in a state of fluidity rather than stagnation, they will be of invaluable service in preventing the drastic bidding down of wage-scale and labor standards that occur when workers fight among themselves for jobs—or starvation. Above all they will relieve charity of an unjust load and enable it to attend to its own job; attending the social misfits, the aged, and the sick. No charity organization was formed to either pay an incompetent manager's wages for him whenever it pleased him to lay a man off, or to bear the burden of a chaotic industry.

The danger of technological unemployment is furthermore multiplied if improvements are taking place simultaneously in a large number of industries and is particularly aggravated if the commodities are subject to an inelastic demand. The consequent lag in consuming power may actually precipitate depression. With a common clearing house for jobs in existence it can be determined what times are best for bringing about the change. Technological shifts can be staggered to a certain extent. Advance notice of such shifts can be supplied the office, which could then work toward securing the rough equivalent of old jobs for the displaced workers.

In any case their reeducational work will make the advance of industry less ruthless in its antiquating of old skill. The sufferings of displaced workers is neither inevitable nor need it be forever regarded merely as one of the prices of progress—an easy thing for those who never pay. The real value of employment agencies here must be realized. This is their effective field. They supplement in the labor world the exchanges that have long existed to facilitate operations in the financial and trade world. The displacement of labor cannot be avoided, nor is it necessarily a social evil. It is the failure to reabsorb labor that is the root of all concern in the problem of unemployment. And it is this problem that a public employment service can directly attack. Sir William Beveridge in concluding his remarks on such a system wrote: "It is a policy of making reality correspond with the assumption of economic theory * * *. The ideal for practical reform, therefore, must be to concentrate the demand and to give the right fluidity to the supply."

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(2) A 6-hour day, 5-day week for manufacturing industries:

We have continually during the brief study of the decade 1920–30 noted the disastrous effect, the waste in human energy, of materials, and of money wrought by following the policy of withdrawing men rather than man-hours from industry. Rather than society's realizing in increased leisure time the profits derived from machine and managerial efficiency, the profits were shunted back into industry and new burdens thrust on the back of a crumbling purchasing power. The final pressure of forced selling succeeded in the end in overthrowing the whole top-heavy structure. But up to that time the cost of prolonged hours were borne by consumers; annually they footed an advertising bill of over a billion dollars; they paid for organized propaganda schemes launched by the public utilities in pamphlets and doctored textbooks; they paid for countless wastes in distribution; they paid for surplus and unneeded plant material; they paid for wasted machinery and artificially induced obsolescence to speed the demand for new buying.

The essential overflow of man-hours from industry, in other words, was channelled not into the only remaining area of safety, but into waste enterprise or unemployment.

For the first time, as I have pointed out, we are faced with a situation in which there is no normal overflow for a glutted labor market. At the same time no immigration restrictions can or should bar the entrance of millions of mechanical and socially useful men. The labor market can be relieved in only two ways. The first, the socially desirable, logical, and now desperately necessary way is by the withdrawal of man-hours leaving man in touch with his source of vital wealth. The second, the path dictated by our industrial frontiersmen, was the forcing of socially unnecessary men into socially unnecessary labor resulting in waste, oily advertising pressure, actual overproduction, and tragic denial of man's right to an opportunity of self-development and self-knowledge once he had completed his socially necessary task of labor.

The time has passed when labor power is normally absorbed into new industry. Unless something akin to the automobile arises that responds spontaneously to an instinctive desire of man, new goods demand an organized high-pressured campaign to force their undesired qualities on an overburdened market. "With the introduction of machinery the percentage of 'labor-hours' or 'man-days' required for the production of those necessary goods like food, shelter, and clothing, which we spontaneously desire and demand, has rapidly decreased. As a result an ever-increasing part of the practically constant amount of expended labor energy is forced into the production of goods less necessary to those with purchasing power, goods for which demand must finally be created * * *."[24]

Charles Merz has described this process as follows: "It is impossible to put much trust in the quaint notice of Emerson's that if a man living in the woods makes a good enough mousetrap, the whole world will beat a path to his door to buy it. Launch a new mousetrap in 1928 and the effect is spectacular. Surveys are undertaken to determine the presumptive sales resistance of potential purchasers of mousetraps of different sizes, shapes, and colors. A national advertising campaign is undertaken to instruct the country in the use of bait. Pictures of villages in flames call attention to the fact that more harm is done by mice annually than was done in Belgium by the German Army in 1914. Prizes are offered for the best letter on mice, the mortal foe of man. Mice clubs are organized in public schools and October 6–12 is announced at "National antimouse week." At the proper moment the "Mousetrap boys" strike up at station DKA, broadcasting ukulele programs * * *."

The census shows that the percentage of labor energy used for selling and distribution increased from 19 percent in 1850 to 51 percent in 1920. The comparatively stable price levels throughout the ensuing decade, coupled with the unprecedented saving in the cost of man-labor exploded in a volcanic eruption of released selling pressure that flooded like lava across the country; style battled with style, brand with brand, and color with color.

And unemployment itself, by cracking up the solid bargaining power of employed labor, by being forced into endlessly diversified and makeshift jobs, actually consumes its energy in decreasing the amount of claims to wealth which it is necessary to pay for the labor-hours required to turn the wheels of industry.

Actually today the cost of production determines only the lower limit below which value cannot go. The surplus free for excess spending, for excess plant, for foreign philanthropy, and advertising, has demonstrated that the wages paid out in industry today are merely nominal and based on the habits of a time when labor costs were in fact a major item in the costs of production. The average for American industry today is approximately 16 percent.

What has not had recognition, however, is that a reduction in the hours of labor today need not greatly increase the cost of commodities. A general reduction in the hours of labor, made mandatory by Federal legislation, would serve to eliminate partially the costs of industrial waste which are today the major items of the cost of production. In other words, sugary sales attention would be exchanged for leisure and increased bargaining power of the workers. Nor would such a step in any way interfere with the competitive character of United States industry. The struggle for increased efficiency would go on—even be further stimulated. "The contention that real output and real wages would fall if hours were reduced is based on ignorance of modern engineering and is just the reverse of the truth * * *," concludes Dahlberg.[25]

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[24] Dahlberg: Jobs, machines, and capitalism.

[25] As partial supporting evidence comes this report from the management of the Kellogg Cereal Co., which recently turned from the 8- to the 6-hour shift:

Increased daily production from the plant as an operating unit.

Decreased overhead.

Increased return from the capital invested in plant and machinery.

Opportunity for reorganizing working force to fit all pegs in appropriate holes.

Elimination of cafeteria expense.

(Bulletin of the Women's Bureau, No. 105.)

So much for the general background of the bill.

The spiritual opportunities which its passage affords to the millions pressed by modern industry into lives haunted by insecurity and deadened by drudgery the imagination can toy with.

* * * * * * *

Now must be discussed the difficulties some have felt a bill regulating the hours of labor through interstate commerce would have in finding constitutional sanction. In the first place any conception of a vital society progressing through successive stages of growth cancels out a picture of a rigid Constitution that must be preserved in virginal innocence free from the contaminating influence of times and altered environment. It is not a museum piece but the constant reflection of the attitude of men living in today toward the responsibilities of government. So it was to the men who created it—so it has remained to a remarkable extent to the succeeding waves of living generations that followed. It is not rigid. It is plastic and living. Only those who are themselves dead or mentally rigid can conceive of the duties of government as being similarly conditioned. It was not intended that the Constitution as originally drawn up should remain undefiled amid the ruins of a decaying civilization.

The shipment of lottery tickets was once socially sanctioned. Congress has since seen fit to control the lottery business under the commerce clause of the Constitution and was upheld by the Supreme Court. In the same way adulterated or misbranded foods and drugs have come under the Federal control. In other words, Congress has regulated interstate commerce insofar as the goods shipped were felt to contain socially destructive elements within them.

A piece of paper is of course harmless and cannot be classed with a drug or an adulterated food product. But when a piece of paper carries certain printed matter on it making it adaptable for lottery purposes, then it is socially destructive. In other words, the Supreme Court does not limit its decisions to the inherent quality of the good but rather to the social effects the purpose for which the good created may have.

A suit of clothes produced under 6-hour-day working conditions will differ in no essential respect qualitatively from a suit of clothes manufactured under sweatshop exploited labor conditions. But the effect on society at large of the latter may be to utterly disrupt and undermine all civilized standards of working conditions—it may be to throw more men out of work, to further remove potential consumers from the sources of their consuming power, and so to plunge the Nation itself into economic chaos and to destroy the slow growth of a century's progress.

Those who argue endlessly with fine-spun logic cut from the fabric of former decisions of the Supreme Court resemble medieval scholiasts in their complete separation from the pressing concern of present-day life. They reflect nothing more than their own ingrown prejudices. And whatever they may say, whatever the conclusions they may draw, nothing can alter the fact that the Supreme Court itself has 35 times reversed its decisions. Society will act to preserve itself. It is an animal organization. It will use its native intelligence to combat changed environmental conditions. To say that the Constitution, born 150 years ago in, so far as the living are concerned, an alien land, cannot change, is to say that a man born in Florida, used all his life to sunshine and warmth, cannot buy himself a winter coat when he goes North.

With great ponderousness the opponents of the Black Bill pointed to the decision of the Supreme Court in Hammer *v.* Dagenhart: It concerned the transportation in interstate commerce of goods made at a factory in which there was employment of children within certain ages and for a certain number of hours a day and days in a week. The Court by a 5–4 decision held regulation of such traffic to be unconstitutional. In other words the ingrown prejudices gathered from the childhood environment of one old man is assumed to determine whether or not, in the present instance, the Government has the right to act toward affording the opportunity of work, toward offering economic liberty in the land of opportunity and freedom. This type of logic is truly fantastic. Yet it commands much sober consideration. If it were not so tragic it would be funny.

The minority report in this case read: "The act does not meddle with anything belonging to the States. They may regulate their internal affairs and their domestic commerce as they like. But when they seek to send their products across the State line, they are no longer within their rights. If there were no Constitution and no Congress, their power to cross the line would depend upon their neighbors. Under the Constitution such commerce belongs not to States but to Congress to regulate. It may carry out its views of public policy whatever indirect effect they may have upon the activities of the States. Instead of being encumbered by a prohibitive tariff at her boundaries, the State encounters the public policy of the United States, which it is for Congress to express. The public policy of the United States is shaped with a view to the benefit of the Nation as a whole."

To quote Charles E. Hughes: "A dissent in a court of last resort is an appeal to the brooding spirit of the law, to the intelligence of a future day, when a later decision may possibly correct the error into which the dissenting judge believes the court to have been betrayed. * * *"

And again on the commerce clause: "How far does the power of Congress go in its affirmative action under the commerce clause? The power to regulate is the power to 'foster, protect, control, and restrain.' Chief Justice Marshall said that it was as wide as the exigencies which called it into existence, and it may be added that under the decision of the Supreme Court it remains as wide as the modern exigencies it must meet in relation to interstate and foreign commerce. Few lawyers 40 years ago would have dreamed of the extensive schemes of Federal legislation which have successfully passed judicial scrutiny as to their constitutional validity. * * *"

And in conclusion, to allow one further legal voice to sound, one which realizes that a living law reflects the best standards of a living people—Justice Brandeis: "I cannot believe that the framers of the fourteenth amendment or the States which ratified it intended to leave us helpless to correct the evils of technological unemployment and excess productive capacity which the march of invention and discovery has entailed. There must be power in the States and the Nation to remold through experimentations our economic practices and institutions, to meet changing social and economic needs."

One must first know what interest a man represents before his opposition to a progressive measure on constitutional grounds can be taken at full value.[54]

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It would be hopeless to try here to investigate in its totality the industrial chaos that is in existence today. It is the hysteria of men, employers and employees, struggling with no firm ground beneath their feet in nightmare turmoil to keep above the slowly sinking mass beneath them. The 6-hour day 5-day week bill would do just one thing. It would set a firm foundation on which to stand—below which no one could sink. It would establish a common ground from which competition could start afresh. It would reopen one clogged gap vital to the reabsorption of labor.

Take the case of a silk mill in Paterson, N.J. The owner in order to maintain himself must travel down every avenue open toward lowering cost of production. The question of laying men off is present and immediate. He must do so in sheer self-protection. He cannot afford, while 530 other manufacturers are laying men off, to consider the broader aspects of the question. It is nothing to him that industry at large is committing suicide and destroying its own market. He must act savagely and quickly. Yet one man, in an effort to outbid all others, is in power to set the whole vicious spiral in action.

Therefore we have this spectacle in Paterson today: Men and women are working up to 17 hours daily in single shifts. The average minimum shift is 10 hours a day—55 hours a week. Wages have of course slipped back to those of a primitive era in silk production. The output per capita has jumped increasingly through the depression years and although many factories work 1 man to 10 looms, the hours of labor since 1929 in Paterson have jumped 25 percent. The individual manufacturer is caught in a whirlpool from which there is no escape. The most unscrupulous leads the way. No one man, unless he wishes to commit business suicide, can either shorten his hours, increase his pay roll, or employ more men.

The problem is a national one.

Take the manufacturing of broad silks in Pennsylvania. Mills do not dare manufacture to stock however much more economical a continuous and stabilized productive chart would be for them. They are reduced to hand-to-mouth order snatching. They are utterly under the control of haphazard selling agents. And the very methods which they are driven into if they would fill any orders at all are driving them to insolvency and bankruptcy. Plants are completely idle from 2 to 3 days a week. Then, with a minimum number of looms in operation, they are run continually the rest of the week on two 12-hour shifts daily. While wages are down over 60 percent, hours of labor have jumped 40 percent. Ninety percent of these mills are concentrated in Massachusetts, Rhode Island, Connecticut, New York, New Jersey, and Pennsylvania. Ninety percent of these mills agreed that the 30-hour week was the simplest, most certain, most practical road from chaos. At a conference of textile manufacturers called by Governor Pinchot the owners declared that general regulation alone could save them from insolvency, relieve them from the pressure of beating one another out in order snatching. Ninety percent of these mills faced the problem realistically and saw that individually they were lost. Ten percent of the silk mills scattered throughout the South, where labor exploitation is taken for granted, by refusing to cooperate, were able to plunge the industry once more into chaos.

The problem is a national one.

The tale of cotton-textile mills is similar. Again a minority of mill owners are able to throw a whole industry out of gear, and the individual is helpless. Mills where scientific management had introduced stability, increased production under shorter

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[54] For a full and adequate discussion of the legal phases touching on the regulation of hours of industry by Congress, see Senator BLACK's speech in the CONGRESSIONAL RECORD of Apr. 3, 1933.

The reaction of a prominent Connecticut banker, for example, is interesting: "Starting with the notion that the measure was unconstitutional beyond a doubt, I finished with the conviction that there is at least * * * a 4-to-5 chance that the Supreme Court will uphold it. I had no idea that Senator BLACK could make so able a constitutional argument * * *."

hours, regular employment, and decent working conditions for employees have been driven to order snatching with the scabbiest southern mill owner driving his looms at full blast by day and by night. In Massachusetts the situation has grown so threatening that Governor Ely has moved to repeal statutory laws to allow night work. Yet the country has cotton looms enough to supply more than its annual needs running on the 30-hour week. But now not only is the individual employer helpless but whole States and sections of the country are unable to protect themselves or their workers against ruthless driving of easy labor.

The problem is of national concern.

The full-fashioned hosiery industry, after long years of struggle, had managed to achieve for itself a certain degree of stability. Now it, too, forced to grab for orders, is at the mercy of the winds. It has equipment to supply the country annually with 40,000,000,000 dozen pairs of women's full-fashioned stockings. Now more than half its plant is idle. The remainder runs spasmodically. Hours have jumped from 40 to 54 and 60 a week. When orders are in, mills operate through Sunday with wages exactly half their former level. It is no wonder that owners and employees urge the passage of the Black bill. The directors of the Hosiery Association, representing 33 plants in Pennsylvania, New Jersey, New York, Massachusetts, and Wisconsin, declared: "We firmly believe that your bill would provide steady employment for the present working personnel of our industry * * *. It would result in increased hourly earning capacity * * *. It is a tremendous step forward in industrial legislation * * *."

That such a step must be mandatory, must be universally applicable, is self-obvious. There is no other way of jerking the country sharply from its slow certain spiral toward self-destruction. Industry is gnawing its very guts out to seek food for itself.

As a representative of the National Furniture Manufacturers puts it: "Industry must go on bended knees to the Federal Government and beg that the situation be controlled." There are still a great many men who want to go on making money in a decent way.

Actually, after years of hand-to-mouth buying there is a tremendous shortage of commodities in the United States. With knowledge that a majority of the men now detached from sources of purchasing power would again be steadily employed, with uncertainty removed from the lives of those now employed, not only would orders once more begin but a large amount of hoarding would be released into circulation.

The testimony of manufacturers of representative industries over all the United States is overwhelmingly to the effect that even should industry be given its 1929 market not over one half of those now unemployed could be reabsorbed at the present hour rate; it is also overwhelmingly to the effect that Federal legislation alone can prevent what once approached civilization from crumbling into chaos at the whim of the lowest bidder.

In southern furniture mills men are working at 10 and 15 cents an hour.

In Lynn shoe factories men are receiving 6 to 8 cents for a full morning's work: $1.82 a week is "top pay."

In New Haven, Conn., a dress company is paying its women employees 65 cents a week. In Middletown, Conn., a woman with two children received $1.40 for 2 weeks' work. And there is an army of 10,000 such women and girls in the United States today—working up to 65 and 70 hours a week. Bargain dresses go big in depressed times.

Eight hundred and fifty thousand railroad workers alone represent a loss of $1,410,000,000 in purchasing power.

With 15,000,000 unemployed, the most recent and still somewhat conservative estimate, one third of the Nation's population is unconnected with any source of regular income.

Sixty-seven percent of those in employment are working on part time: "The meager wage paid to 1 man for 4 or 5 days' work is divided under the share-the-work plan between 2 men, each working 2 days a week, and each has only one half of what 1 had before * * *."[55]

But relief does not touch these so-called "employed", and many of the completely jobless, though living in chronic poverty, are at least more sure of weekly food rations than those under Mr. Teagle's bright little share-the-work movement.

There exists virtual slavery in nonunionized coal mining districts. Bituminous-coal miners have been urging the 6-hour day for a decade; and within that time, from 1920 to 1931, machinery has increased the per capita production from 4 to 5.3 tons a day, displacing 100,000 miners.

It is needless to go on.

One fact is obvious: the bargaining power of labor has been utterly shattered and starvation is a whip in the unscrupulous employer's hand. Other employers must follow—down, down, the inevitable road to stagnation.

Mr. Baker, a Paterson manufacturer, and secretary of the American Raw Thrown Silk Association, put the case well for the Black bill when he said: "Establishing the 30-hour week as the workweek, by law, establishes the right of the worker to a wage for a 30-hour week which will maintain an American standard of living. It challenges the theory that workers of every sort exist to enrich land speculators, stockholders, and financial exploiters, and establishes the principle that labor is the first fixed charge upon industry taking precedence of any and every investment of capital. Investment of effort is entitled to pay before investment of capital."

The need for this bill springs directly from the indicated trends of American industry during the past decade. It is not in any sense an emergency measure. Besides re-creating lost-job opportunity, it will have tremendous effect on the secondary list of unemployment causes I have drawn up, in that it will force orders for goods to depend upon a stabilized workday conditioning their manufacture. The hire-and-fire system will thus receive another deathblow.

The rigid conditions set forth in the Black bill are far from perfect. But it is an entering wedge for the concept: Hours, not men, must fluctuate according to market demand. The passage of such a bill automatically involves the setting up of such an administrative agency as is proposed in the following section. Wages, too, must come under central authority. The key to the situation is always purchasing power—the primary employer of men.

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(3) ECONOMIC ADVISORY COUNCIL: THE MARKET FLOW

"The fundamental principles are that social problems are products of change, and that social changes are interrelated. * * * These interrelated changes which are going forward in such bewildering variety and at such varying speeds threaten grave dangers with one hand, while with the other hand they hold out the promise of further betterment to mankind. The objective of any conscious control over the process is to secure better adjustment between inherited nature and culture. The means of social control are social discovery and the wider adoption of new knowledge. * * *

"The emerging problem is that of closer coordination and more effective integration of the swiftly changing elements in American social life. What are the prerequisites of a successful long-time constructive integration of social effort?

"Indispensable among these are the following:

"Willingness and determination to undertake important integral changes in the reorganization of social life, including the economic and the political orders, rather than the pursuance of a policy of drift.

"Recognition of the role which science must play in such a reorganization of life.

"Continuing recognition of the intimate interrelationship between changing scientific techniques, varying social interests and institutions, modes of social education and action, and broad social purposes.

"Specific ways and means of procedure for continuing research and for the formulation of concrete policies as well as for the successful administration of the lines of action indicated.

"Out of these methods of approach it is not impossible that there might in time emerge a national advisory council, including scientific, educational, governmental, economic (industrial, agricultural, and labor) points of contact * * * able to contribute to the consideration of the basic social problems of the Nation."

The above quotation is from the findings of the President's Research Committee on Social Trends. It consists of words. Words clothe ideas. Ideas emerge from experience. What do they represent? "A cooperative effort on a very broad scale to project into the field of social thought the scientific mood and the scientific method as correctives to undiscriminating emotional approach and to insecure factual basis, in seeking for corrective remedies of great social problems," answers ex-President Hoover for me.

In other words they represent the emergent realization, reached after an exhaustive survey of the Nation on the part of a committee of intelligent men only to be described as conservative, of the need of the formation of a permanent body of skilled advisers, whose duty shall be objectively to coordinate the always-chaotic, now hopelessly destructive, energies of this organic unit, the United States of America.

The words clothe an idea. The idea that we wish to hold to is this: Men and republicans in general can control more of their economic environment than tariff frontiers.

And what are ideas, burningly apparent ideas, ideas demanding action, put into words for? To inject occasional shots of emotional adrenaline on reference? The depression of 1921 injected many such shots into the principle of voluntary action.

What, for example, is a machine?

It is the material embodiment of an idea that men, in response to a felt need, have had the energy and will to pluck off a blueprint. It does in fact clothe the cumulative ideas of a multitude of minds that have passed through physical experience. A machine then is a cumulative body of thought expressed in material form—an idea acted upon in response to a social need.

Thoughts can be embodied then, even social thoughts, despite the evidence of traceless numbers of committees of investigation that have come and gone with urgent recommendations. Need is not always blatantly apparent.

But the need today for the erection into material form of a permanent body of men, furnishing in the mere act of its erection a constant source of information, applying effective directional

[55] Hearings before Senate Committee on Manufactures and Judiciary Committee.

pressure, as opposed to continued reliance on amoebic drift, on occasional investigations appointed to probe the cause of a social crisis long after it has occurred, can be emphasized no longer. The futility of depending upon voluntary action grows tedious in stressing. Such action has demonstrated conclusively that individual initiative, as wielded by those few who are still privileged to lay social claim to it, rampant within an interdependent social group, may now only be depended upon: First, to create the crisis; secondly, to sharpen it almost to the point of social disintegration.

Our entire physical foundation is collective in form. I, the bourgeois American of 1933, no less than my father of yesterday, or of 1776, still demand my right to express my individualism. But not at the price of my own nakedness. Am I less myself because of the fact that every physical want I have satisfied is the result of collective effort? The very foundation of my individualism is the collective clothing and feeding of my body. Individualism has no other meaning in terms of modern society; nor can individualism ever effectively express the creed of this individualist nation until society maturely and realistically assumes its material collective responsibilities. Until the day this Nation regards the clothing and the feeding of its members solely as the means toward life, not the end, not life in itself, and shapes its governing powers accordingly, it can never again boast of being the land of the free. And just as long as it postpones that day, just so long will it demonstrate it is no longer the home of the brave.

This is not vapid idealism. It is burning economic necessity. To continue as though living in the land of the open frontier and ever-widening horizon, to so order our physical actions, is, so far as awareness is concerned, to be dead. And death is stagnation—economic, social, or idealistic—any way you want to look on it.

Capitalism as we have used it has existed always as a constantly pressing means, progressing perhaps, bouncingly at times, never with an end or goal expressed in social terms in sight. It can be neither expressed nor related in any significant way to the fact of living. I might express it if I suddenly began running very fast and ran for a very long time without knowing where or for what I was running, if I made running the end-all of my life. But actually I reserve my running energy and use it only when it can be directed toward some specific end: It is a weapon I keep by me to catch trains, or to bring physical delight. The constructive powers of our capitalism are not in question. It has constructed a great deal. Much that it has constructed might not otherwise have been built. But I can think of any number of places I do not consider myself morally obliged to run to. The mere fact that the continuance of this capitalism is dependent upon the chance development of "something new", upon something beyond its own powers of control, condemns it as a mode of living for a close-knit social organism willing to call itself intelligent. Men have never been able to eat "something new" when it has not even put in its appearance. That is a power common only to the mental and not the physical sphere of American existence. If I were able to run only when pricked and had continually to look to High Heaven for someone to prick me, I should consider my power of running as neither useful, nor effective. I could not even call it my power.

The welfare of the Nation is irretrievably bound up in its industry. The continued running of that industry is its means to life. To say that that industry cannot be kept running effectively is stupidly to admit defeat. It is the method of running that industry that is at stake. Some of us have rather set ideas as yet as to the efficiency of that method. That method is the chaotic activity, will-less, stupid, undirected, of the amoeba. Unless that bounding energy can be channeled, directed into coherency, it will inevitably not only consume itself, but the very lives dependent upon it. Today it is crushing the structure of civilization it served to build.

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No one will deny that its power to build was great. Its cities, its machines, are granted. The towers of its cities glitter in the sun. Take the lid off its cities, and the stink of human decay sickens the nostrils. Look upon this social tower. It is truly beautiful. Now look at the manure pile from which these proud towers sprout.

Look at the soil today: It festers. In the winter of 1933 more than one tenth the population was living on emergency relief, on grants of food intended to stave off only immediate disaster. Three million families are today existing under slow supervised starvation. The most conservative estimates report 500,000 families and more in terrible need to whom relief must be denied. This does not take into account one half to two thirds the remaining working population who are on part-time work. Many of these have been forced to accept wage payments below even adequate levels of average relief. They are, however, unable to obtain relief. To graduate into the world of charity dependence, one must first have earned the diploma of utter destitution. This new American standard of living is set at $200 a year. "We have been engaged in a great biological experiment in Illinois. We have been experimenting with the minimum amount of money and food that will keep people fairly healthy."[56] And that would be true the country over, save that the experiment is not always successful.

[56] Mr. Goldsmith, executive director, Jewish Charities, Chicago.

Travel quickly and superficially through some of the rich cities: New York is the richest in the land. At present it is supporting 108,000 families with tragic inadequacy. There are in addition 30,000 families, equally needy, whom it has been forced to turn away: "It is not a question of efficiency but of lack of funds."[57] Twenty-two thousand seven hundred and forty eight out of one hundred and eleven thousand one hundred and sixty school children examined were found suffering from malnutrition. There was an increase of 33⅓ percent of malnutritional cases shown between 1931 and 1932. In September 1931, 17,859 petitions for eviction were filed by landlords; in September 1932, the number was 27,387. Families are being driven into tenements declared unsanitary and uninhabitable 25 years ago. Its Hoovervilles are growing. Its garbage dumps and refuse piles are swarming. Its office buildings and homes are emptying. Its stores are swelled with food.

Look at Chicago: In 1930 families receiving relief numbered 16,500; 1931, 97,000; and in 1932 the figures boomed to 161,000; and all signs indicate a corresponding rate of increase for 1933. Cash payments for relief stopped early in 1932. In 1931 relief expenditures required only 52.4 percent of the amount for food; in 1933, 95 percent goes into food, not because more food is being doled. "Comfort, appearance, decency, or even school attendance are not primary aims of the commission", states the official report. "Milk is a luxury in most of the homes where black coffee and bread are always part of the diet", says an observer. Tenements built to accommodate 6 families now average 12 to 24. In 1 sample month it was found that, contrary to health regulations, 135 families had been cut off from city water supply. And the future? Expenditures for building in Chicago that in 1929 showed an index of 134.2 (1925–29=100) had declined by the end of 1932 to 1.8. In 1930 taxes were levied in Cook County on $12,206,000,000 of taxable property. On September 2, 1932, the owners of $5,734,000,000 of this had not yet paid. The date of delinquency was in June. At present 850,000 are unemployed. That is more than half the employable population. The wages in manufacturing industries—for those still retained—have sagged from 100.9 in 1929 (1925–29=100) to 28.5 in 1932. Twenty-eight cents is now received for what was $1 worth of work in 1929.

Cincinnati is a model city. It has diversified industries. It has not suffered as other cities have. It has one of the oldest community chests in the country. Today 15,000 families are on money relief. The heads of 6,000 more are on work relief at 2 days a week. The remaining 10,000 in distress subsist on grocery supply orders. These 30,000 families mean 20 percent of the population. In the first half of 1932 private philanthropies contributed 65 percent of the total relief, public tax funds the remaining 35 percent. In the second half of 1932 public funds were forced to supply 95 percent. Private charity was sucked dry. Now tax resources are exhausted. On Monday, January 2, all schools were closed to save one week's worth of teacher's salaries. But Cincinnati is well off. It has not the problems of the 1-industry towns to face like Toledo and Detroit. In the latter city 350,000 out of a possible 689,000 are out of work; recently 12,000 families, without investigation as to relative need, were automatically dropped from relief.

Take Pittsburgh, hidden beneath its fog of wealthy names and smoke: its average relief is 90 cents a person per week, while funds last. On February 1 the feeding school of 8,000 undernourished children stopped. Men are eager for work, even if payment is only by food order. But work relief is not working out, particularly in surrounding towns. Not because there is no work to be done. But because men are too physically undernourished to work, even a 6-hour day. One town of the area with a population of 33,000, one third of which, 2,000 families, is on relief, has been supplying amounts averaging consistently $5 a family per month. All wants for all families irrespective of size are to be satisfied at that rate. Nor is this an isolated case. In a neighboring coal-mining region, similarly "relieved", a miner pointed out that this sum enabled him and his family of 10, if they lived so extravagantly as to allow themselves 2 meals a day, to consume just one-half cent's worth of food per head a meal. Last year in Pittsburgh private resources raised $6,000,000; this year, after a persistent drive, $2,400,000 was reached.

The work-relief problem is by no means limited to the Pittsburgh area and stagnant steel-mill towns. The director of public welfare for West Virginia reports: "It has been absolutely necessary to extend direct relief to applicants to build their bodies up before they can work, and also to furnish them with clothing before they could go to work. That has been true in thousands of cases." In this State the standard of relief has averaged 70 to 80 cents per person a week: "The funds available both from Federal and from local sources have just been about sufficient to maintain the families and keep them from starvation—nothing except food, practically no clothing, and no rents." Medical aid has long since been abandoned, as have been, and are being, many families pressing for even their 70 cents worth of weekly relief.

Nor must West Virginia be thought of as being peculiarly daring in its biological experiments. The first Reconstruction Finance Corporation grants to Kentucky set up the standard of $1 a month for each family seeking aid. This was recognized as

[57] William Hodson, executive director, Welfare Council, New York City.

a miscalculation. The error was remedied. Kentucky families are now receiving "adequate" relief: $1 a week per family. Three schools have just been shut down because of trachoma laid to malnutrition. Tuberculosis and pellagra are on the spread. And now a new monster: "I might say", said Dr. Billikopf before the Senate Committee on Manufactures, "that in 1920, when I visited Poland and other contiguous countries, I came across this disease known as 'xerophthalmia', and in Germany as 'hüner krankheit', a disease which results in continuous blinking, due to lack of food, and subsequent blindness. I saw hundreds of such victims, and I can say to you that of all the devastating impressions made on me on my visit shortly following the war, nothing compared with the sight of children afflicted with this dreadful disease. I thought we were immune in this country, but here comes Dr. McCormack citing specific instances of xerophthalmia, found in Kentucky and possibly elsewhere."

Again, I emphasize, these States are not isolated cases, these cities stand well above the average. From the entire Nation just 116 counties, among them areas such as Salt Lake, Yellowstone National Park, and others not given to hearty appetites, did not send panic calls for Red Cross flour when it was distributed. The Red Cross is able now to meet only 20 percent of the Nation's need for cotton which factories won't produce. I am going at random. In the Pennsylvania coal-mining regions poverty has gnawed for a good many more than a mere 3 or 4 years. In whole sections, particularly in the Harrison region, miners have lived for months on end on nothing but Red Cross flour baked in a pan with water. One investigator, recently returned, reports this to be true of a community he visited: nothing but Red Cross flour during the last 3 months. All New England, holding, save for New Hampshire, aloof from the Reconstruction Finance Corporation and the pauper's oath, is fighting a losing struggle against starvation. Relief has merely served to stave off a series of threatening disasters: a few dollars for food may tide over a month's emergency, but when the months stretch into years, then the body just gives. It does not respond to that sort of emergency.

Private resources in Rhode Island are sucked dry. The textile regions are helpless. Lawrence, Mass., is bankrupt. Boston counts 20,000 women unemployed alone; 3,500 needing relief; 2,800 getting it at $4 a head per week. Connecticut standards vary. Stamford's rates run from $3 to $5 a week for groceries per family regardless of size. Bridgeport has no further funds for relief until April and is unable to borrow. Waterbury is unable to meet its demands for family relief; to date 337 families have been turned away. Men still listed as "employed" get 2 days' work a month at $2 a day. I ran into one family trying to meet an emergency operation and hospital bill at this rate. Connecticut labor standards have crumbled before the greed for cheap and cheaper labor. She shares honors with a handful of Southern States in showing an increase in child labor. Her sweatshops are rewriting the industrial history of a hundred years ago. Children have been found working up to 80 hours a week: where the trick once used to be pushing back the clock's hands now falsely punched time cards serve.

And so on into the Capital of the land. Washington is now, after continually threatening suspensions, spending $31,000 a week, each penny of it squeezed dry. While 8,000 families are on relief, another 8,000 have been turned away. The average family of four receives $3.50 each week to cover all expenditures. Which means 50 cents a day. Which means 12.5 cents a day per person, for all expenditures.

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And what is the meaning of all this?

In the present apparently nothing. It does mean that in spite of the approval voiced from the White House acclaiming broad scientific social research, the testimony and advice of skilled social workers counts for nothing at all. It is because words and figures do not hurt. No one can make this real to himself, not even by repeating it slowly, lingering over the words: The slow, sure-working gnawings of semistarvation are destroying the health of a generation to come. That is unreal because it lies in the future: "You cannot feed children skimmed milk this year and make up by feeding them cream next year; what they did not get this year you can never make up to them."[58] No one, intellectually, would deny this. But the assumption has always been: Skimmed milk might do for one year; next year and all the years thereafter there will be cream. For 4 years that has been the assumption. In the meantime emergency relief has pressed millions into chronic poverty. Now relief is cracking. Further figures would do no good. In the bulk they mean nothing. They become dulled and blunt. More examples of what is happening could paint no broader, truer, more adequate, or more tragic a picture. The mind would merely refuse them. Cincinnati's and Kentucky's schools must stand for the 3,000,000 children today pressed from school either because of shut-downs, or for lack of decent clothing. Connecticut's children must stand for the 2,000,000 staging a nineteenth century pageant in factories today. New York's malnutritional cases mean tuberculosis and malnutritional anæmia worming its slow way under the health of the Nation. Fifteen million two hundred and fifty-two thousand unemployed. The figures knock at the mind but do not enter. They knock and pass away. It is the haunted eye that remains; one man alone blubbering, bewildered like a little boy; one scarecrow shivering on the highway; one listlessly dull face; one pile of furniture in a snowdrift; one piercing "What can I do?" It is the One that remains alive.

But what about the future, since the present can be ignored?

It is against this background that decisions must be made. I have not painted it because of a sentimental zest for social horror. I am not drawing a picture of hell the better to point my vision of heaven. I am not trying to imply evil minds in order to point out the need for beautiful minds. That has been the trouble. The situation has been regarded rather as the inevitable consequence of men's living together, the rich and the poor, than as an economic monstrosity, than as the logical result of cause and effect, than as something created and irritated by man's stupidity to be adjusted by his intelligence.

Stupidity may be the wrong word. A doctor would not be called stupid, today at least, who refused to apply his training, his experience, his scientific resources, to the curing of a disease, but insisted instead that the patient should first of all pray for confidence and hope and then wait for the conjunction of Mars with Saturn in the ascendent, which might or might not occur during the patient's lifetime; who, observing his patient in a fever, prescribed a concoction of fresh-minced toad skin, powdered baby's skull, and saliva, because these things being cool would most certainly draw away the heat, and furthermore were obviously remedial because sick men in the past had taken such cures and had afterwards recovered; who recommended starvation and opened a vein though the patient was languishingly weak and in need of simple nourishment; who then took his way, happy and content that he had done his best, to receive his customary fee from the apothecary, all the time praising the objectivity of science; who, when the patient died because of blood-letting and starvation, reproached himself for having overbalanced the proportion of toad skin in his remedy, and resolved next time to be more careful, still singing the praise of his science.

Our physicians have preached the necessity for confidence without knowing in what to place it, have looked for something to happen without knowing whether it might or might not occur; ignoring the body of the economic patient of whose condition the phenomenon of collapsing property values is but a feverish expression, they have prescribed a remedy of mortgage, bank, insurance-company, and railway loans, confident that they have struck at the source of the disease; ignoring bodily weakness, they have starved and let the blood of their patient with false economy; and, praising the value of scientific knowledge, they have not once turned to the equipment science has placed in their hands, nor sought to restore the energy and vitality of the economic body by allowing it to combat fever, nourished and strengthened by its own material resources.

* * * * * * *

What is there to rely upon?

(1) We have abundant productive forces, not only in factory and in field, but also in inventive power and in the vast reserve of physical energy that lies waiting to be tapped in the bodies of people.

(2) We have in the wants of our population, on the other hand, abundant, insatiable as far as we are concerned, desire.

(3) Coupled with desire we have poverty, poverty in the mass that makes it, now, impossible for this desire to be expressed in effective demand. American housing conditions rank with the worst in the world. Malnutrition has never been fully conquered. There is and has been on all sides an endless craving for more and better food, clothing, and housing, as well as for leisure and the opportunity to use some of the luxuries our machines can produce, the opportunity to even see what our minds can produce. Two thirds of this craving, however, gets an income in normal years of less than $2,000.

(4) On top of this we have excessive savings on the part of a small high-income group, savings that are sheer social waste and infinitely costly to the savers unless they are productive. This is what is known as overproductive capacity. It is obvious, however, that this productive ability is only, or primarily, excessive when defined in terms of a given market buying power. Excess savings are embodied in mills, factories, warehouses, fertile fields, and advertisement slogans. But as such they do not represent wealth. They are only potential wealth so long as they are idle. A railroad car carrying people or goods has value, not abstractly but actually; people and goods are paying their way. The car has value both to its owner and to those who use it when it is active. An idle railroad car is just so much steel and wood and will remain just so much steel and wood until it decays, no matter how much gold we pretend to dump into it to sentimentally maintain its active value. Value is only realized in terms of social use. Idleness will only serve to eventually consume all the wealth activity has produced. The savings of the rich have got to be used. More and more must be produced. More and more must be used.

(5) Self-evidently the one thing lacking is an effective market. We have in superabundance all the potential wealth we have ever had. Only our method of using it stands between. According to this method buyers are needed. They are the market. And absorptive markets alone can create wealth. All claims to wealth come to producers ultimately from their market.

[58] Grace Abbott.

The question is then: How get claims to wealth into the market so that producers, in order to produce, may get them out again? How was it done before? I am not going to run back through the last century of our history again. But obviously it was done through employment. That is the sole way the market can obtain its claims to wealth. Producers used their savings. They built. They did a great deal of building. And some of the building they did opened new sources from which claims to wealth could be obtained. And while there was new country to be built up, while there were old wants to be satisfied, new ones to be created, the process took care of itself with a certain degree of regularity. Preaching the high standard of living, rounding up cheap labor gangs abroad to keep it down, all moved ahead.

Immediately following the war there were new houses, factories, apartments, hotels, to stimulate the building trades with their starved yet effective demand. The boom in private construction was over by 1928, leaving 2 percent of the population in new houses. It is estimated that directly and indirectly because automobiles were built, 4,000,000 new jobs were opened. The radio, too, required its new factories, men to run them once they were built, required men to sell and to advertise them. And it in turn opened new fields of activity, new advertising channels, magazines, and the running of broadcasting stations. Recent Social Trends lists some 150 ways in which lives were influenced by the radio. The same story is true of the new electrical appliances. And all of these stem from the lucky accident that wages stood high at the end of the war. While building went on, wages served to absorb the products of things already built; but, in spite of mass-credit pegging, they never could support the increasing new burdens thrust upon the market they were allowed to represent. In a sense consuming power was brought into being only to be killed by the technic and abundance of productive capacity.

What is building? And what are wages? Building is continued in anticipation of future wealth. Wages are paid out while the building is in progress. They are paid before the facilities constructed are ready to produce or to serve. In other words, the wages paid out in anticipation of the sale of goods which have not yet been produced add to the demand for goods now being supplied without adding to the supply. The advance financing in anticipation of new wealth absorbs the old. It is only by maintaining a constant flow of claims to wealth to the present market. then, that productive facilities constructed in the past can reclaim the investment of money they represent. W. T. Foster puts it: "We get on only when the cost of preparing for future production is enough, in addition to the cost of current production, to give people the money they must have if they are to buy all the goods that are already ready."

So far, so good. Fate has been kind. It has provided enough new land, enough new wants, to stimulate employers to putting money into the present market with fair consistency. The social organism which this chaotic activity represented has continued to be moderately healthy. In other words, the key to every situation examined has been in the furnishing of claims to wealth to the consumer's market. This is true whether one looks at it sociologically or from the economic point of view. Consuming power in the hands of the individual is the key to richer life, his one key to any sort of life at all. Consuming power in the hands of the masses is the key to steady production and use of what otherwise is so much dead, inert matter. Consuming power is the key then to the security not only of the wage and salary earners but of owners, of investors as well. It is, in short, the key to all social wealth. It is the stimulation to activity that alone can give significance to value of any sort, whether it be expressed in land, in factory, or in securities. It creates the wealth of every man from farmer to bank president to Government Budget balancer.

The key then to effective economic control in a land where people will still insist on the right of determining for themselves what they wish to buy lies in the power to channel the flow of claims to wealth. This need not mean "Government in business." There is no reason it should want to run factories if it can be sure others will run them well and keep them running. What it does mean, for the present at any rate, is government in borrowing, government in taxation, government in public works—and in a big way.

And if the Government intends to be intelligent about it, it means most certainly a board of intelligent advisers in whose hands building and taxation will be given coherency, direction, and integration. The fantastic picture of a land starving itself because it has too much idle capital, too many idle hands, too many fertile fields, too many productive factories, is an absurdity that can no longer be tolerantly stomached.

* * * * * * *

What is America? America is the sum of its inhabitants. It is the total registered when 48 States with each man, woman, and child they contain are piled one on top of the other. The Government is the medium by which, in theory, this total expresses its will.

America cannot afford to go on strangling herself.

America cannot afford to go on forcing her inhabitants and consequently herself into the hopeless stagnation of chronic poverty.

America can no longer run the risk of allowing unchecked the sources of her claims to wealth, wages, and salaries to run dry; nor can she go far on the present trickle.

America cannot pay the price of restricted production.

America cannot hang herself by the rope of economy; she has succeeded in numbing the will to live of one fourth of her own body to date by so doing, and she is on the verge of utter self-destruction.

The Government can alone spend money. It alone has the power to borrow. If a war emergency should arise tomorrow, there would be no hesitancy on the part of the Government to borrow, to mobilize its credit, its natural resources, its productive ability, its manpower against the destruction of an alien foe. What does Government spending today mean? It means exactly what it would in the case of a private enterprise that borrowed money in the form of investments, and paid it out in the form of wages, materials, and costs of fabrication in the building of a plant intended to bring in returns in the future.

America can afford no longer to put off the day when she must invest in her own future. Supporting the burdens of the past has proved disastrous.

And if America chose to spend money on parks, on buildings, on gardens, on bridges, or slum destruction, on roads, national highways, reforestation, public employment agencies, the redistribution of the wreckage of industries of the past—on making herself a more beautiful, more desirable place in which to live—it would be fantastic to say she was destroying her own credit and her own wealth. She would not only immeasurably enrich herself; she would give new energy and hope to millions of inhabitants, listless and without hope today. She would be taking money out of one pocket where it is now idle and useless and putting it into another where it would be stimulating and effective. She would be creating new efficiencies for herself, laying down the roads to a new and more real progress and prosperity. If the balance on the books for the moment looked a bit lop-sided, that, as some one remarked, would be only a temporary optical illusion.

America's immediate task then is to enable her people, and therefore herself, to produce the wealth they are longing to produce. The idle factory falling into decay is no more stimulating a sight to the employer than to the employee. Both are for the moment helpless. Nor does the idle factory contribute much toward budget-balancing. The Government is the only business enterprise today that can spend in anticipation of future wealth. Factories will not and cannot run without buyers. The national debt today is less by $5,000,000,000 than it was at the end of the war. To declare an emergency, to launch a mobilized campaign against the fantastic nightmares of destructive economic forces is just as much within the Government's power today as it was in 1917. To continue rooted in stagnancy means inevitable decay and terrible suffering for those asked to go foremost. To act * * * there is no real choice. And factories when the wheels are spinning produce consumers as well as goods. It is within the power of the Government to produce a few consumers first.

* * * * * * *

And the future?

We must step back and give integration to recommendations.

What was sought was an equilibrium of outlets: The outlet for surplus man-hours into leisure; the outlet for goods into an absorptive market. For markets to be absorptive claims to wealth are constantly necessary; a directing of potential recipients of claims to wealth from old source to new source through interlocking employment agencies is thus seen as an economic as well as a social necessity; and finally a directing of the flow of claims to wealth in itself through borrowing and taxation resulting in timely public building and important Government research and service jobs establishes the need for a permanent board of Government advisers, if the equilibrium is to be maintained.

The key underlying all this structure is the key of constant consumption.

It was with that in mind that public employment agencies are urged. As constant sources of new information; linked with universities as they are now in Minnesota, the significance of their constructive ramifications is endless, depending on the skill with which they are handled in each community. But their immediate economic significance lies in that they will hasten the flow of essential consumers between source of wealth and source of wealth.

It was with that key in mind that the principle of the 6-hour day, 5-day week was urged.[59] It is an experiment hazardous and impossible for one producer to adopt. But its relationship to the whole is immediately established when it is looked upon as creating new sources from which wealth may be poured into the consumer's market. As in the case of employment agencies it, too, contains infinite social ramifications.

And, finally, it was with that key in mind that immediate Government spending was urged on a new Liberty Loan scale; to preserve the equilibrium once established that the economic advisory council was set forth.

All bear an inherent relationship to one another. One would be almost meaningless without the other. There is obviously one remaining gap. I have not dealt with the principle of unemployment insurance before this, partly because its immediate establishment would be impossible, partly because it is dependent upon the previous erection of public employment agencies for effective

[59] "The 6-hour day and the 5-day week are methods of distributing the loss of jobs in a less inequitable fashion."—R.S.T.

administration.[60] And I bring it in here because it plays an essential part in the automatic adjustment of consumption power to production capacity.

Fluctuation in industry will continue: "The technologically unemployed are a changing aggregation of individuals, and a solvent unemployment fund would do much to mitigate the distress which many now suffer before finding new openings." That, coming as it does from Recent Social Trends, at least carries with it President Hoover's assurance that it is far from a mere emotional plea. Unemployment insurance is as much for the welfare of the community as it is for the individual covered by it. Flow in purchasing power must be maintained. Unemployment insurance assures a certain minimum below which retail trade cannot fall. It will therefore be one of the duties of the council, acting through the system of employment agencies as centers for distribution of benefits, and as checks on the sincerity of applicants in their desire for work, to erect a system of unemployment insurance whereby Government, industry, and workers shall guarantee to themselves and to society at large further economic security.

The burden on industry? The Ohio State Commission on Unemployment Insurance has estimated that if in 1923 the State law had been passed, the fund would have produced $50,000,000 a year by a charge of 2 percent on the employer, 1 percent per employee, on the total pay roll. There would, at the beginning of the depression have been a reserve fund of $100,000,000. During the years 1930 and 1931, $180,000,000 would have been distributed as against the $25,000,000 actually given out in relief. Had a 4-percent charge been used as the basis for calculation, rather than the 3 percent, a fund would have been reserved to last through 5 years of depression. When one considers the effect the distributing of this fund would have had on retail dealers, on banks, and on landlords in such times of depression, its significance is self-apparent. The burden on industry amounts to less than 1 percent of the cost of production.

The main obstacle in the way of its adoption is prejudice. The method of administration, once action has been decided upon, presents no difficulties. No subject has been more investigated or studied. Neither industrialist nor wage earner is responsible solely for unemployment. No one industry alone can be expected to care for its unemployed. The matter is the concern of society at large. It is for that reason that contributions should come from employee, employer, and the Federal Government. Only so can the risk be evenly distributed. And particularly should the upper income levels be reached in its support. Enough has been said elsewhere to relieve us here of the necessity of dispelling once again the illusion that leads one to depend either upon voluntary or local action.

Prejudice is the main enemy of unemployment insurance. Prejudice, before a terrible demonstration, is rapidly being swept away. This much is obvious: wages afford no security; relief is not only degrading but inadequate; no country has suffered so severely in depression as America; no country leaves its workers so completely unprotected. Yet the dole is still spoken of with contempt. England's economic depression, ignoring the reality of her dependence on world trade, is blamed on the dole. The Republican administration encouraged this mistaken conception. In conclusion let England, after a generation's experience with unemployment insurance, defend herself, paint a true picture of what such insurance means in times not only of severe depression but of normal industrial advance.

The following is taken from the final report of the committee on industry and trade, quoted from Epstein's work. The committee was appointed in 1924. It was headed by Sir Arthur Balfour. The final report was made in 1929:

"We regard the establishment of a practically universal system of compulsory insurance against unemployment as one of the greatest advances in social amelioration made during the past generation.

"On the broad question of the merits and value of the unemployment-insurance scheme as a whole, both from the point of view of general social welfare and also from that of industrial and commercial efficiency, our opinion is that the scheme has amply justified its establishment. In normal times it provides a much needed method of enabling a worker to safeguard himself against the worst evils of industrial fluctuations. For the individual to provide such a safeguard by means of his own thrift is of course impossible in view of the incalculable character of the risks to which industry is exposed. Nor do we think that any basis of insurance is really satisfactory, short of one which covers the whole field of industry, or at least the principal industrial groups, inasmuch as any narrower scheme would effectively check mobility as between insured and uninsured occupations. That work people should by some method of insurance be safeguarded against the worst risks of involuntary unemployment is, in our opinion, a very great advantage, not only to themselves, but to the trades which they follow. For nothing is so detrimental to industrial capacity and morale as long-continued idleness without sufficient means of sustenance. The employers' contributions to the unemployment fund represent a negligible addition (averaging much less than 1 percent) to the total costs of production, and we are satisfied that, on the whole, the resulting advantage to them has very greatly exceeded any burden of this kind.

"How the country would have fared had not the insurance machinery been available in its time of need, we find it difficult to imagine. Throughout the last few years it has been a matter of constant comment that so deep and prolonged a trade depression has produced so little actual suffering in comparison with the experience of far slighter and more transient periods of depression before the war. There has been practically no decline in the consumption of the essential necessaries of life in spite of the fact that a million or more workers have been earning no wages at their trades. For this happy result, a large part of the responsibility undoubtedly rests with the unemployment-insurance scheme.

"Has the task been performed too well? Has the removal of so much of the terror of unemployment relaxed the will to work? It is often lightly asserted that this has been the case, and the experience of the United States, where no such system is in existence, is frequently cited in favor of the view that Great Britain has artificially increased the burden of unemployment by the measures taken to diminish its hardships.

"So far as any conclusions can be safely deduced from the very partial data available, it would seem to be that the volume of industrial unemployment in the United States has of late years fluctuated more violently and rapidly than in Great Britain, and also that the average percentage of unemployed persons in American industry has been at least as high as in this country.

"It cannot be said that the figures of industrial unemployment in the United States give any support for the view that the mass of unemployment in this country is to any material degree the result of the measures taken for mitigating the resulting hardships and could be appreciably reduced by discontinuing those measures."[61]

In brief, the final verdict of England, looking on the misery that now reigns in America is: "What would we have done without it?"

Further sermonizing is unnecessary.

Mr. LEWIS. Mr. President, I have previously tendered an amendment to the amendment of the Senator from Washington [Mr. DILL]. I am informed by the Chair that my amendment is inappropriate, in view of the fact that the amendment of the Senator from Washington had been previously accepted and was closed as to the matter of amendment thereto. Therefore I offer an amendment to place at the end of section 3 of the bill the provisions of the amendment which I had tendered. I ask leave to propose an amendment, at the end of section 3, after the word "effective", being the last word of the section, that there shall be added the words "nor shall this bill and its provisions apply to perishable products of livestock, poultry, milk, or their products." Later I shall explain the amendment.

The PRESIDING OFFICER. The amendment will be received and lie on the table.

Mr. REED. Mr. President, in opposing the bill I would not have it thought that I am not a strong believer in what is known as the "share the work" movement. I do not believe that in any community has that movement been carried farther or with greater success than in the Pittsburgh district, particularly in the steel mills. Today every

[60] The passage of the Wagner bill since the first writing of this report changes radically the immediate importance of unemployment insurance. Had an employment service worthy the name been in existence at the time of writing, unemployment insurance would have received far more space and emphasis than is given it in this report. The relation of such a service to any insurance scheme is well stated in Isador Lubin's summarizing of the Senate's inquiry into unemployment in 1929: "The condition that the unemployed workman must make application for benefit in the prescribed manner is the very core of the scheme. He is required to register at the employment exchange the fact of his unemployment. The exchange knows or is able to ascertain whether his unemployment is due to lack of work in the establishment in which he has been engaged. It is able to find him work in his own occupation in other establishments in the district if vacancies exist. It might even help him to obtain employment in some other part of the country. The employment exchange thus controls the payment of benefit. It administers the test which qualifies for benefit. The unemployed workman, when he presents himself at the exchange, may thus be offered either new employment or unemployment benefit."

[61] This discussion of unemployment insurance is totally inadequate, for reasons stated above. The best accounts of the subject may be found in three recently published books: Standards of Unemployment Insurance, by Paul Douglas; Insecurity, a Challenge to America, by Abraham Epstein; Insuring the Essentials, by Barbara M. Armstrong; more briefly, in Harry Laidler's pamphlet, Unemployment and its Remedies; and in Mary Gilson's Unemployment Insurance.

effort is being made by alternating days of work to provide some work for all of the regular employees of that industry although the industry itself at the moment is operating at something less than 20 percent of its capacity.

The question involved here, however, is whether Congress, by a pretended exercise of its constitutional power to regulate commerce, shall adopt a prohibition of commerce in articles which have their origin in factories, workshops, or whatnot, where any individual has been permitted to work more than 6 hours in 1 day or more than 5 days in 1 week.

I invite the attention of the Senate to the fact that it is not required by the bill that the object thus prohibited from going into interstate commerce should itself have been the product of longer hours of labor than are allowed by the bill, but every article from that particular establishment is embargoed from interstate shipment if it be that one individual on one occasion has worked longer than 6 hours a day. Think of the absurdity of that; and yet that is the language of the bill itself. If it so be that some clerk, trying to catch up with his work in the office, has worked 6½ hours a day, then everything made in that great plant in which that clerk is employed is prohibited on the face of the bill from being shipped across the State line.

The Supreme Court has already told us in *Hammer* v. *Dagenhart* (247 U.S.) that it is unconstitutional for Congress to attempt to prohibit commerce in articles made from forbidden child labor.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Delaware?

Mr. REED. Certainly.

Mr. HASTINGS. I am wondering whether the inhibition would not also apply to the person who owned that particular business as well as to the clerk as in the instance cited by the Senator from Pennsylvania? It seems to me it would apply to any person and would prohibit the owner of the business himself working more than 6 hours in his particular line.

Mr. REED. I think that is true.

The Senator from Oklahoma [Mr. GORE] suggests sotto voce that it was before the "new era" that Hammer against Dagenhart was decided. I have the highest respect for those Justices who now comprise the Supreme Court of the United States and I should think that I were something wanting in that respect if I were to vote for this bill on the assumption that they intend to ignore the decision of their own Court in Hammer against Dagenhart. It is just as important that the law should be settled as it is important that it should be settled right. I have the utmost confidence that the Supreme Court as it stands today is going to declare this bill unconstitutional if it passes: First, because of the fact that we are undertaking here to regulate production and not commerce. The rule in Hammer against Dagenhart says that that is an unconstitutional attempt. Second, if we had all the power over production that is enjoyed by a State legislature, without any constitutional restrictions except those in the Federal Constitution, I say that even then we could not validly limit the hours of labor as is attempted to be done in this bill, and for authority on that question I cite the familiar *New York Bakeshop case.*

Mr. BLACK. O Mr. President!

Mr. REED. I am aware of the Oregon case, which has come since. There the decision was based on the fact that it was essential for the protection of the health of the workers of Oregon to limit them to hours of labor that were somewhat much more liberal than are proposed in the pending measure. I do not believe that the Court would say that it is within the police power of any legislature to limit the hours of labor in all industry to 5 days a week and 6 hours a day.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes, and it was signed by the Vice President.

RELIEF OF AGRICULTURE

Mr. SMITH. Mr. President, it is so essential in order that the measure may be made ready for the consideration of the Senate to submit the report on it now that I ask the Senator from Pennsylvania if he will yield to me to report the so-called "agricultural relief bill."

Mr. REED. I think it is highly appropriate that that should be done at this time. The bill pending will pretty nearly extinguish the last gasp of industry, and the bill which the Senator from South Carolina is about to report will do the same thing to the farmer. [Laughter.]

Mr. SMITH. Mr. President, from the Committee on Agriculture and Forestry I report favorably, with amendments, the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, and I submit a report (No. 16) thereon.

I hope Senators who are interested in the bill will take advantage of the opportunity before we meet in the morning to read the bill and prepare themselves for its consideration, because I want to expedite the measure as much as possible.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED. I yield to the Senator.

Mr. ROBINSON of Arkansas. Of course, the apparently humorous allusions of my friend from Pennsylvania to the pending bill——

Mr. REED. I spoke more in sorrow than in humor, Mr President.

Mr. ROBINSON of Arkansas. And to the agricultural relief bill may produce merriment, but I think every Senator here must realize that there are conditions pertaining to both agriculture and employment that should prompt and stimulate every mind in the Senate to some action calculated to work a change in the conditions that for many years have been prevailing and which have been gathering force. We know that there are millions of men out of employment; that this unemployment has been brought about by factors which are more or less permanent in their influences and effects. The object of this bill is to spread employment, so that some of the millions——

Mr. REED. The Senator from Arkansas is speaking about the bill now pending?

Mr. ROBINSON of Arkansas. Yes.

Mr. REED. Will not the Senator allow me to finish? My time is limited.

Mr. ROBINSON of Arkansas. I will conclude in a moment. I am not willing, Mr. President, to sit here and hear these great measures made sport of by Senators who have done little or nothing and who propose little or nothing to bring about changes in the economic system that is wrecking both industry and agriculture in this Nation.

Mr. REED. Very good. Mr. President, if it shall be considered making fun of a bill to point out its absurdities, I am going to continue to disappoint the Senator.

5-DAY WEEK AND 6-HOUR DAY

The Senate resumed the consideration of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. REED. Mr. President, in the few minutes left to me, I propose to point out how the pending bill is unfair to the laboring man himself.

Imagine, if you will, Mr. President, the feelings of a workman who perhaps has just recently found a job after having been idle for a year who reads in the newspapers that the American Congress, without consulting him, has cut down his earning power, say, 25 percent in the job that he needs so desperately. "Has cut down his earning power," I say, because obviously he is not going to be paid the same for working 6 hours a day as for working 8 hours a day. How many American workmen are there in times such as these who do not consider it a privilege to have 8 hours of steady work in a day? How many of them want to drop their tools and go home at the end of 6 hours to a family already inadequately provided for? How many of them want to substitute 2 hours of idleness for 2 additional hours of work? How many of us limit our work to 6 hours a day?

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Pennsylvania yield to the Senator from Louisiana?

Mr. REED. I yield for a question.

Mr. LONG. Does the Senator from Pennsylvania ever play golf? [Laughter.]

Mr. REED. I do not.

Furthermore, Mr. President, this bill is equally unfair to American industry. Imagine yourself, Mr. President, the head of a factory in New Jersey or Rhode Island or eastern Pennsylvania, already having tremendous difficulty in competition with cheap foreign labor, already up against competition with Belgium and Germany and Czechoslovakia, whose wage rates are so low that they would scarcely keep body and soul together here, and which are sending us goods with which we are having a terrific time to compete. Imagine the feelings of the manager of a mill along the Atlantic seaboard who is told that he has got to go on a basis of four 6-hour shifts a day, and that he is expected, as several Senators have said here, to pay as much for 6 hours as he has been paying for 8 hours. How can he compete with cheap foreign labor under such an additional handicap?

Finally, Mr. President, I say that the bill is utterly unworkable. Let me give the Senate some illustrations to prove the truth of that statement. Take a blast furnace in which iron is made; take a chemical pulp mill, as to the details of which the Senator from Maine [Mr. WHITE] can testify; the operations must be continuous in those and many other establishments. It means, therefore, a 4-shift arrangement, each shift working 6 hours. But suppose when the 6 hours of work have been completed, and each man is expected to drop his tools and go away, his place instantly to be taken by his relief, the relief does not get there, as very often happens. The street car is late or the relief has fallen ill and does not show up at all. What happens? Either this proposed law must be violated and every product of that factory be embargoed or else the blast furnace is utterly ruined and burned out. What alternative is there? Suppose the electrician of the plant has worked for a full 6 hours and during the night a short circuit occurs. The practice at present is to call him out of bed and get things fixed right away, but under this bill those operating the plant would not dare do that; they would not dare even to make emergency repairs; they would not dare to substitute for a sick man by asking his predecessor to remain at work.

Those are just some of the familiar instances of the day-to-day work in factories that would be rendered utterly impossible by this bill. And when it becomes necessary to divide the 30 hours and try to divide up the week in an enterprise involving continuous employment it will be found that in order to keep the mill going 24 hours a day all week—and that has to be done in the production of iron, because blast furnaces know no Sundays—5 shifts will have to work 30 hours a week and 1 shift 18 hours a week, and how can anyone in the United States live on present wage rates when he is working only 18 hours a week? Heaven knows some men are trying to do it now because of the shortage of work, but their families are well-nigh starving.

Take the superintendents and the clerical force and the accountants. Can there well be four shifts of such employees? How can a plant have four superintendents succeeding each other throughout the day? Yet this bill covers superintendents just as much as it covers common labor. For that reason, I say, Mr. President, that in practice the bill is going to be utterly unworkable.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. REED. I have almost finished, Mr. President, but I will speak on the amendment.

The effect of this bill is going to be either one thing or the other; it must necessarily be that it will either raise the cost of production of manufactured articles or else it will lower the wages of those engaged in the production of such articles. There can be no other alternative.

Mr. WHITE. Perhaps it will do both.

Mr. REED. Perhaps it will do both; but certainly one or the other will be the result. And how can Senators explain to their farmer constituents, who themselves are in such desperate straits at the present time, that they are passing a bill here that is going to raise the cost to the farmers of every manufactured article they purchase; and if it does not raise the cost to them—and I think it will—then inevitably it means at least a 25 percent reduction in the day's earnings of the factory laboring man? How can Senators explain that to the workman?

Mr. President, we never yet got ourselves out of a depression by loafing; we have only gotten out by hard work. As the Senator from Oklahoma says, this may be "a new era"; but there are some principles that still remain true. The law of gravitation is still with us; the law of supply and demand is with us; the law of thrift is with us; the law of hard work is with us; and that is the only way we are going to get out of the present depression.

Mr. President, I ask unanimous consent to print in the RECORD at this point a telegram which I have received bearing on this bill.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

PITTSBURGH, PA., *April 5, 1933.*

HON. DAVID A. REED,
The Senate:

Black bill (S. 158). Manufacture of steel, particularly blast furnaces, is a continuous operation, working 3 shifts of 8 hours each per day and 6 hours a day 5 days per week would so split up working hours that total number of men would get less earnings, and unless rate of pay is reduced would add at least 25 percent to labor cost and make it easier for foreign competitors to ship goods into the United States. To meet foreign competition would require either higher tariff or reduction of earnings nearly equal to that of Europe. This surplus of labor will only continue until this depression is over and then there will be in all probability a shortage of labor. We must strenuously object to this bill.

HOMER D. WILLIAMS,
President Pittsburgh Steel Co.

Mr. ROBINSON of Arkansas and Mr. LEWIS addressed the Chair.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Maryland [Mr. TYDINGS].

Mr. ROBINSON of Arkansas. I do not wish to address myself to the pending amendment; I wish to offer an amendment.

Mr. WALSH. Mr. President, I ask that the pending amendment may be reported.

The PRESIDING OFFICER. The amendment of the Senator from Maryland, which is now pending, will be stated.

The CHIEF CLERK. Following the amendment offered by the Senator form Washington [Mr. DILL], and heretofore agreed to, it is proposed by the Senator from Maryland to insert:

Newspapers and periodicals are not included in the description of the business activities herein designated.

Mr. BLACK. Mr. President, I merely wish to state, as I said on the floor yesterday, that the descriptions in the bill do not include newspapers and periodicals. I do not see how anyone could by any stretch of the imagination construe those descriptions to apply to newspapers and periodicals. Of course, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. TYDINGS].

The amendment was agreed to.

Mr. LEWIS. Mr. President, I ask that my amendment be now laid before the Senate.

The PRESIDING OFFICER. The question now is upon the amendment offered by the Senator from Illinois, which will be stated.

The CHIEF CLERK. On page 3, at the end of line 10 in the committee amendment, it is proposed to insert the following:

Nor shall this bill and its provisions apply to perishable products of livestock, poultry, milk, or their products.

Mr. LEWIS. Mr. President, I beseech the courtesy of Senators while I present to them such explanation of this amendment as has been presented to me by those from whom I accept it and in whose behalf I tender it with a complete consciousness of the justice of their request.

The amendment, which has been adopted, presented by the able Senator from Washington [Mr. DILL], to come in on page 2, line 9, after the word "day", reads as follows:

This section shall not apply to commodities which a cannery or manufacturing plant produces by canning or preparing for marketing or commerce, fish, seafood, fruits, or vegetables of a perishable character.

Senators, let me not disguise the fact that it is the packers of my city, whose very large undertakings have become, of course, one of the great industries of the community, which I have the honor in part to represent, whose enterprises will be affected by the amendment.

I have not been in accord politically with the masters of these great products. We have not been in harmony in local or State contests. Frequently we have had many antagonisms, in which I have not always been successful. I am sure, however, no Member of this honorable body would assume for a moment that because of my political conflicts I would not present with as much fairness as possible to my conception of the complete justice their demands which they present as necessary to equity and right in their behalf.

They contend that this exemption which is given to the canners from the far Northwest should apply to them. They point out a matter with which I am not so familiar otherwise than to present it to you as it is presented to me—that in presenting the foods to the country there comes a time when those around them will offer, whether it be milk, or, in the immediate surroundings, the products of poultry, milk, vegetables, and meat, in large quantities, which they can immediately purchase and immediately prepare for a demand which they say may at once be very great. They assert that if they are compelled to obey the bill literally they cannot work long enough, or let their men who are specialized in the particular task work long enough, to put the products in such marketable shape that they may be at once transferred to the demand necessary to the consumption. They say that if they are compelled to abide by the bill and are not allowed under those conditions to take advantage of the situation as it will be presented, they will be prevented from buying from the farmers around them; that the farmers would not be able to sell to them. The packers would be conscious that they would not have time enough to turn the substance into such shape as is necessary for consumption. Therefore the packer would not buy the products from the farmer. The farmer in these surroundings would lose his market; and the packer would lose the market of those who sought to consume, because there would not be the opportunity to put the products in such shape as would enable them to be sold. In addition, it is said that the products, being perishable, must be acted upon at once, for, failing to be acted upon at once, they perish in their usefulness.

Furthermore, it cannot be said that an increased number can be put to work, and therefore by that means the plan of the bill can be carried out. Much of the work is particularly specialized. It must be done by men who have been educated and skilled in the art. They alone can do it. To attempt to bring in others merely because the number is accumulated would bring in those who were not skilled in the art or capable of executing the work.

Next, if they stood in this emergency, where they had a chance to buy from the farmer and sell to the consumer and did work overtime, as set forth in the bill, they would become at once criminals under this bill and could be prosecuted.

Lastly, they could not ship the product to any States around them, because the bill would prevent the shipment though there were ever so slight a time consumed in addition to that permitted by the bill in getting the matter out for the call of the consumption which they say could be upon them at each particular time.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Montana?

Mr. LEWIS. I do.

Mr. WHEELER. Will the Senator tell me what are the hours of work in the packing industry?

Mr. LEWIS. I am told that they are able to keep their men at work now 40 hours a week. The men arrange that among themselves. The system is adopted by the men themselves, under their labor-union regulations.

Mr. WHEELER. How many hours a day do they work?

Mr. LEWIS. It depends. Ordinarily they run from 6 to 8 hours. It depends on the men themselves. They work in shifts, I am informed, sir.

Mr. WHEELER. The reason why I ask the question is this: We had some difficulty in Montana because the packer in Montana employed union labor, and the big packers shipped their products in there; and the contention of the labor unions there was that some of the big packers who were shipping them in were nonunion, and worked their men as long as 10 hours a day, whereas in the competition in Montana the packer there was only permitted to work them 8 hours a day.

I am not aware of the facts; but I wanted to ask the Senator whether or not that was true, because if the packers in his State are working their men 10 hours a day at the present time it seems to me that is entirely too long a time for them to work. I do not see any particular reason why, in the packing industry, they should not work their men 5 days a week and 6 hours a day the same as any other manufacturers, because of the fact that they can so arrange their business, if they have to, the same as any other manufacturer does.

Mr. LEWIS. I answer the Senator from Montana by saying that I have no knowledge of the matters transpiring in Montana, the State so ably represented by himself. I only can inform him that as to the State where I live, the laborers there with whom I am acquainted in their methods arrange their hours practically among themselves, by regulation; and that regulation, either by the direction of the union in conjunction with the employers, or by agreement among themselves, results in adjusting their hours between themselves by consent, and that is adopted by the packers. Such is my information. Therefore, the burden intimated by the Senator from Montana, which would have applied in

Montana, has no application to the city of Chicago and to the facts concerning which I am now presenting this amendment.

Mr. WHEELER. I think perhaps I did not make myself clear to the Senator.

There was a boycott against any product produced by the packers in Chicago, against the sale of their articles in the stores in Montana, because of the fact that they employed nonunion men, and likewise because of the fact that they worked longer hours; and it was said that the packing house in Montana and the butchers there could not compete with the packing houses in Chicago because of the fact that in Chicago they worked the employees these long hours.

Mr. LEWIS. I gather the suggestion now. It is said that the competition there in Montana could not continue because of the method which was adopted in Chicago?

Mr. WHEELER. Yes.

Mr. LEWIS. I may say to the Senator that I am informed that that condition does not prevail; but, to the contrary, that the hours are adjusted among the men to their own satisfaction, and matters exist in such harmony that there is no controversy between the men and the employers. I would know if there were any conflict, but I am assured by those who represent the situation and bring this matter to my attention that there is no conflict and that the hours of work depend very largely on the men themselves. Wherever the men themselves feel that the emergency is such that they should continue in a different manner than that previously regulated by their own arrangements, they adjust that among themselves. That is what I am able to tell the Senator, but the exact details of which I am unable to reveal.

I now conclude, as I imagine the able Senator from Alabama [Mr. BLACK] would like to address the Senate. I now say to you that there is presented to me, and I present it to the Senate, a matter the details of which I can only give in part of my knowledge. As to the remainder of the matter, I am instructed that they desire that livestock, poultry, milk, and their products be exempted from the heavy provisions of the bill, in order that they may avail themselves, wherever they can, of obtaining the livestock and turning it as quickly as possible into marketable products, lest it perish, and serve the consuming market at its demand. Second, that as to poultry and milk and their products, they ask to have the same application made. I present it as a matter arising from the necessities of their situation and because they feel that it would aid the farmer from whom they purchase, would aid the consumer to whom they sell, and give them opportunity to continue this work and increase the market.

Mr. CAREY. Mr. President——

Mr. LEWIS. I yield to the Senator from Wyoming.

Mr. CAREY. Mr. President, I am in favor of this amendment. I am not speaking for the packers, but rather for the livestock men.

In the stockyards it is customary to have what are known as gluts and shortages. Some days there are thousands of livestock on the market. Other days the number is very small.

Until livestock is purchased by a packer the expense of keeping that livestock in the market—for feed, yardage, and so forth—is borne by the producer. There is also a great shrinkage the longer the livestock has to be kept. If the packer is not equipped to take care of that livestock, the livestock will remain in the stockyards at the expense of the shipper. He will have that expense to pay, and also the shrinkage on the livestock.

So this amendment is not so much for the benefit of the packer. He can pass his costs on to the shipper; but it is for the benefit of the producer and shipper of livestock.

I think the same thing is true of poultry; and, therefore, if this amendment should be approved by the Senate, I believe it will really help the producer and not the packer, as Senators might be led to believe.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. LEWIS. I yield.

Mr. WALSH. Would the Senator's amendment remove from the provisions of this bill the packing industry?

Mr. LEWIS. Not at all. I have heard that intimated, and I am sure it is under a misconception.

Mr. WALSH. Would it remove that part of the packing industry which has to do with housing, caring for, and protecting cattle before they are slaughtered?

Mr. LEWIS. In nowise whatever. They are under separate acts, both of Congress and of local legislation, complied with literally, and in nowise touched by the amendment.

Mr. WALSH. So the packing industry would not be in any way exempted from the bill?

Mr. LEWIS. Not as an industry in anywise whatever. These particular matters which I pointed out, and expressed concern with regard to, are limited only.

Mr. WALSH. I was prompted to make the inquiry because the Senator from Wyoming [Mr. CAREY] said he was not speaking in the name of the packers and in the interest of the packers, intimating that the packers were concerned in the matter.

Mr. LEWIS. That was largely due to the fact that I wanted to be perfectly frank with my colleagues, who have been very generous to me, and oftentimes have extended honors much beyond my deserts. I did not know all of the conditions of the packing industry, and the gentlemen representing it had brought to my attention the injury to the trade which I am the Senate representative of to the extent of being one of its legislative representatives here in the legislative body on legislation affecting Illinois and its industries. I wanted the Senate to know exactly that it was from the representatives of these gentlemen that I get the information; I wanted them to know from whom I got it; also, that I did represent their interests here; and I wanted it manifested clearly that that is for what I spoke—the interest so far as it affects the consumers in the general market and the public in its behalf.

Mr. CAREY. Mr. President, will the Senator yield?

Mr. LEWIS. Yes; I yield to the Senator from Wyoming, asking the Senator to keep in mind that my time is being consumed.

Mr. CAREY. I want to say, in answer to the question of the Senator from Massachusetts, that the expense of caring for the livestock is borne by the shipper until the packer purchases the livestock.

Mr. WALSH. Are there not, in the yards of the packers, men employed to feed and take care of and protect the cattle until they are slaughtered?

Mr. CAREY. The packer would not buy the livestock until they were ready to be slaughtered.

Mr. WALSH. So that in the yards the control of the cattle is in the possession of the producer or seller?

Mr. CAREY. He would have to pay for the hay and feed and yardage.

Mr. BLACK. Mr. President——

Mr. LEWIS. I will yield the floor to the Senator from Alabama. I am trying to find a copy of my amendment, and I find that I have not it. I added the amendment at the end of the bill because I found I had been cut out of the Dill, or first, amendment in previous prints by the parliamentary situation.

Mr. BLACK. Mr. President, it is with great reluctance that I oppose an amendment offered by my good friend from Illinois, particularly on account of the fact that I realize that his vote is found and his voice is heard in the interest of the people of the country when he talks on questions in this body.

It is my judgment, however, from a study of the amendment, that it amounts to exactly the same thing as it would to add a proviso stating that the packing industry is exempted from the stipulations and provisions of this bill. It is exactly the same thing as it would be to provide that those manufacturing or dealing with cotton should be exempt from

the provisions of this bill. That, of course, would exempt the cotton factories. If we were to provide that those manufacturing anything from ores should be exempted, that, of course, would exempt the steel mills. What this amendment does is to exempt from the provisions of this bill those who handle livestock, poultry, milk, or their products.

The farmer raising the livestock is not included in this bill at all. The dairyman handling the milk is not included in this bill. What this amendment does is to designate those agricultural products handled by packers, and to state that the provisions of the measure shall not apply to these products. Of course, it would be exactly the same thing to say that the provisions of the bill shall not apply to the packers.

There was an amendment agreed to with reference to this bill on yesterday with reference to perishable products. Someone might ask the question, Why agree as to some, and not as to others?—which is a very reasonable inquiry.

Those with reference to which agreement was made on yesterday are those where the work must be entirely seasonal, the goods are of such perishable nature, and, in addition to their perishability, the time for doing the work is so short that we must make exceptions to the general rule. The packing industry, however, works 12 months in the year, and I am very frank to state that this amendment would strike out a part of the very heart of the measure. What reason is there why those engaged in the packing industry should receive any more consideration than those engaged in manufacturing cotton cloth or woolen cloth?

Mr. CAREY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. CAREY. I do not think it is fair to compare cotton and meat. Cotton is not a perishable product, it costs little to store; but when livestock goes to the market it has to be kept and has to be taken care of, and unfortunately at the expense of the shipper.

Mr. BLACK. The Senator is correct, it has to be kept; but I am informed that the people in the stockyards work now on the basis of a 40-hour week. It is probably true, as the Senator suggests, that the particular packers who have spoken to him do work their labor 40 hours a week. I know that some of the others work their laborers more. But, assuming that they work 40 hours a week, if it is true that there should be an exception made of the packers, how could they do their work in a 40-hour week? They could work perhaps 60 or 75 hours a week because of an emergency.

The exceptions which were made yesterday referred to perishable commodities, where the work must be done quickly and rapidly within a period of a few days. They referred, for instance, to the fishing industry, where, according to the information given us, the fishermen go out on the sea and while there they can the fish. Naturally they cannot work continuously, but the packing industry can work 12 months in the year.

As much as I dislike to differ from my good friend from Illinois, I cannot see the slightest reason or excuse why the packers should be singled out for particular favoritism under a rule which is to be applied to give added employment to the people of this Nation.

Mr. CAREY. Mr. President, it not infrequently happens that there are a large number of livestock on the market in the early part of the week, but that the number is small at the end of the week. Under this bill the employees of a packing plant could work only 6 hours a day, consequently the packer would purchase only the number that he could kill and dispose of with his force.

The Senator spoke about the milk and cream business. This act would apply to cooperative creameries operated by farmers. I do not see why we should make an exception of the fishing industry and not make an exception of the meat industry.

Mr. BLACK. Mr. President, as I explained a moment ago, if the packers were compelled to go out onto the high seas and were compelled by law to fish a certain number of hours and were then compelled to can the fish they caught within a certain period of hours the analogy would be perfect; but the analogy is not present at all in the case of the packers.

I have been in packing institutions. There is one located in the State from which I come. But they work the year round. It is not a seasonal work; it is not work which requires that something must be canned within 10 hours. It is a case where the stock comes in and is slaughtered. The pending amendment would not help the farmer. I deny that it would add one dollar or one dime of profit to the stock farmers of this Nation. It would not increase the profit of the man engaged in agriculture. It might help the packer to give him the right to have his employees continue to work as they are working now. The packers constitute one of the industries of this country which, according to the evidence, are working long hours and are not preserving the reasonable rules and regulations that would be required to give employment to the people of this Nation who are now unemployed.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BARKLEY. I do not know much about the packing business, and do not know what their hours and what their customs are. I do know that a large class of them are engaged in interstate commerce, and if they receive large shipments of cattle on any given day, assuming that this bill should apply to the employees, the 6 hours of any employee or any group of employees might end at 4 o'clock in the afternoon, and there might be a carload of cattle there to be loaded or unloaded or cared for. What would happen in that case? Would the stockyard be required to put on another shift of men for 2 or 3 hours to handle that carload of cattle? Assuming that they have definite quitting hours, we will say at 6 o'clock, and a carload of cattle were in process of being unloaded at 4 o'clock, and the group of men working had worked 6 hours up to that time, what would happen during the next 2 hours? Would they have to stop proceedings until the next day, or put on a new shift of men to unload that carload of cattle, which work would require 1 or 2 hours? How would that work out?

Mr. BLACK. The same thing would happen that happens now. If it be true that that business is of a fluctuating nature, and that more stock comes in one day than another, they have provided an adequate number of employees to meet that situation. The only result would be that, as in the cotton factory, or the woolen factory, or as in any other business, instead of having just enough men to do the work who work 8 hours a day, they would have enough men employed who could do the work by laboring 6 hours a day, to meet the situation.

Mr. BARKLEY. I can understand that in a factory where everybody goes to work, we will say, at 8 o'clock, and everybody quits at 5 o'clock, or, under this law, would have to quit at 3 or 4 o'clock, they would just shut up shop and everybody would go home. The machinery would close down, the machines would be silent and still until the next morning, when they started to work again. But when a carload of cattle comes in and has to be looked after, it is a little different from closing up machines or locking up a building and everybody going on home. I am just wondering how it would operate. I am not interested in any packer. I understand that the word "packer" has an odious implication sometimes, in the minds of some people.

Mr. BLACK. I do not think it should have.

Mr. BARKLEY. It does not carry any implication to my mind, and therefore I do not hesitate to pronounce the word. But we know that it is not a business, especially the stockyard end of it, that can start at 8 o'clock in the morning and stop at 4 or 5 o'clock in the afternoon, or at 6 o'clock in the afternoon. If cattle do come in all the time, they have to be looked after. The farmer or his agent may be there to be in charge of them, but he has to put them in the immediate charge of the stockyard hands who are trained to handle the care and feeding of the cattle until the following day, or until some definite time when they

can be slaughtered. Information is all I am seeking. I am wondering how the bill would work out in a case like that.

Mr. BLACK. Assuming the statement of facts which the Senator has set forth, it is my judgment that, very much as they have now, they would have enough men to handle the job working 6 hours a day.

If that were the situation to be reached, and the Senate were given the privilege, by an amendment offered, to pass upon it, it would be entirely different; but that is not the amendment. The amendment goes farther. The amendment exempts from the provisions of the bill those who are processing perishable products or livestock, poultry, milk, or other products. What does that mean? It means that the packers would be exempted, because that is all they deal with, and the case the Senator has in mind is not here offered. This is an amendment which exempts entirely the packers. If someone wants to offer an amendment which would raise the sole and single proposition, then it would be up to the Senate to vote on it. But I simply desire to call attention now to the fact that if this amendment is adopted, we might just as well write into the bill a provision that the packers are exempted.

Mr. BARKLEY. I am not arguing for the packers.

Mr. BLACK. I understand the Senator fully.

Mr. BARKLEY. But I do contemplate a situation where any stockyard might have a hundred men there all day doing very little; but they would be on duty, would be employed. Late in the afternoon a carload or two of cattle might come in that had to be moved at once, and if those men, already on the job all day, had served out their 6 hours contemplated under this bill, that carload of cattle would have to be untouched until the next day, or until a new shift of men were put on to take care of them.

Mr. WALSH. Mr. President, would the Dill amendment take care of the situation?

Mr. BLACK. I think the Dill amendment would, but I call the Senator's attention to the fact that some States now limit the hours of labor. How could they work under those limitations? It is merely a question of what hours are fixed.

Mr. COUZENS. Mr. President, under the amendment proposed by the Senator from Illinois cheese factories and butter factories, and factories producing products of that kind, would be excluded.

Mr. BLACK. They would all be excluded, because those things are all to be exempted.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. LEWIS. Mr. President, I will ask, have I time remaining on the bill and some time on the amendment, and as to which do I have time, or do I have time yet on both?

The PRESIDING OFFICER. The Senator may speak only once on any amendment. The Senator may speak on the bill now.

Mr. LEWIS. Then I address myself to that to which I may speak under the parliamentary situation.

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. LEWIS. Mr. President, I want to adopt the argument of the able Senator from Alabama. From my conception of logic I can conceive of no reasons quite so obvious and imperative to support this amendment I have presented than the argument that has just been given us by the versatile and distinguished Senator from that eminent Southern State.

Let it be conceded that in the amendment spoken of as the Dill amendment the provision is, "This section shall not apply", referring to the very section which I ask to be amended, "to commodities which a cannery, workshop, or manufacturing plant produces by canning or preparing for marketing or commerce, fish, seafood, fruits, or vegetables of a perishable character."

Now, says the able Senator from Alabama, the distinction lies in this, that men go fishing, they have a certain length of time to do that fishing, and the fish must be caught and then canned and prepared for market. But my able friend forgets that at one season of the year it is one kind of fish, at another season of the year it is another kind of fish, and thus it continues to be another kind of fish. But they are working all the time at the fish, and they are canning different kinds of fish, but it is the same constant canning, it is the same manufacturing for market or commerce. The seafoods, fruits, or vegetables are given this exemption because they are of a perishable character, says the able Senator, but the packing business goes on all the time. Yes; but a calf becomes a cow in part of the time. Also the young chicken becomes an older one—if gentlemen are experts on any form of chickens; I make the allusion parenthetically; I do not like the knowledge being displayed by my eminent colleague on that question. [Laughter.] But I call attention to the fact that in the packing industry it must avail itself at the seasonal time—the farmer whose poultry comes in while it is young, the milk must be handled at the time when it is marketable and usable, and the stock, to which the Senator has referred, must be handled when it can be used, for the time comes when it may be unmarketable.

Therefore the very doctrine which applies to the amendment, which the Senate accepted upon the theory that it is perishable matter and to be used quickly and put in commerce as early as is convenient, is capable of application to the amendment which I presented. It disturbs my eminent friend because it is an effort to do justice to the packers. It would seem that much of justice due the packers in behalf of what they produce or what they are to sell as products should be denied them because they are called "packers", while the very same things under similar conditions are granted to those which are called "canners." In other words, the policy of my able friend is to can the canned stuff for the Northwest, but "can" the packers in the Middle West. Of that form of "canning" I do not approve. [Laughter.]

Mr. President, I have presented the reasons for the amendment. I have alluded frankly to political controversies, but those have nothing to do with the justice that is due the packers in their desire to produce their products and their desire to be protected upon an equal basis with others. I am only asking of the Senate the very exact rule that has been applied in behalf of other similar occupations. I respectfully insist that the eminent Senator from Wyoming [Mr. CAREY], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Alabama [Mr. BLACK] have presented arguments so cogent and so unanswerable in behalf of the amendment which I have submitted that I can add nothing to them.

Mr. LONG. Mr. President, I think my friend from Illinois is in error as to what we have done in the adoption of the Dill amendment. As I understand it, his amendment is not in line at all with what we did with regard to seasonal packing. The Dill amendment provided that—

> This section shall not apply to commodities which a cannery or manufacturing plant produces by canning or preparing for marketing or commerce fish, seafood, fruits, or vegetables of a perishable character.

This is a perishable product, of course. What the Senator from Illinois probably refers to is the next clause of the Dill amendment, which reads:

> *Provided further*, That upon the submission of satisfactory proof of the existence of special conditions in any other industry included herein, making it necessary for certain persons to work more time than herein provided, the Secretary of Labor may issue an exemption permit in respect to such persons, relieving the commodity from the provisions of this act.

The second clause is broad enough, I believe, that if there is any justice in any particular claim made for the packers, the Secretary of Labor is empowered to give whatever relief they may need. In other words, in the case which the Senator from Kentucky [Mr. BARKLEY] presented, if the Secretary of Labor finds such a condition to obtain, a permit may be issued to facilitate the unloading of cattle or anything of that kind. But if we draw a blanket around the packing industry we might as well put the steel industry

and the clothing industry in too, and be through with it. If we are going to exempt the packing industry entirely from the operation of the 30-hour week law, then we might as well exclude the steel mills and the clothing factories and be through with it. In view of the last clause that has been adopted, which permits any particular condition to be met by the issuance of a permit from the Secretary of Labor, I certainly hope we will not exclude the packing industry and the slaughterhouse business from the operations of the bill, because if there is any one business, judging from my limited experience, that does need to be under the provisions of the bill, it is the slaughterhouse business, and if there is one institution able to bear it it is the packing-house industry.

Mr. LOGAN. Mr. President, I take the privilege of submitting a few remarks on the bill. I cannot vote for the bill because, in my judgment, it is unconstitutional as the law is today, and I believe that is the opinion of all the lawyers I have heard express an opinion about it. If the Supreme Court does not overrule previous opinions it would be forced to declare this bill unconstitutional. As highly as I regard the opinion of the Senator from Idaho [Mr. BORAH], I cannot go along with him and say that I will vote for a bill that is unconstitutional today so that the Court may have another opportunity to determine the question. I think I am bound by the decision of the Supreme Court which makes such legislation unconstitutional.

But aside from that I do not believe that it would be wise to deal with only one unit of the several that go to make up the business in this Nation. Everyone must realize that in every business there are three things which we must consider. One is the earnings of labor. The bill proposes to deal with that. Another is the earnings of capital. Another is profits that may be derived from business. If we take only one of those things and attempt to legislate about it, the legislation must prove a failure. If the bill, or a bill having similar purposes in view, accomplishes anything it must deal with the earnings of labor, the earnings of capital, and profits. Otherwise it can accomplish little, if any, good.

The bill deals with hours of labor. The purpose is to give jobs to a greater number of men. There is no one who can say that wages can be maintained; that is, that the employer will pay as much for 6 hours each day as for 8 hours each day. There is nothing in the bill that would enable anyone to state with any degree of certainty that wages would not be reduced in the same proportion that the hours of labor are reduced. If that should be true, the purchasing power of the people would not be increased at all.

There is another thing that we must consider. If the employer today is unable to conduct his business because he cannot earn enough, it goes without saying that he cannot absorb the increase in the cost of labor if the cost should be increased as a result of the bill. Then if he cannot absorb the increased cost, it must be passed on to the consumer, or it must be deducted from profits, and if there are no profits then it is imperative that the price of the thing produced to the consumer must be increased in the same amount that the money paid out for its manufacture has been increased.

Then it seems to me if we are going to deal with this subject in a way that will bring about such a result, it is absolutely essential that we deal with all three things. If we say that hours of labor shall be so many per day or week, it follows that someone must have the power to fix the hours of labor. If we say that the earnings of capital shall be fair, then it follows that someone must have the power to determine what is a fair earning for capital. If we say that each business is entitled to earn a profit, then someone must determine what that profit shall be. Without taking into consideration all of these three things—and that is all there is to business—without considering all of them collectively and looking at them at the same time, we cannot accomplish very much good.

It is very much like this: We have an old machine. It has done very well in its time, but someone, let us say my good friend the Senator from Alabama [Mr. BLACK] conceives the idea that we ought to have a new machine and a better machine. He goes out and creates one piece of it, as he has here, and says "I will put that one piece, that will belong in the new machine, over in the old machine." It will not work there. The result will be that not only the piece will be destroyed, but the old machine itself will be destroyed. If we are going to install a new machine to regulate the matter of capital and labor and profits, we ought to complete the machine, because just one new piece will not work in the old machine.

Mr. President, I make these few suggestions because I want my position understood. I doubt somewhat the wisdom of such legislation. We are now going through a great period in an effort to get rid of what we call legislative interfering with the lives of the people and the rights of the people. Many have said that we have no right to say what a man shall drink or what a woman shall drink. We have submitted to the people of the Nation an amendment to the Constitution taking out of it that provision which sought to prohibit men from drinking certain intoxicating liquors. But now we are proposing by this legislation to take away from men a much more valuable right—in fact, one of the most valuable rights that a man can have in a nation such as ours—liberty of contract. We are saying to him, "Although you may be willing to work longer hours, although you may need to work longer hours, you shall not make a contract with your fellow man to labor longer than a certain number of hours." We are dealing with a very sacred question. I do not think it should be dealt with in a haphazard way. I do not think we should take up an important matter like this and pass it for no reason other than to give the Supreme Court of the United States an opportunity to say whether such legislation is constitutional.

Mr. President, I am not opposed, I may say to the Senator from Alabama, to legislation along the line indicated in his bill if it will cover the entire subject in such a way that business may be carried on with fairness to everyone that is interested. We cannot simply deal with one side of the triangle without dealing with the other two sides. Then I think the bill has many imperfections in its general terms as it is expressed and as it appears in the report of the committee. I happen to know of one industry down in my State that the bill would utterly destroy, and I expect there are many other industries in the same situation.

I refer to the production of a road-building material called "rock asphalt." I want to call the attention of the Senator from Alabama to this particular method of operation. There may be 500 men engaged in producing rock out of which to manufacture rock asphalt. We will have 50 men who are experts in the distribution of that rock. They can look at it or feel it and know whether it is of the required richness. We have only about 50 such experts, and those 50, working at the same time, can keep at work 500 common laborers each day. When those 50 men stop work, when they have worked their 6 hours, and the 500 common laborers have worked their 6 hours, they all must quit. The company could go out and get 500 common laborers to break up the rock, but it cannot go out and get 50 experts to distribute the rock, so the plant must shut down at the end of 6 hours. There is no way for it to put on another shift.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Alabama?

Mr. LOGAN. Certainly.

Mr. BLACK. The Senator evidently is not familiar with the amendment which was adopted yesterday.

Mr. LOGAN. Possibly I am not.

Mr. BLACK. That is very natural, because for some reason it was not printed and laid before Senators. Under that amendment, the company which the Senator has in mind, if it has experts whose services are necessary for a longer time than 6 hours, can obtain a permit from the Secretary of Labor. I am sure that provision will be very liberally administered. It was to meet that exact situation

and similar situations that the amendment was adopted. So, insofar as that feature is concerned, it would not deprive the company there from doing business.

Mr. LOGAN. I am very glad to know that. In some way or other I overlooked that amendment. I did not find it among the printed amendments. I assumed that all the amendments had been printed; but I am very glad to hear what the Senator has stated.

In conclusion, Mr. President, I will simply make this statement: Even if I should consider the bill as necessary, and that its enactment would serve a useful purpose, I would be compelled to refrain from voting for it solely on constitutional grounds. If it is unconstitutional at the time I vote, then, having taken an oath to support the Constitution of the United States, I cannot vote for the measure.

Mr. LONG. Mr. President, I believe I know the Senator from Kentucky well enough to state that he favors the humane principles underlying this bill.

Mr. LOGAN. That is true. I favor all humane principles that will help improve the conditions of labor in fairness to those who own and control the capital and to the great mass of the people at large.

Mr. LONG. The constitutional objection arises because of a 5-to-4 decision.

Mr. LOGAN. That is true.

Mr. LONG. That decision, in the Dagenhart case, may be said to stand in the way; but, fundamentally, the Senator from Kentucky and all of us must vote as we interpret the Constitution. There have also been many unanimous decisions.

We, of course, are persuaded by what the Court has held to a certain extent; but there are many decisions of the Supreme Court which would uphold this bill that were not 5-to-4 decisions—as, for instance, in the oleomargarine case, in the lottery case, and in the monopoly case—all of which sustained the right of Congress to prohibit products from being transported in interstate commerce if manufactured by a monopoly or in aid of a lottery or anything of that kind. If we base our constitutional opinion upon decisions of that kind, there would be nothing in the way of our conscience in voting for this measure—or, rather, we would be justified in doing so.

Mr. LOGAN. It may be that my training throughout the years has caused me to think along lines from which I cannot easily depart. I cannot agree with the Senator from Louisiana that we have the right to place our own construction on the Constitution when the Supreme Court of the United States, which is solely vested with the authority to tell us what the Constitution means, has determined a particular question. It may be that we could say that we disagree with its opinion, but however much we may disagree with the opinion of the Supreme Court, that opinion is right. It may not have been right 5 minutes before the opinion was delivered; it may not have been right during the entire history of the Nation up to that time; but the very moment that that opinion is handed down and goes into the law books, when it becomes final, then the Constitution means and must mean exactly what the Supreme Court says it means. I can place no other construction on it.

I am in sympathy with any legislation that will make for the betterment of mankind. We need to do something to prevent the concentration of great wealth in the hands of the few; we need to protect the rights of the people. It is always necessary to protect the rights of the poor and the helpless; the rich are able to take care of themselves; but, in doing so, we should not transgress upon the provisions of the Constitution of the United States. The Constitution is not merely an instrument of direction. There is nothing in it that is directory. Every time the Constitution speaks it breathes a command. When it says, "Thou shalt", you must do that which it says, and you cannot substitute anything else. When it says "Thou shalt not", then you must obey, for it is not an instrument that can mean one thing today and another thing tomorrow. Occasions may arise when it is necessary to find new meanings in the instrument, to find a dormant or latent power which has never previously been called into operation; but the Supreme Court has spoken on this question; it has said that if we pass this law it is an unconstitutional act.

I grant that the Court may change its opinion and say that it was wrong in its prior construction of that provision of the Constitution, but until the Court does say that we are bound by it, or, at least, that is my opinion about it. Of course, I am the keeper of no man's conscience; any other Senator is free to look upon the matter according to his own judgment; but, as for me, I am bound by the decision of the Supreme Court until it shall be changed.

Mr. DICKINSON. Mr. President, it is my hope that the amendment of the Senator from Illinois [Mr. LEWIS] will prevail. I am greatly interested in the advancement of the pork- and the milk-processing business, and the pending amendment directly affects the welfare of the people of Iowa.

The packer has no way of determining how many hogs will be in the stockyards for him to buy or to take care of on any one day. It simply depends upon the number that are gathered there, either trucked in or shipped in. If we impose on them a limitation such as is proposed by the bill, we are simply going to add to the burden of the overhead. If the packer bids on the hogs which may be there with the idea that he can carry them over for a day, he will deduct the expense of the carry-over from what he pays the farmer. I think there can be no question about that being the practice in the marketing of livestock all along the line; and it seems to me that the circumstances bring this particular form of activity clearly within the rule laid down when we exempted the canning business.

Referring now to the milk situation; they have what they call big days and small days in milk deliveries. On some days there will be collected twice as much milk as on other days. If the processor was restricted to a limited number of hours, he would be compelled either to put on twice the help that he should have on one day and have no help at all on the next day or he would be compelled to work overtime. He cannot always tell what quantity of milk will be delivered.

Therefore it seems to me, as to both the creamery business and the livestock business, this amendment ought to be agreed to, and I hope it will prevail.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. LEWIS]. [Putting the question.] The ayes appear to have it.

Mr. BLACK. I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been called for. Is there a second?

The yeas and nays were ordered.

Mr. RUSSELL. Mr. President, I should like to have the amendment read.

The PRESIDING OFFICER. The clerk will reread the amendment.

The CHIEF CLERK. It is proposed by the Senator from Illinois, on page 3, line 9, after the word "effective" and before the semicolon, to insert the following:

Nor shall this bill and its provisions apply to perishable products of livestock, poultry, milk, or their products.

Mr. BORAH. Mr. President, as I understand, this amendment is designed to accomplish the same thing that was accomplished by the adoption of the amendment with reference to canneries?

Mr. LEWIS. The Senator states the position I take.

Mr. BORAH. I should like to ask the Senator from Alabama what, in his opinion, is the objection to the amendment in view of the fact that we have accepted the amendment exempting canneries?

Mr. BLACK. Mr. President, I stated a few moments ago—I imagine the Senator was not present at the time—that my objection to this amendment is that if we are going to exempt the packers we ought to do it by name. This amendment as it is written absolutely exempts the packing indus-

try from the operation of this law, and that, in my judgment, should not be done. It would exempt them for the reason that it names specifically the commodities which they handle which are perishable. It says that those dealing in such commodities shall be exempt from the provisions of the bill.

There is a vast difference between a business running from month to month throughout the year and the business of canning, which involves frequently but 2 weeks, and no more, during which the canning must be done. There is a vast difference between that kind of a business and a business of the packing companies which have cold-storage plants and are amply able to take care of everything they have. The cannery, of course, to which the amendment of the Senator from Washington applied to the processing, for instance, of tomatoes which grow during only a short season and the canneries must work rapidly, but the pending amendment deals with the packing of meat and exempts the entire packing industry.

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE], and under the circumstances withhold my vote.

Mr. FESS (when his name was called). On this vote I have a pair with the senior Senator from New York [Mr. COPELAND], who is unavoidably absent from the Chamber. I do not know how he would vote if present. If I were permitted to vote, I should vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I do not know how he would vote, and therefore I withhold my vote. If permitted to vote, I should vote "nay."

Mr. STEIWER (when his name was called). Referring to my pair, which was announced upon a previous roll call, I cannot learn how the senior Senator from New Mexico [Mr. BRATTON] would vote. I therefore withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. LEWIS. Mr. President, I desire to announce that the Senator from New Mexico [Mr. BRATTON] and the Senator from New York [Mr. COPELAND] are necessarily detained from the Senate; also, that the Senator from Utah [Mr. KING], the Senator from Arizona [Mr. HAYDEN], the Senator from Nevada [Mr. PITTMAN], the Senator from Florida [Mr. FLETCHER], and the Senator from New York [Mr. WAGNER] are detained on official business.

Mr. FESS. I desire to announce the following general pairs:

The Senator from South Dakota [Mr. NORBECK] with the Senator from Washington [Mr. DILL]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Georgia [Mr. GEORGE].

The result was announced—yeas 34, nays 44, as follows:

YEAS—34

Adams	Frazier	Keyes	Schall
Austin	Glass	Lewis	Shipstead
Bailey	Goldsborough	Lonergan	Stephens
Barbour	Gore	McNary	Townsend
Byrd	Hale	Metcalf	Vandenberg
Carey	Hastings	Nye	Walcott
Connally	Hatfield	Patterson	White
Dickinson	Kean	Reed	
Dieterich	Kendrick	Russell	

NAYS—44

Ashurst	Caraway	Long	Robinson, Ark.
Bachman	Clark	McAdoo	Robinson, Ind.
Barkley	Coolidge	McCarran	Sheppard
Black	Costigan	McGill	Smith
Bone	Couzens	McKellar	Thomas, Okla.
Borah	Cutting	Murphy	Thomas, Utah
Brown	Duffy	Neely	Trammell
Bulkley	Erickson	Norris	Tydings
Bulow	Harrison	Overton	Van Nuys
Byrnes	Johnson	Pope	Walsh
Capper	La Follette	Reynolds	Wheeler

NOT VOTING—17

Bankhead	Copeland	Davis	Fess
Bratton	Dale	Dill	Fletcher
George	King	Norbeck	Steiwer
Hayden	Logan	Pittman	Wagner
Hebert			

So Mr. LEWIS' amendment was rejected.

Mr. SHIPSTEAD. Mr. President, I ask to have inserted in the RECORD at this point the telegrams which I send to the desk.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN., *April 5, 1933.*

Senator HENRIK SHIPSTEAD:

Urge you use best efforts to secure exemption dairy products in Senate bill 158, dealing with hours of labor in factories.

JOHN BRANDT,
Land O'Lakes Creameries, Inc.

ST. PAUL, MINN., *April 5, 1933.*

Hon. HENRIK SHIPSTEAD,
Senate Office Building:

We urge you use every effort to have dairy products out of Senate bill 158.

TWIN CITY MILK PRODUCERS ASSOCIATION.

Mr. VANDENBERG. Mr. President, I desire to submit an amendment which I think is in a sense clarifying, and in no degree in conflict with the original purpose of the bill. In fact, I have undertaken its preparation at the suggestion of the Senator from Alabama [Mr. BLACK], in consultation with the Senator from Massachusetts and the Senator from Connecticut, who are interested in the same point.

It was not originally intended that the bill should apply to executives and supervisory officers in a business. It would be manifestly impossible to stagger general management or to stagger superintendents or to stagger private secretaries.

Mr. NORRIS. That will not be so difficult in a few days. [Laughter.]

Mr. VANDENBERG. Well, using the word in the technical sense, the statement still remains. Therefore, in order to make it clear that the objective is fully covered, I am suggesting that, on page 2, line 7, after the word "person", the following language shall be added:

except officers, executives, superintendents, and others in supervisory capacities, together with their clerical assistants.

I am inclined to believe that none of this group was ever intended to be covered within the legislation.

The VICE PRESIDENT. The Senator from Michigan offers an amendment, which will be stated.

The CHIEF CLERK. The Senator from Michigan offers the following amendment:

On page 2, line 7, after the word "person", insert the following: "except officers, executives, superintendents, and others in supervisory capacities, together with their clerical assistants."

Mr. BLACK. Mr. President, I simply desire at this time to call attention to the fact that on January 28, 1933, I made a statement in the Senate with reference to this bill, and said that in my judgment there would necessarily be some exceptions which would have to be made. Unfortunately, those who were interested in these exceptions did not bring them before the subcommittee, so we are compelled to work out the matter in this way on the floor.

I desire to state that in my judgment an exception of this kind should be adopted.

Mr. WALSH. Mr. President, I should like to inquire of the Senator from Michigan if he thinks that commodities made where the owner of a factory himself works longer than 6 hours would be prohibited from being transported in interstate commerce.

Mr. VANDENBERG. I should think that an operating owner would be included within the exemption of the language I have just submitted.

Mr. WALSH. I had assumed that the Senator would make that answer. Now let us assume, not unreasonably, that a small cigar factory in Maine—and I know of such factories—ships cigars to Boston, Mass., and that there are 1 owner and 3 employees, and they decide to make themselves into a partnership of 4 partners. Clearly, those men could work over 6 hours a day, while the single owner who had to employ three men would be obliged to limit the employment of his men to 6 hours a day; would he not?

Mr. VANDENBERG. I would not undertake to answer the Senator with respect to his interpretation. In any event, however, the situation is more favorable, I should think, in the light of the pending amendment.

Mr. WALSH. I agree with the Senator; the amendment is most helpful, and I approve of it most heartily, but I am afraid that we have not yet succeeded in eliminating an owner or a proprietor or partners who may be disposed to work longer than 6 hours a day. The case I have in mind illustrates that.

Mr. CLARK and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Michigan yield; and if so, to whom?

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. CLARK. Mr. President, I desire to ask the Senator from Michigan a question.

I am in sympathy with the general purposes of the Senator's amendment, but as I heard it read it included an exemption of anybody in a supervisory capacity. Now, a machinist is a supervisor over a machinist's helper. A bookkeeper is a supervisor over an assistant bookkeeper. It seems to me that by the use of this language we would exclude from the operation of this act thousands and thousands of working people.

Mr. LONG. Mr. President, I desire to offer an amendment to the amendment of the Senator from Michigan. After the word "executives", I move to strike out the comma and insert the word "and"; and after the word "superintendents", I move to insert a period and strike out the remaining two lines, the balance of the amendment, leaving the amendment to read as follows:

After the word "person", add the following words: "except officers, executives, and superintendents."

Mr. President, that would mean this: We have one amendment already that allows the Secretary of Labor, on proper showing, to exempt anybody or any industry. In any case that deserves exemption, the Secretary of Labor is already vested with that authority under an amendment offered by the Senator from Washington [Mr. DILL]. Under this amendment as I have moved to amend it we would create a further exemption which the Secretary of Labor could have made anyway—officers, executives, and superintendents. If, however, we allow to stand here these provisions with reference to those who are in a supervisory capacity and their clerical assistants, I should judge that out of a thousand employees there would be no difficulty in working seven or eight hundred of them.

For instance, if I am cutting wood, I am the major woodcutter. I sprinkle the coal oil on the saw. I would supervise my assistant. If I am a printer, and I am the man who picks up the type, then the devil under me, of course, would be under my supervision.

Mr. NORRIS. Fine! [Laughter.]

Mr. LONG. I am speaking about the printer's devil. [Laughter.]

Mr. BLACK. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I yield.

Mr. BLACK. I should like to state that I had not read this amendment at the time it was offered, but immediately upon the statement I read it. I believe that it goes farther than the Senator from Michigan desires, and I think what he is after will be reached by agreeing to the amendment of the Senator from Louisiana. I believe the word "supervisory" is of such an uncertain nature that not only would it be unwise to put it there because of those who might be included but on account of the uncertainty of the language, it might affect the legality of the bill.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. VANDENBERG. The language to which the Senator from Alabama takes exception was borrowed from a suggestion that I obtained from the junior Senator from Connecticut [Mr. LONERGAN]. It did not occur to me that it had within it the breadth which obviously does exist.

I have no desire or disposition to open a back door to this bill. I should be perfectly willing to eliminate the additional phrase in respect to "supervisory capacities", but it seems to me that the phrase in respect to "clerical assistants" should remain, for this reason:

I do not think a man should be expected to have a separate private secretary the last 2 hours in the day, and I do not think it is practicable to expect him to have an extra stenographer the last hour of the day, because that sort of service necessarily is personal and continuous.

Mr. LONG. Mr. President, with the consent of the Senator from Alabama, I see no particular objection if we leave in it the clause as to the clerical assistants of the officers and executives and superintendents. I will withdraw the amendment as I have offered it, therefore, and I will offer the amendment to read as follows——

Mr. VANDENBERG. Mr. President, if the Senator will permit me, I ask permission to perfect my amendment by eliminating the phrase respecting other supervisory assistants. How does it read?

Mr. LONG. I suggest that the Senator perfect his amendment by striking out, after the word "executives", the comma and inserting the word "and"; and after the word "superintendents", eliminate the words "and others in supervisory capacities." That would perfect it.

Mr. BONE. Mr. President, there is nothing in the amendment suggested by the Senator from Michigan [Mr. VANDENBERG] to distinguish between the private secretary of an executive officer of a big corporation and the thousands of clerks and stenographers that are working in these big offices.

In Chicago, at the end of the day, thousands of young men and women pour out of those offices, all a part of the clerical staffs of railroad companies and big organizations in that city. That is true in every great industrial center in this country. Unless some of this language is eliminated, or the meaning made very plain, we will remove from the scope and effect of this bill all of the clerical assistants in the hundreds of big offices in this country.

If we want to vote for this measure with the understanding that we are removing from it all the clerks and stenographers, let us be very certain that we vote on it with that in mind.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BONE. Certainly.

Mr. LONG. The Senator from Michigan is willing to insert the words "and their personal and immediate clerical assistants"; and we think that will cover it.

Mr. BONE. I think perhaps that would cover it.

Mr. VANDENBERG. Then I submit the amendment in this form; and I will read it myself, for fear somebody else might not succeed.

After the word "person", on page 2, line 7, add the following words:

except officers, executives, and superintendents, and their personal and immediate clerical assistants.

Mr. GORE. Mr. President, I desire to propound a question to the Senator from Michigan. Did I understand the Senator to say in offering this amendment that it is impossible to stagger management?

Mr. VANDENBERG. I think, Mr. President, that management is already staggered, and is calculated to be further staggered.

Mr. GORE. Mr. President, if this measure passes, the Senator will find, and I think the Senate will find, that management can be staggered.

I have but one suggestion to make, however, in the way of amendment. I think we ought to amend this bill with a provision that it can be cited as "the Black Act," and I say that without any reflection upon its deserving author, whom I hold in the highest esteem.

Mr. President, the black death, I believe, is the most devastating plague that ever scourged the human race. Yet destructive as it was the black death was not so bad as it might have been. It destroyed only about 40 or 50 percent of the people.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

The amendment was agreed to.

Mr. GOLDSBOROUGH. Mr. President, I desire to call from the desk an amendment which I have offered to the pending bill.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 5, after the word "mill" and the comma, the Senator from Maryland proposes to strike out the word "cannery", so as to read:

That no article or commodity shall be shipped, transported, or delivered in interstate or foreign commerce which was produced or manufactured in any mine, quarry, mill, workshop, factory, or manufacturing establishment situated in the United States in which any person was employed or permitted to work more than 5 days in any week or more than 6 hours in any day.

Mr. GOLDSBOROUGH. Mr. President, just a brief word. This amendment would exempt canneries wholly from the operation of the bill. I am quite aware of the fact that the amendment submitted by the Senator from Washington [Mr. DILL] in part covers this situation, but it is not at all satisfactory to the canners of my State. The canning industry being one of the large industries of Maryland, I therefore ask consideration of the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Maryland.

Mr. LONG. A point of order. We have already perfected that language by the amendment offered by the Senator from Washington [Mr. DILL]; and that amendment having been agreed to, it is not subject to amendment.

The VICE PRESIDENT. The amendment of the Senator from Maryland is to part of the original bill.

Mr. BLACK. Mr. President, I do not want to delay a vote. I hope and believe that the Senate will vote down the amendment very promptly.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. GOLDSBOROUGH].

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). Making the same announcement I made earlier in the day, I withhold my vote. Were I permitted to vote, I would vote "yea." I do not know how the Senator from New York [Mr. COPELAND] would vote if present.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON], who is necessarily absent from the Chamber. Not knowing how that Senator would vote, I shall withhold my vote. If permitted to vote, I should vote "yea."

Mr. STEIWER (when his name was called). By reason of the pair previously referred to, I am compelled to withhold my vote. Were I permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. LEWIS. I desire to announce that the Senator from New Mexico [Mr. BRATTON] and the Senator from New York [Mr. COPELAND] are necessarily detained; and that the Senator from Washington [Mr. DILL], the Senator from Mississippi [Mr. HARRISON], the Senator from Nevada [Mr. PITTMAN], and the Senator from California [Mr. McADOO] are necessarily detained from the Senate on official business.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Nevada [Mr. PITTMAN];

The Senator from South Dakota [Mr. NORBECK] with the Senator from Washington [Mr. DILL]; and

The Senator from Vermont [Mr. DALE] with the Senator from Alabama [Mr. BANKHEAD].

Mr. LEWIS. Let me announce that the Senator from Kentucky [Mr. LOGAN] is paired with the Senator from Pennsylvania [Mr. DAVIS]. That Senator is absent and asked that I announce the fact.

The result was announced—yeas 37, nays 43, as follows:

YEAS—37

Austin	Duffy	King	Stephens
Bailey	Frazier	Lewis	Townsend
Barbour	Glass	McKellar	Tydings
Borah	Goldsborough	Metcalf	Vandenberg
Bulow	Hale	Nye	Van Nuys
Byrd	Hastings	Patterson	Walcott
Carey	Hatfield	Reed	White
Connally	Johnson	Robinson, Ind.	
Dickinson	Kean	Russell	
Dieterich	Keyes	Schall	

NAYS—43

Adams	Clark	La Follette	Robinson, Ark.
Ashurst	Coolidge	Lonergan	Sheppard
Bachman	Costigan	Long	Shipstead
Barkley	Couzens	McCarran	Smith
Black	Cutting	McGill	Thomas, Okla.
Bone	Erickson	Murphy	Thomas, Utah
Brown	Fletcher	Neely	Trammell
Bulkley	George	Norris	Wagner
Byrnes	Gore	Overton	Walsh
Capper	Hayden	Pope	Wheeler
Caraway	Kendrick	Reynolds	

NOT VOTING—15

Bankhead	Davis	Hebert	Norbeck
Bratton	Dill	Logan	Pittman
Copeland	Fess	McAdoo	Steiwer
Dale	Harrison	McNary	

So Mr. GOLDSBOROUGH's amendment was rejected.

Mr. ROBINSON of Arkansas. Mr. President, I propose an amendment as follows: On line 8, page 2, to strike out the words "5 days" and to insert in lieu thereof "36 hours", and on line 9, to strike out the word "six" and to insert in lieu thereof the word "eight."

The effect of this amendment would be to increase the maximum limitation on the hours of labor to be permitted under the bill from 30 hours a week to 36 hours a week, and the maximum limitation on the hours a day from 6 to 8.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 8, to strike out the words "5 days" and to insert in lieu thereof the words "36 hours", and on line 9, to strike out the word "six" and to insert in lieu thereof the word "eight", so as to read:

That no article or commodity shall be shipped, transported, or delivered in interstate or foreign commerce, which was produced or manufactured in any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment situated in the United States, in which any person was employed or permitted to work more than 36 hours in any week or more than 8 hours in any day.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Indiana?

Mr. ROBINSON of Arkansas. I yield.

Mr. ROBINSON of Indiana. I just wanted to inquire of the Senator whether the amendment he proposes now is being offered at the request of President Roosevelt?

Mr. ROBINSON of Arkansas. I could not say that it is being offered at the request of the President. I think it would be acceptable to the President.

Mr. ROBINSON of Indiana. My reason for asking is that I wondered whether it was a part of the President's program.

Mr. ROBINSON of Arkansas. Mr. President, I do not make that statement.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, I think I should make a little further explanation of the amendment. There are many who are in sympathy with the primary purpose of the bill who believe that the reductions of the hours of labor carried in the bill are greater than ought to be provided for at this time. It should be conceded that the effect of the amendment in one respect would be to diminish the number of additional persons who might be employed under the limitations provided by the bill. But it is my thought, Mr. President, that the reductions which will be carried if the amendment should be agreed to would be very substantial and might prove adequate for the purposes of the sponsors of the legislation. If the constitu-

tionality of the bill should be sustained and its operation proves as helpful and as advantageous as those of us who are supporting it hope that it will, further reductions may be hereafter made if the circumstances seem to require or justify it.

The expansion of the limitation of the maximum hours per day to 8 is without doubt a substantial increase, but it affords a greater leeway to industry for adjustments with respect to the time their employees shall work.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. I dislike to see an increase in the number of hours provided in the bill, but I realize how close our vote is here in the Senate. I want to ask the Senator from Arkansas this question. Eight does not divide exactly into 36. That would mean that there would be a 4½-day week, would it not?

Mr. ROBINSON of Arkansas. Yes; they could work 4½ days at the maximum limitation, or they could work 6 hours per day for 6 days.

Mr. LONG. I would suggest an amendment to the Senator's amendment, that the "36" be made to read "35" and that the "8" be made to read "7."

Mr. ROBINSON of Arkansas. I do not know of any especial difficulty with regard to the 36-hour limitation except that it permits of shifts more readily than would 35, but the difficulty about changing the 8-hour limitation to 7 hours suggests itself in that there is no multiple of 7 that would make 24 hours. If circumstances should require the operation of an industry full time with 3 shifts of 8 hours each or 4 shifts of 6 hours, that could be done under the amendment as I am proposing it; but it would be much more difficult if the maximum limitation were reduced to 7 hours, as I am sure the Senator will readily observe.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from California?

Mr. ROBINSON of Arkansas. Certainly.

Mr. JOHNSON. I followed the reading of the amendment presented by the Senator from Arkansas, and I want to be clear as to one thing. The amendment returns to the 8-hour day. I am not for the moment considering the week. The intention of the Senator from Alabama [Mr. BLACK], as I followed him very closely in his very eloquent address the other day, was to provide for a 6-hour day. The amendment eliminates the 6-hour day and goes back to the 8-hour day and, of course, limits the hours so far as the week may be concerned.

Mr. ROBINSON of Arkansas. If the Senator will permit me, I think the Senator is in error when he states that we would go back to the 8-hour day by the adoption of the 8-hour limitation. I am not aware of any legal limitation that is applicable to the industries of the country. It has been stated on the floor that in some cases the hours of labor now in some shops and in some industries are very much greater than 8. I have heard it stated 12 and even 16, but the greatest number of hours that anyone could work in any industry under the amendment proposed would be 8 instead of 6 as proposed by the bill. The maximum number of hours anyone could work during 1 week would be 36 instead of 30 as proposed by the bill.

Mr. JOHNSON. May I ask the Senator from Arkansas a further question? Does he not think his amendment changes the entire philosophy of the bill as presented by the Senator from Alabama?

Mr. ROBINSON of Arkansas. Oh, no; I do not. I have stated that it permits of a greater freedom in the operation of industry. It does increase the hours of labor above those that are contemplated by the bill; but the thought in the minds of many, as I stated in the beginning, is that it is not desirable to make so radical a change at once in the regulation of industry as is contemplated by the bill, but that it would be better to make some change in the nature of that which is proposed in my amendment and try it out. If the constitutionality of the measure is sustained and if necessary, or if the circumstances require, we can make further reduction. I do not believe that the 8-hour limitation on work is oppressive to any worker. I do not think that the permission to work, if given, 8 hours during any one day would be burdensome to labor. Of course, the object of reducing the hours to 6, as proposed in the bill, is to broaden the spread. As I have already stated, admittedly more people could be employed if the bill is retained as it is now before us, but the question is whether it is too great a burden to place on industry at one time.

There is one further thought. It has been stated over and over on the floor today, and I believe was particularly commented on by the Senator from Kentucky [Mr. BARKLEY], that in the event the bill passes there will certainly follow corresponding reductions in wages. The proponents of the bill do not anticipate or intend that shall result. It is far more likely to occur if we retain the figures in the bill than if we modify them as provided for in my amendment. I have now stated all that I care to about the amendment.

Mr. COUZENS. Mr. President, will the Senator yield before he concludes?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COUZENS. The Senator's amendment limits the hours per week to 36?

Mr. ROBINSON of Arkansas. Yes.

Mr. COUZENS. From the manufacturer's standpoint it is much more difficult to work 4½ days than it is to work 5 days of either 6 or 8 hours per day. If we start a plant to operating for half a day, it is much more difficult than if we started to operate a whole day. I do not like the amendment because it contemplates a 4½-day week.

Mr. ROBINSON of Arkansas. It contemplates just this: Any adjustment within the weekly limitation might be made so that the laborer does not work on any one day more than 8 hours, or in one week more than 36 hours. A man might work 8 hours today and then 7 hours a day for 4 days, or he might work 6 hours a day for 6 days, the 5-day limitation not being provided for in my amendment. The effect of the provision is that a man cannot work more than 36 hours in a week and no more than 8 hours on any one day.

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from South Carolina?

Mr. ROBINSON of Arkansas. Certainly.

Mr. SMITH. I want to call the attention of the Senator to one suggestion. The shifts would be 3 instead of 4 within the 24 hours. Under the bill as it now stands there would have to be 4 shifts within 24 hours. Under the amendment proposed by the Senator from Arkansas three shifts would be possible so that any corporation would have to have only 3 experts or 3 groups drilled to carry on the work during the 24 hours. Is not that correct?

Mr. ROBINSON of Arkansas. That is correct. It permits a greater leeway in the operation of an industry.

Mr. SMITH. What I am driving at is that, knowing some factories as I do, there would seem to me to be almost an impossibility of getting four shifts within 24 hours competent to carry on the work. The Senator's amendment would reduce it to three shifts. Those of us who are acquainted with the nature of certain work will readily recognize that it would be a pretty difficult matter within 24 hours to get four shifts. Some of the mills are now beginning to run night and day, the full 24 hours. Under the contemplation of the bill as it now stands, it would require four shifts of workmen, and it would be almost impossible, it seems to me, for any one factory to employ skilled labor sufficient to carry out that purpose and operate the factory at 24 hours.

Mr. JOHNSON. Mr. President, there is no purpose on the part of the sponsors of the bill nor on the part of anyone who favors its provisions to do injustice or wrong at all to any industry whatsoever; but the amendment which has just been presented, it strikes me, entirely metamorphizes the bill and presents a philosophy at variance with that which originally was presented when the bill was argued in the early stages before the Senate. I am in sympathy with the

bill as originally presented, prepared and ready, desirous, and enthusiastic in that desire, to vote for it.

In the bill that was presented we altered what had been the course of conduct in the matter of labor, and altered it in accordance with the well-known and recognized desire and design upon the part of those who have been directing labor in this country for the past few years. All of us remember how the long struggle went on year after year, year after year, for an 8-hour day. We all recall the final success of those who were struggling to make hours of labor comparable with 8, and how finally in many industries the change was won and we changed them in some instances concerning public work. In many States it is recognized law today that 8 hours shall constitute a day's work upon State construction and the like.

The Senator from Alabama [Mr. BLACK] then adopted the new philosophy because of the crisis in which we find ourselves and provided for a 6-hour day and a 5-day week. That, as I understood it, was the purpose of the measure as originally presented, to change the basis of the daily hours of labor that had been ours in the days gone by and to provide shorter hours. In order that there might be more jobs and in order that we might bridge over the chasm that now confronts us and now imperils us, we provided that we should have a 6-hour day and a 5-day week. That was the great bone of contention originally. I may be in error in thus ascribing to the Senator from Alabama [Mr. BLACK] the purpose which I do ascribe to him, but it was with some of us the great desideratum.

Now we return, with the amendment of the Senator from Arkansas [Mr. ROBINSON], to the 8-hour day, and we return not to what was existing before but to a 36-hour week. Divide it as we may, if 8-hour days shall be the work of those who are in industry, they can have but 4½ days' work per week under the amendment. It may be said that they do not require to work the 8-hour day; but, of course, the design of the amendment, I assume to be, is that it shall be permissible, of course, to work the 8-hour day, and thus relax what is thought to be the rigidity or the drastic character of the measure. It may be essential, I do not know; but the amendment does alter the original philosophy of the bill entirely. Instead of the 6-hour day now we are providing for an 8-hour day. So instead of a 5-day workweek the amendment would provide possibly for a 6-day workweek. If that be the design of the Senator from Alabama and those who are the progenitors of this measure and have worked so hard upon it, I think it ought to be stated, and that we ought to go forward upon that theory.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Arkansas?

Mr. JOHNSON. I yield.

Mr. ROBINSON of Arkansas. Of course, the Senator knows that if the maximum limit were used there could not be a 6-day week.

Mr. JOHNSON. Oh, no; not if the maximum were used.

Mr. ROBINSON of Arkansas. If the maximum limit were used, there would be a 4½-day week.

Mr. JOHNSON. I so stated.

Mr. ROBINSON of Arkansas. The Senator has just stated that the amendment contemplates an 8-hour day and a 6-day week.

Mr. JOHNSON. Perhaps I should have added that if the 6 hours be utilized as a day's labor it will be a 6-day week; if 8 hours be utilized as a day's labor, then it will be a 4½-day week. So we now have a measure that is not of the character of the original measure that was submitted, and we are changing entirely the philosophy of the particular enactment. To this some of us object.

Mr. BARKLEY. Mr. President, will the Senator from California yield to me?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Kentucky?

Mr. JOHNSON. I yield the floor to the Senator, if he desires.

Mr. BARKLEY. I want to inquire of the Senator from California, if this amendment is based on the theory that it will preserve the present situation, is not that subject to the exception that where men are working by the day and receiving wages by the day and are reduced from 6 days to 4½ they will have their wages reduced, although those who are paid by the week might continue at their present wages?

Mr. JOHNSON. I should think that might be likely.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Nebraska?

Mr. JOHNSON. I yield the floor, as I think the Senator from Nebraska wishes the floor.

Mr. NORRIS. Mr. President, I think we ought not to forget that one of the principal objects of this proposed legislation, as I view it, is to help the country and the people of the country get out from under the terrible depression. One of the principal things that is sought to be attained is to lessen unemployment. One of the things we want to do by this legislation—and I doubt whether it would be here if it were not for that—is to relieve the present terrible distressed conditions by giving jobs to men who want to work. I have not heard of any calculation having been made, and, of course, I have not heard of this amendment until just now, so I cannot estimate what effect its adoption would have upon the unemployment situation, but it is quite obvious, it seems to me, and it requires no time to reach the conclusion, that if the amendment shall be agreed to it will not bring about the relief in unemployment that the bill would do if unamended.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Indiana?

Mr. NORRIS. I yield.

Mr. ROBINSON of Indiana. The Senator knows, because he was chairman of the subcommittee which considered the bill, that for weeks and weeks hearings were held and testimony was adduced with reference to what effect the 5-day week and 6-hour day would have on the unemployment situation.

Mr. NORRIS. Yes; I am familiar with that.

Mr. ROBINSON of Indiana. The hearings were all printed; they are now before the Senate; and each Senator has the opportunity to read them in detail, if he so desires. As the Senator from California [Mr. JOHNSON] has said, the proposal embodied a certain philosophy proposed to be adopted in order to help remedy the situation. Now we are confronted, without a moment's notice, with a brand new philosophy and with a new set of circumstances and a new arrangement which the subcommittee never had any opportunity at all to study, and on which it took no evidence. Therefore we are entirely unprepared to pass on a measure of that kind, not having studied it.

Mr. NORRIS. As I remember, the evidence disclosed that, if this bill were passed restricting labor to 6 hours a day and 5 days in a week, it would help the unemployment situation by putting 6,000,000 men to work. I am wondering if I have stated the figures correctly. Does the Senator from Indiana remember them?

Mr. ROBINSON of Indiana. Some of the evidence was to the effect that it would put six and one-half million men to work.

Mr. NORRIS. Yes. Mr. President, that is something worth while, if we can do it. That will not be done if this amendment shall be agreed to, although it would help some, I concede. I cannot tell how much, but if we put 6,000,000 men to work that would be the greatest step that has yet been taken or contemplated or proposed in any one single proposition.

One can almost compute the number to a mathematical certainty, and it was so computed before the committee by many witnesses who appeared. As I remember, the evidence was that the enactment of this proposed law would, in round numbers, put 6,000,000 men to work. I know that it has been said in the course of this debate that it would reduce

the wages that the men would receive per day. The Senator from Arkansas, I think, pretty well answered that; but it is the theory of those who believe in this proposed legislation, it is the theory of those who believe in its philosophy, that if 6,000,000 men were put to work, even though wages were temporarily reduced when that happened, it would mean 6,000,000 men would join the army of people who are able to spend money instead of receiving charity. It would put purchasing power in the hands of 6,000,000 who have now no purchasing power. It is the theory—and I believe it will work out in practice—that if 6,000,000 men who do not now have it, were given purchasing power, it would start the wheels of industry; it would open the factories; it would afford a market to the products of the farm; it would help all along the line, and when that happens, 6,000,000 more men would be given employment. There would be competition for jobs. Instead of men hungry and unfed walking the streets hunting for jobs, there would be more jobs than there would be men; there would be competition, and wages would go up instead of down. If it should not work in that way, then probably none of our plans will work.

I call the attention of the Senate to the fact that if nothing is done we are headed for chaos, and it is not far in the distance. We cannot continue to feed 12,000,000 men and raise the necessary funds from taxing the balance of the country to do it. We must give the unemployed jobs; they must have work. That is the only way to give them purchasing power. I do not mean it is the only way in this bill, but I mean the purchasing power must be given to those who do not now possess it or we cannot hope for a return to prosperous times. It will be conceded that it is an impossibility for the depression to pass away and prosperity take its place unless, in some way or other, we place the purchasing power in the hands not only of the 12,000,000 unemployed but of the many other millions who have lost their purchasing power. It is not enough to put 6,000,000 men to work. We believe, however, that if 6,000,000 men can be put to work the wheels will be started, and whenever they start more men will get work. Then 6,000,000 men, instead of getting charity and doles, will have their self-respect returned to them; they will be buying shoes and clothes and better food, and will be building houses. That will give employment to 6,000,000 more, and that will start many factories that are now idle; that will bring smoke from many a chimney that is now cold. When that happens many millions more will have their purchasing power restored, and that will mean that the farmer who is now producing at a loss and who has completely lost his purchasing power will have his purchasing power restored to him.

So, Mr. President, regardless of what we think, regardless of what we believe ought to be the right number of working hours, we know that with men working 6 hours a day, in order to produce the same amount of products it will require more men than if they worked 8 or 10 or 12 or even 11 hours a day. So the more men who can be put to work, the bigger will be the push that will be given to the wheel that we must turn in order to get prosperity back.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. I should like to invite the attention of the Senator from Nebraska—and I hope also the Senator from Arkansas will give me his attention—to the fact that this is what will happen if we amend this bill so as to provide for an 8-hour day: A corporation may simply shift its crews; in other words, I can run my sawmill until Friday morning at 12 o'clock with my regular crew, and then I can simply swap crews between corporations and run the other day and a half on the basis of a straight 8-hour day, and there will be nothing in the proposed law to forbid it.

Mr. ROBINSON of Arkansas. I do not think that could be done.

Mr. LONG. Yes; it could be.

Mr. ROBINSON of Arkansas. Oh, no.

Mr. LONG. I should like to know why it could not be done.

Mr. NORRIS. I did not hear all the Senator's statement.

Mr. LONG. The point is this: It is proposed to forbid products to be transported in interstate commerce if they are made by labor employed more than 36 hours a week. Under the amendment of the Senator from Arkansas, if it shall be adopted, that means that the employer must not work any one of his laborers more than 36 hours a week. Under this amendment that employer can work his men 8 hours a day until Friday at 12 o'clock. I have a sawmill called the "A Lumber Co." and another sawmill called the "B Lumber Co.", both incorporated, and I do not have to do a thing in the world on Friday at 12 o'clock but shift the crews and work the balance of the week and work on Sunday, too. So, under this amendment, I could have the same mills running 7 days a week with practically the same hands.

Mr. NORRIS. Mr. President, let me call the attention of the Senate again to the fact that this is an emergency. I think I would favor this bill anyway; but we are now confronted with an emergency.

The bill provides that it shall be in effect for 2 years. There are "whereases" coupled with it in order to call attention to the emergency, all for the purpose of guarding against the possibility of an adverse decision by the Supreme Court on constitutional grounds.

Personally, I believe that the Supreme Court would sustain the measure, and that it could be sustained on perfectly legal grounds even without those provisions; but they will all help.

If we are going to have an emergency measure here for the purpose of reemploying the idle we ought not to put on the bill an amendment that will bring about an opposite effect, or tend to do that. This amendment will tend in that direction because the emergency quality of the bill will partially disappear when we provide for the employment of a less number of men.

Mr. LONG. Mr. President, I do not think I spoke in such a way that anyone could fail to understand what I said. We know that this law is going to be evaded and avoided in any way that it can be. What I said relative to the amendment of the Senator from Arkansas I think by this time he no doubt clearly sees. He sat here thinking it over for several minutes.

The point is this: If we provide—we who have been in the manufacturing business as laborers, for instance—that we are going to let them work a man 36 hours a week 8 hours a day, the planing mill can be under one corporation and the sawmill can be under another corporation. You can cut just about as much lumber in 4½ days as it will take you to plane in 2½ days; and you will not have to do anything in the world but shut down the sawmill on Friday and open up the planing mill that afternoon and run the balance of the week.

Mr. ROBINSON of Arkansas. The same thing could be done under the original bill.

Mr. LONG. Oh, no; it could not!

Mr. ROBINSON of Arkansas. Oh, yes!

Mr. LONG. Now that the Senator sees the first point, I will show him why it could not be done.

Mr. ROBINSON of Arkansas. There is no distinction between the provisions of the bill and the provisions of the amendment as to the switching of crews. When a man has worked the limit of his time, either as to hours per day or hours per week, he cannot be worked any more. That applies to the 30-hour limitation just exactly as it does to the 36-hour limitation.

Mr. LONG. The difference is this: The 30-hour provision of the original bill is founded upon the fact that a man cannot be worked more than 6 hours a day, nor more than 5 days a week. That leaves Saturday only. In other words, if they wished to hire an additional crew, or to shift crews, that crew would have only 1 day to work and only 6 hours of the day.

Mr. ROBINSON of Arkansas. Yes; but under the Senator's statement a few moments ago, in which he said that they could work on Sunday——

Mr. LONG. They could.

Mr. ROBINSON of Arkansas (continuing). They could do the very same thing, if they wished to undertake it, under the terms of the bill that they could do under the amendment. There is no difference between the amendment and the bill in that particular.

Mr. LONG. Except in the particular that in one instance they would have 20 hours available to them, whereas in the other instance they would not have more than half that amount.

Mr. BARKLEY. Mr. President, if the Senator will yield——

Mr. LONG. Yes, sir.

Mr. BARKLEY. This bill prevents the shipment in interstate commerce of any commodity manufactured in a factory where any person is worked more than 6 hours a day or more than 5 days a week; but under the original language of the bill the same process of shifting could go on that the Senator says could go on under the amendment of the Senator from Arkansas.

Mr. LONG. There is not time enough to do the shifting.

Mr. BARKLEY. Yes; there is. The only difference would be that the men would work half a day longer under his shift than they would under this.

Mr. LONG. No; they would work 2 hours longer in the day. It is not a practical proposition. I think the Senator will agree with me that it is not nearly so feasible nor nearly so practical for them to provide for a shift of 6 hours as it would be to provide for a shift of 12 hours; and in this instance, assuming that 6 days is the normal running time, they would have a chance there to run for at least 12 hours more.

Mr. BARKLEY. The only difference would be probably an advantage in shifting under the bill as it is written, because it would be easier to shift on Saturday morning than it would be to shift at noon on Friday, for they would have all night to do the shifting instead of 1 hour.

Mr. LONG. But in the instance I point out, let us assume that they do evade the law. Under the law as now written by the Senator, they would never get over 36 hours' work out of a man; but if they evade the law as the Senator from Arkansas has provided, they will get 48 hours' work out of him, and we will have the same 8-hour law that we have right now. We will not have any difference in the law.

Now, this is the situation about the law, assuming that it is to be held constitutional, and I think it should be: If we adopt the amendment of the Senator from Arkansas we are going to have the 8-hour day. My opinion is that that will be about all that we will ever have. We will have an 8-hour day, and no more than an 8-hour day. I should like to see the Senator from Arkansas whittle his amendment down from 36 hours to 35 hours, 34 hours, or 33 hours, because I am afraid it is going to be adopted; but I certainly think it is going to modify the intent and purpose of the act.

Mr. BLACK. Mr. President, as stated by the Senator from California [Mr. JOHNSON], the amendment offered by the Senator from Arkansas [Mr. ROBINSON] departs from the philosophy of the measure which was originally introduced in this body. I do not desire that this amendment be voted upon until I have stated my views in connection with it.

I might state that when I introduced this bill, I expected it to become a law. I did not anticipate at that time that it might become a law so quickly as I now believe that it will. I realized at the time I introduced the bill that the majority of the Senate or the majority of the House might make it necessary to increase the number of hours provided in the bill.

I do not yield for myself one particle of the belief that this bill should be restricted to 30 hours per week and 6 hours per day. I cannot agree, however, that a reduction to 36 hours would not be a wonderful thing for the people of this country.

I listened with interest to the statement of my good friend from Oklahoma [Mr. GORE]. It would, of course, be possible for other puns to be drawn upon other names. If it be true that this act is to bear my name and to become the law, I desire to state to my good friend from Oklahoma that I desire no higher honor in this legislative body. Thank God, I am not living in my own mind in the Elizabethan era of a philosophy for a past age that does not suit modern conditions.

Who can deny that the system operated in this country under the rules and regulations which have been adopted has failed to function for the benefit of the men and women of the Nation?

I do not claim any monopoly of wisdom or vision. I do not think that either I or any Member of this body can claim that. I do claim, however, that no monopoly of wisdom can be claimed for him whose eyes are constantly turned toward the past, who has a backward vision into past ages, who seeks to do no more than to have the economic functions of this country guided, directed, shaped, and molded by formulas that may have fitted 200 years ago but do not fit the machine age, where men and women have been driven into economic slavery when they were promised economic liberty.

So, Mr. President, whether this bill as finally enacted into law liberates the weary bodies and the aching backs of tired human beings by reducing their working hours to 36, or whether it liberates them by reducing their working hours to 30, there has never been anything in my life heretofore, and I do not believe there will ever be anything hereafter, that I shall look upon with more pride than I do the small part I may have contributed to bring about this surcease from drudgery and labor which has made people more of slaves than the people who lived in the South in the olden days.

Mr. President, when I think of people in this Nation today, as the evidence shows, working 16 hours per day, with whirling machinery dinning into their ears, going home tired, worn out, and weary, going into their homes in such a condition that they can do nothing but retire and try to get a little sleep in order to forget the din and whirl in their ears, I do not apologize to the people of America for introducing a bill to use the arm of government to prevent that abuse, to prevent grinding down into human slavery men and women who are too weak and too helpless to protect themselves.

No, Mr. President; I admit the honesty, the integrity, and perhaps the superior wisdom of those who take an opposite philosophical view of government. I know that there are many who believe that the best thing to do is to let it alone; but I do not.

With reference to this bill, it is a question for the Senate to decide whether the original philosophy shall be retained or the amendment shall be adopted. Either one marks a milestone along the way of human progress and human hope. Either one, Mr. President, offers to those who toil in mill and in factory, to those whose bodies have been drained until as you look at their faces you can see that the blood has been taken away, a shorter working period in order that they, too, may enjoy some of that leisure which should be granted to all when machines can take the place of human beings.

It is easy, of course, for those who do not engage in those undertakings, for those who are not compelled to perform this drudgery, to forget how hard it is; but, Mr. President, leaving it to the Senate to vote upon this amendment as in its wisdom it sees fit, insofar as I am concerned, I was for the bill as it was originally introduced. I am for it yet. I cannot yield my own judgment as to what is best with reference to a vote upon the measure; but, of course, if it were necessary or if it is necessary to take the longer hours, I should prefer 36 hours to a continuance of the practices

that are now in existence throughout this Nation. Why keep 12,000,000 people in idleness and then be fearful of the leisure that might be given to some others by shortening their hours of labor?

Mr. GORE. Mr. President, whenever it becomes necessary seriously to discuss a measure of this kind, it is a good deal like discussing the reputation of a woman: it is too late.

I believe in the policy of sharing work. I believe in the policy of staggering work. I think that industry, as far as it can go without too much impairment of efficiency, ought to stagger employment, to distribute wages among as large a class of employees as may be found practicable in this distressed situation. If I fancied for one moment, if I indulged the golden dream—and I say "dream" deliberately—that this measure would give employment to 6,000,000 men, much as I object to it in principle, I would withhold my opposition. For the moment, and for the moment only, I waive the constitutional point—the belief that this measure runs counter to the Constitution and to the adjudicated cases.

If we employ 6,000,000 additional men, it will either increase the present output of our factories, or it will add to the cost of that output. If it enlarges the output, who will absorb this increasing surplus? If it adds to the cost of the output, who, in this stricken land, is able to pay advancing prices with diminishing wages, with diminishing incomes? That, sir, is a fantastic dream which will turn out to be a nightmare when this measure comes to be enforced.

Colbert, the great financier of France, asked the manufacturers of that country what the Government could do to improve the conditions of manufacture. The answer is historic, the answer is celebrated, "Laissez nous faire"—"Let us alone."

Only the other day a practical farmer from South Dakota appeared before the Committee on Agriculture. Some Senator asked him what he desired to have the Government do for him. He returned the same celebrated answer, speaking as a farmer in behalf of the farmers, "Let us alone."

That, sir, was the soul of the political philosophy of Thomas Jefferson. He said, "That government is best which governs least." The minimum of government in one age is not indeed the minimum of government in another. Circumstances modify the degree of government which is essential to law and order, to the protection of human life and human liberty.

Mr. President, that does not mean that we must undertake to regulate and to interfere with all human activities. I cannot imagine this measure giving employment to 6,000,000, 4,000,000, 2,000,000, or even 1,000,000 unemployed.

What will happen? What I think will happen is that hours will decrease, wages will decrease, work will speed up, and labor will be driven to perform as much work in 6 hours as in 8. The wage earners, threatened, frightened by the breadline, will attempt the task.

I accept the challenge. I renounce the philosophy of this measure. It is the philosophy of the defeatist. It is the doctrine of the defeatist. It accepts defeatism as a philosophy. Nay, more, it accepts defeatism as a fact. I do not.

There are millions and hundreds of millions of human beings on this globe half fed, hungry, starving—hundreds of millions half clad, naked, freezing—hundreds of millions with no rooftree above their heads. This bill proceeds upon the theory that we have more things than people need, that we have more things than people want. When the needs of the human race are supplied, when the legitimate wants of the human race are satisfied, and there is still a surplus bankrupting the producer, then, sir, will I consider this doctrine, this measure of the defeatist, stopping progress, staying production, surrendering, beating a retreat; may I not use the phrase "crawling in a hole and pulling the hole in after us."

Let us exhaust every human effort to devise a better system of distribution, a better system of supplying human needs and human wants, before we convert plenty into scarcity and create a famine by law.

Mr. President, I know that new truths render ancient good uncouth, and that we should change our methods with changing circumstances. But I think we ought to distinguish between those things which are changeable and those things which are not changeable. Failure to make that distinction involves some statesmen in utter and outer confusion.

It may be, sir, that we ought to change the sea level with the ebbing and flowing of the tide. I still adhere to and I still believe in the law of gravity, and I think it defies change. It does not vary with the varying hour. I apologize to the Senator from Alabama, I am old-fashioned, and, sir, I still have, I will say, a qualified, a lingering faith in the multiplication table. There are philosophers who assert that there are quarters in the universe where 2 and 2 do not make 4; I do not know. I do not accept that philosophy. There are some Senators who seem to embrace that new-fangled philosophy, some who think that 2 and 2 make 3 from midnight until noon, that from noon to midnight 2 and 2 make 5, varying during the interval with the sign of the zodiac, the quarter of the moon, the state of the tides, and the direction of the trade winds.

I remember that Mr. Jefferson said on one occasion, speaking of a truth which did not vary with the winds, that it constituted the compass to guide our voyage across the ocean of time—not across the babbling brook of the passing hour. I do not complain of those who change their views with the varying winds. That is their privilege. I merely wish to be excused myself.

It seems to me at times, Mr. President, that we proceed upon the theory that all standards have lost their value, that the sea level is standing upon end, that all moorings have slipped, and all anchors have broken, that all constants are variable, and that all variables are capricious and erratic, playing hide and seek with truth, that one computation is as safe and sound as another, if only made under the potent magic of a wishbone.

I think we will be admonished, when we pass this measure, that there are some principles which still abide, that there are some truths which are still eternal. How often do these promising measures cheat the hopes of their sponsors. I heard only the other day that in one of the Western States there is a minimum wage law for women, passed with the loftiest sentiments of humanity, sentiments which would adorn the Senator from Alabama, but, sir, in these distressed times, the employers cannot afford to pay those minimum wages to the women, even though the women would rejoice to accept them. But under a penal statute undertaking to elude economic forces which defy circumvention, those impoverished women are being driven from their jobs. Men who are eligible to accept the places at reduced wages are stepping into the places occupied by these women, and the lofty sentiment has suffered an abortion in that State, has sacrificed the interests, perhaps the health, possibly the lives, of those women whose positions have passed to men, in the interest of lofty sentimentalism which seeks to elude economic forces which defy control, which defy your puny power, which defy your imperious "be it enacted."

A few years ago I was out in Illinois, at the little town of Effingham, stopping at a small hotel which was run by a lady. She had a mocking bird, a beautiful singer. I was admiring its song and praising the songbird. The lady told me that her keeping of that bird at that time was a crime, that she was violating the law of the land, that she was a criminal under the laws of the great State of Illinois for harboring the sweet singer. Humanitarians in that State had succeeded in securing the passage of a law requiring that all native birds in captivity should be released, and she said her neighbors had obeyed the law and had released the birds they possessed, some of which had been in confinement for years. These birds were gentle; they were unafraid, they had no sense of danger, they could not provide for themselves, they were unprepared for the strug-

gle of existence; and when they were liberated, when their liberty was restored to them, to put it bluntly, they were devoured by the cats. Oversanguine Senators should be warned by that catastrophe.

The PRESIDING OFFICER (Mr. CLARK in the chair). The time of the Senator from Oklahoma has expired.

Mr. BARKLEY addressed the Senate. After having spoken for about 10 minutes,

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Kentucky yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Arkansas?

Mr. BARKLEY. Certainly.

Mr. ROBINSON of Arkansas. A number of Senators cannot remain for a longer session this afternoon. It is apparent that we can complete consideration of the bill in a very short time tomorrow. It is my intention to move now a short executive session, with the understanding that the Senator from Kentucky may resume his speech tomorrow.

Mr. BARKLEY. I want it understood, if we are to recess now, that I am to retain the floor when we meet tomorrow.

The PRESIDING OFFICER. That will be the understanding.

[Mr. BARKLEY's speech will be published entire after it shall have been concluded.]

REDUCTION OF GOLD CONTENT IN DOLLAR

Mr. CONNALLY. Mr. President, I ask unanimous consent to print in the RECORD an article by Mark Sullivan on the subject of reducing the gold content in the dollar.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SHOULD UNITED STATES GO OFF GOLD STANDARD AMERICAN COURTS MIGHT RULE THAT GOLD CLAUSE IS NOT BINDING

By Mark Sullivan

WASHINGTON.—The writer of this article has happened, through the depression, to be in a position where he saw events developing from the inside. It has been an experience productive of many forms of interest, provocative of many reflections. Among these one of the most frequent has been to observe how some comparatively unnoticed incident, often remote, can have consequences flowing out, farther out, in larger and larger circles until every inhabitant of every village in America, every farmer on every farm, felt the effects come home to him.

One of the present conditions, so far almost completely unnoticed, but destined shortly to be much talked about, is a thing called the "gold clause." It is with the gold clause that the present article deals. And what is said here will have, I am sure, fascinating interest—if not now, surely in a little while—for every lawyer and banker. And if I can succeed in making it clear enough it may have interest for the average reader who, sooner or later, is going to be affected in his fortunes by what is done or not done about the gold clause. I think it likely that substantially every reader of this article either owes or has due to him a debt which is affected by the gold clause.

The question which occupied practically every important mind in the country during the past week—and which vitally affected every mind, whether important or not, and every person from the lowest to the highest, the poorest to the richest—was, Is the United States off, or going off, the present gold standard?

Throughout this depression it has been almost universally assumed that for a particular reason America would not—let us say almost could not—go off the gold standard; that there was in America a condition which made departure from the gold standard so inexpedient as to be practically impossible. Great Britain might go off the gold standard, as it did on September 20, 1931—but in America there was a condition which made imitation by us of Britain's example so difficult as to be impossible. France might reduce the gold content of its currency, but America, for a particular reason, could not or must not.

The reason, the insuperable condition, was the presence in billions of American mortgages and bonds of the gold clause. And to understand something vital that is just ahead of us, it is desirable to recite briefly the history of the gold clause in American bonds and mortgages.

BRYAN POLICY REVEALED

There was in the United States intermittently, indeed, almost steadily, from after the Civil War until 1896, the same question, the same commotion, that is now bedeviling us. It was a demand for "inflation", a demand that paper dollars (to an indefinite number) be made arbitrarily equal to a gold dollar, or that silver dollars of a certain weight be made arbitrarily equal to a gold dollar. The demand came to a head in the Presidential campaign of 1896 when William Jennings Bryan made the Democratic fight upon an issue which said, in effect, that 16 ounces of silver should be made by law exactly equal to 1 ounce of gold; or to put it in terms of money, that a gold dollar should be made equal in value to a silver dollar of 16 times the gold dollar's weight.

This 30 years of agitation for inflation created, as agitation about inflation always does, a fear that the paper dollar might become less in value than the gold dollar; that, indeed, the paper dollar, if inflation should go far enough, might become worth only a few cents in gold, or practically nothing. (As the German mark did in 1924.) To forestall that possibility, lawyers drawing up mortgages during the eighteen seventies, eighties, and nineties, fell into the way of writing into mortgages a gold clause. The common form was that the mortgagor, the debtor, promises to pay $1,000 (or whatever else might be the sum) in gold dollars of the present standard of weight and fineness.

The insertion of this gold clause in all sorts of mortgages, bonds, and other instrumentalities of debt, was practically universal up to 1896. Many of these old mortgages and bond contracts, written preceding 1896, still exist, especially in the case of railroads.

But the writing of the gold clause into mortgages and bonds did not cease in 1896. Lawyers, in many of their mental operations, are an apelike folk. A lawyer subsequent to 1896—indeed, as late as 1930—called upon to write a mortgage or a bond, looked up the language of an existing mortgage or bond, and faithfully copied it word for word. Through this tradition and precedent the writing of the gold clause into mortgages and all contracts of debts became a habit, a routine.

Thirty years or more after the fight on the gold standard, after Bryan was dead, after the old fights for inflation through "greenbackism" and "free silver" had been forgotten, after the United States was supposed to be as securely on the gold basis as English is the common tongue—after all that time, young lawyers who had not even been born when Bryan demanded free silver, lawyers in little county seats in Kansas and Iowa, and even more the big lawyers of New York and Chicago, continued to write into mortgages and other contracts of debt the old formula that "this contract shall be payable in gold dollars of the present standard of weight and fineness."

CREDITORS CAN DEMAND GOLD

The result is that there are literally billions of dollars, probably hundreds of billions, of such mortgages and bonds in existence. The exception, indeed, is to find a bond or mortgage or other contract of debt which does not contain the gold clause. Any reader of this article can entertain himself for a few minutes by reading carefully the language of any bond he happens to own, or any mortgage he happens to owe. Probably not one person in a thousand has ever read the complex legal verbiage of the instrument he relies upon or which he is expected to pay. If he will read it now he will find, in nine hundred and ninety-nine cases out of a thousand, that the bond or mortgage says "gold dollars of the present standard of weight and fineness."

Now a gold dollar "of the present standard of weight" contains 23.22 grains of gold. That has been the standard since before the Civil War. And the gold clause in those billions of dollars of bonds and mortgages is supposed to guarantee, beyond the possibility of a doubt, that the creditor, the owner of a $1,000 bond, for example, can, if he chooses, demand and insist on receiving $1,000 each containing 23.22 grains.

It is the presence of this gold clause in billions of American contracts that has been supposed to make it impossible for the United States to go off the gold standard. The gold clause does not exist, or at least is not habitual, in the mortgages and debt contracts in other countries. Consequently it was simple for the British to go off the gold basis and for the French to say their franc should contain less gold than it formerly had.

But, as it has been almost universally argued, the United States could not go off the gold standard, nor say that the gold dollar in future shall contain, for example, only 15 grains, because the existence of these billions of dollars of old debt contracts would create too much difficulty, become too intolerable a hardship on persons and corporations obliged to pay their debts in the old and heavier gold dollar.

Throughout all the discussion ran, of course, the question which may be stated thus: If the United States should go off the gold basis, or if the United States should decree that the gold dollar shall contain a smaller amount of gold—in that event what would the courts do about the contracts to pay in old standard? To ask what the courts would do about these old contracts is, in effect, to ask what the Supreme Court of the United States would do, for everybody knows that the Supreme Court would have the final say.

UP TO THE COURTS

In the inner discussions that arose in several crises in this depression, on the two or three occasions when the Government was obliged to give consideration at least to the possibility of going off the gold standard, or being forced off it—always thought was given to this question: What would the courts do about these old contracts of debt containing the old clause for payment in existing gold dollars?

The time preceding the present when we came nearest to going off the gold standard was in early February 1932. At that time, though the country never knew it, and though we pulled out of that crisis, we were within a few weeks of being obliged to go off the gold standard. On that occasion, when it was necessary

to consider whether we might later go off the gold standard, Mr. Hoover, with his habitual care to provide for future possibilities, asked one of his legal assistants to give him an opinion—which, of course, could only be a surmise—as to what the courts might do about the old gold-clause contracts in the event that America should go off the gold standard. The opinion, of course, could be only a guess. The courts had never had occasion to decide the question, and what the courts might do, if and when the question should arise, was a question as to which the best of lawyers could only make a guess.

We are apparently a little nearer today to the same question. What the courts would do about these billions in existing mortgages, bonds, and other debt contracts is at this moment a pretty practical question. The answer, of course, now as before, can be only a surmise; but there has been a recent event which throws greater light on what the courts might do than any we have had before.

The gold clause is, I have said, almost solely an American institution. In other countries it exists hardly at all, but it turns out that there was at least one such contract in Great Britain, and that the British courts were obliged to answer precisely the question which our own courts will be obliged to answer if we should go off the gold basis or if we should reduce the quantity of gold in the standard dollar. The chancery division of the British high court answered the question a few weeks ago, and their answer throws light on what our own courts might do—light which, incidentally, will be acutely discomforting to creditors who have been thinking that they have an absolute and impregnable right to demand "gold dollars of the present standard of weight and fineness."

In Great Britain in 1928 a certain corporation borrowed money and into the contract for repayment wrote a clause saying that the sum was "payable in gold coin of the United Kingdom or equal to the standard of weight and fineness existing September 1, 1928."

CLAUSE KNOCKED OUT

Three years later Great Britain went off the gold standard, and the British pound, formerly worth $4.86 in gold, became worth some $3.20. Still later, a few weeks ago, the debt mentioned became due, and the creditor demanded payment, according to the language of his contract, in the old gold pounds. The debtor tendered ordinary paper pounds. The creditor haughtily refused them, insisted on having his gold, and went into court to get it.

What the British courts did to that gold clause is what Jack Dempsey did to Jess Willard. They knocked it out, firmly, fatally, and finally. That was "not a bullion contract," said the court; "that is, it was not a contract having to do with mining and calling for gold bullion as some contract might call for land or coffee or cotton. Not at all," said the court. "The contract is a simple contract to secure payment of a sum of money, and if the defendants (the debtor) tendered the sum of money in question in whatever might happen to be legal tender at the date the payment was due they have discharged their obligation. * * * To attempt to impose upon the debtor an obligation to pay in a particular form and not anything which is legal tender is an attempt to do something which cannot be enforced if the contract is a mere contract for payment of money."

That decision has a most important bearing on what is apparently about to arise in the United States, if we go off the existing gold standard. Decisions of British courts are, of course, not binding on American courts. But no one can read that British decision in full without coming pretty firmly to the conviction that the American courts would take the same position.

The hardly inescapable inference is that any American owing a mortgage or a bond or a debt on a contract containing the gold clause will be able to pay his debt in whatever is legal tender at the time the debt comes due, paper dollars, silver dollars, or any other form, provided it is legal tender. As respects creditors the deduction is that anyone who fondly believes he can demand 23.22 grains of literal gold for each dollar due him may be as disillusioned as Shylock was on a similar occasion.

In short, the gold clause seems likely to go the same path as a good many other institutions hitherto considered impregnable. These are tough times for Gibraltars.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

REPORTS OF COMMITTEES

Mr. SMITH, from the Committee on Agriculture and Forestry, reported favorably the nomination of Rexford Guy Tugwell, of New York, to be Assistant Secretary of Agriculture; which was placed on the Executive Calendar.

THE CALENDAR

The first business on the Executive Calendar was the nomination of Julian L. Schley to be Governor of the Panama Canal.

The PRESIDING OFFICER. There was a request made on yesterday that the nomination go over.

Mr. ROBINSON of Arkansas. Mr. President, I think the nomination should go over again in the absence of the Senator who submitted the request. I ask that it go over for the day.

The PRESIDING OFFICER. Without objection, it is so ordered. That concludes the calendar.

SUMNER WELLES

Mr. PITTMAN. From the Committee on Foreign Relations I report favorably the nomination of Sumner Welles, of Maryland, to be an Assistant Secretary of State. As the report is unanimous, I ask for the present consideration of the nomination.

The PRESIDING OFFICER. The nomination will be reported.

The Chief Clerk read the nomination of Sumner Welles, of Maryland, to be an Assistant Secretary of State.

Mr. LEWIS. Mr. President, I desire to add that it was my pleasure to join in the motion for the acceptance and approval of the nomination of Mr. Welles by the Foreign Relations Committee today. In view of my personal acquaintance with his qualifications, I delight to certify to his nomination and delight to join in the request of the Senator from Nevada [Mr. PITTMAN] for his confirmation.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada?

Mr. McNARY. Mr. President, what is the request?

The PRESIDING OFFICER. The Senator from Nevada asks unanimous consent for the present consideration of the nomination. Is there objection? The Chair hears none, and the nomination is confirmed.

CLAUDE G. BOWERS

Mr. PITTMAN. From the Committee on Foreign Relations I report favorably the nomination of Claude G. Bowers, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The nomination will be reported.

The Chief Clerk read the nomination of Claude G. Bowers, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Spain.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. PITTMAN. I ask unanimous consent that the President be notified of the two nominations just confirmed.

The PRESIDING OFFICER. Without objection, the President will be notified.

HARRY H. WOODRING—NOTIFICATION OF PRESIDENT

Mr. ROBINSON of Arkansas. Mr. President, on yesterday the nomination of former Gov. Harry H. Woodring, of Kansas, to be Assistant Secretary of War, was confirmed. I ask unanimous consent that the President be notified.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate resumed legislative session.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and the Senate (at 5 o'clock and 13 minutes p.m.) took a recess until tomorrow, Thursday, April 6, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 5 (legislative day of Mar. 13, 1933)

ASSISTANT SECRETARY OF STATE

Sumner Welles to be an Assistant Secretary of State.

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Claude G. Bowers to be Ambassador Extraordinary and Plenipotentiary to Spain.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 5, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Lord and the Master of us all, ours is the heart sob of humanity. Death, of which all men stand in jeopardy every hour, has darkened and broken the circle of our brothers and our defenders. Heavenly Father, look upon us with the sweet, compelling love of Thy pity. We are so helpless. Quivering with alarm, wrapped in the curtains of a tragic night, they held on to their honor unto the last. Under the sea, under the sea, in the mysterious depths of a black world, O God, their cold lips make no answer to the cries of their loved ones. Oh, theirs is the bread of tears. O come to the widows and the orphans and be the star of hope and of promise in their sunless skies; penetrate the veil that hangs over their unborn tomorrows. Manifest Thyself toward us through the hours of this day, and may we have no memory of gifts withheld or service unrendered that shall mar the bliss of an untroubled conscience. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J.Res. 13. Joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT DURING SESSIONS OF THE HOUSE

Mr. BYRNS. Mr. Speaker, at the request of the Chairman of the Committee on Interstate and Foreign Commerce [Mr. RAYBURN] I ask unanimous consent that that committee may sit during the session of the House.

Mr. SNELL. During the entire session?

Mr. BYRNS. The request applied particularly to the consideration of the securities bill, and I will limit my request to that, Mr. Speaker, so that the chairman can make further request himself.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the Committee on Interstate and Foreign Commerce may be permitted to sit during the session of the House during the consideration of the securities bill. Is there objection?

There was no objection.

THE "AKRON"

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes on the subject of the *Akron*.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. McCLINTIC]?

There was no objection.

Mr. McCLINTIC. Mr. Speaker, I feel impelled by a sense of duty to make a short statement this morning concerning the terrible accident that took the lives of a number of brave officers and men yesterday in connection with the destruction of the dirigible *Akron*.

For a number of years I was a member of the Committee on Naval Affairs, and it so happened I was chairman of a subcommittee that went to Lakehurst on the 22d day of February last year for the purpose of making a trial flight on that ship, after having participated in an investigation that related to charges that faulty material was used in the construction, that the ship was overweight, and that it could not perform the efficient service for which it was constructed.

Citizens of this Nation everywhere are wondering what the Congress is going to do. Millions of dollars have been expended in the construction of this type of ship, also hangars. There is grave doubt in the minds of a large number of the citizens of this country if dirigibles of this type can perform an efficient service as a branch of an arm of national defense. Having that thought in mind, I feel that a committee of the House of Representatives ought to be appointed rather than some committee that does not have the right to bring witnesses before it or to exercise ordinary jurisdiction of a committee set up for this purpose.

Mr. BLANTON. Will the gentleman yield?

Mr. McCLINTIC. I yield.

Mr. BLANTON. Few, if any, of us in the House are experts on such questions. Does the gentleman not believe that this whole subject could better be investigated by the trained scientific, experienced experts in our Navy and War Departments?

Mr. McCLINTIC. For this reason I feel that whenever a committee is composed of members that have military projects within their districts, they are more or less under the influence of the department of the Government that has jurisdiction over such projects. I do not wish to cast an aspersion against any Member of Congress, but I feel that this House should appoint a committee that is not directly interested in any project that comes under the jurisdiction of the Army or the Navy, having in mind that this is an important question. This is a question that deals with an arm of national defense and the expenditure of millions of dollars in money. We all know that dirigibles seven or eight hundred feet long, when in the air, are subject to sudden gusts of wind, and that the superstructure is built in such way that it is more or less frail. I remember very distinctly when this ship, the *Akron*, fell that it struck a solid embankment in the way of a railroad track. It broke some of the superstructure. I took the position then that the entire superstructure had undergone a severe strain and I believed that some disaster might come to this ship, and I gave out a statement on February 22 that I did not care to ever be a passenger on such ship. Now, that which we have been told leads us to believe that the ship broke in two, because if it had not, then it would have rested easily down on the water. Some have said it opened up like a clamshell. If that is true, then a portion of the superstructure gave way, and it might be if the Naval Affairs Committee had had the power to have brought witnesses from Akron, Ohio, a different result might be before us today.

So, that being true, I think this House should appoint a committee of seven Members and let the committee have authority to administer oaths; let them have the power to compel witnesses to come before them, because this is a national question, one of vital importance, and we ought to know whether or not we want to continue this arm of the service.

Therefore, Mr. Speaker, I ask unanimous consent that the resolution which I am sending to the Clerk's desk may be read for information.

The SPEAKER. The time of the gentleman from Oklahoma [Mr. McCLINTIC] has expired.

Mr. McCLINTIC. I ask unanimous consent that the resolution be read by the Clerk, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the resolution, as follows:

Whereas a grave disaster has occurred which has resulted in the loss of the lives of a number of naval officers and enlisted men, and in addition the U.S. dirigible *Akron;* and

Whereas such ship was alleged to have been constructed in part out of faulty material and an investigation made by the House Committee on Naval Affairs, at which no witness testified except those connected with the Navy, and the subcommittee in reporting made the following statement:

"The Subcommittee on Aeronautics of the Committee on Naval Affairs has carefully considered all of the evidence submitted in the hearings held for the purpose of investigating charges of sabotage, poor construction, faulty material, and overweight in the building of the dirigible *Akron.*

"No direct testimony was presented by any person who had first-hand information relative to the charges of sabotage, faulty material, poor construction, and overweight, other than by representatives of the United States Navy."

Whereas there is a question as to whether or not such ships can perform satisfactory service, having in mind that the *Roma,* built by Italy, was destroyed, causing the death of 34 men; the *LZ–14* exploded, killing the entire crew of 28; the *R–38,* built for England, buckled and exploded, killing 45 out of 50; and the U.S. *Shenandoah* broke in two, killing some of the crew and a number of passengers: Therefore, be it

Resolved, That the Speaker of the House of Representatives be, and he is hereby, directed to appoint from the Membership of the House a select committee of seven members, who are not directly interested in the Army or Navy, and who shall make a complete investigation of the disaster that destroyed the *Akron* and the advisability of constructing additional ships of this type.

For the purpose of said inquiry the committee, or any subcommittee designated by it, shall have the power to send for persons and papers, administer oaths, affirmations, to take testimony, to sit during the sessions of the House or during any recess of the House, and may hold its sessions at such places as the committee may determine.

Such committee shall have the right at any time to report to the House in one or more reports the result of its inquiry, with such recommendations as it may deem advisable.

That the committee shall have the right to employ such experts as may be needed in making this investigation.

That any expense incurred in this connection is hereby authorized to be paid out of the contingent fund of the House of Representatives.

The Speaker is hereby empowered to issue subpenas to witnesses upon the request of the chairman of said committee at any time, including any recess of the House, during the inquiry of the committee, and the Sergeant at Arms is hereby empowered and directed to serve all subpenas and other processes transferred to him by the said committee.

Mr. LANHAM. Mr. Speaker, I ask that the gentleman be permitted to proceed for 5 additional minutes.

Mr. BYRNS. Mr. Speaker, I wish to reserve the right to object to the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SNELL. Mr. Speaker, as I understood, the gentleman offered the resolution for information.

Mr. McCLINTIC. That is all.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. McCLINTIC. I yield.

Mr. LANHAM. Mr. Speaker, it seems to me the resolution introduced by the gentleman from Oklahoma is not applicable in some respects to the circumstances of this tragedy and would not be pertinent. Reference is made in the resolution, for instance, to the *Roma* and other dirigibles which were destroyed due to explosion.

The gentleman, of course, is well aware of the fact that neither in the case of the *Shenandoah* nor the *Akron* was the accident due to explosion. In this country, since the inauguration of the helium project, no dirigible accident has been due to explosion.

It seems to me the investigation should be limited to structural defects, to the matter of the methods, plans, and specifications by which these dirigibles should be built, and that the matter of the loss heretofore of such aircraft by explosion is really not applicable to or pertinent to the investigation that should be conducted.

Mr. McCLINTIC. I am in entire accord with the gentleman, but this reference has nothing to do with the intent of the resolution. The resolution is broad enough to make possible the investigation of the entire subject of dirigibles and to find out whether or not it is advisable to continue expending money in their building.

Mr. LANHAM. But it seems to me, I may say to the gentleman from Oklahoma, that the verbiage of the resolution is somewhat misleading, because in the cases of the *Shenandoah* and the *Akron* certainly the accidents cannot be attributed to the causes which produced the accidents in the *Roma* and the English dirigible.

Mr. McCLINTIC. I hope the gentleman will bear with me. I am glad to have his interruption. The reason I put these facts in the preamble to the resolution is because this information has been carried to the press, and the people interested in this subject know of the accidents that occurred to dirigibles in the past. If the committee is appointed, of course it will take into consideration all of the facts relating to dirigibles in this country. As far as I am concerned, it is not necessary to go into the subject of explosions, but these statements were included in the resolution to give a résumé of the record relating to the construction of dirigibles.

Mr. LANHAM. I agree with the gentleman, and the former accidents to dirigibles were due to explosion of the gas with which they were filled.

Mr. McCLINTIC. The gentleman is entirely correct, and his suggestion would not in any way interfere with the powers of the committee to be appointed under this resolution.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. McCLINTIC. Gladly.

Mr. BANKHEAD. The gentleman is having the resolution read for information at this time. Is it the gentleman's intention to introduce the resolution later in the day?

Mr. McCLINTIC. It is.

Mr. BANKHEAD. I desire to call the gentleman's attention to the fact that before the resolution is introduced he should incorporate in it a provision for the payment of the expenses of this investigation. Otherwise, the gentleman will have to go to another committee for that purpose.

Mr. McCLINTIC. Had the gentleman listened to the reading of the resolution, he would have noticed there is a provision authorizing that the expenses of the investigation be paid out of the contingent fund of the House.

Mr. BANKHEAD. It should be in the form of a limitation.

Mr. McCLINTIC. It is not stated in the form of a limitation; it simply states that the expenses shall be paid out of the contingent fund of the House.

Mr. BYRNS. Mr. Speaker, the gentleman from Oklahoma spoke to me about the resolution. Here is the trouble with the question of expense. As has been suggested, a limitation on the amount of money to be expended should be put into the resolution. Under the authority of the resolution as read this committee may sit when and where it pleases. It provides for the calling of all sorts of experts and it provides for the summoning of witnesses and bringing witnesses here.

Of course I know any committee that is appointed is not going to be unduly extravagant, but it does seem the House should have some information, and the committee should have some information, as to just what is going to be expended so there will not be any great sum spent on it, for the reason it appears that the Committee on Naval Affairs is proceeding to investigate it, and the Navy Department is proceeding to investigate it, as we know they will. Therefore, as I say, there should be some limitation in the resolution, and I hope before the gentleman introduces it he will incorporate such a limitation.

Mr. McCLINTIC. I think the suggestions of the majority leader are timely.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I ask that the gentleman's time be extended 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. McCLINTIC. Answering the distinguished majority leader, I am in accord with his views; but because we had neither money nor the power to bring witnesses before us

in the previous investigation we were able to hear only one side of the question. We might possibly have reached an entirely different result had we had $500 or $1,000 to have brought the witnesses before the committee.

In view of the enormous interest the people are taking in this subject everywhere, I think the House should at least have a committee to look into this subject.

I agree with the gentleman from Tennessee that we ought not to expend more than a small sum of money, and I do not think it will require more than a small sum. Before introducing the resolution I shall be glad to consult with the gentleman from Tennessee and incorporate in the resolution a limitation of the amount that may be expended.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. McCLINTIC. I yield.

Mr. FISH. I am in entire sympathy with the observations made by the gentleman from Oklahoma and I hope he is provided with sufficient funds, $1,000 or $2,000, to enable him to call witnesses; but I do hope the gentleman will call the two agents of the Department of Justice who made the investigation over a period of 6 weeks' time in connection with the charges of sabotage against the *Akron* several years ago. These very efficient agents of the Department of Justice made a thorough investigation, submitted their report, and they are still members of the Department of Justice and available as witnesses to testify to the facts. I want to bring this report out into the open so that the public will have the facts. They are entitled to this report because these agents developed that Paul Kassay, a former Hungarian officer and an avowed Communist, was attempting as an employee of the company constructing the *Akron* to deliberately sabotage it.

Mr. McCLINTIC. I am in accord with the gentleman, and I may say that the Committee on Naval Affairs at the time of its investigation into this matter appointed a subcommittee. The subcommittee went to the Department of Justice and looked over the records but made no report as to details.

Mr. FISH. That is just it.

Mr. McCLINTIC. They made no report as to details to the main committee. As far as I am concerned, personally, I have never been advised as to the contents of this report.

Mr. FISH. The American people are entitled to this report, and the Department of Justice, I am confident, would be glad to have it made public. There was no Federal law under which Kassay could be tried, so he was tried under the Ohio State syndicalist law, which the trial judge held unconstitutional, and consequently Comrade Kassay escaped without further trial. My purpose is to secure adequate Federal laws against such criminal actions and to prove definitely the charges of sabotage.

Mr. DELANEY. Will the gentleman yield?

Mr. McCLINTIC. I yield.

Mr. DELANEY. This morning the Naval Affairs Committee met and the chairman of the committee appointed a subcommittee to investigate this entire situation. The subcommittee is going to wait until the Navy Department has a report ready and we are then going to work independently of the Navy Department. As chairman of this subcommittee, I can assure the gentleman we will have a very thorough investigation.

Mr. McCLINTIC. I am very pleased to have that information from my distinguished colleague, but I may say that the gentleman is in the same boat we were in before when the Naval Committee made the first investigation. The subcommittee will not have a dime of money to pay the expenses of witnesses; and, as a rule, the committee never puts anybody under oath.

Mr. O'CONNOR. Will the gentleman yield?

Mr. McCLINTIC. Yes.

Mr. O'CONNOR. That is a difficulty that is not insurmountable, because the Naval Affairs Committee could come to the Committee on Rules and ask for special authority for money and power to subpena witnesses and keep the matter in the Naval Affairs Committee without the appointment of a separate committee.

Mr. McCLINTIC. That is true; but will the citizens of the Nation be satisfied to have a committee do this that did not obtain all of the facts when they made the first investigation?

Mr. BLANTON. And the committee certainly has the right now to swear witnesses without going to the Rules Committee.

Mr. SNELL. Will the gentleman yield?

Mr. McCLINTIC. I yield to the distinguished minority leader.

[Here the gavel fell.]

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNELL. I have no controversy with the statements made by the gentleman from Oklahoma. This is very important to the American people. On the other hand, I do not think we should be rushed off our feet and go into this matter too hurriedly. I think it is probably only fair to wait a few days and see what the Navy Department itself is going to do, and also let us take into consideration what the Senate is going to do. Perhaps, after we know a little more about the general situation, we may form some kind of general committee that would include Members of both Houses of Congress, and we would then not be duplicating the work. There is no doubt in my mind that some kind of investigation eventually will be made; but let us not rush into it too hurriedly, and let us know just what we want to do before we start.

Mr. McCLINTIC. I thank the gentleman; and I may say that my only object in bringing this matter before the House is to enable the Members of the House to give a proper answer when they receive inquiries concerning this subject. I know that the Naval Affairs Committee, unless it is given some money, cannot conduct a proper examination. This is the reason that the section in the report that was just read was written, showing we did not have before us witnesses except on one side of the question. For this reason we wrote a report based on the kind of information that was given us, largely, by the Navy.

Mr. SNELL. There is no doubt that to make an investigation such as is necessary and one that will be of some value is going to cost considerable money and require considerable time on the part of someone. This is the reason I think we should proceed carefully before we initiate this investigation.

Mr. McCLINTIC. I want to add to what the gentleman has said that I decided not to introduce this resolution yesterday, but to wait until some of the facts with respect to this accident could be ascertained.

Mr. SNELL. This resolution would go to the Rules Committee, and, of course, the members of that committee would give ample time for its consideration.

Mr. McCLINTIC. Yes.

Mr. RICH. Will the gentleman yield?

Mr. McCLINTIC. Yes.

Mr. RICH. I believe if the gentleman would stipulate in his resolution that not over $10,000 should be used, this would be sufficient to carry on the investigation. I would like to say further that I believe in the appointment of anyone on any committee the Speaker ought to confer with the individual to see that he is interested enough in the proposition to give his time to it, because if men are appointed on the committee that are not interested in the proposition, they will not bring back to the House a report in which we can have much confidence and they will not do the work that is contemplated.

Mr. McCLINTIC. The suggestions of the gentleman are helpful, but I had this thought in mind. If any military committee makes this investigation, there will be individuals throughout the Nation who will say that we did not go into the subject in a fair way. For this reason I wanted the

Speaker authorized to appoint such a committee as he desires. Then we will know that we can answer any question that may come up in the future with respect to any favoritism, and no one could say that there was a whitewash.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. McCLINTIC. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. I want to suggest to the gentleman that his resolution, so far as expenditures are concerned, is not in the proper form and is wide open. The gentleman provides for the employment of experts and makes it mandatory that the expenses be paid out of the contingent fund of the House. I think the gentleman should follow the usual form and put some limitation in the resolution.

Mr. McCLINTIC. The reason I brought the matter to the attention of the House this morning was because I wanted the information that is coming to me now so that when the resolution is ultimately introduced, it can be limited in the way of expenditures, so there will not be a long-drawn-out session involved.

Mr. LOZIER. Will the gentleman yield?

Mr. McCLINTIC. Yes.

Mr. LOZIER. May I make this observation? I consider the investigation to be made by this committee as of more importance than the investigation made by the Navy Department. The American people will depend very largely upon the report of this committee, more so than on the report of the Navy, because this investigation should be made by a disinterested and unprejudiced body, and the American people know the attitude of the Navy toward the problem involved in its investigation.

For that reason a report by the Navy Department will not be so convincing to the American people because of its known attitude toward the question of dirigibles as a report made by a committee of Congress, which is supposed to be absolutely disinterested.

THE JUDICIARY COMMITTEE

Mr. BROWNING. Mr. Speaker, I ask unanimous consent that the Judiciary Committee be permitted to sit during the sessions of the House for this week.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

TO PROVIDE REVENUE FOR THE DISTRICT OF COLUMBIA BY THE TAXATION OF BEVERAGES

Mrs. NORTON. Mr. Speaker, I call up the conference report on the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with the following amendments:

On page 3, line 7, of the Senate engrossed amendments strike out "six" and insert "two."

On page 3, line 8, of the Senate engrossed amendment, beginning immediately following the colon, strike out through the word "business", in line 11, and insert in lieu thereof the following: "*Provided*, That it shall be within the discretion of the Commissioners whether any permit under this act shall be issued for the sale of any such beverage in any building in the District of Columbia owned or leased by the United States and used for the transaction of public business"; and the Senate agree to the same.

MARY T. NORTON,
VINCENT L. PALMISANO,
LORING M. BLACK, Jr.,
JAS. L. WHITLEY,
Managers on the part of the House.

MILLARD E. TYDINGS,
ROBERT D. CAREY,
J. HAMILTON LEWIS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

BEVERAGES INCLUDED

The House bill authorized beer, ale, porter, and similar brewed or fermented beverages containing one half of 1 percent or more of alcohol by volume and not more than 3.2 percent of alcohol by weight. The Senate amendment also included wines and fruit juices of like alcoholic content. The effect of the amendment was to authorize essentially the same kind of beverages as are authorized by the national beer bill. The conference agreement retains the Senate provision.

PERSONNEL FOR ENFORCEMENT OF ACT

The House bill authorized the Commissioners to employ clerical and other assistants to administer the act, the expenses, not to exceed $25,000, to be paid from the funds arising from license fees under this act. The Senate amendment omitted this provision. The conference agreement omits the House provision.

PERSONS TO WHOM PERMITS MAY BE ISSUED

The House bill provided for the issuance of permits to individuals, partnerships, corporations, and associations. Under the Senate amendment no permit may be issued to an unincorporated association. The conference agreement retains the Senate limitation.

"ON-SALE" PERMITS

Both the House bill and the amendment provided for the issuance of "on sale" permits to bona fide restaurants and hotels. The House bill provided also for permits to bona fide incorporated clubs with annual dues of at least $15. The Senate amendment reduced the required annual dues to $6. The conference agreement retains the Senate reduction in required dues.

In the case of restaurants, the House bill permitted "on sale" permittees to serve beverages at "tables." The Senate amendment required the sale to be at "public tables", but provided that no beverage should be sold in any room not used primarily for the serving and consumption of food. However, the Senate amendment authorized the Commissioners to permit the sale of beverages in private rooms or at private tables in the case of assemblages of more than six individuals. The conference agreement retains the Senate provision. The Senate amendment provided that no permit shall be issued for any restaurant which has not been established and doing business for at least 6 months immediately prior to the application for the permit. The House bill had no such requirement. The conference agreement reduces the 6 months' period to 2 months.

In the case of clubs, the House permitted the sale only at tables. The Senate amendment extended the privilege to the rooms of members or guests. The conference agreement retains the Senate provision.

"OFF-SALE" PERMITS

The House bill authorized holders of "off-sale" permits to sell beverages only "in original packages". The Senate amendment permitted sales in the immediate container in which the beverage was received by the permittee, except that in the case of an "off-sale" permit held by a manufacturer or wholesaler the beverages may be sold only in such closed containers as the Commissioners may prescribe. The Senate amendment also prohibited sale by a holder of an "off-sale" permit to other permittees for resale. The Senate amendment also forbade an "off-sale" permit and an "on-sale" permit to be in force at the same time with respect to the same premises. The conference agreement retains the Senate provisions.

MANUFACTURERS' PERMITS

The House bill required a manufacturer's permit under which it is lawful to sell only to a person holding a permit. The Senate amendment limited the sale to sales in barrels, bottles, and other closed containers, and sale to the other permittee must be for resale only. Under the Senate amendment a manufacturer may get one "off-sale" permit which is confined to his premises as a manufacturer, and sales under such "off-sale" permit must be in such containers as the Commissioners may prescribe. The conference agreement retains the Senate provisions.

WHOLESALERS' PERMITS

The House bill apparently did not provide for a wholesaler's permit. The Senate amendment requires a wholesaler to obtain a permit at a fee of $250 a year and he is permitted to sell to other permittees for resale only, and may sell only in barrels, bottles, or other closed containers. He may hold only one "off-sale" permit, which shall be issued only for his premises as a wholesaler, and under such permit the beverages may be sold only in such closed containers as the Commissioners may prescribe. The conference agreement retains the Senate provisions.

SOLICITORS' PERMITS

The Senate amendment makes it unlawful for any individual to offer for sale or to solicit any order for the sale of, within the District of Columbia, any beverage unless he has obtained a solicitor's permit and unless the vendor is a holder of a permit issued under the act, but the prohibition does not apply to offers for sale or solicitations made upon the premises of the vendor. Solicitors' permits are issued for a fee of $1 per year and may be issued only on the recommendation of the vendor for whom the solicitor is acting. Nothing in the act is to be construed as repealing any portion of the District of Columbia License Act, as amended July 1, 1932. None of these provisions were in the House bill. The conference agreement retains the Senate provisions.

SALES IN PUBLIC BUILDINGS

The Senate amendment provides that no license shall be issued for the sale of beverages in any building owned or leased by the United States and used for transaction of public business. The House bill had no such limitation. The bill as agreed to in conference provides that it shall be within the discretion of the Commissioners whether any permit shall be issued for the sale of beverages in any such public buildings in the District of Columbia.

APPLICATION FOR AND ISSUANCE OF PERMITS

The Senate amendment rewrites these provisions of the House bill in the interest of a more orderly statement and easier administration. The House bill required the Commissioners before issuing any licenses to determine the total number of licenses to be issued, which number may be increased or diminished at any time. The Senate amendment omits this provision but inserts the requirement that not more than five "on-sale" permits shall be issued to any one person. The conference agreement retains the Senate provisions.

The Senate amendment also amplifies the provisions of the House bill in regard to the interrelation of the "on-sale" or "off-sale" permittee and the manufacturer or wholesaler. Under the Senate amendment before an "off-sale" or "on-sale" permit is issued the Commissioners must satisfy themselves that no manufacturer or wholesaler has any substantial financial interest, direct or indirect, in the business for which the permit is requested or in the premises for which the permit is to be issued, and that the business will not be conducted with any moneys, equipment, furniture, fixtures, or property rented from or loaned or given by any manufacturer or wholesaler. The conference agreement retains the Senate provisions.

The House bill contained no provision for renewal of permits. The Senate amendment provides for a renewal of a permit on approval of the Commissioners without making a new application. The conference agreement retains the Senate provision.

DESIGNATION OF MANAGERS

The Senate amendment provides for the designation by a permittee of a person to manage his business for him, and for the designation of a new manager in the event of the termination of employment of any such manager. The House bill contained no such provision, except in the case of corporations, firms, or associations with more than one place of business. The conference agreement retains the Senate provision.

INTERRELATION OF MANUFACTURER OR WHOLESALER AND PERMITTEE

The House bill prohibited any manufacturer or wholesaler having any direct or indirect financial interest in the business of a permittee. Under the Senate amendment if any manufacturer or wholesaler has any substantial financial interest, direct or indirect, in the business of any "on-sale" or "off-sale" permittee, or in the premises on which such business is conducted, the permit may, in the discretion of the Commissioners, be revoked. The Senate amendment also provides that no manufacturer or wholesaler shall rent, lend, or give to any permittee, or to the owner of the premises on which he conducts his business, any money or property to assist in the conduct of the business. The conference agreement retains the Senate provision.

REPORTS OF SALES

The House bill required all permittees to submit a monthly report showing the quantity of beverages purchased during the preceding month. The Senate amendment omitted that provision and required a monthly report of sales to be made by "on-sale" and "off-sale" permittees. The conference agreement retains the Senate provision.

COLLECTION OF TAXES

The House bill provided that the tax imposed on the sale of beverages should be paid on or before the 15th day of each month. The Senate amendment fixed the 10th day of the month, the same day as that required for the making of reports of sales, as the day on which such taxes shall be paid. The conference agreement retains the Senate provision.

SALES BY OUTSIDE MANUFACTURER

The House bill prohibited any manufacturer of beverages outside the District of Columbia from bringing into the District and selling or offering for sale to permittees any beverage without first obtaining a permit from the Commissioners and agreeing to submit a monthly report, under oath, of the quantity of beverages shipped into the District. The Senate amendment prohibits any "on-sale" or "off-sale" permittee from purchasing any beverage from any manufacturer or wholesaler doing business outside the District of Columbia and not holding a permit issued under the act, and transporting or causing the same to be transported into the District for resale, unless such manufacturer or wholesaler has a certificate of approval from the Commissioners. Such certificate is to be granted only on condition that the manufacturer or wholesaler agrees to furnish to the assessor a monthly report under oath showing the quantity of the beverages sold or delivered to "on-sale" and "off-sale" permittees, and may be revoked by the Commissioners in case such report is not furnished. The conference agreement retains the Senate provisions.

REVOCATION OF PERMITS

The House bill provided that in case of revocation of a permit upon conviction of the permittee for violation of the act, no license could ever be issued to such permittee, and no license could be issued in respect of the premises of such permittee for a period of 6 months. The Senate amendment provides that in case of such revocation the permittee cannot receive another permit for the period of 3 years. The House bill, in case of revocation of a permit by the Commissioners, provided that such revocation be for a period of 1 year. The Senate amendment places no limitation on renewal or reissuance in such case. The conference agreement retains the Senate provisions.

SALES TO MINORS

The House bill made it unlawful to sell any beverages at any licensed place to persons under 18 years of age. Under the Senate amendment, it is unlawful for an "off-sale" permittee to give or sell or for an "on-sale" permittee to give, sell, or serve any beverage to any person under 18 years of age. The conference agreement retains the Senate provisions.

PENALTIES

The House bill provided for the maximum penalties of a fine of $1,000 or imprisonment for not more than 1 year, or both, and the Senate amendment fixes a maximum fine of $500 and the maximum imprisonment of 6 months, or both. The conference agreement retains the Senate provisions.

SEPARABILITY CLAUSE

The Senate amendment adds a "separability" clause protecting the validity of the remainder of the act in the event that any provision of it is held invalid. This provision is retained in the conference agreement.

EFFECTIVE DATE

The House bill provided that the act should take effect April 7, 1933. Under the Senate amendment, the bill will take effect immediately upon enactment, but sales or offer for sales will be unlawful prior to April 7, 1933. The conference agreement retains the Senate provisions.

MARY T. NORTON,
VINCENT L. PALMISANO,
LORING M. BLACK, JR.,
JAS. L. WHITLEY,
Managers on the part of the House.

Mrs. NORTON. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. STALKER] and 30 minutes to myself. I will take 5 minutes to explain a few of the provisions contained in the Senate amendments. I call attention to the conference report and suggest that if Members are interested they will find therein a complete explanation of the changes that have been made.

To summarize these changes, I may say that the club dues have been changed from $15 to $6. The reason for that was because the $15 dues would preclude a great many respectable clubs in the District from selling beer—clubs that have been in the District for many years.

Another provision is the change from 6 months to 2 months in the length of time restaurants would be required to be in business in the District before they could be granted a license. Still another provision is the inclusion of wine and fruit juices.

Another provision is not to permit the sale in drugstores and delicatessens unless in a separate room reserved exclusively for the serving of food.

Again, the brewer is to have but one "off-sale" permit. He cannot have an "off-sale" permit and an "on-sale" permit at the same time with respect to the same premises.

Then there is the amendment on page 1 of the conference report that it shall be within the discretion of the Commissioners whether any permit under the act shall be issued for the sale of any such beverages in any building in the District of Columbia owned or leased by the United States and used for the transaction of public business.

Mr. TARVER. Will the lady yield?

Mrs. NORTON. I shall be glad to yield.

Mr. TARVER. As the bill passed the House, it was in such form that the District Commissioners had no discretion to permit the sale of beer in the Capitol. It was admitted in the argument on the bill that the Capitol, and perhaps other public buildings, were in the control of the administrative authorities of the Government, that the Capitol was in the control of the authorities of the House and the Senate having jurisdiction.

The bill as amended in conference proposes to vest in the District Commissioners authority to permit sale of beer in the Capitol, which they did not have under the House bill. I therefore, from the standpoint of one who does not believe in such sale in the Capitol, think that the conference report is infinitely worse than the House bill.

Mrs. NORTON. But the House bill did give the District Commissioners that authority.

Mr. TARVER. It was admitted in the debate on the House bill that the Commissioners had no jurisdiction in the Capitol, but these conferees have given them jurisdiction.

Mrs. NORTON. But they really did have the jurisdiction, just the same. The Committee on Accounts has the authority to decide what shall or shall not be sold in the Capitol. I believe every Member of this House is as jealous of his or her reputation as is the gentleman from Georgia and shall guard the privileges contained in this bill.

Mr. TARVER. I think the lady is certainly mistaken as to the District Commissioners' having any jurisdiction in the Capitol.

Mrs. NORTON. If the gentleman will examine the bill, he will find that is not so. Mr. Speaker, I do not think there is anything else in this conference report that requires any explanation. I would suggest that the House is so tired of the subject of beer that it seems no longer necessary to maintain order when the subject is under consideration and this makes it difficult to be heard. However, we hope to get rid of the subject today for all time. It has been going on for 13 years in some form or other, but the end is in sight.

Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, this bill will be signed in the White House today, and shortly thereafter we will have beer sold in this Capitol. But it will not be by my vote. Speaking only for myself as one of the 435 Members of this House, I have done everything within the power of one mortal man to stop efforts to repeal the eighteenth amendment. I have done everything within the power of one mortal man to stop the passage of the beer bill. I have done everything in the power of mortal man to prevent the taking of restrictions off of medicinal liquor, and I have done everything one man could do to stop beer from being sold in Washington and in this Capitol Building.

When I came here 17 years ago there were 300 open saloons in the city of Washington. There had been 500, but there had been such a scandal in Washington as to the indecent manner in which they were being run that the people of this great city rebelled, and they had them reduced to 300. By passing this beer bill only God knows how many beer "joints" will open up in Washington.

I am awfully sorry that this amendment proposed in conference has been adopted by our conferees and by the Senate and is to be adopted here, which allows the District Commissioners to determine whether this beer is to be sold or not in Government buildings.

If we could, we would stop it. But we cannot. We had a test vote here the other day on the question of permitting beer to be sold in public buildings, and 150 sincere Members of this House, who do not believe in it, registered their names in protest against it.

Mr. BROWNING. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. In just one moment. At present the District Commissioners, who are not in any way responsible to the people of the United States, have no control whatever over any Government building in Washington. It is right that they should not have control over the Government

buildings in Washington. It was never intended by the Constitution that the District Commissioners, in no way responsible to the people, should have any control whatever over the people's buildings in the city of Washington.

For the first time in the history of the United States it is proposed by this bill to give the Commissioners control over the Capitol Building and over every one of the other many Government buildings scattered all over the city of Washington. It is left to them to decide whether or not they will license beer to be sold in the cloakroom and in the restaurant and in different other parts of this great Capitol.

Are you in favor of that? I wish that we could vote down this conference report. Every wet in this House could very well decently vote down the conference report. The wettest wet in this House could consistently and conscientiously vote down the conference report and send this back to the committee with instructions that they take this power they are lodging in the hands of the Commissioners away from the Commissioners and put it back into the Congress of the United States.

It has been held by Congress that a Commissioner of the District of Columbia is not impeachable. No matter what a Commissioner does in the city of Washington, Congress cannot impeach him. He is an unimpeachable officer. He could violate his duty in every respect and yet the Congress cannot impeach him.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. BLANTON. Would the gentleman from New York yield me a little time?

Mr. STALKER. Mr. Speaker, I yield 5 minutes to the gentleman from Texas.

Mr. BLANTON. I am grateful to my friend for doing so. Why not vote down this conference report? I am going to ask for a rising vote, so if enough of you wets who believe in decent management of this wet question in the city of Washington will come along with us and vote down the conference report, we can send the beer bill back to the conference committee and have that committee take the control of Government buildings out of the Commissioners of the District of Columbia and put it back in the Congress, and let the bill come back here and then, if you insist on it, pass it, for you have the votes to pass it, and send it to the White House this evening in a proper manner.

Mr. Speaker, you are going to see the time come when there is going to be a scandal in this building. You will see the time come when even wet constituents will feel outraged at some of the indecencies that could occur in this Capitol if you put beer joints here.

Mrs. NORTON. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes.

Mrs. NORTON. Does not the gentleman trust his colleagues to use this privilege properly here in the Capitol?

Mr. BLANTON. Oh, in my years of experience I have had those who were dear to my heart, in whom I had perfect confidence, yet who did not have control over their own actions. I did not have control over these loved ones. I cannot forget. I have confidence and respect and love for every colleague with whom I serve here. I have nothing but the best wishes for each and all of my colleagues. But thousands of people come in this Capitol daily. What control do we have over their personal actions? I know that there will be scandal here in this building if you put beer for sale in the Capitol, for it is intoxicating beer that is to be sold. Sooner or later you will have scandals here that will shock this Nation.

Mrs. NORTON. Of course, the gentleman will admit that 3.2 beer is not intoxicating?

Mr. BLANTON. Oh, I know it is intoxicating. I know it. You cannot tell me. I have seen it perform. I have seen many people drunk on 3.2 percent beer. I have seen them drunk on beer of less than 3 percent alcoholic content by weight. I have helped put them to bed late at night. [Laughter.] I know something about it. You cannot tell me this beer is not intoxicating. I know it is. The Senate knew it. The Senate first put this restriction in the bill to prevent its sale in Government buildings. Why did they put it in? They knew this beer was intoxicating. Why did 150 Members of this House the other day vote their names on record against selling beer in this Capitol? They knew it was intoxicating. They knew that scandals would come up. But our House conferees made the Senate back up and allow beer to be sold in Government buildings.

Mr. BROWNING. Will the gentleman yield?

Mr. BLANTON. Let me tell my friend this before I yield; and then, if I have time, I will gladly yield. Do you not know that every newspaper in Washington with their representatives sitting in that gallery never misses an opportunity to try to embarrass Members of Congress? You let something happen in this Capitol or in Washington that is connected with a Congressman or a member of a Congressman's family or any of your secretarial force, even in the remotest way, and they will twist you without any mercy. They will play you up on the front page in scary headlines and box-car type.

Only last week the Washington newspapers heralded in a most sensational manner that a female relative of one of our distinguished and highly respected colleagues had been found in an intoxicated condition on Connecticut Avenue and arrested and carried to the police station under the charge of drinking 3 glasses of beer. Last Sunday the newspapers of Washington heralded in a sensational manner that the secretary driving the car of one of our highly esteemed colleagues had run into a street car, injuring several people. And today the Washington newspapers in box-car type and sensational headlines herald: "Police Insult Representative"; "Overzealous Motor Cop Halts Congressman and Causes Traffic Jam." And notwithstanding that our colleague was wholly blameless and accompanied by female relatives and the police action was dastardly, infamous, and absolutely without excuse or reason—he and his companions were insulted and grossly mistreated—yet this press of Washington ridicules our good friend as follows:

MEMBER OF CONGRESS YESTERDAY ENCOUNTERED HIS FIRST EMBARRASSING MOMENT WHEN INSULTED BY AN OVERZEALOUS MOTORCYCLE POLICEMAN

It took 6 policemen, a traffic jam, an excited crowd of more than 200 persons, and a hectic session redundant with diplomacy at the first precinct police station before the question was settled.

HURRYING HOME

Hurrying home from the Capitol with his sister and her chum, Representative ——— became aware, at Fourteenth Street and Pennsylvania Avenue NW., of a motorcycle policeman shouting for him to pull over. The Representative said:

"Why?"

Policeman Cleota Langdon said:

"Pull over."

That kept up until they reached Fourteenth and H Streets, where Representative ——— stopped for a red light. There he explained to the policeman that he had violated no law or traffic regulation and that he was a Representative in a hurry.

Policeman Langdon tugged ——— for a while, but the latter would not budge. Came the reserves. Came diplomacy. The Representative budged and willingly rode to the first precinct in a patrol wagon to settle the matter. By this time the traffic jam was terrific and so was the crowd.

Flanked by seven policemen, Representative ——— walked into the station house, made a few telephone calls, and the ears of police officials grew red. It was all a great big mistake, they explained, and the Representative should go free.

And today the police department sent most profuse apologies to our colleague for their dastardly atrocious treatment of him. But apologies do not offset such insults. And these newspapers will unhesitatingly play any of us up under just such slight pretexts; hence it behooves us all to give them no occasion whatever for it. Of course, if a Member of Congress does wrong, he should be treated just as everyone else is treated. But he should not be mistreated just because he happens to be a representative of the people.

Mrs. NORTON. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Speaker, we on the District Committee are very glad that the discussion of beer and legislation on beer is drawing to a close. It is not much of an argument for the conference report to tell you that if you adopt the report the lives of the members of the District Committee

may be saved. If you were a member of the District Committee, you could not move 50 feet in the District without somebody asking you, "How about beer?" Last night the worst almost happened, so far as I am concerned. I was in the barber's chair, and just as the barber had his razor on my throat he said, "Congressman, do we get beer on the 7th?" [Laughter.] So we are very anxious to have this report adopted for personal reasons.

We have done the best we could with the Senate on the conflict between the two Houses. The important point of compromise was on the sale of beer in the Capitol. I do not anticipate any of the scandals which the gentleman from Texas is worrying about. If he can stand some of the scandals of the last 12 years, I guess he can stand whatever will happen in the future with beer being sold.

This does not give the District Commissioners control over the Capitol, but in order to get beer into the Capitol, because of other provisions in the act concerning brewers' sales only to those with permits, it was necessary to have a permit in the Capitol restaurant. The Senate was opposed to the sale in public buildings, and this was the best compromise we could work out. The Senate does not have to have beer on the Senate side. The House does not have to have it on this side; but if the House asks for a permit and gets it, we will have an unusual attendance of Senators in the House lunch room. On the other hand, if they do and we do not, we will flow over there.

Mr. TARVER. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. TARVER. I notice the gentleman said the Senate was opposed to the sale of beer in the Capitol. Is it not true, however, fortunately or unfortunately, depending upon the viewpoint of the person considering it, that the conferees appointed on the part of the Senate were in accord with the gentleman's position and not in accord with the position of the Senate; and that therefore, at the conference, there was no compromise, no effort to consider the position of the Senate, but merely a proposal to make infinitely worse the House provision?

Mr. BLACK. It is quite apparent to me that the conferees on the part of the Senate on this bill were the most reasonable set of conferees that I ever met with in conference. I dislike to think we are going to force beer down the throats of the Senators, but I think they will not object very much.

Mr. BROWNING. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. BROWNING. Is it not a rather dangerous precedent for us to give the District Commissioners control of the public buildings?

Mr. BLACK. We are not going to give them control.

Mr. BROWNING. Do we not have to go to the District Commissioners and ask permission to do something with respect to Government buildings?

Mr. BLACK. The District Commissioners have no right, unless we ask them, to put a permit in. Then their right is limited. We can ask the District Commissioners to come here or the police department or the fire department to come here. Now, we are asking whatever this department is to bring some beer here.

Mr. Speaker, I yield back the balance of my time.

Mrs. NORTON. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I am going to vote to concur in the conference report, but I admit I do so reluctantly. This may be the last time I shall ever take the floor to discuss beer. I hope it is. I have fought for it for 10 years. This bill does not satisfy me, and I know it does not satisfy many others who have worked with me for years for relief from the oppression of the eighteenth amendment and the Volstead Act.

I was surprised on Monday when I saw most of the "dry" Members of the House follow the leadership of the gentleman from Texas [Mr. BLANTON] and vote for a beer bill which was too wet for me. I could not vote for the bill in the condition it was in on Monday because it was just too "wet." The Senate had stricken out practically all the restrictions that we had put in the bill in the House, to preserve conditions so that we would not jeopardize the repeal of the eighteenth amendment. Where the House provided that the Commissioners shall have the right to revoke a license for a violation, the Senate put in the word "may." Where the House provided that a man violating a license should forever be prevented from having a permit, the Senate placed in a provision, first, of a probation of 1 year and then of 3 years.

The Senate struck out my amendment adopted in the House that if there was a violation, no license should be granted on the premises for 6 months. Why, Mr. Speaker, in the State of New York, which most people believe is quite a wet State, they are in the process of enacting a beer bill. Among its penalties is a provision that whoever violates a license will never get another license, and the particular premises will not get a license for 5 years. Yet the Senate was so liberal that they would permit a saloon up every back alley to continue in spite of violations, for they struck out these restrictive provisions.

My amendment as to club dues was adopted in the House. It provided that the club must be a real club charging $15 or more a year dues. The Senate reduced the amount to $6. I do not complain about the amount. The amendment adopted by the House provided that the dues must be payable in one sum in advance, to prevent a so-called "club" organizing and saying the dues are $6, but you can pay 50 cents down or nothing and you are now a member. There is no protection in such a club provision as the Senate emasculated. It will encourage wildcat clubs.

I will not say the action of the Senate in this matter was ill considered. It must have been deliberate.

Now, I have no sympathy at all with the proposition of giving the Commissioners of the District of Columbia any jurisdiction over this Capitol Building. I think it is fundamentally wrong, but the conferees agreed to do it.

The $100 license fee for retailers should have been increased to at least $250. In the State of New York the license fee will be $1,200 or at least $1,000. With a fee of $100 for a license you will have a saloon up every back alley.

I have always approached this subject from two standpoints. I have no interest in the fellow who is going to make the profit. I have two interests only: To restore beer to the people who are entitled to it, and to obtain revenue for the Government. This bill is not going to obtain revenue in the District of Columbia, and I fear it is going to open up the door too wide, because of the liberal attitude of the Senate in striking out the restrictions the House put in the bill.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. RICH. The gentleman states that under the provisions of the bill we will have a saloon in every alley. I was under the impression the gentleman was opposed to the saloon and was going to do everything he could to prohibit the saloon from coming back in the District and in the States.

Mr. O'CONNOR. I do not think many people have done more to try to prohibit the evils of the old saloon than I have. I want to see this business of selling beer conducted differently from what it was before prohibition. I want to see people get beer at a reasonable price under decent, wholesome conditions; but with a $10 license fee and others unlimited provisions in this bill, you are just not going to have a safe situation.

Mr. PALMISANO. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. PALMISANO. Did I understand the gentleman to say that in New York the license fee will be $1,200?

[Here the gavel fell.]

Mr. O'CONNOR. May I have 5 additional minutes?

Mr. STALKER. I am glad to yield to my dry colleague from New York 5 additional minutes.

Mr. PALMISANO. Does the gentleman believe that with a $1,200 license fee in the State of New York the people

there will be able to obtain for 5 cents a glass of beer containing more than 6 ounces, which is less than the contents of a bottle of coca cola?

Mr. O'CONNOR. I am glad the gentleman asked this question. I shall answer it, because I was coming right to that point.

I have been taken to task before for saying that there was going to be profiteering in the sale of beer. Let me say to the gentleman from Maryland he is not going to have a 5-cent glass of beer until competition knocks out the profiteering. I have said before that the first beer from the breweries will be brought out at $25 a barrel, and people here took me to task for my prediction. According to the press, it is going to be $33 a barrel, because the papers announced that the brewers are going to sell beer at $2.40 a case.

Before prohibition beer never cost over $1 a case of 24 bottles, and most of it cost 90 cents. The only additional cost now is the new tax, which will amount to 36 cents a case. The cost of material and the cost of labor have greatly decreased since before prohibition. So by no stretch of reasonable profiteering could anybody charge more than $1.50 a case, and it should be about $1.25. I hope the American people will refuse to buy beer that costs more than $1.50 a case.

At $2.40 a case it amounts to $33 a barrel. Before prohibition a barrel of beer never sold for more than $6, with a $1 tax on it. With $5 tax which we are putting on now the cost should be $11, instead of the $18 or $20 or $25 reported in the press.

Now, this is what the American people face, and I hope on Friday of this week, when beer is legalized, the American people will not pay over $1.50 at the most for a case of beer. If they do they are yielding to profiteers.

Mr. COCHRAN of Missouri. How are they going to get it?

Mr. O'CONNOR. How are they going to get it? Just do not buy it until the price comes down. I have never approached this question in the sense that time was of the essence of the matter. I do not care whether they have beer this Friday or next Friday. I want to have a good beer bill, pending the repeal of the eighteenth amendment.

I think this beer bill is worse than no beer bill. In the beginning we talked as though we were going to have a model beer bill in the District of Columbia that the States would follow. No State in the Union would accept this beer bill as a model. I trust when it is tried out the officials will come back here and ask for reasonable amendments so that the sale of this nonintoxicating beer in the District of Columbia will not jeopardize the repeal of the eighteenth amendment. [Applause.]

[Here the gavel fell.]

Mr. STALKER. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

OPPOSED TO SALOONS IN THE CAPITAL

Mr. PATMAN. Mr. Speaker, I am a member of the Committee on the District of Columbia. Some time ago an effort was made to pass a bill providing for the sale of intoxicating beer in the District of Columbia, and I opposed its passage. I told the Committee on the District of Columbia that when a law had been enacted permitting the sale of 3.2 beer in the States I would not do anything to unduly obstruct the passage of a similar law by filibuster or otherwise for the District of Columbia. I was and am now opposed to the passage of a 3.2 beer bill for the Nation and for the District of Columbia. Each Member of Congress takes an oath to uphold and defend the Constitution of the United States. The oath applies to the amendments to the Constitution the same as it does to the original Constitution. The eighteenth amendment to the Constitution says that the manufacture, sale, or transportation of intoxicating liquors for beverage purposes is prohibited.

HEARING BEFORE COMMITTEE

A hearing lasting 3 or 4 days was held before a subcommittee of the Committee on the District of Columbia on the question of the sale of beer in the District. I was a member of that subcommittee, and the gentleman from Maryland [Mr. PALMISANO] was chairman. During that time the question of the intoxicating quality of the beverage was discussed. Does this bill represent a legislative lie? No one will say that beer of an alcoholic content of 3.2 per cent is not intoxicating; 3.2 beer by weight is 4 per cent beer by volume. It is the same as the 8 spirit proof beer in Canada.

About the strongest beer that is made and dispensed in Canada to individuals in private residences and to guests in hotel rooms is 8 spirit proof. The sale of this beer over the counter is prohibited in Canada. The kind of beer that is sold in eating places is the 4.4 spirit proof which is the same as 2.2 by volume and 2 percent or less than 2 percent by weight. So this will be what would be known in Canada as "8 proof spirit beer." It is stronger than most of the beer that was made before prohibition. The Ways and Means Committee in its report on the 3.2 beer bill would not say that the beverage was nonintoxicating; they said: "The alcohol in 3.2-percent beer is so diluted that it would require considerable effort on the part of an average person to drink enough to become drunk." Notice the terms "average person", "considerable effort", and "drunk." It is admitted that the average person can get drunk on it if he makes the proper effort. Are we going to say that he will not make the effort? The brewers, including Mr. Anheuser Busch, unanimously recommended 3.2 beer; they did not want a higher percentage. Do you think they would want it if it is not intoxicating?

INTOXICATING

No one can get around the fact that this beer is intoxicating. It is intoxicating. If there is a Member of this House who believes that the beer is not intoxicating, I am willing to yield to that Member now and for him to get up and say that the beer is not intoxicating.

Mr. GOSS. Mr. Speaker, I am willing to say that.

Mr. CELLER. I will say that also.

Mrs. NORTON. I am willing to say it is not intoxicating.

Mr. BLANTON. That is New York, New Jersey, and Connecticut.

Mr. PATMAN. These three, the gentleman from Connecticut [Mr. GOSS], the gentlewoman from New Jersey [Mrs. NORTON], and the gentleman from New York [Mr. CELLER] are willing to certify that it is not intoxicating. They are 3 out of a membership of 435, and the only ones who are willing to say that the beer is not intoxicating after I have paused for an answer.

Mr. MARTIN of Oregon. I will make the statement also.

A number of Members on each side of the House rose.

Mr. BLANTON. Mr. Speaker, I rise to a point of order. If the gentleman from Texas [Mr. PATMAN] is going to have his colleagues testify here, he ought to put them under oath. [Laughter.]

Mr. PATMAN. I think other Members have arisen more as evidence of loyalty to the cause than as witnesses to the nonintoxicating qualities of the beer; they did not stand when there was a pause for that purpose. I want to say to those who are willing to testify that this beer is not intoxicating that they are willing to say something that the brewers would not say, they are willing to say something that the brewers' lawyers would not say, and they are willing to say something that no witness appearing before any committee has ever said unequivocally. If it is not intoxicating, why make it a violation of the law for it to be sold to minors under 18 years of age? Why require a license from anyone before offering it for sale? Why not sell it everywhere just like coca cola is sold if it is not intoxicating? The strict requirements attending its sale dispute the assertion that it is not intoxicating.

Mr. O'CONNOR. Will the gentleman yield there?

Mr. PATMAN. I yield to the gentleman from New York for a brief question.

Mr. O'CONNOR. The testimony before the Ways and Means Committee by brewers and their attorneys and experts was that it is not intoxicating.

Mr. PATMAN. I beg to disagree with the gentleman, they did not say unequivocally that the beer was nonintoxicating; they had much to say about it requiring a

large quantity to intoxicate certain people if consumed along with a certain amount of food, and under certain conditions. I read every word of that testimony, and I was impressed that they never would unequivocally say that 3.2-percent beer is not intoxicating. They artfully evaded—just like Members of Congress have evaded—a direct answer to such a question. I repeat, the rigid requirements for its sale, including making it a criminal offense for anyone to sell the beverage to minors, and the heavy tax imposed for its sale, disputes any assertion that a nonintoxicating beverage is being discussed.

Mr. CELLER. Will the gentleman yield for a brief question.

Mr. PATMAN. Not just now.

Mr. CELLER. I simply want to say that Prof. Yandell Henderson, of Yale, so testified.

VOTE ON QUESTION OF OPEN SALOONS IN THE HOUSE OF REPRESENTATIVES

Mr. BLANTON. And another professor from Yale denied it.

Mr. PATMAN. Prof. Yandell Henderson used the terms, before the committee, "virtually nonintoxicating" and "should not be defined by law as intoxicating" and similar terms. Another thing, you would not want the beer unless it was intoxicating. The brewers admitted it is intoxicating, and there is no dispute about it. So the question is whether you are going to have an open saloon in the Capitol of the United States. Whether you are going to have an open saloon in the District of Columbia is a different question to having an open saloon in the Capitol of the United States. Here we are, 435 Representatives in Congress, assembled for the purpose of giving the people of this Nation economic relief. With more distress and suffering existing in our country today than ever before in its history, is our answer to these suffering millions going to be that we are going to have open saloons here in the Capitol of the United States, in order that we may soberly, and with better judgment, legislate and otherwise pass upon their grave problems?

[Here the gavel fell.]

Mr. STALKER. Mr. Speaker, I yield 3 additional minutes to the gentleman from Texas.

Mr. BOYLAN. Will the gentleman yield?

Mr. PATMAN. For a brief question; yes.

Mr. BOYLAN. If the gentleman is in doubt as to whether or not the beer is intoxicating——

Mr. PATMAN. There is no doubt about the intoxicating qualities of the beer.

Mr. BOYLAN. The gentleman will be able to demonstrate that for himself if he tries it out next Friday.

SPEAKER'S JURISDICTION OVER HOUSE REMOVED

Mr. PATMAN. The gentleman can demonstrate for himself. There is no doubt in my mind about 3.2 beer, by weight, being intoxicating.

The question involved here is this. The Speaker of the House is supposed to have jurisdiction over the House. The Committee on Accounts has jurisdiction over the House restaurant. This report changes the law entirely, and under this conference report the District Commissioners will be allowed to grant a license to sell beer in the House restaurant, or in other parts of the House wing of the Capitol. The District Commissioners will be permitted to grant a license to sell beer in the House cloakroom, on the floor of the House, or in any other place here, thereby taking the jurisdiction away from the Speaker of the House and from the Committee on Accounts and placing such jurisdiction in three Commissioners who are not elected by the people and who are in no way responsible to the people of the States.

THIS IS A DIRECT VOTE ON OPEN SALOONS IN THE CAPITOL

So the question involved is whether you are willing to give up this jurisdiction. Do you not think it is passing the buck? Do you not think it is saying that we want to give the District Commissioners jurisdiction so they will put open saloons in the Capitol of the United States, and we will not be charged with such responsibility. You may say that, but you will be charged with responsibility. This is a direct vote on the question. If you vote "aye" on this conference report you vote in favor of open saloons in the Capitol. If you vote "no" you are in favor of striking out the provision in the conference report that permits saloons to be established in the Capitol.

Mr. COCHRAN of Missouri. Will the gentleman yield to a member of the Committee on Accounts?

Mr. PATMAN. In just a minute.

OUR ANSWER TO THE HUNGRY

Let us vote down this conference report and then let it be amended so as to strike out the provision which permits the Commissioners of the District of Columbia to have jurisdiction over the Capitol Building of the United States, and then if you want to, pass it, and the President can sign it this afternoon and it will become a law; but let us not place open saloons in the Capitol of the United States when there are millions of people crying for bread. We should not answer their pleas of agony and distress by telling them that we can be in a better position to solve their problems, and thereby restore the country to a prosperous condition, if a saloon bar is placed in the Capitol at the disposal of the Members of the House. People in Washington should not be celebrating; they should be in mourning; men, women, and children in this Nation, through no fault of their own, are starving. Let us not answer them that we cannot work effectively and efficiently in their behalf unless we are surrounded with saloon bars dispensing intoxicating liquors. [Applause.]

TEST CASE

Suppose a customer at one of these bars consumes too much of this intoxicating beverage and death is produced. Suppose the surviving widow and orphans institute a civil suit against the owners of the establishment making the sale and against the brewer who manufactured it. They will plead in defense that the law permits the sale; the plaintiffs will answer that its sale was in violation of the Constitution of the United States, because the beverage sold was intoxicating. If the jury finds that the beverage was intoxicating, a verdict for damages in favor of the plaintiffs will probably be upheld by the courts. The same situation will develop in the case of a driver of an automobile who is drunk on this beverage causing damage to the life or property of another person and in innumerable other cases. Possibly the dispensers and manufacturers of this beverage will escape criminal prosecution and punishment, but can they escape being held liable in a civil action for damages?

Mrs. NORTON. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland [Mr. PALMISANO].

Mr. PALMISANO. Mr. Speaker, ladies and gentlemen of the House, it is somewhat amusing to hear Members discuss the various items in this bill. I will first take up the question whether you can obtain a license to sell beer in the Capitol without the acquiescence of the Speaker and the Vice President.

In the first place, we have no one to whom the license would be issued. Everyone here in this building is an employee of the House or of the Senate, and for that reason there is no one who could obtain a license, because they are nothing but employees. I think that should be a sufficient answer to that question.

The gentleman from Texas [Mr. PATMAN] says that there are only three in the House that would say that this beer is not intoxicating. I think the record of this House shows that there are about 300 Members who would say that it is not intoxicating.

Mr. GOSS. When the gentleman from Texas asked that question only three Members answered, but there were nearly 200 who stood up on the floor.

Mr. PALMISANO. If you listened to the gentleman from Texas, you would think that we were going to have back here the green-hat man, who is known as the bootlegger of the District.

Now, coming to the question about the license fee. I say to you that I do not believe that you will have 150 places selling beer in the city, outside of hotels, under this license.

The gentleman from New York [Mr. O'CONNOR] talks about a $25 barrel of beer. In Baltimore they are going to

sell it for $12 a barrel—$1.50 and $1.75 a case. Under these conditions they cannot sell an 8-ounce glass of beer for 5 cents.

If in the State of New York they have adopted a $1,200 license fee, I want to say to the gentleman from New York that if they will enforce the law and not permit gin and other liquors sold on the premises they will not be able to exist.

I know something about the beer business. Take a 30-gallon barrel and divide it by 8-ounce glasses and you will find how many glasses you get. You will get, I think, in 8-ounce glasses, about $24. There is no place that will be able to sell more than a barrel a day, and under this law, $100 license, if you sell a barrel you will be taxed an additional dollar. In other words, a dollar for every barrel, which makes $312 a year. In other words, it would produce $24 a barrel, $12 you pay for the beer and $1.50 a day you pay for your license.

What are you going to get for the overhead, your rent, and employees? Under that provision you must sell 2 barrels a day, and that means a thousand dollars a year.

[Here the gavel fell.]

Mr. STALKER. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Speaker, the question before the House is narrowed down to the sale of beer on Government property. The matter of public sale in the District of Columbia has been agreed to by both Houses and is not an issue here. The only remaining question to be decided is whether it shall be sold in the Capitol and other Federal buildings, and it occurs to me in this connection that the House might be interested in a little reminiscence which includes a reference to Speaker Champ Clark, of Missouri, who presided over the House from the Sixty-second to the Sixty-fifth Congress.

For a number of years it was my duty to read the CONGRESSIONAL RECORD, beginning with the RECORDS of the Fifty-ninth Congress, some 30 years ago, and coming down, page by page, to the present time.

One day, toward the end of his last term, I said to Mr. Clark, "Mr. Speaker, it is rather remarkable that throughout the early RECORDS there are frequent references to altercations on the floor between Members of the House. Apparently physical encounters between Members, often accompanied by an exchange of inkstands or other missiles, were of ordinary occurrence, and it was a common practice for the Presiding Officer to direct the Sergeant at Arms to carry the mace to the floor. But since I have been here I do not recall an instance of this character and I have seen the mace carried to the floor only twice in that time." The Speaker said, "Oh, that is very easily explained. In those days there was a bar downstairs, next to the restaurant, and the boys would go down and tank up and then come up here on the floor and express themselves."

In view of this statement by a man who served for 30 years in the House, may I not respectfully suggest to my friends in charge of this measure and interested in the repeal of the eighteenth amendment that the end sought may be achieved a little sooner and a little more certainly if they will retain the restrictions which were observed here in the Capitol before the passage of the eighteenth amendment. You are proposing here to swing the pendulum from one extreme to the other. Why not observe moderation and adopt a happy medium rather than jeopardize your case in the very beginning of the campaign?

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to my friend from Minnesota.

Mr. KNUTSON. If this conference report is agreed upon, who would be in a position to apply for permission to sell beer in the Capitol of the United States? Almost all the people here are employees of the House or the Senate.

Mr. BLANTON. The Commissioners of the District are not limited to employees of the House or Senate. They have the power to issue licenses to any person.

Mr. KNUTSON. Are they on the pay roll?

Mr. BLANTON. Naturally, they are not. But this bill permits the Commissioners to grant licenses to anybody.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. Yes.

Mr. TARVER. To ask the gentleman what parliamentary procedure would be necessary at this stage of the passage of the beer bill in order to give the House an opportunity to vote on this proposition separated from the other provisions in the conference report.

Mr. CANNON of Missouri. Oh, of course there is only one way to reach it. If the report is not agreed to it then goes back to the conferees, and an instruction would prevent sale in the Capitol without interfering with sale elsewhere in the District and the city.

Mr. BLANTON. And if the House would vote down this conference report, then it can instruct the conference committee to take this provision out of the bill that lets the Commissioners issue licenses to sell beer in Government buildings. We then can take that provision out of the bill.

Mr. KNUTSON. Mr. Speaker, the gentleman did not answer my question. Who of the employees would be empowered to apply to sell beer in the Capitol of the United States?

Mr. CANNON of Missouri. The lady from New Jersey [Mrs. NORTON] is in charge of the bill and is thoroughly familiar with all phases of it, and I am certain will be glad to enlighten the gentleman on that point.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mrs. NORTON. Mr. Speaker, I yield the gentleman 1 minute more in order to ask him a question. Of course the gentleman knows that in the final analysis the Committee on Accounts will have the last word as to whether or not beer shall be sold in this Capitol. It could not be sold without this consent.

Mr. BLANTON. But this bill repeals the law so far as licenses to sell beer is concerned and takes control of this Capitol that far out of the hands of the Committee on Accounts.

Mrs. NORTON. It does nothing of the kind. It could not do that. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Speaker, in the brief month that I have had opportunity to serve in this body I have made the acquaintance of a great many splendid gentlemen, and I have not met a more likeable character than TOM BLANTON, of Texas. However, when I hear him this afternoon from the well of the House speak unkindly and unfairly against the press, then I feel as a former active newspaperman that I should rise in defense of that profession.

In the important work of restoring confidence, President Roosevelt has been enthusiastically supported by the press. Through the cooperation of news-disseminating agencies the message of our leader has been brought close home to the hearthstones of the American people.

The large majority of newspaper reporters will measure up favorably with any other group when considered from the standpoint of ability, energy, fair play, and the consideration for varying views of individuals. Those who chronicle the daily happenings touch the very pulse of American thought and action and carry it to a waiting world. A newspaperman by the name of Sprague has given us the following dynamic picture of the daily newspaper:

> Turn to the press, its teeming sheets survey,
> Big with the wonders of each passing day.
> Births, deaths, weddings, forgeries, fires, and wrecks,
> Harangues and hailstones, brawls and broken necks.
> Trade hardly deems the busy day begun,
> Till his keen eye along the page has run.
> The blooming daughter throws her needle by,
> And reads her schoolmate's marriage with a sigh.
> While the grave mother puts her glasses on,
> And sheds a tear for some old crony gone.
> The preacher, too, his Sunday theme lays down,
> To see what last new folly fills the town.
> Lively or sad, life's meanest, mightiest things,
> The fate of fighting cocks and fighting kings.

Mr. Speaker, it may seem an unimportant matter for me to recite those few lines, but I want to say that I believe the

press of this country has had a great deal to do with the progress of America, and I believe I speak the sentiments not only of my own heart but of the membership of this body when I say that I have high regard for the press of this Nation. [Applause.]

Mr. STALKER. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. STRONG].

Mr. STRONG of Texas. Mr. Speaker, I am opposed to this conference report.

When this beer bill was first introduced in the House I opposed it upon the ground that the beer allowed to be manufactured under the bill was intoxicating, and therefore such a measure is unconstitutional. I am still of the opinion that 3.2 beer is intoxicating and should not be permitted to be sold anywhere in the United States. Especially should its sale be prohibited in the Capitol Building at Washington.

When this bill was pending in the House an amendment was offered to same which would prohibit the sale of beer on any Government property in the District of Columbia. This amendment was voted down by the House, but when the bill reached the Senate the amendment was added. When the bill came back to the House for its concurrence in the amendment the House refused to concur. This placed the measure in the hands of a conference committee, composed of Members of the Senate and House. This conference committee compromised upon the amendment by placing in the bill authority for the Commissioners of the District of Columbia to say whether or not beer should be sold in the Capitol Building and upon other Government property in Washington. Since the establishment of the Capital of the United States in the District of Columbia Congress has exercised absolute control over all governmental property, and when this bill is passed it takes the control of the Government property, insofar as the sale of beer is concerned, out of the hands of Congress and places it within the control of the Commissioners of the District of Columbia. Such proceedings as this are unheard of, and it is unbelievable to the average person that a Congress could have been elected by the people of these United States who would take the control of the Government's property out of the hands of the legally elected representatives of the people and place it in the hands of three Commissioners in the District of Columbia, who no doubt will be largely influenced by the brewery interests of the District.

Why so much noise and furor and rush to pass this beer bill? The brewers of the United States are now authorized to manufacture all the beer they can possibly produce that they themselves admit is not intoxicating. The fact is when the eighteenth amendment was adopted the reason for making the alcoholic content in beer one half of 1 percent was the statement of brewers that beer containing a larger percent of alcohol would be intoxicating. Therefore, the brewers know that the beer permitted to be manufactured under this bill is intoxicating, and that is the reason for the rush to pass this measure through Congress, for, as all know, the brewers are now permitted to manufacture beer, but not of 3.2 alcoholic content.

I am quite sure that even antiprohibitionists who believe that right should prevail will oppose such a measure as this, and I am hoping this conference report, which will establish a saloon in the Capitol of this Nation, will not be adopted.

Mr. STALKER. Mr. Speaker, I am opposed to the conference report. I realize, however, that this House is overwhelmingly wet. I predict this is the wettest Congress we will ever have. The pendulum swings both ways and it will swing back to a dry Congress. However, this bill is not 100 percent defective. This bill has a tendency to prohibit the sale of beer to minors and Members of Congress. [Laughter.]

I repeat that I am opposed to the conference report and I hope it will be voted down.

Mrs. NORTON. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. CELLER].

The SPEAKER. The gentleman from New York [Mr. CELLER] is recognized for 4½ minutes.

Mr. CELLER. Mr. Speaker, I wish to say to the opponents of this conference report that I am willing to abide by the restrictions in the White House. Mrs. Roosevelt, although a teetotaler, has indicated to the country and the world that beer will be served in the White House. Why then should it not be served in this House of Representatives and in the Senate?

Professor Henderson, of Yale University, indicated in no uncertain terms that this 3.2 beer was nonintoxicating. I am willing to accept the version of an expert rather than a nonexpert, the gentleman from Texas [Mr. BLANTON], on that score. I trust the Members of this House. I am willing that they shall have beer served here. I have confidence in their sobriety, in the moderation of the Membership of this House. I say if you take the words of the gentleman from Texas [Mr. BLANTON], and the gentleman from Texas [Mr. PATMAN], you indicate a calumny upon the Membership of this House. I trust the Members. They are not going to abuse their beer privileges.

When there were bars in the House and in the Senate the Nation rose to the acme of prosperity and greatness. Beer never prevented the Members from doing their duty and rendering a splendid service that contributed to that greatness and that prosperity. I need but mention some of the former Members of this Chamber and the other Chamber who were unafraid and who were willing to imbibe and who did imbibe. I refer to Thomas Jefferson, who advocated with all his eloquence the drinking of beer in this country rather than hard liquor, and yet the gentleman from Texas [Mr. BLANTON] would fly in the face of what Jefferson said.

I refer to Madison and to the great Calhoun and Webster and Clay, all of whom imbibed freely in the bars of this House, and the Nation did not suffer thereby. I refer to Lincoln himself, who ran a tavern, who had a license to sell beer. What was good enough for Lincoln is good enough for the Members of this House. I refer to the great luminaries like Speaker Reed and McKinley, great Members of this House. If they were here today, they would inveigh most strongly against the provision that there shall be no nonintoxicating beer sold in the restaurants of this House.

Mr. DONDERO. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. DONDERO. Does the gentleman mean to infer that Lincoln was a user of intoxicating liquor?

Mr. CELLER. I said Lincoln was the holder of a tavern license to sell intoxicating beverages. I will say more than that. When the brothers of temperance came to Washington to complain about some of the actions of General Grant on the score that he was imbibing too freely, Lincoln said to the brothers, "Please tell me the brand of that liquor. I want to send a barrelful of it to some of my other generals."

Mr. DONDERO. Does the gentleman know that a partner of Lincoln was the man who imposed that license on that firm?

Mr. CELLER. I do not care whether it was imposed on him or not. The license stands in the name of "A. Lincoln." Make the most of it, my dear sir.

In answer to the gentleman from Texas when he said this town would be flooded with beer joints, we have something worse than beer joints now under the prohibition regime.

Not long ago the Crusaders, a very militant and powerful and able organization, presented a map of Washington, and they put dots where there were speak-easies, and those dots were thickest around this very Capitol. Let us not worry about beer joints. Our present worry is speak-easies. This bill will do much to reduce their number.

The SPEAKER. The time of the gentleman from New York [Mr. CELLER] has expired.

Mrs. NORTON. Mr. Speaker, I move the previous question.

The previous question was ordered.

Mrs. NORTON. I move the adoption of the conference report.

The SPEAKER. The question is on the adoption of the conference report.

The question was taken; and on a division (demanded by Mr. BLANTON) there were ayes 131 and noes 65.

Mr. TARVER. Mr. Speaker, I object to the vote on the ground there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and seventeen Members are present, a quorum.

Mr. PARKER of Georgia. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. The gentleman from Georgia demands the yeas and nays. Those who favor taking the vote by yeas and nays will stand and remain standing until counted. [After counting.] Seventeen Members have arisen; not a sufficient number. The yeas and nays are refused.

So the conference report was agreed to.

On motion by Mrs. NORTON, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FIESINGER. Mr. Speaker, I ask the indulgence of the House for 15 minutes, that I may speak upon a question I regard of most vital importance to the United States.

I shall address myself to the question of the present seriously depressed price level. Where are we going and where is the price level in this country finally to lodge? Are we finally going to rest ourselves upon the 1914 price level and endure again the conditions such as we had in the 1876-96 period, or are we going to the point where I know this Congress desires that we shall go, the 1926 price level, which will surely revive our national prosperity? I say I know the House of Representatives desires that for the reason that last year upon a measure fathered by our distinguished colleague from Maryland [Mr. GOLDSBOROUGH] the House voted, I think 3 to 1, in favor of the 1926 price level.

I have been considerably agitated in the last week or two with things I have been reading in the papers and the trend of business in the United States and I sometimes think, although I do not know, rather I should say I am apprehensive, that we are going to rest the price level upon the basis of 1914. If we do, Mr. Speaker, we are going to be in this depression, in my judgment, for the next 10 years.

What does it mean to deflate this country to the 1914 price level? I have in my hand the statement made by Prof. G. F. Warren, of Cornell University, a statement he made to the National Industrial Conference Board, January 26, 1933, in New York. I shall read just a few paragraphs, but I shall ask unanimous consent to put in the RECORD his statement on inflation and deflation.

I quote the following from Professor Warren:

> The price level must be raised to the debt level, or the debt level must be lowered to the price level. This is a matter of grim reality that cannot be cured by psychology, confidence, or Government lending. We must choose between deflation and reflation. No country likes to change its monetary system, nor does any country like to go through wholesale bankruptcies and continue to have millions of unemployed. Our choice is not between two desirable things. It is between two undesirable things. Merely raising the well-known objections to either procedure does not commend the other. The question is, Which is worse? If we wish to go through deflation we may as well proceed with the bankruptcies, foreclosures, and public defaults and get them over with. Merely postponing by lending some money or attempting to hold up the price of this or that thing will accomplish very little.

Professor Warren goes on at some length, but I shall not take the time of the House to read further what he says.

Mr. Speaker, I ask unanimous consent that I may put Professor Warren's statement in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FIESINGER. Professor Warren's statement continued as follows:

DEFLATION OR REFLATION?

The price level must be raised to the debt level, or the debt level must be lowered to the price level. This is a matter of grim reality that cannot be cured by psychology, confidence, or Government lending.

We must choose between deflation and reflation. No country likes to change its monetary system, nor does any country like to go through wholesale bankruptcies and continue to have millions of unemployed. Our choice is not between two desirable things. It is between two undesirable things. Merely raising the well-known objections to either procedure does not commend the other. The question is, Which is worse?

If we wish to go through with deflation, we may as well proceed with the bankruptcies, foreclosures, and public defaults and get them over with. Merely postponing by lending some money or attempting to hold up the price of this or that thing will accomplish very little.

DEFLATION

If deflation is completed, the following are some of the innumerable adjustments yet to be made:

At the new price levels, public and private debts are nearly equal to the national wealth. These debts will have to be reduced. The only plan thus far proposed for reducing them is bankruptcy and private adjustment. This will probably require 3 or 4 years for the major adjustment and a generation to complete the process. While the more serious part of this is taking place, bankrupt homes, farms, and other properties will always be for sale at less than new costs of construction, regardless of how low these costs may fall. Therefore little building of any kind is to be expected. Consequently most of the basic industries will operate at low capacity and severe unemployment will be continuous. Business cycles in such a period will be suppressed cycles.

The vigorous efforts to reduce taxes will do well if they succeed in making cuts equal to the new taxes necessary to feed the unemployed. Some shifting from real estate to other forms of taxation may occur.

Public debts will increase and some of the Government units will find it impossible to meet their obligations. It will be years before taxpayers get these debts paid.

Adjusting a price level down requires much more time than adjusting it up. It is not difficult to adjust public and private debts to a higher price level, but it is very difficult to reduce them. To adjust debts up merely requires that the usual purchases be made at the new price level with the usual percentage of credit transactions. To adjust debts down means the slow process of bankruptcy. Bankruptcy acts like a house of cards—each bankruptcy starts another.

Bank deposits will decline because of the reduced amount of business and the lower prices at which business is done and the tendency to use cash rather than checks. This latter movement is encouraged by fear of banks, lack of banks, lower interest rates on deposits, charges for checks, taxes on checks, and high postage rates. Many further bank failures will occur.

Because of severe unemployment, some workers are working for extremely low wages, but it is not to be expected that the general wage level will decline to the price level. The long-time tendency is for wages to rise as the output per worker increases. Whenever the debts are liquidated so that business can proceed, wages will be far above pre-war.

Interest rates will be much below pre-war for safe securities, but a large part of the business will be on such a precarious basis that for some years rates for agriculture and industry may be high. Interest payments on bank deposits will be decidedly reduced. It will be impossible for life-insurance companies, universities, hospitals, and other institutions that depend on investments to keep up their incomes. Life-insurance rates will probably rise. The average size of policies will be reduced.

The size of fire-insurance policies will be reduced, losses will be increased, and rates probably will be raised.

Innumerable prices which have not declined will fall. Some of these are freight rates, telephone and telegraph charges, lawyers', doctors', and dentists' fees.

Large numbers of corporations will disappear by bankruptcy or by combination to avoid bankruptcy.

Wholesale writing down of the capital of industrial plants, farms, and city real estate will be necessary.

Costs of distribution will gradually decline so that prices paid to farmers will again come into adjustment with the prices which they pay. Much of this can be done in a half dozen years. Probably it can be completed in a generation.

Some basic commodity prices have fallen too low even for the conditions, and will rise.

Innumerable measures will be tried in attempts to hold up prices of this or that thing. Tariffs, bounties, farm boards, domestic allotments, restrictions on trade between States under sanitary and other guises, pools, gentlemen's agreements, and many others will continue to be tried. Some of these may do a little good, but they will continue to result in disillusion and disappointment. Maintaining the present price of gold means bringing the whole debt and price structure down. To attempt to hold each individual thing up and yet bring down the whole is like sinking a ship but attempting to hold up each rivet and doorknob in it.

Nothing is gained by minimizing the gravity of the situation. Repeated confidence statements cannot change the fact. They discredit leadership and cause losses to innumerable individuals

through false hopes. While the country has never before experienced as great deflation as we are now attempting, we have had experiences which indicate the probable length of the deflation disease. It usually takes 6 or 7 years to go far enough with the bankruptcy process so that construction can begin, and it takes many more years fully to complete the process.

If we are going through with deflation, debt-adjustment commissions are desirable to operate for a number of years. The legal system of writing down debts works badly enough when only a few bankrupt properties are thrown on the market. It destroys values for both the creditors and lenders when applied in a wholesale way. A creditor often takes over a home or a farm, keeps it in hopes of a sale until the carrying charges eat up much of the value. In the meantime the property depreciates. Finally, in despair, a shoestring sale is often made to a less desirable buyer than the dispossessed owner. Debt-adjustment commissions should study each case and make recommendations for settlement for all creditors. Such recommendations from a disinterested party would save many owners and help many lenders, and would keep many of the cases out of the courts. Even if moderate reflation occurs, there will be plenty of work for such commissions. If the Government lending agencies wish to lend more money, they will do more good by taking up the safer part of the underlying mortgages in such cases than by direct loans to the lending corporations, which do not get at the root of the trouble.

While it is not the purpose of this discussion to consider what the individual can do for himself, I should like to insert one piece of advice to the millions of farmers and city home owners who are losing their homes and lifetime savings. If one has a good farm, it seems to me that the best thing to do is to retain possession of it as long as possible in the hope that some temporary rise in prices or possibly a monetary change will enable him to keep the property. If he gives up, the savings are surely gone. He has little to lose from holding on as long as any slight chance remains.

The man who has failed in business or is out of work is blamed for it, and he often blames himself. This is adding insult to injury. Most of the failures are not due to unsound business but to unstable money, for which no individual is to blame. The farmer or business man who has failed should not be despondent or commit suicide. He should feel like a man who has just gone through a tornado, stripped of his property but escaped with his life. His family and friends should treat him accordingly.

It is not improbable that the high value of gold will result in discoveries of it, so that a later generation will have inflation.

If the process is carried through, a new generation can be prosperous—except as foolish laws remain to plague it. Any price level is satisfactory after business is adjusted to it.

Can a nation control the price level? I for one believe the United States of America can control the price level, provided we employ the same means England today is using in controlling the price level. [Applause.] But England wants the price level of 1914 and we want the price level that is the honest price level for the payment of our debts. I refer you to the New York Stock Exchange Bulletin for March 1933, volume 4, no. 3. There you will see that England, in terms of her currency, has already arrived at the 1913 price level. I think every Member of this House received a copy of this bulletin. England has won her control of prices and we are still talking of relief measures.

England, for the last five months, has stabilized the price level on the index price of 1913 as 100. This, to me, clearly indicates where the British Government, through the operation of its stabilization fund, is going with reference to the price level it desires. Now, are we going to that price level which, as Professor Warren says, will keep us in this depression for 10 years? We will have to cut down capital structures, we will have to cut down wages, we will have to readjust insurance policies, lawyers' fees, and doctors' fees, and for services in all lines of endeavor.

The nation that controls the market dealings in gold and silver can control the price level. [Applause.] We cannot control it by standing idly by and neglecting the means that other nations employ. England does not control values, Mr. Speaker, through gold alone; they have to control silver as a means for controlling gold, and when they do that, they control the world prices of all that we produce in this country. Our Government must compete with what their Government does to silver, and which they do in order to bring fluctuations in value to gold, and thereby destroy our yardstick for the measurement of our values. For here lies the true cause for the destruction of our commerce and the depression in our values that we now so bitterly complain of. If you want to know where England is going, let me read two or three paragraphs of an article I cut out of the Washington Herald yesterday morning, and you read between the lines. It says, under a London date line:

Gold in the Bank of England's issue due today reached its highest point ever known, at about 175,000,000 pounds, equivalent to about 247,000,000 pounds in the current value of the pound sterling, as a result of the purchase of gold in the open market. The previous gold peak was in September 1928, at 173,900,000 pounds.

Now, I want to read the last paragraph and I would like to have you pay particular attention to it because it bears upon the subject I am talking about:

Authoritative sources refuse to explain the gold policy, but many assume it implies preparation for preliminary stabilization of sterling—

Which means the price level—

assuming favorable outcome of the World Economic Conference and war-debt talks with the United States.

In other words, if Great Britain can get concessions on the war debts, or cancel the war debts, she has got the gold now to stabilize the price level on the 1913 basis. If she can get us into an international conference and accept the price level she desires, she knows the United States will be in chaos for 10 years. She knows she can get the products of our farms, mines, and forests below the cost of production, and with our higher costs that must follow from such a conference they can control the markets of the world, and become first in commerce and reestablish her primacy as the world's banker and as dispenser of credits.

I said something a moment ago about the subject of silver. I have said before many times in this House that I am not in any sense interested in the subject of silver as such. I want to repeat again that there is no silver in my State. I have seen a silver mine and I do not know of any friend of mine who has any interest in a silver mine. In order to raise the price level where we desire the price level to be, we must at least counter the acts of the British Government, which they clearly admit are aimed at their control over the value of our property and our products.

Mr. Speaker, I am not against England. I believe these two great English-speaking peoples must stand together. I believe we should be friends. I am not talking in any unfriendly sense, but they do certain things and have done certain things to silver in order to rarefy the value of gold so that they may have control over cotton and wheat and the prime commodities the people of the United States produce and must have a fair price for in order to keep up the value structure in this country. Our position is strictly defensive. There is a just and honest basis for prices. It is that basis where debts are paid in equal values as those in which they are made.

I stated some days ago on this point what Mr. Montague Norman said before the Hilton-Young Commission sitting in London in 1926. I want to read it again in order to impress it upon this House. He was telling how they manipulate silver in order to control the value of gold. I read from the statement of the then governor of the Bank of England:

All those things would react upon this country very seriously. I think that one has also to bear in mind the interaction between gold and silver prices. There is a reaction upon gold prices where an extreme rise or fall takes place in the value of silver, which is none the less serious because it is indirect and not very apparent on the surface. The consequential changes in prices generally and in trade conditions which would be produced, the disturbance to the world's economic peace and confidence, the interference with long-established social habits of the people of India in the use of silver, the shock to the reliance of a great country like China upon silver as a medium of currency and a common store of value could not fail to have important effects upon the gold prices of countries in Europe and, indeed, in America.

So I say, Mr. Speaker, we are vitally interested and much concerned in this question. This question is the depression, and we have it in our power to lift this depression almost immediately. We need only to follow sound monetary procedure, as demonstrated by the action of nations who are actually dealing with this question. Our course is a course of neglect. Our position is a negative position. We are

drifting with the currents that other nations set in motion, and we do this in the face of the Constitution and our oath to preserve its mandate on this very matter, where the Constitution provides that Congress shall coin money and regulate the value thereof.

Congress should take not 15 minutes to discuss this subject, but it ought to take 15 days and go into every ramification and explore every phase of this great subject, because, Mr. Speaker, it means prosperity or it means depression for a number of years to come, in my opinion.

What evidence do we have that European statesmen, generally, know about this proposition? I want to read you a few lines from a statement made by the Honorable A. J. Balfour in the House of Commons, in the year 1896, when England took a procedure to raise the price levels by opening the Bank of India to additional use of silver:

> There is no argument that has brought us into greater discredit or into juster discredit with countries on the continent, with America, and with our own colonies than the creditor-country argument.

What does this mean? It means that where they have credits in foreign countries, if they can extend the unit of measurement—gold—they receive more of the prime commodities that are imported into England than they justly deserve.

Then Mr. Harcourt asked, Why? and Mr. Balfour, answering, said:

> I will tell the right honorable gentleman why. The right honorable gentleman tells us truly enough that the debts of this country are paid in commodities, which are estimated upon a gold basis, and that the results of the appreciation of gold which has gone on during the last 20 years—

And this is what has been going on in the world since 1929—the appreciation of gold—until today it has halved practically all property values, stock values, and bond values in the United States.

Mr. DOUGLASS. Will the gentleman yield there?

Mr. FIESINGER. If the gentleman will pardon me just a moment until I get through reading this, I will be pleased to yield.

[Here the gavel fell.]

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 10 additional minutes.

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry. Is any official business on the program for the remainder of the day?

The SPEAKER. We have the District of Columbia appropriation bill pending.

Mr. BANKHEAD. I wanted to get the gentleman more than 10 minutes additional, if the gentleman desired it, or if that were possible.

Mr. FIESINGER. I thank the distinguished gentlemen, Mr. LAMNECK and Mr. BANKHEAD, but I promised the distinguished gentleman from Missouri [Mr. CANNON] I would not ask for more time, but, if I may have 5 minutes more I shall try to finish.

The SPEAKER. The gentleman from Ohio asks unanimous consent to proceed for 5 additional minutes. Is there objection?

There was no objection.

Mr. FIESINGER. Quoting further from Mr. Balfour—

> which has gone on during the last 20 years is that the creditor country thus is paid in commodities, gets a very much larger proportion of commodities, probably twice as many, than on the original gold value of the commodities it had the slightest right to.

In other words, they get twice as much cotton as they are entitled to, they get twice as much wheat and all other prime commodities that we produce in the United States.

> Does the right honorable gentleman think that this creditor argument is one which commends itself to those who have got to pay the debts in this country? What they ask and what we ask is that some standard of debts which would be unchanged over a long period of years should be adopted, not only between individuals but between countries.

I now yield to the gentleman from Massachusetts.

Mr. DOUGLASS. I wanted to ask what the gentleman regards as the reason for the increased value of gold.

Mr. FIESINGER. That is a very pertinent question and I shall try to answer it. The evidence of the demand for gold throughout the world is the fact that so many countries have depreciated currencies and are unable to pay their obligations. There is a great demand for gold. Gold today is practically in the hands of three nations of the world, the United States, France, and Great Britain. There is a struggle to get gold wherewith to sustain their currencies, because I think every nation in the world has the pride, at least, if not the business judgment, to get gold enough to pay its debts.

Take potatoes for illustration. Let us suppose several nations are selling potatoes and they require gold. They go into the markets of the world, and they undersell each other in order to get gold. When nations are thus strained to sell, they are at the mercy of consuming nations. This lowers the commodity price level throughout the world, and we are in competition in world markets with their products that we produce in surplus and have to meet their prices even though we have 40 or 45 percent of all the gold in the world.

Mr. HARLAN. Will the gentleman yield?

Mr. FIESINGER. I yield to the gentleman from Ohio.

Mr. HARLAN. Is it the gentleman's opinion that our use of silver as an auxiliary to gold in our reserves by the bill which he has introduced, will so affect world prices that we will find ourselves establishing and maintaining the 1926 price level in the United States?

Mr. FIESINGER. In answer to the gentleman I may say that the bill I have offered, H.R. 1577, to this Congress is designed to raise and also control the world commodity-price level, and not for this Nation alone but for the gold-standard nations of the world. This is a defensive measure against the action of those governments that have depressed values in the world. Great Britain has been the chief transgresser for she is known to have done this three times in the last 100 years; she did it recently in 1928–29 when India, being changed from a gold-exchange basis to a gold-bullion basis, suddenly sold on world markets some hundreds of millions of ounces of silver, with results their statesmen and financiers had predicted. What we can control and must control is the buying power of gold. We can control it just as they control it, and more easily than they, because we are on the side of the market easiest to dominate.

The record very clearly shows and the report of our committee so states that England knocks over gold when it is to her interest to do so, and the bill the gentleman speaks about which I have introduced is a counterdefensive to any action that they take to knock gold over and thus tamper with our monetary unit by the use of silver. [Applause.]

A better explanation of the gentleman's question is contained in a letter I recently received from a gentleman whose name is well known in Ohio; in fact, throughout the country, but whose name I am not at liberty to disclose. I quote his letter, as follows:

> MARCH 23, 1933.
>
> Hon. WILLIAM L. FIESINGER,
> *House of Representatives, Washington, D.C.*
>
> MY DEAR MR. FIESINGER: Many thanks for your kindness in sending me a copy of H.R. 1577, together with the extracts from the testimony before your committee given by Mr. Janney. I have read the same with intense interest. In fact, I stayed up until quite some time after midnight reading the RECORD. I have not in the past 2 years read anything which gave me such encouragement. As constituted it is a reasonable and sound solution to the entire problem of our depression. It combines the best features of the program advocated for the remonetization of silver by one group and for the revaluation of the gold ounce by others. At the same time it does not incur the dangers which are inherent in these two proposals as originally brought before the country by their respective advocates. To my mind it strikes directly at the existing corner on gold with the consequent abnormal demand for that commodity by all the nations of the earth. As a result a remedy is offered for improvement in the price level, for a readjustment of credits and debits, a return of our export market, the stimulation of business, and the return of values to a 1926 level.
>
> I do not presume to be an expert in this particular field, and after most careful reading I can discover for myself no fallacies

in the argument or any neglect of the important factors which must be kept in mind in solving the tangled problem of the depression. I am convinced that if your bill passes into law that the United States Government will obtain control of the purchasing power of both silver and gold; and without the need of any international conferences be able to maintain a reasonable ratio between the two. Furthermore, the maintenance of the gold standard eliminates any necessity of modifying present gold-bond contracts. Gold will simply return to its normal purchasing power as of 1926 or approximately thereto.

I am much impressed with the necessity of our Government's avoiding any commitments in respect to the cancelation of debts and in respect to any economic agreements with other countries until this protecting measure has been enacted into law. Time is an essential element in the present emergency, and I trust that your committee will do all in its power to hasten consideration of the bill by Congress.

I do not see why the groups favoring revaluation of the gold ounce as well as the group favoring remonetization of silver should not lay aside their specific programs and lend support to your measure which accomplishes the purpose which they both have in mind whilst avoiding dangers which have been repeatedly pointed out by the opponents of these two measures. Silver must necessarily go up and gold come down and that means restored price levels and a return of prosperity.

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. TABER. Mr. Speaker, I object. I think we ought to take up and dispose of the District of Columbia appropriation bill.

DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the District of Columbia appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. TAYLOR of Colorado in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill, which the Clerk will report.

The Clerk read the title to the bill, as follows:

H.R. 4589, making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes.

The Clerk, proceeding with the reading of the bill, read as follows:

For isolating wards for minor contagious diseases at Garfield Memorial Hospital, maintenance, $22,500, or so much thereof as in the opinion of the Commissioners may be necessary.

Mr. SEARS. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I have before me an editorial from the Florida Times-Union, of Jacksonville, which in part states that the Postmaster General will recommend the return of 2 cents postage on first-class mail due to the failure of the 3 cents postage to bring in more revenue. I sincerely trust this editorial is correct.

In May 1917 the House Ways and Means Committee had under consideration the bill (H.R. 4280) to provide revenue to defray war expenses, and for other expenses, and in that bill the Ways and Means Committee had increased postage on first-class mail from 2 to 3 cents.

On page 2754 of the CONGRESSIONAL RECORD of May 22, 1917, you will find an amendment that I offered to the bill, as follows:

Page 51, line 14, after the figures "1200", strike out all of lines 14, 15, 16, and 17 down to the word "postal"; and on page 51, line 17, after the word "thereof", insert "*Provided*, The rate of postage on letters of the first class shall be 2 cents an ounce or fraction thereof."

And on page 2755 another amendment, as follows:

Second amendment: Page 51, line 17, after the word "thereof", insert "*Provided*, That the rate of postage on drop letters of the first class shall be 2 cents an ounce or fraction thereof."

The first amendment was defeated, but the second amendment retaining 2 cents postage on first-class mail on drop letters or letters to be delivered in the city was adopted.

I said at that time if you do not adopt the amendment you will lose in revenue. The merchants in your home where there is a city carrier can get boys to deliver the letters at a price less than 2 cents each, and therefore the merchant will not use the mail and will not pay 3 cents on those letters. They are going to use the cheapest way to deliver the mail, and you will find in the cities they will employ carriers to deliver their mail once a month instead of delivering the same through the post office.

As I say, the second amendment was agreed to and the postage on drop letters remained at 2 cents.

I am sorry the first amendment was not also adopted.

In 1932 the House Ways and Means Committee reported out another revenue bill, and in that bill increased the postage from 2 to 3 cents, with the result that my prophecy of 1917 that there would be a loss in revenue came to pass, and we are now losing on first-class mail and in addition many postal employees have lost their positions and delivery of the mail has been curtailed.

I had this up with the Postmaster General, Mr. Farley; and after going into it carefully, I understand within a few days he will make a report to Congress, and I believe it will be a favorable report.

I therefore urge the Ways and Means Committee to report out a bill again making the rate 2 cents. Mr. Chairman, my remarks of 1917 fully set forth my position on the question of postage and I will not take up any more of the time of the House. [Applause.]

The Clerk read as follows:

For contingent expenses incident to the enforcement of an act relating to the adulteration of foods and drugs in the District of Columbia approved February 17, 1898 (30 Stat., pp. 246–248), an act to prevent the adulteration of candy in the District of Columbia, approved May 5, 1898 (30 Stat., p. 398), an act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes, approved June 30, 1906 (34 Stat., pp. 768–772), and an act to regulate, within the District of Columbia, the sale of milk, cream, and ice cream, and for other purposes, approved February 27, 1925 (43 Stat., pp. 1004–1008), including traveling and other necessary expenses of dairy-farm inspectors; and including not to exceed $100 for special services in detecting adulteration of drugs and foods, including candy and milk, $6,000: *Provided*, That inspectors of dairy farms may receive an allowance for furnishing privately owned motor vehicles in the performance of official duties at the rate of not to exceed $312 per annum for each inspector.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: Page 43, line 15, strike out "$312" and insert in lieu thereof "$480."

Mr. SMITH of Virginia. Mr. Chairman, this amendment deals with the traveling allowance of milk inspectors for the District of Columbia. There are 5 or 6 of these inspectors. They travel a radius of something like 100 miles about the District of Columbia. They travel every day in the year. They travel over all sorts of roads and in all sorts of weather conditions. It is utterly impossible, as we all well know, for a man to travel those distances over those roads and maintain his automobile and pay for his own gasoline for a dollar a day. The allowance heretofore has been $40 a month. This reduces it to $26 a month. These inspectors have all suffered the reduction which all other Government employees have suffered, but I am sure it is not the purpose of this House to make them travel at less than actual expense.

I know my friend from Texas [Mr. BLANTON] is very much interested in the question of milk as a beverage, and I am sure that he does not agree with his friend from New York, Dr. SIROVICH, that milk contains the same chemical content as beer, and I know he does not want to do anything that will prevent Washington from continuing to enjoy the finest and best quality of milk of any city in the United States.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. BLANTON. If the gentleman would suggest to these milk inspectors that they buy Ford automobiles like the one that I use on my public business in the city of Washington,

a machine that they can get fixed at any country blacksmith shop, I think he will find that they will be able to maintain their machines on the generous allowance granted them in the bill, which is additional to the annual salary of $2,600 they draw.

Mr. SMITH of Virginia. In reply to that, the roads that these men travel over are such that they must use either Chevrolets or Fords. I see them constantly.

Mr. BLANTON. The committee carefully considered that matter and determined that they could easily operate on the expense allowance that they are given. Of course, if we are going to send them around in specially built limousines with space enough for their high-top hats, they would have to have more money.

Mr. SMITH of Virginia. I decline to yield further. The committee determined that thing after careful consideration sitting here in the Capitol in Washington. I happen to have some personal knowledge about it. I own and operate a dairy farm 40 miles from this city, and I know what kind of roads they have to travel over. I operate automobiles over those roads, and I know they cannot do it for a dollar a day. I am sure this committee does not want to do something that is unfair.

Mr. CANNON of Missouri. Mr. Chairman, my friend the distinguished gentleman from Virginia is usually correct, but it happens he is not fully informed in this particular instance. I went myself over one of these routes visiting and inspecting dairy farms as far out as Silver Spring. And I am thoroughly familiar with the road conditions referred to and the routine followed by these inspectors. This item was fully considered when the last bill was up here in the House just a few weeks ago, and the House decided that this allowance was ample. The Senate raised the amount, and the conferees took it up in conference and arrived at a figure which we thought would be fair and equitable. The allowance was standardized at an amount which would reimburse every operator of a machine, including these inspectors, and I trust there will be no disposition to interfere with the amount agreed upon by the conferees on the part of the House and the Senate.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. I imagine that the Members of the House who passed on this matter in the committee have probably had about as much experience in this line of business as has my good friend from Virginia [Mr. SMITH]. If we should leave it to our friend Senator MAGNUS JOHNSON, I am sure that he would claim that he probably knows more about milking cows than any of the rest of us, for we all remember his cow-milking contest here in Washington. Nevertheless, I feel sure that many of us here, from actual experience, know all about milking cows, and all about the dairy business, and all about proper inspection.

When I was a lad, I ran a dairy in connection with regular farm work. I got up at 4 o'clock every morning, shucked the corn, got the fodder down out of the loft, fed all of the livestock, and then milked 12 to 15 cows, hitched up my horses and carried my milk to the city, distributed it there to my customers, then went home for breakfast, and after further attending to my livestock, finally got off to school.

My duties that evening were merely a repetition of the ones performed in the morning. And when not in school I did every kind of farm work imaginable, from plowing, planting, cultivating, and harvesting to cutting wood, digging post holes, and repairing wire fences. I imagine there are others on this committee with like experience. And I did not get $2,600 per year salary and $312 per year expense allowance either, such as these dairy inspectors here in Washington now receive, and respecting which our friend from Virginia seems so afraid that we are not giving them enough. I did that kind of work for quite a long time and received so little for it that I got tired of doing it, and then I did something else.

Mr. KELLER. What did you do?

Mr. BLANTON. I moved back to the city, where lots of impoverished farmers are now moving. I told you yesterday, when I was fighting to keep the million-dollar amendments of my friend from Virginia from being added to this bill, that I would be attacked by the Washington newspapers. True to form, the Washington Herald this morning made its customary 2-column attack upon me. One of the Herald's most prolific able pen pushers, my splendid young friend, Edward T. Folliard, was specially assigned to "dress me up and down." In large box-car-letter headlines he started out with "Representative BLANTON Continues to Think of Washington in Terms of Abilene." Why should I not do that? Are not the people of Abilene just as good and fine as the people of Washington? Are not the people of Abilene just as intelligent as the people of Washington? Are not the people of Abilene entitled to everything to which the people of Washington are entitled?

Then for a subhead, still in very large type, Mr. Editor in Chief Folliard heralded:

> Democrat from Lone Star State is firm in belief that the Federal District should pay all of the small taxes which fall to the lot of citizens in his own home town.

Well! Why not? If the people of Washington paid for all of their own civic expenses themselves and did not call on the people of the United States yearly to contribute millions of dollars to help pay same, then BLANTON might not be so concerned about it. Managing Editor Folliard should explain just why should citizens of Abilene pay all of the taxes necessary to pay the civic expenses of their city and then in addition have to be taxed by the Federal Government to pay millions of dollars every year on the civic expenses of the people here in Washington. It is quite true that I do not want the people of Washington to have any advantage whatever over the people of Abilene.

Then Mr. Big-Town Folliard sideswiped me with this:

> TOM's home town—Abilene, Tex.—has a population of 23,175. Washington has half a million.
>
> But TOM doesn't see much difference. What's good enough for Abilene, he thinks, ought to be good enough for Washington.

Well, why not? What is good enough for Abilene, is good enough for Washington. I will let Mr. Quintessence Folliard carefully select the 23,175 finest people he can find in Washington, and they will be no finer, no better, no more intelligent, and no more deserving than my 23,175 splendid constituents in Abilene. I will put the business men of Abilene up against the business men of Washington. I will put the Rotary, Kiwanis, Lions, and Exchange Clubs of Abilene up against these clubs in Washington. I will put the schools of Abilene—graded, high, colleges, and university—up against the schools of Washington. Why, some of the best teachers in the Washington schools came from Abilene.

Then, Mr. Metropolis Folliard, after wasting nearly two columns in trying to belittle me, with no reference less foolish than the above, gave me this final stab:

> TOM BLANTON enjoys his role as Treasury watchdog. If he sometimes carries it too far, well it must simply be charged up to zeal.
>
> One of the issues which BLANTON raised was the high cost of congressional funerals—and this against a woman who had, like every congressional widow, buried her husband at Government expense.

He should have been fair enough to state that such issue has been fought out successfully, and that this Congress has reduced the high cost of congressional funerals, and now permits only two Congressmen to attend same at Government expense, while formerly they were sent across the United States in large numbers.

I am wondering why Hearst's Herald permits Mr. Feature Folliard to try to belittle small towns. Why, our great minority leader, BERT SNELL, hails from the small town of Potsdam. Our great Vice President of the United States, Jack Garner, comes from the small town of Uvalde. Our present distinguished Speaker of the House, HENRY RAINEY, is proud of the fact that the little town of Carrollton is his home. Our former distinguished colleague, Uncle Joe Cannon, once ruled as the czar of this House, notwithstanding that the little town of Danville was his home.

My good friend, Mr. Funny Folliard, should post himself. He should go with me sometime to the corner of Fannin

and Lamar Streets in the heart of the great city of Houston, Tex., where I was born, and where I lived for a number of years. It is the largest city in the State of Texas, and the National Democratic Convention was held there in 1928. And he should remember that for the past 16 years I have taken a very active part in helping to manage the business affairs of Washington; and then, too, he will remember that for only a very short time has he been identified with Washington business himself.

I know quite a little about the affairs of big cities. I have probably been in as many of them as Folliard. I have spoken in most of the large cities of the United States.

In conclusion let me say to my friend from Virginia [Mr. SMITH] this $312 is nothing in the world but an annual traveling-expense account that we allow to each of these milk inspectors for Washington. This is in addition to their annual salary of $2,600 each of them draws. It does not require a high-salaried man to inspect milk. It requires an experienced man. Yet each of these inspectors is paid $2,600 per annum and is allowed $312 extra for expenses. It takes a high-salaried scientist like Dr. SIROVICH to change the formula of milk, but for proper inspection you do not need doctors. This $312 each was the proper allowance agreed upon not only by the House conferees but the Senate conferees. We are not doing an injustice. I cannot understand why the gentleman from Virginia [Mr. SMITH] knows so much more about these items than the House committee and the Senate committee. I wonder when he has the time to make a study of all these propositions. He is an earnest, honest, and conscientious legislator. He does hard work on his own committees. It must take most of his time to perform the duty he owes to his own committees.

I do not see how he gets all this extra time to examine the work of other committees as he does. It is just this: He is well known here. Every time you pinch somebody by cutting down an allowance, they run to him. I guess they just worry the life out of him. They say, "SMITH, you have got to get my item put back", and he is so good-natured that he gets up here and fights for them. But some of these allowances and expense accounts are ridiculous. It is getting so that every bureau employee of this Government gets half as much expense allowance as his salary, and we must stop it. We have to cut it down if we are going to keep this Government out of bankruptcy. We have to follow the President's Budget. That is the reason the Congress of the United States has given unusual power to the White House. Congress itself cannot stop these expenses.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The question is on the amendment offered by the gentleman from Virginia [Mr. SMITH].

The amendment was rejected.

The Clerk read as follows:

For replacement of old mains and divide valves in various locations, on account of inadequate size and bad condition of pipe on account of age, and laying mains in advance of pavements, $50,000, to be immediately available.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: Page 69, after line 24, insert a new paragraph as follows:

"For additional extension, improvement, and repair of the water-distribution system, including necessary mains, machinery, and equipment, to aid in the relief of unemployment and to be allotted for such projects and purposes and in such amounts as the President may approve (including the allocation of additional sums to any or all of the four immediately preceding items), there is hereby appropriated wholly out of the revenues of the water department such sums (not to exceed in the aggregate $635,000) as may be deemed surplus in such revenues."

Mr. BUCHANAN. Mr. Chairman, I do not suppose it is necessary for me to say anything particularly about this amendment. This is a companion amendment to the one adopted yesterday, except this relates to the water fund and the other related to the gas fund. It just gives the President the authority, in case of any needed improvements and in case that needed improvement in the water system will relieve unemployment and lessen the burden upon unemployment, to approve any project in the extension of water mains, and utilize this $635,000 for that purpose. It gives a little leeway to take care of any necessary demands.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BUCHANAN].

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. That the services of draftsmen, assistant engineers, levelers, transitmen, rodmen, chainmen, computers, copyists, overseers, and inspectors temporarily required in connection with sewer, water, street, street-cleaning, or road work, or construction and repair of buildings and bridges, or any general or special engineering or construction work authorized by appropriations may be employed exclusively to carry into effect said appropriations when specifically and in writing ordered by the Commissioners, and all such necessary expenditures for the proper execution of said work shall be paid from and equitably charged against the sums appropriated for said work; and the Commissioners in their budget estimates shall report the number of such employees performing such services, and their work, and the sums paid to each, and out of what appropriation: *Provided*, That the expenditures hereunder shall not exceed $42,000 during the fiscal year 1934: *Provided further*, That, excluding inspectors in the sewer department and one inspector in the electrical department, no person shall be employed in pursuance of the authority contained in this paragraph for a longer period than 9 months in the aggregate during the fiscal year.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, under the provisions of this bill, and the saving of money by the reductions we have made, it will be possible for the Commissioners of the District of Columbia to reduce the tax rate in Washington from $1.70 to $1.50 per hundred on both real property and personal property, and still have plenty of funds out of tax receipts to pay all annual expenses of the District, with a surplus of $3,400,000 left unused.

The Commissioners of the District of Columbia already have the power under existing law to make this reduction in the tax rate.

The committee that framed this bill has been criticized for not putting a provision in the bill directing the Commissioners to reduce the tax rate. That would be legislation. The Committee on Appropriations cannot legislate. If those who made the criticism would just think and reflect a moment, they would realize that the committee would never include a directory provision in a bill to any officials who have discretion unless these officials were refusing to do their duty. I am one of those who is assuming that the Commissioners of the District of Columbia will perform their duty which they owe to the people they represent here, and I am assuming that when this bill becomes law the Commissioners themselves will enter an order fixing the tax rate in the District at $1.50, lowering it from $1.70, which they are authorized to do by the law and by the savings we have made in this bill.

It has been intimated that they might not do it. If they should not do it then there will be time enough for Congress to direct them to reduce the tax rate to $1.50 per $100, but I do not believe the Congress will ever have to do that with the present Commissioners. I have perfect confidence in Dr. Reichelderfer, the chairman of the Board of Commissioners, and in the other Commissioners, and believe they will perform their duty. And it is their duty to change the tax rate from $1.70 to $1.50 per $100. As heretofore mentioned, the District then would have a surplus of $3,400,000 left unspent at the end of the fiscal year.

Mr. BUCHANAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

I feel I should make a brief statement on this subject. If the amounts contained in this bill are ultimately approved by Congress, at the end of the fiscal year 1934 the general fund of the District of Columbia will have a surplus of $6,000,000. The law requires that a surplus of $3,000,000 be maintained. Even so, it will be $3,000,000 over and above what the law requires as a surplus in the Treasury of the United States to the credit of the District of Columbia.

As my colleague has said, the tax rate is $1.70 on the fair full valuation of real estate. In my home State and in yours, when property is assessed for taxation purposes it

is assessed at about 50 percent of its fair value and taxes are paid on that amount. Here the property is assessed at full value and the tax rate of $1.70 is paid on the full value. This is an exhorbitant and unreasonable tax on real estate in this District. There are thousands of poor people attempting to buy homes in the District, and for them to be required to pay $3.40 per $100 in taxes on the valuation of these homes according to the way property would be assessed in the other States of the Union is too much.

Let me call attention further to the fact that there is $4,000,000 in delinquent taxes on real estate due the District. On what character of real estate? The little homes poor people are trying to buy and pay for. Wherever possible we should encourage people to buy and pay for homes so they can have a castle of their own. Then they will naturally be proud of their country.

The tax rate in the District of Columbia should be reduced from $1.70 to $1.50 on real estate.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 7. title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, to the extent that it provides for the impoundment of appropriations on account of reductions in compensation of officers and employees, shall not operate to require such impoundment under appropriations contained in this act.

Mr. GOSS. Mr. Chairman, will the gentleman explain section 7, converting impounding of money in the Treasury?

Mr. CANNON of Missouri. The 6⅔ percent was taken out before the bill was written. It is not in the bill and you cannot impound money that is not carried in the bill.

Mr. GOSS. So it will not change any existing law, but it applies that law to this bill.

Mr. CANNON of Missouri. The Budget eliminated it before it sent the estimates down to the committee.

Mr. GOSS. I understand.

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee, having had under consideration the bill H.R. 4589, the District of Columbia appropriation bill, fiscal year 1934, had directed him to report the same back to the House with amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. CANNON of Missouri, a motion to reconsider the vote by which the bill was passed was laid on the table.

5-DAY WEEK, 6-HOUR DAY

Mr. GOSS. Mr. Speaker, I ask unanimous consent to extend my own remarks by incorporating an address delivered by the gentleman from New Jersey [Mr. HARTLEY] last week over the Columbia network, in connection with the 5-day week, 6-hour day.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GOSS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by the gentleman from New Jersey [Mr. HARTLEY] last week over the Columbia network in connection with the 5-day week, 6-hour day:

The events of the last month have unquestionably inspired renewed confidence and hope for the future throughout the entire Nation. The leadership of President Roosevelt and the cooperation given him by the Congress of the United States has attracted and still holds the admiration of the American people.

The origination of new economies in Government directed toward a balanced Budget, so as to maintain the credit of our Nation, and the enactment of new financial legislation as a step to bring about the rehabilitation of our banking institutions have guided our ship of state through a grave crisis and have directed us on the road to a new era. However, these have been measures of preservation. It now remains for the President and Congress to enact legislation that will aid in bringing about complete recovery. Candor compels the statement that there is little prospect of early recovery unless drastic reforms are invoked to balance production and consumption on a measurably equitable basis.

This can be achieved only when we have adjusted conditions so as to provide jobs for millions of workmen who are idle and who are willing and anxious to work. It is most distressing and, in my opinion, alarming to find that there are now nearly 12,000,000 men and women totally unemployed and many millions who are working only part time, affecting nearly 50 percent of the population of the United States.

Each day adds to the seriousness of the situation, because each day those who had possessed some means and had saved when times were normal have found their savings constantly dissipating and as a result of all that they are becoming dependent.

Employment statistics show that 69 percent of the building-trades workers are totally idle, and from 12 percent to 13 percent are on part time. This situation also exists in varying degrees in other industries such as coal, textile, metal, transportation, and almost every other industry.

This condition has been brought about by two factors. First, the economic crisis, of course, has made a very large contribution toward this alarming situation, but back of it all is the mechanization of industry that has been going on for two decades gradually displacing men and throwing them out of work. Industry has centered its efforts on increasing production through machine refinements and improved methods, based primarily upon labor displacement and a reduction in labor costs, without any regard as to what effect this policy would have on consuming power or public welfare. As an example of the devastating effect on employment due to the advancement of labor-saving devices, I wish to point to its effect in the shoe industry. The time required to make 100 pairs of shoes by the old hand method was approximately 1,800 hours. Today, by our labor-saving-machine methods, the time has been reduced to 106⁹/₁₀ hours, a loss of approximately 1,725 labor hours.

The elimination of manpower by such labor-saving devices has brought about a virtual prostration, until, in fact, conditions are now so serious as to warrant the declaration that an emergency exists that must be met and promptly answered by the entire Nation.

During the depression the total national production loss, variously estimated, has run from 50 to 75 billion dollars, due to the vicious circle of wage cuts, reduced consuming power, maladjustment of labor hours, and widespread unemployment, until the material cost of the pending depression is now much greater than the World War. All have lost. Unemployment has had no beneficiaries.

The moment consuming power departs from its healthy, normal capacity, upward or downward, it is in trouble. Overconsumption plus undercapacity to pay means industrial and financial indigestion. And that is what happened. Why?

Because during the nineteen and twenties the financial power departed from its base lines of consuming and producing power upward into speculative levels, or inflation of credits. Financial power then coaxed industry, which during the war had already greatly overexpanded by means of inflated credits, to still further overexpand plants. Industry then found it had no more people, relatively speaking, to whom to sell, and the people had no more consuming capacity nor capacity to pay than they had before inflation. So what happened? Financial and producing power invented the installment system plus high-power salesmanship, plus intensive advertising, plus every other device calculated to induce people to buy on credit twice or three times as much as they had capacity to consume or to pay for. They were induced to buy two of this and three of that on credit, better homes than they could afford, more and better of everything that they needed or could pay for; and thus economic indigestion was caused in consuming power.

Then the financial power saw the danger and started to be afraid. It began to "become liquid", which means that banks, recognizing a condition of overinflation and overproduction, called in their loans or credits. This action left industry without means to continue to manufacture and to distribute its products. It turned off workers. Everybody grew fearful. Hoarding began. Trade volumes fell. The stock market collapsed. Stocks and bonds lost their earning power—interest and dividends—and people began to unload their securities. Rail loadings fell off, and transportation facilities lost business. More employees were laid off, wages were reduced, and purchasing power was thus further lowered, and so downward we have been spiraling.

It is astounding but nevertheless true, that were it possible by some mysterious power to restore conditions of 1929, when we were at the peak of consumption, when a balance between production and consumption had reached its highest point, that only 55 percent of those entitled to work could be given employment. These conditions must not be permitted to longer continue. To admit this problem cannot be solved in an orderly manner would be an indictment on American common sense. For millions to suffer the lack of adequate food, clothing, and shelter, and be denied work opportunities solely because of increased productive efficiency is to stamp the word "defeat" on our entire social system.

We are, therefore, face to face with the proposition of making adjustments in the working time or prepare to accept an economic condition, which will create and establish a permanent standing army of unemployed. Nothing could be more un-American than a step in the latter direction. Our people do not want charity—they want work. With relief agencies at the breaking point, an attempt to maintain a permanent perpetual army of unemployed is out of the question; but, even were it possible, such a condition would be socially wrong and morally indefensible from any standpoint. This must not happen. We must master the machine and make it serve the public welfare. With the restoration of economic health as our objective, this means that we must stress the right to work as a fundamental right, and in doing so declare that there is no hope for the return and maintenance of prosperity except on a basis of lessened labor hours and high and steadily advancing living standards.

The only remedy for this situation and the surest method to provide employment for our millions of idle will be in the adoption of the 6-hour day, 5-day week bill, as introduced in the House of Representatives by the distinguished chairman of the House Labor Committee, the Honorable WILLIAM P. CONNERY, Jr.

Just what is proposed by this legislation? It would mean no reduction in the hourly wage rate; in fact, wages could and should be put back to the 1929 level. But it would mean that each worker now employed would work one fourth less time and would receive one fourth less income than he did in 1929 until more prosperous conditions returned. It would mean that men now unemployed would have jobs. It would mean that the purchasing power of all our people, at least to the point where the necessities of life could be had, would be restored. It would mean that the wheels of our factories would necessarily begin to turn to supply the demands of this restored consuming class. It would mean much-desired increase in the price of commodities. In short, it would mean a return to better wages and a short cut to normal prosperity; and, in addition, these certain beneficial results would immediately begin to accrue:

First. Stabilization of employment.

Second. Resumption of industry with an immediate improvement in farm prices as the result of increased demand for same.

Third. Stimulation of all lines of production.

Fourth. Ease of strain on financial structure.

Fifth. Rising prices and values of stocks and bonds.

Sixth. Reduction of the strain on charitable organizations.

Seventh. Rising wages as industry recovered.

Eighth. Stabilization of living standards at a point slightly below those of 1929.

Ninth. A greater independence of foreign markets, most of which are gone from us for years to come.

Tenth. Balancing the Budget through increased flow of taxes and repeal of nuisance taxes.

Eleventh. Prevention of an appalling social and financial cost in the future due to social and physical evils now being set up by bitterness, fear, worry, malnutrition, and privation.

The success of this legislation depends on its adoption nationally in every field of work. President Green, of the American Federation of Labor, in a most forceful argument before the Labor Committees of both the House and the Senate, stated that its adoption in the manufacturing industries alone would create jobs for 1,800,000 workers now unemployed. He stated further that if the 30-hour week was adopted in other industry and government, excluding agriculture, 6,500,000 jobs would be created for those now out of work. These estimates are based on analysis of figures that are unassailable.

Action on this problem can no longer be deferred. This is a matter of national necessity if we are to avoid a catastrophe. Since government guarantees the owners of these labor-saving devices their property rights, it is our duty to see to it that the benefits of this progress should be used for all of our people. No one group alone can accomplish it. The situation can only be met by the cooperation of all groups on a national scale. Adjusting the workweek is one of the principles of balance necessary to sustain economic security. No economic order has the right to social sanction that does not take as a cardinal responsibility its stewardship to provide work opportunities for all.

FEDERAL POWER PROJECTS ON THE COLORADO RIVER

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a brief report prepared by the Water Power Commission and the Department of the Interior on the Colorado River, concerning the respective rights of the seven southwestern States of this country. This is a quite important report.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a letter to me from Hon. George Otis Smith, Chairman of the Federal Power Commission, concerning the status of all Federal Power Commission projects in the Colorado River Basin, together with the memorandum referred to; and a letter to me from the Honorable E. C. Finney, Solicitor of the Department of the Interior, in relation to water rights on the Colorado River; and also a letter from the Secretary of the Interior, Hon. Harold L. Ickes, to Mr. M. C. Hinderlider, State engineer for the State of Colorado, pertaining to a proposed contract with the State of Arizona concerning water rights on the Colorado River, as follows:

FEDERAL POWER COMMISSION,
Washington, March 24, 1933.

Hon. EDWARD T. TAYLOR,
House of Representatives.

MY DEAR MR. TAYLOR: In pursuance of my promise made at the time of your recent call, I am transmitting herewith for your information a memorandum prepared by the Commission's chief engineer and a member of his staff, containing information about the status of all Federal Power Commission projects in the Colorado River Basin.

Yours very cordially,

GEO. OTIS SMITH, *Chairman.*

[Memorandum]

COLORADO RIVER BASIN STATUS OF APPLICATIONS

Two applications are now pending before the Commission for water-power projects on the Colorado River below the mouth of Green River. The application of James B. Girand (project no. 121) is for license and that of the Metropolitan Water District of Southern California (project no. 1124) is for preliminary permit. The information about these projects, as given below, has been abstracted from the Commission's files.

PROJECT NO. 121—JAMES B. GIRAND

The application is for a license for development of the Diamond Creek site. The project works would consist of a dam 225 feet high, a power house with installed capacity of 200,000 horsepower, and a reservoir with 130,000 acre-feet of usable storage. (The total capacity of the reservoir is 340,000 acre-feet.) Mr. Girand formerly held a preliminary permit for the project under the terms of which he spent about $60,000 on investigations, foundation borings, and preparation of plans. He started construction in 1925 for the purpose of holding his State water rights, but was stopped by Federal injunction. Several public hearings were held on this case in 1923 and 1925. The Commission on October 28, 1925, adopted resolutions indefinitely suspending action on all applications for projects in the Colorado River Basin, and in the resolutions special mention was made of this application, it appearing that the Commission would give it preferred consideration after termination of the period of suspension. As a result of congressional action, the period of suspension was continued until 1929. In July 1930 the Commission called upon Mr. Girand to show cause why the application should not be rejected because of lack of market to justify construction of the project. After hearing from him the Commission, on March 11, 1931, decided to defer consideration of the case for a period of 2 years, to March 11, 1933. This period expired recently and on March 22, 1933, a letter was directed to Mr. Girand informing him that the Commission now proposes to resume consideration of the case and allowing him until April 30 to file such representations or briefs as he might care to submit regarding disposition of the application.

PROJECT NO. 1124, THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

This application is for a preliminary permit for a dam at the upper Parker site, about one half mile below the mouth of Williams River, to create a head of 74 feet and a reservoir having usable storage capacity of 686,000 acre-feet. A power house with installed capacity of 136,000 horsepower would be constructed and used to pump water into and through the district's aqueduct, which would take water from the reservoir at a point several miles above the dam. Action on this application was deferred pending completion of the investigation of the Parker-Gila project by the Bureau of Reclamation, as required by sections 11 and 15 of the Boulder Canyon Project Act, and also for the purpose of determining the practicability of Government cooperation in the development of the Parker site. In February 1933 the district entered into a contract with the Secretary of the Interior providing for construction of the dam by the Government with funds to be furnished by the district. This contract provides that the United States shall retain title to the dam, have the right to use the upper 10 feet of the reservoir for flood-control purposes, develop and use one half of the available power for irrigation and drainage of lands in Arizona within the Colorado River Indian Reservation and the proposed Gila or Parker-Gila project, and to divert from

the reservoir for use on lands in the Colorado River Indian Reservation and other projects such quantities of water as may be consistent with the Colorado River compact and the Boulder Canyon Project Act. Under the contract the district will have the right to develop and use one half of the power available at the dam, and to divert from the reservoir by aqueduct or canal such quantities of water as may be consistent with the Boulder Canyon Project Act, the Colorado River compact, and contracts with the United States dated April 24, 1930, and September 28, 1931, covering delivery of water from the Boulder Canyon Reservoir. In this connection it is interesting to note that the Secretary of the Interior announced on February 13 that a proposed contract between the Federal Government and the State of Arizona was under consideration, under which the United States would undertake to deliver from the Boulder Canyon Reservoir enough water each year for total main-stream uses in Arizona of 2,800,000 acre-feet, leaving the disposition of any water available in excess of that amount, and also questions of priorities, for future determination.

All pending applications on the upper Colorado River and on the Green River and its tributaries are under suspension pending completion by the Bureau of Reclamation of a comprehensive study of the irrigation and power possibilities in the upper basin, and more definite allocation of waters by agreement between the upper States. This suspension has been made at the special request of the governors of the upper States, the following applications being involved:

Project no. 158, Utah Power & Light Co.: At Rattlesnake Canyon on Green River, Utah.

Project no. 165, Utah Power & Light Co.: At Flaming Gorge on Green River, Utah and Wyo.

Project no. 279, Utah Power & Light Co.: On Green and Yampa Rivers, Utah and Colo.

Project no. 301, Clare N. Stannard: At Kremmling site on Colorado River, Colo.

Project no. 524, Humphreys, Ratliff & Ratliff: At Split Mountain Canyon on Green River, Utah.

All remaining projects in the upper basin are on minor tributaries, and their status is as follows:

Project no. 190, Uintah Power & Light Co.: License issued August 7, 1931, for a small constructed project on the Uintah River and Pole Creek, Utah. There is no storage.

Project no. 733, Western Colorado Power Co.: License issued April 13, 1931, for the Ouray plant on Uncompahgre River, Colo. The plant is constructed and there is no storage.

Project no. 997, Eagle River Electric Co.: License issued August 7, 1930, for a small run-of-river plant on Gypsum Creek, a tributary of Eagle River, Colo.

Project no. 1014, A. J. Allen: License issued June 12, 1930, for a small run-of-river plant on East Brush Creek, a branch of Eagle River, Colo.

Project no. 400, Western Colorado Power Co.: This project includes the Ames and Ilium plants on Lake Fork of San Miguel River and the Tacoma plant on Animas River, Colo., all of which have been constructed and in operation for many years. Issuance of the license has been delayed pending agreement on valuation.

Projects nos. 842 and 857, R. D. Webb: Preliminary permits have been issued to Mr. Webb for these two projects, No. 842 on Lake Fork of Gunnison River, and No. 857 on Henson Creek. These projects would involve a moderate amount of storage. The permits have been made subject to special conditions approved by the Bureau of Reclamation to safeguard the water supply of the Uncompahgre irrigation project.

All licenses and permits contain a clause approved by authorized representatives of the upper-basin States, limiting water rights to the requirements of the Colorado River compact and the Boulder Canyon Project Act.

Action on project no. 854, Humphreys, Ratliff, and Ratliff, on Brush Creek, a branch of Green River, Utah, has been suspended at the request of the applicant and also to await completion of the investigation being made by the Bureau of Reclamation.

The only application remaining on Little Colorado River is that of United Verde Copper Co. for a preliminary permit for project no. 1003. Consideration of the application was suspended temporarily because of the relation of the project to the larger Colorado River problems and to allow time for the applicant to develop a market for the power. Similar action has been taken on project no. 767, on Williams River, for which the application of Joseph Wittmann for preliminary permit is pending.

On Gila River and its tributaries one very small run-of-river project has been licensed, project no. 989, Beaver Creek Ranch, on Beaver Creek, a branch of Verde River; and 11 applications for permit or license are now pending. Two of these are on the main stream—no. 837, Arizona Edison Co., near Clifton, Ariz., and no. 1164, Will W. Chadwick, on the upper Gila River, in New Mexico. The Commission has recently received notice of withdrawal from the receivers of the Arizona Edison Co., and the Chadwick application has been suspended pending adjudication of water rights on the upper Gila. Four applicants, nos. 954, 967, and 968, by James B. Girand, and no. 425, by John L. Fish, remain on Salt River. A considerable amount of storage would be developed by these projects, but since they are all above the almost complete regulation available at Roosevelt Reservoir, it does not appear that their construction will affect the flow of the Gila River or any interstate water rights. Action on all of these applications has been postponed from time to time for various reasons. The other five applications are as follows:

Project no. 741, Joseph Wittmann: The application is for a preliminary permit for a project on a small tributary of the Santa Cruz River.

Project no. 1062, Arizona Water Conservation District: The application is for a preliminary permit for a project on Hassayampa River.

Project no. 1090, Charles H. Rutherford: The application is for a preliminary permit for a project on West Clear Creek, a tributary of Verde River.

Project no. 1091, Ralph Murphy: The application is for a preliminary permit for a project on West Clear Creek.

Project no. 1092, Ralph Murphy: The application is for a preliminary permit for a project on Wet Beaver Creek, a tributary of Verde River.

Preliminary permits may be issued for one or more of these five projects. Although some storage is involved, these projects, if constructed, would have but little effect on the flow of Gila River.

ROGER B. MCWHORTER,
Chief Engineer.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SOLICITOR,
Washington, March 18, 1933.

Hon. EDWARD T. TAYLOR,
House of Representatives.

DEAR MR. TAYLOR: In reply to your oral request of this morning for information regarding the proposed agreement with the State of Arizona as to water from the Colorado River, I enclose for your information a copy of a letter written by the Secretary of the Interior to Mr. Hinderlider, Denver, in which the Secretary states that he does not propose to proceed further with the matter at this time.

The proposed contract contained the following clause:

"This contract is without prejudice to the claims of the State of Arizona and States in the Upper Basin as to their respective rights in and to waters of the Colorado River, and relates only to water physically available for delivery in the lower basin under the terms hereof."

It also contains a provision that the agreement is subject to the Colorado River compact.

Very truly yours,

E. C. FINNEY, *Solicitor.*

THE SECRETARY OF THE INTERIOR,
Washington, March 15, 1933.

Mr. M. C. HINDERLIDER,
State of Colorado Engineering Department,
Denver, Colo.

MY DEAR MR. HINDERLIDER: I have received your letter of the 7th and on inquiry I find that the former Secretary of the Interior, on February 7, 1933, promulgated regulations governing the delivery of water in Arizona from the Colorado River. He drafted and signed a proposed form of contract with the State of Arizona providing for the delivery annually from the Boulder Canyon project of 2,800,000 acre-feet of water, or so much as may be necessary to enable a total use in that quantity from the main stream and its tributaries other than the Gila. It is my understanding that this contract was presented to the Governor of Arizona by a representative of the former Secretary of the Interior but that no action has been taken toward its acceptance by the State of Arizona. I do not propose to proceed further with the negotiations at this time.

Very truly yours,

HAROLD L. ICKES.

REFINANCING OF FARM MORTGAGES

Mr. WEARIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein two brief resolutions pertaining to the refinancing of farm mortgages.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. WEARIN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following brief resolutions pertaining to the refinancing of farm mortgages:

RESOLUTIONS TO CONGRESS

To the Honorable OTHA WEARIN:

The Guthrie County Taxpayers' League respectfully requests you to support the following legislation:

That Congress issue no more tax-free nor interest-bearing bonds.

That Congress repeal the Federal Reserve Act and liquidate the charters of the Federal Reserve banks.

That Congress function as it should and make and issue its own currency.

That the Frazier bill with this clause included, that the Government refinance loan-company bonds at market value or cash value instead of face value, be enacted.

That Congress rapidly inflate the buying power of the American dollar and rapidly increase the volume of currency.

That Congress remonetize silver and give us a dollar cheap enough that other countries can trade with us and buy our products.

RACHEL REVELL, *President*
(Representing 3,000 members).

GUTHRIE CENTER, *Iowa.*

BEDFORD, IOWA, *January 14, 1933.*

At the annual meeting of the Bedford National Farm Loan Association, composed of 96 members and representing loans of more than $700,000, the following resolution was adopted and a copy ordered sent to our Congressman, Mr. OTHA D. WEARIN:

"Whereas the conditions of many of the members of this association, together with other hundreds in Taylor County, have become almost unbearable, in many instances the returns from the entire crop not being sufficient to meet interest and taxes: Therefore

"We respectfully request and urge the Congressman, Mr. WEARIN, to use his influence and vote in securing such legislation as will refinance the loans of the various land banks operating under the laws of the United States, so that the mortgagor may have a longer time to mature his loan and at a lower rate of interest."

J. U. WYANT,
J. H. OSBORN,
R. E. TAYLOR,
Committee.

Addressed to OTHA D. WEARIN.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 3342. An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes.

ADJOURNMENT

Mr. CANNON of Missouri. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 58 minutes p.m.) the House adjourned until tomorrow, Thursday, April 6, 1933, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. MAY: Committee on Military Affairs. H.R. 3072. A bill for the relief of Seth B. Simmons; without amendment (Rept. No. 27). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CARTWRIGHT: A bill (H.R. 4673) relating to the construction of a Federal building at Hugo, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. PEYSER: A bill (H.R. 4674) authorizing appropriations to increase the flying-field area of Governors Island, N.Y.; to the Committee on Military Affairs.

By Mr. SCRUGHAM: A bill (H.R. 4675) authorizing the Secretary of the Interior, in behalf of Indians, to purchase the allotments of deceased Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. REED of New York: A bill (H.R. 4676) to repeal certain taxes on soft drinks; to the Committee on Ways and Means.

By Mr. SUTPHIN: A bill (H.R. 4677) authorizing preliminary examination and survey of the Delaware and Raritan Canal, N.J.; to the Committee on Rivers and Harbors.

By Mr. HARLAN: A bill (H.R. 4678) to amend the Federal Farm Loan Act, as amended, to provide for making loans on farm lands held under 99-year lease; to the Committee on Agriculture.

By Mr. BLAND: A bill (H.R. 4679) enlarging section 270, title 40, United States Code, and providing, and relating to, a remedy for the enforcement of the payment of all wages due and to become due to all laborers and mechanics under the terms and provisions of an act approved March 3, 1931, entitled "An act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors and subcontractors, and for other purposes"; to the Committee on the Judiciary.

By Mr. RANKIN: A bill (H.R. 4680) to provide for controlling the floods of Tibbee Creek, Miss., and for other purposes; to the Committee on Banking and Currency.

By Mr. DISNEY: A bill (H.R. 4681) to amend paragraph (8) of section 1 of the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. McCLINTIC: Resolution (H.Res. 97) authorizing an investigation of the disaster that destroyed the U.S. dirigible *Akron;* to the Committee on Rules.

By Mr. EDMONDS: Joint resolution (H.J.Res. 147) authorizing and directing the Interstate Commerce Commission and the United States Shipping Board to make a joint investigation into the practicability of equalizing rail rates and ocean rates on export- and import-freight traffic between points in the United States and points in foreign countries by way of the several United States ports, and to make joint report thereon; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AUF DER HEIDE: A bill (H.R. 4682) for the relief of Patrick Henry Walsh; to the Committee on Claims.

Also, a bill (H.R. 4683) for the relief of Oswald Bauch; to the Committee on Claims.

By Mr. BEEDY: A bill (H.R. 4684) granting a pension to Essie M. Cotton; to the Committee on Invalid Pensions.

By Mr. BEITER: A bill (H.R. 4685) granting an increase of pension to Frank A. Klein; to the Committee on Pensions.

Also, a bill (H.R. 4686) for the relief of Stephen Andrzejewski; to the Committee on Military Affairs.

Also, a bill (H.R. 4687) granting a pension to Agnes McMahon; to the Committee on Invalid Pensions.

By Mr. GIFFORD: A bill (H.R. 4688) for the relief of Julie M. Ryder; to the Committee on Claims.

By Mr. HEALEY: A bill (H.R. 4689) for the relief of Minos W. Blanchard; to the Committee on Claims.

By Mr. KLOEB: A bill (H.R. 4690) for the relief of Eula K. Lee; to the Committee on Claims.

By Mr. McFADDEN: A bill (H.R. 4691) granting a pension to Rush E. Kindig; to the Committee on Invalid Pensions.

By Mr. McSWAIN: A bill (H.R. 4692) granting a pension to James Thomas Moss; to the Committee on Pensions.

By Mr. MORAN: A bill (H.R. 4693) granting a pension to Mary Jane Blackman; to the Committee on Invalid Pensions.

By Mr. PERKINS: A bill (H.R. 4694) granting an increase of pension to Annie M. Galligan; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4695) granting an increase of pension to Mary E. Stagg; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4696) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Joseph A. Dugan; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 4697) granting an increase of pension to Roe Simerly; to the Committee on Pensions.

Also, a bill (H.R. 4698) granting an increase of pension to William Woodby; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4699) granting an increase of pension to Sexton Pierce; to the Committee on Pensions.

Also, a bill (H.R. 4700) granting an increase of pension to Mary E. Hyder; to the Committee on Pensions.

Also, a bill (H.R. 4701) for the relief of Emily Coffee; to the Committee on Claims.

Also, a bill (H.R. 4702) for the relief of Dewey Bonine; to the Committee on Military Affairs.

Also, a bill (H.R. 4703) for the relief of David E. Goodwin; to the Committee on Military Affairs.

Also, a bill (H.R. 4704) for the relief of Benjamin H. Pope; to the Committee on Naval Affairs.

Also, a bill (H.R. 4705) for the relief of Cecil E. Phipps; to the Committee on Claims.

Also, a bill (H.R. 4706) for the relief of Julia Wardrep; to the Committee on Claims.

Also, a bill (H.R. 4707) granting a pension to Margaret St. Clair; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4708) granting a pension to John M. Saylor; to the Committee on Pensions.

Also, a bill (H.R. 4709) granting a pension to Hiram P. Sloan; to the Committee on Pensions.

Also, a bill (H.R. 4710) granting a pension to Martha Story; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4711) granting a pension to James Stout; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4712) granting a pension to Mack Tipton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4713) granting a pension to George C. Trent; to the Committee on Pensions.

Also, a bill (H.R. 4714) granting a pension to George W. Trent; to the Committee on Pensions.

Also, a bill (H.R. 4715) granting a pension to Nancy J. Vesey; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4716) granting a pension to John F. Julian; to the Committee on Pensions.

Also, a bill (H.R. 4717) granting a pension to William H. Lacey; to the Committee on Pensions.

Also, a bill (H.R. 4718) granting a pension to Landon T. Lewis; to the Committee on Pensions.

Also, a bill (H.R. 4719) granting a pension to James A. G. Livingston; to the Committee on Pensions.

Also, a bill (H.R. 4720) granting a pension to George R. Miller; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4721) granting a pension to Nora Henley Pierce; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4722) granting a pension to Julia A. S. Richardson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4723) granting a pension to Mary E. Ringer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4724) granting a pension to Leon J. Collins; to the Committee on Pensions.

Also, a bill (H.R. 4725) granting a pension to Lewis Frost; to the Committee on Pensions.

Also, a bill (H.R. 4726) granting a pension to Martha Ann Gaby; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4727) granting a pension to John P. Gunter; to the Committee on Pensions.

Also, a bill (H.R. 4728) granting a pension to Hettie Harvey; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4729) granting a pension to Patrick H. Henley; to the Committee on Pensions.

Also, a bill (H.R. 4730) granting a pension to Lucy E. Huff; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4731) granting a pension to Charlie Jones; to the Committee on Pensions.

Also, a bill (H.R. 4732) granting a pension to Aaron J. Blevins; to the Committee on Pensions.

Also, a bill (H.R. 4733) granting a pension to Oscar D. Blevins; to the Committee on Pensions.

Also, a bill (H.R. 4734) granting a pension to Harry G. Brockus; to the Committee on Pensions.

Also, a bill (H.R. 4735) granting a pension to Mary E. Casey; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4736) reimbursing George Larkin; to the Committee on Claims.

Also, a bill (H.R. 4737) granting a pension to Walter B. Shipley; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

355. By Mr. AUF DER HEIDE: Memorial of the Allied Jewish Organizations of Hoboken, N.J., protesting against injustices to Jews in Germany; to the Committee on Foreign Affairs.

356. By Mr. JOHNSON of Texas: Petition of the Texas Legislature, relative to the construction of a reservoir and drain in the Rio Grande Basin, urging legislation authorizing the construction of said reservoir and drain; to the Committee on Irrigation and Reclamation.

357. By Mr. JOHNSON of Minnesota: Petition of the Currency Study Club, of Willmar, Minn., concerning the Wheeler, Rankin-Thomas, Patman, and Frazier bills; to the Committee on Ways and Means.

358. Also, petition requesting that special-delivery messengers of the Postal Service be placed under a special classified service; to the Committee on the Post Office and Post Roads.

359. Also, resolution protesting against the treatment of Jews in Germany; to the Committee on Foreign Affairs.

360. Also, petition of the Alumni Association of the School of Agriculture, of St. Paul, Minn.; to the Committee on Appropriations.

361. Also, petition of the Leo Carey Post, No. 56, American Legion, Albert Lea, Minn.; to the Committee on the Post Office and Post Roads.

362. By Mr. RUDD: Petition of Old Glory Club of Flatbush, Inc., Brooklyn, N.Y., opposing any relaxation of the immigration laws; to the Committee on Immigration and Naturalization.

363. By Mr. WATSON: Resolution passed by the Rittenhouse Astronomical Society, Philadelphia, Pa., opposing reduction in the appropriation for the Naval Observatory; to the Committee on Naval Affairs.

364. Also, resolution passed by the Pennsylvania Millers' and Feed Dealers' Association, favoring Federal and State legislation which will provide fair and adequate regulations of rates; to the Committee on Ways and Means.

365. By Mr. WHITE: Memorial of the Legislature of the State of Idaho, memorializing Congress to enact into law House Joint Memorial No. 5, to amend sections 5 and 8 of the Idaho Admission Act; to the Committee on the Judiciary.

SENATE

THURSDAY, APRIL 6, 1933

(Legislative day of Monday, Mar. 13, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. LEWIS. Mr. President, I note the absence of a quorum and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Reed
Ashurst	Couzens	Keyes	Reynolds
Austin	Cutting	King	Robinson, Ark.
Bachman	Dickinson	La Follette	Robinson, Ind.
Bailey	Dieterich	Lewis	Russell
Bankhead	Dill	Logan	Schall
Barbour	Duffy	Lonergan	Sheppard
Barkley	Erickson	Long	Shipstead
Black	Fess	McAdoo	Smith
Bone	Fletcher	McCarran	Steiwer
Borah	Frazier	McGill	Stephens
Bratton	George	McKellar	Thomas, Okla.
Brown	Glass	McNary	Thomas, Utah
Bulkley	Goldsborough	Metcalf	Townsend
Bulow	Gore	Murphy	Trammell
Byrd	Hale	Neely	Tydings
Byrnes	Harrison	Norbeck	Vandenberg
Capper	Hastings	Norris	Van Nuys
Caraway	Hatfield	Nye	Wagner
Carey	Hayden	Overton	Walcott
Clark	Hebert	Patterson	Walsh
Connally	Johnson	Pittman	Wheeler
Coolidge	Kean	Pope	White

Mr. REED. I again announce the absence of my colleague the junior Senator from Pennsylvania [Mr. DAVIS], who is still detained by illness. I ask that the announcement may stand for the day.

Mr. HEBERT. I wish to announce that the senior Senator from Vermont [Mr. DALE] is necessarily absent.

Mr. LEWIS. I beg to announce the necessary absence of the Senator from New York [Mr. COPELAND].

The VICE PRESIDENT. Ninety-two Senators having answered to their names, a quorum is present.

SELECT COMMITTEE TO INVESTIGATE LABOR CONDITIONS ON THE MISSISSIPPI FLOOD-CONTROL PROJECT

The VICE PRESIDENT. The Chair appoints the Senator from New York [Mr. WAGNER], the Senator from Mis-

sissippi [Mr. STEPHENS], and the Senator from North Dakota [Mr. NYE] as the members of the Select Committee to Investigate Labor Conditions Prevailing Upon the Mississippi Flood-Control Project, created under Senate Resolution 300, Seventy-second Congress.

FUNCTIONS OF THE BOARD OF TAX APPEALS (S.DOC. NO. 15)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Board of Tax Appeals, submitting a report, pursuant to Senate Resolution 351, Seventy-second Congress, showing the functions and activities conducted under the jurisdiction of the Board, the statutory authority therefor, and the total annual expenditures thereon for the fiscal year ended June 30, 1932; also a list of officers and employees receiving compensation at the rate of $5,000 or more per annum as of April 1, 1933, which, with the accompanying statements, was ordered to lie on the table and to be printed.

THE LATE SENATOR WALSH, OF MONTANA

The VICE PRESIDENT laid before the Senate a resolution adopted by the Senate of the State of North Dakota as a tribute to the memory of Hon. Thomas J. Walsh, late a Senator from the State of Montana, which was ordered to lie on the table and to be printed in the RECORD, as follows:

Be it resolved by the Senate of the State of North Dakota, That—

Whereas in the death of the late Hon. Thomas J. Walsh the Nation has lost the services of a profound and efficient public servant who has served nobly and well and whose public works will have a lasting effect upon the history of the Nation:

Therefore we deplore the great loss and join with our fellow Americans in their grief and in extending our profound sympathy to the family of the deceased; and be it further

Resolved, That a copy of this resolution be transmitted to the family of the deceased and to the United States Senate, the scene of his great and loyal service.

Adopted March 3, 1933, twenty-third legislative assembly, Bismarck, N.Dak.

CHANGE IN THE INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Governor of Oregon, together with a certified copy of a joint resolution of the Legislature of the State of Oregon ratifying the twentieth amendment to the Constitution, which were ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF OREGON,
EXECUTIVE DEPARTMENT,
Salem, March 31, 1933.

To the honorable PRESIDENT OF THE SENATE,
Washington, D.C.

SIR: I have the honor to transmit herewith a certified copy of House Joint Resolution No. 5 of the regular session of the Thirty-seventh Legislative Assembly of the State of Oregon, ratifying the amendment to the Constitution of the United States fixing the commencement of the terms of the President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

Very truly yours, JULIUS L. MEIER, *Governor.*

House Joint Resolution 5

Whereas both Houses of the Seventy-second Congress of the United States of America passed at the first session thereof a resolution to amend the Constitution of the United States of America as follows:

"Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress

"*Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"'ARTICLE —

"'SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"'SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"'SEC. 3. If, at the time fixed for the beginning of the term of the President, the President-elect shall have died, the Vice President-elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President-elect shall have failed to qualify, then the Vice President-elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President-elect nor a Vice President-elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"'SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"'SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"'SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three fourths of the several States within 7 years from the date of its submission'": Now, therefore, be it

Resolved by the House of Representatives of the State of Oregon (the Senate jointly concurring), That the said proposed amendment to the Constitution of the United States of America be, and the same hereby is, ratified and that certified copies of this preamble and joint resolution be forwarded by the Governor of this State to the Secretary of State of the United States of America at Washington, D.C., to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

Adopted by the house January 12, 1933.

E. W. SNELL,
Speaker of the House.

Concurred in by the senate January 16, 1933.

FRED E. KIDDLE,
President of the Senate.

Endorsed: House Joint Resolution No. 5 (introduced by Messrs. Childs, Winslow, and Snell).

W. F. DRAGER,
Chief Clerk.

Filed January 17, 1933.

HAL E. HOSS,
Secretary of State.

STATE OF OREGON,
OFFICE OF THE SECRETARY OF STATE.

I, Hal E. Hoss, secretary of the state of the State of Oregon, and custodian of the seal of said State, do hereby certify that I have carefully compared the annexed copy of House Joint Resolution No. 5 of the thirty-seventh legislative assembly with the original thereof filed in the office of the secretary of state January 17, 1933, and that the same is a full, true, and correct transcript therefrom and of the whole thereof, together with all endorsements thereon.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Oregon. Done at the capitol, at Salem, Oreg., this 30th day of March A.D. 1933.

[SEAL] HAL E. HOSS,
Secretary of State.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, in which it requested the concurrence of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following resolutions adopted by the General Court of Massachusetts, which were referred to the Committee on Foreign Relations:

COMMONWEALTH OF MASSACHUSETTS, 1933.

Resolutions condemning the persecution of members of the Jewish faith in Germany

Resolved, That the General Court of Massachusetts hereby condemns all acts of persecution reported to be committed against the members of the Jewish faith in Germany and urges the President and the Congress of the United States to present these sentiments to the German Government; and be it further

Resolved, That copies of these resolutions be forwarded at once by the secretary of the Commonwealth, to the President of the United States, to the presiding officers of both branches of Congress, and to the Members thereof representing this Commonwealth.

In house of representatives, adopted March 31, 1933.

In senate, adopted, in concurrence, March 31, 1933.

A true copy.

Attest:

F. W. COOK,
Secretary of the Commonwealth.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on the Judiciary:

STATE OF NEW YORK,
IN SENATE,
Albany, April 1, 1933.

(By Mr. Baxter)

Whereas the universal United States of America flag is a symbol of the ideals upon which this Government is founded; and

Whereas respectful treatment of the American flag is the evidence of devotion to these ideals; and

Whereas it has come to the attention of the legislature that there are being offered for sale in this country flags manufactured in other countries by persons who do not cherish the American flag nor the institutions, principles, and ideals for which it stands: Be it therefore

Resolved (if the assembly concur), That the Congress of the United States be, and hereby is, memorialized to forbid by appropriate laws the sale in this country of the universal United States of America flag and/or all special United States of America flags and/or the flags of the various States, dependencies, or Territories manufactured abroad.

Resolved (if the assembly concur), That a copy of this memorial be transmitted to the Clerk of the House of Representatives and the Secretary of the Senate and to each Member of the House of Representatives and to each Senator elected from New York State.

By order of the senate.

P. H. O'CONNELL, *Clerk.*
IN ASSEMBLY,
April 4, 1933.

Concurred in without amendment.

FRED W. HAMMOND, *Clerk.*

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Thirty-seventh State Conference of the Daughters of the American Revolution of Illinois, protesting against the recognition of the Soviet Government of Russia until such Government ceases certain communistic propaganda, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Thirty-seventh State Conference of the Daughters of the American Revolution of Illinois, favoring the prompt passage of legislation making it a crime, with adequate punishment, to advocate or promote the overthrow of the Government by force or violence and to openly, willfully, or deliberately justify or defend by spoken or written word the assassination or assaulting of any officer of the United States or of any State of the Union, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Thirty-seventh State Conference of the Daughters of the American Revolution of Illinois, favoring the passage of legislation providing for the registration of aliens for the protection of legally entered and law-abiding aliens, and for the assistance of the Department of Labor in deporting undesirables, which was referred to the Committee on Immigration.

He also laid before the Senate resolutions adopted by the Thirty-seventh State Conference of the Daughters of the American Revolution of Illinois, opposing any modification of law or the Constitution whereby an alien may secure citizenship with any reservation as to his loyalty and duty to serve in the armed forces of the United States in time of war, and favoring the passage of legislation imposing more stringent requirements upon aliens seeking naturalization with particular reference to a definite requirement that the applicant read and write the English language with facility, which were referred to the Committee on Immigration.

Mr. COPELAND presented a resolution adopted by the District of Columbia Congress of Parents and Teachers, opposing the recommendations of the Budget Bureau to cut the estimates proposed by District of Columbia officials as necessary for the proper administration of public schools and for the construction of needed new schools, and also opposing reduction in the amount of the 1933 school appropriations, particularly the curtailment of classroom instruction needs and the building and playground construction program, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by a mass meeting held under the auspices of the North Shore Civic Alliance, Inc., at Flushing, Long Island, N.Y., favoring the prompt passage of legislation for the relief of home owners in distress, through the immediate suspension of mortgage principal or amortization payments for at least 2 years, etc., which were referred to the Committee on Banking and Currency.

He also presented resolutions adopted by the New York Board of Trade, of New York City, N.Y., favoring the establishment of free ports in the United States, and especially one to be located in the port of New York, which were referred to the Committee on Commerce.

He also presented a resolution adopted by the Wolfe Tone Council, American Association for the Recognition of the Irish Republic, of the Bronx, N.Y., favoring insistence by the Government upon the full and prompt payment of all obligations and indebtedness to it by European nations, which was referred to the Committee on Finance.

He also presented a resolution of the Dyckman Street Business Men's Association, of New York City, N.Y., favoring the protection of all persons, irrespective of race, creed, or color, insofar as the people of Germany are concerned, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of Churchville, N.Y., praying for the passage of legislation to regulate the motion-picture industry, which was referred to the Committee on Interstate Commerce.

LOANS TO BANKS BY RECONSTRUCTION FINANCE CORPORATION

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the RECORD and appropriately referred a telegram I have just received from Hon. A. Harry Moore, Governor of the State of New Jersey, in which he protests vigorously against the further publication of Reconstruction Finance Corporation loans.

There being no objection, the telegram was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

JERSEY CITY, N.J., *April 5, 1933.*

HON. WARREN W. BARBOUR,
United States Senate, Washington, D.C.:

The last publications of Reconstruction Finance Corporation loans to banks did incalculable harm. To continue these publications will mean further runs on banks and ruin to many. Again I vehemently repeat my protest as Governor of New Jersey to the publication of names of banks. Such publication can serve no good purpose and only serves to undo the good work which the President has accomplished in restoring confidence. Senator ROBINSON deserves support and cooperation in his effort to remedy this situation.

A. HARRY MOORE,
Governor of New Jersey.

REPORTS OF COMMITTEES

Mr. McNARY, from the Committee on Commerce, to which was referred the joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, reported it with an amendment and submitted a report (No. 18) thereon.

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the bill (S. 753) to confer the degree of bachelor of science upon graduates of the Naval Academy, reported it without amendment and submitted a report (No. 19) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States, reported it with amendments and submitted a report (No. 20) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRAMMELL:

A bill (S. 1154) to provide for the maintenance of the United States Navy at the agreed ratio of strength relative to the navies of other treaty powers, to eliminate competition in naval building programs, and for other purposes; to the Committee on Naval Affairs.

(Mr. LONG introduced Senate bill 1155, which was referred to the Committee on Interstate Commerce, and appears under a separate heading.)

By Mr. THOMAS of Utah:

A bill (S. 1156) granting a pension to Alma S. Kendall; to the Committee on Pensions.

By Mr. CAREY:

A bill (S. 1157) providing for the use by the Veterans' Administration of the old post-office building in Casper, Wyo.; to the Committee on Public Buildings and Grounds.

By Mr. BARBOUR:

A bill (S. 1158) for the relief of Frederick Conger Johnson; to the Committee on Claims.

By Mr. DILL:

A bill (S. 1159) for the relief of Leo W. Hurley; to the Committee on Military Affairs.

A bill (S. 1160) granting an increase of pension to John S. Monahan; to the Committee on Pensions.

By Mr. GOLDSBOROUGH:

A bill (S. 1161) for the relief of Alice E. Broas;

A bill (S. 1162) for the relief of Virginia Houghton; and

A bill (S. 1163) for the relief of Mary V. Spear; to the Committee on Claims.

A bill (S. 1164) to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof; to the Committee on the Judiciary.

By Mr. ROBINSON of Indiana:

A bill (S. 1165) for the relief of Martin E. Crowe; to the Committee on Military Affairs.

A bill (S. 1166) granting a pension to Charity Cooper; to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 1167) for the relief of Kildall Fish Co.;

A bill (S. 1168) for the relief of the Minnesota Valley Canning Co.; and

A bill (S. 1169) for the relief of George O. Wills; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 1170) authorizing the Reconstruction Finance Corporation to make loans in connection with storage, packing, and marketing facilities for agricultural products; to the Committee on Banking and Currency.

A bill (S. 1171) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc.; to the Committee on Claims.

LIMITATION OF EFFECT OF REGULATIONS OF COMMERCE

Mr. LONG. Mr. President, I wish to introduce a bill to limit the effect of the regulations of commerce between the States and with foreign countries, and ask that it be referred to the Committee on Interstate Commerce.

The VICE PRESIDENT. The bill will be received and referred as requested.

The bill (S. 1155) to limit the effect of the regulations of commerce between the several States and with foreign countries was read twice by its title and referred to the Committee on Interstate Commerce.

EMERGENCY RELIEF OF AGRICULTURAL INDEBTEDNESS—AMENDMENT

Mr. WAGNER. Mr. President, I ask to have printed and to lie on the table an amendment I propose to offer in behalf of the Committee on Banking and Currency to the bill (S. 1110) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, when that bill shall be under consideration.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

HOUSE BILL REFERRED

The bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Latta, one of his secretaries.

5-DAY WEEK AND 6-HOUR DAY

The Senate resumed the consideration of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. VANDENBERG. Mr. President, I want the RECORD to show the following telegram from the secretary of the Michigan Farm Bureau:

> Black bill would seriously cripple beet manufacturing and canning operations, which would immediately be reflected in price and marketing opportunities for farm products. Beet factories holding up plans until outcome of bill is known.
>
> C. L. BRODY,
> *Secretary Michigan Farm Bureau.*

I want the RECORD also to show that it is the opinion of the Senate—and any Senator will correct me if he disagrees—that the Dill amendment, adopted as shown at page 1198 of the CONGRESSIONAL RECORD, fully covers and exempts sugar beets as perishable vegetables within the language of that amendment and that that is the intention of the Senate in connection with this language. No denial being entered by any Senator, I take it we may consider it settled that the processing of sugar beets into beet sugar is exempt from the operations of this bill.

Mr. McNARY. Mr. President, I ask unanimous consent to have read at the desk a letter from the National Dairy Union in connection with the pending unfinished business.

There being no objection, the letter was ordered to lie on the table, and it was read, as follows:

> WASHINGTON, D.C., *April 6, 1933.*
>
> MY DEAR SENATOR: Creameries, cheese factories, and egg-processing plants must operate at least 6 days in the week, most of them 7 days, and must care for all of the product offered them.
>
> Milk-handling plants must operate 7 days in the week.
>
> All of the products handled are perishable and must be processed the same day as received.
>
> These plants afford a cash market for every pound of butterfat, every gallon of milk, and every dozen eggs offered them by the farmers, the best cash market the farmer now has.
>
> If the 30-hour week bill is applied to these plants it will without doubt more than double the cost of operation, and without doubt most of this added cost of operation, since it cannot under present conditions be passed on to the consumer, must be reflected back and taken out of the prices which the farmers receive.
>
> There has been approximately no falling off in employment and no workers discharged in the processing plants of the dairy industry. We are employing as many men now as, perhaps more than, we employed in 1928 or 1929.
>
> A creamery-plant operation is an 8- or 9-hour operation. Two shifts of 6 hours each cannot be operated in the ordinary plant.
>
> Under these conditions we wish you to exempt plants manufacturing or processing dairy or poultry products of a perishable character from the provisions of the Black bill. They should be included in the list of exceptions already in the Dill amendment. We believe this should be proposed as an amendment to the Dill amendment. The owners, operators, and managers of more than 3,500 creameries and 1,500 cheese factories, more than half of which are farmer-owned cooperatives, will unite in this request.
>
> Yours respectfully,
>
> THE NATIONAL DAIRY UNION,
> A. M. LOOMIS, *Secretary.*

Mr. McKELLAR. Mr. President, will the Senator permit me to have read from the desk a short telegram along the same lines as the letter which has just been read?

The VICE PRESIDENT. Does the Senator from Delaware yield to the Senator from Tennessee?

Mr. HASTINGS. I yield.

Mr. McKELLAR. I send the telegram to the desk and ask that it may be read.

There being no objection, the telegram was read and ordered to lie on the table, as follows:

MEMPHIS, TENN., *April 6, 1933.*

Senator K. D. MCKELLAR,
Washington, D.C.:

Urge that you use influence to exempt milk and its products from Senator BLACK's bill, S. 158. The employment provisions as now contained in said bill would seriously injure milk producers and distributors in Memphis territory.

J. C. DAVIS,
President Shelby County Milk Producers Association.

Mr. HASTINGS. Mr. President, an effort to relieve the serious condition due to unemployment, regardless of the particular form that it may take, attracts the attention and sympathy of people everywhere. It can hardly be expected that the person who now holds a full-time job is particularly interested in spreading the work so as to reduce his hours of labor in order that some other person may be given at least a part-time job. Others, however, who are not influenced by personal considerations, realize that spread of work is the important thing to accomplish; important to go as far with it as it is reasonably possible.

Two years ago, in an address I made in Massachusetts, I stated that in my judgment—

> Some way must be found to more equitably distribute the work at hand. Less hours of work for each day or for each week is the only answer I know. I am not certain that this cannot be done without reducing the total wage for each person. I am not certain that this is not an effective way of getting a more equitable distribution which I think is so necessary. It, of course, cannot be done in all instances, but it can be done in many. Shorter hours would give more time for recreation and improvement in education. It ought to increase the standard of American citizenship.

I believed then, as I believe now, that the struggle with unemployment is to be a permanent one in this country and that it will be a matter for serious consideration always by legislators as well as by those who control the various industries of the Nation. I, therefore, approach this subject of reducing the hours of labor with a great deal of sympathy.

The proposed method, however, contained in the bill now before the Senate, from my point of view, is to be approached with a great deal of alarm. I do not see how any person, whether he be lawyer or layman, who reads the opinion of the Supreme Court in the *Child Labor Law case* can possibly reach any other conclusion than that this particular proposed law is unconstitutional. It may be said, therefore, that those of us who believe that it will be declared unconstitutional have no occasion to be alarmed about its provisions or about the effect it will have upon the industries of the Nation.

The senior Senator from Idaho [Mr. BORAH] has stated that, because in the *Child Labor case* the decision of the Supreme Court was by a 5-to-4 vote, he is willing to support this bill in order that a further test may be made before that Court, which, at the present time, is somewhat different in personnel. I have some sympathy for the legislator who undertakes to determine by a study of the Supreme Court decisions whether a proposed law is constitutional, when he finds a decision in point was made by a majority of one. I have never, however, been able to get very much satisfaction out of minority opinions of any court. The majority opinions of the Supreme Court are absolutely controlling in all other Federal court jurisdictions. The minority opinions are interesting always but are never controlling. I do not see how a legislator can ignore such opinions any more than a district or circuit court judge may ignore them.

We ought to remember that an act passed by Congress and approved by the President, although adopted in direct conflict with the opinions of the Supreme Court, is nevertheless the law of the land until the Supreme Court has decided that it is unconstitutional. So if this bill should be passed and approved by the President, every person who fails to comply with its terms will be subject to fine and imprisonment until the act is determined to be unconstitutional.

This proposed act is to take effect 30 days after its approval, and the entire group, including all of the operators of mines, quarries, mills, canneries, workshops, factories, or manufacturing establishments in the United States will be compelled immediately to comply with its terms. It will be the duty of railroad corporations, it will be the duty of those who are hauling goods in interstate commerce by means of trucks to be certain to see to it that the manufacturer of such goods has complied with the law.

There will immediately arise a dispute with organized labor about a reduction in the amount of the weekly wage. The author of the bill frankly admits that he does not contemplate that the employee will have his wages reduced at all. While the bill does not go so far as that, the senior Senator from Alabama [Mr. BLACK] states that he is expecting organized labor, together with public opinion, to compel the employer to pay a wage equal to that which he is now paying for longer hours of service. So the idea of passing a law, believed by many who have indicated that they propose to vote for it, to be unconstitutional, is not a thing to be lightly considered, because, in addition thus to violating our oath of office, we will have caused a disturbance between industry and labor that have struggled so valiantly for the last 2 or 3 years to live together in peace and harmony.

The author of the bill, in referring to the case of *Hammer* v. *Dagenhart* (243 U.S. 251), which is the familiar decision relative to the child labor law, frankly stated that he disagrees with the majority opinion in that case, but does agree with the minority opinion written by Mr. Justice Holmes. In several places in his argument the Senator from Alabama stated that he expected to show that this proposed legislation was constitutional under that majority opinion. He was not explicit, however, and, indeed, offered no explanation of his statements that this bill would come within that majority opinion. One derived the distinct impression from his argument, however, that he was resting his statement solely upon the ground that the decision was a so-called "5-4 decision"; that the personnel of the Court had since that time changed; that, in addition, there was a change in the economic conditions, and that the combination might in some fashion induce the Court to overrule that decision. To my mind he was holding out for himself and to others who may be interested in this legislation an absolutely false hope. That contention was based upon a principle too well established by the Supreme Court to be overruled at the present time or any future time.

I desire to quote from the majority opinion in the *Child Labor case* briefly as follows:

> We have neither authority nor disposition to question the motives of Congress in enacting this legislation. The purposes intended must be attained consistently with constitutional limitations and not by an invasion of the powers of the States. This court has no more important function than that which devolves upon it the obligation to preserve inviolate the constitutional limitations upon the exercise of authority, Federal and State, to the end that each may continue to discharge, harmoniously with the other, the duties entrusted to it by the Constitution.
>
> In our view the necessary effect of this act is, by means of a prohibition against the movement in interstate commerce of ordinary commercial commodities, to regulate the hours of labor of children in factories and mines within the States, a purely State authority. Thus the act in a twofold sense is repugnant to the Constitution. It not only transcends the authority delegated to the Congress over commerce but also exerts a power as to a purely local matter to which the Federal authority does not extend. The far-reaching result of upholding the act cannot be more plainly indicated than by pointing out that if Congress can thus regulate matters entrusted to local authority by prohibition of the movement of commodities in interstate commerce, all freedom of commerce will be at an end, and the power of the States over local matters may be eliminated, and thus our system of government be practically destroyed.

Mr. President, that opinion was at the October term of the Court in 1917. Five years later, in the October term, 1922, in the case of Adkins against the Children's Hospital, which involved the question of the wages for women in the District of Columbia, the Court said:

> Enough has been said to show that the authority to fix hours of labor cannot be exercised except in respect of those occupations where work of long-continued duration is detrimental to health. This Court has been careful in every case where the question has been raised to place its decision upon this limited

authority of the legislature to regulate hours of labor and to disclaim any purpose to uphold the legislation as fixing wages, thus recognizing an essential difference between the two. It seems plain that these decisions afford no real support for any form of law establishing minimum wages.

In my judgment, it would be an unfortunate thing for this country if the minority opinion in that case should ever become the law of the land. Mr. Justice Holmes based his opinion broadly upon the ground that the Congress was given the specific authority to regulate foreign and interstate commerce. He contended that, given the power to regulate, it necessarily carried with it the power to prohibit. The authority therefore rested solely in the Congress to do what it pleased with respect to interstate commerce.

This is the language used by Mr. Justice Holmes in that case:

The statute confines itself to prohibiting the carriage of certain goods in interstate or foreign commerce. Congress is given power to regulate such commerce in unqualified terms. It would not be argued today that the power to regulate does not include the power to prohibit. Regulation means the prohibition of something, and when interstate commerce is the matter to be regulated I cannot doubt that the regulation may prohibit any part of such commerce that Congress sees fit to forbid.

If that be true, the Congress could do what is sought to be done here, namely, to regulate the hours of labor in the production of articles that enter interstate or foreign commerce. If that be true, it could undoubtedly fix a minimum and maximum wage that should be paid by the employer in the production of articles that were to be transported from one State to another. If that be true, it would necessarily follow that the Congress could fix the price of the article that should be transported in interstate commerce. We would, therefore, have left to the Congress the right to prohibit the hours of labor, fix the price for labor, and fix the price of the article to be transported. Indeed, under this theory the Federal Government might very well require a license from every manufacturing concern in every State that desired to transport articles produced in interstate commerce.

I have not any doubt that there are many persons in and out of Congress who believe that this is a proper function of the Congress, and that if the Congress finds it desirable to do these things it ought not to be limited by the Constitution; that certainly it ought not to be so limited by a 5 to 4 decision of the Supreme Court of the United States.

I think the present condition of the country, the temper of the people of the country, and the reflection of that temper in the Congress, show that but for the prohibitions in the Constitution we would right now be enacting legislation that would probably bring to us greater distress than we have ever experienced before. When the people of the Nation cannot solve their own difficulties, when they are plunged into an economic depression, when millions of people are out of employment, the most natural thing for them to do is to turn to the people who make the laws that govern their conduct. There is great confusion among the individuals and among the classes and groups of individuals, each making suggestions that they believe will be helpful. These are passed on to the Congress, and there is confusion here also. Every man of us is anxious to do what he can for the good of his country as a whole; but, at the same time, each of us has closest to his heart the interests of the people of his own State. That which is helpful to one is harmful to another, and thus we go from day to day, trying to find a solution of the problems that confront the Nation.

The VICE PRESIDENT. The time of the Senator from Delaware has expired.

Mr. HASTINGS. I have 30 minutes on the bill, as I understand.

The VICE PRESIDENT. The Senator has 30 minutes on the bill and 15 minutes on the amendment.

Mr. HASTINGS. But it seems to me that it is exceedingly fortunate that always there stands out boldly one great fundamental law which we cannot change in a moment, in a day, in a week, or in a year, namely, the Federal Constitution. That which we would adopt today, if it were not for the Constitution, we would not think of adopting after the excitement of the time had passed and sober second thought had fully asserted itself.

It must be remembered that there is some limitation upon the police powers of a State. The Oregon case in which the Supreme Court held that a law prohibiting employees from working more than a certain number of hours in industries of that State was approved solely upon the finding of the Supreme Court of Oregon that it was done to preserve the health of the workers of that industry. Upon no other ground could they find it within the terms of the Constitution.

On the other hand, in the case of *Adkins* v. *Children's Hospital* (261 U.S. 525), which involved a law fixing a minimum wage for women in the District of Columbia, the Supreme Court distinctly held that while it had approved all laws that were passed by the States for the protection of the health of individuals, that law could not be upheld upon any such ground. The Court distinctly stated in that case that the fixing of wages could not be justified on the ground that it had anything to do with the health of the individual. It is true that in that case there were dissenting opinions also, but does anybody believe that the Supreme Court would reverse that decision if we should now pass a law fixing a minimum wage for women working in the different industries of the District of Columbia?

If this law is passed upon the theory of the dissenting opinion in the *Child Labor case* and upon the theory that the Congress, having the right to regulate interstate and foreign commerce, has the absolute right to do what it pleases with respect to commodities entering interstate commerce, is there any reason why the Congress should not pass an act fixing a minimum price on all farm products entering interstate commerce? If it be an absolute right which the Congress has, what could the answer be if the Congress should pass a bill providing that wheat, as an illustration, should not be transported in interstate commerce unless there be a certificate showing that the purchaser paid at the border line at least $1 per bushel for the wheat? If this be an absolute right, and it be true that cotton is being sold at too low a price, and it is desirable to raise the price of it in order that the purchasing power of the cotton growers may be increased, why should we not fix a price on cotton to make certain that those persons who want to buy it and cannot get it out of the State in which it is raised without its entering into interstate commerce shall be compelled to pay a certain fixed price for the cotton? This would relieve our entire difficulties with the price of farm products. The only embarrassing thing that the farmer would then have would be the products that he sold in his own State.

Mr. President, if we were able to do that, we would at the same time be able to limit the amount that the farmer could ship in interstate commerce; and therefore we could control the production of the wheat, cotton, or any other farm product that we cared to include in the measure.

If the dissenting opinion in the *Child Labor case* is to be followed, and there is no restriction upon what the Congress can do, then it is just as legal to do what I have suggested as it is for the Supreme Court to approve the provisions of this particular bill.

But, Mr. President, there are other difficulties beside the constitutional difficulties. We cannot fix the hours for men to work in the various industries mentioned in this bill without causing great confusion and doing a great injustice to many business concerns of the country. It is perfectly possible that the problem could be worked out in many instances without great harm to the industry; but, in my judgment, in most instances it would be to the great disadvantage of the employee.

It is all very well to talk about the great profits coming to the industrial concerns of the Nation; it is all very well to talk about the great injustice that has been practiced upon the employees in many of these industries; it is all very well to call attention to the fact that labor has been forced to fight for the many concessions that have been

made to it; but, after all is said and done, the operation of all these industries is a voluntary thing. The investment in the first place is made with the hope that a substantial return will be made upon the investment. The investment carries with it the risk of losing the whole of it. That means, of course, that the investor expects to get more than a normal return. If labor, by force or otherwise, puts the industries in such a position that the chances of a sufficient return on their investment is not present, the investment will not be made, and consequently there will be no employment for labor in that prospective operation. If, therefore, by legislation or otherwise, we impose upon industry a burden which it cannot reasonably bear, we have done no service to labor, no service to the prospective investor, and no service to the country.

Now, Mr. President, addressing myself to the particular amendment that is pending, I desire to call attention to a publication by the Bureau of Labor Statistics on the Trend of Employment, and to call attention to the fact that in table 2 there is given a list of 73 industries and the hours of labor worked in those industries during the month of January 1933. The table shows that in those 73 industries the average number of hours per week for each worker was 35.9. So that if the object of this bill be to increase the employment of the Nation, then the adoption of this particular amendment increasing the weekly hours from 30 to 36, regardless of whatever else may be said about the bill, cannot accomplish that object if these figures be correct; and I assume that they are correct.

Mr. BLACK. Mr. President, I do not want to interrupt the Senator.

Mr. HASTINGS. I yield to the Senator from Alabama.

Mr. BLACK. I desire, however, to call his attention to the fact that those tables which I have show the average hours per week worked. There are a great many employees who are working vastly longer hours than the average. In addition to that fact, there is a limitation in this bill of the hours per day; and to reach the average of 35 hours per week the figures which I have, and which have appeared in the RECORD, show that they are working 8, 9, and all the way up to 16 hours per day.

Were there not a limitation in this bill of the hours per day, insofar as the average is concerned the Senator's argument would be applicable; but the Senator can readily distinguish the difference, in the first place, between the average hours worked when a great many are working more than that average per week, and, secondly, the vastly more important difference is that there is a limitation here on the hours per day; and the 35 hours may have been worked in 2 days or 3 days, which would be far more than the average daily work provided in this bill.

Mr. HASTINGS. I am not quite certain that I understand the contention of the Senator; but, of course, it may be said that we may pick out of these industries various longer hours. For instance, here is the baking industry, where the hours were 46.4 in January 1933. Now, of course, if that were limited to 30 hours, something would be saved, I admit. I am only calling attention to the publication, however, and calling attention to the fact that out of 73 industries at the present time the average is 35.9 hours per week. Whatever explanation Senators may care to make with respect to it, I submit that it is of some importance in this argument.

I desire, in answer to a further suggestion made by the Senator from Alabama in his argument as to the share-the-work movement, to say that the chairman of the national committee of the share-the-work movement reported on January 1, 1933, that more than 5,000 corporations and firms had adopted the work-sharing principle in some form, and that at the beginning of 1933 there were on the pay rolls of these enterprises more than 3,500,000 persons who would have been idle but for the application of plans for spreading the work. My recollection is that that effort began some time in August of last year, and I think that it has accomplished a great deal.

Mr. President, I shall not detain the Senate longer; but I cannot understand how those of us here who have the very high regard which we all have for State rights, and have in mind the importance of guarding those rights with great jealousy, can for a moment be anxious to force upon the Nation, through an opinion of the Supreme Court, the absolute right of the Federal Government to control all things produced in a particular State.

To my mind, while nothing is more important, perhaps, than to get these unemployed people a job, I conceive that it would be of the greatest distress to the Nation if this bill should pass and if the Supreme Court should reverse itself and hold to the opinion that the Congress has the right to do whatever it pleases with respect to interstate commerce, thus depriving the States of those principles to which they have clung so tenaciously ever since the foundation of the Republic.

Mr. BAILEY. Mr. President, I shall vote against the amendment offered by the Senator from Arkansas [Mr. ROBINSON], and also against the bill. I would as soon give the Congress the power to fix the hours of labor at 1 hour per week as 70.

While the amendment of the Senator from Arkansas may seem to modify or ameliorate the monstrous evil of the bill, the whole proposition is so abhorrent to sound economics and to the character of our Republic that notwithstanding I have received numerous telegrams and importunate demands to offer amendments, I have been and shall be content to vote against the entire proposition, in whatever form it may be presented. I shall proceed very briefly to give my reasons.

The bill would deprive the several States of the power which they have enjoyed from the foundation of the Republic to this hour, to govern and to attend to and to regulate their domestic affairs and their industries and the hours of labor in industry, and, in fact, those things which are essential in the life and the civilization of the States.

We have had a strange course here lately. The States first became borrowers from the Federal Government. More recently they became beggars from the Federal Government, and now it is proposed to destroy the last vestige of their self-respect, deprive them of their rights and their powers, and, under every implication of this measure, erect here in the name of our Republic a centralized socialism that would negative, as I conceive it, every particle of the character of the Union itself, and inevitably would predicate that communism which we all profess to abhor, but which we all continually seem to court.

I had been hoping that the American Nation, notwithstanding its desperation, would be content for the unfortunate nations on the Continent of Europe, and even reaching over into Asia, to perform their experiments with socialism and with communism, that we might stand off from afar and, in the security of 140 years of glorious and successful national life, mark the vicissitudes of their experiments. But the pending bill proposes that we shall follow in the fateful train of the nations across the sea, from not one of which have I heard and from not one of which have I seen one word of light tending to give us comfort or guidance.

I register here, as a Senator from the State of North Carolina, a solemn protest against the proposed destruction of her fundamental rights and functions. I still conceive of that Commonwealth as a commonwealth. I know she is a dutiful and loyal member of this Union, that she is an integral part of this structure we call the American Republic, but I know also that she was a State before there was a Union. Down in my heart, while I hope the Union may last—and I avoid any idea of rhetoric here about the Union and the Republic—while I hope the Republic may last, I do hope and I do pray that, whether the Republic lasts or the Union lasts, the Commonwealth of North Carolina will last, and I think it important to the permanency of her institutions that I, as one of her Senators, shall register this protest.

I consider this bill as a denial of the liberties, and the essential liberty for the preservation of which this Union

was created, the right of personal liberty. I wish I had time to go into an exposition of that. We use the word "liberty" in the preamble to the Constitution without realizing that it sums up within just a few letters all the historical liberties of the English-speaking race; and we come here with one bill which proposes to tell the employer how long he shall employ a man and proposes to tell the worker how long he shall work.

It is precisely that negation of liberty that lays the foundation of the order in Europe, and, if I may with propriety say so, particularly the order under the Italian dictator and the tyrant who rules over Russia. We make our progress in that socialism only by way of despoiling everything that America ever meant; and the Republic ceases to have its meaning and the Union ceases to be the Republic which our fathers handed down to us whenever we attack, whenever we impair the liberties which our fathers gave to us for an inheritance.

Mr. President, I rejoiced when on yesterday the Senator from Idaho [Mr. BORAH] struck down with one blow the absurd—I will not trespass to go further—the absurd argument of "emergency." I did not think I would ever live to hear anybody say that the oath of my office here, to maintain true faith and allegiance to the Constitution of the United States, the only oath that I take, was one I might vary with the winds. But this bill was projected upon that theory of emergency, and when that went down the whole thing went down, and the bill would have to be rewritten. It is predicated upon emergency; yet that is gone.

Having said that, I wish to say one word about a constitutional feature which has not been mentioned. The courts are clear, the decisions are here and are in the RECORD, and an affirmative vote for this bill can mean but one thing; that is, that the man who votes for it wishes to raise a presumption of constitutionality of a bill or a measure the whole principle of which has been declared unconstitutional.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BAILEY. Let me finish my sentence. I abhor that presumption. I do not know to what lengths I would go to repudiate and denounce and condemn that presumption. If I had no other reason for voting against this bill, I would vote against it in order that at least I might have registered my will that this presumption shall under no circumstances be raised. We know that if the bill becomes law, it then will go to the Court with the presumption of validity and of constitutionality.

Now I yield to the Senator.

Mr. LONG. The able Senator is no doubt familiar with the jurisprudence that prevents a commodity being transported in interstate commerce if a railroad has any interest in its manufacture. That was not decided by a divided court opinion, as I remember.

Mr. BAILEY. Very well.

Mr. LONG. Also the monopoly statute, which prevents even a Bible, as the Senator from Alabama has suggested, being transported if it has been manufactured by a monopoly. Those would certainly give the Senator all the necessary constitutional authority for what might be held in the *Dagenhart case.*

Mr. BAILEY. Mr. President, I have seen the gymnast perform in the top of the tent, sometimes on the floor of the Senate, but I have never yet seen one who could make successfully the leap from the right to regulate the articles which may be shipped in interstate commerce to the right to fix the wages or the hours of a man who is working on an article which may be shipped. Others may be capable of that, but I was never practiced in legislative gymnastics, and I am afraid it is too late at least for me to learn.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator from North Carolina yield to the Senator from Kentucky?

Mr. BAILEY. I yield.

Mr. BARKLEY. There is a good deal of surface inconsistency, it seems to me, in the decisions of the Supreme Court bearing upon interstate commerce. There may be a thread of consistency that runs through all of them.

Mr. BAILEY. Will the Senator let me ask that this time be not taken out of my time, because I should like to have my full time?

Mr. BARKLEY. I will not ask the Senator the question.

Mr. BAILEY. Go right ahead. I should like very much to have the Senator propound his question.

Mr. BARKLEY. I had forgotten that the time was limited.

Mr. BAILEY. Perhaps the Chair can take the time out of the time of the Senator from Kentucky.

Mr. BARKLEY. He could not take it out of my time.

Mr. BAILEY. I understand the Senator from Kentucky is to speak on the bill, and I assure him I do not think there is anything I could contribute by way of light to his thinking on this subject.

I wish to go into the economic principle involved. I assert that the effect of the bill would be, not to increase employment, but to increase unemployment; and I want to be heard about that.

Mr. President, the basis of employment of labor in any place on earth is this: The number of men employed is always in direct ratio to the amount of capital invested, and invested in productive enterprise, and just so long as the Congress of the United States continues to hold over capital—and by capital I do not mean money furnished by men of very great wealth, but that furnished by men of moderate means, who have to invest their money in industries——

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. BAILEY. May I speak on the bill for 15 minutes?

The PRESIDING OFFICER. The Senator will have 30 minutes on the bill.

Mr. BAILEY. I thank the Chair. I was saying that the principle of employment is that the number of men employed is determined absolutely by the amount of capital invested in productive enterprise. Whether we would change that or not, we cannot change it any more than we could change the law of gravity, and any employment based upon public funds or taxation or appropriations is bound to fall under that law and come duly and expeditiously to an end. We have to rebuild this fallen structure by way of undertaking to encourage the investment of capital in order that men may be employed. There is no doubt about that. But I will make this statement, and I make it after serious thought: A man in the United States with $500, or $5,000, or $10,000, or $50,000,000, who would invest a dollar in any enterprise under these circumstances, and with the threat of this bill hanging over his head, ought to be put into an institution for the feeble-minded and cared for at public expense.

If the taxgatherer or the bureaucrat or the regulator lays his hands upon it, if you get back 10 percent of it, you will be fortunate.

We will never rebuild the country on any other principle.

I have meditated about the depression. I have read a great deal about the depression. I shall have some remarks to make about the depression. It is said it is like others. It may be, and it may not be. Some say it is worse than the depression of the thirties. Others say it is not. Some say it is worse than the depression of the nineties. Others say it is not. I will tell you one thing, Mr. President, which it seems we have not thought about. This is the only depression in the history of America with which the Government has continued to meddle. In my candid opinion, it would not be difficult at any rate to raise a profound suspicion that it has been prolonged and intensified and extended by weight of the incontinent meddling of the Government of the United States. I have written down a list of those meddlings.

We started with the tariff in 1930—in June. The leader on the other side of the Chamber then said that 30 days after the tariff bill passed the whole thing would be over, and we would be on the way to prosperity again. Even the

President thought so. What was the consequence? I do not have to answer.

Then we erected, in the name of the farmer, the Farm Board. That was to cure everything. That was in the Republican platform. That was in the campaign addresses of the Republican candidate for the Presidency. That was the hope held dear to the hearts of Democrats as they voted for the same measure. What was the consequence? I do not have to answer. The consequences are here in the despair of 6,000,000 farmers.

Then we had the moratorium with Germany, and that was to clear everything. The consequence of that was that we got inveigled into a situation in which France actually argued that we had had a novation in equity and so had released her from her obligations. Certainly this Republic and its conditions did not improve.

Then we had the Reconstruction Finance Corporation. The Reconstruction Finance Corporation undoubtedly offered the American banks—and I think the depositors in those banks who were wise enough to draw out their money—a great deal of relief. The wise ones got the Government's money by way of the conduit of the broken banks. I will say that it did some good. Altogether, Mr. President, we are in the presence of the witnesses, are we not? The very collapse and all the horrors which we sought to prevent by the enactment of that measure have befallen us. We will have to agree to that.

Then we had the home-loan bank, which was going to save, as the people thought—I do not think Senators thought it—all the homes of all the distressed people of the United States. But they have not been saved.

They are the remedies. They are the interferences. I make the prediction that the economic historian will review this era and put the stamp of disapproval upon every one of them. Yet we continue to fumble, we continue to meddle, we continue to interfere, and now we undertake to say to the men and women in America who do have work that they shall have only 30 hours' work a week, and we say to industries which are operating, "We are going to take charge of you and fix your hours", and I suppose fix the wages, because the one goes with the other.

Mr. President, one final thought. There has been a great deal of argument made here in the Senate about matters being so bad that we can afford to do anything. Matters are bad. I think matters are worse in America than anybody in America realizes, and I make that statement after much meditation. Matters are worse in America than anybody here realizes, but they can be made much worse than anybody here can ever realize. That should give us pause. I suggest to the Senate and to the Congress and to the American people and to the administration that we pause a little, look back over the 45 months which have elapsed, look over the meddling and the legislation we have perpetrated, and then very solemnly consider whether this whole business of experimentation is not leading us on the way to indescribable depths.

I have some faith in the old ship of state. I believe solemnly that it will be better to anchor the American Republic to the Constitution and ride the storm out; and if peradventure it should go down, at least we would have gone down in a decent ship. I am willing to stand the storm. I know there is a great deal of hardship ahead of us. I do not profess to comprehend the situation, but I know down in my heart that we can make it infinitely worse, and I gravely suspect that that is precisely the process that is going on.

I think, Mr. President, that we labor under something in the nature of hysteria. I would not lay that charge to any Senator, but we fall at times into a sensibility to our situation that so disturbs our poise and so upsets our thinking that we hardly know what we are doing. It is not the hysteria of men who run to and fro and cry in the streets. It is the hysteria that upsets the great will and the firm purpose and the regard for the great traditions which have guided us from the foundation of civilization to this hour, and in disregard of which no one has ever gone forward; and we cannot hope to go.

I have said to myself, Mr. President, since that fateful tragedy yonder on the sea at midnight on Monday of this week that it is not beyond the possibilities that after a little the character of this Republic, the traditions of this Republic, the Constitution of this Republic, all that we mean by "this Republic", can be so affected by legislation that the ship of State in which the fathers sailed and which they handed down to us, and which it is the dearest wish of my life to hand down to those who come after me, my own blood and the blood of all others in our land, may be as complete a wreck as that which we find floating in the Atlantic or resting upon its floor that once serenely sailed the skies, bearing the name, "*Akron.*" [Applause.]

Mr. LEWIS. Mr. President, I beg to tender an amendment to the bill pending and have it printed and lie on the table.

The PRESIDING OFFICER. The amendment is not in order. The amendment of the Senator from Arkansas is pending.

Mr. LEWIS. I do not wish to have it considered now. I wish to have it offered and take its proper place on the table for consideration at the conclusion of the amendment now under consideration.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will lie on the table.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment to the pending bill and ask that it may lie on the table for future consideration at the proper time.

The PRESIDING OFFICER. The amendment will lie on the table. The question now is on the amendment of the Senator from Arkansas [Mr. ROBINSON].

Mr. COSTIGAN. Mr. President, I do not share the apprehension over the proposed legislation expressed by the Senator from North Carolina [Mr. BAILEY]. Government must finally make adjustments to serve the overwhelming needs of humanity.

To some of us the 30-hour bill, however imperfect in form and even though destined to constitutional attack, is the embodiment and declaration of a paramount principle. It expresses in substance, superior to its statutory wording, certain long held and publicly declared convictions. A vote in support of it, therefore, rises to the level of the fulfillment of public commitments with respect to both the pending amendment of the Senator from Arkansas [Mr. ROBINSON] and the measure of the Senator from Alabama [Mr. BLACK].

The foremost problem of civilization at this hour is unemployment, along the borders of which run the shadows of dreaded unemployment, halting and breaking the courage and independence of those who are still employed. One of the immediate tasks of this administration which cannot be denied or evaded is to come to grips, as this bill in part attempts to do, with this mighty menace. In the absence of some reasonable abatement of the evils of unemployment now blighting the lives of millions of our fellow citizens all other efforts of our present Federal leadership are destined to prove superficial and unavailing. Not only must the Nation halt the deflationary processes which continue to hold us in their remorseless grasp, we must also aid in giving the rank and file of the country the ability by means of earnings which are adequate to sustain fit standards of living sufficient purchasing power to galvanize into action our silent factories and to stir to new and profitable production the idle fields of America. We have been legislating for starving men. It remains for us to provide as soon and so far as practicable, security for ruined men.

One other aspect of the pending bill must be kept in mind. It will not suffice if our present economic tragedy merely results, whether through natural forces or legislation, in divided employment with lessened aggregate opportunities for American workers. Such an outcome will spell no upward surge of compelling and effective consuming power. Widened employment to be properly serviceable to society should be associated with sustained, not reduced, pay for workers, and the full legislative powers of the Congress should be mobilized for that purpose. It is therefore desir-

able that a supplementary measure having that purpose in view, if the pending measure does not so provide, shall follow legislative action on the pending bill.

It should be added that the vast popular support and enthusiasm marshaled during the first weeks of the present Administration testify in part to the extraordinary talents and leadership of President Roosevelt. We should, however, not forget the reasons for that popular response. The country has acclaimed a pioneer in the field of statesmanship whose swift Presidential action has dared to set aside precedents in an effort to advance remedial legislation. Whether the President has demanded economy in Government with a view to the support of Federal credit or has called for substantial expenditures to feed the hungry and clothe the naked, a stimulated people have followed because his leadership has been bold, original, decisive, and inspired by love of country and humanity. Our future public course demands further experimental initiative, and one need do no more than appeal to the administration's example since the 4th of March of this year to justify a rejection of the tendered amendment of the Senator from Arkansas or to vindicate support for the significant principle presented in the pending bill.

Mr. DUFFY. Mr. President, I should like to propound an inquiry to the Senator in charge of the bill regarding a matter that has seriously disturbed a good many people in my State. Wisconsin has the reputation of being the leading dairy State of this Nation, perhaps because there is manufactured in that State more cheese, for instance, than in the other 47 States put together; and it so happens that in the dairy sections of our State, at practically every crossroads, there are little creameries and cheese factories, which are very often one-man affairs. Sometimes these factories are owned by an individual, and frequently are owned by cooperatives. The point about which I wish to inquire is this: Very often they can operate these 1-man creameries with 6 hours a day of labor; but, with varying weather conditions and differences in temperature, it sometimes becomes necessary to run beyond that time for half an hour or an hour or 2 hours. My inquiry is really twofold: First, is it contemplated that an employee who would be the only one there, perhaps, hired by a cooperative, would be considered perhaps the manager and therefore exempt from the operation of the bill, or would it be necessary in each such instance to apply to the Secretary of Labor in order to come within the exemptions that are contemplated? I have had so many inquiries today along that line that I should like to have the observations of the Senator in charge of the bill, if I may.

Mr. BLACK. Mr. President, I will say, certainly, under the state of facts the Senator sets out, that the man who was in charge would be the manager of the business and would need no permit of any kind; neither would the association. I do not think there is any question about that.

Mr. CLARK. Mr. President, the bill which the Senate is, I hope, to pass today is one of the most important which has ever come before this body, and, in my judgment, it presents one of the most momentous issues which will ever be presented to the Congress. It represents an effort upon the part of Congress to take up the slack of unemployment, which has created a condition so menacing in its possibilities, so fraught with cataclysm and disaster as seriously to threaten the very existence of our whole economic system.

This bill, Mr. President, is designed to reverse the vicious circle which has led to so much economic disaster, so much human misery and suffering, so much menace to the perpetuity of our institutions.

Through the development of the machine, the constant gearing up of industry to mass production, the eagerness of capital to seize for its own greater remuneration every advance in means of production through improvements in the art of the invention of machinery, a condition has been created in which even in normal times we are forced to contemplate a portion of our population, running well into the millions, as being steadily out of employment. When I say "normal times", Mr. President, I mean even such times of illusory and fictitious prosperity as preceded the titanic crash of 1929. If the conditions of that year could be restored, we would still face an unemployment roll of millions.

This mounting unemployment must necessarily affect in a most drastic way the purchasing power of the consuming class, who are also the working class, whether on the farms or in the cities. And when the purchasing power of the consuming class is affected it immediately reacts upon business, upon manufactures, upon production, upon capital return. This again leads to further increase in unemployment, further decline in the mass purchasing power of the consumers, and this to a further fall in production and a decrease in capital's profits. And so we have the vicious circle.

This bill, Mr. President, proposes to reverse the movement in that circle. It proposes to reverse it by starting with the unemployment situation and by limiting the hours of labor in industry, to force a drastic decrease in unemployment, a better and wider distribution among all the potential workers of the work to be done. The improvement in the mass purchasing power must be immediately reflected in an increase in mass consumption, and this, in turn, by increase in production, improvement in business, and betterment in capital returns. So we have the vicious circle made into a beneficent circle.

Mr. President, I know it is said by many that a reduction in the hours of labor will automatically result in a reduction of wages in the same proportion to those now employed. Such has not been the experience of mankind. Exactly the same arguments and predictions have been interposed to oppose every proposal for shortening the hours and improving conditions of labor in the history of the race. The same argument was advanced, the same dire forebodings were expressed, when it was proposed to shorten the workday from 12 hours to 11 and later from 11 to 10 and later from 10 to 8. And in each case these fears were proven unfounded. Shorter work hours have been accompanied by higher wages. Certainly no one would contend that the converse of such arguments as those made by the Senator from Pennsylvania [Mr. REED] has been demonstrated in the present economic disaster and that the lengthening of work hours has produced higher wages. No one will contend that as the hours of toil in some industries have increased from 8 to 10 to 12—in some cases even to 14 hours—a corresponding increase in wages has been brought to the worker. Far from it. The hearings on this bill before the Judiciary Committee and a staggering mass of other evidence conclusively demonstrate the fact that longer hours of labor have been accompanied by steadily falling wages, increasing unemployment, lowered consumption, and declining production.

But, Mr. President, even if we were to assume for the purpose of argument that temporarily at least this cutting of the hours of labor would result in automatic reduction of wages to those now employed, it would still be in the interest of society and the public welfare and for the workers themselves. It is better that 8,000,000 men work 6 hours a day than that 6,000,000 men work 8 hours a day and the other 2,000,000 be left to starve or eke out a miserable existence eating the bread of charity. For even if the gross amount of the wage for the 6,000,000 employed at 8 hours per day and the 8,000,000 employed at 6 hours per day be conceded to be the same, as an initial proposition, the prospective consumptive power of 8,000,000 self-supporting wage earners must be vastly greater than that of 6,000,000 wage earners and 2,000,000 derelicts dependent upon charity. If this be true, then it must inevitably follow that as the segment of unemployment is cut down or eliminated consumption is increased, production must be speeded up, and wages must of necessity be increased.

So, Mr. President, while naturally I was moved to the point of tears on yesterday, as you, sir, must have been, by the pathetic eloquence of the Senator from Pennsylvania, when, in moving accents, he depicted his heartbreaking solicitude for the welfare of the laboring class and the farmers—eloquence which the distinguished Senator has

too often exercised in the advocacy of tariff iniquities, the defense of income-tax refunds to malefactors of great wealth, and the emasculation of the laws against trusts and monopolies—while, as I say, such perfervid pleas for the laborer and the farmer on the part of the Senator must have impressed us all, nevertheless I believe this bill, embodying a great constructive reform, ought to pass and will pass this body.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Louisiana?

Mr. CLARK. I yield.

Mr. LONG. Was the Senator from Missouri moved to tears by reason of the eloquence of the Senator from Pennsylvania or by reason of his conversion?

Mr. CLARK. I was moved to tears by the eloquence of the Senator from Pennsylvania.

On yesterday, Mr. President, the Senator from Oklahoma [Mr. GORE] sarcastically remarked that this proposed act should be amended to provide that it should be designated as the "Black Act." In my judgment, such an amendment is unnecessary, because the law will inevitably be known as the Black Act, constituting the chief claim to fame of the Senator from Alabama and standing in the time to come as a shining and impressive monument to the ability, courage, industry, and humanitarian spirit with which the Senator from Alabama has prepared this bill and conducted its course to passage. I may add that in the coming time I believe that the enactment of this bill will stand high upon the list of the achievements of the administration of Franklin D. Roosevelt.

Mr. President, I do not wish to detain the Senate in a discussion of the constitutional features of this bill, which have been discussed here at great length and with such impressive ability on both sides, other than to say that earnest consideration of the principles involved and diligent examination of the precedents cited has led me to the conclusion that the act is constitutional. Furthermore, I agree with the principle laid down by the able Senator from Idaho [Mr. BORAH] and the distinguished majority leader, the Senator from Arkansas [Mr. ROBINSON], that there is nothing in a 5 to 4 decision of the Supreme Court on closely controverted questions of constitutionality which should bind the mind and conscience of a Senator or Representative against voting for the passage of an act which would again submit the same or similar questions to the Court's consideration. There is nothing sacred about the decision of the Supreme Court in the *Child Labor case,* and I hope to see that decision reversed when the Court passes upon the pending bill.

I was not impressed with the soundness of the very able and ingenious argument of the Senator from Alabama to the effect that Congress by the declaration of an emergency could make constitutional the exercise of powers otherwise unconstitutional. It is precisely in times of stress and emergency that the guaranties and separation of powers of the Constitution should remain most sacred.

Nevertheless, I shall vote against the amendment which I understand is to be offered by the Senator from Idaho striking out the preamble of the bill. While I do not believe that the declaration of an emergency could make constitutional an act otherwise unconstitutional, nevertheless I deem it proper for the Congress, in the exercise of constitutional powers in a matter of such momentous consequence, to set out the circumstances and conditions which have appealed to its legislative judgment in taking such action.

Mr. President, in my personal campaign platform, announced nearly a year and a half ago, I declared for a 6-hour day but not for a 5-day week, it being my idea at that time that the establishment of a 36-hour week would be a sufficiently drastic reduction to largely accomplish the necessary reform. A study of the hearings before the Judiciary Committee, however, has convinced me that the establishment of the 30-hour week is far preferable and that the maintenance of a 6-hour day as against an 8-hour day is so far preferable as to amount almost to necessity. If the principle of the benefits to be derived from reduction of hours of labor be sound, then I believe that we are liable to err here in the direction of not going far enough rather than in the direction of going too far.

I know the undeviating spirit of support which the Senator from Arkansas has given to this legislation, as he formerly gave his support and leadership to the child-labor legislation. I am extremely reluctant to differ with him upon this matter; but, in view of the facts presented in the hearings on this bill, I feel constrained to stand with the author of the bill, the Senator from Alabama, and shall therefore vote against the amendment offered by the Senator from Arkansas. I may say, however, that either with or without the Robinson amendment the measure will amount to a great step forward in the alleviation of our economic disaster, and that with or without the Robinson amendment I will take pride in voting for the Black bill.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arkansas [Mr. ROBINSON].

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk (Mr. Frazier) called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Reynolds
Ashurst	Couzens	Keyes	Robinson, Ark.
Austin	Cutting	King	Robinson, Ind.
Bachman	Dickinson	La Follette	Russell
Bailey	Dieterich	Lewis	Schall
Bankhead	Dill	Logan	Sheppard
Barbour	Duffy	Lonergan	Shipstead
Barkley	Erickson	Long	Smith
Black	Fess	McAdoo	Steiwer
Bone	Fletcher	McCarran	Stephens
Borah	Frazier	McGill	Thomas, Okla.
Bratton	George	McKellar	Thomas, Utah
Brown	Glass	McNary	Townsend
Bulkley	Goldsborough	Metcalf	Trammell
Bulow	Gore	Murphy	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Harrison	Norbeck	Van Nuys
Capper	Hastings	Norris	Wagner
Caraway	Hatfield	Nye	Walcott
Carey	Hayden	Overton	Walsh
Clark	Hebert	Patterson	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	

Mr. LEWIS. Mr. President, I desire to announce that the Senator from New York [Mr. COPELAND] is necessarily detained and that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate on official business.

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present.

INCREASED SALARIES OF LIFE-INSURANCE COMPANY OFFICERS

Mr. ROBINSON of Indiana. Mr. President, I do not desire to delay a vote on this amendment, and shall take only a moment of time; but some figures published in the St. Louis Post-Dispatch I think are of special interest just now not only to the Senate but to the country.

While wages and salaries have been decreasing all along the line, and hours of employment have been increased by big business, it develops here that the great insurance companies of the country whom we have done so much to help through the Reconstruction Finance Corporation and the machinery that has been provided by the Congress have increased the salaries of their executive officers, in some cases enormously.

I desire to invite the attention of the Senate to two or three of these increases.

For example, the Equitable Life Assurance Society in 1929 paid its president, T. I. Parkinson, $75,000 a year. In 1932, after 3 years of depression, it paid its president $100,000 a year. Instead of taking a cut in salary, he was increased $25,000.

In 1929 one of the company's vice presidents, L. M. Fisher, drew $34,375 for a year's work. In 1932 he drew $40,000.

W. J. Graham, another vice president, in 1929 drew $34,375; but after 3 years of depression that salary had grown to $40,000 in 1932.

D. A. Walker, another vice president, in 1929 drew $17,187; but in 1932, after 3 years of depression, after the wages,

salaries, and benefits of employees, veterans, and others all over the country had been reduced enormously, his salary had been increased to $20,000.

Metropolitan Life Insurance Co.: In 1929 F. H. Ecker, the president of that company, received $175,000 a year for his work. In 1932 his services had become so indispensable to the company that they raised his salary $25,000, and now he gets $200,000 a year.

In 1929 L. A. Lincoln, a vice president of the company, received $66,875. Now he gets $125,000 a year—nearly double.

Other vice presidents and executive officers of that company are raised in pretty much the same proportion as its president. I have the figures here, and will insert them in the RECORD.

Mutual Life Insurance Co.: D. F. Houston, president, in 1929 received $100,000, but in 1932, the last year of the depression, his salary had been increased to $125,000.

Other executive officers of the same company—I intend to put this list in the RECORD—received increases all along the line.

New York Life Insurance Co.: T. A. Buckner, the president, was paid $100,400 in 1929. In 1932 his salary had been raised to $125,400, an increase of $25,000. Other executive officers of the same company likewise received increases.

The Prudential Insurance Co. of America, it is true, did not raise the salary of its president. Its president, E. H. Duffield, in 1929 received $125,000 a year. In 1932, however, he was still receiving $125,000 a year. But one of the vice presidents of that company, who received only $48,000 for his work in 1929, had become so valuable in wrestling with the depression during the 3 years that his salary was raised to $50,000.

All these enormous salaries are being paid by the people. This becomes important to us, because much of the legislation that has been enacted to cure the depression has been presumably enacted in the interest of the big insurance companies.

Mr. President, I will read the concluding paragraph in this article, which is in point:

> Let policyholders who find the doors of these companies closed to them when they apply for loans, when they find Congress, State legislatures, and State insurance commissioners tumbling over themselves in an eager effort to help insurance companies through the depression—let them read these figures and weep.

Mr. President, I ask that this entire article be incorporated in the RECORD. I think it is decidedly important.

The PRESIDING OFFICER. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the St. Louis Post-Dispatch]

BIG SALARIES

To Dempster MacMurphy, of the Chicago Daily News, must go the palm for discovering a type of job impervious to the depression, namely mutual insurance company executives. The insurance companies themselves have been so hard hit by the depression that public authorities have come to their rescue. For instance, New York and other States have prohibited policy loans and the collection of cash-surrender values except surrenders up to $100 in cases of "extreme need" and loans made for the purpose of paying premiums.

It might be supposed that the mutual companies, inspired by the hardships of their policyholders and the almost universal example of other business, would cut the princely salaries their executives enjoy. Mr. MacMurphy finds that, far from doing this, in many cases insurance-executive salaries are actually higher than they were in the boom year of 1929. He points out that the only company giving evidence that its executives realize a depression has hit the country is the Equitable Life Assurance Society, which recently announced a 15 percent cut in salaries of over $5,000.

Here are the salaries of executives of five leading companies:

	1929	1932
EQUITABLE LIFE ASSURANCE SOCIETY		
T. I. Parkinson, president	$75,000	$100,000
L. M. Fisher, vice president	34,375	40,000
W. J. Graham, vice president	34,375	40,000
R. D. Murphy, vice president	20,000	30,000
D. A. Walker, vice president	17,187	20,000
METROPOLITAN LIFE INSURANCE CO.		
F. H. Ecker, president	$175,000	$200,000
L. A. Lincoln, vice president	66,875	125,000
A. C. Campbell, vice president	35,000	40,000
H. E. North, vice president	30,000	35,000
F. W. Ecker, treasurer	27,500	32,500
THE MUTUAL LIFE INSURANCE CO.		
D. F. Houston, president	100,000	125,000
F. L. Allen, vice president	40,000	40,000
G. K. Sargent, vice president	40,000	40,000
W. Shields, vice president	31,250	40,000
P. M. Foshay, vice president	30,000	30,000
NEW YORK LIFE INSURANCE CO.		
T. A. Buckner, president	100,400	125,400
W. Buckner, vice president	55,360	55,400
T. A. Buckner, jr., assistant secretary	8,604	10,000
A. L. Aiken, vice president	45,000	45,000
J. C. McCall, vice president	56,200	55,000
L. H. McCall, secretary	18,892	18,000
H. Palagano, treasurer	46,400	45,000
THE PRUDENTIAL INSURANCE CO. OF AMERICA		
E. H. Duffield, president	125,000	125,000
F. D'Olier, vice president	75,000	75,000
G. W. Munsick, vice president	48,000	50,000
J. W. Stedman, vice president	43,000	43,000
J. K. Gore, vice president	43,000	43,000

Let policyholders who find the doors of these companies shut to them when they apply for loans, who find Congress, State legislatures, and State insurance commissioners tumbling over themselves in an eager effort to help the insurance companies through the depression—let them read these figures and weep.

Mr. ROBINSON of Indiana subsequently said: Mr. President, earlier in the day I commented briefly on the salaries paid executive officers of large insurance companies in the country. I ask unanimous consent to have added to what I then said this very brief statement.

Since I addressed myself to the Senate I have had an opportunity to see a policy of one of the mutual companies. Most, if not all, of these insurance companies are mutual ones. The largest of all, the Metropolitan, has, I understand, considerably over 50,000,000 policies outstanding. A notation on the back of one of them reads:

> The holder of this policy while it remains in force, after one year from its date, will have a right to vote, either in person or by proxy or by mail. For particulars how to vote, apply to the secretary, No. 1 Madison Avenue, New York City.

How many of these more than 50,000,000 policyholders do you suppose had a hand in fixing the compensation of the president at $200,000 and in increasing the compensation of the first vice president from $66,000 to $125,000? And if even a large number of them were dissatisfied with these salaries, how do you suppose they would go about getting together a sufficient number of votes or proxies to reduce the compensation of these officers of a mutual company to the amount they deemed suitable?

It was suggested to me, after concluding my remarks on the subject a while ago, that perhaps the decreased cost of living since 1929 would be the justification sought by executive officers for the vast increases in their large salaries. It has been contended by them that their employees should be ground down to lower wages, to accept tremendous cuts in wages, and to accept lengthened hours of work, because the cost of living is much lower now than it was in 1929. Could the executive officers and officials of the large insurance companies have had that in their minds when they voted to increase their own enormous salaries to still higher figures?

Mr. NYE. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. Certainly.

Mr. NYE. I wonder if the Senator from Indiana has any information to indicate whether or not these insurance company executives hold memberships in the National Economy League?

Mr. ROBINSON of Indiana. I have not any direct information on that subject, but the figures in the RECORD and the names of contributors heretofore placed in the RECORD, who have much to do with all these vast corpora-

tions, I think probably would answer the Senator's question. I have no doubt they have all been active in the National Economy League.

Mr. NORRIS. Mr. President, I have before me and had intended to place in the RECORD, but I understand the Senator from Indiana has done it, a list of the salaries in 1929 and 1932. I was absent so I am not sure whether the Senator has done so or not. Did the Senator place that list in the RECORD today?

Mr. ROBINSON of Indiana. I think it is the same list.

Mr. NORRIS. If the Senator has not put it in the RECORD, I would like to have him do so.

Mr. ROBINSON of Indiana. Yes; this is the same list that I asked to have incorporated in the RECORD.

Mr. COSTIGAN. Mr. President, has the Senator from Indiana applied the cost-of-living index to the increased salaries which he is discussing?

Mr. ROBINSON of Indiana. No. I remember the index. It was suggested in passing the economy bill that we go by an index, and that means setting aside the Constitution and practically having it read that from this time forward the United States Government shall be ruled by an index. The index had to do with the cost of living in 1929 and the cost of living today. It was indicated, I think, that the cost of living is some 23 percent lower now than it was then. That was the excuse given for decreasing the pay of all Government workers. I think the last pay cut was 15 percent. While we reduce the pay of those in the lower brackets all along the line, who spend practically all they make for food and shelter and clothing, the executives of big business in the United States hike their pay to figures never before heard of, even in the most prosperous times.

5-DAY WEEK AND 6-HOUR DAY

The Senate resumed the consideration of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Arkansas [Mr. ROBINSON].

SEVERAL SENATORS. Let it be read.

The PRESIDING OFFICER. The amendment will be read.

The CHIEF CLERK. On page 2, line 8, strike out the words "5 days" and insert in lieu thereof the words "36 hours", and on line 9, strike out the word "six" and insert in lieu thereof the word "eight", so as to read:

> That no article or commodity shall be shipped, transported, or delivered in interstate or foreign commerce, which was produced or manufactured in any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment situated in the United States, in which any person was employed or permitted to work more than 36 hours in any week or more than 8 hours in any day.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the senior Senator from Arkansas [Mr. ROBINSON].

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I do not know how he would vote; therefore I withhold my vote. If I were permitted to vote, I would vote "yea."

Mr. NORBECK (when his name was called). I have a general pair with the senior Senator from New York [Mr. COPELAND], but I understand that if he were present he would vote as I shall vote, and I therefore vote "yea."

The roll call was concluded.

Mr. KING (after having voted in the affirmative). I have a pair with the Senator from Vermont [Mr. DALE]. Not being able to obtain a transfer, I am compelled to withdraw my vote.

Mr. LEWIS. I desire to announce that the Senator from New York [Mr. COPELAND] is necessarily detained from the Senate.

The result was announced—yeas 41, nays 48, as follows:

YEAS—41

Austin	Fess	Kendrick	Russell
Bachman	Fletcher	Keyes	Steiwer
Bankhead	George	Lewis	Stephens
Barbour	Glass	McKellar	Townsend
Byrd	Goldsborough	McNary	Tydings
Byrnes	Gore	Metcalf	Vandenberg
Carey	Hale	Norbeck	Walcott
Connally	Harrison	Patterson	White
Dickinson	Hastings	Reed	
Dieterich	Hebert	Reynolds	
Duffy	Kean	Robinson, Ark.	

NAYS—48

Adams	Caraway	La Follette	Robinson, Ind.
Ashurst	Clark	Lonergan	Schall
Bailey	Coolidge	Long	Sheppard
Barkley	Costigan	McAdoo	Shipstead
Black	Couzens	McCarran	Smith
Bone	Cutting	McGill	Thomas, Okla.
Borah	Dill	Murphy	Thomas, Utah
Bratton	Erickson	Neely	Trammell
Brown	Frazier	Norris	Van Nuys
Bulkley	Hatfield	Nye	Wagner
Bulow	Hayden	Overton	Walsh
Capper	Johnson	Pope	Wheeler

NOT VOTING—6

Copeland	Davis	Logan	Pittman
Dale	King		

So the amendment proposed by Mr. ROBINSON of Arkansas was rejected.

Mr. FLETCHER. Mr. President, I offer an amendment, after the word "day" in line 9, page 2, to insert the words "*Provided*, That this section shall not apply to commodities or articles produced or manufactured by skilled workers paid on a piecework basis."

In this connection I want to read a telegram from a gentleman who represents the Cigar Manufacturers' Association of Tampa. He says:

TAMPA, FLA., *April 5, 1933.*

Senator D. U. FLETCHER:

Enactment of 30-hour labor bill will close every cigar factory in Tampa. Workers are paid on piecework basis, and at existing wage scale cannot earn enough in 30 hours to support themselves. Exorbitant taxes and other high costs make increase of wages impossible. If enacted bill should contain clause exempting skilled workers paid on piecework basis.

K. I. MCKAY.

I need not enlarge upon that. It states the situation as to a very great industry. There are manufactured in Tampa more than a million clear Havana cigars every day, and the work is done on a piecework basis, not by the hour, not by the day, but on a piecework basis. The effect of this legislation would be to destroy that industry, as stated in this telegram.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. BLACK. May the amendment be read?

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 9, after the word "day" the Senator from Florida proposes to insert a colon and the following proviso:

> *Provided*, That this section shall not apply to commodities or articles produced or manufactured by skilled workers paid on a piecework basis.

Mr. BLACK. Mr. President, before that is voted on, I desire to state, while I regret exceedingly to disagree with any amendment proposed by my good friend the Senator from Florida, of course, the entire labor of the country would become skilled labor, and on a piecework basis, very shortly after such an amendment as this should be enacted. It would open up a floodgate that would make absolutely inoperative the effects of the bill because it would be an easy matter to go from the setting of wages on the time basis to the setting of wages on the piece basis. For that reason I sincerely hope the amendment will be defeated.

Mr. LONG. Mr. President, I voted against the exemption of the canneries, although the State of Louisiana, I

suppose, is more concerned in that business than any other State. I voted against it because I do not want the bill to be chiseled so much. I think it would be a big mistake to chisel the bill so much. I hope other Senators, realizing that the exemption of industries in their States may be essential, will remember that the people in my State want this law to apply to our industries as well. We hope it will be made to apply. We do not want any exemptions.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Florida [Mr. FLETCHER].

The amendment was rejected.

Mr. CONNALLY. Mr. President, I desire to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be reported.

The CHIEF CLERK. On page 2, at the end of line 9, insert the following:

Provided, That this act shall not apply to cotton gins.

Mr. CONNALLY. Mr. President, the business of ginning cotton is seasonal. It lasts only 2 or 3 months in the fall. The cotton is rapidly picked and the gins frequently are compelled to work all night. It would seriously interfere with ginning operations were they not exempted from the bill. I am sure the Senator from Alabama [Mr. BLACK] will have no objection to the amendment.

Mr. BLACK. Mr. President, I may say that my construction of the bill is just the same as it was with reference to newspapers, that it would not include the cotton gins. They, as a rule, are machines requiring only 1 man working at a time, or sometimes 2.

Mr. McKELLAR. Mr. President, if that is the construction to be placed on the Senator's bill, would it not be better to adopt the amendment so there could be no doubt about it? Of course, I am sure the Senator would not interfere with cotton gins in the rush of the cotton-ginning season.

Mr. BLACK. I think exactly the same rule that applies to the canning of perishable products, according to the amendment offered by the Senator from Washington [Mr. DILL], would apply to the ginning of cotton. For that reason I have no objection to it being made clear. I would have preferred to have that added to the amendment of the Senator from Maryland [Mr. TYDINGS]. However, as I said, I have no objection to the amendment of the Senator from Texas.

Mr. BORAH. Mr. President, I should like to know just why the bill does not apply to the particular industry of cotton ginning?

Mr. CONNALLY. I will say to the Senator that I think it does, and that is the reason why I am offering an amendment to exempt it.

Mr. BORAH. If it does, why should it not apply?

Mr. CONNALLY. This is not a year-round business. Cotton gins operate only 2 or 3 months in the fall. The men who engage in that occupation have other work during the rest of the year. Farmers carry their cotton to the gin and it is imperative that they get quick service. Sometimes they must remain at the cotton gin all night. If we should slow down the gins by permitting them to work only 4 or 5 days in the week, we would very seriously impede the preparation of the cotton for market. It would mean a great waste of the time of the farmer, and his team and wagon would be tied up in the meantime. It would not help the men working at the gin. They would not be benefited at all, but the farmer, on the other hand, would be handicapped and impeded.

Mr. BORAH. Would the terms of the bill apply to threshing machines?

Mr. BLACK. I know nothing about the operation of threshing machines.

Mr. BORAH. They operate only 2 or 3 months in the year.

Mr. BLACK. If the same conditions apply with reference to threshing machines, in my judgment the same action should be taken. Cotton gins are located at small places in the country, not even in villages. There is no place convenient in which to store the cotton. The cotton gins are operated usually by one man. Unless they could work during that short period of time, the farmers would have no opportunity to have their cotton ginned as promptly as it should be done.

Mr. DILL. Mr. President, I do not think the threshing machines would come under the terms of the bill anyhow.

Mr. CONNALLY. Would not a flour mill come within the provisions of the bill?

Mr. DILL. A flour mill is something entirely different.

Mr. CONNALLY. That is just one stage of preparation of the wheat, and the threshing is another.

Mr. BORAH. Mr. President, I imagine the provisions of the bill would apply to both. I do not want to join in any brigade of exemptions from the bill, but the tendency seems to be in that direction.

Mr. McKELLAR. Mr. President, may I say that a threshing machine runs only a part of the time during the year. Why ought not they to be excepted, too? I think they should be excepted. I think we ought to say in the bill exactly what we mean. If we mean that we intend to stop threshing machines and cotton gins running more than 2 or 3 days a week, then we ought to say so.

Mr. CLARK. Mr. President, the bill provides—

That no article or commodity shall be shipped, transported, or delivered in interstate or foreign commerce which was produced or manufactured in any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment.

Certainly a threshing machine does not come under the head of any of those categories. It is not a manufacturing establishment. It is not a factory. Certainly it is not a workshop or a quarry. It certainly does not come within the classifications set out in the bill.

Mr. BORAH. My associations with threshing machines has led me to believe that they are workshops. [Laughter.]

Mr. CONNALLY. Mr. President, I am not concerned about the exemption of threshing machines, but I do want to impress Members of the Senate with the necessity for exempting cotton gins.

Mr. BLACK. Mr. President, if the Senator will yield, I desire to say again that I have no objection to the amendment on the ground that it is an exemption. I do not think the cotton gin needs exemption, but some Senators do think so, and I accept it just as I did the definition of a newspaper. I do not think the cotton gin comes within the terms of the bill; but since some Senators are apprehensive, certainly I have no objection.

Mr. LONG. Mr. President, I am like the Senator from Idaho [Mr. BORAH] in that I do not like to see so much exempting of too many things from the bill. I thought cotton gins were covered. I was hoping that they were covered. I come from a cotton State. There is nothing about the cotton-gin business that I know of to keep it from operating on a 6-hour shift the same as anything else. It is the simplest mechanism of any manufacturing plant that I know anything about. I was hoping that cotton gins would be covered by the terms of the bill. If we are going to eliminate threshing machines and cotton gins and keep on with exemptions like that, we will have no bill by the time we go very much farther with it.

Mr. BLACK. Mr. President, there is no question in the world in my mind that the bill does not and never did include the cotton gin. Of course, we mean here to divide up labor in the country, but only as it relates to labor in factories and in manufacturing enterprises. I think that sooner or later we will and should come to the normal short working day in every business in the Nation.

Mr. SMITH. Except farming.

Mr. BLACK. But I do not think it would be possible to legislate with reference to the cotton gin in this bill, because it is not engaged in interstate commerce. I never knew one that is.

Mr. LONG. Oh, yes; it is. Anyone can manufacture a bale of cotton by processing it through a cotton gin.

Mr. McKELLAR. There is no product in the country that is so much in interstate commerce as cotton which is manufactured at gins.

Mr. BLACK. Of course, the cotton is in interstate commerce, but the cotton gin is not engaged in interstate commerce at all.

Mr. LONG. Mr. President, I think we make a mistake when we undertake to deal in anything like sectionalism in these exemptions. One great trouble we have had in the South has been that we have always tried to exempt cotton. It does not need it. The whole structure is the same. Cotton is not a perishable commodity at all. It is easily handled. I think it is a mistake to make an exception of cotton gins in the bill, because there is no reason on earth why a cotton gin cannot operate on a 6-hour shift. It is the simplest machinery in the world to operate. All there is to it is 2 or 3 extra farm hands if anyone wants to operate longer than 6 hours. It is a mistake to write an exemption in the bill for cotton gins and then have someone else offer an exception for threshing machines and someone else offer an exemption for spindles, and then someone else come along and offer an exemption for potato machines and some other kind of machines. We will wind up with no bill. I think we ought to vote down these exemptions. I do not see any reason to prefer cotton gins, and I do not believe such an exemption will help the bill at all. If the cotton gins are not covered, we ought not to begin to write exemptions into the bill at all.

Mr. STEPHENS. Mr. President, in my judgment, cotton gins are not included in the bill, but if there is any doubt about it, it could be made clear that they are not included. I know something about the ginning of cotton. There are four gins located within half a mile of my residence. Sometimes there will be 40 or 50 or more wagons and trucks there with cotton to be ginned. Other times, perhaps for 2 or 3 hours, there will not be any cotton there to be ginned at all. It is absolutely impossible to pick up a man here and yonder, now and then, to carry on the work. This will not be so much of a detriment to the ginner as to the farmer himself. They come from miles and miles around to the gin bringing their cotton. They take their turns there. Sometimes a man with a bale of cotton will have to sit on his wagon or on his truck or stay nearby for 3 or 4 or 5 hours waiting his turn at the gin. If the employees of that gin were called upon to cease work at the end of a 6-hour period, perhaps it might mean that 25 or 30 or more farmers who had come quite a distance with their cotton would have to wait until the next day, or leave their cotton there in the yard and return to their homes and come back the following day.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. STEPHENS. I yield.

Mr. LONG. I know the Senator probably was raised in the cotton business.

Mr. STEPHENS. No; not in the cotton business, but in a cotton section of the South.

Mr. LONG. He has probably picked cotton or seen it picked, and has seen it ginned. It is not a difficult thing to find cotton-gin labor, is it?

Mr. STEPHENS. Indeed it is, particularly for certain parts of the work. I know a good deal about the operation of a cotton gin, though I do not have any personal interest in one. Some of the work, of course, can be done by almost anyone, but the operation of gin stands—the operation of the gin heads, as we call them—is more technical than the ordinary work. The average man cannot operate a gin. With regard to particular kinds of work in the handling of cotton, like putting on the ties and the bagging and things of that kind, it can be done by the ordinary man.

Mr. LONG. Does not the Senator see, since our sawmills have shut down, that we have an immense surplus of men capable of running such machinery as a cotton gin?

Mr. STEPHENS. Oh, there are quite a few people who could operate a gin, but here is the difficulty that the Senator overlooks: We will say that I am a ginner, for example. I have my crew there. They are trained. They understand how to facilitate the ginning operations and relieve men who bring their cotton there from having to remain quite a while or perhaps overnight. Today, we will say, there are 100 bales of cotton brought to the gin. Tomorrow there may not be perhaps more than 10 or 15 bales, which will mean that the employees will have but little work to do tomorrow.

The point I am trying to make is that if gins are required to operate under the provisions of this bill, we will absolutely compel the ginner to employ two or three different crews, although it may happen that for weeks there will not be any work for more than one crew to do. Therefore the others, when they came in at the end of the 6-hour period, after loafing all day, perhaps after having a chance to get other employment, which they would not take because they say, "No; we cannot take that; we are going to work at the gin this afternoon" will find that there is no work at the gin for them to do.

If cotton-gin operations are included in the bill frequently, in order that ginners may accommodate the producers of cotton, they will have to have 2 or 3 different crews, and it will work a hardship not only on the ginners, but on the people who are being employed at the gins and on the producers of cotton themselves.

As I said in the beginning, I do not believe that ginning operations are included in this proposed law; but if there is any doubt about that point, it should be made clear that they are not included.

Mr. SMITH. Mr. President, to those who are familiar with ginning operations it seems to me there need be no argument about the absurdity of having such operations included in the bill. The amount of cotton ginned from day to day will depend on the weather; it will depend on the picking out in the fields. There will be days during the cotton season when there will be no cotton at the gins to speak of and there will be other days when there will be hundreds of bales there.

Mr. WHEELER. Mr. President, will the Senator yield to me?

Mr. SMITH. First, let me get through with what I have to say. As the ginning season is so short, not extending over more than 90 days, along at the end of the season, when they are scrapping up the cotton in the field, they have what they call "ginning days." There is not a Senator here who knows enough about cotton even to get up and say anything on the subject but knows that along toward the end of the season they have what are called "ginning days." The amount of cotton to be ginned is so small, they cannot afford to keep the gin running and keep the crews there every day. So they notify the public that they will have 2 or 3 days a week of ginning. During those times they would have to keep the crews on hand for 24 hours, and, of course, shifts would have to be employed.

There is some skill acquired by the Negroes around the gin, Negroes being mostly the ones employed. They become very skilled in putting the bagging and ties on the bale. I presume, perhaps, there are not many Senators here who know what bagging and ties mean, but I am addressing myself to those who do. Skill is required in putting the buckle on and running the press down, and if it becomes necessary to change the crews back and forth, those who know the genius and characteristics of the darkey know that he may be there and he may not be there. If he is given a shift of 6 hours, I will gamble he will not be there when the time comes for him to take his shift. So the adoption of the amendment would work a hardship on no one, and the number employed is negligible.

I recognize, Mr. President, as every Senator here does, that the installation of labor-saving devices in our great factories, resulting in mass production and displacing the human hand ultimately must be reckoned with; it has got to be reckoned with. There is an equity in these discoveries of genius of which the mass of people should be the beneficiaries, but you, Mr. President, and I ought to go at this thing at least with a semblance of something like study and appropriateness.

This bill fixes for all factories the hours of labor. Had I my way I would provide shorter hours in those factories which have availed themselves of the most perfect labor-saving devices. There are some establishments, however, that cannot accommodate themselves to labor-saving devices, and the gin is one of them. From the day that Eli Whitney invented the cotton gin not an improvement has been attached thereto. He solved the problem wonderfully and completely with his first invention. The only addition that has been made to it at all is to adapt it to power, such as electricity and steam, but it could be worked just as readily by hand. Then came the horse gin and the steam gin and the electric gin, but not one single addition or improvement has been made upon the principle. It is a simple thing.

It seems to me that if we are going to endeavor to compensate for the effect of labor-saving devices, with one machine having a capacity to do the work of a hundred men, we ought to take into consideration the equity that the hundred men have in the machine which has taken their place, but not to be so absurd as to project the program into those industries where there has been no labor-saving device made available.

Mr. President, we have as much right to include in this bill the farmers of the country as any others, but who on this floor would dare say, with the multifarious demands of a farm, the change of the season, the cry of nature for immediate attention, that the agricultural industry could accommodate itself to shorter hours of labor and in the main to labor-saving devices? Let us apply our legislation where it is absolutely indicated. I stand here and maintain that in our great factories, to which have been made available the wonderful inventions of the genius of America, we ought to accommodate the hours of labor to the additional power these devices have meant to mass production, but not run into absurdities and make the very principle that you, Mr. President, and I are fighting for obnoxious. Let us make the plea along the line where it is indicated but not set it over things where it is not indicated.

Mr. CONNALLY and Mr. WHEELER addressed the Chair.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The Senator from Texas is recognized. He has 30 minutes on the bill and 15 minutes on the amendment.

Mr. CONNALLY. Mr. President, I do not want 30 minutes; I want about 3.

I am not primarily concerned with the ginner. I am concerned, however, with the community which the ginner serves. The pending bill is supposed to be in the interest of giving somebody a job; it is designed to spread employment. Here is a ginner with 3 or 4 employes; he has work enough to run his gin a whole week. If he only operates for 5 days he has got to have two shifts. We are not going to help employment in that community by such a requirement. During the cotton season every man can get a job either picking cotton or ginning cotton; there is always a large seasonal demand for labor; in fact, labor is imported from the outside. The man who would work at the gin an extra day, if he were not working at the gin would be working out in the cotton field somewhere; and, meanwhile, if we shorten the hours and make the gin shut down, those who otherwise would be employed are going to kill time, and a large proportion of the neighborhood farmers are going to have their business interfered with. Their prompt ginning, as suggested by the Senator from Mississippi, is going to be interfered with. There will be a crowd of them hanging around the gin killing time, losing time from their own field and their own business in order to give 1 man a job for 1 day. Is there any sense to that? Is there any economy in that? Is that the relief of unemployment? It is increasing unemployment. It is tying up normal activities.

Those who operate the gins are not industrial laborers. The gins are located out in the country. The men who work at the gins for 3 months in the fall work at something else all the rest of the year. They may have farms or they may work on farms; and we are not saving anybody by including gins within the scope of the bill. We are not going to uplift anybody; we are not going to increase anybody's opportunity for employment; we are not going to save anybody economically or in a social-service way. We are simply interfering with the normal activities of people who are trying to attend to their own business and want to be let alone.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Idaho?

Mr. CONNALLY. I yield.

Mr. BORAH. Under what head do ginning operations come in the bill?

Mr. CONNALLY. I am not certain that such operations come under this bill at all, but I know when this bill gets into the hands of those who want to spread it and make it apply to everything else that they are going to strain it to the breaking point to cover everything. A gin might be held to be a factory; it certainly is a processor, for it converts the raw cotton into lint; it separates the seed. It might be held to be a workshop, because men certainly work with it. I am not prepared to say that under a strict construction it might not be exempted, but if the gin is not included in the bill, what is the objection to saying so? Senators who are objecting to the amendment on the ground that the bill does not cover gins, it seems to me, are killing time. If it is not in the bill, let us say so; if it is, let us say so.

The Senator was concerned about threshing machines. I do not know whether he wants threshing machines included or whether he wants them excluded. I think if we are going to talk about threshing machines we ought to know whether they are included in the bill or whether they are not.

Mr. BORAH. The Senator from Alabama, as I understand, thinks they are not included.

Mr. CONNALLY. The trouble about it is that the Senator from Alabama is not going to be one of the inspectors who are going to go around, under the provisions of this bill, to see whether they are in or whether they are not in.

Mr. BORAH. But the Senator from Alabama is the author of the bill and his opinion is entitled to weight.

Mr. CONNALLY. I hope the Senator will follow his opinion when he says that he is in favor of my amendment and that it ought to be agreed to.

Mr. BORAH. He says it ought to be agreed to because it is already included in the bill.

Mr. CONNALLY. The Senator from Idaho, however, knows that while the courts will consider debates in the Congress and will give certain weight to what the draftsmen of a bill thought it included, and what Senators thought it included when they voted on it, still the courts are not bound by that, but say that Congress is held to the language which it adopts. However, if the court thinks the bill includes the cotton gins and threshing machines, they will be included, whether the Senator from Idaho thinks so or whether the Senator from Alabama thinks so or whether the Senator from Louisiana thinks so.

The Senator from Louisiana is opposed to excluding cotton gins. Oh, yes; he is going to improve the laboring conditions in connection with cotton gins, but when he does that he is going to interfere with the normal life of 75 percent of the farmers in the various communities; he is going to make them spend a lot of idle time and a lot of extra feed for their animals while they are idle, hanging around the gins, in order to accommodate one man who will get a job for 1 day extra. That is economy!

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONG. The Senator is a little out of line——

Mr. CONNALLY. I am always out of line with the Senator from Louisiana when he expresses views like that.

Mr. LONG. The Senator is out of line with himself. He says they will all be lying around just to get a job for one man. If one man or two men are given the jobs in the gin

the farmers will not need to lie around. I think the Senator has taken cotton to gin mills, as I have.

Mr. CONNALLY. Yes; I have.

Mr. LONG. Cotton is not a very perishable product.

Mr. CONNALLY. Certainly not, but time is perishable, and it is a waste of time if men are compelled to stand around idle.

Mr. LONG. One can see around the cotton gin, as a general rule, a good many men doing nothing. There are frequently 5 or 6 times more men there whittling than are working in the gin.

Mr. CONNALLY. That is true, and the doctrine of the Senator would increase the whittling; there would be more whittlers and less labor under the Senator's scheme.

I know something about cotton gins. I am not concerned in any cotton gin at this time, but as a boy I have carried cotton to the gin. Of course, the Senator is right; there are a lot of idlers around cotton gins, waiting for their cotton to be ginned. There are a lot of idlers everywhere. There are a lot of idlers in these factories. There are a lot of idlers around and about the Senate. [Laughter.] There are going to be idlers everywhere; but I am trying to speak for the men who do not want to be idle. I am speaking for the man who has a little farm. He is anxious to get out his cotton. He is anxious to get it ginned. He is anxious to get it to the market. He is anxious to have it transported in interstate commerce. I am not willing to tax 100 men, and disrupt their normal business, to give 1 man a job for 1 day when that man does not need the job, because if he wants to work during the cotton season he can get a job anywhere in the cotton area picking cotton or ginning cotton or hauling cotton; and the Senator from Louisiana, if he has any real cotton in Louisiana, ought to know that fact. That is the fact.

I am asking this for the farmer, for the man who produces the cotton and does not want his normal activity disturbed. There is no lack of jobs for men who want to work in the cotton patch when the cotton is white and ready for the harvest.

Mr. FESS. Mr. President, I am not especially interested in this particular amendment. I agree with the Senator from Texas that there is no harm in excluding this particular operation from the bill when there is a question of doubt as to whether it is in it; but my primary objection to legislation of this kind is not on the basis of the shorter day or the shorter week. I am of the opinion that we shall be compelled to meet the problem of unemployment in prosperous times as well as in times of depression.

While this bill is put squarely on the basis of an emergency, of course, if proved to be of value it would likely be continued after the 2 years are up.

I am of the opinion that under the formula of industry, where we are constantly increasing the product by less hand labor, we are bound to have a large amount of unemployment even though we have comparatively prosperous times. So that I think the Senate must face the problem of the slack in employment.

My objection to this legislation is that law must be rigid; it cannot be flexible; and the law that applies to a case that is obviously one to which it ought to apply would apply with the same force to a case where it would be entirely unnecessary. In other words, we cannot legislate and relieve one situation where there is a crying need for relief without applying the same law to a case where it might prove more injurious than helpful.

I am as certain as I am here that industry will have to come to the shorter week. I think it will do so. The figures that were referred to by the Senator from Delaware [Mr. HASTINGS] have been handed to me, brought up to last month, and I find that the average number of hours worked per week during the month of February was 35.9—one tenth less than the number proposed in the amendment offered by the Senator from Arkansas. Looking over this list of 73 articles, I recognize that in certain types of work, like textiles, there is a considerably longer number of hours than are found in other kinds of manufacturing establishments.

I think there is no doubt that we will ultimately, through industry, adopt the shorter week. First, when we discussed the question of a shorter day and a shorter week, it was put on a humanitarian basis. It was always put upon the ground that it was for the public weal. It also had an economic phase, in that an 8-hour day's work would likely produce a greater product than a 10-hour day because of the weariness that would be entailed by the longer day. So that all legislation in the past limiting the number of hours has been based first upon a humanitarian ground, and secondly upon an economic ground.

That has not been the case here. This legislation, while it has been asserted that it is based on a humanitarian ground, could hardly be alleged with force to be primarily humanitarian. On the other hand, the argument is strictly economic.

I believe thoroughly in staggering labor during times of depression. I think the share-the-work movement has been a great movement; and I cannot see any particular argument against the theory that if there are 30,000 hours of work to do, and a 5-day week would employ so many men while a 6-day week would employ so many less men, the lesser time should be used in the interest of the larger employment. I think that is axiomatic in times of distress, and I would very strongly recommend such a procedure on the part of industry; but my objection to this legislation is that where it cannot be sustained on the basis of interest either of the public or of the individual, it ought to be avoided from the rigidity of law. It ought to be a matter to be worked out and adjusted by industry under the force of public opinion.

I recognize the strength of the statement that industry will not respond unless it is compelled to do so by force of law. There was a time when that was true. That is not as true today as it was in days before, and will not be as true in the future as it is today.

Take the large manufactory that employs thousands of people, that runs all the 24 hours: This bill would be easily workable in a case of that kind because there could be 4 shifts of 6 hours each, as heretofore there may have been 3 shifts of 8 hours each. I can see that a large manufactory can very easily put in operation the 6-hour day and the 5-day week, but when it comes to the average small industry it cannot be worked so well. Take my State, which is typical of every State in the Union. In our average county-seat city there is some particular industry that provides the largest employment for the people of that community.

I have in mind a town not far from where I live, where there is a single manufactory that is the employing agency of nearly all of the labor that is employed. It does not run 24 hours a day. It does not run even two shifts. It operates on the basis of the 8-hour day. It deals wholly in articles of interstate commerce. It sells its products all over the world. This bill will force that single city, with its single manufactory, to cut its hours of labor to the 6-hour day instead of the 8-hour day as at present, at a terrific loss to the people of the city and to the great disturbance of the people who work in that city.

I know what I am talking about. They do not want to be reduced one fourth of their income during a day or a week simply because we are saying that that industry cannot work more than a limited time. It means, Senators, that if we put this law into operation without any modification—and I do not see how a law of this kind can be made flexible, it cannot be done, it has to operate equally on all classes of persons to whom it applies—we are going to put out of business a very great number of the smaller manufactories that cannot possibly compete with the larger ones.

All over my State there are small rubber factories. We have a rubber city at Akron. They employ thousands of people. Some of those managers are requesting us to make some changes in this particular law, stating that they would not oppose it if we would eliminate the shorter day, omit that altogether, and make it a shorter week, so that they might use their discretion in perhaps working more hours

one day than another to suit their situation. As I understand, with certain modifications, the great rubber factory is not opposing this legislation; but the small factory that cannot run on these shifts but has the 8-hour day is in competition with these great factories, and the question immediately arises, What is to be the effect on the employment of the large number of people employed in the large number of smaller factories?

They tell me they cannot work under this system. Of course, I take the statement with a grain of salt when employers protest against any particular kind of legislation, because they must primarily look to their ability to proceed in the employment of labor on the basis of a profit. I recognize that there is more or less of selfishness in it. Nevertheless, we must necessarily give some attention to the smaller group that tell me they cannot possibly operate under this law as it is now written if it should become effective. Thus, in the interest of labor itself, especially in that large aggregation of people employed in the unit that works only one shift, in the interest of that element, I think we ought to go slowly in this sort of legislation.

Mr. President, I do not want it understood that I think the principle of shorter time in order to spread work among more laborers is ill-advised. I think it is very sound. But I do not want, under inflexible, rigid legislation, to bring everybody who is dealing in articles manufactured in interstate commerce onto this Crustacean bed that is made the same size for everybody, where some can accommodate themselves to it and others cannot.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The time of the Senator on the amendment has expired.

Mr. FESS. Mr. President, I will not take the time allotted on the bill, but I want to offer just one other observation.

The PRESIDING OFFICER. The Senator has 30 minutes on the bill.

Mr. FESS. I will not speak more than 2 or 3 minutes longer.

Mr. NORRIS rose.

Mr. FESS. Has the Senator any objection?

Mr. NORRIS. I have no objection, but I want to call to the attention of the Senator, and also to the attention of the Chair, that the Senator cannot speak more than once on the bill. If he takes 2 or 3 minutes on the bill now, he cannot have any more time on it.

Mr. FESS. I am very much obliged to the Senator. I knew that before he told me.

Mr. NORRIS. I thought the Senator knew it, but knowing the Senator so well, I had some doubt.

Mr. FESS. The Senator deals too much in doubts.

Mr. NORRIS. I cannot help it when I am dealing with the Senator from Ohio.

Mr. FESS. That is the reason why the Senator from Nebraska is always excusable.

Mr. President, there is one item in connection with this bill which is offensive to me, and I refer to what the Senator from North Carolina [Mr. BAILEY] said today. I would hesitate to vote for any measure that would penalize an American citizen for working a longer time than the law itself might think he ought to work. One right every American citizen ought to have is the right to be employed, and I do not look with any degree of favor on the theory that when a man has worked 6 hours he should be penalized if he wants any more than the 6 hours. That would leave him only 18 hours for automobiling and other things. If he wants to work longer, the right to work longer ought to be given to him. That feature of the bill is offensive to me. But if industry, which has the power, and labor, the other side, agree to a limitation of the time, that is thoroughly justifiable, and I approve of it. For this particular reason I cannot possibly give the bill my support.

Mr. NORRIS obtained the floor.

The PRESIDING OFFICER. Does the Senator desire to speak on the amendment?

Mr. NORRIS. On the amendment.

The PRESIDING OFFICER. The Senator will have 15 minutes on the amendment.

Mr. NORRIS. If I do not get through what I have to say in my time on the amendment, I may want to speak on the bill; but I will settle that later.

I listened very attentively to the Senator from Ohio, trying to find out on which side of this question he was, and I confess I would still be in doubt if he had not told us just as he finished that he is going to vote against the bill. He concedes, to begin with, that something must be done to take care of the unemployment situation, and that probably the situation confronting us will be a permanent one; that because of the inventions of new machinery and scientific improvements in industry we will have the unemployment situation with us as a permanent proposition, and that this bill is intended to prevent an emergency, and is an emergency proposition.

If it be true that it is an emergency measure—and I concede it is, and I concede the emergency is a permanent one also—then, if the bill will accomplish what is aimed at, will meet the situation, I do not understand why anyone should oppose it. If we are confronted with an unemployment situation which will be permanent and which endangers our very civilization, our whole superstructure of government and of industry, why, then, if any Senator is opposed to this bill, either as an emergency or as a permanent measure, and concedes the necessity of something, why should not he propose something instead? If the Senator from Ohio is right—and I think he is—in the idea that we are faced with a permanent question in the necessity of taking care of unemployment, and if he believes that the hours of labor should be shortened and still cannot vote for this bill, why, with his great, scholarly attainments, has he not presented a substitute?

Let me, if I can, picture a situation which I think properly shows up the question that is confronting us. Let us suppose a man is engaged in the manufacture of some article. For the purpose of our illustration, let us say he employs a thousand men. He operates successfully, and pays his men $5 a day. Let us assume, for the purpose of the illustration, that on the product of every laboring man who works for him he makes a profit of $10 every day. Any other figure would illustrate the point just as well. Out of that $10 profit he must pay the man himself $5, so that he makes $5 profit upon his investment, and upon the product of the labor of a thousand men who work for him he makes $5,000 a day.

Let us suppose that, in accordance with the general experience for several years, an improvement is invented by which, through the installation of machinery, that manufacturer can make the same amount of goods, produce the same number of units, with 500 men less; so he discharges 500 men. In the place of those 500 men he has 500 iron men. They have no families, they have no wives and children to support, they have no food to buy, they do not pay any taxes to keep up the community, they perform no work of an elevating nature anywhere. They eat no food, and, moreover, they will work 24 hours a day. They are ironmen. They are slaves.

This manufacturer buys 500 of these ironmen, without blood and without flesh, and he puts them to work, and with the 500 flesh-and-blood men they produce the same value of product that was produced before the employer had these slaves working for him.

What becomes of the 500 flesh-and-blood men who have been discharged? Multiply the illustration by millions, and you have the condition confronting the country today. It is nobody's fault. So far as I know, nobody is sorry to see new inventions that lessen human labor. But there are three elements in this illustration. First, there is the man who has invested his money, and who is entitled to a reasonable return on it. Second, there are the toil and the sinew of the men who work. They are entitled to a living wage. Third, the people who buy the product have a right to expect that it will be sold to them without an unconscionable profit.

When this employer discharges 500 flesh-and-blood men, he is left then with 500 iron men. Who owns the iron men?

The owner of the factory does. They are his slaves. They do the work of 500 flesh-and-blood men. When he makes $10 profit on each of the men who are working for him he has, for these 500 men, $10 profit for each one of them, meaning $5,000. To each one of the 500 men who are working for him he must pay $5. To the iron man he pays nothing. His profit is increased every time he discharges a flesh-and-blood man and employs an iron man, which he owns.

When that is multiplied, and everything else takes place just like that, what is the result? The result is that eventually—and that time is in front of us now—the 500 men discharged here and the 500 there and 500 elsewhere, amounting to 12,000,000 in all, have lost their purchasing power; they cannot purchase the goods that are manufactured by this factory which I am using as an illustration. The others cannot purchase the goods manufactured by any other factory. What are we going to do about it? Are we helpless? Must we see our ship of civilization sink without making an effort to rescue it?

It is true, just as the Senator from Ohio has said, there will be difficulties in enforcing the law. I have no doubt of it. In some places it will bring a hardship, probably. But who is not willing to sacrifice something when the necessity of preserving our very civilization is at stake?

We must take care of the unemployed. It is not their fault that they are unemployed. If we properly adjust the system there will be no difficulty. It will bring additional pleasure, additional leisure, better education, higher civilization, a better enjoyment of our civilization, if we will adjust this profit. When the iron men bring in an increased profit to the manufacturer, who owns them, he ought to reduce the price the consumer pays; he ought to pay a higher wage to the flesh-and-blood men who still have to work the machines, and he still would have left a higher profit than he gets under the circumstances when he used to work without iron slaves to work for him.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BLACK. The Senator was referring to a statement made by the Senator from Ohio. I simply desire to call the Senator's attention to the fact that in the 1932 platform of the Republican Party this clause appeared:

> We favor the principle of the shorter workweek and the shorter workday, with its application to Government as well as to private employment, as rapidly and as constructively as conditions will warrant.

Mr. NORRIS. The Senator from Ohio is not here, but I will answer for him. The answer is that he is in favor of it, but he does not want to vote for anything that will do it. He can go before his people and say, "I am in favor of that. I said so on the floor of the Senate"; and he can prove it by the RECORD. Is not that a good defense?

Mr. President, it is not a question of what we would like to do. There are a lot of things that will come about here that I do not like to have come about. We must readjust our civilization or we are going to sink. Nothing was ever said that was truer than what was said by the Senator from Ohio when he stated that the increase of unemployment on account of the invention of new machinery is a permanent proposition. Let us face that fairly and honestly. In the end it will be a blessing. But we must realize that some things we have objected to in the past we shall have to do now whether we want to or not.

If we are not going to pass this bill or something similar to it, then we must give to some board or somebody somewhere the power to adjust the very thing this bill is trying to adjust. How great would be the cry if that were proposed here. We may come to it. We cannot always go on having 12,000,000 people unemployed. I do not believe that we can propose an amendment here that will be satisfactory, that will relieve the small manufacturer and compel the large manufacturer to abide by the law. That was the burden of a great deal of the argument made by the Senator from Ohio [Mr. FESS]. If he believes in it, let him propose an amendment here and let us thresh it out and see what the Senate thinks of it.

I am not saying this is the only way, but it is the best way I can see at this time. If anybody sees a better way, let him present it and let us debate it and discuss it. I would be willing to vote for it as a substitute so soon as I am convinced that it will do the job with less hardship than the bill now before us will do it. But mark my word, Mr. President, we are going to be held responsible for not doing anything unless we make at least an honest and conscientious attempt to do something.

The PRESIDING OFFICER. The time of the Senator from Nebraska on the amendment has expired. The question is on the amendment of the Senator from Texas [Mr. CONNALLY]. [Putting the question.] The noes seem to have it.

Mr. CONNALLY. I call for a division.

A division was had.

The PRESIDING OFFICER. The amendment is rejected.

Mr. CONNALLY. I ask for the yeas and nays.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Texas is too late in demanding the yeas and nays. Announcement of the result had been made.

Mr. CONNALLY. Then when can a Senator have the yeas and nays.

The PRESIDING OFFICER. Before announcement is made of the result of the vote on a demand for a division.

Mr. HATFIELD. Mr. President, I sent to the desk a few days ago an amendment to the bill. I desire to offer a new amendment instead of the original amendment. The reason why I do this is to carry out the text of the bill as reported to the House by the Labor Committee and also to provide for the importation of products to the United States not manufactured or produced in America. Mr. President, by way of explanation of the amendment I shall speak but briefly.

The idea of a shorter workweek and shorter workday in America to make possible the employment of the millions of our workers now unemployed would be helpful, providing it is properly safeguarded so that such legislation will not create idleness instead of eliminating it.

We have appropriated out of the Public Treasury $4,358,897,635.98 during the second session of the Seventy-second Congress. The laws enacted in this Congress so far will mean additional appropriations for the next fiscal year.

We have passed other emergency legislation to meet this epochal period in our country's history and it remains to be seen how practical its application will be toward relieving the distressed.

There is no question about the dire emergency that exists, but from my viewpoint no constructive steps have been taken that will lead to relief and ameliorate the unrest and anxiety that exists among the laboring people of our land.

Relief bills have been passed amounting to millions and millions of dollars. In fact, all that has been saved in the economy bill in reducing the salaries of the Government employees and taking from the veterans of all wars the protection they have had in the past has been utilized for other purposes and today we are as far away from balancing the Budget as when we started in the administration of President Hoover.

I am for relief, Mr. President, but I must not permit myself to think only in the terms of relief unless it is that kind of relief that is constructive and will place industry and the individual American upon a foundation which will enable him to be a supporter of the Government instead of being supported by it.

This legislation, which has for its purpose the reduction in the number of hours of work, unless properly safeguarded, would mean the loss of what little opportunity for employment remains in America. The production of those manufactured commodities would compete in the American market with products of foreign workers.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Louisiana?

Mr. HATFIELD. I yield.

Mr. LONG. Does the Senator's amendment exclude goods where they have been made by labor working more than 30 hours per week?

Mr. HATFIELD. I shall touch on that a little later if the Senator will permit me to do so. I propose to discuss that phase of my amendment a little later if the Senator will bear with me.

The States of Maine, New Hampshire, Vermont, New York, Michigan, Wisconsin, Minnesota, North Dakota, Montana, Idaho, and Washington, bordering our neighbor, Canada, where there is a workweek of at least 48 hours, but no law controlling the hours of labor, as compared with a 6-hour day and 5-day week in the United States, as this bill proposes, will be unable to offer work to their industrial workers. With a tariff law inoperative because of the depreciated currency invoked by Canada and other foreign countries, unless the amendment which I have offered that would protect home industry against the long hours of labor permitted by our neighbor, Canada, and other foreign countries, the 6-hour day bill, known as "S. 158," offered by the distinguished Senator from Alabama [Mr. BLACK], would be destructive instead of constructive. It would deprive labor in America of employment instead of giving employment to those now unemployed.

Coming back to the State of Maine, that State produces $391,000,000 worth of manufactured goods annually, as shown by the records of the Government, in 1929, as compared with only $49,000,000 worth of raw materials in the six New England States. The great State of Maine, controlling her electrical energy produced by water power and requiring its utilization within the confines of the State, for the purpose of encouraging manufacturers to come into the State of Maine, follows the practice of the Dominion of Canada, which refuses to sell one kilowatt of electrical energy beyond her domain. The same principle applies to the great State of Maine. In so doing the State of Maine has built up her manufacturing industry to something in excess of $391,000,000 a year.

When, Mr. President, we compare the rate for kilowatt-hours in America to the rate charged in Canada, we find that the rate is 6½ mills in some parts of America—for instance, Charleston, W.Va.—as compared with 3 mills charged in Canada. That shows what Canada can do so far as the price of electrical energy is involved in the manufacture of finished products and the production of raw materials. If this bill shall become a law without proper protection being accorded to the industries of America, it means an additional loss to the American wage earner over that which he has sustained up to the present time.

Mr. President, with our present low food and commodity values which, through legislation, we are seeking to increase by reducing production with the thought in mind of increasing the cost to the consumer, it necessarily follows that if American wage earners are to be able to purchase these commodities at higher prices it will be necessary for them to receive a higher wage than now prevails.

However, this bill as reported by the committee seeks to deprive the American wage earner of at least 25 percent of the wages now received by those who are employed.

The sponsors of the bill, as reported by the Committee, fully realize this situation, and yet they fail to protect even the reduced wage income of American workers, and permit the products of foreign workers, made in factories working 10, 12, 14, and in some cases 16 hours a day, to enter into the American market in competition with the products of American workers.

Is it possible that such legislation will add employment opportunities to the army of unemployed? Is it not fair, on the contrary, to assume that such legislation will only force additional hundreds of thousands on the charity lists of our country?

Unless the amendment which I offer is adopted it necessarily means cheaper values in America, which will further involve the farmer; for, after all, it is the purchasing power of the American wage earner that makes the American farmer prosperous and furnishes him a market for his products.

The average tariff rate under the Smoot-Hawley law for the period June 18, 1930, to October 31, 1932, was 16.4. Today imports from England and other European countries are landing in the United States at a production cost of from 30 to 50 percent less than our gold values of such products.

We are told that imports have decreased. In value, that is true; in quantity, in many cases, it is not true.

The imports which compete with products of American labor are now entered at values of from 30 to 60 percent less than the entered values of like and similar articles prior to the passage of the Tariff Act of 1930.

The abandonment of the gold standard by England in September 1931, and approximately 60 other nations soon after, initiated a resumption of the depression from which we were then emerging.

The ability of European and Asiatic manufacturers to offer their products in American markets at a total landed cost less than the American cost of production has forced a substantial curtailment of production in many American factories and, in many instances, complete suspension.

A real emergency does exist, Mr. President, and I favor any kind of rational legislation that will relieve it, but I am not in favor of enacting a law which reduces the hours of toil in America to the great advantage of other countries.

I will favor this legislation when we protect the employment opportunity of the American wage earner when we give him shorter hours; but the wage earners of other countries will not adopt our policy unless we require foreign-made products which compete with products of American labor to be produced under similar working conditions. Foreign-made products are being offered at the present time at anywhere from 30 percent to 60 percent below our cost price of production, and the only reason they are not purchased in greater quantity is due to the lack of the purchasing power of the American consumer. Is it not fair to come to the conclusion that, with the limited purchasing power of the American consumer, he is going to have very little patriotic sentiment in the way of purchasing American-made goods when he must thereby pay a higher price for the essentials of life for those for whose upkeep and education he is responsible?

In 1929 and 1930 Japanese skilled workers received some 2 yen per day of 10 hours. In other words, the Japanese manufacturers received from their workers some 40 hours of labor for the equivalent of 1 ounce of gold. At that time the Japanese yen was valued at about 50 cents in gold. Today, with the Japanese yen valued at something like 20 cents in gold, the same Japanese skilled workers, receiving 2 yen for 10 hours' labor, supply the Japanese manufacturer with 100 hours' labor for the equivalent of the same 1 ounce of gold. It can be readily seen that Japanese workers have not necessarily suffered any reduction in wages, based upon Japanese currency.

The manufacturer in Japan, however, who produces the articles which compete in American markets with the products of American workers has secured a reduction in labor costs of 60 percent.

Without the adoption of the amendments which I suggest it can readily be seen, with a Japanese 10-hour workday with 40 cents gold per day as the wage paid, as against the average price paid the American wage earner, the additional advantage the Japanese manufactured products will have over the products produced by American labor will virtually guarantee Japanese control of the American market, or that part of the American market which the Japanese are interested in serving, such as the pottery and china trade.

The PRESIDING OFFICER. The time of the Senator from West Virginia has expired on the amendment.

Mr. HATFIELD. I will take additional time on the bill.

The PRESIDING OFFICER. The Senator is recognized for 30 minutes on the bill.

Mr. HATFIELD. In other words, Mr. President, foreign nations, both in Europe and Asia, as well as our neighbor to the north, have decreased their production costs through depreciation of their currencies. The work opportunities for millions of American workers have been substantially destroyed by our permitting foreigners to offer their goods to American wholesalers at anywhere from 30 to 60 percent less than the American cost of production.

The American laboring man wants relief, and he wants sound relief, and he can only have sound relief by legislation which protects his employment opportunity.

To permit the products of foreign workmen working longer hours and for less money in the production of competitive goods to enter into our interstate trade while through legislation we bar the products of American workers from similar privileges is, to my mind, most un-American.

The investments made in Canada by Americans amount to approximately $540,593,000. These investments were made for the purpose of producing manufactured goods of the finished type such as chemicals and various other commodities produced under the American flag. They are made up in part or in whole of products not unlike those produced by industries which operate in the great New England section. The same thing is true of the State from which I hail, and especially does it apply to the chemical industry. Why, Mr. President, should we not, when we propose to adopt a program calling for shorter hours of labor, underwrite the American wage earner so that he may have the market which is justly his in the 48 States of the Union?

As I said a while ago, I favor shorter hours for labor. It was an accomplishment of mine in the settlement of the great strike that raged more than 2 years in the State of West Virginia to bring about a shortening of the hours of labor. At that time the distinguished Senator from Idaho [Mr. BORAH] visited West Virginia, because of a proclamation of martial law which had been put into effect during that period, as a representative of this body.

I did not take advantage of the power given the Governor, as decreed by a majority of the supreme court of the State, which allowed him to try citizens by a martial-law court, nor did I approve any of the findings of the court which I found in operation when I became Governor, but proceeded to the settlement of the strike, which I accomplished. There was adopted an 8-hour law in West Virginia by agreement, and later a statute was passed by the legislature requiring all industries in West Virginia to observe the 8-hour law.

That constructive legislation was enacted during my term as Governor of the State. So, Mr. President, I find no trouble in supporting legislation which is humanitarian and which has for its purpose the protection of the wage earner, but when it is proposed to write upon the Federal statute books a 6-hour-day law at a time when all around us, in Canada, in Mexico, in Central America, in Europe, and in Asia, we find labor engaged in producing the same commodities which are produced by the ingenuity of our own toilers in America, working longer hours, with a smaller consideration paid for their services than is paid to American workmen, I am convinced, unless we protect the manufactured goods as well as the raw materials produced by American workmen so that they may have the American market, that this law will be most destructive.

Mr. President, I send to the desk and ask to have read a message from a very distinguished American who has been connected with the labor movement in this country for a great number of years. His name is known to every Senator and to every laboring man throughout this Republic.

I ask that the telegram be read by the clerk.

The PRESIDING OFFICER. Without objection, the telegram will be read.

The legislative clerk (Mr. Frazier) read the telegram, as follows:

NEW YORK, N.Y., *April 5, 1933.*

Hon. HENRY D. HATFIELD,
United States Senator:

The pending 30-hour workweek limitation to products of American labor will prove most harmful unless the bill is broadened to include those products of labor of foreign nations which compete in the American market with the products of American labor. We fear that limiting pending bill to products of American labor will result in work being done in Canadian and foreign branch factories of American concerns as well as products of foreign concerns. Therefore, we respectfully request your forceful action toward the adoption of an amendment which will make the pending bill effective on all manufactured products entering into interstate sale whether the product of American workers or the product of foreign workers. Will appreciate your presenting these views and appeal to Members of Senate before final action on pending bill.

MATTHEW WOLL.

Mr. HATFIELD. I ask now that the amendment that I send to the desk be read by the clerk.

The PRESIDING OFFICER. The amendment offered by the Senator from West Virginia will be stated.

The LEGISLATIVE CLERK (Mr. Frazier). The Senator from West Virginia proposes, on page 2, line 7, after the words "United States", to insert the words "or in any foreign country."

On page 3, line 1, before the word "commerce", it is proposed to insert the words "or foreign."

At the end of the bill, it is proposed to insert a new section reading as follows:

This act shall not apply to the following commodities or articles produced or manufactured in any foreign country: Tea, coffee, tin, sisal, istle, rubber, fruits not produced in the United States, and unmanufactured spices not produced in the United States.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

Mr. HATFIELD. I yield.

Mr. VANDENBERG. May I suggest to the Senator that there is a further element to which he has not referred. American labor, necessarily limited as we both agree under certain circumstances it should be limited to this shorter workweek, is inevitably forced to a higher production cost of export goods to be sold abroad. Therefore, if we are to assimilate that added hazard abroad, when the foreigner reciprocally comes to our country with his product the Senator is most certainly justified in asking for a differential.

Mr. HATFIELD. I thank the junior Senator from Michigan [Mr. VANDENBERG] for his contribution, which is most helpful.

Mr. President, I am not an embargoist. Some Senators may feel that that is the attitude of the Senator from West Virginia because of the many speeches which he has made upon the floor of this body, since he came here in 1929, upon the subject of protection. I am not an embargoist, however, and I do not wish to be classified as such; but I cannot for the life of me understand how we can expect to have prosperous times in America with the competitive labor conditions that exist in Europe, in Asia, and all around us outside of the 48 States of the Union. Especially is this true when it comes to this legislation, which compels the wage earner of America to adhere to the 6-hour day, 5 days a week, as compared with the situation which exists in other countries, plus the depreciated currency, which is being circulated in every European and Asiatic nation with the exception of possibly half a dozen and even in Canada. How we can hope to reduce the hours of labor here, and at the same time expect American labor to have its proportional part in the production of raw and finished products and the consuming power in the purchase of manufactured and farm products, I do not understand.

The same thing is true of the commodities that are produced in the way of raw material in the State of West Virginia. That State is second to the great State of Pennsylvania—and sometimes first—in the production of coal. The same thing is true of gas and oil, lumber and shale, There is only a substantial market for such raw materials when our industries of the finished-product class are in operation.

I submit this amendment, Mr. President. I trust that it may be the pleasure of this body to favor it, and to vote for it, and to adopt it as a part of this legislation; and when that is done this bill will have my whole-hearted support.

I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from West Virginia, on which the yeas and nays are demanded. Is the demand seconded?

The yeas and nays were ordered.

Mr. McNARY. I suggest the absence of a quorum.

Mr. BLACK. Mr. President, I desire to have the floor. I wish to say two or three words in connection with the amendment before the roll call is had.

Mr. McNARY. In view of that fact, Mr. President, I withhold the suggestion of the absence of a quorum.

Mr. BLACK. Mr. President, the request has been made by several Senators that the amendment be read.

The PRESIDING OFFICER. The clerk will restate the amendment offered by the Senator from West Virginia.

The amendment was again read.

Mr. BLACK. Mr. President, the adoption of this amendment would constitute a departure with reference to the method adopted by this country in dealing with different working conditions here and abroad.

The policy of the protective tariff has been adopted heretofore with the idea of equalizing working conditions here and abroad. This amendment would provide a new method which is a complete departure; and that new method would require that hereafter we provide that goods shall not be shipped into this country from abroad which do not conform to the hours of labor used in this Nation.

It is my judgment that it would be a very serious thing at this time to adopt this amendment. If this should be the law, it is such a complete and radical departure from every idea that has heretofore been advanced that certainly it should not be put on this bill with the necessary result of making it more difficult to pass the measure.

Mr. President, I sincerely hope that the Senate will not adopt this amendment on this bill at this time, when all possible efforts are being made to bring about better trade relations with the world. I have heard the Senator from West Virginia make many speeches very forcefully exponding his ideas of tariff protection. His argument was that in order to meet the different working conditions here and abroad with reference to working hours and payment of wages we should have a protective tariff. A very high tariff bill was enacted on that basis.

I sincerely hope this amendment will not be adopted.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from West Virginia?

Mr. BLACK. I do.

Mr. HATFIELD. The Senator knows that the House bill contains a part of this amendment. He has that information, has he not?

Mr. BLACK. I know that. I might state to the Senator that the House bill as drawn was copied from my bill; and the matter referred to by the Senator was later added, as I understand, in the committee.

The PRESIDING OFFICER. The question is on the amendment of the Senator from West Virginia [Mr. HATFIELD].

Mr. BLACK and Mr. CLARK suggested the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk (Mr. Logan) called the roll, and the following Senators answered to their names:

Adams	Brown	Copeland	Frazier
Ashurst	Bulkley	Costigan	George
Austin	Bulow	Couzens	Goldsborough
Bachman	Byrd	Cutting	Gore
Bailey	Byrnes	Dickinson	Hale
Bankhead	Capper	Dieterich	Harrison
Barbour	Caraway	Dill	Hastings
Barkley	Carey	Duffy	Hatfield
Black	Clark	Erickson	Hebert
Bone	Connally	Fess	Johnson
Bratton	Coolidge	Fletcher	Kean
Kendrick	Metcalf	Robinson, Ark.	Thomas, Utah
Keyes	Murphy	Robinson, Ind.	Townsend
La Follette	Neely	Russell	Trammell
Logan	Norris	Schall	Tydings
Lonergan	Nye	Sheppard	Vandenberg
Long	Overton	Shipstead	Walcott
McCarran	Patterson	Smith	Walsh
McGill	Pope	Steiwer	Wheeler
McKellar	Reed	Stephens	White
McNary	Reynolds	Thomas, Okla.	

Mr. LEWIS. Mr. President, I desire to state that the Senator from Virginia [Mr. GLASS] is unavoidably detained, and that the Senator from Utah [Mr. KING] and the Senator from California [Mr. McADOO] are detained on official business.

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, there is a quorum present.

The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. HATFIELD]. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). Making the same announcement as on a previous roll call, I withhold my vote. If I were permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. CUTTING (after having voted in the negative). Has the senior Senator from Virginia [Mr. GLASS] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. CUTTING. I have a pair for the afternoon with the senior Senator from Virginia, and I therefore withdraw my vote.

Mr. PATTERSON (after having voted in the affirmative). Has the junior Senator from New York [Mr. WAGNER] voted?

The PRESIDING OFFICER. That Senator his not voted.

Mr. PATTERSON. I have a general pair with the junior Senator from New York. I therefore withdraw my vote.

Mr. COPELAND. I desire to announce that my colleague [Mr. WAGNER] is detained from the Senate on official business.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from Utah [Mr. KING]; and

The Senator from South Dakota [Mr. NORBECK] with the Senator from California [Mr. McADOO].

Mr. BLACK. I desire to announce that the Senator from Utah [Mr. KING], the Senator from Nevada [Mr. PITTMAN], the Senator from California [Mr. McADOO], the Senator from Arizona [Mr. HAYDEN], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained on official business.

The result was announced—yeas 39, nays 41, as follows:

YEAS—39

Austin	Dill	Hebert	Reynolds
Bailey	Duffy	Johnson	Robinson, Ind.
Barbour	Fess	Kean	Steiwer
Bratton	Fletcher	Keyes	Townsend
Bulkley	Frazier	Long	Trammell
Byrnes	Goldsborough	McNary	Vandenberg
Capper	Gore	Metcalf	Walcott
Carey	Hale	Nye	Walsh
Copeland	Hastings	Overton	White
Dickinson	Hatfield	Reed	

NAYS—41

Adams	Clark	Lonergan	Sheppard
Ashurst	Connally	McCarran	Shipstead
Bachman	Coolidge	McGill	Smith
Bankhead	Costigan	McKellar	Stephens
Barkley	Couzens	Murphy	Thomas, Okla.
Black	Dieterich	Neely	Thomas, Utah
Bone	Erickson	Norris	Tydings
Brown	George	Pope	Wheeler
Bulow	Harrison	Robinson, Ark.	
Byrd	Kendrick	Russell	
Caraway	La Follette	Schall	

NOT VOTING—15

Borah	Glass	Logan	Pittman
Cutting	Hayden	McAdoo	Van Nuys
Dale	King	Norbeck	Wagner
Davis	Lewis	Patterson	

So Mr. HATFIELD's amendment was rejected.

Mr. WALSH. Mr. President, I desire very briefly to state my position on the pending bill.

The objective of this 5-day week bill is to help the country and the people of the country to move out of the present deplorable depression.

The principal result that is sought to be attained is to lessen unemployment. The bill seeks to provide jobs for men who want to work by making more jobs available through reduction in the hours of employment in industry.

The bill has been reported by the Senate Judiciary Committee. For weeks hearings were conducted and after hearing all the evidence from all sources—the employer and the employee—the committee almost unanimously voted to recommend to Congress the adoption of a 5-day-week and 6-hour-day plan of employment. Estimates were made before the committee which heard this bill that it might help the unemployment situation by putting 6,000,000 men to work. Certainly this is a desirable end. If anywhere near this number of men and women are put to work as a result of this legislation, it will greatly reduce the welfare expenditures under which our municipal, State, and Federal Governments are staggering.

Many sacrifices will have to be made because of the administration of this law. Employers will have to make large sacrifices; many millions of employees now employed will have to make sacrifices, for the result may be temporary reductions in wages because of the shortening of the hours of labor.

All our people are being called upon to make sacrifices in order to combat present depressed economic conditions. None has been called upon to make greater sacrifices than our war veterans. Innocent bank depositors everywhere have been forced to make sacrifices through the emergency laws stabilizing banking. Taxpayers are making heavy sacrifices. Now the captains of industry and the employees must suffer inconveniences and the hardships resulting from temporary readjustment plans in the interest of the unemployed.

This legislation should result also in increasing purchasing power, in reducing hunger, and in lessening the jobless army. While wages may be reduced temporarily, in the end they should go up instead of down.

It is an emergency measure. It is limited to 2 years. It is somewhat experimental, but everything we are doing today is more or less experimental. It may not be workable. It may raise serious constitutional questions. It may be necessary to make changes in the proposal if in practice it does not meet the desideratum sought. It is certain we can never get out of this economic depression until we provide jobs for many of the unemployed. This measure looks in that direction. This measure moves in that direction. It will bring hope to all and opportunity to many who are now jobless. Mr. President, for these reasons I shall vote for the measure.

Letters have come to me from employers in my State, many of them in opposition to this legislation. But one has come that is refreshing, that is progressive, that shows vision. I want to read it to the Senate. I shall refrain from mentioning the name of the company because I have not permission to use its name. It is a company well known to myself. The letter reads:

APRIL 4, 1933.

Hon. DAVID I. WALSH,
United States Senator of Massachusetts, Washington, D.C.

DEAR SENATOR: Usually I never mix up in politics, but the 30 hour week law is something of such importance to the manufacturers of the United States that I would be only too glad to have you spend 3 minutes to read my lines.

The 30 hour law, in my opinion, would be the rebirth of the textile industry in Massachusetts, provided the law is a national one. The textile industries of Massachusetts could double or even triple their labor (and there is plenty of textile labor available) and this would create a shortage in the labor market, thereby eliminating, step by step, the extremely low wages now paid in Massachusetts. The same thing would happen to textiles in the South, only much more severe. No minimum wage would be required on the new law and there would be no talk of paying a man the same for 30 hours as for 48 hours. The natural law of demand and supply would enter into the labor market and as soon as the shortage of labor was felt the rates would automatically go up.

During the year 1932 we employed in our yarn company on the average of 600 people, and where it is necessary for us to run nights, we would employ about 2,000 under the new law. We had an average pay roll of approximately $6,000, and this, without any question, would be considerably increased after the 30 hour law was enforced.

Only such manufacturers, who are, in my mind, suckers squeezing out the last penny from labor, would cry against such a law which, for the time being, is the only solution to the labor situation and the only means of creating confidence and prosperity again.

With kindest personal regards,

Mr. President, there is a letter from a manufacturer with vision, from a manufacturer who has sympathy with his toilers, from a manufacturer who appreciates the serious employment condition in the country. A few others who are working overtime report that this will increase their employees. We have been voting legislation in the interest of the bankers, the insurance company, the railroads, against the veterans, against the Government employees. Here is a measure to do something for the unemployed, to bring hope and promise and opportunity to them. I do not propose, regardless of some protests, to refrain from showing to the people of the country in this period of depression and destitution that we are thinking about the unemployed, that we are thinking about the jobless, that we desire to spread out the available jobs, and make, if possible, an opportunity to have fewer unemployed, to have fewer people penniless in this country.

With especial pleasure I shall vote for the measure. It is not perfect. I wish the amendment of the Senator from Arkansas [Mr. ROBINSON] might have been adopted. Had he provided that the hours of labor should be limited to 5 days a week, I would have voted for it, but because it was so drafted that men could be employed for certain hours 6 days in the week I could not see my way clear to vote for it.

I say this is experimental, but, I repeat, most of our emergency legislation we have done is experimental. Much we have done we may have to undo. No man knows from day to day what is ahead of us, what changes new conditions will necessitate. But here at least is an honest attempt made by members of one of the most earnest and able committees of this body and of this Congress. The bill ought to pass. It will, I trust, prove to be a hope, a promise, a ray of cheer and sunshine amidst the darkness and gloom that now surrounds the millions of the unemployed in the country.

Mr. METCALF. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The amendment will be stated.

The CHIEF CLERK. On page 3, line 6, after the word "until", strike out the word "thirty" and insert in lieu thereof the word "sixty."

Mr. METCALF. Mr. President, there are so many changes that will have to be made in so many of the factories that the adoption of this amendment is essential to give them time to effect those necessary changes. There are many factories where new machinery will have to be installed, where new vats for the manufacture of such articles as rubber, rayon, and similar articles will have to be installed, and where many changes will have to be made to enable the mills and factories to carry on under the law. Therefore I hope the amendment will prevail.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Rhode Island.

The amendment was rejected.

Mr. METCALF. Mr. President, I have another amendment which I send to the desk and offer.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 9, after the word "day", insert the following:

Provided, That this section shall not apply to emergency repair crews.

Mr. METCALF. Mr. President, in a great many factories there is occasionally some breakdown in engines, boilers, and so forth, where it is impossible to have an emergency engineer, electrician, and so forth, waiting merely for some-

thing of that kind to happen. Where our regular mechanics, engineers, electricians, and so forth, have been working regular hours, as proposed in the bill, we would not be able to fix up the machinery so it might be operated the following day. The amendment is to cover such emergencies as that. I hope the amendment will prevail.

Mr. BLACK. Mr. President, it is my judgment that the situation which the Senator describes is covered and amply taken care of by an amendment already adopted. It is my further belief that the amendment is so uncertain in its language that it might jeopardize the entire bill. I hope the amendment will be rejected.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Rhode Island.

The amendment was rejected.

The PRESIDING OFFICER. There are two committee amendments which should be disposed of at this time and which will be stated.

The CHIEF CLERK. On page 2, line 9, after the word "day", the committee proposes to strike out the following proviso:

Provided, That this section shall not apply to commodities or articles produced or manufactured before the enactment of this act.

The amendment was agreed to.

The PRESIDING OFFICER. The second amendment of the committee will be stated.

The CHIEF CLERK. On page 3, after line 5, the committee proposes to insert the following new section:

SEC. 3. This act shall not become effective until 30 days after the date of its enactment, and it shall not apply to commodities or articles produced or manufactured prior to the date it becomes effective; and this act shall remain in force for 2 years after the date it becomes effective.

The PRESIDING OFFICER. The question is on the adoption of the committee amendment.

The amendment was agreed to.

Mr. COPELAND. Mr. President, if I may have the attention of the author of the bill, I would say that we have made no provision for creameries and condensers. One who is familiar with the milk industry must realize that milk flows every day in the week and that the creameries and condensers must operate 7 days in the week. I hope the Senator will be willing to permit the insertion in the amendment already adopted of the words "milk and milk products", so that it would read:

Provided, That this section shall not apply to commodities which a cannery or manufacturing plant produces by canning or preparing for marketing or commerce fish, seafood, fruits, or vegetables of a perishable character, or milk and milk products.

Mr. DILL. Mr. President, I hope the Senator will offer that as a separate amendment. Otherwise it would be necessary to reconsider the amendment already agreed to, and I do not want to do that. I have given much consideration to the question of creameries. I do not think the provisions of the bill could possibly apply to a creamery or to any sort of place where milk is handled. As to the condensers, they are generally located in a community or town where they can easily get the necessary additional help.

Mr. COPELAND. Take, for instance, the matter of milk that is supplied to the city of New York. The city of New York receives milk from seven States. Of course the farmers are taking the milk every day to the machines. Milk being a perishable product, it is taken to the condensers immediately. I shall be very glad to please the Senator by offering it as a separate amendment, but I desire to impress upon the Senate that here we have already provided for perishable food like fish.

Mr. DILL. But that is because of the use of the word "cannery" in the bill.

Mr. COPELAND. But condensers can the milk.

Mr. DILL. There is nothing about a condenser that makes it necessary to segregate it. I have no objection at all if the Senator wants to offer it as a separate amendment.

Mr. COPELAND. I shall be glad to accommodate the Senator in that way, although I think there is nothing distinctive about the amendment already adopted. I do want to impress upon Senators the importance of making this distinction.

The PRESIDING OFFICER. Does the Senator from New York ask unanimous consent to reconsider the amendment previously adopted?

Mr. COPELAND. No; I will not do that. I will offer my amendment as a separate amendment, to add the following proviso:

Provided, That this section shall not apply to milk.

Mr. SHIPSTEAD. Mr. President, I would suggest to the Senator that he have the amendment read "milk and milk products."

Mr. COPELAND. I think that is well, but we do not care to include butter and cheese, do we?

Mr. SHIPSTEAD. Butter is very perishable. Cream is a product of milk and it is perishable.

Mr. DILL. There is nothing about butter or cheese that is a product of a factory or a mill or manufacturing establishment, is there? Are not those products of milk directly?

Mr. SHIPSTEAD. But they are produced in plants. Surely the Senator from Washington can have no objection to including them.

Mr. DILL. I do not think it is necessary.

Mr. SHIPSTEAD. Oh, yes. We have telegrams from all over the United States about it. I had prepared an amendment which I desired to offer, but I shall be glad to withhold it if the Senator from New York will have his amendment include "milk and milk products."

Mr. COPELAND. I shall be very glad to do that.

Mr. SHIPSTEAD. I will then support the Senator's amendment.

Mr. DICKINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Iowa?

Mr. COPELAND. Certainly.

Mr. DICKINSON. I have an amendment by which I want to exempt farm commodities and products thereof that are seasonable and perishable, which includes the very things the Senator from New York has in mind.

Mr. COPELAND. Have we not already done that in the amendment which has been adopted? It applies to all fruits or vegetables of a perishable nature or character. That has already been adopted.

Mr. DICKINSON. But that is limited to fish, seafood, fruits, and vegetables, while there are many products of the farm, such as milk, butter, cheese, and meat products, that are included in this amendment.

Mr. BLACK. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. BLACK. What is before the Senate now? Is there any amendment before the Senate?

The PRESIDING OFFICER. The Senator from New York has offered an amendment. He has read it himself; it has not been reported officially, though, to the Senate.

Mr. COPELAND. Mr. President, I am sure that nobody has any desire to hurry us unduly. This is a matter of great importance. Now, let me ask the Senator from Iowa to repeat the language of his amendment.

Mr. DICKINSON. I want to offer this amendment, and I have been trying to be recognized for that purpose. On page 2, line 3, insert, after the word "commodity", the following:

except farm articles, commodities, or products thereof, of a seasonal and perishable character.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. Just a moment and I will yield to the Senator from Louisiana. Would it not be better to say "seasonal or perishable"?

Mr. DICKINSON. The trouble is that there may be some seasonal farm commodities which are not perishable.

Mr. COPELAND. The language the Senator has read, however, might be interpreted as meaning that the product must be both seasonal and perishable.

Mr. DICKINSON. Oh, no. I understand that many vegetables and fruits are seasonal——

Mr. COPELAND. I think we could put in the word "or."

Mr. DICKINSON. That would be all right. I think that is a better form, Mr. President, than that proposed by me.

The PRESIDING OFFICER. Will the Senator from New York perfect his amendment so that it may be reported?

Mr. COPELAND. I will accept the amendment suggested by the Senator from Iowa.

Mr. DICKINSON. I send the amendment to the clerk's desk.

The PRESIDING OFFICER. The Senator from Iowa, in the time of the Senator from New York, offers an amendment, which will be stated.

The CHIEF CLERK. On page 2, line 3, after the word "commodity", it is proposed to insert the following:

except farm articles, commodities, or the products thereof, of a seasonal and/or perishable character.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York, or whoever has the floor, yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. LONG. I do not think any of us would have any objection to writing the word "milk" in as an exception, but I had hoped the Senator from New York would stick to his original plan and not go beyond milk and try to include milk products. The amendment the Senator from Iowa has persuaded the Senator from New York to accept includes a great many commodities as to which we have already rejected amendments. I have not been able to see the amendment. I should like to have a copy of it.

Mr. BLACK. Mr. President, will the Senator from New York yield to me?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Alabama?

Mr. COPELAND. I yield.

Mr. BLACK. I desire to call the Senator's attention to the fact that if this amendment were adopted it would apply to every flour mill in the United States; it would apply to every packing house in the United States; it would apply to every industry in the United States that processes commodities grown on the farm, because all such products are seasonal.

Mr. DICKINSON. But they are not all perishable.

Mr. COUZENS. Mr. President, will the Senator from New York yield to me?

Mr. COPELAND. I yield.

Mr. COUZENS. The Senator from Illinois [Mr. LEWIS] proposed an amendment yesterday—I do not know whether the Senator from New York was here at the time—which included cheese and butter and articles of that sort, and on a roll call the Senate turned down the amendment.

Mr. COPELAND. Mr. President, I want to say that, so far as I am concerned, I see no particular reason why cheese and butter should be exempt from the operation of the bill; but I think there should be an exemption in the case of those articles which are made from fluid milk, particularly fresh fluid milk which is brought into a creamery or condenser every day of the week and which must be processed at once in order to be prepared for market.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. In latter years it has become very important to make butter out of sweet cream, and in order to be able to preserve the sweet cream, and have it made into butter at the proper time, it is essential that there be no delay and no hitch in the transfer of the cream to the creamery. Butter made out of sweet cream carries a premium of from 3 to 5 cents a pound. If the amendment should not be included in the bill, I am informed by processors of butter that in large central plants known as "dairy cooperativee", the industry will be tied up and hampered.

Mr. DILL. Mr. President, what word in the bill would justify that interpretation?

Mr. SHIPSTEAD. That was the information given to me by them.

Mr. DILL. But they had not a copy of the bill before them. I want the Senator to look at the bill and indicate what words in the bill justify such an interpretation. I am very anxious to protect farm products, if it is necessary to protect them, but I do not think there is anything in the bill that makes it necessary.

Mr. SHIPSTEAD. Can the Senator point out how it would be inconsistent with the bill or in any way hamper its object to make the exemption proposed?

Mr. DILL. It would broaden the bill to such an extent as to include many things that nobody had any idea of including.

Mr. SHIPSTEAD. What products are included except butter and milk?

Mr. DILL. It includes all farm products of a seasonal and perishable character.

Mr. SHIPSTEAD. I am not talking about that.

Mr. DILL. That is what the amendment provides.

Mr. LONG. Then, I take it, the Senator from Minnesota is not in favor of the amendment that is now pending?

Mr. SHIPSTEAD. I leave that to the Senator from New York, who accepted the amendment. I myself think the amendment is pretty broad.

Mr. DICKINSON. Mr. President, I should like to make a statement regarding this amendment. It is said that it is too broad. The amendment is offered purely in the interest of the farmer. I want to suggest that out in the rural sections there are poultry-processing plants where poultry is picked, dressed, and boxed for market. That industry is purely seasonal; the product is a perishable one, and yet such plants are covered under the wording of this bill as manufacturing plants because they are purely processing plants.

Next I want to call attention to the fact that cooperative creameries do not have regular runs every day. Some days the buttermaker will work for 2 hours and on other days 14 hours, and yet his product is covered by this bill.

Mr. DILL. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. DILL. Do I understand the Senator to say he thinks that a creamery where cream is separated and made into butter is a manufacturing plant?

Mr. DICKINSON. Certainly it is; it cannot be interpreted in any other way. No one would interpret this bill in such a way as to say that it did not cover such a plant or poultry-processing plants and others I have just described.

Mr. DILL. I do not agree with the Senator. All that is done in such a poultry plant is to dress the poultry.

Mr. DICKINSON. Yes; but that is processing the poultry. All that is done in a packing plant is to kill the cattle and dress the meat.

Mr. DILL. This bill does not say "processing plant"; it says "manufacturing plant"; and every word in it indicates that it refers to manufacturing processes.

Mr. DICKINSON. What I refer to is a manufacturing process.

Mr. CLARK. Mr. President, if the Senator will yield, what do they manufacture in a poultry-dressing plant?

Mr. DICKINSON. They take the live fowl and make of it an edible commodity to be cooked.

Mr. CLARK. They manufacture a live fowl into a dead fowl. That is all they do, is it not?

Mr. DICKINSON. What is done at a ginning mill? It merely separates the cotton from the seed; that is all. It separates the good part from the bad part.

Mr. CLARK. But cotton gins are not included in this bill.

Mr. LONG. We voted down the amendment in regard to cotton gins.

Mr. DICKINSON. Such plants as those to which I have referred are processing plants, and it will be found that they are included in the bill when it is interpreted.

Now let us go a little bit further. The same process exactly with reference to poultry, to which I have referred, takes place in the packing plants handling cattle which the Senator from Alabama wants to have made subject to this bill. I want to suggest that the great bulk of the farm produce covered by the amendment is processed by people who live in the little communities nearby. They come in as chickens pickers for a little while; they come in as workers in the produce plants for a brief season, as at berry-picking time, and so forth and so on; yet in this bill they are going to be permitted to work no longer than 6 hours a day and then be compelled to quit. I do not see how anyone can interpret the bill in any other way. The author of the bill insists that the packing plants must be kept in, and there is absolutely nothing done in a packing plant that is not done in the processing or dressing of poultry in what we call our produce houses, which are scattered all over the middle-western area.

Mr. President, we also hear reference to the word "factory." What is a creamery but a factory, a place where butter is produced? What is a plant where cheese is produced except a factory where milk and cream are converted into cheese? That is all it is. The same thing is true of poultry plants.

If the Senate wants to hamstring the agricultural section of the country, why, this is their opportunity; but I want to suggest that the bill is very far-reaching, and either the interpretation of it by its author is wrong or we will have included in it every little cooperative creamery, every little poultry-processing plant, every little cheese factory there is in the United States, although these little plants are operated largely by the people who grow the produce themselves and process it and get it ready for market.

Mr. President, I understand that the bill, as drawn, is for the purpose of bringing about a larger degree of factory employment. It is not intended that it should cover the small units such as I am trying to exempt at the present time. I sincerely hope that we can get a yea-and-nay vote on the amendment. I want to see how many Senators there are who want to protect the real producers of farm products from being hamstrung under this bill.

The PRESIDING OFFICER. May the Chair, in his capacity as a Senator, inquire of the Senator from Iowa whether the words "seasonal or perishable" are intended to apply to the farm articles or to the products of the farm articles?

Mr. DICKINSON. To the farm articles.

The PRESIDING OFFICER. The Chair is not so sure that that is the way the amendment, if adopted, will be interpreted, because the limitation seems to apply to the products of such articles. The Chair does not know whether the Senator intended it in that way or not. It is entirely conceivable that an article that would be perishable as an agricultural product on the farm might not be perishable after a certain process. The Chair simply wanted to know how the Senator wanted the limitation put.

Mr. DICKINSON. It is my intention that agricultural articles, commodities, or the products thereof, that are seasonal and perishable shall be covered.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from California?

Mr. DICKINSON. I yield.

Mr. JOHNSON. I thought the Senator had concluded.

Mr. DICKINSON. I have concluded my remarks.

Mr. JOHNSON. Mr. President, I should like to ask the Senator from Alabama a question. I ask the question because I am for his bill; but my colleague and I have received telegrams from creameries in the State of California pleading very persuasively that they be eliminated from the scope of the bill. Does the Senator from Alabama construe the bill to include community creameries and their products?

Mr. BLACK. I might say to the Senator that, in the first place, all agricultural products are eliminated by simply not being included while they are agricultural products. Whether the kind of creamery the Senator refers to, with which he is, perhaps, more familiar than I am, can come within the definition of "mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment", I cannot say; but my opinion would be, with the limited knowledge I have of the kind of products the Senator is talking about, that it would not be. That would be my opinion.

Mr. JOHNSON. If the Senator will pardon me, I wanted to have an authoritative utterance upon the proposition, because my colleague and myself construed the bill just exactly as he does—that there need be no apprehension on the part of these creameries as to being included within the purview of the bill.

Mr. BORAH. Mr. President, I am at a loss to know what these small creameries would be called if they are not manufacturing establishments. If they are not in a sense either factories or manufacturing establishments, I do not know what they would be called. They do manufacture, and they do process and create; and it seems to me that if there is any doubt about this matter the doubt ought to be removed by an explicit statement.

I have been looking up the term in the dictionary, and I find that "manufacturing process" or "manufacturing establishment" is a pretty broad term. I have received two telegrams on the subject during the last hour.

Mr. JOHNSON. Mr. President, I think the Senator from Minnesota [Mr. SHIPSTEAD] has an amendment applicable alone to these creameries; has he not?

Mr. SHIPSTEAD. To milk and its products.

Mr. JOHNSON. That would relieve the situation, and remove any doubt; and, inasmuch as the bill is construed by the distinguished Senator from Alabama, its progenitor, as being of that character, it would do no harm, particularly in view of what has been said by the Senator from Idaho, to put that amendment in the bill.

Mr. LONG. Mr. President, as I understand, the Senator from Minnesota [Mr. SHIPSTEAD] will offer an amendment to cover milk and milk products; but this amendment is so broad that it would leave the act in a very vague and suspended condition as to whether it would affect anything.

Mr. DICKINSON. Mr. President, we are just as anxious to cover the small poultry-processing plant as we are to cover the small creamery. It may be that poultry does not amount to much down in Louisiana, but it brings into Iowa more money than practically any other product we produce.

Mr. LONG. I do not think killing and skinning a chicken could very well be called manufacturing.

Mr. DICKINSON. Oh, yes. Exactly the same process is gone through there as in the packing plant. There is no question about it.

Mr. LONG. I do not think skinning and picking the feathers off a chicken can be called manufacturing. That is about all that you do. I think you treat chickens down there about the same way that they are treated elsewhere. You cannot pull anything but the feathers and the head off them, and that is not manufacturing.

Mr. DICKINSON. But the way it is done makes a great deal of difference as to whether or not they are salable.

Mr. LONG. That depends on whether or not the chicken is as good.

Mr. GEORGE. Mr. President, this whole question is very much involved and very much confused, and it ought to be clarified. In fact, if it is not clarified, in my judgment, any one would be justified in voting against the bill.

It has been openly avowed here from the beginning that there was no disposition and no intention to bring within the terms of the bill agricultural or farm products in their broad general terms.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Alabama?

Mr. GEORGE. Yes.

Mr. BLACK. I may state that I have talked to several Senators who are interested in this subject, and they state that the Senator from Minnesota [Mr. SHIPSTEAD] has a clarifying amendment which I have not read.

Mr. GEORGE. His amendment is only as to milk.

Mr. BLACK. I do not know exactly the terms of the amendment.

Mr. GEORGE. I think it is confined to milk.

Mr. SHIPSTEAD. Milk and its products.

Mr. GEORGE. That is just one phase of farm life. It is only one phase, though it is an important one; but all the agricultural products of this country, ranging under congressional definition from the edible fruits of the forest, including maple sirup, including naval stores—that is, gum turpentine and resin—including ordinary cane sirup, undergo some form of processing. That is manufacturing, and there is no need of quibbling about it.

This bill as it stands, and administered only literally—not strictly—will include practically everything that leaves the farm in a raw state, because at this time there is some processing in connection with practically every farm product grown. Of course dairy products are manufactured products or processed products. The ordinary cane that is grown is by each farmer converted either into the form of a sirup or a sugar and sold as a raw farm product. The ordinary maple sirup undergoes a certain process; and the raw gum or drippings as they come from the tree are actually converted by a certain process into an edible product.

I suggest to the Senator that as soon as this amendment is out of the way, I will offer a broad general amendment that nothing in the bill shall apply to any agricultural or farm product in the condition in which it is ordinarily prepared for market by the original producer. That will solve the entire problem. If a man goes beyond that, he is manufacturing, and there is no more reason for excluding one form of manufacture than another; but I submit to the author of the bill that if he will simply provide that nothing in the bill shall apply to farm products and agricultural products in the condition in which they are ordinarily and usually sold on the market by the original producer, then the raw products will be brought into the market; and thereafter, when anyone processes or manufactures them and goes beyond the restrictions imposed in this bill, he will be excluded from interstate commerce.

Mr. COPELAND and Mr. DICKINSON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Georgia yield; and if so, to whom?

Mr. GEORGE. I yield first to the Senator from New York.

Mr. COPELAND. Mr. President, let me ask my friend from Georgia whether the proposed amendment which I have accepted, but which was written by the Senator from Iowa, does not cover what the Senator has in mind.

Mr. GEORGE. No; it does not, because it is "seasonal and/or perishable."

Take the case of wool. That is a farm product. Do you want to exclude that from interstate commerce, and all woolen goods, simply and solely because the farmer who feeds the sheep, brings in the sheep, and shears the sheep converts that wool through some sort of processing into a merchantable and marketable form?

Cotton is processed, beyond all doubt. The separation of the lint from the seed is the first necessary step, and an important step, in the manufacture of all cotton textiles. Under this bill undoubtedly ginned cotton is processed, and it has passed through a stage of manufacture. It is simply idle to say that that is not true.

This bill can be simplified by excepting from it anything grown in its raw state and processed no further than is necessary for the marketing of the product by the original producer. That will end all of these difficulties.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Alabama.

Mr. BLACK. I suggest, if the Senator is agreeable to it, that we vote on the other amendment. As I stated to the Senator today, I have never construed that this measure should go any further than has been stated by him here.

Mr. GEORGE. I understand that; but I understand that it does.

Mr. BLACK. I think the matter can be disposed of satisfactorily if we will vote now on this amendment, which is not broad enough to include flour mills and other things that, of course, none of us want to include.

Mr. GEORGE. Certainly; that would be manufacturing. The producer of the raw product, of course, does not convert it into flour.

Mr. DICKINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Iowa?

Mr. GEORGE. I do.

Mr. DICKINSON. I should like to inquire whether or not, in the judgment of the Senator from Georgia, his amendment would cover what is known as the cooperative creamery that takes our raw milk and converts it into butter, or whether it would cover the processing plants for dressing poultry that have grown up in all of our little country localities.

Mr. GEORGE. I do not think it would cover processing carried on by the cooperative, because the product is not usually sold by the original producer in the form in which the cooperative puts it.

Mr. DICKINSON. Then, if my amendment should be defeated and the Senator's amendment should be accepted, the cooperative creamery or the poultry-dressing plant or the cheese factory would have no protection from the provisions of this bill.

Mr. GEORGE. If there are other exceptions that ought to be made, they might well be made; but certainly this exception is one that is necessary to be made, or else we are going to find ourselves with the basic raw material having been worked on by somebody more than 6 hours a day in a 5-day week.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. GEORGE. Yes, sir; I yield to the Senator.

Mr. SHIPSTEAD. If I understood the Senator correctly, he referred to the processing of the original producer. I should like to ask the Senator if he considers that the production of butter in a creamery owned by the producers themselves would not be a processing process by the original producer.

Mr. GEORGE. I will say to the Senator from Minnesota that such processing might be included in the definition which I gave. It occurred to me at first that it might not be, but on reflection it may be included. It would be a very simple matter to say, "including processing by cooperatives", or "including cooperative processing by groups of producers."

Mr. SMITH. Mr. President, if the Senator from Georgia will allow me, the same point that the Senator is making would apply to the ginning of cotton.

Mr. GEORGE. Exactly.

Mr. SMITH. That is processed for the farmer, and then he disposes of the cotton after it has been processed. The same thing would be true in his case more indirectly, but the principle is the same as that stated by the Senator from Minnesota. It is a processing by the farmer for a more convenient form of marketing of his product.

Mr. SHIPSTEAD. If the Senator from Georgia will permit me, I should like to call the attention of the Senator from South Carolina to the difference. These products of the dairy are perishable, while cotton is not.

Mr. SMITH. Mr. President, if the Senator from Georgia will allow me, the element of whether or not it is perishable should not enter into this question, for the reason that the Senator from Georgia is trying to exempt from the operation of this bill those processes which are essential to the farmer individually in order to enable him more conveniently to dispose of his product.

Mr. SHIPSTEAD. I am not quarreling with that.

Mr. REED. Mr. President, this is all very bewildering. We have been told for days that this bill confers inestimable benefits upon the working people of the country; and

yet here we see, for hours upon hours, Senators eagerly trying to exempt the working people of their own States from the benefits of this beneficent bill.

Will not some Senator who believes in the bill kindly explain why it is that he does not want the workingpeople of his own State to receive its blessings? It is quite past our comprehension.

Mr. COPELAND, Mr. DICKINSON, and Mr. LONG addressed the Chair.

The VICE PRESIDENT. The Senator from New York.

Mr. COPELAND. Mr. President, regardless of the discussion as to other products, I want to say to the Senator that unless some provision is made for milk and milk products, it will mean that the farmers who now sell milk which goes into the New York market, farmers selling milk to creameries in Pennsylvania and New Jersey and Vermont and Massachusetts, and the cream products from Ohio and Michigan and Minnesota and Wisconsin will be deprived of their market. Unless some provision is made to cover these products, they cannot be taken in interstate commerce to the New York market or any other eastern market.

It is necessary that we find some way to protect the condenseries and the creameries in order that the products which have been processed in these various establishments shall not be excluded from interstate commerce.

Mr. DICKINSON. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. DICKINSON. I want to suggest that in 1929 there were 3,527 creameries——

Mr. BLACK. A point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. BLACK. Of course, I do not want to disturb any argument, but it seems, if I am not mistaken, that on this particular amendment, which I believe we can dispose of if permitted to vote on it, both the Senator from New York and the Senator from Iowa have already spoken.

The VICE PRESIDENT. The point of order is well taken. The question is on the amendment of the Senator from Massachusetts, as modified.

Mr. DICKINSON. I ask for the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified. [Putting the question.] The noes appear to have it.

Mr. COPELAND. I ask for a division.

On a division, the amendment was rejected.

Mr. SHIPSTEAD. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 3, line 9, after the word "effective", the Senator from Minnesota moves to insert the words "or to milk and/or its products."

The VICE PRESIDENT. This amendment will not be in order unless the vote by which the committee amendment was agreed to is reconsidered.

Mr. BLACK. Mr. President, I desire to ask what is the amendment offered?

The VICE PRESIDENT. Without objection, the clerk will state the proposed amendment.

The CHIEF CLERK. On page 3, line 9, in the committee amendment which has been agreed to, the Senator from Minnesota offers the following amendment: After the word "effective", to insert the words "or to milk and/or its products."

Mr. BLACK. Before we vote on that I should like to ask the Senator for his construction of the effect of the amendment.

The VICE PRESIDENT. The question first is whether or not the Senate will reconsider the vote by which the committee amendment was agreed to.

Mr. BLACK. Before we vote on that, I desire to have the Senator from Minnesota, if it is satisfactory, explain the effect of the amendment.

Mr. SHIPSTEAD. Mr. President, the amendment was prepared before the committee amendment was adopted, and I was not aware that the committee amendment had been adopted. The fact that it has been agreed to makes it necessary that we reconsider the vote by which it was agreed to.

However, Mr. President, I can offer the amendment for insertion at another place in the bill, so as not to require a reconsideration of the vote by which the committee amendment was agreed to. On page 2, line 3, after the word "commodity", I will ask to have inserted the words "except milk or its products."

The VICE PRESIDENT. The Senator offers an amendment, which the clerk will report.

The CHIEF CLERK. On page 2, in part of the original bill, line 3, after the word "commodity", the Senator from Minnesota moves to insert the words "except milk and/or its products."

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. BLACK. Mr. President, I do not understand from the Senator from Minnesota that he considers that this amendment is drawn in such a way that it would apply to a milk-canning factory.

Mr. SHIPSTEAD. I think it would. Milk is always perishable until it is processed. I think it would.

Mr. BLACK. Does the Senator think it would apply to such a plant as the Horlick plant?

Mr. SHIPSTEAD. I think it would. I am not familiar with the canning of milk, but I assume that it would.

Mr. LONG. Mr. President, I think we are going a little bit too fast. I had no idea that this was contemplated. I think that the Borden Co. and the Horlick Milk Co. and the Powdered Milk Co. would be excepted from this law under the Senator's amendment, would they not?

Mr. SHIPSTEAD. I rather think they would be. I do not know enough about the canning of milk to be able to state whether it would be necessary to exempt them in order to preserve the quality of the milk and keep it from being destroyed.

Mr. President, I have in mind particularly cooperative creameries and distributors of fresh milk to the cities, milk in the perishable state. Whether or not it would affect a canning factory, I do not know. I do not know whether a milk-canning factory must have the milk sweet or whether it can take it after it has become sour.

Mr. COPELAND. Mr. President, I want to be frank about the matter. Of course it would cover condenseries, such as Horlicks, Nestle's, and so forth. But let it be borne in mind that in the collecting places, where this milk is taken every day in the week, it has to be received on Sundays and other days, because it must come in fresh form. The time of work is very short, in the mornings on Sundays, no doubt, but, as I view it, if these States are to be protected and the farmers are to be protected in the production of milk and in the establishment of the manufacturing and processing, such an amendment is absolutely necessary.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD].

The amendment was agreed to.

Mr. REED. Mr. President, it is obvious that the bill as it now stands would affect all pending contracts for future delivery. The evident unfairness of that situation leads me to suggest the amendment which I now send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 9, the Senator from Pennsylvania [Mr. REED] moves to insert the following proviso:

Provided, however, That no manufacturer who is bound by an existing contract to furnish goods or materials for a specified time in definite quantities shall be included by the provisions of this act in the shipment of said goods or materials or any goods or materials which it is necessary to produce to carry out the provisions of such a contract.

Mr. BLACK. Mr. President, if that amendment should be adopted, I would judge that the contracts now in existence, or those in existence between now and the 30 days

after the passage of the bill, would multiply to such an extent that there would be very few people who would get any benefit under the bill.

Mr. REED. We could remove that objection by changing the word "now" to read "on April 1, 1933."

Mr. BLACK. Mr. President, I see no reason why those who have made contracts should be given any advantage over those who have not.

Mr. REED. The Senator stated yesterday that this legislation would result in an increased wage cost in the production of manufactured articles, and it is very evident that those who would be covered by the amendment ought to be in a different position from others.

Mr. BLACK. I certainly hope the legislation is going to result in an increased wage cost, and I certainly hope this amendment will be defeated.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. REED].

Mr. REED. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CUTTING (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote on this matter, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COPELAND. Did the Senator from Pennsylvania accept the suggestion fixing the date at April 1, 1933?

The VICE PRESIDENT. The Chair understands the amendment has been modified at the request of the Senator from Pennsylvania fixing the date at April 1 of the present year.

Mr. COPELAND. I vote "yea."

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from Utah [Mr. KING];

The Senator from South Dakota [Mr. NORBECK] with the Senator from California [Mr. MCADOO]; and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN].

Mr. TOWNSEND (after having voted in the affirmative). Has the senior Senator from Tennessee [Mr. MCKELLAR] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. TOWNSEND. I have a general pair with that Senator, and therefore withdraw my vote.

Mr. LEWIS. I desire to announce that the Senator from Virginia (Mr. GLASS) has a general pair with the Senator from New Mexico (Mr. CUTTING). I also desire to announce that the senior Senator from Utah [Mr. KING], the junior Senator from California [Mr. MCADOO], the senior Senator from Tennessee [Mr. MCKELLER], the junior Senator from Tennessee [Mr. BACHMAN], and the senior Senator from Navada [Mr. PITTMAN] are necessarily detained from the Senate on official business.

Mr. BYRD. I desire to announce the unavoidable absence of my colleague the senior Senator from Virginia [Mr. GLASS].

The result was announced—yeas 28, nays 54, as follows:

YEAS—28

Austin	Dickinson	Hatfield	Patterson
Bailey	Fess	Hebert	Reed
Barbour	Fletcher	Kean	Steiwer
Bulkley	Goldsborough	Keyes	Tydings
Capper	Gore	McNary	Vandenberg
Carey	Hale	Metcalf	Walcott
Copeland	Hastings	Murphy	White

NAYS—54

Adams	Brown	Coolidge	Frazier
Bankhead	Bulow	Costigan	George
Barkley	Byrd	Couzens	Harrison
Black	Byrnes	Dieterich	Hayden
Bone	Caraway	Dill	Johnson
Borah	Clark	Duffy	Kendrick
Bratton	Connally	Erickson	La Follette
Lewis	Nye	Schall	Trammell
Lonergan	Overton	Sheppard	Van Nuys
Long	Pope	Shipstead	Wagner
McCarran	Reynolds	Smith	Walsh
McGill	Robinson, Ark.	Stephens	Wheeler
Neely	Robinson, Ind.	Thomas, Okla.	
Norris	Russell	Thomas, Utah	

NOT VOTING—13

Ashurst	Davis	Logan	Norbeck
Bachman	Glass	McAdoo	Pittman
Cutting	King	McKellar	Townsend
Dale			

So Mr. REED's amendment was rejected.

Mr. GEORGE. Mr. President, I now offer the amendment which, I understand, the Senator from Alabama is willing to accept. I have tried to restrict it entirely to agricultural or farm products.

The VICE PRESIDENT. The amendment will be reported.

The LEGISLATIVE CLERK (Mr. Frazier). The Senator from Georgia offers the following amendment, to be added at the end of the bill:

Nothing in this act shall apply to agricultural or farm products processed for first sale by the original producer.

Mr. BORAH. Mr. President, may I ask the Senator from Georgia just the intent of the amendment? Does it apply to all farm products which may be in any way processed?

Mr. GEORGE. It excludes from the provisions of the bill all farm products in the raw stage when offered to the market by the original producer, because, clearly, there has been no manufacturing then. Therefore the bill has no application to them.

Mr. BORAH. They would not be included in the provisions of the bill without the amendment, would they?

Mr. GEORGE. There is some question about it. I think there is a processing carried on by the farmer in certain instances, a necessary processing which he must carry on in order to prepare his products for the market. That might be considered a stage or a state of manufacture. Generally any processing by which the raw product is stepped up into a finished product is considered a stage of manufacture.

Mr. BORAH. In any event the amendment excludes agriculture from the operations of the bill?

Mr. GEORGE. It excludes it entirely so far as such processing as is necessary for preparation of the article for its first sale in the market.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Georgia [Mr. GEORGE].

The amendment was agreed to.

Mr. COPELAND. Mr. President, I desire to ask the Senator from Alabama [Mr. BLACK] a question. Some question has been raised with reference to biological and laboratory products. I take it that by virtue of the amendment which was adopted the other day they would be excluded from the operation of the bill?

Mr. BLACK. The Senator is correct, and that is one of the reasons why the amendment was adopted.

Mr. COPELAND. I thank the Senator.

The VICE PRESIDENT. The question is on the engrossing and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. BLACK. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CONNALLY (when his name was called). I have a general pair with the junior Senator from Tennessee [Mr. BACHMAN]. Not knowing how he would vote, I withhold my vote.

Mr. CUTTING (when his name was called). On this question I have a pair with the senior Senator from Virginia [Mr. GLASS]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. DALE] has a general pair with the Senator from Utah [Mr. KING], and that the Senator from Pennsylvania [Mr. DAVIS] has a general pair with the Senator from Kentucky [Mr. LOGAN].

I also desire to announce that the senior Senator from South Dakota [Mr. NORBECK] has a pair with the junior Senator from California [Mr. MCADOO]. If the senior Senator from South Dakota [Mr. NORBECK] were present, he would vote "nay." If the junior Senator from California [Mr. MCADOO] were present, he would vote "yea."

I further desire to announce that the junior Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness, that the senior Senator from Vermont [Mr. DALE] is necessarily absent, and that the senior Senator from South Dakota [Mr. NORBECK] is detained on official business.

Mr. LEWIS. I desire to announce that the senior Senator from Utah [Mr. KING], the junior Senator from California [Mr. MCADOO], the junior Senator from Tennessee [Mr. BACHMAN], and the senior Senator from Nevada [Mr. PITTMAN] are necessarily detained from the Senate on official business.

Mr. BYRD. I desire to announce the unavoidable absence of my colleague the senior Senator from Virginia [Mr. GLASS].

The result was announced—yeas 53, nays 30, as follows:

YEAS—53

Adams	Couzens	Long	Shipstead
Ashurst	Dieterich	McCarran	Smith
Bankhead	Dill	McGill	Thomas, Okla.
Barkley	Duffy	McKellar	Thomas, Utah
Black	Erickson	Murphy	Trammell
Bratton	Frazier	Neely	Tydings
Brown	George	Norris	Vandenberg
Bulow	Harrison	Nye	Van Nuys
Capper	Hayden	Overton	Wagner
Caraway	Johnson	Pope	Walsh
Carey	Kendrick	Robinson, Ark.	Wheeler
Clark	La Follette	Robinson, Ind.	
Copeland	Lewis	Schall	
Costigan	Lonergan	Sheppard	

NAYS—30

Austin	Dickinson	Hebert	Russell
Bailey	Fess	Kean	Steiwer
Barbour	Fletcher	Keyes	Stephens
Borah	Goldsborough	McNary	Townsend
Bulkley	Gore	Metcalf	Walcott
Byrd	Hale	Patterson	White
Byrnes	Hastings	Reed	
Coolidge	Hatfield	Reynolds	

NOT VOTING—12

Bachman	Cutting	Glass	McAdoo
Bone	Dale	King	Norbeck
Connally	Davis	Logan	Pittman

So the bill was passed.

Mr. BONE subsequently said: Mr. President, I desire to state that at the time the vote was taken on the so-called "Black bill", providing for a 6-hour day, I was unavoidably absent from the Chamber. Had I been present and permitted to vote, I would have voted "yea."

The VICE PRESIDENT. The clerk will report the amendments to the preamble.

The CHIEF CLERK. In the preamble on page 2, line 1, the committee proposes to strike out "clogged the arteries of interstate and foreign commerce, and so burdened" and insert the words "brought about conditions injuriously affecting", so as to make the paragraph read:

Whereas the emergency has brought about conditions injuriously affecting the trade between the peoples of the various States that business is stagnant, unemployment, undernourishment, destitution, and want have been steadily increasing.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

The next amendment to the preamble was in the second paragraph, on page 2, after the word "commerce", to strike out the word "between" and insert the word "among"; and in the same line, after the word "the", to strike out the word "State" and insert the words "several States", so as to read:

Whereas while millions of citizens, ready and able to work, cannot secure the opportunity to do so, while millions of others are working in factories and industrial establishments 10, 12, 13, 14, and even 16 hours per day, producing goods shipped and used in interstate commerce, to the detriment of the whole people of the United States, and thereby burdening, injuring, and destructively affecting commerce among the people of the several States, and with foreign nations: Now, therefore—

The amendment was agreed to.

The preamble, as amended, was agreed to.

RELIEF OF AGRICULTURE

Mr. SMITH. Mr. President, I move that the Senate proceed to the consideration of House bill 3835, which is known as the "farm relief bill."

The VICE PRESIDENT. The Senator from South Carolina moves that the Senate proceed to the consideration of a bill, the title of which will be stated.

THE CHIEF CLERK. A bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from South Carolina.

The motion was agreed to; and the Senate proceeded to the consideration of the bill, which had been reported from the Committee on Agriculture and Forestry with amendments.

RELIEF OF INSURANCE COMPANIES

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Florida?

Mr. SMITH. I yield.

Mr. FLETCHER. I presume the Senator from South Carolina does not intend to proceed to the consideration of the agricultural relief bill at this late hour in the afternoon, so I ask if he will consent to lay aside temporarily the unfinished business in order that I may ask that the Senate consider at this time Senate bill 1094?

Mr. SMITH. Mr. President, I understand that it is an emergency measure, and therefore, as the hour is late and the probabilities are that the consideration of the bill can be concluded this evening, I see no reason why the unfinished business may not be temporarily laid aside.

The VICE PRESIDENT. The Senator from Florida asks unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of a bill, the title of which will be stated.

The CHIEF CLERK. A bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies.

The VICE PRESIDENT. Is there objection?

Mr. MCNARY. Mr. President, I am not familiar with the bill other than from statements made to me by the distinguished Senator from Michigan [Mr. COUZENS]. I am wondering if the Senator from Florida will not be willing to make his motion in the morning, following the roll call, after the meeting of the Senate at 12 o'clock noon?

Mr. FLETCHER. I should like to conform to the wishes of the Senator from Oregon, but the bill was reported several days ago and has been on the calendar and before the Senate.

Mr. MCNARY. In the case of this bill, as of other bills on the calendar, when the statement is made that it will be brought up for consideration, no one pays any attention to it. I think that, with the notice that the Senator will call the bill up tomorrow, those who are not familiar with it will read it tonight and those who opposed it in the committee will be here by reason of the notice given, and, therefore, by waiting until tomorrow we will not unduly defer action on the bill.

Mr. FLETCHER. That is agreeable to me if the Senator from South Carolina is willing. He consented, however, that the unfinished business should be laid aside.

Mr. SMITH. Mr. President, I do not feel that we should lay aside the very important farm relief bill if the interposition of the bill of the Senator from Florida will lead to lengthy discussion, and, therefore, I object to laying temporarily aside the unfinished business.

The VICE PRESIDENT. Objection is made.

Mr. ROBINSON of Arkansas. I understand that the Senator from Oregon merely requested that the suggestion of the Senator from Florida go over until the morning. I do not understand that he has objected finally to laying aside the unfinished business for a short time in order to consider the bill of the Senator from Florida.

Mr. MCNARY. I tried to make it clear that on account of the lateness of the hour and the lack of notice the bill should go over until tomorrow at 12 o'clock. When the Senator from Florida renews his motion at that time I shall make no objection, and I think the Senator from South Carolina will be willing then temporarily to lay aside the farm relief bill so that the bill of the Senator from Florida may be considered.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Indiana?

Mr. ROBINSON of Arkansas. I yield.

Mr. ROBINSON of Indiana. If the bill provides for the purchase by the Reconstruction Finance Corporation of preferred stocks, bonds, and debentures of insurance companies, I shall certainly object to laying any other bill aside for it, because it will involve a good deal of discussion. I put in the RECORD today, I may say to the Senator from Arkansas, a statement showing the enormous salaries which are being paid to executive officers of insurance companies even during the depression; and I will not agree to the consideration of the bill.

Mr. ROBINSON of Arkansas. Very well, there is no effort to secure such an agreement now. I was merely making a statement explanatory of the situation as its affects the bill of the Senator from Florida.

Mr. FLETCHER. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON of Arkansas. I yield.

Mr. FLETCHER. Let me call the attention of the Senator from Indiana to the fact that an amendment to the bill provides that there shall be taken no preferred stock of insurance companies any officer, employee, agent, or anybody else connected with which receives in excess of $17,500 a year.

Mr. ROBINSON of Indiana. There may be no objection to considering the bill tomorrow but I should like to examine it tonight.

Mr. FLETCHER. I shall be glad to have the Senator do so.

BUSINESS UPTURN

Mr. CONNALLY. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Washington Post of this morning entitled "One Hundred Business Leaders Sign Program to Start Upturn."

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the Washington Post, Apr. 6, 1933]

ONE HUNDRED BUSINESS LEADERS SIGN PROGRAM TO START UPTURN

NEW YORK, April 5.—A 5-point inflation plan, which its exponents believe would "restart industry and give rapidly increasing employment," was outlined tonight by "The Committee for the Nation to Rebuild Prices and Purchasing Power."

The program is called "The Next Five Steps".

It is signed by 5 members of the "directing committee", and also by 100 prominent business leaders, industrialists and economists.

The "five steps", in brief, are:

"1. Recognize that bank deposits constitute the Nation's important medium of exchange. Therefore, the reopening of the maximum number of banks must be expedited and deposits unfrozen as rapidly as possible by a very broad and liberal use of the powers granted the administration by recent emergency legislation. In the opinion of the committee, the Government would be justified in expanding currency to protect the depositors of banks which have not yet reopened. * * * The Government should guarantee the deposits of all banks which have been reopened and which have been declared sound. * * *

"2. Continue embargo on gold export and suspension of specie payment before the United States returns to the gold standard; conferences should be held with Great Britain with the aim of making arrangements for these two countries to return to the gold basis simultaneously and on a basis that will give each country the price level it desires. * * *

"3. Remove restrictions upon foreign-exchange dealings which do not involve export of gold. Discontinue the efforts to keep the dollar at its former gold parity. The British pound sterling and other foreign exchanges must advance in the price level in the United States. By pegging the dollar in foreign exchange, we have held down our price level as completely as though we had not suspended gold payments. We must resume the free dealing in sterling and other foreign exchange. If this does not suffice, the United States should sell dollar exchange to depress the price so that foreign countries can acquire it at lower cost to pay their debts to us and to use it in buying goods from American agriculture and industry * * *.

"4. It should be announced forthwith that prior to lifting the embargo on gold at a future date, it will be the policy of the United States to revalue gold. It is the opinion of the committee that in this revaluation, the United States Treasury should raise the price of gold from $20.67 per ounce to a new price of $36.17 per ounce. This is an increase of 75 percent—an arbitrary temporary level, estimated to bring the commodity price level to a 1926 base. * * *

"5. A Federal nonpartisan board should be created to stabilize the United States general price level of wholesale commodity prices at 100. This is the average of the United States Bureau of Labor price levels from 1921 to 1930. * * *"

The committee says that if this program were adopted it would "have as its object the immediate increase of prices and a continuing increase that will gradually carry prices back to where they were in 1926."

In discussing suggestion no. 4, the report said:

"The mere knowledge that such a program of establishing a higher dollar price for gold is planned would start the price level upward.

"Such basic commodities as cotton, wheat, hides, and copper would rise rapidly. This price increase would quickly spread to other products.

"Consumers would begin to buy, dealers and wholesalers would buy from manufacturers, and industry would be set in motion. * * *

"World commodities would continue to exchange for practically the same amount of gold as previously, but each ounce would represent a larger number of dollars in the United States.

"At this point a new stabilization board would operate to maintain the then existing price level within a narrow range of fluctuation."

The report said that in February the committee "forecast, among other things, the impending need for (a) embargo of gold exports, and (b) suspension of specie payments as a prerequisite to restoration of price levels within the United States, and these two steps are now accomplished facts."

The signers are Lessing J. Rosenwald, chairman Sears, Roebuck & Co.; F. H. Sexhauer, president Dairymen's League Cooperative Association; F. H. Frazier, chairman General Baking Co.; Vincent Bendix, president Bendix Aviation Co.; and J. H. Rand, president Remington Rand Co., as members of the directing committee.

Among the 100 other signers are: Philip K. Wrigley, president William Wrigley, Jr., Co.; L. J. Taber, master National Grange; Irving Fisher, Yale economist; F. C. Williams, investment banker; E. L. Cord, president Cord Corporation.

THE EMERGENCY FARM BILL AND NATIONAL PROSPERITY

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by the junior Senator from Alabama [Mr. BANKHEAD] on April 3 on the subject of the emergency farm bill and national prosperity.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

For more than 10 years the balance of trade has been against the farmers and the agricultural areas of the country. That disadvantage becomes apparent when it is pointed out that the price level of farm commodities is only 50 percent of the pre-war level, while the prices paid by farmers for industrial commodities is 102 percent of the pre-war level.

Since 1928 the prices of things the farmer sells have dropped an average of 60 percent, but things he buys have dropped only 29 percent. Forty-two percent of all farms were mortgaged in 1930 for a total of $9,241,000,000—which is almost three times the pre-war debt level. During the past decade, from one sixth to one eighth of all farms in the United States have been foreclosed or sold at forced sales. Farm taxes are 2½ times the pre-war level. In scores of communities in more than 20 States organized groups of farmers have taken the law into their own hands and forcibly resisted legal procedure in mortgage foreclosures.

It is no wonder that so many of our factories and industries are closed, trade is paralyzed, and approximately 11,000,000 people are unemployed in the cities and towns. The destruction of the purchasing power of agriculture has curtailed the principal market for the products of industry.

First, the purchasing power of the 30,000,000 people living on the farms of this country dried up. This, in turn, caused the purchasing power of the 22,000,000 people residing in the villages and towns adjacent to these farms to almost vanish, and when the purchasing power of 52,000,000 of our people, practically one half of our population, dwindled to such small proportion, it was inevitable that the disastrous consequences would reach into the great cities and industrial centers, closing factories, stagnating trade, throwing millions out of work, and

curtailing the wages of others. This reduction in the purchasing power of labor still further reduced the market for the goods of industry and agriculture, thus intensifying still more the disastrous consequences of the loss of farm buying power.

Such in brief outline are the conditions with which we are confronted. Surely no one can deny that we are facing an acute emergency which requires speedy and effective action.

The farm bill is frankly an emergency measure designed to deal with this acute situation. In ordinary times I would be hesitant to apply such far-reaching measures, but the condition of agriculture and the country generally is such that I am convinced of the imperative necessity of acting speedily and effectively and, if necessary, in a drastic way to meet this emergency which threatens our whole economic structure and, indeed, endangers the safety of our political institutions.

I do not agree with the philosophy that we can do nothing by legislation to cure the farmers' troubles. Much of his trouble has been occasioned by discriminatory legislation, and there is no reason why we should not remedy these troubles by legislation. For a great many years the producers of our great basic farm crops, such as cotton, wheat, corn, oats, hog products, rice, and tobacco, have been buying manufactured goods at prices raised artifically by high tariffs, while they have sold their commodities on virtually a free-trade basis, because the pressure of the exportable surplus tended to depress domestic prices down to the level of world prices, even on the farm commodities on which we had tariffs. To give just another example of legislative favoritism, the railroads, through authority granted by Congress to the Interstate Commerce Commission, have established a high level of freight rates in an attempt to assure the railroads a profit on a greatly exaggerated investment, while farmers and other groups are producing at terrific losses today. Freight rates on farm products are roughly 50 percent higher than before the war, while farm prices are just one half the pre-war level; yet the railroads thus far have successfully resisted any adequate reductions in freight rates.

The emergency farm bill confers broad powers upon the Secretary of Agriculture to cope with the existing emergency. It recognizes that no one plan can be applied rigidly to every commodity, nor can it be applied unchanged even to one commodity continuously. There must be flexibility in order to give ample power to deal with the particular marketing problems of each commodity under varying conditions.

The declared purpose of the pending bill is to reestablish prices to farmers to an extent that will enable them to buy the same amount of industrial commodities with the same amount of farm commodities that exchanged for each other in the pre-war period of 1909–14.

To accomplish this purpose the Secretary of Agriculture is empowered to:

(1) Provide for reduction in acreage or production of specified farm products and to compensate producers for such reduction through rental or benefit payments.

(2) Enter into marketing agreements with producers, marketing agencies, and processors of farm products.

(3) License processors and distributing agencies engaged in interstate or foreign commerce in handling agricultural products and to regulate them so as to eliminate unfair practices and charges.

(4) Use the Smith cotton option contract plan on the 1933 crop of cotton.

(5) Impose taxes on the processing of the basic agricultural commodities at an amount not in excess of that necessary to restore the pre-war price parity, subject to the limitation that the tax shall be reduced if the full amount is more than can be borne under existing conditions without excessive reduction in consumption.

It is intended under this broad grant of power that the Secretary will call in representatives of the producers and processors for each commodity and shall work out separately for each commodity the method of dealing with it which offers the best hope of effective control of production for the 1933 crops and of progressive action toward an elimination of surplus stocks or production, and restoration of normal price parities.

Power is granted to make effective the law of supply and demand by reduction of excessive surpluses so that prices growing out of an effective demand will not be driven down by dumping on the market quantities for which there is no buying power.

Under the power to levy a tax on processors provision is made for hearings to interested parties, so that in each step of the application of the law the Secretary will discuss the proposed steps with those interested and will take into account their expert advice.

In controlling production of different commodities different systems will probably be used. Thus it is anticipated that in the case of hogs and corn the payment of rent for retirement of corn land from production will be contingent upon a corresponding reduction in the quantity of hogs marketed by the producer. In the case of cash crops, the rental or benefit payment may be based primarily upon reduction in acreage of the particular crop in question, with supplementary provisions as to the alternative use of the land. Under the plan the Secretary is also at liberty to rent land in large tracts or in selected regions or to allot the sums for land rentals by States and counties, so that each producer will have an equal opportunity to rent a portion of his land and to receive rental payments.

The main advantages of this plan may be summarized as follows:

First. It provides an effective plan of voluntary reduction of production to conform to consumptive demands, without applying compulsion to farmers, and at the same time compensates the farmers for not planting a part of their lands.

Second. It provides for the gradual but rapid attainment of pre-war purchasing power in home markets for producers of the great basic farm crops, which, in the main, do not benefit from the protective tariff.

Third. This result is achieved without any Government subsidy; the plan is self-supporting.

Fourth. It does not attempt to fix prices by Government fiat; price levels will still be determined by supply and demand, but when these prices are insufficient to give farmers price parity they also receive sufficient benefits to give them price parity. These benefits do not come out of general taxes.

Fifth. No great administrative force is needed. It is planned to utilize the agricultural extension service, farm organizations, cooperative associations, and other existing agencies wherever practicable.

Sixth. Through the licensing feature both the producer and the consumer are to be protected against unfair practices, profiteering, and other attempts of processors and handlers to defeat the plan.

Seventh. It gives all agencies involved a voice in its administration by means of the marketing agreements which are authorized.

Eighth. It creates a favorable domestic market for our farm products—equivalent in effect to protective tariff benefits—without inviting foreign retaliation.

Ninth. It does not discourage exports; commodities and manufactured products will move in export just as they do now, free from any tax.

Tenth. The broad, flexible powers granted the Secretary permit him to apply different methods to suit the needs of each commodity and varying conditions.

Obviously it will require a reasonable amount of time to get the bill into full operation, but we are hopeful of getting it started so it will apply to this year's crop if Congress will pass it soon enough.

What about consumers? How would they fare under the bill?

Much inflammatory criticism has been circulated about the bill, mainly by a few processing interests, in an attempt to alarm the consuming public against the measure.

There does not seem to me to be any justification for alarm on the part of consumers.

Take the case of wheat prices and bread prices. It is well known that bread prices change very little while wheat prices fluctuate very greatly. An investigation of this matter by a subcommittee of the Senate Agricultural Committee disclosed that from 1923 to 1924 the farm price of wheat advanced 12 cents per bushel while bread prices advanced only one tenth of 1 cent per pound; from 1923 to 1925 the farm price of wheat advanced 52.5 cents, but bread prices went up only seven tenths of 1 cent per pound. From 1925 to 1930 farm wheat prices went down 70.1 cents per bushel but bread prices declined only seven tenths of 1 cent. The farmer gets less than 1 cent for the wheat in a loaf of bread.

The fact is distribution costs in this country are too high. As a result the farmer gets too little and the consumer pays too much. This is not entirely due to the processors or distributors alone but is due partly to our costly and wasteful distribution system. Farmers receive just half what they received before the war, but the cost of distribution of food products is 54 percent higher than the pre-war level. In March 1933, farmers received 63.4 percent less for wheat than the pre-war average but consumers paid 14.3 percent more than the pre-war average. Beef-cattle producers received 36.3 percent less than the pre-war average but consumers paid 13.8 percent more for sirloin steak. Cotton farmers received 55.6 percent less for cotton than the pre-war average while the wholesale price of textile goods was only 9.4 percent lower. Hog producers received 59.4 percent less than the pre-war average while sliced ham was 7 percent higher and pork chops were 22 percent lower. Farmers received 19.5 percent less for lambs but consumers paid 14.8 percent more for lamb.

Distribution costs here are much higher than in other countries. In 1932 wheat sold for $1.71 per bushel in Paris, compared to 46.9 cents at Kansas City, yet bread prices in the United States were nearly twice what they were in Paris, averaging 6.7 cents at Kansas City, compared to 3.9 cents at Paris. Compared with the pre-war period, the Kansas City price for wheat dropped from 95 cents pre-war to 46.9 cents in 1932, while bread prices increased from 6 cents pre-war to 6.7 cents in 1932. The reverse was true in Paris; wheat prices increased from $1.41 per bushel in pre-war to $1.71 in 1932, while bread prices decreased from 5.5 cents to 3.9 cents.

Consumers, wage earners, and the country generally will profit from the operations of this measure through the revival of business and trade which it will start. The restoration of the pre-war purchasing power of these basic commodities will restore a lost market for the products of the mines and factories and for the services of the people in the cities and industrial centers.

Few people realize the vastness of this lost buying power of 52 million people dependent upon agriculture. In the March issue of the Country Gentleman Harry O'Brien tells of a 2,000-mile trip through the Corn Belt in an attempt to measure the possible extent of this market. He reports that he found a deferred buying power of almost unbelievable proportions—"a market big enough to restore national prosperity." One State alone needed $200,000,000 worth of materials for repairs to farm buildings alone, not to mention a host of other things. In the 2,000 miles traveled he did not find a single man who did not need to buy something.

He estimated this deferred buying needs would amount to billions of dollars, just waiting for increased purchasing power—billions of dollars for paint, lumber, autos, trucks, farm machinery, household appliances, furniture, clothing, radios, tools, magazines and newspapers, rugs and linoleum, life insurance, fire insurance, and a host of other things.

As President Roosevelt said in his message to Congress, the bill represents "a new and untrod path." But with equal frankness, he promised that if it failed to work, he would be the first to acknowledge it and inform the Congress. Can anything be fairer than that? Surely, we should permit him to carry out his program. Personally I am not one of those persons who are unwilling to do anything that is new—who want to maintain the status quo at any cost. The people are sick of the status quo. They want something new besides ruinous prices, unemployment, starvation wages, loss of homes, and destitution. They said so very emphatically last November. The administration has a mandate from the people to build a new and better order. The country understood clearly what our President proposed to do for agriculture and the Nation, because he outlined his program clearly and repeated its salient features again and again. The President is now engaged in carrying out his solemn pledges. Within a week after he took the oath of office, Secretary Wallace called together the farm leaders, and they formulated and agreed upon a set of principles which were incorporated into the farm bill which President Roosevelt forwarded to Congress 6 days later and which is now before the Senate.

This measure is the fulfillment of his promise to the American farmers and to the American people to revive trade and commerce by restoring farm purchasing power. The President has acted swiftly to fulfill his platform pledges. Commenting on this, the New York Journal of Commerce in the March 31 issue said: "President Roosevelt is revealed as following closely the Democratic pledges in the drafting of his economic program. He will go down in history as the first Chief Executive who respected these campaign promises by making an earnest effort to see that each plank is transformed into legislative action."

During the World War we resorted to much more drastic measures in order to win the war. We resorted to Government price fixing; to the conscription of our citizens to fight, and, if necessary, to give their lives; Government regulation of the profits of industry; the rationing of sugar, bread, and other necessities of life, and many other drastic and far-reaching proposals. The country generally accepted these unusual measures in the spirit of patriotism and national sacrifice in order to win the war.

We are now engaged in a war against the depression. Except for the loss of human life, I am not sure but that there is much more at stake for human happiness in the present war against the depression than there was involved in the World War; and, so far as the United States is concerned, I suspect that if accurate statistics were available of the number of suicides and the amount of illness and impairment of health attributable to this depression were available, they might show a greater loss of life and greater human suffering than we suffered during our participation in the World War.

In this grave hour of national emergency I think it is the duty of every citizen to lay aside all partisan and selfish considerations and rally to the support of our President in his war against the depression.

I appeal to every citizen to support our chosen leader to the end that he may make a reality the new deal which he has promised for American agriculture and the Nation.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. On behalf of the majority, I ask that the Senator from Nevada [Mr. McCARRAN] be assigned to the vacancy on the Committee on the District of Columbia.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

BOARD OF VISITORS TO NAVAL ACADEMY

Mr. McNARY. I ask that the Senator from Maryland [Mr. GOLDSBOROUGH] be excused from further service as a member of the Board of Visitors to the Naval Academy, and that the Senator from Maine [Mr. WHITE] be assigned to that Board in his place.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT laid before the Senate a message from the President of the United States, transmitting a nomination, which was referred to the Committee on Commerce and appears at the end of today's Senate proceedings.

DIRECTOR OF THE CENSUS—WILLIAM L. AUSTIN

The VICE PRESIDENT. Reports of committees are in order.

Mr. STEPHENS. From the Committee on Commerce, I report favorably the nomination of William L. Austin, of Mississippi, to be Director of the Census. I ask unanimous consent for the immediate consideration of the nomination.

The VICE PRESIDENT. Is there objection? The Chair hears none, and without objection the nomination is confirmed.

Mr. STEPHENS. I ask unanimous consent that the President may be notified of the confirmation.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

THE CALENDAR

The VICE PRESIDENT. If there are no further reports of committees, the calendar is in order. The clerk will state the first nomination on the calendar.

GOVERNOR, PANAMA CANAL

The Chief Clerk read the nomination of Julian L. Schley to be Governor of the Panama Canal.

Mr. ROBINSON of Arkansas. Mr. President, I do not see the Senator from Utah [Mr. KING] in the Chamber. A day or two ago he asked that this nomination go over. I shall ask that it go over once more in order to afford the Senator from Utah the opportunity of taking any course in the matter he may choose to take.

The VICE PRESIDENT. The nomination will be passed over.

Mr. GEORGE. Mr. President, before this nomination goes over I should like to say that I talked with the Senator from Utah, and I question whether he will insist upon the objection. He stated to me that his objection did not go to the appointee at all but to the practice of selecting military officers as governors of the Canal Zone.

Mr. ROBINSON of Arkansas. That is my understanding of his attitude.

Mr. GEORGE. I am willing to have it go over one more time, but I should like to have it disposed of at the next executive session.

Mr. ROBINSON of Arkansas. I think it should be disposed of at the next executive session.

DEPARTMENT OF AGRICULTURE

The Chief Clerk read the nomination of Rexford Guy Tugwell, of New York, to be Assistant Secretary of Agriculture.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

RECESS

Mr. ROBINSON of Arkansas. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 26 minutes p.m.), the Senate, as in legislative session, took a recess until tomorrow, Friday, April 7, 1933, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate April 6 (legislative day of Mar. 13), 1933

ASSISTANT SECRETARY OF COMMERCE

John Dickinson, of Pennsylvania, to be Assistant Secretary of Commerce, vice Julius Klein, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 6 (legislative day of Mar. 13), 1933

ASSISTANT SECRETARY OF AGRICULTURE

Rexford Guy Tugwell to be Assistant Secretary of Agriculture.

DIRECTOR OF CENSUS

William L. Austin to be Director of the Census.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 6, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Heavenly Father, be gracious and bridge the chasm that separates us from communion with Thee. We turn in prayer to the throne room of the universe. Thou, who art touched with a feeling of our infirmities and yield to the feeblest cry of little children, accept our offering. O may our dreams and visions open a world of happy usefulness in the service of the people. Persuade us, blessed Lord, that in the sweep of time, success is the sweet, patient waiting for the will of God. Let hope revive beneath the dismal skies of our country and courageous faith discern the coming of better and brighter days. In the name of the Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

ORDER OF BUSINESS

Mr. PARKER of Georgia. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection?

Mr. SNELL. Reserving the right to object, let us see what the program is going to be. I will leave that to the majority leader.

Mr. BYRNS. To settle that, I ask unanimous consent, Mr. Speaker, that when the House adjourns today it adjourn to meet on Monday next. I do that for the reason that I am informed that the committees having bills under consideration and conducting hearings will not be ready to do more than to make a report between now and Monday, and it would be impossible to consider them between now and Monday.

Mr. BANKHEAD. If the gentleman from Tennessee will yield, what about the investigation by the Judiciary Committee of the Treadway resolution?

Mr. BYRNS. As I understand, the Judiciary Committee appointed a subcommittee to consider it, and the subcommittee was to make a report at 10 o'clock this morning. The gentleman from Tennessee is here, and perhaps he can give the information.

Mr. BROWNING. Unfortunately, I was obliged to be absent from the hearing this morning and could not give the gentleman the information. I do not know what final action was taken this morning.

Mr. O'CONNOR. Reserving the right to object, will the majority leader tell us, if the Judiciary Committee decides that the bill is not subject to a constitutional objection, is it intended to take up on Monday the Wagner bill?

Mr. BYRNS. It would be my idea, unless it was by agreement temporarily laid aside until a copy of the Wagner bill was reported from the committee.

Mr. SNELL. An exactly identical bill was introduced in the House and referred by the Speaker.

Mr. BYRNS. It seems to me that regardless of the report of the Judiciary Committee, if the farm mortgage bill and securities bill were ready for consideration Monday, the other bill could be withheld.

Mr. SNELL. It will not delay the program, whichever way the Judiciary Committee decides.

Mr. O'CONNOR. But to take up the Senate bill would save a little time, instead of starting at the other end and considering the House bill.

Mr. BYRNS. I think the House should dispose of the Treadway resolution before we consider either the Senate or the House bill.

Mr. O'CONNOR. Surely; but I mean if the Treadway resolution is held not defective by the Judiciary Committee, is it the intention to take the Wagner bill from the Speaker's table and consider it?

Mr. BYRNS. That will depend on the action of the House.

Mr. BANKHEAD. There is another matter, if the gentleman will yield. In the event that the Judiciary Committee—and I am making a guess, for I do not know what that committee will hold—if the committee holds that it is a revenue measure, then it seems to me the bill instead of going to the Banking and Currency Committee would have to go to the Ways and Means Committee.

Mr. SNELL. I want to say that the basis of my objection was not as to which committee should have charge of it but a question of a revenue measure, which should originate in the House of Representatives. It was not with reference to which committee should have charge of the bill.

Mr. BANKHEAD. The gentleman, then, would raise no point upon the matter of its reference?

Mr. SNELL. No; because that has nothing to do with the constitutional question.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, under the rules providing for what the Committee on Ways and Means has jurisdiction of, the bill would probably have to go to that committee, because, as I understand it, the rules provide that that committee has jurisdiction over bonded indebtedness.

Mr. SNELL. If the gentleman will look back at the history of that legislation, he will see that some of it has come from the Banking and Currency Committee and some from the Committee on Ways and Means. It is largely up to the Speaker of this House, and I think whatever committee he refers the bill to would be accepted by the House.

Mr. TREADWAY. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. TREADWAY. I fully agree with what the gentleman from New York [Mr. SNELL] has said. I took the matter up and presented the resolution from the viewpoint that the additional authorization for the Reconstruction Finance Corporation and its additional capitalization came from the Committee on Ways and Means. The Ways and Means Committee handled what was known at the time as the "Garner bill." The Speaker will recall that the Ways and Means Committee had that bill; and I assumed, and introduced my resolution with that in mind, that this further additional authorization would naturally bring about a Ways and Means reference.

Mr. SNELL. The gentleman knows that the original bill came from the Committee on Banking and Currency.

Mr. TREADWAY. There is no question about that.

Mr. McFADDEN. My recollection is that the Reconstruction Finance Corporation bill was handled by the Banking and Currency Committee.

Mr. SNELL. That is correct.

The SPEAKER. The Garner bill, which has been referred to, contained a direct tax. Is there objection to the request of the gentleman from Tennessee that when the House adjourns today it adjourn to meet on Monday next?

Mr. KVALE. Mr. Speaker, I reserve the right to object merely for the purpose of securing for the RECORD a statement from the majority leader that no good purpose would be served by remaining in session so far as advancing this important legislation is concerned.

Mr. BYRNS. None whatever, because the committees are not yet ready to report.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO FILE REPORT ON H.R. 4590

Mr. JONES. Mr. Speaker, in view of the action just taken, I ask unanimous consent that the Committee on Agriculture have the privilege any day this week to file a report upon the bill (H.R. 4590), together with the minority views.

Mr. CLARKE of New York. I reserve the right to object, in order to make it clear that any member of the committee has the privilege of filing minority views if he differs from the chairman of the committee.

Mr. JONES. That is to be understood.

Mr. BLANTON. With the understanding that all reports be printed in the same document.

Mr. JONES. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Texas that he have the remainder of the week in which to file a report upon the bill in question, minority views, if any, to be included at the same time?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

The SPEAKER. The question now comes on the request of the gentleman from Georgia [Mr. PARKER] to address the House for 10 minutes.

Mr. SNELL. Mr. Speaker, I reserve the right to object to that unanimous consent, although I do not intend to do so. I want it understood that there is to be no further business brought before the House today. Of course, if the majority leader wants to keep people here to allow someone to talk, that is quite satisfactory to me, but it should be understood that no other business is to be brought up. Is that correct?

Mr. BYRNS. There will be no other business. As far as I am concerned, if gentlemen want to talk and others want to remain here to listen to them, I shall have no objection.

Mr. SNELL. I shall have no objection to that, but I want it understood that if one has something else to do he can do it.

The SPEAKER. Is there objection to the request of the gentleman from Georgia that he be permitted to address the House for 10 minutes?

There was no objection.

Mr. PARKER of Georgia. Mr. Speaker, for the past 2 years or longer, Dr. Charles Holmes Herty, a noted scientist who was born in Milledgeville, Ga., the home of the dean of the Georgia delegation in the House of Representatives, the Honorable CARL VINSON, has been experimenting in the production of paper from Georgia pines. The people of my State have been greatly concerned as to what degree of success Dr. Herty might achieve in this important undertaking.

It is with great pride that I am able at this time to state to the Congress that Dr. Herty has been able to produce a very fine grade of paper from slash-pine trees in the congressional district of Georgia that I have the honor to represent in this body.

I hold in my hand a copy of the Soperton News, a weekly newspaper published at Soperton, Ga., in Treutlen County, one of the counties of the First District of Georgia, on Friday, March 31, 1933. This edition of the Soperton News is the first newspaper ever to be printed on paper made from pine trees. The slash-pine trees from which the paper used in this issue of the Soperton News was made were grown in Treutlen County, Ga. The paper itself was made by Dr. Herty, in his Georgia paper laboratory at Savannah, Ga., the outstanding city of my congressional district.

I am of the opinion that the success achieved by Dr. Herty in this matter is worthy of note and that the people, not only of Georgia but of the entire United States, will be greatly interested in knowing of Dr. Herty's scientific accomplishments.

The members of the newspaper fraternity throughout the country, in all probability, will be interested in knowing that the editor and publisher of the Soperton News is Mr. H. M. Flanders, one of my constituents. His interest in this matter and the splendid cooperation that he has given to Dr. Herty and others who have worked so diligently to bring about the desired results from the experiments that I have referred to are worthy of note, and I am sure Mr. Flanders should receive a portion of the commendation that all interested parties are entitled to in the premises.

I might add in passing that Mr. James Fowler, of Soperton, Ga., is the world's largest slash-pine grower. Mr. Fowler has planted, since 1926, 1,500,000 slash-pine seedlings. These trees were planted on land where there were no seed trees for natural seeding and on lands on which he had formerly grown corn and cotton at a loss. Mr. Fowler is the largest individual landowner in Treutlen County. He has 7,000 acres of forest lands, with a good stand of slash-pine timber, and by 1935 he expects to begin using for turpentine purposes several hundred acres of his planted trees. By so doing he can increase his turpentine operations from his present 20 crops to 40 crops, with an unlimited amount of timber available for an indefinite period. I am told that slash-pine trees are available for making newsprint after they reach the age of 7 years. Mr. Fowler states to the people of Georgia that it pays to grow and protect young trees.

Mr. J. E. Parker, Jr., who is secretary-treasurer of the Long County T.P.O., has thinned 1,300 acres of young slash timber during the last 6 weeks. Long County is also one of the counties represented by me in the Congress of the United States. Some of the timber thinned is very young, not over 3 years old, and brush hooks were used, which made the cost of the thinning operation quite low. Timber which averaged about 10 years old was thinned to a 10 by 10 spacing, and will now stand for 4 more years before another thinning will be necessary. The cost of thinning in 10-year-old slash pine, according to Mr. Parker, is only $1 per acre. The Parker-Howard Turpentine Co. has a perfect stand of young slash pines on 9,000 acres of land at this time.

I feel justified at this time in asking unanimous consent of the House to extend my remarks in the RECORD and to include therewith a very short editorial from the Soperton News of Friday, March 31, 1933, describing the pine trees from which the paper was made on which the newspaper that I hold in my hand was printed, also a short news story with reference to this matter printed in the Macon Telegraph on April 4, 1933.

The SPEAKER. Is there objection.

There was no objection.

The matter referred to follows:

[From the Soperton News, Friday, Mar. 31, 1933]

NEWSPAPER MADE FROM PINE TREES

You are now reading the first newspaper ever printed on newsprint made from pine trees. This newsprint was made at the Georgia experimental pulp and paper plant at Savannah from pine trees grown by Mr. James Fowler, of Soperton.

The slash pine trees from which this paper was made were planted in 1926 and when cut a few days ago averaged 12 feet in length cut off at top 4 inches in diameter and averaged 7 inches in diameter 1 foot from the ground. The trees averaged 110 pounds each, growing 440 pines to the acre, which will make 48,400 pounds, or a little over 24 tons of pulpwood per acre in a period of 7 years.

Dr. C. H. Herty, noted chemist, has been experimenting with pine trees for making newsprint for several years and has at last reached a stage of perfection in his research work as is evidenced by the paper before your eyes.

This issue of the News is dedicated to more and better forestry for Treutlen County, for the State of Georgia, and for the United States.

We are deeply indebted to Dr. C. H. Herty, of Savannah; Mr. Jack Thurmond, district forester, of Savannah; and Mr. James Fowler, together with others, who have contributed toward making this issue of the News what it is.

The Georgia farmer is destined to come into his own through reforestation if he only has the vision to make the best of the opportunities that are before him in growing pine trees. The newsprint industry will continue to grow, and the time is not far distant when papers will be using newsprint made from Georgia pines.

Utilize every available acre on your farms for growing pine trees. A farmer can make no better investment.

Farmers should use every precaution to keep fires out of their forest lands. Fires do untold damage to young trees, and millions of dollars damage is done yearly through careless fires.

The wise farmer will not burn his woods, for in doing so he is burning real profits.

[From the Macon Telegraph, Apr. 4, 1933]

PINE-TREE PAPER USED FOR EDITION OF SOPERTON NEWS

SAVANNAH, GA., April 3.—Dr. Charles H. Herty's dream has come to pass—they have printed a newspaper on paper made of Georgia pine pulp.

The Soperton (Ga.) News claims the distinction of being first to issue an edition with the newsprint produced by the Georgia paper laboratory in Savannah where Dr. Herty, famous American scientist, has been making experiments for months.

Printers said the paper "took the ink" as well as other newsprint and some said "it showed up a little better." Copies were sent President Roosevelt because of his interest in forestry.

The pulp was made from slash-pine trees only 7 years old which were grown by James Fowler, of Soperton.

The laboratory is continuing experiments despite Governor Talmadge's recent veto of a $20,000 appropriation by the Georgia Legislature. Leading newsprint manufacturers of the United States and Canada are due to come here next month to inspect the plant.

Mr. KELLER. Will the gentleman yield?

Mr. PARKER of Georgia. I yield.

Mr. KELLER. I suggest to the gentleman that since that is the first newspaper to be printed on paper made from pine timber, the paper ought to go to the proper place for preservation. I suggest the Library of Congress as the proper place.

Mr. PARKER of Georgia. I think the gentleman's suggestion is a good one. I shall be glad to pass the paper around and let the Membership of the House see it, and I also should be glad to have it preserved. I thank the gentleman for his suggestion; and I hope the paper can be preserved, for its historical value, in the Library of Congress.

The SPEAKER. The time of the gentleman from Georgia has expired.

EXPENDITURES IN THE POST OFFICE DEPARTMENT

Mr. SABATH, from the Committee on Rules, presented the following privileged resolution (H.Res. 98) for printing under the rule:

House Resolution 98

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of H.Res. 59, and all points of order against said resolution shall be considered as waived. That after general debate, which shall be confined to the resolution and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Post Office and Post Roads, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

INTEREST ON THE PUBLIC DEBT

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. PARSONS]?

There was no objection.

Mr. PARSONS. Mr. Speaker, I was very much interested in the address delivered by the gentleman from Ohio [Mr. FIESINGER] on yesterday with reference to the raising of the price levels. At that time I sought recognition, because what I am going to say today is along the line of economy and reducing our interest charge in conformity with the present price levels.

Since the 9th day of March when the Congress was called into special session by President Roosevelt, we have enacted into law some of the most constructive and far-reaching bills for the purpose of economizing in governmental expenses and balancing the Budget. It is hardly believable that so much economy could be achieved in so short a space of time. The rules and regulations governing salary reductions for Government workers and for reduction and elimination of veterans' benefits totaling more than $600,000,000 has been agreed upon and published to the world. Whether we like it or not, whether it takes benefits from our constituents or whether it takes away Government functions or not, has played no part in the action of Congress. The Members of the House and Senate have been bold and patriotic in their support thus far of the President's program. Those whose salaries were diminished, the veterans and veteran organizations whose benefits have been reduced or eliminated, have until this present hour cooperated patriotically in support of the President's program in balancing the Budget. There has never been a day in peace time that the American people have cooperated so courageously as they have in the present crisis, which surpasses almost the patriotism of war. I wish to congratulate the people of the country upon the splendid response they have made to the President's call for action. No President since Washington has exerted more influence on the people than that champion of progressive principles, Franklin D. Roosevelt.

But, Mr. Speaker, there is another part of the Budget where huge savings and economies can be effected. So far to date those in charge of the economy program and the newspapers of the country have not mentioned that feature of the Budget. I rise today to call attention to one of the largest items left in the Federal Budget—one for the present moment that seems to have been forgotten. We have heard a great deal about the three fourths to one billion dollars paid to the veterans. The National Economy League has proclaimed Veterans' Administration expenses to the four corners of the earth. I want to know now how the National Economy League and the public press of the country are going to accept a reduction in the item which I am about to mention—the interest charge on the public debt of the United States. [Applause.]

Mr. Speaker, the interest on the public debt, varying in interest rates from about one third of 1 percent to 4¼ percent, amounts to about $700,000,000 annually. The largest item of this interest was made necessary by floating bonds to win the World War. It was incurred at the same time we mobilized 4,000,000 men and sent 2,000,000 of them to foreign shores, the same men whose benefits, gratuities, and pensions were reduced and taken away last week in the economy bill. Yea, we even conscripted those men to take them into that titanic struggle, but we did not conscript any wealth to win that war. There was plenty of profit in the bonds that were floated by the millions in every hamlet and township in the United States, but there was no profit to be made by the individual soldier who braved the dangers of exposure and combat in the front-line trenches.

Although we have economized by taking from those that labor and have labored, by taking from those who are disabled and will be disabled, we have not taken one solitary cent from the interest charges on the bonds that are now, 15 years after the war, held by a comparatively few people that own and control four fifths of the wealth of the Nation.

There has been considerable discussion in recent days about pre-war prices. You see the products of the farm and the wage scale in many places down to and even lower than pre-war days.

What was the rate of interest paid on Government bonds in pre-war times? Except a small issue of Panama consol bonds, bearing 3 percent, the interest on bonds was 2 percent.

If interest on Government bonds in pre-war days was sufficient at 2 percent, then in the crying hour of need in this crisis, for economy to balance the Budget, Congress is justified in reducing the interest on every bond held against the Federal Government to 2 percent. [Applause.]

Mr. Speaker, I have prepared a table showing the amount of bonds outstanding, the annual interest, and the savings that would be effected at the rate of 2 percent if the entire national debt were rewritten and refunded at this time, and I ask unanimous consent to include it in my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The table referred to is as follows:

Bonds	Amount outstanding	Annual interest	Savings at 2 percent	Loss at 2 percent
Consols and Panama Canal bonds	$753,320,130	$15,853,347	$786,945	
Postal-savings bonds	43,453,360	1,086,334	217,768	
First Liberty Loan	1,933,213,600	71,707,362	33,043,090	
Fourth Liberty Loan	6,268,099,450	266,394,226	141,032,237	
Treasury bonds	5,224,883,950	186,367,231	81,869,552	
Treasury notes	3,074,531,600	87,648,634	28,600,348	
Retirement bonds	224,244,000	8,969,760	4,484,880	
Certificates of indebtedness	1,773,989,100	38,607,611	11,562,521	
Treasury notes	1,025,503,000	14,380,927		$14,563,823
Total	20,321,238,190	691,015,432	301,597,341	
Less loss at 2 percent			14,563,823	
Net saving to Budget			287,033,518	

Mr. HARLAN. Mr. Speaker, will the gentleman yield?

Mr. PARSONS. I yield.

Mr. HARLAN. In view of the fact that our short-term bonds, which were just recently sold and which ordinarily

would carry a very much lower rate than the regular bonds, had to bear about 4 percent interest or a little more in order to be sold at all on the market, how does the gentleman feel that our regular bond issues could be marketed at par with a 2-percent interest charge? How could we compel people to buy them?

Mr. PARSONS. We would simply exchange new bonds for those which are outstanding at the present time. We have forced a reduction in every other occupation and profession and every other part of the Budget. Why are we not justified in forcing a reduction in the interest rate? The gentleman is mistaken about short-time loans bearing 4 percent. These loans only bear from 0.34 to a little over 1 percent.

Mr. HARLAN. I am not questioning the justice of it. I am questioning the feasibility of it. The people who now hold those bonds are entitled to the receipt of money when the bonds are retired. They cannot be compelled to take 2-percent bonds; and if the market would not justify the purchase of Government bonds at 2 percent at par, how could people be compelled to take them? I am in sympathy with the gentleman, but I am just asking the question as a practical proposition.

Mr. PARSONS. At the present price levels interest at 4¼ percent upon the fourth Liberty Loan bonds outstanding is equivalent now to almost 9 percent, at least 8 percent, compared with what pre-war prices were. There is no justification whatsoever why we should not have a reduction in the interest rates. Furthermore, Treasury notes are being sold every few months at rates ranging from 0.34 to 1.43 percent. The public will take the bonds.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. PARSONS. I yield.

Mr. MARTIN of Oregon. Would the gentleman call upon all people who now own bonds to turn them in, or direct them to turn them in and take 2-percent bonds in their place?

Mr. PARSONS. I am willing to support such a measure and ask the patriotic cooperation of the holders of the bonds; and if they fail to respond, then use just a little pressure to put it over. [Applause.]

Mr. MARTIN of Oregon. But we have a Supreme Court in this country. How about the validity of contracts?

Mr. PARSONS. We will get to that in a minute.

Mr. MARTIN of Oregon. I am very anxious to see how that will be handled.

Mr. PARSONS. I will say to the gentleman in passing there would be no impairment to the capital structure. The principal of the bond remains the same, which is the contract between the Government and bondholder. We hire money, just as we do individuals. We would only be reducing the compensation for money, just as we reduce compensation for labor. It is identical in principle, except that human rights are, and of right ought to be, paramount to property rights.

If the entire Federal debt, amounting to almost $21,000,000,000, was refunded in the next 90 days at the rate of 2 percent, we would have a reduction in interest charges and a reduction in the Budget expenditures of $287,000,000.

I believe in economy, I believe in balancing the Budget, but I do not believe in taking all of these savings from one group. Congress has taken the wages of the Government worker; it has taken the pensions, gratuities, and benefits to veterans, their widows and orphans. We are about to, I am informed, cut deeper into the Budget on expenditures, all of which I am glad and willing to support; but, Mr. Speaker, those 75,000,000 people who are affected by these economies, who have cooperated so courageously with Congress and the President's program, will not be contented and happy and stand idly by while the few other millions of our population continue to draw excessive interest on the bonds they hold against the Federal Government.

To preserve civilization and the sacred traditions, which our forefathers handed down to us, the Nation has been willing to conscript human labor. Our people are willing today, as millions have been willing in the past, to dedicate their labor and lifeblood, if needs be, to the perpetuity of this Republic, not only in time of war, but in time of peace; but at the same time, Mr. Speaker, I am still more willing to conscript the wealth and the interest rates of the bondholders of this country to balance the Budget in a crisis like this.

Salary reductions effect economies to the amount of $175,000,000; reduction in veterans' benefits, $425,000,000. It is estimated $150,000,000 more will be saved by consolidation of the various bureaus in the Government. If we reduce interest $287,000,000, the total reduction of the Budget will be $1,037,000,000. This is a saving never dreamed of, even by the most ardent proponents of economy; but, Mr. Speaker, we cannot make these reductions as they have been made and expect the American people to continue to support the program unless $287,000,000 is accomlished in reduction of interest. If you say that 2 percent interest is not sufficient on tax-free Government bonds and that, if the cost of living goes up, we must necessarily raise the rate of interest, I say to you that for the next few years, at least, this rate can be established, thereby balancing the Budget and making sure the bonds will sell at par; and if in the future interest rates generally rise, refunding operations can be made accordingly with a higher rate of interest.

Arkansas the other day, owing $148,000,000 worth of road bonds, bearing a rate of interest of 5 and 5½ percent, refunded their debt on a basis of 3 percent and issued a warning to the holders thereof that no further interest would be paid upon the old bonds outstanding. Oh, you may argue, Mr. Speaker, that such action is an impairment of contract, that it is a defalcation in payment; but I submit that every dollar of pension and gratuity that was taken from the veterans, their widows and orphans, was an impairment of contract and defalcation in principle on the part of the Government, on the contract with veterans made by the laws passed by this Congress.

If the State of Arkansas through its legislature can reduce its interest on bonds to 3 percent, why under heaven cannot the Congress of the United States float the bonds of the Federal Government at 2 percent? Let us say to every holder of a Government bond that if you want to hold the present one and receive no interest, well and good; but if you surrender it in exchange for a bond bearing 2 percent, this Government will guarantee you 2 percent on the investment. I plead with the Membership of this House to give careful consideration to this proposal. I implore the President of the United States and those associated with him in this emergency to give just and earnest consideration to this matter before it is too late. By taking action now our entire debt can be rewritten to take effect on July 1, simultaneously with other economy measures.

I hold in my hand an article from the Washington Star of a few days ago with reference to 91-day Treasury bills of approximately $100,000,000 that were almost four times oversubscribed. While these were only 91-day Treasury bills, the rate of interest for one year is only ninety-nine one hundredths of 1 percent. Last December $100,000,000 of 90-day Treasury bills were floated for eighty-five one hundredths of 1 percent.

I read the article for your information:

91-DAY TREASURY BILLS ARE OVERSUBSCRIBED

The Treasury Department announced last night that subscriptions totaling $383,656,000 have been received for the $100,000,000 of 91-day Treasury bills, which will be sold tomorrow.

Secretary Woodin said the average price for the bills was 99.659, equivalent to a bank discount basis of about 1.35 percent. He said the total amount of bids accepted was $100,096,000.

The highest bid was 99.750, equivalent to an interest rate of about 0.99 percent on an annual basis, while the lowest bid accepted was 99.630, equivalent to an interest rate of about 1.46 percent.

Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PARSONS. These Treasury certificates were issued in December at a yearly interest rate of thirty-four one hundredths of 1 percent. Here is one individual, let us say, who furnished the Government $1,000 for $3.40 a year, or $100 for 34 cents a year; yet right beside him is the holder of a 4¼ percent Liberty loan bond of the Government who receives $42.50 for a $1,000 bond, or $4.25 for $100. There is no justification whatsoever for the inequality in interest rates paid, and there is no justification in continuing the interest rates at 3½ and 4¼ percent when money can be borrowed for thirty-four one hundredths of 1 percent a year.

Mr. HART. Mr. Speaker, will the gentleman yield?

Mr. PARSONS. I yield.

Mr. HART. Is the gentleman aware that the Government has loaned the farmers of the Nation $16,000,000,000 on a 10-year basis at one eighth of 1 percent?

Mr. PARSONS. I did not know of that fact, but I know the interest rates in many instances are extremely low.

Prior to the war, when prices were higher even than they are today, there was not a single outstanding Government bond, except a small issue floated in 1906 to complete the Panama Canal, that bore more than 2 percent annual interest.

Mr. HART. Does the gentleman also know that one subsidiary of the Farm Board has borrowed money at that rate and purchased Government bonds bearing 4 percent interest, and are making a profit out of the Government?

Mr. PARSONS. No doubt they can do that under the Farm Board Act. Such practices ought to be stopped. It is a subsidy to those who are in on the deal and cannot be defended.

Since the beginning of the special session we have been following the leadership of the President. It is time that Congress assume responsibility and make some economies of its own. The Ways and Means Committee is the proper one to report this kind of legislation. We are soon to float more bonds—probably several billion before the depression is over. Are we to continue to pay exorbitant rates of interest, or is Congress going to assert its power to bring about a reduction in interest? I hope the Ways and Means Committee will assert its right to report such a measure at an early date. It will have almost the unanimous support of the Membership of this House; and if we send such a measure to the White House, I earnestly believe the President will approve it.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. PARSONS. I yield to the distinguished chairman of the Ways and Means Committee, the delightful gentleman from North Carolina.

Mr. DOUGHTON. I just came into the Chamber and heard the gentleman mention the Ways and Means Committee. I am interested in knowing what is intended to be referred to it.

Mr. PARSONS. I have been addressing myself to the question of reducing the rate of interest on Government bonds, a matter that comes before the gentleman's committee.

Mr. DOUGHTON. Has such a bill been referred to the Committee on Ways and Means?

Mr. PARSONS. None has been introduced.

Mr. DOUGHTON. Does the gentleman contemplate introducing such a measure?

Mr. PARSONS. I am asking the Ways and Means Committee to take the matter up and get busy with it.

Mr. DOUGHTON. The gentleman has not introduced such a bill.

Mr. PARSONS. I have not; but if no member of the Committee on Ways and Means, whose duty it is to act first, introduces such a bill within the next 10 days, I expect to prepare one and ask the committee for action.

Mr. JOHNSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. PARSONS. I yield.

Mr. JOHNSON of Texas. Can the gentleman inform the House the amount of savings that might be expected as the result of such legislation?

Mr. PARSONS. It would amount to something like $287,000,000 annually.

Mr. JOHNSON of Texas. And the bonds will be refinanced at what rate of interest?

Mr. PARSONS. Two percent. Some of the issues outstanding are: One issue of consols and Panama consols bear 2 and 3 percent and serve as reserve for issue of national-bank currency. These would not be disturbed under this plan.

The postal savings pays 2½ percent. The first Liberty Loans vary from 3½ to 4¼ percent. The fourth Liberty Loan bears 4¼ percent. The Treasury bonds vary from 3 to 4¼ percent. Treasury notes bear from 2⅛ to 4 percent. The retirement bonds all bear 4 percent. This is another class of bonds, the interest rate on which could be reduced in this economy drive, the same as salaries and other gratuities have been reduced. Certificates of indebtedness, however, vary from three fourths of 1 percent to 3¾ percent; and the Treasury notes that have been floated in the last 18 months to the extent of over a billion dollars range in interest rates from thirty-four one hundredths of 1 percent to 1.4 percent.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. PARSONS. I yield.

Mr. VINSON of Kentucky. Does the gentleman from Illinois think it requires legislation to refinance the present obligation? Cannot the Secretary of the Treasury refinance the Government obligations under existing law?

Mr. PARSONS. He can only refinance such issues as fall due on certain dates; but the Committee on Ways and Means could and should bring in a bill underwriting the entire national debt structure at this session of Congress and make every class of citizens bear its part of economy.

Mr. VINSON of Kentucky. Has the gentleman consulted with the Secretary of the Treasury on the matter?

Mr. PARSONS. I have not. I am only trying to arouse sentiment in favor of the proposition so the Secretary and President may recognize the justice of such a measure and ask Congress to act. If they fail to do so, then it is up to Congress to act in its own capacity. [Applause.]

[Here the gavel fell.]

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LANHAM. Mr. Speaker, the lamentable disaster which has befallen our country in the loss of the officers and crew of the *Akron* has wrung the hearts of all of us. We deeply deplore this tragedy. Many of us lost personal friends, and our Nation has been deprived of the services of skilled men who cannot be easily replaced.

Perhaps the first reaction of our minds to this disaster is a feeling of hostility toward the type of aircraft upon which these brave men perished.

I listened attentively yesterday to the remarks of the gentleman from Oklahoma [Mr. MCCLINTIC] with reference to his desire and purpose to introduce a resolution calling for the appointment of a committee of seven Members of the House to investigate this tragedy. Personally I have no objection to such investigation. I think an investigation should be made, but I think also that we should not hastily condemn the use of dirigibles, especially at a time when sentiment and emotion are so likely to dominate our thinking. We should not take precipitate action or be swayed by preconceived notions concerning the utility of such craft.

The resolution makes reference to the destruction of dirigibles in days gone by. It mentions particularly the *Roma* and the giant airship which buckled, exploded, and fell in England. Disasters due to causes which led to these catastrophes have not been duplicated in this country since we adopted the policy of using helium. We have had no further dirigible tragedies due to explosion.

Let us consider for a moment the utility of dirigibles. A great British admiral and naval authority has testified that

1 helium-filled dirigible as a naval vessel is worth from 3 to 5 battle cruisers. A battle cruiser, as I recall, costs about $10,000,000. Five of them would cost approximately $50,000,000 and three of them $30,000,000. With the equipment now available for the building and housing of dirigibles, an airship of the size of the *Akron* can be constructed for two or three million dollars. If the statement of this British authority be accurate, then in our program of national defense the dirigible is our most economical asset.

[Here the gavel fell.]

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LANHAM. So let us not be hasty and discard dirigibles without a full and fair consideration of their merits.

I dislike the harsh expression which sometimes finds its way into print that such tragedies as the *Akron* disaster, involving great loss of life, are the toll of progress, and yet in almost every line of endeavor this is true. We have often paid dearly for our advancement, but we have not discontinued other activities because of loss of life or material. The last utterance I heard from Admiral Moffett was over the radio. He was speaking of the value of lighter-than-air craft in our program and urging us to carry on.

Now, what have been the circumstances of the dirigible disasters in this country since we began our helium project? We have had two losses, the *Shenandoah* and the *Akron*. The *Shenandoah*, our first effort at the airship on a large scale, was destroyed in a storm which, from all reports, must have been similar in its intensity to that in which the *Akron* was lost. In my judgment, they both fell victims to cyclonic disturbances in the particular regions where they happened to be. My recollection is that in the case of the *Shenandoah* warnings had been given that the ship was advancing into a storm area. I do not mention this in disparagement of the brave men in control, for I recall that they did what seemed safest and best under the circumstances. The control cars of this first large dirigible were not an integral part of the framework of the ship itself but were suspended from it by struts. The breaking of these struts hurled these cars to the ground and the occupants were killed; but, despite the fact that the *Shenandoah* broke in two or three pieces, all the others of the crew made safe landings.

This tragedy taught us to attach the control cars to the framework of the ship as an integral part of it in order that such an accident might not be duplicated. I recall having read the statement of one of the many survivors of the *Shenandoah*. He was traveling home on a Pullman car and he said that if that car had been in the same storm with the *Shenandoah* it, too, would have been torn to pieces.

From the best information I can get, though information is necessarily somewhat meager until some investigation is made, the *Akron* also fell a victim to a cyclonic storm and in an area where such storms are prevalent. The statement can be easily verified that that particular locality is peculiarly subject to disturbances of somewhat similar character.

So I say, Mr. Speaker, that if there are defects in the manner of construction of these dirigibles let them be remedied. If the models and plans are wrong, let them be corrected.

Our Nation is providentially blessed in being the only one which can put in the air dirigibles filled with a nonexplosive gas. Other nations not so fortunate in obviating the hazard of explosion are carrying on successfully in the lighter-than-air field. As an element of peace, of world security, the great value of helium-filled dirigibles properly constructed as scouting vessels for the Navy enables us to play an important part in promoting the cessation of wars, because through such craft our Nation has a peculiar means of offense and defense denied to the other countries of the world.

[Here the gavel fell.]

Mr. FOCHT. Will the gentleman ask for some additional time so that I may ask him a question?

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. FOCHT. The gentleman stated a moment ago that our battleships cost $10,000,000.

Mr. LANHAM. Battle cruisers, I said.

Mr. FOCHT. It is my recollection that the dreadnaught type of vessel costs from $20,000,000 up to a maximum point of $40,000,000.

Mr. LANHAM. That is my understanding also, but I used the term "battle cruisers", and I understand they are not so expensive.

Mr. FOCHT. I asked my friend here, the gentleman from New York [Mr. FISH], and he is of the same opinion, and we both during the war voted for bills authorizing the construction of these ships, and we are of opinion that they cost the same.

Mr. LANHAM. May I inquire of the gentleman from New York as to the cost of construction of a battle cruiser?

Mr. FISH. The construction of a battle cruiser or a battleship over 10,000 tons is $20,000,000 and upward.

Mr. LANHAM. Then the point which I make is accentuated if the statement of the British admiral is correct that as a vessel at sea in time of war 1 helium-filled dirigible is worth from 3 to 5 battle cruisers.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. DUNN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DUNN. Mr. Speaker, and Members of the House. I may have a half dozen Members of the House agree with me or I may have half of the Members of the House agree with me, or I may have practically every Member of the House disagree with me. Therefore, whether you agree or disagree, my opinion, in the way I shall express it, will be right.

We have come to the point in the United States when men and women who have attained the age of 50 have great difficulty in securing work, no matter how many jobs are available.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. DUNN. Yes.

Mr. WEIDEMAN. I want to say to the gentleman that in the city of Detroit, in the automobile industry, if a man or a woman has reached the age of 40 they will not employ him.

Mr. DUNN. I have not seen that statement in the papers.

Mr. WEIDEMAN. That is a fact, and they do not print those things in the newspapers.

Mr. DUNN. I thank the gentleman for the information.

Mr. KELLER. Will the gentleman yield?

Mr. DUNN. I yield.

Mr. KELLER. I want to say that at the present time a resolution to that effect has been in Congress for a year and a half. I introduced in the House a resolution to accomplish the very thing the gentleman is talking about, and I trust the gentleman will help me get it through.

Mr. DUNN. I am very glad to learn that there is such a resolution. I want to call attention to the fact that men and women who are physically incapacitated, although not entirely, find it impossible to obtain any relief or work.

It is true, there are in the United States a variety of supposed charitable agencies, and men and women who are in need are compelled to humiliate themselves when they ask for aid from the said organizations.

In my opinion, the United States Government has lost hundreds of millions of dollars by not having old-age and disability pensions. I say this because there are hundreds

of millions of dollars wasted by various charitable agencies where they take 75 percent of the money they collect for wages and overhead expenses.

I maintain if we had an old age and disability pension law, we could put a stop to these parasites who come around to our doors and tell us that they are collecting in behalf of humanity. Investigation after investigation has been made and it has been proved conclusively that many of these agencies put most of the money they collect in their pockets, and not in the pockets of the unfortunates for whom they claim it was collected. I hope that the United States of America will, in the very near future, bring about a condition whereby none of its citizens shall be compelled to humiliate themselves by appealing to any agency for food, shelter, and clothing.

Let us do away with the supposed charitable agencies and eradicate the abominable poorhouses. This can be done by giving an adequate pension to the aged and those who are physically incapacitated. [Applause.]

Mr. BLACK. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore (Mr. KELLER). Is there objection?

There was no objection.

Mr. BLACK. Mr. Speaker, on Monday last, April 3, 1933, the House was beguiled into passing the bill H.R. 4220, for the protection of Government records, and the fate of that bill a little while after its passage by the House should be a warning to the leadership of the House and to the executive branch of the Government that the chairmen of committees of the House not treat this House so casually again. It is important at this time that the relationship between the House and the executive branch of the Government should be most cordial, and that the understanding between the executive branch of the Government and the House should be on a firm foundation. This House is not a debating society and what we do here is not an academic proposition. What we do here has a tremendous bearing upon the lives and liberties and properties of American citizens. Therefore it is very important that in the rush of business before the special session, those charged with responsibility to the House be absolutely accurate in the information they give the House on which the House predicates its legislation.

The economy bill passed the House under great pressure, and under the belief that if it did not pass the House immediately upon its presentation the world would come to an end. Yet the Senate found that the House bill had to be clarified in about 30 different places, all of which made the House look more or less ridiculous as a legislative body. In other words, had there been no Senate, there would have been no bill, because the bill as it passed the House meant nothing.

As soon as the bill I refer to now, H.R. 4220, for the protection of Government records, passed the House, with only 29 Members voting against it, the chairman of the committee who urged the bill immediately went to the press gallery and stated that the bill had to be amended. Is that any way to treat the House? The vote on that bill is going to plague a great number of the individual Members who voted for it. The House action on the bill is a reflection upon the House as a deliberative body.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. BLACK. Yes.

Mr. McFADDEN. The gentleman knows that I opposed the bill and caused a roll call upon it?

Mr. BLACK. That is true.

Mr. McFADDEN. And I am perfectly satisfied from the investigations which I have made since that the House was misinformed in regard to the real purpose of the bill.

Mr. BLACK. The purpose of my remarks is to find a way for the House to determine who was responsible. The House should know. In the report on the bill, which was very brief, the committee said:

> The executive branch of the Government has requested the enactment of this legislation at the earliest practicable date, and has satisfactorily demonstrated to the committee the need for it. The legislation is by its very nature probably auxiliary to the emergency legislation enacted and to be enacted by Congress at the present session. It is proper to state that the committee has had the assistance of the Department of Justice in the drafting and preparation of the bill.

This House has already given up a great deal of its power because of the emergency, and when the phrase "emergency" is used by the committee as a reason for passing a bill, the committee ought to be positive that there is a relationship between the emergency and the bill.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. BLACK. Yes.

Mr. McFADDEN. And I would remark here that there is another bill pending, the arms embargo bill, the purposes of which are not clearly stated, and are not being stated in the hearings that have already been held.

Mr. BLACK. The part of the report which I read states that the Executive branch of the Government requested this bill and its passage at the earliest practicable date. What happened? Immediately after the passage of the bill the chairman of the committee said the bill had to be changed, the President of the United States repudiated the bill, the Department of Justice said it had nothing to do with the bill, and this morning the Secretary of State said, when he learned of the contents of the bill, he was against it. I say that the Committee on the Judiciary, which is made up of some of the best men in the House, owes it to the House to let the public know who gave that committee that bill, what individual in the State Department or in the Department of Justice gave the committee the bill, what individual had the temerity to tell the Committee on the Judiciary that the State Department wanted that bill, and that it was part of the emergency program, when as a matter of fact it was not. Who delivered it to the committee which in turn delivered it to the House? I say the method of the passage of that bill savored of sharp practice. I have never criticized to any extent any committee of this House. I have tried to amend bills but I have never made any wholesale condemnations, and I am not going to do it now, but I say this is a matter of too much importance for this House to let go by lightly.

Mr. McKEOWN. Will the gentleman yield?

Mr. BLACK. Surely.

Mr. McKEOWN. The gentleman knows that in the last session of Congress we passed a bill that was similar to the bill that was passed the other day in section 1, without the words "prejudicial to the safety and interest of the United States." That bill was passed in the last session.

Mr. BLACK. An entirely different proposition. The bill that was passed called for censorship of the press of the United States, and it comes with a report which says it is a part of the emergency program. The bill that we passed last session did not call for any press censorship. The gentleman knows it. It transcends in importance almost anything we have done. The idea of a committee coming in, without any previous warning, the leadership of the House making way for them, and saying to the House that the executive branch wanted a bill of this important nature; and then immediately on its passage, almost within 5 minutes, everybody who is supposed to have had anything to do with it absolutely repudiates it! Now, this House sometimes must move quickly. The House must move with understanding, and the House must have faith in somebody in these days. I say, for the sake of our future relations with the executive branch of the Government and for the future standing of this committee and the leadership of this House, the air surrounding this should be cleared up and we should know who was responsible for this report and for the passage of this bill that should never have been passed. [Applause.]

The SPEAKER pro tempore (Mr. KELLER). The time of the gentleman from New York [Mr. BLACK] has expired.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. TRUAX]?

There was no objection.

Mr. TRUAX. Mr. Speaker, a few days ago while we were discussing the farm relief bill, somewhat harsh criticism was made on this floor of certain individuals in the Department of Agriculture who had something to do with the drafting of the bill. Mention was made that certain of those gentlemen, including Dr. Tugwell, Assistant Secretary of Agriculture, and Mordecai Ezekiel, Chief Economist to Secretary Wallace, had spent several years in Russia, and, if not in fact branded as Communists, were somewhat tainted with communism. I rise today in defense of those gentlemen who have labored long and fearlessly to frame a bill that would at last really relieve the American farmer from the staggering burden under which he has attempted to go ahead for the past 12 years.

I have prepared a résumé of the activities of Mr. Ezekiel in particular, Mr. Speaker, and I ask unanimous consent to extend that in my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. Mr. Speaker, I want to clear up once and forever the malicious propaganda that has been disseminated in this country for 12 years by all of the known organized groups on all the effective farm legislation. I refer to one group known as "the Chicago grain traders, or the Chicago grain racketeers"; a second group that I would name is that group known as "the millers' group", composed of the large millers of this country.

I recall, Mr. Speaker, that in 1923 I attended what was known as "the national wheat conference" held in Chicago. This conference was called by eight Governors of wheat-growing States. Governor Donahey, of Ohio, who was one of the Governors on call, sent me to that convention as his personal representative. This convention was attended by 700 delegates from every State in this Union, representing every business, every industry. It was my distinction to have been made a member of the resolutions committee of that convention.

The wheat growers of the Northwest were asking a resolution that would call upon the President to call an extra session of Congress to fix the price of wheat at $1.75 a bushel. That resolution failed in this committee by 1 vote. It was then introduced on the floor of the convention and failed there. The opponents of that resolution at that time were the same group—the millers and the large grain traders and grain exporters—headed largely by Julius Barnes and Sidney Anderson. The same kind of poison, the same misinformation was disseminated then, 10 years ago, as is now being broadcast against the enactment into law of any and all farm-relief measures that really relieve. The final conclusion of that great convention was that the people of this country should be asked to consume more wheat as a solution of the wheat-growers' problem. I well remember at its conclusion, white-haired John Trumbull, president of the Farmers' National Union of Kansas, made this statement:

> Well, the only hope that we can take back to our wheat growers of Kansas is to urge their friends to eat an extra slice of toast in the morning to save the wheat grower.

The SPEAKER pro tempore. The time of the gentleman from Ohio [Mr. TRUAX] has expired.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. Mr. Speaker, I want to remind this Congress that the wheat growers then were asking for $1.75 a bushel for their wheat. Under the farm bill adopted by the House, which I understand the Senate either has or will shortly report favorably, it is proposed to establish a price level of 93 cents a bushel for wheat. When anyone asks me, "Will this bill really help the farmer; will it really be of benefit to agriculture?" My answer is, "Will 93-cent wheat, will 7-cent hogs, will 26 cents a pound butterfat, will 13-cent cotton be of benefit to the farmers of this country?"

So, Mr. Speaker, I urge that the malicious efforts of these organized groups which also have included not the international bankers, this is too mild a name for them, but the international butchers of human happiness, be checked. When you read all this false propaganda, all these vicious attempts to slander individuals in the hope that all farm-relief legislation may be effectively strangled, just remember the source from which it has come.

The methods employed by opponents of the farm relief bill should not be permitted to pass unnoticed. There is a surprising similarity between the unjust, the maliciously false campaign of propaganda being employed against this bill, and the campaigns employed by certain vested interests against other farm measures in the past. Either unwilling or unable, or both, to debate the merits of the bill, they have concentrated their attack on some of the individuals who helped frame it. If they were in the habit of sticking to the facts, no one could criticize them severely. Unfortunately they have not even bothered to find what the facts were. Had they done so their attack on personalities would have collapsed.

We have heard a vast amount of nonsense about the Russian influence on this bill. It has been said that Members of Congress were comparing copies of the bill with statements of Russia's 5-year plan, and seeing visions of the long arm of Joseph Stalin getting a strangle-hold on American agriculture.

I ask you, Mr. Speaker, is it decent for grown men to fall for that sort of hokum? The grain trade and the Chicago Tribune have been peddling that sort of hogwash for so long I thought everyone in Congress was now able to discount it. No one who knows the first thing about the Soviet plans and methods, and who has examined with an open mind the provisions of our own farm bill, can by any stretch of the imagination see the slightest parallel.

The truth is that this bill, like other measures proposed by the administration, provides the only intelligent course this Nation can take, unless it is willing to fall prey to revolution, to anarchy, and then, indeed, to communism or fascism. Far from taking us toward communism, this bill staves off communism and preserves every possible advantage of the traditional American way of doing things.

Some members of the opposition have not been satisfied with outlandish generalities. They have made misstatements, inaccurate and unjust statements about the authors of the bill. Now, it is perfectly proper and even necessary to know who wrote a bill and what his ideas may be. But in all fairness to the cause of American agriculture, let us get at the facts and let us stick to them.

Much of the attack has been concentrated on Secretary Wallace's economic adviser, Mordecai Ezekiel. Because his name is not common, because he is not John Smith or Frank Brown or Richard Roe, some people become suspicious. They do not like names they never heard before.

Mr. Ezekiel, I am reliably informed, was made Economic Adviser to the Secretary of Agriculture because the Secretary has known him, liked him, and admired his ability and intelligence for the past 10 years. Mr. Ezekiel was chosen to help draft the new farm bill because he is an authority on agricultural economics, and because for the past 7 years at least he has given much of his time to the study of the farm surplus problem.

You have heard that he spent 2 or 3 years in Russia. The facts are that he spent 4 weeks in Russia—and did not meet Stalin.

The Assistant Secretary of Agriculture, Mr. Tugwell, incidentally, is also accused of having spent a year or more in Russia. The truth is that he spent precisely 6 weeks in Russia—and he did not meet Stalin, either.

I find that Mr. Ezekiel, for all that his name is less common than Smith or Jones, was actually born right here in America. He is a native of Virginia, which Common-

wealth has not, to my knowledge, gone Bolshevist. His father also was born in Virginia, and his mother in South Carolina. The Ezekiel family, long known in Richmond, traces its American lineage back to colonial days.

Let me list briefly the main facts in the career of Mr. Ezekiel, inasmuch as some of the interests opposed to the bill have chosen to spread abroad, openly and covertly, so many misstatements. Here is the record:

Graduated in agronomy, University of Maryland, 1918, with honors.

In training camp, Plattsburg, N.Y., summer 1918. Commissioned second lieutenant infantry, September 1918. Served training men for overseas duty. Discharged December 1918.

Employed in United States Census Bureau from late 1919 to middle of 1922 checking, revising, and preparing text of census reports for 1920 census.

July 1922 to February 1930 employed in Division of Farm Management, Bureau of Agricultural Economics, developing method of statistical analysis, and pioneered in applying it to the problem of farm management, agricultural production, and economic analysis of reasons for changes in prices; assisted in the development of the agricultural outlook work, Department of Agriculture, and in its popularization and application throughout the country.

February 1930 to March 1933, Assistant Chief Economist, Federal Farm Board; advised the Board as to probable economic effects of its operations, assisted in the preparation of the second and third annual reports of the Board, was particularly charged with proposals concerned with farm relief and the adjustment of agricultural production under the direction of the Board; collaborated with Prof. M. L. Wilson during the last year in developing and perfecting farm-relief proposals, from which the administration's farm bill was evolved.

From September 1930 through August 1931 was on leave without pay from the Board to study in Europe under a fellowship from the Guggenheim Foundation for economic study. Studied in England, Germany, Italy, Russia, and France, and visited incidentally many of the smaller European countries, giving particular attention to the effect of governmental activities on economic conditions and to government policies affecting the European demand for American farm products.

His book, Methods of Correlation Analysis, was published in 1930 and has been adopted as a text by many agricultural colleges and other colleges throughout the country. In addition, he has published many technical articles in Journal of American Statistical Association, Journal of Farm Economics, American Economic Review, the Quarterly Journal of Economics, the Journal of Political Economy, and has published a few popular articles in such journals as Wallace's Farmer, the Country Gentleman, Pennsylvania Farmer, and other agricultural magazines.

In March 1933 was appointed Economic Adviser in the office of the Secretary of Agriculture and has been working with Secretary Wallace in developing his plans for farm relief.

Has taken additional graduate training from time to time; received M.S. in economics from University of Minnesota, 1923, and Ph.D. from Robert Brookings Graduate School, Washington, D.C., 1926.

In addition to college and governmental experience and training, has worked on farms at various times, and owned and operated a small farm north of Washington for several years.

For a number of years, as I have said, Mr. Ezekiel has been preoccupied with the farm surplus problem. His writings reveal an intensive study of it as long ago as 1926. That year he presented a paper before the American Association for the Advancement of Science on the topic, Kinds of Agricultural Surplus. He pointed out at that time that large-scale storing, such as the Farm Board's stabilization program involved—

offers little promise of materially improving returns to farmers unless it is coupled with some effective control of acreage of crops and numbers of livestock.

In December 1928, four months before the act establishing the Farm Board became law, Mr. Ezekiel made an address on the surplus problem before the American Farm Economic Association (published in Journal of Farm Economics, April 1929). Once again he forecast the perils of the policy later pursued by the Farm Board, when he discussed the possible results of storing wheat from one crop year to another, as follows:

In estimating the effect of withdrawing part of the supply from the market, two assumptions were made: (1) that the resulting increase in price would reduce our consumption and export of wheat just as much as would a corresponding increase in price due to a short supply; and (2) that the action of the agency in storing wheat would cause those who buy wheat for storing until another year to reduce their purchases to the minimum amount needed for mill operation and usual reserves.

The point should be emphasized that there can be no "psychological effect" of storing on prices unless someone is induced to buy the supply that is left for sale at the price that is established. The consumer is certainly likely to continue to respond to price as he has done previously, and the storer-for-a-profit is more likely to be intimidated than encouraged by the fact that the agency is also storing.

And at the close of his paper Mr. Ezekiel wrote:

There is one additional method of treating the surpluses which depress prices below the profit line which has not been mentioned yet, and that is by not producing them. * * * It does seem that * * * application of facts aimed at the proper direction of production will in the long run prove to be the most effective means that can be used to "settle the farm problem."

Mr. Ezekiel's economic analysis was bountifully verified by the results of the Farm Board's stabilization efforts. During the period of the Farm Board's heaviest wheat buying, however—from November 1930 through the following spring—Mr. Ezekiel was absent on leave without pay.

Mr. Ezekiel's observations on Russia may also be pertinent at this time. While in Europe he wrote two articles on Russian agriculture for Wallace's Farmer, and they were published in that magazine in July 1931. Another article, published in the Journal of Farm Economics for April 1932, was in part a report on his whole European trip, and was entitled "European Competition in Agricultural Production."

We find him writing in Wallace's Farmer as follows:

Many American engineers have helped at one time or another with the development of the Verblut State farms. Many have found the going here or on other State farms too rough, or the accumulation of petty annoyances too great, and have broken their contracts to return home before the end of their stated 2 years. Certainly, living conditions in Russia are far below American standards. When a man feels that, in spite of putting up with many hardships and enduring many inconveniences, he is not accomplishing anything, then it is no wonder that he should quit. Yet that is just the way that many foreign specialists in Russia feel. They are advisers only, and their advice usually seems to be ignored. The Russian workman—especially the ignorant, uneducated workman—has a sublime faith in his own knowledge and ability which is ludicrous. While we were at Verblut a new 24-foot combine was being assembled, the first of that size to be put together in Russia. Two Americans from the factory were there to help in getting it set up, one of them an engineer who had helped plan and design the machine. But would the workmen pay any attention to their suggestions? Not at all! They knew all about machinery, they said. They would put it together the way they knew it should go. And, according to their own ideas, they attempted to put it together, until when pieces put on upside down or backwards failed to fit or function they at last discovered that something was wrong, and then proudly announced as their own invention that it should be done the way they had first been told to do it.

MAKE "NEW" DISCOVERY

In another case, soybeans were to be threshed with a combine. One of the American specialists suggested how to set the teeth in the cylinder and adjust the speeds to do the job properly. Later he found the machine set as had seemed right to the workers, running full blast and churning the beans into an excellent imitation of soybean-oil butter. Again the workers announced proudly that they had discovered something. No one before had ever had the idea of threshing beans with a combine—they were the first on earth to try it! The engineer's statements that it had been done for 20 years in America, and could be done with the same combine far better than they were doing it, fell on deaf ears. The Russians thought they had discovered something new under the sun, and both the joy and the arrogance of discoverers were theirs.

Only when something goes wrong; when a motor refuses to start, when a part fails repeatedly from unknown causes, when "something goes haywire", then is the advice of the American adviser asked for and heeded. That is the real reason why he is still

there. In times of stress he can be appealed to as a last resort and can be depended upon to straighten the trouble out.

The socialistic ideas make it difficult to achieve a smoothly working, coordinated organization. Every Russian worker has been told that he is as good as every other man; in the frequent planning meetings he has helped discuss the plans of his unit, and has voted on counterplans to show that the workers will set their goals even higher than the management has set its. As a result he feels that he is his own boss; he alone is responsible for what he does; and no one has the right to tell him what to do. A successful Russian executive must be much more than merely a planner and a "boss"; in addition he must be a persuasive orator, must have endless patience, and he must excel in tact in appealing to men's sense of humor and sense of duty.

In his article in the Journal of Farm Economics, which had been read before the meeting of the American Farm Economics Association previously, Mr. Ezekiel summed up his impressions this way:

The Russian situation is so distinctive that it requires special treatment. In discussing developments in the Union of Socialist Soviet Republics we must be careful not to attribute all progress to the new organization of economic life alone. Communism is organizing a constantly increasing sector of economic life on the lines of a planful state socialism; but in addition it is introducing applied science generally in what previously was a semi-medieval country. No outsider can judge whether the economic organization of Russia is as yet superior to that of other countries. There can be no question, however, as to the productive advantages of applied science over the former primitive culture of the Russian peasant. Not only in the technique of production but in education, in sanitation and health, and, yes, even in propaganda, the new Russia is using everything that she can learn from modern science. True, it is often used blunderingly and awkwardly. We must remember, however, that in England and America the machine civilization was not built in 1 year or even 5. Russia is attempting the task of remaking a people as well as building a new economic system. Whether or not we sympathize with the harsh methods used in the process, we must recognize the substantial progress which has been made. How much of this progress can be attributed to the socialistic economy and how much to applied science is a more difficult matter and one that I cannot attempt to answer.

In spite of the industrial progress which has been made, Russia is still primarily a producer of raw materials. The modern product, oil, has been added to wheat and wood as a product for export. Under communism, as under the Czar, Russian agriculture must still produce the bulk of the surplus wealth to buy western machinery and equipment to modernize Russia.

A vast quantity of capital goods and a great deal of trained technical skill are still needed to complete the program of industrialization. The pressure to pay still rests on the Russian peasant—the mujik. The present world crisis, with its reduction in the value of wheat and cotton, has borne on Russia no less heavily than on other raw-material exporters.

Recent dispatches from Moscow indicate that more immediate attention is to be paid to increasing the output of consumption goods. Some of the planned increases in heavy industry for the last year of the plan are to be reduced. One must always be chary of giving full credence to startling reports from Moscow; what actually goes on through the broad stretches of Russia is not always immediately sensitive to changes in official sentiment at the center. It is difficult to judge how significant this reported change in policy will prove to be.

More than once this fall reports have come out that collective farms and even State farms were refusing to give up the allotted proportion of grain, that they were holding onto unauthorized reserves. It may be that this widespread passive resistance has convinced the Kremlin that new concessions to the peasants must be made. Certainly standards of food and heating last winter seemed to have reached an irreducible minimum; the further effort of carrying through 1 year more, with insufficient harvests, may have forced the strain too near the breaking point.

The question of depreciation of machinery is still a troublesome one. Increasing dependence on Russian-made machinery will increase the rate of depreciation, for a time at least. The poor quality of so much of the manufactured products in Russia is well illustrated by this statement from the Moscow News, a quotation from a worker in one of the tractor factories: "The foundry was—and still is—the weak spot. One of the drawbacks is the bad quality of sand and pig iron. The fact that sand is not graded retards our schedules seriously." This weakness in technical care is characteristic. Russian research workers, scientists, and metallurgists are busy working on the problem; but meanwhile the mechanic in the factory and the peasant in the field go blithely ahead, ignoring the advice of the expensive foreign specialists, until they learn by their own experience how to do the job.

Mr. Ezekiel concludes his paper by saying:

This review of the foreign competitive situation leads to only one sure conclusion—competition in the sale of agricultural products on foreign markets will continue as keen as ever. Severe restrictions on trade will continue or increase so long as prices remain low or declining. Until world economic and political policies are changed, much of the competition will be senseless from an economic point of view, for the highest-cost producers will be encouraged to expand, while the lowest-cost producers will be compelled to reduce and make the needed adjustments. Present international economic policies might be designated broadly as one of senseless grabbing for oneself. Each nation has been trying to make itself prosperous by hurting the business of other nations. An opposite policy, of international economic cooperation, would look to improving the business of one nation by improving the business of other nations with which it does business. It is difficult to tell when the swing back to such a world policy will commence, or even if it ever will. Perhaps the protectionist developments recently begun in England will mark the high-water mark of economic nationalism; for certainly England cannot maintain her previous standards of living under a policy of high protection. Even in the United States there are signs that doubts are beginning to arise as to the ultimate wisdom of a policy of extreme protectionism.

This was written in 1931.

More than any other nation the United States has the power to take steps to correct the conditions which now are steadily strangling international trade. Until those steps are taken it may be impossible to restore world confidence in the future. The level of prices cannot be restored until a sound basis for confidence has been created. Both in domestic markets and in foreign markets the prices of agricultural exports reflect the lack of confidence and the extreme competition which it produces.

Mr. SWANK. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. SWANK. Mr. Speaker, I ask unanimous consent to insert in my remarks some statistics and a report of a monetary commission created in August 1876 on the silver question.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. SWANK. Mr. Speaker, during the short time we have been here in this special session of Congress, we have passed several bills which I believe will be of great benefit to the country, and in the next few days I understand we will have the bill providing for refinancing of farm mortgages.

I am glad we now have, for the first time in many years, a President who understands the common, average working people who are entitled to some consideration. In my judgment, most of these measures will afford temporary relief and, in order to have permanent relief for the people of this country, it is necessary that something further be done to raise commodity prices. The bill that, if enacted into law, will relieve present conditions in connection with these other bills, is a bill that provides for issuing sound currency and remonetizing silver. Silver certificates should be issued against silver bullion that may be purchased by the Treasury Department.

Governments are established by the consent of the governed; and when any government fails to be administered for the benefit of the people, then the people have the right to change that government. Elected representatives of the people should be responsive to their will and need. This Government that we all love so well must be taken out of the hands of the money changers, the same class that the Savior drove from the temple for the usurpation of power and for despoiling that sacred place under the name of Christianity. The people must exert their rights and demand them. Who says that an increase of our actual circulation of money—sound currency—will not relieve the awful conditions that now confront our people?

My colleagues, we read in the public press every day of good people of this country driving away from our courthouses those who would foreclose mortgages upon their homes—homes that our citizens have been years in establishing—homes where they had hoped to spend their last days in some degree of comfort—homes for which they slaved for many years to establish. Then in their gray hair, when their working days and vigor are gone, it is that old story "over the hills to the poorhouse." I am ready to try any experiment that may be of assistance. I have not yet heard a single Member of this House, nor any

economist, deny that we need more money in actual circulation. Yes, we have money in this country like we had last year, the year before, and the year before that, but it is not all circulating.

A short time ago the Secretary of the Treasury offered $250,000,000 in 5-year notes bearing 2⅝ percent interest, with subscriptions in 1 day of $8,000,000,000. A few days ago the Treasury Department offered $800,000,000 in bonds bearing 4¼ percent interest, and this issue was oversubscribed in the sum of $1,820,000,000. Some say that issuing currency as provided by the Federal Reserve Act or the purchase of silver as provided in some of these silver bills and the issuance thereon of silver certificates or paper money would destroy our financial system. Well, who here denies that our present financial system should be changed? The United States Government has issued paper currency to November 30, 1932, in the sum of $90,595,554,363, and our Government still stands. How are we going to pay our public debt and put our people to work, unless something of this kind is done?

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. SWANK. I yield.

Mr. McFARLANE. Will the gentleman explain in his remarks, if he can, the jump in the interest rate from about three fourths of 1 percent to 4¼ percent in the course of a few days' time?

Mr. SWANK. I may say to the gentleman from Texas that I cannot explain why it was done, but it has been done.

Mr. McFARLANE. In the instance of the issue previous to the $800,000,000 issue, as I remember, the Government paid only three fourths of 1 percent.

Mr. SWANK. The public debt of the United States in 1790 amounted to $54,000,000, of which $12,000,000 was due foreign creditors, chiefly in France. State debts amounted to $21,000,000, which were assumed by our new Government. These debts had all been paid by 1837. January 31, 1933, the gross public debt of the United States amounted to the enormous sum of $20,801,707,134.01.

The countries with which we carry on our principal export trade are those that have gone off the gold standard and are now on a silver basis. We have always enjoyed a large export trade with England, China, and Japan. An article appeared in the Seattle Star January 4, 1933, stating that 50,000 American fishermen find their jobs endangered by a flood of canned food by cheap Japanese labor. This article says that Japanese fishermen are paid wages from 25 to 40 cents per day and that the tariff against this canned food does not work because of the decreased value of the Japanese yen, their unit of money. The old value of the yen was 50 cents, but since they have left the gold standard the yen has decreased in value to 12 cents in our money. The same story is true with the other countries to which we export large values in our goods. Mr. Speaker, with these facts staring us in the face we are still wedded to our gold standard and refuse remonetization of silver. This would not only revive the silver industry and put thousands of men to work, but would open up our foreign trade.

Under the present gold standard law a person who has a quantity of gold bullion may take it to any United States mint and have it coined into money free of charge. After it is coined into money he can have the gold coin delivered to him or can have the gold certificates representing the coin. He will, of course, take these certificates. If silver is remonetized, it will be coined into money in the same manner and certificates issued representing silver bullion.

The simplest and most direct manner of issuing money at this time is to issue Treasury or Federal Reserve notes, or, in other words, currency, which can be done under our present gold standard law, and put it into circulation by paying expenses of government, namely, Federal salaries, pensions, compensation, and other expenses. To those who are loud in their praise of our gold standard law let me say that under that law we can issue over $5,000,000,000 in currency and still be within our gold standard law, which requires a 40 percent gold reserve for the issuance of Federal Reserve notes or paper currency. All economists say that an increased and proper circulation of our money will at once cause a rise in commodity prices, and especially products of the farm, and the farm is the place where prosperity must begin. The history of money and prices points to the fact that an increased price of gold is followed by a decrease in commodity prices. If wheat should sell for $1 per bushel instead of 25 cents, the present price, the dollar may be said to be cheapened.

We hear much talk from the men who control the gold and who buy Government bonds about the honest dollar, but they do not say anything about an honest wheat dollar, or cotton dollar, or corn dollar, or labor dollar. When currency or "greenback" money was issued to help pay the expenses of the Civil War, a great howl went up from the money powers at that time about the dishonest dollar, but, notwithstanding it was not legal tender for the payment of interest on the public debt, nor for duty on imports, yet its issuance was followed by a wave of prosperity. As soon as the volume of currency was reduced and silver demonetized, under the act of February 12, 1873, known as the "crime of 1873," industries declined, business became stagnant, idleness was present, and there was depression in all business. Under our present money system nonproducers instead of the producers control the issuance and circulation of our money.

I warn the great money powers of the United States to take heed of the temper of our people. They have come to the realization of the fact that the Constitution of the United States puts in Congress the power to coin money and regulate its value, and that right is not given to the money interests by our basic law. Let me warn them to stop, look, and listen. Our people are losing their homes, hundreds of thousands of them turning to look for the last time, as they go over the hill, at their homes which they intended to provide for their old age. Their rights cannot much longer be trampled underfoot by those who "toil not, neither do they spin." The nontaxable securities of the rich can dwindle in value, the same as the homes of our people.

If we are going to continue our metallic system of money, then silver should be remonetized and used with gold as a basis. Silver was our unit of value long before gold. The Continental Congress of 1786 adopted the silver dollar as the unit of value, and it contained 375.64 grains of silver. This dollar was our standard of value until silver was demonetized in 1873. There would be no danger of the remonetization of silver causing a surplus or too much money. The history of gold and silver production of the entire world contradicts any such likelihood.

Monetary gold and gold bullion in the world to end of 1931 (about)	$11,500,000,000.00
Monetary silver and silver bullion in the world to end of 1931	4,110,000,000.00
Value of gold bullion and circulation in United States in and outside the Treasury, Jan. 1, 1933	4,553,000,000.00
Value of silver bullion and circulation in United States in and outside the Treasury, Jan. 1, 1933	848,000,000.00
Price of gold Mar. 30, 1933 (per fine ounce)	20.76
Price of silver Mar. 30, 1933 (per fine ounce)	0.27

The total gold stock of the principal countries of the world December 31, 1931, amounted to 11,940,606,000 ounces. The total world production of gold during the years 1493 to 1931, inclusive, amounted to 1,085,745,695 ounces. The world production of silver for this same period was 14,960,313,580 ounces. From 1792 to 1930 there has been produced in the United States 221,480,830 ounces of gold of the value of $4,578,415,100. During this same period there has been produced in the United States 3,167,273,554 ounces of silver of the value of $2,504,825,617.

The estimated value of gold produced in the world from 1860 to 1930, inclusive, is $17,514,697,412. The Bureau of Mines says that the rejection of silver as a basis of monetary systems, in conjunction with gold, terminated an association that had lasted for centuries. The bureau also says that most oriental countries use silver as a medium of exchange almost to the exclusion of gold.

The production of gold in the United States for the year 1931 amounted to 2,395,878 ounces of the value of $49,527,200, and the production of silver for that year was 30,932,050 ounces of the value of $8,970,294. Under the act of Congress of March 14, 1900, the gold dollar consisted of 25.8 grains of gold, nine-tenths fine, and there are in the United States 11 kinds of lawful money, as follows:

Gold coins, gold certificates, standard silver dollars, silver certificates, subsidiary silver coins, minor coins, United States notes, Treasury notes, Federal Reserve notes, Federal Reserve bank notes, and national-bank notes.

Silver was made the standard unit of value in the United States before gold, and the silver dollar continued to be the standard unit of value in this country until 1873.

August 15, 1876, the Monetary Commission of Congress was created under joint resolution, consisting of 3 Senators, 3 Members of the House, and experts not exceeding 3 in number and, among other things, was to inquire into the relative value of gold and silver, effects upon trade, commerce, and finance, and the productive interests of the country, and upon the standard values of this and foreign countries. This commission also inquired into the policy of the restoration of the double standard and, if restored, what the relations between gold and silver should be. The commission filed a most exhaustive report which makes the following findings:

(1) What is known as the "double-standard value" is the standard based upon the two metals, gold and silver, by laws which establish a unit of value and account in each metal and declare the weight of pure gold and silver which the unit shall contain.

(2) It is all important that the value of the standard should be unchanging. It is not important that the material which represents the value should be unchanging.

(3) Under the double standard a debtor may, at his option, avail himself of money coined out of either metal in the payment of his obligations.

(4) From the beginning of the Revolutionary troubles in South America in 1809 to the opening of the California mines in 1849 there was a continuous rise in the value of money and a corresponding fall in the value of commodities.

(5) After 1849 there occurred a fall in the value of money and a rise in the price of commodities.

(6) The facts that both gold and silver have heretofore been used as money, that prices have been controlled by their combined volume, and that existing contracts on an enormous scale have been entered into on that basis by States, municipalities, corporations, and individuals are the most important of all the facts to be considered in respect of propositions to demonetize either metal. If gold alone had always been used as money, although less steady as a measure of value than gold and silver together, and in other respects less desirable, the objection would be well taken, that the addition of silver would double the existing volume of money and thereby depreciate it, and thus injure the creditor. The arguments of justice and expediency are more cogent against diminishing the mass of money by discarding silver, when both gold and silver have been always and almost universally used as money. The great majority of creditors have other connections with the business operations of the communities in which they live, and other forms of investment than those which constitute them creditors. What they would gain as creditors by a contraction in the volume of money would be partially, if not entirely, lost by their unavoidable participation in the general depression resulting from the fall of prices which such contraction would occasion.

(7) Some nations adopted one metal as their standard and some the other, and some adopted both. Those that adopted both metals served as a balance wheel to steady with exactness their relative value.

(8) Whenever gold and silver prices have become adjusted to a given stock of these metals, an increase of that stock will cause a rise and a decrease will cause a fall in prices. Those who have contracted to pay money find that it is constantly becoming more difficult to meet their engagements.

(9) The worst effect of falling prices is not upon property nor upon debtors but upon laborers, whom it deprives of employment and consigns to poverty, and upon society, which it deprives of that vast amount of wealth which resides potentially in the vigorous arms of idle workmen. A shrinking volume of money transfers existing property unjustly, and causes a concentration and diminution of wealth. It also impairs the value of existing property.

(10) The commission recommend the restoration of the double standard and the unrestricted coinage of both metals, but are unable to agree upon the legal relation which should be established between them.

The chairman and two other members of the commission were of the opinion that the proper legal relation of value to be established in the United States between gold and silver should be 15.5 to 1.

On the 4th day of March 1933, on the east steps of the Capitol, President Franklin D. Roosevelt delivered the greatest inaugural address that I have ever heard or have ever read. He talked the language of the multitude and every person could understand. He denounced these money changers in no uncertain terms, as follows:

Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.

True, they have tried, but their efforts have been cast in the pattern of an outworn tradition. Faced by failure of credit, they have proposed only the lending of more money. Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortations, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. They have no vision; and when there is no vision, the people perish.

Mr. Speaker, it is time to act—to call the attention of our people to the true facts causing this depression and to those who are responsible for its continuance. If Congress does not act, the people will. This is the people's Government and should be administered for their welfare and happiness. [Applause.]

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McKEOWN. Mr. Speaker, I rise in answer to the statement of my distinguished friend the gentleman from New York [Mr. BLACK].

I may say to the House that the bill to which the gentleman refers was passed at the last session in the form of section 1, with a few words added and the words which safeguard the bill omitted, namely "prejudicial to the safety and interest of the United States." It was reported out and was passed by the House. It seems a lot of criticism has come up about the bill at this session.

I have always taken the position that this is the President's session of Congress, and for my part I do not want to push any legislation or advocate any legislation unless it is requested from the White House, because this is his special session.

However, the Committee on the Judiciary, like every other committee of the House, has to rely upon the statements of representatives of Government departments, and representatives of both the State Department and the Department of Justice laid before your committee a bill that was considered and amended by the committee.

There is a lot of misunderstanding evidenced in the talk about this bill suppressing free speech and the press.

Now, what does this bill do? The bill provides:

That whoever, by virtue of his employment by the United States, having custody of, or access to, any record, proceeding, map, book, document, paper, or other thing shall, for any purpose prejudicial to the safety or interest of the United States willfully and unlawfully conceal, remove, mutilate, obliterate, falsify, destroy, sell, furnish to another, publish, or offer for sale any such record, proceeding, map, book, document, paper, or thing, or any information contained therein, or a copy or copies thereof, shall be fined not more than $2,000 or imprisoned not more than 3 years, or both, and moreover shall forfeit his office and be forever afterward disqualified from holding any office under the Government of the United States.

There have been instances where men in the Department of Justice, special investigators who have secured information of great value to the Government in a case, for filthy money sold the testimony to the defendants in such cases. Does this House want to put its approval on such conduct for fear it may be criticized about suppressing free speech or interfering with a free press?

Mr. BLACK. Will the gentleman yield?

Mr. McKEOWN. Yes; I yield to the gentleman from New York.

Mr. BLACK. The gentleman knows the President has repudiated the bill, as well as the State Department and the

Department of Justice. So surely they are not defending the measure.

Mr. McKEOWN. I may say to the gentleman that I cannot help it if the President has repudiated it. I am simply stating the justification for our bringing the bill before the House.

Mr. FISH. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. FISH. My distinguished colleague from New York asked if some member of the committee would tell us who was the spokesman who appeared before the committee and recommended this legislation. Is the gentleman from Oklahoma at liberty to answer that question?

Mr. McKEOWN. The gentlemen are employees of the Department of State and the Department of Justice, and they both appeared before the committee and said they wanted the bill. These gentlemen holding places in those Departments put in quite some time passing on the bill, because I was careful in considering the language and inserted the language "prejudicial to the safety or interest of the United States."

Mr. BLACK. They knew how to do the job.

Mr. BLANTON. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. BLANTON. Is the gentleman from New York entirely correct in saying that the President has repudiated this bill? All the President did was to say that he did not intend to unduly muzzle the press. This is all that he said.

Mr. McKEOWN. I do not know anything about any repudiation.

Mr. BLACK. The President stated he was against the enactment of the bill.

Mr. McKEOWN. I do not want to get into any controversy about the matter. I am simply stating the plain facts.

Mr. SHANNON. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. SHANNON. The gentleman realizes that the deliberative part of the Congress, the Senate, will attend to it when the matter gets over there?

Mr. BLACK. The Senate has already done that without deliberation.

Mr. SHANNON. Then without deliberation it has been attended to, and does not the gentleman think it would be a fine thing for the committees to let the House occasionally deliberate on these measures?

Mr. McKEOWN. I agree with the gentleman about that.

Mr. SHANNON. And let us propose amendments to them.

Mr. McKEOWN. I agree with the gentleman. The gentleman cannot get any fuss out of me about that, but I say that here is a bill that does not do all the things that you hear talked about with respect to limiting free speech.

Here is the proposition. If this thing involves what we were told it involved, if you have to pay the price of free speech and bring the country into war, I am for suppressing free speech. I do not believe that free speech should drag our country into war.

Mr. BLACK. The gentleman knows that countries are generally dragged into war through denial of free speech.

Mr. McKEOWN. No; countries have been dragged into war by the appeal to the patriotic sentiments or to the passions or prejudices of people by so-called "use of free speech."

I am not here to take issue with anybody about this bill except to justify the committee which has been assaulted. I say that the committee acted upon the assumption that it had a right to act upon and to bring in the bill in the interest of the country. I say that the bill does not muzzle the legitimate press, it does not muzzle legitimate free speech. What right has a man to publish anything that is to the detriment and safety of the United States? He has no right, and it is not a denial of free speech to suppress that which threatens this Nation with disaster.

Mr. SWANK. Is not the gentleman a member of the Press Club and a newspaper man?

Mr. McKEOWN. Yes; I am interested in that profession on the outside.

Mr. BLACK. The gentleman emphasizes the legal side of his life, does he not?

Mr. McKEOWN. I try to. I want to say in reference to free speech that no man in this House has been a greater champion of free speech than I, but when it touches the safety of the Republic, when it is a question between free speech and the safety of the Government, I am for my country. [Applause.]

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman?

There was no objection.

Mr. FISH. Mr. Speaker, I want to commend my distinguished colleague from New York [Mr. BLACK] for his able and fearless remarks against the code censorship bill reported by the Judiciary Committee. But I do not join with him in criticizing the Judiciary Committee of this House. It is my own belief that they were imposed upon.

And what can be expected if officials of the State Department and representatives of other Departments come before a committee of the House and say, "This is an emergency measure" and practically intimate that the administration is behind it and that it should be reported out immediately for the safety of our country.

It seems to me that committees ought to be a little more careful and find out whether the representatives of the different departments really represent their chief in the first instance.

I think that this particular bill should not have been referred to the Judiciary Committee. In the other branch of the Congress the same bill has been referred to the Committee on Foreign Relations. It has to do with the use of codes between foreign governments and it should have been referred in this House to the Committee on Foreign Affairs.

What I object to and what I think most Members object to is the air of mystery and secrecy involved. We as Members of the House are entitled to know the facts, we are entitled to know the facts presented to the committee, and then upon those facts render our decision and not be imposed upon.

I doubt if there was anything that could not have been presented and discussed in this House. If it had to do with foreign affairs and the use and deciphering of foreign codes, it should have gone to the Foreign Affairs Committee. When legislation is brought into the House under a cloud of mystery and secrecy, it can only result in improper and inadequate consideration and produce rumors and exaggerations that might lead to misunderstanding and bad feeling and bad blood between nations. I hope the House and the Judiciary Committee has learned an object lesson and that in the future the facts will be presented to the House before rushing through ill-advised measures.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. FISH. Not now; I have not the time.

Mr. Speaker, on the evening of April 18 there will be a monster demonstration mass meeting to be held in the Washington Auditorium under the auspices of the National American Legion, with the commander, Mr. Louis A. Johnson, of the Legion, presiding, in opposition to the recognition of Soviet Russia. All Members of the House and Senate and the Cabinet members have been invited officially by the national commander of the Legion. If there are Members who will have guests, members of their families, or constituents from back home here at that time who want extra tickets, I believe that if they will get in touch with my secretary we can get the extra tickets for this mass meeting. The speakers will be Mr. William Green, president of the American Federation of Labor, Father Edmund Walsh, Senator KING, and myself. It is expected that two or three hundred national patriotic, civic, church, and fraternal organizations will also be represented by their officials and the officers of those organizations.

I also want to take the opportunity to announce that the Committee on Foreign Affairs of the House of Representatives have submitted a minority report upon the proposed

embargo bill. Before you gentlemen make up your minds how you are going to vote upon this important issue, I think, as Members of the House, it is your duty to read these reports, both the minority and the majority reports, and particularly to read the letter of Mr. John Bassett Moore, recognized as the foremost authority in international law in the world—a letter of some 10 pages—which is included in the minority views in opposition to the embargo.

Mr. Speaker, I rose for the purpose of trying to make clear to the Members of the House that there exists in the Department of Justice a report written by two efficient and reliable agents of that Department several years ago, after a 6 weeks' intensive investigation of alleged sabotage against the *Akron*. These two agents are still in the Department of Justice and can be called at any time as witnesses to testify before any committee created by the Congress to investigate the destruction of the *Akron*. I had the privilege, and I am one of the few I think, together with the gentleman from Michigan [Mr. WOODRUFF], who have read that report.

Mr. McFARLANE. Mr. Speaker, will the gentleman put the names of those agents in the RECORD?

Mr. FISH. I do not know these two agents who made the investigation. I do know their records, and that they are still there, and that they are very highly regarded. I do know a good deal about the agents of the Department of Justice, and I can assure you gentlemen that they are selected men, and any reports coming from agents of the Department of Justice in the last few years are reliable. These men were sent out to Akron, Ohio, because there were reports or indications of sabotage. They stayed there 6 weeks and were engaged as employees of the construction company, with the knowledge of the construction company. They finally located what they thought to be the guilty parties and became friends with them, and practically lived with the man who was accused, a former lieutenant of the Hungarian Navy, who was working as a mechanic on the *Akron*. He confessed to them that he was an avowed Communist. He took these agents to Communist meetings, and he told them that he was deliberately sabotaging the *Akron*, that as a mechanic he was cutting bolts and rivets and so on and welded over them. Whether these defective rivets were all discovered will never be known or how much, if any, they contributed to the *Akron* disaster. That report has been on file for 2 years. The Chairman of the Committee on Naval Affairs told me that he had not read it. The gentleman from Oklahoma [Mr. McCLINTIC], who was the chairman of the subcommittee to investigate the matter, told me that he had not read it. The gentleman from Michigan [Mr. WOODRUFF] has read it, and I think he will agree that it is one of the most amazing reports that he ever read.

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. FISH. Gladly.

Mr. WOODRUFF. Mr. Speaker, I am very glad of the opportunity to tell the House some of the things that I saw in that amazing report. There have been times in the past when I have questioned, and with cause, the efficiency and the integrity of certain investigators in the Department of Justice. To me this report disclosed an efficiency heretofore unknown.

I happened to be a member of the subcommittee appointed by the Chairman of the Naval Affairs Committee to read this report while the committee was investigating the charges of sabotage in the construction of the *Akron*. It is a very voluminous report, and it is a most enlightening report, as the gentleman from New York [Mr. FISH] has pointed out. These investigators worked with these communists who were trying to damage the *Akron*. They would make their reports to the officials of the company, and the inspectors would "conveniently" find everything that had been done, so far as we know, to in any way injure the ship.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. WOODRUFF. Yes.

Mr. BOLAND. Is it not a fact that at that hearing it was shown that in many instances where things were marked defective, that they were taken out and replaced?

Mr. WOODRUFF. Always. I think that happened in every case.

Mr. BOLAND. And would not the gentleman admit that there was some defective work when that had to be done to that ship?

Mr. WOODRUFF. In the construction of anything, an inspector usually finds some reason to complain, because work done by the human hand is rarely, if ever, perfect. Those conditions were found on the *Akron*, but we have been dealing with these attempts at sabotage, and I say that if the Department of Justice will always operate as efficiently as it did in that particular instance it will be a credit to this country.

Personally, I can see no reason why this report should not be made public. Certainly, if the Members of this House could read it, they would find, as I did, that it is a most compelling reason for adding to our criminal statutes a law under which individuals could be punished for deliberately doing things which in all probability would result not alone in destruction of property but also in maiming of human beings and the loss of life itself.

Mr. FISH. Mr. Speaker, I want this report published, and I have been assured the cooperation of the Chairman of the Committee on Naval Affairs, who says that he will subpena that report if necessary and make it public. I am sorry that it was not released 2 years ago. The reason I want it made public is to show that there is no Federal law under which individuals who attempt sabotage on a ship like the *Akron* can be punished.

My own view of the disaster to the *Akron* is that there were three contributing factors—the sabotage by Kassay, the accident at Lakehurst, and the 18,000 pounds overweight in the dirigible when built.

I do not know enough about airships to pass judgment on whether such additional weight would seriously impair the seaworthiness or the stormworthiness of the *Akron*, but it might well have been an important factor. Furthermore, the constructing company wanted to sell and the Navy wanted to buy, as evidenced by the company paying a $25,000 penalty for overweight and the Navy Department accepting the *Akron*.

When this man, Paul Kassay, was caught by those agents, and after their report was made, he was tried under the Ohio syndicalist law; and when he went to trial, the State syndicalist law was held unconstitutional by the trial judge, and the proceedings lapsed.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. WOODRUFF. Mr. Speaker, inasmuch as I have taken up much of the gentleman's time, I ask that the gentleman's time be extended for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. WOODRUFF].

There was no objection.

Mr. FISH. So that, this former Hungarian lieutenant, an avowed Communist, who admitted attempting to commit sabotage upon the *Akron*, is a free man. He may be in this country at the present time, due to the fact, largely, that we have no Federal law that will deal with such a situation.

Now, what happens in far-away Russia? When they think there is any sabotage going on in any industry, they reach out and grab about 30 men, and then give them the third degree, and execute them. That has been done repeatedly for years past. Even now Great Britain is breaking off her trade relations and possibly her diplomatic relations with Soviet Russia because her spokesman in the foreign office says that they know that they cannot get a fair trial for their citizens in Soviet Russia. But when a Communist, or, as I believe in this case, an alien Communist comes here and practices sabotage against an airship, in order to destroy not only that which will become the property of the Government, but the lives of our officers and enlisted men in the Navy he escapes scotfree. I do not want you to take my word for it or the word of the distin-

guished gentleman from Michigan [Mr. WOODRUFF], but I want this report made by those two agents of the Department of Justice, at the risk of their lives, made public immediately. They actually had to go into Communist meetings; and when they finally quit, it was because some of the Communists got suspicious and called a special meeting and wanted them to come there and show their Communist cards and prove that they were bona-fide Communists, and so they had to quit. I want to show you that the same thing can happen in this country again as we have no Federal laws to punish such offenses. They can sabotage other airships and get away with it. Is it not about time the Committee on the Judiciary, which hastened to report the secrecy code bill the other day, reported the Jeffers or Tarver bill, similar to the old Eslick bill that gives the Department of Justice some power to investigate Communist activities in the United States of America? The Department of Justice has had no right whatever to investigate any revolutionary or any Communist activities at all since 1925. I am not asking for a restoration of the Espionage Act or the right to raid and arrest. I am against it. I simply want some power given to the Department of Justice, which every civilized government has placed in some executive department, to investigate and keep in contact with these revolutionary activities, whether it is sabotage or whether it is aimed to overthrow the Government by force and violence. There is no such power at the present time.

In the last session the Eslick bill was reported out and a rule was obtained, but it was never brought up in the Congress. That bill simply gives the Department of Justice the right to investigate. One of the reasons the Department of Justice kept this entire report under cover was because they did not have the right to investigate that sabotage. They took it upon themselves, on the basis that the airship *Akron* in course of construction may become Government property in the future. They have the right to protect Government property, but they said, "This may become Government property, and we will take a chance and send out these two agents." They did not have the real right, and therefore they were disinclined to make this report public. That was 2 years ago. I am not making any charges that the destruction of the *Akron* was due to the sabotage of Paul Kassay or some other Communists who joined with him, because I believe the constructing company found out and remedied most of the damages. Probably whatever he tried to destroy was made good. I assume that to be the fact. However, some of the defects and sabotage may have never been discovered and have been a contributing factor in the collapse and destruction of the *Akron*. I want it clearly understood that the report should be made available to the public and the agents called to testify. They are subject to call by this House or any committee of this House. I hope that next week those agents will be invited to testify before whatever committee is created to look into the matter and that the people of America will be given all the facts and will know how to deal with future legislation aimed at sabotage and to prevent it in the future. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. FISH] has again expired.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

DECREASE OUR WANTS OR INCREASE OUR MEANS

Mr. PATMAN. Mr. Speaker, Benjamin Franklin is credited with this wise saying, that we must either decrease our wants or increase our means. That is the condition our country is in today. The people of this Nation are accustomed to a high standard of living. They are accustomed to all the comforts and conveniences of life. In order for that high standard of living to be maintained we must do what Franklin said was necessary to be done, increase the means of the American people.

EVERY BUSINESS GOES DOWN WITH THE FARMERS

If you deflate this country to present levels, you will cause more misery, poverty, and distress. May I invite your attention to the fact that the national income, which is the means of the people of this Nation, goes right along with the purchasing power of the farmers of this country. During the year 1929 the farmers of this Nation sold all their commodities and products on the market for $10,000,000,000. During that same year the national income of all the people of this country amounted to $85,000,000,000. The next year, 1930, the value of commodities that were sold by the farmers, although practically the same amount was produced, decreased from $10,000,000,000 in 1929 to $7,800,000,000 in 1930. Remember, during the same year the national income of the people of this Nation was reduced from 85 billion in 1929 to 71 billion in 1930.

ALL GO DOWN TOGETHER

You will notice that as the purchasing power of the farmer is destroyed, the national income of all the people of this Nation is destroyed. In 1931 the farmers only received $5,500,000,000 for everything they produced, only half as much as in 1929, although they produced practically the same amount. In the same year, 1931, the national income was reduced to $54,000,000,000.

LOWER STANDARD OF LIVING NOT WANTED

In 1932 the farmers only received $4,000,000,000 for what they produced, which was practically the same amount as in each of the 3 preceding years, and the national income, the people's means, was reduced to $37,500,000,000.

I want to put side by side in the RECORD the farmer's income in the past 4 years and the national income the last 4 years:

	Farmers crops	National income
1929	$10, 100, 000, 000	$85, 200, 000, 000
1930	7, 800, 000, 000	71, 000, 000, 000
1931	5, 500, 000, 000	54, 000, 000, 000
1932	4, 000, 000, 000	37, 500, 000, 000

As the purchasing power of the farmer decreased, the purchasing power of all the people of the Nation decreased. Buying power of the farmer must be restored in order that the buying power of all the people may be restored. If you want the people of this Nation to maintain the high standard of living they are accustomed to maintaining, you must do what Benjamin Franklin said, increase the means of the people; either increase their means or decrease their wants. You do not want a lower standard of living. You do not want the people to decrease their wants. If you do not, you must increase their means. One way to do this is to start with the farmers and increase their purchasing power. As their purchasing power is increased the national income is increased, and the purchasing power of all the people is increased. The farmers can then buy what the manufacturer produces, and the wage earners can buy what the farmer has to sell. No section and no class, except the privileged class, can prosper alone. Generally, we must all prosper together or we cannot prosper at all.

DEFLATION MUST BE ARRESTED

We have deflation going on right now. There is no inflationary movement in this country. There is no movement that could be construed as an expansion of the currency movement. During the last month we have had banks closed holding deposits of the people amounting to $6,000,000,000. This is equal to a $72,000,000,000 deflation in a year, because the money and credits are turning over about 12 times a year. During the last 3 weeks the Federal Reserve banks have taken out of circulation more than $1,000,000,000 of actual money, which has caused additional deflation of $12,000,000,000 a year. This is a deflation of $7,000,000,000 in actual money and credits during the last 4 weeks, which will equal a deflation of $84,000,000,000 in a year. Money and credit are not helpful to the people unless it circulates.

PRICES OF GOVERNMENT BONDS INDICATE DEFLATION OR INFLATION

Let me invite your attention to the fact that those who control and always will control our monetary system, unless its present set-up is radically changed, are the men who largely control the Government bond market. Watch the United States Government bond market. Whenever you see United States Government bonds going up, you can take that as an indication of a deflationary movement. Why? The man with money in his possession desiring to invest it wisely will have the promise of receiving annually $4 per $100 on a 4-percent Government bond. If he things there is going to be deflation, he will want that bond because the $4 will purchase so much in commodities and services that will go down in price. If he thinks there is going to be inflation, he wants something that will pay a higher interest rate, because commodities, wages, and services will increase in price. Therefore he sells Government bonds and invests in something that will pay a higher interest rate, because prices of commodities are going to increase.

If you want to know whether to expect a period of deflation or inflation, watch the United States Government bond market, and you may find a very strong indication. There is nothing now to indicate an expansion of the currency. I hope the time will come in the very near future when Congress can give more time and attention to the currency and credit problem.

INTEREST ON GOVERNMENT BONDS SHOULD BE ELIMINATED

I heard the gentleman from Illinois [Mr. PARSONS] make a very interesting statement here this morning, that he believed the interest rate on Government bonds should be reduced to 2 percent, that we now have outstanding $21,000,000,000 of Government securities and that we could save something like $274,000,000 a year in this way. May I suggest in this connection something not generally understood: Although we have outstanding $21,000,000,000 in Government bonds, the United States Treasury holds a large amount of securities to offset these bonds. A large part of this money was loaned to foreign countries. It was loaned to railroads, to insurance companies, and to banks. Today if the Government of the United States were paid every penny that is due on the bonds it holds of foreign Governments, the bonds of railroad companies, banks, and insurance companies, our national debt would not be $7,000,000,000. So there is an offset to a large part of this debt.

GOVERNMENT INTEREST RATE

But now to go back to the question of reducing the interest rate, a few days ago the Secretary of the Treasury wanted to borrow $100,000,000, and this money has been loaned to this Government for an average rate of interest of about 1 percent, or $1 for the use of $100 for 1 year, although it was borrowed for 90 days. There is no reason why the Government should pay 2 percent interest. There is no reason why the Government should pay one penny of interest.

GOVERNMENT'S IDIOTIC SYSTEM OF PUTTING MONEY INTO CIRCULATION

Let us go back and analyze for a moment the policy of this Government in regard to the borrowing of money. When the Government wants to borrow $100,000,000, the Government issues bonds and sells these bonds to the Chase National Bank, the National City Bank, or other banks and gets credit for them. It then permits the banks buying these bonds to bring them right back to Washington and put them in the vault of the Treasury of the United States and return to New York with $100,000,000 in new money, except 5 percent of any kind of money—not necessarily gold—to be used as a redemption fund for the money. At the same time the banks are using this money they get interest on the deposited bonds. This makes a double obligation of the United States Government. Why do indirectly what can be done directly? We can save the Government $725,000,000 a year in interest by issuing the currency directly instead of issuing bonds and then issuing the money upon the bonds as security. The country would be helped more if this $725,000,000 a year were scattered all over the Nation rather than received by a few holders of Government bonds.

PAY OFF NATIONAL DEBT WITH NEW MONEY

The United States Government could today safely pay every dollar of its indebtedness with the same kind of money that was turned out by the printing presses here a few days ago to let the banks have when the banks were in distress, money that will be an obligation against our Government exactly like the bond that is now held by the bondholder. The only difference is that the bond bears interest and the money would not bear interest.

[Here the gavel fell.]

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

WOULD NOT BE TOO MUCH MONEY

Mr. PATMAN. The argument will be made that there will be too much money if we do this. Let us see. From a table prepared by the National Industrial Conference Board I have the information that in 1880 more than 44 percent of the deposits was real cash or money in circulation, while in 1930—50 years later—only 8 percent of the deposits was real cash or money in circulation. During this 50-year period the deposits in banks increased 25.9 times. If the money had increased in the same proportion, we should have $24,864,000,000 in circulation today instead of having about one fifth that amount. The argument will be made that a large part of our business is done on credit. It was true at one time about nine tenths of the business of the country was done on checks and credit. That is not true now. Fewer people are doing business with banks today than in many years prior to this time. A service charge is being entered against small accounts; this drives deposits away. Each check is taxed; this drives deposits away. Lack of confidence has caused many people to quit the banks. Not being able to secure credit, even on good security, has driven the people away from the banks. The banks were afraid to loan money because they already owed the people about 20 times as much as they had money to pay with. We have been suffering from a currency famine. Something must be done to put money all over this Nation so the people can put it in the banks and make depositors money safer and credit easier to obtain.

CURRENCY FAMINE—BANKS AND COUNTRY NEED MORE MONEY

If you were to close all the banks in America today and go into their vaults and take from those vaults every penny in them you would not find $45,000,000,000, the amount of money the banks owe the people on their deposits; no.

You would not find one half, or even one tenth, of that amount. You would find but $700,000,000, which is less than $1,000,000,000, and yet the banks owe the people $45,000,000,000 of deposits.

Can any institution on earth function efficiently and safely with so little money in proportion to such a large amount owed to the people who are doing business with these institutions? If you were to put $20,000,000,000 in circulation today, this money would go into the banks of this Nation. It would go into the small banks, the State banks, as well as the Federal Reserve banks. It would be used as a basis for additional credit and then they would not be doing business on such a slender shoestring that they would have to close up every time some large depositor threatened to withdraw his funds.

THE FUNDAMENTAL QUESTION

I am very glad that other people are interested in this money question. I think it is the question that will solve all others. It is the fundamental question, because money sets the price of everything. They tell you that the price of cotton and wheat is determined by the law of supply and demand. Yes; it is, taking into consideration the law of supply and demand of money as well as the law of supply

and demand of wheat or cotton. Money controls the price of labor and controls the price of all commodities, and if you want to bring this country back I seriously urge your further consideration of this question.

Mr. TERRELL. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Texas.

Mr. TERRELL. I should like to ask the gentleman a question about the Government issuing money. The Government now issues a bond and pays interest on that bond. If it would issue the same amount in currency, without any interest, could it not redeem that money at a future time with the same taxes it has to levy in order to redeem the bond?

DIFFERENCE BETWEEN THE GOVERNMENT ISSUING MONEY AND INTEREST-BEARING BONDS

Mr. PATMAN. The gentleman is exactly right. Let me analyze the difference between them. If you issue money, that money will remain in circulation and nobody will be paying interest on it. It may be redeemed in the future with the same taxes that would redeem the bonds; it would not require so much in taxes, because no interest would be required on the money. No one, not even the Government, will be paying a penny of interest while the new money is outstanding. Money is an obligation of the United States Government, backed by the assets and taxing power of this Nation. All right; suppose you issue a Government bond. It is a noncirculating Government obligation. It is an interest-bearing obligation. The only difference is one is a bond, a noncirculating Government obligation, and the other is a circulating Government obligation; one bears interest and the other does not bear interest; and if one is safe and sound the other is safe and sound.

Mr. CANNON of Wisconsin. Will the gentleman yield for a question?

Mr. PATMAN. I yield to the gentleman.

Mr. CANNON of Wisconsin. Does the gentleman know there is a bill before the Ways and Means Committee now to call in all Treasury bonds, all outstanding Liberty Loan bonds that have been issued since the war, with a direction to the Treasury to issue money to pay these bonds and save the Government $523,000,000?

Mr. PATMAN. I did not know that such a bill had been referred to that Committee. If such a bill is passed, it will save the Government $725,000,000 annually.

Mr. CANNON of Wisconsin. Would the gentleman be in favor of such a bill?

Mr. PATMAN. I shall be very glad to appear before the committee in support of such a bill. I believe that we have an unanswerable argument in favor of such a proposal.

Mr. CANNON of Wisconsin. I have such a bill introduced.

Mr. PATMAN. I am thoroughly convinced that can be done. Why allow these banks to do business and owe the people $45,000,000,000 and only have $700,000,000 in cash to pay it with?

[Here the gavel fell.]

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. They say they can go to the Federal Reserve and get more money, but they only have about $2,000,000,000 more there, so the amount is insignificant compared with the amount they owe the depositors. Only about one third of the banks do business with the Federal Reserve System; the other two thirds, including most State banks, have no connection with the Federal Reserve System. There is only one way for us to have a good, safe banking system in this country. Backed by the Government, as it is today, it is safe because the resources of this Nation are behind the banks through the Reconstruction Finance Corporation; but whenever the Government releases its control, it should provide these banks with sufficient money to operate and do business on. If they do not, the people's money will not be safe in all of them, and we do not want that condition to occur again. [Applause.]

CREDIT OF NATION USED TO BENEFIT FOREIGNERS

Every day since January 1, 1932, and long prior to that time we have had outstanding in foreign countries from $228,000,000 to $300,000,000 in Federal Reserve banks obligations which are guaranteed by the United States Government. This money is based on goods stored in foreign countries or shipped between foreign points. The German merchant sells goods to a Japanese merchant, underselling the American exporter; he draws his draft payable in American dollars and delivers it to a Federal Reserve bank in America and receives Federal Reserve notes. The goods never touch the United States; they are sold in competition to American goods. We finance them because our international bankers make money out of such transactions by using the credit of this Nation free of charge. It is wrong and it should be stopped. It is bad enough for our own bankers to use the credit of this Nation without charge and doubly bad that foreigners are allowed to use it at all in competition with our own people.

INTERNATIONALISM

If international bankers are not restrained in their activities they will not only cause more economic hardships in this country but there is a probability that they will get our Nation into war to fight for what they conceive to be their rights in foreign countries. Now is the time to call a halt.

Mr. WEIDEMAN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WEIDEMAN. Mr. Speaker, about a week ago I appeared in the well of this House and laid before this body the condition of the city of Detroit. I said it was bad. I quoted some figures, but I made a mistake. I said there are 200,000 unemployed who are dependent solely upon welfare for their food and shelter. I made a mistake of just 100,000. I talked with the mayor of the city of Detroit this week and I find there are 300,000 people dependent upon public charity for their daily bread.

Mr. PARSONS. Will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. PARSONS. The gentleman has in his city of Detroit one who is known all over the country as a great philanthropist, Mr. Henry Ford. I am wondering how much he is subscribing to the relief and welfare work of the city of Detroit for the benefit of these people.

Mr. WEIDEMAN. I cannot tell the gentleman how much Mr. Ford has subscribed, but I will say this to the gentleman from Illinois: While the other manufacturers were cutting wages, Henry Ford kept his up; while the other manufacturers were laying off men right and left, I believe he lost $50,000,000 keeping his plant open. Let me tell the gentleman that the people of Detroit admire Mr. Ford for many of the things he has done. We do have some manufacturers there that starve the people and crush them by paying starvation wages, and they are the people that I want to bring to the attention of this House.

I also want to bring to your attention the fact that on the 31st of March I wrote a letter to Mr. Jones, of the Reconstruction Finance Corporation. When the banks closed in Detroit there was $2,800,000 of public welfare or relief money in the banks, and here we are with the spectacle of the Government appointing a conservator of a bank, the Government running it, and having $2,800,000 of welfare money for the city of Detroit on deposit, and yet that money is tied up in the banks with a Government conservator in charge and the people starving.

The condition is getting desperate. I have just been informed over long-distance telephone that welfare workers are informing recipients of welfare that by Saturday of this week all aid will be discontinued unless Federal aid is granted to Detroit; and still the people of the city of Detroit cannot get the ear of the men in your Treasury Department or in your Reconstruction Finance Corporation.

RED MENACE HERE

You heard much discussion on the floor today of the red menace. The menace of communism is not in Russia but

here. Hungry stomachs and emaciated children will make more Communists in a day in America than all Russia can make in 10 years.

I agree with the gentleman from New York that there is a red menace, but it is not the red menace of Russia. The red menace is here. If the starving people of the city of Detroit ever reach a state of despair you will have more menace in 1 day than Soviet Russia ever made in 10 years. [Applause.]

I wish my friend from New York, who is so interested in communism, would become interested in Wall Street. Then he will want to have an investigation of Wall Street. You have heard about all kinds of investigations of these calamities, such as the destruction of the *Akron*. This calamity that occurred the other day is not a drop in the bucket compared to the calamity caused by the breakdown of our economic system. Of course, I take my hat off to those heroes of the *Akron*, but I am more interested in the little children in our land who have been starving through no fault of their own. Mr. Speaker, I ask unanimous consent to insert in my remarks a letter that I wrote to Mr. Jones, Chairman of the Reconstruction Finance Corporation, and to which I have not yet received the courtesy of a reply.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The letter is as follows:

MARCH 31, 1933.

Mr. JESSE H. JONES,
Chairman Reconstruction Finance Corporation,
Washington, D.C.

MY DEAR MR. JONES: I have just been informed by numerous citizens of the city of Detroit that due to the tying up of certain funds of the city, by the closing of banks, which were to have been used for welfare relief work, tens of thousands of men and women and children are actually suffering from lack of food.

Without taking any position and regardless of the banking situation of the city of Detroit, and without determining which group is right or wrong in the local fight concerning the reorganization of banks, I am asking you to become interested in the sorry plight of these numerous citizens of Detroit and to release immediately further moneys, to be deposited for the use and benefit of the city of Detroit so that it can carry out this relief work and keep the citizens from actual starvation.

This is no time to quibble. People are actually starving in Detroit. and I fear the consequences unless something is done immediately in the way of aid to these sorely distressed people.

If necessary, I think you should disregard all rules and regulations and red tape to release this money. Hungry mouths know no technicality. I implore you to assist me in this measure and to help our city immediately.

Will you kindly let me know if you can release money immediately? If you cannot release money now, will you give me your reason therefor; and lastly, if aid is not coming at this time, advise me when we may expect aid in Detroit.

My dear Mr. Jones, to bring the seriousness of this matter to you, you could probably realize the actual suffering and want if you and your children, in order to secure enough food to live on, were compelled to become a scavanger and travel from garbage pail to garbage pail as hundreds in our city are doing in Detroit today.

I therefore implore you to release money to the city of Detroit so our people may receive enough food to keep them from starving.

I am at your service.

Sincerely yours,

CARL M. WEIDEMAN,
Member of Congress.

CITY WORKERS KNOW WHAT REAL HUNGER IS

Mr. WEIDEMAN. You cannot realize these conditions. The conditions are too far away from Washington for you to realize it. Why, the farmers do not know what hunger is. All they have to do is to take the potatoes that they get from their land, from the pits, and go to their pork barrel and get their meat supply. The city worker is hungry when he is unemployed; he has no food reserve.

I asked the Reconstruction Finance Corporation to advance money to the city of Detroit that they have refused to let us use, but they will not advance it until the State appropriates money for the highway fund. The highway fund has been depleted, and we can do nothing. I am making this statement on the floor of the House so as to get it in the RECORD in the hope that it will reach them. All this Reconstruction Finance Corporation has to do is to release these moneys so that our people can get food and save them from actual starvation.

I hope the time will never come when these conditions will apply to their own families. If they do, God help them! [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, our good friend, the gentleman from New York [Mr. FISH], in the Seventy-first Congress was chairman of an investigating committee holding hearings for months in different parts of the United States to investigate communism and communistic activities in our country. I was with him, behind him and backing him in all that work. He now for the first time tells us here on the floor this morning that 2 years ago he read the investigation our Department of Justice made upon sabotage of the Akron. I have been wondering ever since he made that statement why he, as the chairman of that committee on investigation, has let 2 long years elapse without telling us about it. Why did he keep that information wrapped up in his bosom for 2 long years? I cannot understand it.

The gentleman does not have to go to the place where sabotage occurred on the Akron to find sabotage against the Government of the United States. It occurred right here in Washington recently on one of the Government buildings now being built by the taxpayers' money. The communists set fire to a Government building under construction here and caused damages running between $50,000 and $100,000 to it. Just what has been done to apprehend and punish them? We do not know now whether that building will ever be in first-class shape hereafter. We will spend lots of money to repair it, but there will always be a question mark there about whether or not we have safely repaired it. I want this Government to have facilities adequately sufficient to apprehend, confront, and capture every enemy of good government and punish him by law.

I took the floor, however, to answer my good friend from New York [Mr. BLACK], who criticized the passage of the bill put through here by the Judiciary Committee the other day, with only a few votes against it. The business here in the House is so voluminous that we Members must depend largely upon committees. When a responsible committee brings in a bill unanimously I take it for granted that it must be a good bill, until I have time to study it and find to the contrary.

I was here during the war. I saw Hal Flood, of Virginia, who was chairman of a big committee, bring in bill after bill on this floor and say, "There is an emergency for this bill, and we want you to take our word for it", and we voted for bill after bill of that kind just because of the confidence we had in Hal Flood and his committee.

Any Member could have gone to the Judiciary Committee and found out exactly what the committee knew about the measure. You can go to any committee and find out everything that the committee knows about a bill, if you have an inquiring mind and energy enough to do it.

Let me call attention to the personnel of the Committee on the Judiciary: HATTON W. SUMNERS, chairman; ANDREW J. MONTAGUE, a former Governor of Virginia; Judge MCKEOWN, of Oklahoma, who used to be on the circuit bench down there; Judge GORDON BROWNING, of Tennessee; EMANUEL CELLER, of New York; FRANK OLIVER, of New York; W. V. GREGORY, of Kentucky; MALCOLM C. TARVER, of Georgia; FRANCIS B. CONDON, of Rhode Island; ZEBULON WEAVER, of North Carolina; JOHN E. MILLER, of Arkansas; ARTHUR W. HEALEY, of Massachusetts; WARREN J. DUFFEY, of Ohio; JAMES E. RUFFIN, of Missouri; LAWRENCE LEWIS, of Colorado; and JOHN C. LEHR, of Michigan. They comprise the majority, or Democratic, members of the committee. Here are the minority, or Republican, members of the com-

mittee, all distinguished men: J. BANKS KURTZ, of Pennsylvania; CASSIUS C. DOWELL, of Iowa; RANDOLPH PERKINS, of New Jersey; JOSEPH L. HOOPER, of Michigan; U. S. GUYER, of Kansas; CLARENCE E. HANCOCK, of New York; JAMES M. BECK, a former Solicitor General of the United States, of Pennsylvania; and WILLIAM E. HESS, of Ohio. I deem such a committee a responsible one of the House.

That bill came upon this floor with the unanimous report from that committee—not a single line of protest against it, not a minority report against it. Should not Members have a right to presume that the bill was a good bill and was necessary when we were so assured by the committee? I voted for it because of my confidence in the personnel of that committee. We were not given time to make a personal investigation of it.

The largest committee in this House has 35 members. It is the only one of that number. The largest other committees have 25 members. I am here to say without fear of contradiction, concerning practically every bill that comes before the House, that there are not 10 percent of the Members of the House who know all about it.

Mr. BLANCHARD. Mr. Speaker, does the gentleman think that we would have passed that bill if we had taken a little time to consider it?

Mr. BLANTON. I do not know. I am not yet sure that it is a bad bill. I am one of those who are not absolutely controlled by the press. I am with the press when I think they are right, but I am against them when I think they are wrong. There has been a great howl from the press about this matter. Sometimes the press, in its zealous endeavor to put news before the country, obstructs justice. Is there a man in this House who will get up now and deny that the press obstructed justice in the Lindbergh kidnaping case?

If they could have just held back awhile, and have left Colonel Lindbergh unmolested and unhampered, there probably would have been justice done in that case immediately. They kept up such a stir and hurrah, and interposed obstacles in the way of those who were trying to bring the guilty to justice, that it was a great hindrance to justice, and not a help.

The President has not said this bill is a bad bill. All he said was, "I am against muzzling the press improperly." I am against muzzling the press. I am in favor of a free press and free speech, but there are times when it is necessary to muzzle the press. There are times when a judge on the bench has to call the members of the press in and say, "In this particular case I am going to have to ask you boys not to publish this proceeding." There are instances when that is necessary, and in most of those instances the press boys respond readily and act with accord. Sometimes they do not, and sometimes they get into trouble.

Is there a man here who will get up and deny that we must depend upon committees? Is there a man who will get up and say that more than 45 Members know all about every bill that comes before this House? No. Forty-five Members constitute 10 percent of our personnel. Not one of us will say that over 45 Members know all about the bills we pass. Therefore we must depend largely upon committees.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri [Mr. SHANNON]?

There was no objection.

Mr. SHANNON. Mr. Speaker, apropos of what is being said here, I wish to discuss the importance of this House's being given an opportunity not only to deliberate but to offer amendments to propositions brought before it. Only 2 weeks ago we were urged to pass what is known as the "farm relief bill." To be exact, it was reported on the 20th, and under a suspension of the rules it was brought before this body on the 22d. We were told that the emergency was so great that if we delayed it for a day we were doing a great harm to someone somewhere.

We were told that the Administration was clamoring for it and demanding it. It was railroaded through. The point that I make is that our committee did this. The gentleman from Texas [Mr. BLANTON] talks about relying on the committees. This particular committee, the Committee on Agriculture, I understand, refused to hear any witnesses who came to this Capitol to be heard on the farm relief bill, save and except those who were in favor of it. That committee denied hearings to anyone else. It brought the measure in and it was passed under suspension of the rules, which denied to the Members of this body an opportunity to offer amendments. We were merely permitted to vote "yes" or "no" on the measure in the form in which it was presented, and then we were given that great privilege of extending our remarks in the RECORD. I say to you it is such procedure as this that makes this House ridiculous.

A great Georgian, Alexander Hamilton Stephens, on an occasion said that Monday was resolution and humbug day in the Congress of the United States, meaning the Lower House. I enlarge upon Mr. Stephens' statement. I say that every day, on which proceedings of the nature I am speaking about are had, is humbug day.

Let me call attention to this: The farm relief bill, which was so summarily rushed through this House, is still in the Senate. It has now been there over 2 weeks, and should it be amended, as it probably will be, it will be at least 3 weeks before the measure is returned to this House. I want to say that something is wrong with this parliamentary procedure. Either the House is unduly hasty in passing measures, or the Senate unduly retards their passage. I believe the Senate's procedure is correct.

I insist that this House should preserve its self-respect, and permit no committee, no matter what committee it may be, to bring a measure in here and say, "You have got to pass it as it is, without right of amendment."

Thank God, the Congress of the United States has one deliberative end where the rights of the people are recognized, where witnesses are heard, and where bills are discussed and amended. I would fear for this Republic if it were not for the Senate of the United States, where care is exercised in the passage of measures of this kind. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Missouri [Mr. SHANNON] has expired.

5-DAY WEEK AND 6-HOUR DAY

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to insert in the RECORD a telegraphic copy of Senate Joint Resolution No. 4 of the Alaskan Territorial Legislature, adopted on the 3d day of April, with reference to House bill 2867, which is now H.R. 4557, concerning the 5-day week and 6-hour day.

The SPEAKER pro tempore. Is there objection to the request of the Delegate from Alaska?

There was no objection.

The telegraphic copy is as follows:

JUNEAU, ALASKA, *April 4, 1933.*

ANTHONY J. DIMOND,
Delegate from Alaska, Washington, D.C.:

The following memorial passed both houses unanimously today:

IN THE SENATE.

Senate Joint Memorial 4

By committee on mines, manufacturing, and labor

In the Legislature of the Territory of Alaska, eleventh session

To the President of the United States, to the Congress, and to the Committees on Labor in the House and Senate of the Congress of the United States:

Your memorialist, the Legislature of the Territory of Alaska, has learned with consternation that Alaska is included in the provisions of a bill introduced into the Congress of the United States by Representative CONNERY known as "House bill No. 2867" and your memorialist respectfully represents:

That more than 95 percent of all laborers in Alaska are employed in seasonal occupations and that the average working hours for the year do not exceed 4 hours per day; that more than 25,000 of these laborers are engaged in the fishing industry, covering a coastal distance of more than 3,000 miles; that fishing operations in Alaskan waters are, by regulation of the Bureau of Fisheries, arbitrarily limited to a period less than 60 days for each season, which obliges the fishing industry to concentrate the year's effort within that short period, involving the production

of some $50,000,000 worth of fishery products; that 80 percent or more of the revenues of the Territory are derived from the fishing industry; that many of the companies have operated at a loss for the past 2 years, and the enactment of the proposed legislation would compel them to discontinue operations, and the Territory of Alaska would be bankrupt and unable to support its schools, dependents, and indigent persons, and to continue other essential activities;

That more than 6,000 laborers are engaged in placer-mining industry in Alaska, covering an area of 590,000 square miles. This work is also seasonal and laborers are employed not more than 120 days during the year; most of the mining is carried on by individuals or small companies in isolated places who employ less than 10 persons each and it would be impossible for them to continue mining under the proposed schedule;

That the remaining wage-earners not exceeding 2,000 persons are engaged in lode mining and other industrial pursuits throughout this vast Territory and their employment does not exceed an average of 50 hours per week;

That workmen who are engaged in seasonal vocations will be deprived under the proposed law of the employment to make it possible for them to sustain themselves and their dependents and will be forced to leave the Territory and seek employment elsewhere;

That the extension of the proposed enactment to the Territory of Alaska would be ruinous to our industries, our canneries would be compelled to cease operations, most of our mines would be closed, unemployment would be greatly increased, and our Territory reduced to a state of bankruptcy and our people to want.

Now, therefore, your memorialist, the Legislature of the Territory of Alaska, in the eleventh regular session assembled, most humbly and respectfully petition and prays that the Territory of Alaska be exempted from the operations of House bill No. 2867 and all similar legislation limiting the hours or days during which any industry in Alaska may operate.

And your memorialist will ever pray.

ALLAN SHATTUCK, *President of Senate.*
JOS. MCDONALD, *Speaker of House.*

TERMS OF OFFICE OF THE PRESIDENT AND VICE PRESIDENT OF THE UNITED STATES AND MEMBERS OF CONGRESS

The SPEAKER laid before the House a communication from the executive department of the State of Oregon announcing that that State had ratified the twentieth amendment to the Constitution of the United States.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on April 5, 1933, present to the President, for his approval, a bill of the House of the following title:

H.R. 3342. An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 29 minutes p.m.) the House, pursuant to its order previously entered, adjourned until Monday, April 10, 1933, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SABATH: Committee on Rules. House Resolution 98. Resolution providing for the consideration of House Resolution 59, a resolution to provide for further investigation of expenditures of the Post Office Department; without amendment (Rept. No. 28). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUFF: A bill (H.R. 4738) to amend sections 392, 393, and 394 of title 18, United States Code, relating to interstate and foreign commerce in wild animals and birds, and for other purposes; to the Committee on Agriculture.

By Mr. OLIVER of New York: A bill (H.R. 4739) to amend the naturalization laws by conferring upon judges of State courts empowered to naturalize aliens the right to designate naturalization examiners to conduct preliminary hearings and to authorize said courts in their discretion to hold final hearings on petitions without the necessity for the attendance of the witnesses of the applicant; to the Committee on Immigration and Naturalization.

By Mr. WOODRUFF: A bill (H.R. 4740) applying the powers of the Federal Government under the commerce clause of the Constitution to aid the States in the suppression of racketeering and gangster activities; to the Committee on the Judiciary.

By Mr. OLIVER of New York: A bill (H.R. 4741) to amend the Immigration Act of 1924; to the Committee on Immigration and Naturalization.

Also, a bill (H.R. 4742) to provide a judicial method of trying charges against postal employees; to the Committee on the Post Office and Post Roads.

By Mr. AYERS of Montana: A bill (H.R. 4743) to repeal section 1001 (a) of the Revenue Act of 1932, and to restore the 2-cent postage rate on first-class mail matter; to the Committee on Ways and Means.

By Mr. DINGELL: A bill (H.R. 4744) extending the classified civil service to include special-delivery messengers; to the Committee on the Civil Service.

By Mr. GRANFIELD: A bill (H.R. 4745) to provide relief for the substitutes in the Postal Service; to the Committee on the Post Office and Post Roads.

By Mr. CONNERY: A bill (H.R. 4746) to provide for the construction of a post-office building at Revere, Mass.; to the Committee on the Post Office and Post Roads.

By Mr. McFADDEN: A bill (H.R. 4747) to establish economic liberty in the United States of America, and for other purposes; to the Committee on Banking and Currency.

By Mr. CONNERY: A bill (H.R. 4748) to require contractors and subcontractors for the erection of public buildings or the performance of other public work for the United States or the District of Columbia to file statements under oath of wages paid, hours of labor, etc., and for other purposes; to the Committee on Labor.

By Mr. SABATH: Resolution (H.Res. 98) providing for the consideration of House Resolution 59, a resolution to provide for further investigation of expenditures of the Post Office Department; referred to the House Calendar.

By Mr. DINGELL: Resolution (H.Res. 99) requesting the Speaker of the House of Representatives to authorize the Committee on Accounts to order a supply of beer to be available for sale in the House restaurant during business hours; to the Committee on Accounts.

By Mr. McLEOD: Concurrent resolution (H.Con.Res. 14) requesting the President to inform the German Government of the opposition and disapproval of the American people of the denial of fundamental and inalienable rights to racial and religious minorities; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the General Court of Massachusetts, memorializing Congress relative to the persecution of members of the Jewish faith in Germany; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to the importance of maintaining and developing the work of the United States Forest Products Laboratory; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYERS of Montana: A bill (H.R. 4749) granting a pension to Old Coyote; to the Committee on Pensions.

Also, a bill (H.R. 4750) authorizing the Secretary of the Interior to pay E. C. Sampson, of Billings, Mont., for services rendered the Crow Tribe of Indians; to the Committee on Indian Affairs.

By Mr. BOILEAU: A bill (H.R. 4751) for the relief of Irvin W. Walsh; to the Committee on Military Affairs.

By Mr. BURKE of California: A bill (H.R. 4752) granting a pension to C. C. Campbell; to the Committee on Pensions.

Also, a bill (H.R. 4753) for the relief of George W Adams; to the Committee on Military Affairs.

By Mr. CANNON of Wisconsin: A bill (H.R. 4754) for the relief of Peter Karampelis; to the Committee on Claims.

Also, a bill (H.R. 4755) for the relief of Ilija Rasheta; to the Committee on Military Affairs.

Also, a bill (H.R. 4756) granting a pension to Carl E. Ziebell; to the Committee on Pensions.

By Mr. CONNERY: A bill (H.R. 4757) granting an increase of pension to John Albert Fritz; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4758) granting a pension to Ellen M. Kilgore; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4759) granting a pension to Mary P. Hall; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4760) granting a pension to Bridget Honohan; to the Committee on Pensions.

Also, a bill (H.R. 4761) granting a pension to Jennie R. Dix; to the Committee on Pensions.

Also, a bill (H.R. 4762) granting a pension to Mary F. O'Brien; to the Committee on Pensions.

Also, a bill (H.R. 4763) granting a pension to Amelia M. Lashua; to the Committee on Pensions.

Also, a bill (H.R. 4764) granting a pension to Bridget M. Kiernan; to the Committee on Pensions.

Also, a bill (H.R. 4765) granting an increase of pension to Abbie J. Parsons; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4766) granting a pension to Myra A. Pennington; to the Committee on Invalid Pensions.

By Mr. CROWE: A bill (H.R. 4767) for the relief of Lloyd Vurl Lahrman; to the Committee on Naval Affairs.

By Mr. DOCKWEILER: A bill (H.R. 4768) for the relief of Jacob Kaufman; to the Committee on Military Affairs.

Also, a bill (H.R. 4769) for the relief of Walter Goulette; to the Committee on Military Affairs.

Also, a bill (H.R. 4770) granting an increase of pension to L. Georgia D. Crane; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4771) granting a pension to Dillon N. Coulston; to the Committee on Pensions.

Also, a bill (H.R. 4772) granting a pension to Jack A. Painter; to the Committee on Pensions.

Also, a bill (H.R. 4773) granting a pension to Wesley B. Kingdon; to the Committee on Pensions.

By Mr. HOIDALE: A bill (H.R. 4774) for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October 1918; to the Committee on Claims.

By Mr. KELLY of Illinois: A bill (H.R. 4775) for the relief of Benjamin F. Gates; to the Committee on Military Affairs.

By Mr. KENNEDY of Maryland: A bill (H.R. 4776) for the relief of Joseph Chapman, husband, and J. Henry Chapman and Roberta L. Chapman, children of Annie Chapman; to the Committee on Claims.

Also, a bill (H.R. 4777) for the relief of Mary A. Cox; to the Committee on Claims.

Also, a bill (H.R. 4778) for the relief of Capt. Walter S. Bramble; to the Committee on Military Affairs.

Also, a bill (H.R. 4779) for the relief of the estate of Oscar F. Lackey; to the Committee on Claims.

Also, a bill (H.R. 4780) for the relief of Moreau M. Casler; to the Committee on Claims.

By Mr. KLEBERG: A bill (H.R. 4781) granting a pension to Mrs. Charles M. Chambers; to the Committee on Pensions.

By Mr. KVALE: A bill (H.R. 4782) for the relief of Robert Templeton; to the Committee on Military Affairs.

Also, a bill (H.R. 4783) granting a pension to Robert Templeton, alias Richard Taylor; to the Committee on Invalid Pensions.

By Mr. LLOYD: A bill (H.R. 4784) to reimburse Gottleib Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents; to the Committee on Claims.

By Mr. OLIVER of New York: A bill (H.R. 4785) for the relief of Edward Joseph Costello; to the Committee on Military Affairs.

Also, a bill (H.R. 4786) for the relief of James M. D'Arcy; to the Committee on Claims.

Also, a bill (H.R. 4787) for the relief of Mary A. Maher; to the Committee on Claims.

Also, a bill (H.R. 4788) granting a pension to Fredericka Tuttle; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4789) for the relief of Ralph Riesler; to the Committee on Claims.

Also, a bill (H.R. 4790) for the relief of Estelle M. Gardiner; to the Committee on Claims.

Also, a bill (H.R. 4791) for the relief of Frank Bayer; to the Committee on Claims.

Also, a bill (H.R. 4792) to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries; to the Committee on Claims.

Also, a bill (H.R. 4793) for the relief of Moses Israel; to the Committee on Claims.

By Mr. WOODRUFF: A bill (H.R. 4794) for the relief of Helen Copeland; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

366. By Mr. ANDREW of Massachusetts: Resolutions adopted by the General Court of Massachusetts, condemning the persecution of members of the Jewish faith in Germany; to the Committee on Foreign Affairs.

367. By Mr. BOYLAN: Resolution adopted by the New York Board of Trade, New York, N.Y., favoring the establishment of free ports in the United States, and especially one to be located in the port of New York; to the Committee on Rivers and Harbors.

368. By Mr. CULLEN: Petition of the board of managers of the Silk Association of America, Inc., favoring a Federal law, during the existing emergency, forbidding the employment of any person in all industry more than 30 hours per week, such law to take into consideration the comparative competitive position of United States industry with foreign industry; to the Committee on Labor.

369. By Mr. DARROW: Memorial of the Philadelphia Board of Trade, protesting against further retrenchment in appropriations for the Department of Commerce and the maintenance of its commercial attachés in foreign countries; to the Committee on Appropriations.

370. By Mr. DEROUEN: Petition of Love-McFarlane Post, No. 14, the American Legion, Shreveport, La., indorsing and commending the Honorable Claude A. Swanson, Secretary of the Navy, in his intention and policy to endeavor to increase, standardize, and build the Navy of the United States of America to its full treaty strength as early as possible; to the Committee on Naval Affairs.

371. By Mr. EATON: Resolution of the Board of Chosen Freeholders of the County of Somerset, N.J., opposing the abandonment of the Delaware and Raritan Canal, and in favor of its continued maintenance and operation; to the Committee on Rivers and Harbors.

372. By Mr. ENGLEBRIGHT: Petition of Board of Supervisors of Amador County, Calif., endorsing California State Senate Joint Resolution No. 17 for the stimulation of interest in gold mining; to the Committee on Mines and Mining.

373. Also, petition in the nature of Senate Joint Resolution No. 17 of the California State Legislature, pertaining to the stimulation of interest in development of gold mining; to the Committee on Mines and Mining.

374. Also, petition in the nature of Joint Resolution No. 16 of the California State Senate, pertaining to Senate bills Nos. 5417 and 5607; to the Committee on Irrigation and Reclamation.

375. By Mr. FITZPATRICK: Petition of the Jewish Federation of Yonkers, N.Y., on Thursday, March 30, against the persecution of Jews in Germany by the Hitler regime; to the Committee on Foreign Affairs.

376. Also, memorial of the Senate of the State of New York, that the Congress of the United States be, and hereby

is, memorialized to forbid by appropriate laws the sale in this country of the universal United States of America flag and/or all special United States of America flags or the flags of the various States, dependencies, or Territories, manufactured abroad; to the Committee on Labor.

377. By Mr. KVALE: Petition of the Alumni Association of the School of Agriculture, University Farm, St. Paul, Minn., urging enactment of the Frazier bill; to the Committee on Agriculture.

378. Also, petition of the Currency Study Club, of Willmar, Minn., urging the enactment of the Frazier bill; to the Committee on Agriculture.

379. Also, petition of Currency Study Club, of Willmar, Minn., urging payment of the adjusted-service certificates; to the Committee on Ways and Means.

380. Also, petition of Currency Study Club of Willmar, Minn., urging enactment of legislation providing for stabilization of the purchasing power of the dollar; to the Committee on Banking and Currency.

381. Also, petition of Currency Study Club of Willmar, Minn., urging enactment of the Wheeler bill providing for the remonetization of silver; to the Committee on Coinage Weights and Measures.

382. Also, petition of Farmers' Union Local No. 158, of Clinton, Minn., urging the enactment of the Frazier bill; to the Committee on Agriculture.

383. Also, petition of Tetonka Post, No. 2633, Veterans of Foreign Wars, of Waterville, Minn., urging enactment of the bill for payment of the adjusted-service certificates; to the Committee on Ways and Means.

384. By Mr. LINDSAY: Petition of the Silk Association of America, Inc., New York City, concerning the enactment of Senate bill 158 and House bill 2867; to the Committee on Ways and Means.

385. Also, petition of New York Coffee Roasters' Association, New York City, opposing Senate bill 158, the 30-hour week bill; to the Committee on Labor.

386. Also, petition of the Senate of the State of New York, Albany, forbidding by appropriate laws the sale in this country of the universal United States of America flag manufactured abroad; to the Committee on Labor.

387. By Mr. McCLINTIC: Petition in the nature of a resolution of the Oklahoma Legislature, memorializing the President of the United States and the Congress to create a Cermak memorial, making appropriation for its operation and defining the construction of the same, providing for the handling of the same, naming the agencies through which it shall be carried on, and providing its work; to the Committee on the Library.

388. By Mr. RUDD: Petition of W. W. Abell, Baltimore, Md., favoring an adequate motor horsepower tax per year to relieve the farmers in their present distress—mortgage or other indebtedness—without imposing upon others a tax obligation for which they are not responsible; to the Committee on Ways and Means.

389. Also, petition of New York Coffee Roasters' Association, opposing the passage of Senate bill 158, 30-hour week legislation; to the Committee on Labor.

390. Also, petition of the Silk Association of America, Inc., New York City, favoring the 30-hour-per-week employment legislation during the existing emergency; to the Committee on Labor.

391. Also, petition of the Legislature of the State of New York, favoring legislation forbidding the sale in this country of the universal United States of America flag and/or all special United States of America flags and/or the flags of the various States, dependencies, or Territories manufactured abroad; to the Committee on Labor.

392. Also, petition of J. Charles Laue, executive secretary Consolidated Home Owners' Mortgage Committee, Long Island City, favoring legislation for an immediate, general, and fundamental economic adjustment; to the Committee on Agriculture.

393. By Mr. SEGER: Petition of Abraham Godwin Chapter of the New Jersey Society, Sons of the American Revolution, opposing recognition of Soviet Russia; to the Committee on Foreign Affairs.

394. By Mr. THOMASON of Texas: Petition of the House of Representatives, State of Texas, urging the passage of legislation authorizing the construction of an additional storage reservoir on the Rio Grande; to the Committee on Irrigation and Reclamation.

SENATE

FRIDAY, APRIL 7, 1933

(Legislative day of Monday, Mar. 13, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

NAMING A PRESIDING OFFICER

The legislative clerk (Mr. Frazier) read the following communication:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
April 7, 1933.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. JOE T. ROBINSON, a Senator from the State of Arkansas, to perform the duties of the Chair this legislative day.

KEY PITTMAN,
President pro tempore.

Mr. ROBINSON of Arkansas thereupon took the chair as Presiding Officer.

PRINTING OF S. 158

Mr. BLACK. Mr. President, I ask unanimous consent to have S. 158, the bill which was passed on yesterday, printed in the form in which it was passed by the Senate.

The PRESIDING OFFICER. Without objection, leave will be granted.

RELIEF OF UNEMPLOYMENT

Mr. BLACK. Mr. President, I ask unanimous consent to have inserted in the RECORD a letter from Mr. George A. Hormel, of Minneapolis, who is the chairman of the board of directors of a large packing establishment, explaining his views with reference to the bill passed on yesterday and why it should apply to the packers, together with two articles prepared by Mr. Hormel substantiating his position.

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). If there be no objection, the communication and articles will be printed in the RECORD. The Chair hears no objection, and it is so ordered.

The letter and articles are as follows:

APRIL 4, 1933.

Senator BLACK,
United States Senate, Washington, D.C.

MY DEAR SENATOR: I am taking the liberty of enclosing two papers on our unemployment situation, one of which was presented to the President's Organization on Unemployment Relief, Mr. Walter S. Gifford, director, on September 12, 1931.

I have studied the unemployment situation from the beginning and am convinced our Nation is suffering economic disorder because we as employers of labor did not reduce the hours for the measure of a day's work in line with the installation of labor-saving machinery.

I am chairman of the board of Geo. A. Hormel & Co., pork packers, Austin, Minn. The business was started in 1892 as a retail meat market and in the beginning employed three men. Today we have over 2,500 wage earners on our pay roll, and our product is available in nearly every port of the world.

During the development of the business my attention was centered mostly with the men in the plant rather than the men in the office. My success and the success of the business is mostly because of the contributions made by the wage earners in the plant who have devised efficiency methods and in most instances labor-saving machinery and technical handling that resulted in a quality product at a minimum of cost.

My contention is that business America is suffering economic collapse for the reason industry did not share prosperity with the wage earner. Industry did not step up the pay check in line with science and invention. The wage earner is entitled in a larger degree to the comforts and conveniences as well as leisure that invention has made possible.

There is nothing so vital at this time as unemployment relief. Our people have suffered to the limit of their endurance, and every effort should be made to put the 6-hour day into effect as early as possible and provide a minimum wage for men of not less than $5 and for women not less than $4, with time and a half for over-

time. If I were on your committee, I would take off my coat and fight for a $6 minimum wage rather than a $5 minimum.

No man ever lived who had a greater opportunity than President Roosevelt to relieve suffering and distress, the equal of which was never experienced in the history of this country. The unemployed have suffered long. Our President and our Congress should concentrate on a movement that will put into effect your wonderful 6-hour-day measure which you are so courageously presenting to the Senate and the House. Buying power is the vital need. If the minimum pay is fixed at $4, our depression will drag along, but with a $5 minimum pay there is a chance for recovery.

When labor is fully employed, with a full pay check and money in circulation through all arteries of trade, it is like the healthy flow of blood through the veins of the human system; it will cure all ills; there will be no need for the Reconstruction Finance Corporation; there will be no need for bonded issues; it will do more for farm relief than any act conflicting with the law of supply and demand.

It will be rather awkward for the packing business to adjust its schedule to 5 days a week because of the perishable character of the business, and I presume other lines will find it necessary to operate 6 days in the week, but this situation can be provided for.

In my paper, A Man-Made Depression, you will find my views regarding farm relief. If we work in harmony with the law of supply and demand and keep all departments of the Nation's business in balance, with labor fully employed, we will have continued prosperity.

I sincerely trust you will be successful in enacting the shorter-hour day into law. It will do more toward restoring prosperity and for the relief of the hungry and the oppressed than any other act. You deserve great credit for the effort you have made thus far, and I am sure there are fully 15,000,000 people, jobless now, who will be benefited within 3 months after the law is made effective.

I would appreciate very much receiving a copy of your bill.

Yours sincerely,

GEORGE A. HORMEL.

A MAN-MADE DEPRESSION

By George A. Hormel, chairman of the board, Geo. A. Hormel & Co.

The business leadership of America has failed us at a critical hour of need. We, as employers of labor, are responsible for the most colossal blunder of economic judgment in the history of modern business. At the hour when we were depending upon leadership higher up, there were developed, not measures to attack and overcome the fundamental causes of depression, but suggestions which by their very nature were temporary makeshifts. After much delay the recommendations of our great business leaders failed to provide relief or to establish any machinery which could hope to restore normalcy.

We have a man-made depression, a business man's panic, created by the leading business minds at the head of our American industries. And why? Because they would not adjust the working hours per day in line with the labor-saving machinery already in use. Because they did not make it possible to give every willing worker a job. Because they failed to recognize that buying power is and always will be necessary for business progress. Because in their program of reducing hours and sharing work they failed to include the maintenance of normal pay to support the 1929 and 1930 living standards.

All the big industrial minds knew that science and invention were supplying devices and labor-saving machinery which made it possible to provide the needs of our people with fewer men; that the readjustment period, where shorter hours were necessary, had arrived; that labor should be kept on the pay roll and buying power maintained. As early as 1929 economists were pointing out the large number of our workers then unemployed because of changes in technology or management. Our business leaders, although prompted by good motives, have nevertheless erred through their shortsightedness.

Continued buying power is the vital need for continued prosperity. Labor possesses the greatest spending power and the greatest investing power in the United States. It is stated 80 percent of automobile production would cease if wage earners did not buy automobiles. What is true of automobiles is true of the radio, electric washing machine, electric refrigerator, vacuum cleaner, and many other conveniences. The solution of our problem, then, must be to keep the wage earner at work with a pay check commensurate with our high standards of living.

When the President's Committee on Unemployment Relief was appointed in August 1931 there were but 7,000,000 unemployed persons, compared to more than 12,000,000 now. The committee's report, dated October 26 and 27, 1931, under recommendation no. 4, read in part as follows:

"The spreading of available work in industrial, commercial, and professional enterprises still is the most fruitful field for immediate unemployment relief. The committee, therefore, recommends that all work now available be equitably distributed among those normally employed in each unit of the various industries, both public and private, insofar as it is practicable to do so. This may be done either through a reduction in the number of days worked per week or hours worked per day. We are of the opinion that the genius and resourcefulness of the management and workers can find a way to apply the remedies herewith proposed."

The committee understood what the remedy was. What imaginary ills could have blinded them from putting into effect the recommendations which in their own minds they must have thought essential? Industrial brains seldom fail to correct irregularities as they occur in their own organization. Why should it have been impossible for business leaders to get together and develop a program to prevent destruction and distress to all departments of American business?

Had the share-the-work plan been made effective on that basis and normal pay maintained, the result would have been sufficient buying power to restore business in all lines. Our industrial minds admit that prosperity cannot return until labor is employed. They will not deny that a normal pay check will create normal buying power. Knowing what is required, why is there not constructive action taken? Is it possible our business minds are holding back for someone sufficiently outstanding among our giant industries to take the initiative?

Like a line of bricks standing on end, when industry chose to topple over the first brick by throwing labor on the unemployment list, it toppled over every brick in the economic structure of every department of business in our country. This threw industry into a period of cutthroat competition and price cutting which eliminated profits and caused the passing of dividends, thus further reducing buying power. Finally, commodity prices reached their record lows. Farm products are now the cheapest in a century. The farmer cannot pay interest or taxes, his farm securities have become worthless, and this has forced the closing of nearly 10,000 banks. There is nothing more destructive or which will create more distress and wreck the buying power of a community than the closing of a bank.

Some maintain that the stock-market crash is responsible for our present predicament. True, our country was drunk with speculation. Many were living by their wits; they had no special jobs, but when the crash came it precipitated this class down to earth. They mortgaged their homes, their cars, borrowed where they could, lost it all and were left, not alone without money but were in debt. This forced many job seekers on the market and as a result there were more persons on the unemployment list than our Government records would indicate.

The crash in 1929 temporarily paralyzed buying power, but conditions in all lines of business were never in better order. Our financial institutions carried nearly half the gold in the world; banks were receiving a high rate of interest and doing a profitable business. Our Government was functioning with finances sufficient in spite of an extravagant Congress. Our elevators were filled with a large surplus of products from the farm. How could business possibly wish for a sounder, more favorable background for continued prosperity?

Why should our people go hungry and suffer poverty when food is plentiful? Why should there be many wrecked fortunes and distressed businesses when the economic structure in every department of American business was never better?

The share-the-work plan is not constructive unless a fixed number of hours is established as the measure of a day's work and the number of working hours per day reduced so as to fully absorb the unemployed who are willing to work. The 6-hour day has been advocated by many for several years, but science and invention have been working overtime during this depression, and it is estimated practically 50 percent of the machinery now in our industries is obsolete. The question is, Will the 6-hour day now provide work for all the jobless? The present share-the-work plan will not retard the downward trend of business for the reason that the average pay check will provide little more than a meal ticket.

The reason the average pay check will provide little more than a meal ticket is that there are very few exceptions where the man who has a job is not supporting another member of the family who has no job but has a family, or perhaps some relative in distress is receiving assistance from his pay check. It is to be marveled that the jobless ones have not made some riotous demonstration before now. Their behavior reflects wonderful patience and the splendid character of our American people, and is the fruitage of our excellent institutions of education.

Too many of our business minds are of the opinion that we have come out of all other panics and somehow in some way we will get out of this. The panic of 1893 is cited. We depended upon the farmer's crop then. A good yield meant good business all along the line. We had an export demand for all the surplus the farmer produced. Our foreign shipments of packing-house products turned many millions back to the farmer. Our living standards were crude; little else was available aside from food, shelter, and clothing. Wages were from $1.25 to $1.50 per day—ample to supply our simple needs.

Our situation has improved. Our people are better educated; our standards of living have reached a higher level. Science and invention have provided many comforts and conveniences, the supplying of which has created many different fields of labor. We have reached a machine age which enables mankind to supply each other's requirements in a shorter-hour day. The comforts and conveniences at our command should be enjoyed by all our people, and this means a larger pay check. In line with the advent of the automobile the pay check was increased, and as other items of home comforts came on the market there were further increases, until during the period of prosperity we reached the highest scale of wages in the experience of our country. History shows industry prospered most when wages were the highest.

We have a hundred high-school graduates today to every 10 in 1893. We have more university graduates each year than all the rest of the world combined. This means higher efficiency and greater earning capacity per man for our industries, and is sufficient reason why the scale of wages should be higher now than it ever has been. Science and invention are intended to be a blessing to our country, not a curse.

It is repeated again, unemployment continues on the increase and buying power is daily decreasing under the share-the-work and wage-slashing plan. Because of the cut pay check there is no buying power for the newer industries, and they are forced to lay off more men. We will see industrial wrecks if we do not make a quick change to a fixed measure for a day's work on a basis that will return the unemployed to work and absorb the surplus men who have been forced back to the farm.

Some of our industrialists seem to think the 6-hour day with full 1929 pay is ruinous and in so many ways impossible, but in each instance one can see selfishness and greed cropping out. A recent article related President Harding's difficulty in pleading with Elbert H. Gary, then head of United States Steel Corporation, also with members of other steel industries, urging their adoption of the 8-hour day. The plea was opposed, sincerely but shortsightedly, in a conference with others of the leading industries, who argued it would be a calamity to American business, that the workmen themselves did not want shorter hours, that the change would disrupt all business, and that it would reduce possible output below the demand level because of added cost, etc. However, this article also stated that in less than 2 years the very steel firm which opposed the 8-hour day claimed it was the best thing that ever happened to industry and to our country in general.

The change from a 10-hour to an 8-hour day was made effective at the psychological time. It provided work for many veterans who had returned from overseas and was the real foundation for the prosperity we enjoyed following its adoption. Without the 8-hour day we would have had depression in place of prosperity. Wage earners were paying for their homes and buying for them the many conveniences and comforts that science and invention made available. Our citizens attained a higher standard of living than was ever enjoyed by the American people. The increased pay check created increased buying power, resulting in the longest period of prosperity in the history of our country.

During this period there was a happy relationship between employer and employee. Employers were liberal-minded and in many instances did many worthy acts for their employees. Profit-sharing plans for the workmen were in effect; different organizations provided for pensions, first-aid and hospital service, a plant doctor and visiting nurses, dining rooms and club rooms for employees, etc. It is reasonable to believe industry felt itself well repaid by the uplifting spirit created in the workmen, which in turn spelled "increased service."

But industry disrupted that happy relationship when it refused to share prosperity with the wage earner and destroyed with its left hand all the good it did with its right. The employer refused to divide the work among the workmen in line with the machines science and invention provided. It is claimed that from 1926 to 1931 production in the various lines of industry increased from 1 percent to as much as 84 percent, while the number of men employed decreased from 1 percent to more than 20 percent because of the many labor-saving machines.

While men were laid off and wages cut, American corporations paid during 1930 over $320,000,000 more in dividends than in 1929. This was in spite of a corporate net income decline of over 45 percent from 1929. In that year, then, our industries unwisely chose distribution of dividends rather than retention of labor on their pay rolls.

Then and there our industrial minds made the most serious blunder in the history of business and created the most hellish situation our country ever experienced. Laying off men and cutting their pay reduced buying power and started business down the toboggan, and it will continue going down until buying power is reestablished by employing the jobless with a normal pay check.

We are more nearly self-contained than any other nation, and we should put our house in order within our borders. We should balance every department of the Nation's business the same as every corporation must balance every department of its business. For instance, the automobile manufacturer will not build more wheels or more bodies than are required, but these departments are kept in balance with the departments manufacturing every other part of the automobile. In a like manner the agricultural department of our country's business should be kept in balance with the country's needs, which will put it on a supply-and-demand basis and place the farmer in a position to do a profitable business.

According to returns of the Census Bureau, the total land in cultivation in 1930 was over 62,000,000 acres more than the estimated total in 1925, and since 1930 it is reported the unemployed have been pouring out of the cities onto the farms at the rate of 1,740,000 a year. In 1925 industry had absorbed millions from the farm and brought them to the cities. This increased farm consumption and decreased farm production, and enabled the intelligent farmer to operate at a profit. Is it not logical when fixing the shorter-hour day we should not alone consider the unemployed in our cities but also the millions we have driven back to our farms?

American business is heavily burdened with income tax because our Congress and State legislators are spending many millions yearly to do "the impossible" legislating for farm relief, and the records show each year in place of relief the farmer's situation becomes more acute and distressing. No farm-relief plan can be effective that is not in harmony with the law of supply and demand.

The writer has spent most of his life in a farming community in the Middle West and is convinced that if half the fences were destroyed and the farmer permitted to operate on a larger scale the same as other lines of industry, and put into use modern machinery, such as the tractor, gangplow, gangdisks, ganghar-rows, and other devices for economic and more efficient farming, 50 percent of our farmers could produce all our needs at a lower cost, and do so at a profit. The uncultivated land could be used for pasture to raise our supply of cattle, hogs, and sheep. This is the only plan that will give us effective farm relief.

With the increase of machines there has been a steady increase of wealth for industry. The wage earner has not been benefited by invention; the wealth created by the machine has gone to the owners of the machine and there has been pronounced concentration of wealth in the hands of the few. According to the CONGRESSIONAL RECORD the total dividends paid in 1922 by all corporations was $930,000,000. Dividends paid in 1929 were $3,478,000,000, an increase of 356 percent.

The various big organizations conducting different lines of manufacture represent what 20 years ago were thousands of independent businesses in their respective lines. Many of our thinking people have begun to realize that the American citizen is at the mercy of the leaders of these large institutions who are supposed to take the initiative in correcting an irregular economic situation.

The researches of Professor Means, of Columbia, show that the 200 largest industrial and commercial corporations received in 1929 45 percent of all corporate income. These giant corporations controlled and continue to control at least 50 percent of all our industrial and commercial activity, and these corporations are really directed by not more than 400 "key men", business leaders. Why were not all of these drawn together and a common program formulated and real leadership established?

There is probably no industry that will have greater difficulty than the packing business in adjusting operations to a 6-hour day, but the writer will vote to inaugurate this program when other industries do the same. The Kellogg Breakfast Food Co. has operated on the 6-hour plan, changing their schedule from three 8-hour shifts to four 6-hour shifts. They have openly declared the change in every way satisfactory. Why should it not be successful in the steel mills, the telephone companies, the oil refineries, and other industries operating 24 hours per day?

Heroic measures should be adopted in getting each industrial, commercial, and financial unit to sign up for a 6-hour day with $5 minimum pay, to be effective on a fixed date. Our industries should cooperate with President Roosevelt and recommend that quick action be taken and that a proclamation go out naming the date.

The so-called "unemployment problem" never was a problem and is no problem today. We all know a shorter-hour day will put the jobless back to work. We all know a $4 minimum wage will create more buying power than a $3 minimum wage. We know a $5 minimum wage will create greater buying power than a $4 minimum wage. Where is the problem?

THE UNEMPLOYMENT PROBLEM

The wage earner of our country has a higher intelligence than the same class in any other nation. They are better fed, better clothed, and live in better homes, most of them with all modern conveniences; because of this they are more efficient, have more energy, more initiative, and are more dependable than those in other lands.

When our workmen were given higher wages, their standard of living arose correspondingly and their requirements immediately became greater. The larger pay check made it possible for them to equip their homes little by little with all the modern comforts and conveniences.

This buying power made possible our great automobile industries; it made necessary the garages and repair shops all over our land; it made possible the tire industry, creating work for thousands. This same buying power made possible the industries manufacturing electric refrigerators, electric washing machines, the vacuum cleaner, the radio, and many other items that were not available 25 years ago.

We have more university graduates each year than all the rest of the world combined. Parents of the humbler class feel the need of higher education for their children, and the high-school graduates increase with each succeeding year.

This higher education is reflected in what has been accomplished in our various industries in the past 25 years in the way of inventions. Higher intelligence in our workshops is the reason for the many labor-saving machines that will do work better than by hand and at a greatly reduced cost.

With higher education, competition becomes keener and industry is constantly reaching out for labor-saving devices in order to lower costs to meet competitive prices. It also urges refinements that will produce a superior article, and as an incentive many industries give their men a premium in the way of employee's stock or have some plan of profitsharing for those who will think hard enough to bring about such improvements.

Most industries are now equipped with a research department. When college graduates receive their diplomas as electrical, chemi-

cal, mechanical, or construction engineers, they find positions in these various laboratories, where they unlock the storehouse of nature and give to the world the many blessings we now enjoy. In recent years the standard of intelligence available for industry has been on the increase; and as intelligence increases, science and invention make greater advances.

Is it fair to labor when a machine is invented, where 1 man operating it will do the work of 10, that 9 men should lose their jobs and, with their families, go hungry? If science and invention will reduce the working hours and supply all human needs, why is not labor entitled to more leisure and to all the comforts and conveniences that are the product of his brain?

It cannot be denied that a 6-hour day will give work to more than 5,000,000 people now unemployed. This can be readily accomplished if President Hoover will instruct the Relief Committee to call the captains of industry in convention and set a date when they shall all start together on a 6-hour schedule and all operate on an equal basis.

For example, 12,000,000 men working 8 hours a day equals 96,000,000 hours. If a 6-hour day is established, it will require 16,000,000 men to equal the same number of hours, or will provide work for 4,000,000 men now unemployed. Four million men with a pay check every week to spend for their daily requirements will set the wheels of industry in motion and prosperity would soon be restored.

Industry will shrink at the thought of reorganizing its working schedule and adjusting it to a 6-hour day. True, it is a stupendous undertaking, but nevertheless it can be done. When the 8-hour day with 10 hours' pay was established, most industries became hysterical; however, that change meant employment for over 4,000,000 men at that time who otherwise would have been on the unemployment list. If the truth were known, the 8-hour day with 10 hours' pay was the greatest contributing factor toward the prosperity we enjoyed following the change.

The American workman does not want dole; he wants work. There is no good reason why he should be humiliated by making him an object of charity. Labor is the medium through whose hands money must circulate. The more liberal we are with his pay, the more prosperous and happy our people will be. When labor is fully employed, he represents approximately 80 percent of the buying power of our country, and it depends on how well he is paid as to what extent all the newer industries will thrive.

With our present unemployment situation, buying power has been reduced to the extent that industry has been taxed to the straining point endeavoring to keep their organization together and in desperation one concern underprices the other for business, the result being insufficient earnings for dividends, and this further reduces buying power. If this situation is allowed to continue, who can picture the terrible disaster confronting us? It is inevitable there will be many business wrecks and in the last analysis, what will be the predicament of our great financial institutions?

The deposits in our banks are the greatest in the history of our country. We own half the gold in all the world, but the money is inactive. It is like a pool of water having neither inlet nor outlet; the longer it remains dormant the more stagnant and useless it becomes; but give this pool a fresh water inlet and an outlet, and it will soon become fresh and wholesome.

Give all the unemployed work by encouraging a 6-hour day and the pay checks of the wage earner will send money flowing into every avenue of trade, and becoming active will be a blessing to all mankind. This great buying power will set all the wheels of industry in motion.

Science and invention still continue to supply labor-saving machinery. It is inevitable that if the 6-hour day is established, it will not be long before a 4-hour day will be required, unless newer inventions, in turn creating newer industries, will take up the slack. This will mean working one shift 4 hours in the morning and another shift 4 hours in the afternoon.

GEORGE A. HORMEL.

(The writer submitted the above paper to the President's Organization on Unemployment Relief, Mr. Walter S. Gifford, director, on September 12, 1931.)

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum and move a roll call.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Caraway	George	Long
Ashurst	Carey	Glass	McAdoo
Austin	Clark	Gore	McCarran
Bachman	Connally	Hale	McGill
Bailey	Coolidge	Harrison	McKellar
Bankhead	Copeland	Hatfield	McNary
Barkley	Costigan	Hayden	Metcalf
Black	Couzens	Hebert	Murphy
Bone	Cutting	Johnson	Neely
Borah	Dickinson	Kean	Norbeck
Bratton	Dieterich	Kendrick	Norris
Brown	Dill	Keyes	Nye
Bulkley	Duffy	King	Overton
Bulow	Erickson	La Follette	Patterson
Byrd	Fess	Lewis	Pope
Byrnes	Fletcher	Logan	Reed
Capper	Frazier	Lonergan	Reynolds
Robinson, Ark.	Smith	Trammell	Walsh
Robinson, Ind.	Steiwer	Tydings	Wheeler
Russell	Stephens	Vandenberg	White
Schall	Thomas, Okla.	Van Nuys	
Sheppard	Thomas, Utah	Wagner	
Shipstead	Townsend	Walcott	

Mr. LEWIS. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate on official business.

Mr. HEBERT. I wish to announce the necessary absence of the Senator from New Jersey [Mr. BARBOUR], the Senator from Delaware [Mr. HASTINGS], the Senator from Vermont [Mr. DALE], and the Senator from Maryland [Mr. GOLDSBOROUGH].

Mr. REED. I desire to announce the absence of my colleague [Mr. DAVIS] due to illness.

The VICE PRESIDENT. Eighty-nine Senators having answered to their names, a quorum is present.

THE JOURNAL

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of Wednesday and Thursday, April 5 and 6, 1933.

The VICE PRESIDENT. Is there objection? The Chair hears none.

FUNCTIONS OF GENERAL ACCOUNTING OFFICE (S.DOC. NO. 16)

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, his report as to the functions, personnel, etc., of the General Accounting Office, which, with the accompanying report, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE SHIPPING BOARD (S.DOC. NO. 17)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Shipping Board, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report as to the functions of the Board, the annual cost thereof, and the statutory authority therefor, which, with the accompanying statements, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a concurrent resolution adopted by the Legislature of the State of New York, favoring the passage of legislation authorizing the Postmaster General to issue a special series of postage stamps of the denomination of 3 cents, of such design and for such period as may be determined, in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army on October 13, 1783, of Thaddeus Kosciusko, which was referred to the Committee on Post Offices and Post Roads.

(See concurrent resolution printed in full when presented today by Mr. COPELAND.)

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Ben W. Murch Home and School Association, of Washington, D.C., opposing any proposal to cut the estimates for the schools of the District of Columbia below the figures provided for in the conference budget, and favoring the rejection of the proposals of Budget Director Douglas, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter in the nature of a petition from Miss Helen I. Lever, of New Orleans, La., praying for the discontinuance of an investigation by the select committee of the Senate to investigate campaign expenditures, etc., of the recent senatorial primary election in the State of Louisiana, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a resolution adopted by the Board of Trade of Wallace, Idaho, favoring the passage of legislation known as the "Wheeler silver bill", providing for the remonetization of silver, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the subcommittee on labor and legal problems of the mayor's unemployment committee of the city of Detroit, Mich., favoring the passage of legislation declaring a moratorium on all municipal debts in the form of bonds and short-term obligations for the duration of the depression, which was referred to the Committee on Banking and Currency.

He also laid before the Senate resolutions adopted by members of Vernon Aerie, No. 1031, Fraternal Order of Eagles, of Mount Vernon, N.Y., endorsing the recent relief measures sponsored by the President of the United States and adopted by Congress, which were ordered to lie on the table.

Mr. REED presented a resolution adopted by members of Keystone Post, No. 449, the American Legion, of Central City, Pa., favoring the immediate payment in full of adjusted-service certificates (bonus) of ex-service men, which was referred to the Committee on Finance.

Mr. COPELAND presented the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Post Offices and Post Roads:

STATE OF NEW YORK,
IN SENATE,
Albany, N.Y., April 1, 1933.

By Mr. Wojtkowiak

Whereas on October 13, 1933, will occur the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army, Revolutionary War hero; and

Whereas the services rendered by him were of great value and assistance to the cause of American independence and of such high importance that on October 13, 1783, he was granted the citizenship as an American citizen and was appointed brevet brigadier general; and

Whereas it is but fitting and proper recognition should be given to the memory of Brig. Gen. Thaddeus Kosciusko, whose illustrious service in the war for American independence is well known to all who are familiar with our history: Now, therefore, be it

Resolved (if the assembly concur), That the Governor of the State of New York be, and he is hereby, requested to issue a proclamation calling upon the public officials of the State to display the flag of the United States at their homes or other suitable places on October 13, 1933, in honor of the one hundred and fiftieth anniversary of granting naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army; that October 13, 1933, shall be designated and known as "General Kosciusko Citizenship Day", and that its observance be directed as provided in this resolution; that there be, and there is hereby, established a joint legislative committee to be known as the "New York Kosciusko sesquicentennial legislative committee", to be composed of 10 members, as follows: 5 senators, to be appointed by the temporary president of the senate, and 5 members of assembly, to be appointed by the speaker of the assembly; that such committee be, and hereby is, authorized to arrange an appropriate observance and celebration to take place in the month of October 1933, in the State of New York, of the one hundred and fiftieth anniversary of granting naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army, on behalf of the State of New York in such manner as it deems advisable, and to participate in or direct in any other observance or celebration of such anniversary which may be held in the State of New York during the year 1933; and it is further

Resolved (if the assembly concur), That the State of New York hereby respectfully memorializes the Congress of the United States to enact legislation whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps of the denomination of 3 cents, of such design and for such period as may be determined, in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army on October 13, 1783; and it is further

Resolved (if the assembly concur), That a copy of this resolution be sent to the President of the United States, Vice President of the United States, Speaker of the House of Representatives, and to each United States Senator and Representative in Congress from the State of New York.

By order of the senate.

P. H. O'CONNELL, *Clerk.*

IN ASSEMBLY,
April 4, 1933.

Concurred in without amendment.

FRED W. HAMMOND, *Clerk.*

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. VANDENBERG. Mr. President, supplementing the prior action in 23 States, I submit concurrent resolutions from the State Legislatures of Arkansas, Indiana, Michigan, Minnesota, Montana, North Dakota, South Dakota, and Wisconsin, praying for the early ratification of the pending St. Lawrence seaway treaty. I ask that the memorials be noted in the RECORD.

The PRESIDING OFFICER (Mr. MCCARRAN in the chair). Without objection, it is so ordered.

The concurrent resolutions adopted by the Legislatures of the States of Arkansas, Indiana, Michigan, Minnesota, Montana, North Dakota, South Dakota, and Wisconsin, favoring the prompt ratification of a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, were ordered to lie on the table.

PERSECUTION OF THE JEWS IN GERMANY

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution adopted by the General Assembly of the State of Rhode Island. Both my colleague [Mr. HEBERT] and I have received this resolution.

The resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January session, A.D. 1933.

Resolution expressing to Congress the protest of the State of Rhode Island against the atrocious demand of Adolf Hitler for the political and economic extermination of the Jewish people in Germany. (Approved Mar. 30, 1933)

Whereas on the hour of his appointment as Chancellor, Adolf Hitler has set forth a program of unremitting pressure for full Fascist control of the German Cabinet and firm enactment of the basic policies of the party—including expulsion, disenfranchisement, and expropriation of the Jewish people in Germany; and

Whereas this anti-Semitic hatred, not truly representative of the German spirit, is an insult not only to the Jews of Germany but to the Jews of the world as well, causing them to feel, however calmly and quietly they may await developments, that the Hitler action is one of the most tragic events in the long history of Jewish martyrdom: Now, therefore, be it

Resolved, That the members of the General Assembly of the State of Rhode Island respectfully and earnestly pray the Senators and Representatives from Rhode Island in Congress to protest vigorously against this manifesto of the Nazi Party in Germany and the uncivilized and barbarous attack against the members of a race many of whom have added luster to the name of America; and be it further

Resolved, That the secretary of state is authorized and directed to transmit duly certified copies of this resolution to the Senators and Representatives in Congress from Rhode Island.

EXECUTIVE REPORT OF THE FINANCE COMMITTEE

As in executive session,

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Harry M. Durning, of New York, to be collector of customs for customs collection district no. 10, with headquarters at New York, N.Y., in place of Philip Elting, resigned, and the nomination was ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REED:

A bill (S. 1172) for the relief of certain officers of the Dental Corps of the United States Navy; to the Committee on Naval Affairs.

By Mr. JOHNSON:

A bill (S. 1173) for the relief of Gladding, McBean & Co.; to the Committee on Claims.

A bill (S. 1174) granting a pension to Ulysses Samuel Main; to the Committee on Pensions.

By Mr. KING:

A bill (S. 1175) to provide for additional water supply for the Utah National Guard training camp on the Jordan Narrows Military Reservation; to the Committee on Military Affairs.

By Mr. WALSH:

A bill (S. 1176) for the relief of Bertram Rich; to the Committee on Claims.

A bill (S. 1177) for the relief of Edward T. Costello; to the Committee on Military Affairs.

A bill (S. 1178) for the relief of John Henry Fouhey;

A bill (S. 1179) for the relief of Gilbert Dennison Huntington; and

A bill (S. 1180) for the relief of Dominick Edward Lepore; to the Committee on Naval Affairs.

By Mr. BLACK:

A bill (S. 1181) to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes; to the Committee on Interstate Commerce.

By Mr. WAGNER:

A bill (S. 1182) to amend the Standard Baskets Act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms; and

A bill (S. 1183) to amend section 4 of the United States Grain Standards Act of 1916 as relating to the use of the official grain standards of the United States on grain moved in interstate commerce from shipping points to destination points without official grade determination; to the Committee on Agriculture and Forestry.

A bill (S. 1184) for the relief of Amos D. Carver, S. E. Turner, Clifford N. Carver, Scott Blanchard, P. B. Blanchard, James B. Parse, A. N. Blanchard, and W. A. Blanchard;

A bill (S. 1185) for the relief of Jacob Durrenberger;

A bill (S. 1186) for the relief of Gordon B. Enders;

A bill (S. 1187) for the relief of the heirs of Edward P. Frank, deceased;

A bill (S. 1188) for the relief of the General Baking Co.;

A bill (S. 1189) for the relief of John J. Gillick;

A bill (S. 1190) for the relief of George B. Marx;

A bill (S. 1191) for the relief of the Sultzbach Clothing Co.;

A bill (S. 1192) for the relief of the Union Shipping & Trading Co., Ltd.; and

A bill (S. 1193) for the relief of Clara E. Wight; to the Committee on Claims.

A bill (S. 1194) to amend section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, as amended; to the Committee on Commerce.

A bill (S. 1195) for the relief of John F. Aughinbaugh;

A bill (S. 1196) for the relief of Edwin P. Hulsberger; and

A bill (S. 1197) for the relief of George L. Vincent; to the Committee on Finance.

A bill (S. 1198) for the relief of Louise Fox;

A bill (S. 1199) for the relief of Anne B. Slocum; and

A bill (S. 1200) for the relief of Elizabeth Millicent Trammell; to the Committee on Foreign Relations.

A bill (S. 1201) to incorporate The Big Brother and Big Sister Federation, and for other purposes; to the Committee on the Judiciary.

A bill (S. 1202) authorizing the selection of a site in the District of Columbia and the erection thereon of a statue of George Washington; and

A bill (S. 1203) to provide for the honorary designation of St. Anns Churchyard, in the city of New York, as a national shrine, and for the erection of a monument or statue thereon to the memory of Gouverneur Morris; to the Committee on the Library.

A bill (S. 1204) for the relief of William Burke;

A bill (S. 1205) for the relief of Thomas G. Carlin;

A bill (S. 1206) to authorize the presentation of a Distinguished Service Cross to Abraham Cohen;

A bill (S. 1207) for the relief of William D. Grush;

A bill (S. 1208) to authorize the presentation of a Distinguished Service Cross to T. K. Jones;

A bill (S. 1209) for the relief of Morris J. Lang;

A bill (S. 1210) to provide for the appointment of Maurice D. Loewenthal as a warrant officer, United States Army;

A bill (S. 1211) for the relief of Harry C. Merritt;

A bill (S. 1212) for the relief of Harry Stanbrough Monell, formerly chairman War Department Claims Board Transportation Service;

A bill (S. 1213) for the relief of John Shannon; and

A bill (S. 1214) for the relief of Zinsser & Co.; to the Committee on Military Affairs.

A bill (S. 1215) directing that copies of certain patent specifications and drawings to be supplied to the New York Public Library, Astor, Lenox, and Tilden Foundations, of New York City, at the regular annual rate; to the Committee on Patents.

A bill (S. 1216) granting a pension to William H. Bruns; and

A bill (S. 1217) granting a pension to Edward A. McGuire; to the Committee on Pensions.

A bill (S. 1218) to provide for the admission to the mails as second-class matter of publications of charitable societies; to the Committee on Post Offices and Post Roads.

By Mr. COPELAND:

A bill (S. 1219) to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy; to the Committee on Claims.

By Mr. CONNALLY:

A bill (S. 1220) for the relief of Ray McDonald; to the Committee on Military Affairs.

A bill (S. 1221) to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. WAGNER:

A joint resolution (S.J.Res. 38) requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America; to the Committee on the Judiciary.

EMERGENCY RELIEF OF AGRICULTURAL INDEBTEDNESS—AMENDMENT

Mr. WAGNER, on behalf of the Committee on Banking and Currency, submitted an amendment intended to be proposed to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was ordered to lie on the table and to be printed.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. FRAZIER. Mr. President, I wish to offer a proposed amendment to the pending bill, House bill 3835, and ask that it may lie on the table and be printed.

The PRESIDING OFFICER (Mr. MCCARRAN in the chair). The amendment will be received, printed, and lie on the table.

Mr. COPELAND submitted an amendment intended to be proposed by him to House bill 3835, the agricultural relief bill, which was ordered to lie on the table and to be printed.

AMERICAN CONSERVATION WEEK

Mr. WAGNER submitted the following concurrent resolution (S.Con.Res. 1), which was referred to the Committee on Public Lands and Surveys:

Whereas under the inspiring leadership of President Cleveland it became the settled policy of this Nation to conserve its natural resources; and

Whereas the establishment of an American conservation week will have the desired effect of bringing the American people to realize in the words of that great conservationist, President Roosevelt, that "the conservation of our natural resources and their proper use constitute the fundamental problem which underlies almost every other problem of our national life": Therefore be it

Resolved by the Senate (the House of Representatives concurring), That the President of the United States is requested to issue each year a proclamation designating the first week in April as American conservation week and inviting the people of the United States to observe that week in schools, churches, museums, parks, and other suitable places, with ceremonies appropriate to the occasion.

PRINTING OF MANUSCRIPT ENTITLED "THE DEVELOPMENT OF FEDERAL TRADE COMMISSION POLICY"

Mr. WAGNER submitted the following resolution (S.Res. 59), which was referred to the Committee on Printing:

Resolved, That the manuscript entitled "The Development of Federal Trade Commission Policy", prepared by John J. Quigley, A.M., be printed as a Senate document, and that 200 additional copies be printed for the use of the Committee on the Judiciary.

RELIEF OF INSURANCE COMPANIES

Mr. FLETCHER. Mr. President, in pursuance of the suggestion which we had under consideration late on yesterday

afternoon, I ask the chairman of the Committee on Agriculture and Forestry [Mr. SMITH] in charge of the unfinished business if he will consent to lay aside the unfinished business temporarily and let us proceed to the consideration of S. 1094?

Mr. McNARY. Mr. President, that is the bill which was under discussion last evening at the time of taking the recess?

Mr. FLETCHER. Yes; Senate bill 1094.

Mr. McNARY. The Senator is asking that the unfinished business may be temporarily laid aside?

Mr. FLETCHER. That is the request.

The VICE PRESIDENT. The Senator from Florida asks unanimous consent to lay aside the unfinished business and proceed to the consideration of Senate bill 1094. Is there objection?

Mr. SMITH. Mr. President, before that is done I want it clearly understood that if this bill leads to extended debate then I am going to ask that we return to the consideration of the unfinished business, which is of such importance in view of the planting season that every day's delay makes the effect of the bill, if it shall have one, more imperative than ever.

The VICE PRESIDENT. The Chair understands the rule of the Senate to be that if at any time a Senator demands the regular order, then the bill under consideration will be displaced and the regular order will be proceeded with, that is, in this case, the consideration of the farm bill. Any Senator has a right at any time to demand the regular order.

Mr. McNARY. Mr. President, that conforms to the rule unquestionably, but may I ask that the bill may be reported in order that we may understand its general purpose?

The VICE PRESIDENT. The clerk will read the bill for the information of the Senate.

The LEGISLATIVE CLERK. The bill reads as follows:

Be it enacted, etc., That during the continuance of the existing emergency heretofore recognized by Public No. 1 of the Seventy-third Congress or until this act shall be declared no longer operative by proclamation of the President, and notwithstanding any other provision of any other law, if, in the opinion of the Secretary of the Treasury, any insurance company of any State of the United States is in need of funds for capital purposes either in connection with the organization of such company or otherwise, he may, with the approval of the President, request the Reconstruction Finance Corporation to subscribe for preferred stock of any class, exempt from assessment or additional liability, in such insurance company, or to make loans secured by such stock as collateral, and the Reconstruction Finance Corporation may comply with such request. The Reconstruction Finance Corporation may, with the approval of the Secretary of the Treasury and under such rules and regulations as he may prescribe, sell in the open market the whole or any part of the preferred stock of any such insurance company acquired by the corporation pursuant to this section. The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by—

At this point, on page 2, line 17, the committee proposes to strike out the words "an amount sufficient" and to insert "$100,000,000 in order to provide funds"——

The VICE PRESIDENT. The bill is not yet under consideration. The clerk will continue the reading of the bill.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Unanimous consent was given that the bill be read, and the clerk will read the bill.

The reading of the bill as originally introduced was resumed and concluded, being entire, as follows:

Be it enacted, etc., That during the continuance of existing emergency heretofore recognized by Public No. 1 of the Seventy-third Congress or until this act shall be declared no longer operative by proclamation of the President, and notwithstanding any other provision of any other law, if, in the opinion of the Secretary of the Treasury, any insurance company of any State of the United States is in need of funds for capital purposes either in connection with the organization of such company or otherwise, he may, with the approval of the President, request the Reconstruction Finance Corporation to subscribe for preferred stock of any class, exempt from assessment or additional liability, in such insurance company, or to make loans secured by such stock as collateral, and the Reconstruction Finance Corporation may comply with such request. The Reconstruction Finance Corporation may, with the approval of the Secretary of the Treasury and under such rules and regulations as he may prescribe, sell in the open market the whole or any part of the preferred stock of any such insurance company acquired by the corporation pursuant to this section. The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this section.

SEC. 2. In the event that any such insurance company shall be incorporated under the laws of any State which does not permit it to issue preferred stock, exempt from assessment or additional liability, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, or upon notice of more than 20 days, the Reconstruction Finance Corporation is authorized for the purposes of this act to purchase the legally issued notes, bonds, or debentures of such insurance company, which may be subordinated in whole or in part or to any degree to claims of other creditors.

SEC. 3. As used in this act the term "insurance company" shall include any corporation engaged in the business of insurance, irrespective of the nature thereof, and operating under the supervision of a State superintendent or department of insurance in any of the States of the United States.

SEC. 4. The right to alter or amend or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person, firm, association, or corporation, is held invalid, the remainder of the act, and the application of such provision to such other person, persons, firm, association, or corporation, shall not be affected thereby.

The VICE PRESIDENT. Is there objection to the request of the Senator from Florida?

Mr. ROBINSON of Indiana. Reserving the right to object, I desire to ask the Senator from Florida what great emergency there is requiring the immediate passage of this bill?

Mr. FLETCHER. The Reconstruction Finance Corporation requests its passage and they claim that there is a pressing need for it. They want to consider some applications of insurance companies that are pending and wish to dispose of them, under the authority of the bill. There is, I take it, beyond doubt, a real need for the enactment of the measure.

Mr. ROBINSON of Indiana. Mr. President, I suppose we are to assume from merely glancing at the bill that it is proposed to grant $100,000,000 to the insurance companies of the country. I think the Senate ought to know something about the bill before we arrange to make loans in these figures. I think there ought to be an explanation of the bill. In any event, I do not know anything about it except what I have read in the measure itself.

Mr. FLETCHER. It is a very simple bill, and I shall be glad to explain it very briefly, if the Senator so desires.

Mr. ROBINSON of Indiana. Unless there is some special reason for the passage of this measure, I think the farm bill is of vastly more importance to the country right now than any bill to provide for loaning money to insurance companies, which, according to all the information I have been able to get, are pretty well able to take care of themselves.

Mr. FLETCHER. Undoubtedly some of them are, but there are a good many in the country, as the Senator knows, and some of them need help.

Mr. ROBINSON of Indiana. They are sufficiently able to take care of themselves as that they have been able to increase the salaries of their executive officers to enormous proportions. I know the bill proposes to limit the salaries of such officers to $17,500, but I think they are mostly State insurance companies, judging from the way the bill reads. I think, however, that the farm bill is vastly more important at this moment. So, Mr. President, unless there is some special emergency that has not thus far been shown for the necessity of this measure, I shall object to its consideration.

Mr. FLETCHER. It has been represented to the committee that there is a special emergency, and either the Reconstruction Finance Corporation should have the authority now or they might as well not have it at all. There is some real need for it.

The Senator from Indiana will note from the report that—

The bill authorizes the Reconstruction Finance Corporation during the emergency declared by the President on March 6, 1933,

or until the provisions of the bill are declared inoperative by proclamation of the President, to subscribe for preferred stock of insurance companies which is exempt from assessment or additional liability, or to make loans to such companies secured by such stock as collateral whenever the Secretary of the Treasury finds that such subscriptions or loans are necessary to provide working capital for such companies. Such subscriptions or loans are to be made upon request of the Secretary of the Treasury, with the approval of the President.

The amendment, I think, takes care of the very valuable suggestion made by the Senator from Indiana on yesterday.

The bill as reported by the committee also limits the amount of the preferred stock, notes, bonds, or debentures of any one insurance company which may be subscribed for, purchased, or accepted as collateral for loans, by the Reconstruction Finance Corporation, to the amount of the new capital furnished by the applicant company. A provision is also added prohibiting the Reconstruction Finance Corporation from making any such subscription, purchase, or acceptance with respect to any insurance company which pays any of its officers, directors, or employees a compensation in excess of $17,500 a year, and it requires the company to agree not to increase the compensation of any officers, directors, or employees, and not to retire any of its stock, notes, bonds, or debentures issued for capital purposes, during the time any of its securities are held by the Corporation.

Mr. ROBINSON of Indiana. For the moment, until I can learn more about the bill, I object.

The VICE PRESIDENT. Objection is heard.

RELIEF OF AGRICULTURE

Mr. SMITH. I ask that the unfinished business be laid before the Senate.

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. SMITH. I ask unanimous consent that the formal reading of the bill may be dispensed with and that the Senate proceed to the consideration of the committee amendments.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will report the committee amendments.

The first amendment of the Committee on Agriculture and Forestry was, on page 1, after the enacting clause, to insert the heading:

Title I—Agricultural adjustment: Declaration of emergency.

The amendment was agreed to.

The next amendment was, in section 1, page 2, line 6, after the word "of", to insert "title I of", so as to make the section read:

That the present acute economic emergency being in part the consequence of a severe and increasing disparity between the prices of agricultural and other commodities, which disparity has largely destroyed the purchasing power of farmers for industrial products, has broken down the orderly exchange of commodities, and has seriously impaired the agricultural assets supporting the national credit structure, it is hereby declared that these conditions in the basic industry of agriculture have affected transactions in agricultural commodities with a national public interest, have burdened and obstructed the normal currents of commerce in such commodities, and render imperative the immediate enactment of title I of this act.

The amendment was agreed to.

The next amendment was, in section 2, page 2, line 16, after the word "the", to strike out "pre-war period, August 1909–July 1914; and" and insert "base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, September 1919–August 1928", so as to make the section read:

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress—

(1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, September 1919–August 1928.

(2) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets.

(3) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909–July 1914.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Is there objection to agreeing to the amendment? The Chair hears none, and the clerk will report the next amendment.

Mr. FESS. Mr. President, I do not want this bill to be run through in this manner. I should like to have the Senator from South Carolina give us information on the bill before we vote on the amendments.

Mr. SMITH. I thought, perhaps, that after we had gone through the committee amendments, then I would take the floor and make a general explanation of the different titles and of the amendments.

Mr. FESS. I would much prefer that the Senator give us the explanation now, because there may be some amendments which everybody would favor; and, on the other hand, there may be some controversial points in other amendments.

Mr. SMITH. Mr. President, then I will undertake before the bill is read for committee amendments to give an explanation of the different parts and titles of the bill without comment, except as the text appears.

The first part of the bill is the declaration of purpose.

The first important amendment is, on page 2, line 17, with reference to which let me say that the base period originally accepted as to all the commodities included in the bill was that from 1909 to 1914, inclusive, a 5-year period. That base period was fixed upon the assumption that the relation between the prices of the things the farmers have to buy and those that they have to sell was about as nearly equitable during that period as at any other period which might be selected. In other words, during that period the purchasing power of farm commodities as compared with the price of commodities the farmer had to buy was approximately 100.

It was found, however, that the base period for the major part of the tobacco produced and cured in this country did not correspond to the base period for other commodities. In other words, the purchasing power of tobacco during the base period 1909 to 1914 showed a difference of several percent as compared to the price of things the producers of tobacco had to buy. So, after consultation with the tobacco growers producing several varieties, it was found that the conditions obtaining during base period indicated in this amendment, namely from 1919 to 1928, more nearly conformed to those obtaining in the base period of 1909 to 1914 as affecting other commodities. It was found that the prices received for tobacco during the base period fixed for tobacco were just about at the level of the prices of other commodities during the period from 1909 to 1914.

Mr. FESS. As to all commodities except tobacco the base period would be that from 1909 to 1914.

Mr. SMITH. Yes; except in the case of tobacco; and as to tobacco it was found that the period from 1919 to 1928 about conformed, so far as the purchasing power of tobacco compared to the price of the things the farmer has to purchase is concerned, to the period from 1909 to 1914 in the case of other commodities.

Mr. FESS. How does the Senator account for that? Why is that true?

Mr. SMITH. During the years from 1909 to 1914 in certain grades and kinds of tobacco there was perhaps a surplus. Anyway, the average price of tobacco at that time, taking fire-cured, flue-cured, and shade-cured tobacco, was really below in purchasing power the price of the articles the producer had to buy.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. ROBINSON of Arkansas. There has been a marvelous increase in the consumption of tobacco since the pre-war period, which alters the relationship of tobacco prices to other prices. That increase has been due to the consumption of cigarettes. For illustration, during the pre-war years only about 5 or 6 percent of the combined domestic consumption of flue-cured Burley and Maryland tobaccos went into cigarettes, while in recent years cigarettes have consumed from 50 to 60 percent of the tobaccos of these types. That makes it appear clearly that the pre-war period, which is taken as the base period for other commodities, would not be applicable to present conditions relating to the use through the consumption of tobacco.

Mr. FESS. And this is the basis of mere exchange value of one thing as measured in the purchasing power of the other.

Mr. SMITH. It is merely the exchange parity, as it is called.

Mr. FESS. I thank the Senator. I could not understand why one base period should be taken for one commodity and another base period for another.

Mr. McNARY. Mr. President, I make a point of order. There is absolutely no order in the Chamber, and I am unable to hear anything that is going on.

The PRESIDENT pro tempore. The Senate will be in order. The Senator from South Carolina has the floor.

Mr. LOGAN. Mr. President——

Mr. SMITH. I yield to the Senator from Kentucky.

Mr. LOGAN. I simply desire to suggest that the period 1909–14 was about the lowest-price period for tobacco for many, many years. The tobacco farmers were without any organization, and the price had been beaten down until it was below the cost of production. Soon after 1914 there were several organizations that had a tendency to bring up the price, and then the increased use of cigarettes called for a much greater demand for tobacco, until the price went up considerably. If this bill is made to apply to tobacco on the basis of the years 1909–14, it would not help tobacco at all, but I think probably it would injure the tobacco growers instead of helping them.

Mr. SMITH. I will say to the Senator that upon investigation it was found that if the average price of tobacco between 1909 and 1914 were accepted the tobacco growers would get less than they are getting now.

Mr. LOGAN. They would get less than they are getting at this time, and at this time they are not getting the cost of production.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SMITH. I yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator is referring to a fairly fixed base period upon which these computations shall be made. Would it be correct to say that in part 3 of title I, that being the part of the bill relating to cost of production, and so forth, there is the option in the Secretary of Agriculture of a veto upon all of the preceding sections of the bill, including this base period?

Mr. SMITH. If the Senator will allow me to do so, I will come to that in my discussion of the bill and the various parts of it.

Mr. VANDENBERG. I did not mean to anticipate the Senator in that respect. I simply wanted to know fundamentally whether the sections which he is now discussing are not all subject to a subsequent veto under part 3 of title I.

Mr. SMITH. I would not say "subject to a veto." It is left to the Secretary's choice which one of the three principles involved in this bill shall be accepted by him. When one of those principles is accepted, of course the others will be eliminated.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. COPELAND. The Senator from South Carolina has stated, and others have endorsed the statement, that the reason why the base period in the case of tobacco is changed from the general base period is because of the low price of tobacco during that general base period. That is correct, is it not?

Mr. SMITH. That is correct.

Mr. COPELAND. Is it not true, too, that milk was at a very low price during this general base period?

Mr. SMITH. The committee had no information to that effect. I desire to state to the Senate that, contrary to the general sentiment, the Senate committee did have hearings. They secured, as nearly as might be under the circumstances, the views of those who represented the major part of the products included in this bill; and we heard no complaint as to the base period with reference to milk and its products.

Mr. COPELAND. I should like to say, Mr. President, that my purpose in raising the question here is to put the milk people on notice that if I am correct the general base period fixed here is a period when the price of milk was very low. Exactly the same condition prevailed in the milk industry in the base-period year as suggested by the Senator from Kentucky [Mr. LOGAN] with reference to tobacco.

Mr. SMITH. I will suggest to the Senator from New York that after I have discussed the different features of this bill, the principles involved, and after the amendments proposed by the Senate committee have been either adopted or rejected, and the measure is open to amendment, the Senator may prepare and present such amendments as he thinks are germane or necessary.

Mr. COPELAND. If the Senator will bear with me to say this much more, I am purposely putting in the RECORD what I am saying here in order that the dairy interests may be warned that if the theory I hold is correct this bill will tend to make dairy products very much cheaper and lower than they are now, and the dairy farmers will not be benefited by the bill.

Mr. McKELLAR. Mr. President, before the Senator passes from the discussion of the base period will he bear with me just a moment to make a suggestion about dark-fired tobacco?

Mr. SMITH. I yield.

Mr. McKELLAR. I see, on page 2, that—

> The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914.

I am informed that there is quite a difference between other kinds of tobacco and dark-fired tobacco, and that that ought to be restored to 1909–14 as to dark-fired tobacco. Would the Senator have any objection to an amendment excepting dark-fired tobacco from that limitation?

Mr. SMITH. I am not advised as to how the dark-fired tobacco in the period accepted as the base period for the other commodities compares with the base period accepted here for tobacco. I have been informed by telegrams and by the statements of individuals that the dark-fired tobacco, which is peculiarly cured, will not be greatly benefited, if benefited at all, by the period indicated; and I do not know, as to the administration of the bill, just what difficulties might occur in excepting dark-fired tobacco. I suggest to the Senator that as this matter is now before the Senate, it might be very well for him to offer his amendment now, because after the Senate once accepted it there would have to be a reconsideration of it.

Mr. McKELLAR. Is this particular amendment now before the Senate for action?

Mr. SMITH. The particular Senate committee amendment is now on its passage.

Mr. McKELLAR. I will prepare an amendment and offer it in accordance with the Senator's suggestion.

Mr. SMITH. I ask that that amendment go over.

Mr. LOGAN. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state his parliamentary inquiry.

Mr. LOGAN. I understood that that amendment was adopted a while ago.

Mr. SMITH. That is not my understanding. Was it adopted, Mr. President?

The PRESIDENT pro tempore. It has been adopted; but, if desired, it will be reconsidered, under the parliamentary practice.

Mr. SMITH. Mr. President, may I make a request? I ask unanimous consent that the chairman be allowed first to explain the different principles in this bill, and then that we take up the bill for action on the Senate committee amendments, and then proceed, and that we consider the amendment that has been adopted as yet to be adopted.

Mr. LOGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Kentucky?

Mr. SMITH. I do.

Mr. LOGAN. Just one question. I should like to ask the chairman of the committee if he is entirely sure that he can explain, so that we can understand them, the different principles in this bill? [Laughter.]

Mr. SMITH. No, sir. I am going to read the bill and tell what it makes an assault with intent to do. [Laughter.]

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. The Senator from South Carolina has asked unanimous consent not to be interrupted until he has finished his speech. The Chair will state that it is within the power of the Senator not to yield if he so desires.

Mr. McNARY. Mr. President, I do not understand at all that the Senator has requested not to be interrupted.

Mr. SMITH. Let me repeat my request: That we reconsider, if necessary, the vote by which the first Senate committee amendment was adopted. If that can be done without reconsidering it, by unanimous consent, I ask then that the chairman first be permitted to make a statement as to the principles of the bill, and then that we start with the Senate committee amendments and take them up in order. I make that request.

The PRESIDENT pro tempore. The Senator from South Carolina asks unanimous consent that he be allowed to make his address on the bill before taking up the committee amendments.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Will the Senator please wait until the Chair states what he understood the Senator to ask? The Senator from South Carolina asks unanimous consent that he be allowed to make his speech on the whole bill before the Senate takes up the committee amendments.

Mr. WAGNER and Mr. McNARY addressed the Chair.

The PRESIDENT pro tempore. The Senator from South Carolina has the floor, and he can proceed and speak without interruption until he is through. Until he is through no other matter may be taken up.

Mr. SMITH. Very well, Mr. President.

Mr. WAGNER. Mr. President, reserving my right to object, I ask the Senator to yield for a very simple question.

Mr. SMITH. I yield.

Mr. WAGNER. The Senator from New York does not direct himself to the provisions of the bill. I do not want the Senator from South Carolina to be apprehensive about that.

The Senator from South Carolina intends to deal only with the so-called "farm bill", and does not, in his discussion or in seeking action by the Senate, intend to deal with the farm-mortgage part of the bill.

Mr. SMITH. Mr. President, I shall be very glad to have members of the Banking and Currency Committee explain their idea in reference to the mortgage feature that is incorporated in the bill. I have attached to the report upon the bill an analysis prepared by those who drafted the bill and sent it down to our committee. The author of the bill made a synopsis of its provisions, which I incorporated in the report without any comment whatever, thinking that his comment was sufficient to enlighten the Senate as to what it is proposed to do.

Mr. WAGNER. But I was seeking information as to how the Senator from South Carolina intends to proceed. Is it the Senator's idea that we ought to dispose altogether of the farm bill first, before taking up the so-called "farm mortgage bill"?

Mr. SMITH. That is what I propose to do.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. FLETCHER. I suggest that, in my opinion, the proper procedure in that respect would be that when we reach page 27, title II, of the pending bill, we would be able to offer as a substitute for title II Senate bill 1110, introduced by the Senator from Arkansas [Mr. ROBINSON] and referred to the Banking and Currency Committee, on which they held hearings. The full committee has considered that bill and reported it back here as Order of Business No. 18 on the calendar. We will move to substitute for title II of the pending bill this bill reported by the Banking and Currency Committee. It contains very much the same substance that the bill now before the Senate contains, but with some amendments which I think improve it; and we will ask to have it substituted for title II of this bill.

Mr. SMITH. Of course, under the rules of the Senate, it will be in order to offer it as a substitute for what the Agricultural Committee has put in. However, I shall confine myself now to a discussion of the principles that are found in what is known as the "farm relief bill", as contradistinguished from the mortgage bill.

Mr. McNARY. Mr. President, will the Senator yield just for a suggestion?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. SMITH. I yield.

Mr. McNARY. Quite the logical course to be followed in the consideration of legislative bills, as contradistinguished from appropriation bills, is for the discussion to proceed before the consideration of committee amendments, as the Senator knows. I suggest to the Senator that he start in with title I, then go to titles II, III, and IV, give his description of them, and then that we take up the amendments.

Mr. SMITH. That is precisely what I have said the chairman of the committee proposed to do. I will take up the bill by titles and try to explain them, and then we will take up the amendments.

Mr. ROBINSON of Arkansas. That is right.

Mr. SMITH. Of course, every Member of the Senate is familiar with the declaration of policy. It is not necessary for me to read or discuss that.

Part I of the bill, under the amendment, is in effect a bill which has already been passed by the Senate. It is known as the cotton option or the cotton substitution bill, which I introduced, which passed the Senate and passed the House, but failed of signature by President Hoover. That bill simply provides that the cotton owned and controlled now by the Government shall be substituted, at the present price, to farmers producing cotton, in lieu of production, to the extent of the cotton held by the Government, the farmers entering into contracts that they will reduce their production exactly in the percentage of the cotton held by the Government on which they take their option. There are something like two million and a half bales of such cotton. The Government has it, it has not disposed of it, and there is an enormous surplus. If the Government should undertake to dispose of it now, as a matter of course that would have a depressing or a bearish effect on the market.

Mr. FESS. Mr. President, may I ask the Senator a practical question?

Mr. SMITH. I yield.

Mr. FESS. The farmers contract to reduce in the amount they purchase from the Board. My question is, When is the cotton-planting season?

Mr. SMITH. It is on now, and in parts of the country the planting is very extensive. Between now and the 15th of May the cotton crop of the United States will have been planted. I will state, for the information of the Senator, that the planting per se is a very simple and inexpensive process, and if this bill should be enacted and this Government cotton be made available for distribution in lieu of pro-

duction, it would be very readily availed of, even by those who have planted their cotton, because it would be much more profitable to accept the cotton at the present price in consideration of that percentage of reduction, rather than go on and cultivate, fight the insects, pick the cotton, and gin it, because the price is now anywhere from 5 to 6 cents a pound below the cost of production.

Part I simply provides that the Government may, through the agencies of the crop-production force that is now in the field, the Extension Service, and the agents they have there, take contracts from the individual farmers that they will reduce production in the exact proportion in which they take cotton out of that held by the Government.

What would be the effect? There are about 2½ million bales held by the Government. There is a surplus of something like 6,000,000 bales of cotton in the United States. The total world surplus of American cotton is around 13,000,000 bales. The consumption of American cotton by the world is about 13,000,000 bales. So that there is in actual, physical existence today practically a world's supply of American cotton, even though we did not produce any in the United States this year. In other words, there are 13,000,000 bales which will be carried over August 1, when the new cotton starts coming in.

The purpose of this part of the bill, along with the other features of the bill, which I will explain, is to take 2½ million bales already in existence, at a price below the cost of production, owned by the Government, and substitute it for production, the Government holding the cotton to guarantee performance of the contract. Then there will be a reduction of at least 2½ million bales in prospective production, and a decrease of 2½ million in the surplus. That will reduce both ways. Besides that, it will give the producer whatever percentage of his crop he elects to take of this already produced, that much cotton, certainly, below the cost of production, which will not cost him a penny, and which may enable the Government to dispose of it in that way without depressing the market. In fact, it will result in raising the market, because they will have reduced the surplus 2½ million bales, and reduced production 2½ million bales. The farm production loans are made only upon the promise and contract that the farmers will reduce this year's production 30 percent under last year's, and the regional Agricultural Credit Corporation also requires a reduction of at least 30 percent, and through these three methods the possibility is that our prospective crop, the crop of 1933, will be so reduced that the carry-over will not exceed the normal carry-over, which must be between two and three million bales.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. McNARY. I esteem the Senator to be a very high authority on the subject of cotton culture. He makes a very clear explanation of section 1. Is it the opinion of the Senator that his purposes, and the purposes manifest in section 1, would apply to the crop of 1933?

Mr. SMITH. Undoubtedly. If the Senator will pardon me for using myself as an illustration, I may say that I plant cotton. We have now learned to top-dress the cotton at the time of planting more than to fertilize it, and the planting process is very simple. If I could get the equivalent of my entire prospective output of this year out of this Government cotton, if this bill should become a law, I would infinitely rather plant my land, already prepared for cotton, in some other soil builder or in some other crop which might enable me to take care of my plantation. I would be perfectly willing to let it lie idle rather than plant it and run the risk of producing another crop to pile up on the surplus which already exists when I could buy the amount of my crop for from 5 to 6 cents a pound below the cost of production and get rid of the expense caused by the exigencies of the season and the ravages of the weevil, and avoid the uncertainty of the price, which necessarily must come with the production of another crop. I think it would apply practically throughout the Cotton Belt. So much for part I.

Part II is more complex. There are two provisions in part II. One is the proposition of leasing the land from the farmer and for the Government to pay him for the land thus leased. The process by which that has to be accomplished is to lay a tax on the processors of farm products in order to raise a sum sufficient to eliminate in 1933 enough acreage to reduce the production to where it will eliminate, as far as may be, the surplus and to reduce the production to within domestic consumption.

It is proposed to lay a tax on lands under cultivation producing these crops. The amount of the tax is not indicated in the bill, but I presume the object of the Secretary of Agriculture is to collect a fund sufficiently large to rent or lease lands from the producers at a rental which would be enticing to the landowner.

The question has been raised in the committee, and doubtless will be raised here, Is it proposed, if this principle is put into operation, to lease the marginal lands, the less-productive lands, the lands which are already out of cultivation, such lands as the land banks, the insurance companies, and mortgage holders have been unable to dispose of, upon which they have foreclosed their mortgages, and which they cannot rent for a sufficient amount to pay the interest on the mortgage, or the taxes? Millions of acres of that kind of land, I understand, are now lying idle. But there are estimated to be 350,000,000 acres of arable lands, farm land, in the United States. The proposition, as I understand it, is to eliminate out of the 350,000,000 acres, or so much of it as is in actual cultivation, fifty to sixty million acres of land. Therefore, the taxes laid upon the processing would be in an amount sufficient to lease 60,000,000 acres of land at an acreage rental to be determined by the Secretary of Agriculture.

Mr. President, as this bill was drafted, as I understand, in the Department of Agriculture, and sent here almost as it now appears, I presume that the Secretary of Agriculture would not attempt to lease lands that were owned and controlled by these corporations which are already out of production. Nor would they rent what are known as "marginal" or "negligible" lands, those which produce the least, but would attempt to lease those productive lands which are now planted to the staple crops indicated in the bill. There would be a processing tax laid upon all the processors of farm products in order to raise a sufficient amount of money to induce the landowners to lease those lands.

In addition to that, another complaint was made before the committee. Take, for instance, a cotton producer. Suppose he were willing to lease 25 or 30 or 40 percent of his land to the Government. Then would he be allowed to plant other crops, which would come in competition with or increase the volume of the other crops indicated in the bill, the production of which we are also seeking to reduce? Therefore the bill provided that where lands were thus leased, the owner of such lands would not be allowed to plant such crops as would find a market and come in competition wth other staple agricultural products, but he would be allowed to plant these staple products if for his own consumption on his place.

Mr. FESS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. FESS. Are we not embarrassed in not knowing what is likely to be done and what can be done? Is not that one of the weaknesses of the bill? The Senator just stated that we do not know what is going to be done, and it seems to me that it is very obvious that we do not know what is going to be done.

Mr. SMITH. Mr. President, all I can say to the Senator from Ohio is that the committee, after deliberation, and having present those who represented the authors of the bill, seemed to think that, as it is an experiment, as it must be tried out, it must be left to the Secretary of Agriculture to proclaim as soon as possible a statement of just what would be the positive factors under the principles I am attempting to describe.

Mr. President, I think we all understand what the proposition is as to leasing. Now we come to the feature known as "the allotment plan." That plan takes as a basis of calculation for the parity the farmer should enjoy at the present time, that which existed between 1909 and 1914.

Remember, it does not mean the prices obtaining then, but the parity that existed then. The purchasing power of farm products might be brought up to where the farm dollar will buy the same amount of commodities the farmer wants to buy now that it did in the period selected, to be known as the "base period." I understand the method by which this is to be done is as follows: There is to be laid upon the processor a tax, which tax, levied and collected from him and added to the farm price, shall raise that farm price to the parity that existed in the base period selected.

The processor is to be the first that manufactures the commodity after it leaves the farmer in the raw state. For instance, the miller of wheat must bear the difference between the present price of wheat and the parity price. There will be a tax levied upon him for the difference. That difference will be confined, of course, to the part of the product domestically consumed. Whatever percent of a given farm commodity is exported, of course, will have to suffer the export price. The parity the farmer will get will be only that applied to the part domestically consumed.

In all fairness it ought to be stated that an attempt will not be made at once to put the entire tax into operation, but it will be so graduated as to find out just what the consumer will take at the advanced price, just what effect the raise of the price on one commodity may have on something that would be substituted, and what the general consuming public would be able to take at the advanced price. The Secretary of Agriculture is given the power to raise or to lower this tax from time to time, under certain conditions, as he may see fit. The processor, of course, is given a certain length of time in which to adjust his business to the new order of things.

As I understand, when an individual farmer brings his cotton or wheat to market he will be given the market price by the first or local buyer. He will take that amount of wheat or cotton to the agent at his county seat. That agent will estimate what proportion of it will be domestically consumed and what percent will be exported. The farmer is then given a certificate or a slip indicating what will be paid him on that percentage of his product domestically consumed when collected by the agent from the processor. Just what time that will take or what will be the result I am simply leaving to the imagination of the Senate to understand. I hope that any member of the committee who thinks I am not giving as nearly as may be the terms of the bill will rise and correct me, because I have given very careful and earnest study to the provisions of the bill.

Mr. COSTIGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Colorado?

Mr. SMITH. Certainly.

Mr. COSTIGAN. My purpose in rising is, of course, not to venture to correct the Senator, but to inquire whether it is the purpose of the bill, out of the tax imposed upon processors, to pay the owners of basic agricultural commodities bounties which will raise the prices of such agricultural commodities to the respective prices of the base periods?

Mr. SMITH. That is my interpretation of the bill. As I said a moment ago, that, of course, I presume is not contemplated to be done at once, but gradually, taking into consideration the things which I just enumerated, such as the amount of unemployment, which is really to be contemplated, the consumptive power of the public, and the general effect of the raise in price upon the consumption or the substitution of other articles. I should explain in this connection that provision is made in the bill that where a substitute is being used because of the rise in price of any article enumerated therein, that substitute may be taxed in proportion as the original article for which it is being substituted.

Mr. COSTIGAN. May I further ask the Senator whether it is intended that the taxes on processors shall be consolidated so that any benefit payments made under the bill—any bounties on farm commodities, as I prefer to term them—may be paid out of the aggregate taxes collected?

Mr. SMITH. There is nothing in the bill to indicate an answer to that question. It is my opinion, gathered from my conversations with those who are more intimately connected with the bill than I am, that each commodity should be taxed to take care of the parity between that commodity and its price.

Mr. BANKHEAD. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. SMITH. I yield.

Mr. BANKHEAD. I assume the Senator's statement means that he so construes it—and if he does, I agree with him—that there is nothing in the bill requiring a segregation of the processing tax for application to any particular commodity. In other words, it all goes into one fund, but the distribution of it is left entirely to the discretion of the Secretary of Agriculture.

Mr. SMITH. As I indicated, there was no decision as to whether the tax collected should all be put into one pool and then the bounty or tax or equalization fee, or whatever it may be called, to the farmer, shall be taken out of the entire amount or whether, for instance, whatever tax is collected on wheat shall be used to pay for wheat, and so forth.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Nebraska?

Mr. SMITH. I yield.

Mr. NORRIS. I think the Senator is correct about that. It would be for regulation by the Secretary. I would like to ask the Senator if it was not generally understood that the Secretary in making his regulations would certainly not take the processing tax on one commodity to pay for raising the price of a different commodity?

Mr. SMITH. I indicated that.

Mr. NORRIS. I wanted to make that plain. Nobody contemplated that.

Mr. SMITH. Oh, no; it was not so contemplated.

Mr. NORRIS. Nobody contemplates that the Secretary would use the processing tax on wheat, for instance, to pay the producer of cotton, or vice versa.

Mr. COSTIGAN. May I ask the Senator from Nebraska whether there is any provision in the bill which expresses such a statutory intent, as distinguished from the intent of legislators?

Mr. NORRIS. I think not. I think when we studied it, as the committee had to do, it resolved itself into the fact that the power conferred upon the Secretary is something new, and the committee was anxious not to circumscribe him or limit him in the exercise of the discretion; but nobody contemplates that he would do as has been suggested he might technically do under the law.

Mr. COSTIGAN. If the Senator from South Carolina will yield further, may I ask on what principle the basic agricultural commodities specified in section 11 of the bill, on page 16, were selected?

Mr. SMITH. I have no way of answering that question. The articles specified in the bill, as I understand, were agreed upon in the Department of Agriculture and were sent down as we find them now. So far as the chairman of the committee is concerned, and I think I speak for the committee, I do not think there was any specific reason given why the particular articles herein included were selected from all the number except that they were more generally considered staple among perishable products. That is about as far as I am able to answer the Senator's question.

Mr. NORRIS. Mr. President, may I interrupt the Senator on that point?

Mr. SMITH. Certainly.

Mr. NORRIS. I think the Senator will agree with me that one of the difficult things to provide in legislation of this kind, either by those who drew the bill or by the committee or by the Senate itself, is to decide what basic agricultural products should be included. The committee were very much at sea and gave a great deal of time to the matter. The committee sent for a great many people to get

their ideas and opinions. We were confronted with men who wanted this product out and that product in. There was a large sentiment in the committee and in the consideration of the preparation of the bill it was unanimously agreed, I believe, to eliminate all of the base products except wheat and cotton. When we come to put them in it is a very difficult thing to say what shall be put in and what shall be left out. Sometimes we have to be more or less arbitrary. We have things included that I should rather have seen left out, but the committee thought otherwise.

Mr. COSTIGAN. Frankly my inquiry was directed to discover whether there is any objection here to the inclusion of additional commodities through amendments which may be proposed on the floor of the Senate.

Mr. SMITH. In reply to that it seemed to be the opinion of the administration that there should be as few as possible representing the staple agricultural products.

Mr. KING, Mr. OVERTON, and Mr. FESS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I will yield in just a moment.

It was frankly admitted, as will be seen by the message of the President, that this is purely experimental and if in any particular or as a whole the bill should not, in its practical application, begin to evidence that it is going to result in what is hoped for, its operation will be immediately discontinued.

I yield now to the Senator from Utah, who rose first.

Mr. KING. Does not the Senator think in view of the statement made by the President—and I think that it showed a great deal of perspicacity on his part and showed that he doubted perhaps the wisdom of this sort of legislation—that it would be better when administering experimental medicines to a sick patient to limit the number of medicines administered and experiment with 1 or 2 medicines first, and if they are not effective, or if they fail to cure the patient, then try other medicines?

Mr. SMITH. The Senator from Nebraska practically answered that question. The present committee by a majority vote refused to act as the previous committee had acted in restricting the number of commodities to two, namely, wheat and cotton. In reply to the Senator, I think it very obvious that if we are to try an experiment which may be disastrously costly—nobody can tell—it would be better to minimize the losses rather than to extend it to the point where the losses might be considerable, and if the desired benefits were realized as to the two commodities we could add others from time to time as occasion might require. That, however, is water over the wheel. I want to say that we tried that, and we could not do it.

Mr. FESS. Mr. President, will the Senator permit me to interrupt him on that particular question?

Mr. SMITH. Yes; I yield.

Mr. FESS. The Senator's committee finally decided on seven basic articles?

Mr. SMITH. Yes.

Mr. FESS. In connection with that I should like to have the Senator explain subsection (3), which he is now discussing. This proposed law will operate only through processors. Subsection (3) is all-inclusive. It grants the power to issue licenses——

Mr. SMITH. I am coming to that.

Mr. FESS. My question is precisely on the subject the Senator has been discussing. It grants the power—

to issue licenses permitting processors, associations of producers, and others to engage in the handling, in the current of interstate or foreign commerce, of any basic agricultural commodity or product thereof, or any competing commodity or product thereof.

Is any competing commodity left out?

Mr. SMITH. I admit that this entire bill is, in my opinion, very carelessly drawn if it be designed to bring about exactly what its framers desired, but where the word "any" is used——

Mr. FESS. The language is "any competing commodity."

Mr. SMITH. Where that word is used in the provision for the issue of licenses, permitting processors and other associations to engage in handling, and so forth, the Senator will find in line 18 that it is used in the phrase "of any basic commodity." That obviously refers to any one of the basic commodities included in the bill.

Mr. FESS. Can it limit if we say "any competing commodity"? Will not that include all food commodities?

Mr. SMITH. In view of the enumeration of the commodities in the bill I think that refers to those commodities.

Mr. FESS. I do not think so.

Mr. NORRIS. Mr. President, may I interrupt the Senator there?

Mr. SMITH. Yes.

Mr. NORRIS. I should like the attention of the Senator from Ohio. I do not agree with the chairman of the committee that the bill is carelessly drawn. I never knew of an instance where a committee spent more time on a bill, with all its members present and staying there all day, early and late, trying honestly to settle and to harmonize various ideas, than I observed in the consideration of this bill.

Mr. SMITH. I think that is true.

Mr. NORRIS. There was no politics; there was no selfishness in it. Everybody, it seemed to me, was 100 percent trying to do something for agriculture.

Now, coming to the question of the Senator from Ohio, I can see the point he makes. In another portion of the bill the right is given to the Secretary of Agriculture to levy a process tax on a competing commodity. At first blush it is difficult to see why that power should be given. It is a safeguard; it is only for the purpose of correcting what the Secretary may find has been a mistake in the amount of the processing tax. If he finds that he has levied a processing tax that has raised the price of the product to such an extent that competing or substitute products, no matter whether they be agricultural products or what they are, are being used instead, and that instead of helping the consumption of the agricultural product it is desired to help its use is diminishing by reason of the amount of the processing tax, the Secretary can lower that tax or he can levy a tax—and this is where I am coming to the Senator's question, which I think was a very proper one—on the competing article, no matter what it may be.

Mr. FESS. So that, under circumstances such as those stated by the Senator from Nebraska, the power is broad enough to cover it?

Mr. NORRIS. Yes; it is broad enough.

Mr. KING. Mr. President——

Mr. SMITH. I yield to the Senator from Utah.

Mr. KING. Mr. President, I should like to ask the Senator where he finds the power in the Constitution or any other place to prevent consumers from utilizing a competitive commodity. For instance, there are seven commodities embraced in this bill; but supposing the Senator from Ohio, by his genius and his chemical knowledge, should invent some article which might possibly come into competition with some of the commodities mentioned in this bill, an article which had food value, which was good for the body but which someone might technically hold was competitive with one of the commodities covered by the bill. Then, as I understand this bill, the Secretary of Agriculture, by blanket authority, could bring that commodity within the operations of the bill and could impose a tax upon it, though it is not specifically mentioned in the bill.

Mr. SMITH. Mr. President, may I plead with the lawyers of the Senate not to enter into a constitutional discussion on this bill until I am through? [Laughter.] Then the floodgates may be opened. I should like first, however, to conclude as to the layman's idea of what his duty is in reference to this bill.

Mr. OVERTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I yield.

Mr. OVERTON. Have the basic commodities covered by the bill an exportable surplus, and did that question enter into the determination of whether commodities would be included or excluded from the bill?

Mr. SMITH. I did not catch the purport of the question.

Mr. OVERTON. The purport of the question is this. As I recall, when the domestic-allotment plan was up for discussion last year it was defeated largely upon the theory that commodities would be included that had not an exportable surplus.

Mr. SMITH. That did not enter into the consideration of this bill, except incidentally.

Mr. BANKHEAD. Mr. President, with the indulgence of the Senator from South Carolina, I will say to the Senator from Louisiana that all commodities included in the bill except dairy products have an exportable surplus.

Mr. SMITH. Mr. President, just a short explanation: Under title II, paragraph 2, the Secretary of Agriculture is given the power to enter into contracts with processors under such terms, and so forth, as he may be able to make, and I think the text of the bill indicates that such agreements are to be given full force and effect of law. In case there cannot be an agreement entered into under paragraph 2, title II, the Secretary of Agriculture is then given the power to license the processors and bring them under his jurisdiction by the terms of the license, the power being reposed in him to revoke such licenses when, in his opinion, their terms have not been complied with, and to fix a penalty against those who may violate the terms of such licenses.

Mr. FESS. Mr. President, will the Senator yield there?

Mr. SMITH. I yield.

Mr. FESS. One of the features of the bill that bothers me is, if I understand its purport, that no processor, after the bill shall have passed, will be able to continue in business without having a Federal license.

Mr. SMITH. Or an agreement.

Mr. FESS. Can an agreement take the place of a license?

Mr. SMITH. There is the alternative.

Mr. McNARY. Mr. President, will the Senator from Ohio repeat his question so that it may be understood over here?

Mr. FESS. My question was whether after the passage of the bill a processor could continue in business without having a Federal license?

Mr. SMITH. He can continue in business without a license or he can operate if he conforms to paragraph 2, which allows him to enter into a marketing agreement. It was impressed upon the committee as one of the necessary provisions of the bill that the Secretary of Agriculture might make such agreements with the processors as not to require a license at all, and that, once the two had agreed, such agreement should have the force and effect of law, and a license would not be required.

Mr. FESS. The weakness of that, Mr. President, would be that there is no penalty attached at all for a violation of the agreement.

Mr. SMITH. I assume that the penalty would be that an immediate license would be required, and under the license a penalty could be attached.

Mr. KING. Mr. President, so that I may understand the full significance of the Senator's reply, will he allow me to ask him a question?

Mr. SMITH. I yield.

Mr. KING. Does the bill mean that, for instance, a man who is running a little gristmill in some remote portion of the United States, who buys wheat from the farmer, grinds it into flour, bran, and shorts, would have to obtain a license in order to operate his mill?

Mr. SMITH. If he did not enter into an agreement beforehand he would, provided he was carrying on the business for commercial purposes.

Mr. KING. One would be operating a mill only for commercial purposes.

Mr. SMITH. Certainly.

Mr. KING. As the Senator knows, in many sections of the country women, and men, too, for that matter, take fruit during the fruit season and can a limited amount in their own kitchens or in their own homes, put it upon the market, and dispose of it; and in some places it has a limited market because of its superior quality. I suppose the woman who thus takes the fruit and manufactures it into a commodity for sale in a limited area would have to obtain a license.

Mr. SMITH. There is a modification in the bill which I will come to covering that matter.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. SMITH. I yield to the Senator from Oregon.

Mr. McNARY. Mr. President, I have not before my eyes at this moment the text covering the point, but I do not think it is necessary to have it. The power given the Secretary of Agriculture is discretionary and not directory. He does not necessarily have to issue a license to anyone dealing as a processor in any of the agricultural commodities mentioned in the bill; but, in order to prevent unfair practices by someone who is discriminating in the conduct of his business, the Secretary may require him to take out a license, and if he continues to violate it, then he is subject to a fine.

Mr. KING. Then the power is lodged in the Secretary of Agriculture.

Mr. McNARY. Unquestionably the discretionary power is lodged in him, but the Senator from Utah seemed to proceed upon the assumption that the power was compelled to be exercised by the Secretary in the case of all who were engaged in the processing of the articles mentioned in the bill.

Mr. KING. The Senator has been in public life long enough and he is statesman enough to know that discretionary power once vested in bureaus and Federal officials, and, for that matter, in State officials, is seldom used leniently, but too often is used arbitrarily.

Mr. SMITH. In reply to the question the Senator from Utah propounded as to the housewife and others processing, on page 19, line 15, subdivision (b), the bill reads as follows:

> The Secretary of Agriculture may provide by regulation for exemption from the tax of commodities processed by the producer thereof or processed for the producer.

That means, of course, that where corn is ground into grits for the use of the farmer by one who is running a gristmill it may be exempted, and the limitation is also lifted. It was limited in the original bill, but the Senate committee proposed this amendment.

Now, I want to come back to the marketing agreement and the license feature.

Mr. McNARY. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. SMITH. I do.

Mr. McNARY. Has the Senator discussed section 8 and the power there conferred upon the Secretary of Agriculture with respect to the employment of a so-called "allotment plan", and the retirement of excess acreage through rental benefits?

Mr. SMITH. Yes; I have gone over that.

Mr. McNARY. Did the Senator say in that discussion—my attention was distracted—that there is a provision there which permits the Secretary of Agriculture to control and say how such acreage shall be used over and above that which is required for domestic production?

Mr. SMITH. No; I said that if this plan were adopted the tax and the benefit would apply only to that proportion that was domestically consumed.

Mr. McNARY. That is correct.

Mr. SMITH. That the balance of it would take its chances with the world's price, whatever it might be.

Mr. McNARY. But there is no power conferred upon the Secretary of Agriculture in this bill in any way to determine what use shall be made of excess acreage. I thought the Senator made that statement, and for that reason I asked the question; because the Senator will remember that as the first allotment bill passed the House, in January, it contained that unusual authority. When it reached the Senate it was stricken out, but nowhere does it appear in this bill. I thought the Senator was confused because the two bills came so closely together, this one having arbitrary power to be controlled by regulations of the Secretary, the other one having the set-up well defined and specified.

Mr. SMITH. I do stand corrected, Mr. President. I thought, after reading the bill, that this bill contained a provision that the owner of the land might plant it in any crop except a competitive one.

Mr. McNARY. No; that is not in this bill.

Mr. SMITH. Very well; then I stand corrected. That was in the original bill that we passed before.

Mr. McNARY. Yes; but under the power conferred by section 8 that might be one of the specifications or requirements of the Secretary of Agriculture, because carte blanche authority is granted to him here without specifications or limitations.

Mr. SMITH. Yes.

Now, Mr. President, I desire to call attention to another feature that appealed very powerfully to some of us.

Whatever tax is laid upon a given article in order to bring up the price to the pre-war parity there is immediately attached to the tariff on that product, in addition to the tariff already existing, the amount that is added to the price of the article by virtue of the imposition of the tax.

To illustrate, wheat now carries a tariff of 42 cents a bushel. If there should be imposed on wheat a tax of 48 cents in order to bring up its price to what was commonly discussed as the pre-war parity—namely, 90 cents—then there would automatically be placed on wheat a tariff of 90 cents a bushel.

In the case of cotton, ordinary middling upland cotton, as contradistinguished from long-staple cotton, bears no tariff. It is commonly estimated that the difference between the present price and the parity for the base period is 6 cents a pound, or $30 a bale. Therefore, immediately upon the proclamation by the Secretary of Agriculture that a tax of 6 cents is levied on the processing of cotton for domestic consumption a tariff of 6 cents a pound automatically goes on all cotton.

In the case of long-staple cotton, if the tariff now existing is 7 cents a pound and the processing tax imposed on that particular character of cotton to bring it to parity with the pre-war period should be 8 cents a pound, there would be automatically placed on the importation of that cotton a tariff of 15 cents per pound.

I thought that ought to be emphasized for the benefit of all parties concerned.

There is one other feature of the bill, and then I am through. I have tried to give the Senate, as nearly as may be, the two principles that were incorporated in the bill as received from the Department of Agriculture.

Mr. FESS. Mr. President, before the Senator leaves the agreement feature or the license feature, I desire to ask him a question about the language on page 7. The language is, "unfair practices." Is that within the inclusion of the law that created the Federal Trade Commission?

Mr. SMITH. I think it is.

Mr. FESS. In that case we are giving the matter of judgment as to unfair practices to the Secretary without reference to any judicial procedure at all. Would that be sound?

Mr. SMITH. Mr. President, in reply to the Senator, I take it that the terms of the license would come as near as may be to conforming to the provisions that will be found in reference to the Federal Trade Commission, and then the penalty would be attached in accordance with that; but to what extent the Secretary may go under this language I must admit that I do not know.

Mr. FESS. The power surely is here; but instead of leaving it to the Federal Trade Commission to determine whether there are unfair practices, that power is given to the Secretary of Agriculture.

Mr. SMITH. If the Senator will notice, the context says:

> Such licenses shall be subject to such terms and conditions, not in conflict with existing acts of Congress or regulations pursuant thereto, as may be necessary to eliminate unfair practices or charges.

That is the reason why I made the statement.

Mr. FESS. The question with me is, Who determines whether or not they are unfair practices or charges? That is the point.

Mr. SMITH. I presume it would be the courts that would have to decide that.

Mr. ROBINSON of Arkansas. The Secretary would determine it in the first instance, but the party feeling himself aggrieved could appeal to the courts.

Mr. FESS. Mr. President, that raises the very important question as to whether these decisions are subject to review by the courts. Is there not something in the bill that forbids that? I think there is. I think there is language here that forbids it.

Mr. SMITH. Mr. President, I am not a lawyer; but, no matter what language may be put in an act, I do not see how any language can deprive a citizen of his constitutional right to appeal to the courts for the protection of his rights.

Mr. FESS (reading):

> The Secretary of Agriculture may suspend or revoke any such license, after due notice and opportunity for hearing, for violations of the terms or conditions thereof. Any order of the Secretary suspending or revoking any such license shall be final if in accordance with law.

Mr. SMITH. As a matter of course. That is the very point I am making.

Mr. ROBINSON of Arkansas. That is true of any order he might make. It leaves it subject to final decision by the courts.

Mr. SMITH. Why, of course.

Mr. President, as I have said I have tried to give a fair, unbiased explanation of the principles of the bill thus far. There is one other that was incorporated by the committee which was not handed down by the Department of Agriculture, and that will be found on page 25, part 3. Before coming to that, however, I think it is fair to the Senate to give a very sketchy explanation of the provisions of the bill relative to floor stocks.

The language of the text explains itself, but it is provided here in the bill that any manufacturer in possession of goods to be manufactured at the time this bill goes into effect who has made contracts for the subsequent delivery of the manufactured article to be made out of the raw material in his possession when this bill goes into effect may sell the manufactured article according to contract, but that the vendee, the purchaser thereof, must pay the tax. I thought it was very proper that I should make that statement here, because it is a part of this proposition. Any manufacturer who has in his possession wheat or cotton or any other commodity enumerated in this bill against which he has already sold a bill for delivery in the finished form may deliver the product in its finished form according to contract, but the buyer thereof must pay the tax.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. HATFIELD. What treatment is accorded the importer? Does he come under the processing provision?

Mr. SMITH. Oh, yes.

Mr. FESS. Mr. President, will the Senator yield again?

Mr. SMITH. Yes.

Mr. FESS. I have found the section I had in mind, that was lurking somewhere in my mind, when I asked the question about the review.

Mr. SMITH. On what page is it?

Mr. FESS. Page 14, where—

> The Secretary of Agriculture is authorized, with the approval of the President, to make such regulations with the force and effect of law as may be necessary to carry out the powers vested

in him by this title. Any violation of any regulation shall be subject to such penalty, not in excess of $100, as may be provided therein.

Then subsection (e)—

The action of any officer, employee, or agent in determining the amount of and in making any rental or benefit payment shall not be subject to review by any officer of the Government other than the Secretary of Agriculture or Secretary of the Treasury.

Mr. SMITH. The Senator from Iowa [Mr. MURPHY] says that he is thoroughly familiar with that provision, and I will ask him to answer the Senator's question. It is on page 14, paragraph (e).

Mr. MURPHY. Mr. President, the explanation was made that the Comptroller General's Office ordinarily has power to review contracts, and that without this section the bill would impose upon his Office the necessity of reviewing every individual contract made with a producer. The purpose of this section is to obviate the necessity of that, to save all that detail work.

Mr. FESS. I see that that would be applicable. The Comptroller General is the final judge as to whether a payment should be made under any legislation. He examines whether it is in accordance with law; and the object of this provision is to avoid throwing all of these matters into that office.

Mr. MURPHY. Precisely.

Mr. FESS. Mr. President, the language of subsection (c) is very unusual, it seems to me—that regulations can be made by the Secretary of Agriculture, with the approval of the President, " with the force and effect of law ", and there will be a penalty of $100 for violating them. Nobody knows what the regulation is going to be. It is to be made by the Secretary of Agriculture, with the approval of the President. It is a mere regulation, but it is to have the force and effect of law, with a penalty attached.

Mr. ROBINSON of Arkansas. Mr. President, that is clearly within the limitation of the other section to which reference has been made. It does not authorize the Secretary to make any regulations in violation of this proposed law or of any other law. It simply gives him the power to make regulations for the purpose of carrying out the provisions of the proposed law.

I do not conceive that the words " with the force and effect of law " are very material. The legal effect of the language employed would be substantially the same without those words. It is necessary to give the Secretary the power to make regulations. That is done in every act we pass which involves any discretion on the part of the administrative officer. The Congress has passed a number of statutes, some of them within my memory, which have contained language identical or almost identical with this language.

Mr. FESS. Mr. President, the Senator's explanation I think is satisfactory. The thing which intrigued my attention was the language " with the force and effect of law."

Mr. ROBINSON of Arkansas. Those words have heretofore been used in statutes. I could cite one or two of them, but will not attempt to do so unless challenged. My construction of it is simply this, that it gives the Secretary very broad power to make rules and regulations which have the effect of law, but he cannot make any rule or regulation that is in violation of law. The object of it is to compel observance of the regulations and the rules which the Secretary makes.

Mr. FESS. In other words, the Senator means that a law is in existence, and the Secretary is authorized, with the approval of the President, to make regulations to enforce it.

Mr. ROBINSON of Arkansas. That is correct.

Mr. FESS. The use of the words " force and effect of law ", and attaching a penalty, was the thing that struck me.

Mr. ROBINSON of Arkansas. The Senator has in his mind a thought well worthy of consideration, whether we wish to give the Secretary a power to make a rule or a regulation, the violation of which carries a penalty, but if we do not do that, we will be compelled to write into the statute rules and regulations, and make them penal by express provision of the measure in order to assure their observance.

Mr. SMITH. Mr. President, there is one element which perhaps it is hardly necessary for me to call attention to. Provision is made that the processors may receive from the Reconstruction Finance Corporation funds sufficient to meet their needs between the time the tax goes on and the ultimate regulation of the sale of the goods subsequent to the imposition of the tax. They are allowed to borrow from the Reconstruction Finance Corporation in the interim to meet the obligation, and the Secretary of Agriculture is authorized to borrow to meet current expenses, until such time as the tax will afford money sufficient to liquidate the expenses.

Mr. FESS. Mr. President, has the Senator any estimate as to the amount of money that will be required as an initial appropriation?

Mr. SMITH. There is none fixed in this bill.

Mr. FESS. There is a practical question in my mind which I think the Senator discussed a moment ago. The wheat grower sells his wheat to the miller. Suppose the current price is 50 cents. The miller pays the grower 50 cents. If the exchange price is 98 cents, there is a differential of 48 cents. When is that 48 cents paid?

Mr. SMITH. That 48 cents is paid when the miller processes that wheat, upon that portion of it domestically consumed, after he has processed it.

Mr. FESS. Wherein comes the certificate that is issued?

Mr. SMITH. The processor will send an amount of money equal to the tax upon all the wheat processed by him for domestic consumption. When he remits that to the proper authority—I presume to the Secretary of the Treasury, who has first loaned the money—then the Secretary of the Treasury will transmit to the commissioner or to the Secretary of Agriculture for the allocation of that fund amongst those who hold the certificates.

Mr. FESS. The grower of the wheat does not wait for any length of time for the 48 cents?

Mr. SMITH. He has to wait for the 48 cents until the tax may be collected and sent to the Secretary of the Treasury, and the secretary of the Treasury then transmits it to the proper distributing officer.

Mr. FESS. Is the miller the collecting agency from the Treasury to pay to the grower?

Mr. SMITH. The miller is the man who pays the tax to the Secretary of the Treasury upon the estimated amount he has converted for domestic purposes.

Mr. FESS. Money cannot be gotten out of the Treasury except by appropriation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from South Carolina yield to me?

Mr. SMITH. I yield.

Mr. ROBINSON of Arkansas. If a certificate is issued, the holder of the certificate in all probability can take it to a bank and get the money on it at a discount.

Mr. SMITH. Oh, yes; he could discount it; but the ultimate settlement of it has to go through the process I have just described.

Mr. FESS. The certificate will be a governmental obligation?

Mr. SMITH. A Government obligation.

Mr. FESS. How much of an agency will it take to enforce this proposed law? How much of a bureau is it going to take to enforce it?

Mr. SMITH. I cannot enter into the realm of speculation along that line. That will have to be determined by the actual practice. I have not even heard it estimated with any seriousness.

Mr. FESS. The bill itself actually makes an appropriation, does it not?

Mr. SMITH. Yes.

Mr. FESS. Is it not unusual to make an appropriation authorizing drawing money out of the Treasury before it is collected?

Mr. ROBINSON of Arkansas. Mr. President, to what section is the Senator referring?

Mr. FESS. It is the appropriation section.

Mr. SMITH. There is no definite amount specified.

Mr. FESS. It is on page 16, line 22.

Mr. SMITH. The language is:

The proceeds derived from taxes imposed under this act, or so much thereof as may be necessary, are hereby appropriated.

Mr. FESS. That is the point, "are hereby appropriated."

Mr. SMITH. That is the proceeds from the tax.

Mr. FESS. The tax is not yet collected, but we are asked to make an appropriation.

Mr. SMITH. It is the proceeds derived from taxes.

Mr. FESS. Why should we not authorize it?

Mr. ROBINSON of Arkansas. In order to prevent the necessity for the passage of another measure appropriating it. This is a quicker method.

Mr. SMITH. I think this is thoroughly practical, because it will depend upon the taxes.

Now, Mr. President——

Mr. VANDENBERG. Mr. President, before the Senator goes to the next session, may I inquire whether there are any circumstances under which the proceeds of the processing tax might not be sufficient to meet the obligation of the bill?

Mr. SMITH. Unhesitatingly I answer that there might be, and in that case we would have to appeal, under a deficiency bill, or otherwise, for an amount of money necessary to make up the difference. But the proponents of the bill seem to think that the tax paid will be sufficient to cover the expenses.

Mr. VANDENBERG. Does the Senator think so himself?

Mr. SMITH. The Senator's opinion will be voiced at another time. I should rather prefer to see how they are going to operate this measure before I give my opinion.

Mr. VANDENBERG. I join the Senator in that, and I should like to wait until I see how they operate before I vote on it, if I could.

Mr. SMITH. Mr. President, I think I have covered the main features of the bill, with the exception of what the committee put in on its own motion, which is found on page 25, under the caption "Cost of Production."

Of course, not much explanation is needed of this portion of the bill. It simply provides that there should be estimated the cost of production of the various articles included in the bill and that the Secretary of Agriculture shall fix the cost-of-production price of those articles, for that part of them which is domestically consumed.

I have refrained from commenting on any features of the bill except to try to give to the Senate an explanation of the principles involved. The only principle involved here is the ascertainment, as near as may be, of the cost of production, and the Secretary of Agriculture is authorized, under this text, when that cost of production is so ascertained, to proclaim that as being the price for the article to be charged in this country, to the extent of that part of it domestically consumed. As to the exportable surplus, of course, that will be sold in accordance with the world price pertaining to the article.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. VANDENBERG. This section applies, does it not, to any basic agricultural commodity?

Mr. SMITH. Yes; it does.

Mr. VANDENBERG. So that when we finally reach the end of this bill, instead of being limited to seven commodities, it will include all commodities which are basic to agriculture?

Mr. SMITH. Yes.

Mr. VANDENBERG. And all processing related thereto, and all competition of that processing.

Mr. BANKHEAD. Mr. President, so that there may be no misunderstanding, I direct the Senator's attention to section 11, on page 16, which defines the term "basic agricultural commodity."

Mr. SMITH. Frankly, I must admit that, in the discussion of this new feature—I, of course, will stand corrected by any member of the committee if I am wrong—my understanding of this section, known as the price section, was that it did not pertain to articles enumerated in the bill, but to all basic agricultural articles of whatever nature.

Mr. BANKHEAD. On further examination, I notice that the section to which I referred describes the basic agricultural commodities as used in that title.

Mr. SMITH. That is what I thought.

Mr. BANKHEAD. The cost-of-production plan appears to be in a different title.

Mr. SMITH. My impression was that under this plan, which was commonly known as a "modification" of the Simpson and Clair plan, all basic agricultural commodities would come under that provision when the cost of production was ascertained, and then that would be proclaimed by the Secretary of Agriculture, and that would be maintained for all parts of any given commodity, so far as the domestic-consumption portion of it was concerned.

Mr. VANDENBERG. Mr. President, will the Senator yield for a further question?

Mr. SMITH. I yield.

Mr. VANDENBERG. Will the Senator give me his opinion as to the correct answer to this question? If the Secretary of Agriculture finds that the cost of production under part 3 is higher than the base price identified in previous sections, does the Senator think that the Secretary would be called upon to go to the cost of production as his base?

Mr. SMITH. My impression is that the cost-of-production section has no reference whatever to any other part of this bill.

Mr. VANDENBERG. The Senator does not apprehend my question. Here are various responsibilities put upon the Secretary of Agriculture. If finally he finds that the cost of production of a basic agricultural commodity is higher than the base price identified in the other plans, does the Senator think that the Secretary is directed or required, by the spirit of the proposed act, to use the cost-of-production price—in other words, the higher cost?

Mr. SMITH. Yes; I do.

Mr. VANDENBERG. The Senator thinks he is?

Mr. SMITH. I think that is the purpose of this provision.

Mr. VANDENBERG. Then the Senator's opinion is that at any time the cost of production is found to be higher than the base rate part 3 supersedes the balance of the bill?

Mr. SMITH. If he accepts that.

Mr. ROBINSON of Arkansas. Oh, Mr. President, with the Senator's permission, I think a wrong construction is being placed on this entirely.

Mr. VANDENBERG. I am trying to find out.

Mr. ROBINSON of Arkansas. Part 3 is an alternative proposition. If part 3 stays in the bill, the Secretary of Agriculture may either resort to the cost-of-production plan for the purpose of determining the benefits and proceedings under the bill or he may prefer to act under the so-called "allotment plan" or "fair-exchange-value-plan"; but it does not contemplate that he shall proceed under both, and it is his option to proceed under the one he prefers.

Mr. SMITH. That is exactly the point I made.

Mr. ROBINSON of Arkansas. I beg the Senator's pardon, but the Senator from Michigan asked if the Secretary would be compelled to take the cost-of-production plan if he found that would result in higher prices.

Mr. SMITH. Then I did not understand the question. Once he has adopted the cost-of-production plan in reference to any article or all of them, then the cost-of-production plan would be applied without regard whatever to the previous price.

Mr. ROBINSON of Arkansas. If he accepts one plan, he would proceed without reference to the other plan and not accept it. If he adopts the fair-exchange-value plan, he will not act upon the cost-of-production plan. They are in the alternative and were put into the bill with that understanding. The cost-of-production plan is entirely different in its results from the fair-exchange-value plan.

Mr. VANDENBERG. Ordinarily the cost-of-production plan would be more favorable to the farmer than the other plan in dollars and cents—at least it would so appear on the face of the bill.

Mr. ROBINSON of Arkansas. I do not think that is true. Some who advocate the cost-of-production plan insist that it costs 23 cents a pound to produce cotton now and $1.50 a bushel to produce wheat at this time. I know that anyone who makes that contention does not know anything about cost of production. Anyone who says it costs 23 cents a pound to produce cotton under present conditions, in my opinion, is not entitled to recognition as a scientist, an economist, or an expert. The same is true, in my judgment, with respect to the cost of production of wheat. It does not cost anything like 23 cents a pound to produce cotton under present or recent conditions, and every ordinary cotton farmer in the South knows that my statement is correct.

It does not cost $1.50 a bushel to produce wheat now, and I believe, though I am not so well-informed upon that subject as upon cotton, that most of the wheat farmers would agree to that statement. The cost-of-production plan, if it is to be based upon any such figures as that, is an impracticable plan.

Mr. VANDENBERG. Upon what is it based under the terms of part III of the bill? Can the Senator indicate?

Mr. ROBINSON of Arkansas. What the cost of production may be is, of course, difficult to determine. The cost under given conditions is less than under other conditions. It would be difficult, in my judgment, to arrive at a fair basis of cost of production because there are just as many standards as there are producers.

Mr. SMITH. May I state to the Senator from Michigan that the cost of producing cotton, with which I am fairly familiar, just about equalizes itself throughout the several phases even in the West where they do not use fertilizer. Production per acre is less than where we use fertilizer. Their labor cost is higher where they do not use fertilizer than where we use it. When all of the elements are taken together, they fairly equalize themselves. I would presume that taxes, investment, interest on investment, cost of labor in every form, and other things taken into consideration would about equalize themselves.

When I refer to cost of labor in every form, I mean to include not only the one who plows in the field but the pickers, who are not producers but are called in to help gather the crop, and others all along the line. The Senator will understand what an army it takes when human fingers touch every bit of the 16,000,000-bale crop. The cotton is then taken to the gin and put through the various processes. All of those elements would be taken into consideration in determining the average cost per pound in arriving at the basis of return upon the investment, labor, and all the other elements entering into the matter.

Mr. ROBINSON of Arkansas. It would have to be an average cost, would it not?

Mr. SMITH. Oh, yes.

Mr. ROBINSON of Arkansas. There is so much diversity in the cost of production as between producers themselves and as between different soils and different sections, that there is no such thing as cost of production except based upon an average.

Mr. SMITH. That is true.

Mr. ROBINSON of Arkansas. The average would be difficult to ascertain.

Mr. VANDENBERG. Would it be a fair interpretation of part III to say that it is entirely and exclusively at the option of the Secretary of Agriculture whether he shall use part III?

Mr. SMITH. That is true.

Mr. VANDENBERG. May I inquire whether it is a fact that the Secretary of Agriculture has opposed part III and did not recommend its inclusion in the bill?

Mr. SMITH. All I can state is that he did not recommend the inclusion of it in the bill. Just what his attitude is I am not advised; I do not know.

Mr. VANDENBERG. The Senator does not care to state his own attitude in respect to it, does he?

Mr. BANKHEAD. Mr. President, if the Senator will permit me I think I can state with assurance to the Senator that the Secretary of Agriculture is opposed to the inclusion of part III in the bill.

Mr. VANDENBERG. I am not asking the Senator's assurance. I do not want to fool the farmer on the bill. I should like to make it plain, if it is the fact, that the Secretary is opposed to it as the Senator from Alabama now states; and since it is at his option exclusively, therefore we may contemplate that he does not intend to use it.

Mr. BANKHEAD. I cannot tell anything about his contemplation. My information is as I have stated.

Mr. MURPHY. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. SMITH. I yield.

Mr. MURPHY. I will answer as to the attitude of the Secretary of Agriculture. He is most anxious to secure for the farmer the highest price possible for the farmer to get. In the parity price he purposes, or the bill purposes, a step-up in the price as the consuming power of the people can consume the commodity until final parity is reached. The Secretary of Agriculture would rather not be charged with the administrative task of dealing on the one hand with the parity price and on the other hand with those who demand cost of production and whose ideas of cost of production may differ from his. To repeat, the objective he seeks is the highest possible price for the farmer to obtain, considering the ability of consumers to absorb commodities.

Mr. SMITH. Mr. President, of course the Senator from Iowa [Mr. MURPHY] speaks with more intimate knowledge than I have of the attitude of the Secretary of Agriculture, because the Senator happens to hail from the Secretary's home State and has doubtless conferred with him more intimately than I have.

I think I have said enough in reference to the purposes of the bill, but I do want to break my promise to the Senator from New York [Mr. COPELAND] about the farm credits. I want to make one statement in justice to our committee. There was considerable discussion in reference to the effect of the proposed credits, and I will state it now and the Senate will then deal with it as it sees fit.

Under the terms of the bill, the main purpose is to scale down the interest and the investment so as to enable the mortgagor to have relief that will really amount to some real considerable relief. In reference to the private mortgagee or mortgageholder, under the terms of the bill, he may agree to have the capital investment scaled down and the interest as well, because under the terms of the proposed plan the Government is to assume or guarantee the interest on the bonds issued for the refunding of the mortgages, whether scaled down or not. That would pertain to all private mortgages as contradistinguished from joint-stock land-bank and Federal land-bank mortgages. That would pertain to all private mortgagees, insurance companies, private individuals, investing companies, but does not pertain to the Federal land banks. No provision is made in the bill for the scaling down of the face of the mortgage of anyone who holds a mortgage of this kind in and under the Federal land banks. That was a matter of considerable discussion before the committee, many of them thinking that provision ought to be made that all mortgage holders, suffering as they are from investments that may possibly never be paid, should have a reduction in the face of the mortgage as well as release from the rate of interest.

Mr. President, with that explanation I should like to have the bill considered for action on the committee amendments up to the mortgage feature.

The PRESIDING OFFICER. The clerk will report the first committee amendment.

The CHIEF CLERK. The next amendment of the committee is, on page 3, line 8, to strike out the heading "Title I

Cotton option contracts", and insert "Part 1—Cotton option contracts".

The amendment was agreed to.

Mr. BONE. Mr. President, I think the Senator from Michigan [Mr. VANDENBERG] is laboring under a misapprehension as to some of the provisions of the bill. He referred to the definition of basic agricultural commodities. The Senator will note on page 27 there appears the line "title II", but the provisions he referred to, including the definition of basic agricultural commodities, are in title I, as well as the so-called "Simpson plan" being incorporated in title I. The definitions are very clearly set forth so that there can be no misunderstanding as to what the Simpson plan refers to when it refers to basic agricultural commodities which are enumerated on page 16.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. FESS. Mr. President, will the Senator from Arkansas yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Ohio?

Mr. ROBINSON of Arkansas. I yield.

Mr. FESS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	King	Robinson, Ark.
Ashurst	Couzens	La Follette	Robinson, Ind.
Austin	Cutting	Lewis	Russell
Bachman	Dickinson	Logan	Schall
Bailey	Dieterich	Lonergan	Sheppard
Bankhead	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hatfield	Nye	Wagner
Caraway	Hayden	Overton	Walcott
Carey	Hebert	Patterson	Walsh
Clark	Johnson	Pittman	Wheeler
Connally	Kean	Pope	White
Coolidge	Kendrick	Reed	
Copeland	Keyes	Reynolds	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, before I was interrupted for the purpose of a roll call, the statement had been made that any effort to work out legislation designed and calculated to improve business conditions and restore confidence leads one directly to the problem as it is related to the prices of farm commodities.

For 12 long years we have probed the agricultural situation; we have accumulated a mountain of depressing statistics; we have said that so grievous a state of affairs must not be permitted to continue; but we have permitted it to continue for more than a decade. It has been roundly asserted that no nation can prosper so long as its agriculture does not prosper, yet we acted during the fat years up to October 1929 as if agriculture's plight was of no consequence to the rest of the economic structure.

It is not suggested in these remarks that Congress has not legislated upon the problem during the past 12 years. It has, of course, but its major efforts have been frustrated either by the administration in power or by the failure of the legislation itself to comprehend economic realities.

Today, Mr. President, we have a united people behind the Congress and behind the administration. The national stage is set for action. The disposition is to face economic realities. We are determined to take the best steps possible to restore national prosperity, and I assert with confidence that the first essential step is the restoration of the farmer's buying power. On that consummation economic recovery and progress depend. On that point the record and the implications of the past decade speak clearly; and the people of the United States, by an overwhelming decision last November, have spoken to the same end with equal clarity and with even more compelling vigor. We have a mandate from the people to relieve the existing national economic emergency by increasing agricultural purchasing power. That is the purpose of one of the provisions of the bill now before the Senate.

In this speech it is not my intention to go into the cost-of-production plan or the features of the bill which have relation to refinancing farm mortgages, but my remarks now will be limited to a discussion of the general principles underlying and having relation to what is termed by some the "fair-exchange-value plan" comprehended in this bill.

The reason for so restricting my present remarks grows out of the fact that there is much doubt and confusion concerning the feature of the bill referred to. It is, without question, an experiment. The measure may or may not prove effective in accomplishing the purposes for which it is proposed to be enacted. Upon the spirit and manner of its administration, quite as much as upon the powers conferred by the bill on its administrators, perhaps even more, depends the success of this effort to revitalize agriculture.

The effort to revitalize agriculture cannot be rested on any political consideration. I should hold myself in utter contempt if, moved by any consideration of political advantage either for myself or for my party, I sought to secure the enactment of the provisions in the bill. It is sufficient for present purposes to state that, notwithstanding important efforts have been made to restore the parity between agriculture and other industries, efforts extending throughout the entire post-war period, those efforts have not proved fruitful. Disparity still exists; it threatens to continue. I shall not censure any Senator who, upon an examination of the features of the bill to which my remarks have reference, reaches the conclusion that the bill will follow in failure of wholesome results those other measures which, with more or less confidence, have been advanced in this body and in the body at the other end of the Capitol for the purpose of restoring agriculture to its proper relation with other industries.

My effort now is to answer, if I can, some of the arguments which here in recent days, and elsewhere at other times, have been urged against any action related in nature to the plan to which my remarks have reference.

Let me examine in some detail the goal of parity which the bill sets up.

In many respects the parity provision is the heart of this bill. This declaration is not intended to apply to that title in the bill, inserted by the Committee on Agriculture and Forestry, which has relation to the refinancing of farm mortgages. In justice to my own views, long entertained, it should be said in this connection that the refinancing of farm mortgages is believed to be necessary and helpful in the operation of the parity provisions of this bill.

Some suggestions will be made as to how the bill may be administered. Finally, I shall attempt to discuss the imperative necessity for preserving in the bill those provisions which permit flexibility of administration.

Let me first, however, recognize the attitude of those whose instinctive inclination it is to oppose this measure or any other measure which would affect the operation of the so-called "natural" economic forces. They prefer to let nature take its course, ignoring, apparently, what happens to mankind in the meantime. They speak with considerable effectiveness of the return of our export trade in farm products as the more natural method of restoring farm purchasing power.

There is an overwhelming sentiment in favor of the restoration of our export trade in farm products. To effect that restoration is indeed a chief objective of the present administration. We will unquestionably make progress in that direction; but negotiating reciprocal tariffs is not done overnight. The whole complex welter of trade restrictions in Europe against our exports cannot be wiped out in any short period.

Some months ago I saw a map of Europe which had been prepared to show what was happening to our European market for wheat. Heavy shading marked the countries which had imposed trade regulations on wheat by means of

import duties, milling quotas, or similar devices. Countries in which no such restrictions existed were left white. How many countries, do you suppose, showed white on the map? Exactly two—Denmark and the Irish Free State. The rest of Europe was a maze of barriers against our wheat; and if that map were to be brought up to date, it would show only Denmark free of restrictions. (The map did not reveal, of course, the trade barriers created by depreciated currencies.)

What is true of wheat is more or less true of most of our major farm-product exports. These trade regulations and restrictions are the heritage of a disastrous war and melancholy proof that wars do not end when the peace treaties are signed. These barriers likewise tell of unfortunate policies pursued by the world's largest creditor nation as well as of the hysterical desire of some European nations for a larger measure of economic self-sufficiency.

Is it reasonable to assume that the foreign-trade situation so complex, so patently a product of many factors and of the whole post-war period can be cleared up overnight? We deceive ourselves tragically if we think so. Progress in this field will be measured, not in days and months but in years.

And yet some will say, "Let the economic forces alone; let them bring about automatically the necessary readjustments."

That is a comfortable point of view—unless you happen to be on the receiving end of the readjustment—but it is not a view that bears much relation to the facts.

The truth is that today, as for many years past, automatic readjustments are, and for years to come will continue to be, impossible. How slowly the law of supply and demand works in the face of multitudinous trade barriers! What incentive is there for a producer to reduce his production, to further the automatic readjustments, so long as his fixed charges remain so far out of line?

There was a time, I grant you, when changes in price were dominant in controlling production and consumption and in tending to bring them to a balance; but today the international markets are characterized by the almost universal presence of political restrictions. So numerous are they, so constantly do they interfere with trade, that the ability of prices to control economic activity is seriously weakened.

All of us, Mr. President, would vastly prefer to let things work themselves out and to permit the farm problem to solve itself through the operation of the law of supply and demand. The fly in the ointment is that the law of supply and demand under existing world conditions cannot possibly operate as we wish it to.

According to that law, low prices cause consumption to increase and production to decrease. There then results a new situation in which the quantity produced and the quantity consumed are again in balance. The automatic readjustment, in other words, has worked very neatly.

That is the theory. It can be found in most of the old textbooks, early in the book, sharply segregated from the facts to be found in the world about us. The facts reveal that for the past few years low prices have not stimulated consumption of farm products.

Prices to farmers have fallen on the average by 61 percent, but food prices to consumers have fallen only 36 percent. City incomes, unfortunately, have fallen by more than 36 percent, so city consumers have bought less rather than more. The relatively rigid distribution charges, it appears, have introduced a problem generally ignored by most statements of the law of supply and demand.

Freight rates have been maintained with almost no reductions; commissions and other marketing costs have been reduced but little. The reduction in prices to the farmer could not, because of those rigid intervening costs, stimulate a corresponding increase in consumption.

Even aside from this, the reductions in our prices have been more than counterbalanced by the rising foreign tariffs and trade restrictions and by exchange difficulties. The free market, of which the classical theorists love to speak, nowadays exists only in theory.

Those who argue that we should rely on the operation of "natural laws" alone, at a time when almost every other nation on the globe is effectively obstructing the operation of these so-called "laws", are surely living in a dream world where fantasy and delusion are substituted for facts and realities. Those do-nothings are hopelessly impractical theorists posing as hard-headed practical men.

Low prices for farm products have not only failed to stimulate consumption but they have also failed to discourage production. Index numbers prepared by the Department of Agriculture show no decline in farm production in 1930 or 1931 as compared with earlier years, and only a very slight decline in 1932, due primarily to unfavorable weather, with resulting short crops of wheat and cotton. The individual farmer does not see that his relatively small output affects the market price. What he does see, however, is the ever-present burden of fixed charges, interest, and taxes. He is driven, inevitably, to produce as much as he can to pay these charges. Even if he loses his farm, he or some other farmer takes it over and tries to make it pay as much as it can on some new arrangement with the holder of the mortgage.

It remains, therefore, a stubborn truth, that when prices are not free to reflect production, overproduction will not be corrected. That is our situation today; and that is the economic reality which this measure, unlike previous farm-relief measures, adequately and intelligently recognizes.

Let me summarize, at this point, the contents of the bill. Its purpose is to jar the Nation loose from the iron grip of economic depression by increasing agricultural purchasing power. It proposes to accomplish this end by restoring the balance between the production and the consumption of farm products. The effect of balancing production with market requirements will be to increase farm prices, and thereby to increase the farmers' income.

What is required of the producing machinery of agriculture, then, is an orderly retreat of that portion of our acreage or production which cannot, during the period of this emergency, be disposed of at an adequate price. But there is no incentive for the individual farmer to reduce his acreage or control his production under existing conditions. We, therefore, attempt to provide the incentive, and this the present bill does by compensating the farmer in accordance with the reduction he effects in acreage or production. The funds for that compensation, or adjustment benefit, will come from a tax on the first processed form of each commodity whose production has been brought under control.

I am assuming that it is not necessary to discuss at any length the importance to the Nation of a restoration of agricultural purchasing power. All discussion on this point begins and ends with the compelling fact that 44 percent of the Nation's population lives on farms or in small rural communities, wherein incomes fluctuate directly with farm income; that the drop in farm prices has wiped out about half of the buying power of this 44 percent of the population; and that this drastic shrinkage in buying power may account for as much as half of our unemployment. It has been conservatively estimated that some 4,000,000 city workers owe their unemployment to the decline in rural buying power, and that an additional two and a half million city workers are out of jobs for the same reason.

The heart of the bill, as I see it, is the parity provision, contained in the declaration of policy. Let me quote it:

SEC. 2. It is hereby declared to be the policy of Congress—

(1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, September 1919–August 1928.

Here is a statement which goes to the very root of this and all other economic depressions. The premise is that price disparity is a major factor in a depression, and a great

obstacle to recovery. The conclusion is that we must, as rapidly and as completely as possible, remove that disparity. It would be just as true if, by some chance, farm prices were relatively much higher than industrial prices. In that case either farm prices would have to come down or industrial prices would have to go up. Today we face this dilemma: Either industrial prices must be brought down or farm prices must be raised. By some means they must be brought closer to parity. We cannot budge from the present economic depression until one or the other is done. Which do you prefer? There is only one answer, and that is the answer provided by the sections of the bill which I am attempting to discuss.

An important consideration is the point at which parity may be and should be established. Whether we aim at the price relationships of the pre-war or the post-war period, of any one year or a group of years, we must be sure of our ground.

The base period selected by this measure, 1909–14, has not been selected by chance. The exception made for tobacco is a special case, and I shall mention it in a moment.

Indeed, it has already been discussed; questions have been asked and answered. It so happens that during that pre-war period the prices of the things the farmer sold and the prices of the things he bought were in the most satisfactory exchange relationship that had been achieved up to that time. So far as price relationships were concerned, the buying power of both farmer and city worker was functioning smoothly and effectively. We seemed to have reached the point in this period when both agriculture and industry were prospering on even terms. The Nation, a as result, was on even keel insofar as its economic course was concerned.

The index of commodity prices mirrored this situation when it registered the prices of farm products and of industrial products both hovering close to 100. Neither group wavered more than 5 points above or below that point during the 5 pre-war years. Today the prices farmers pay are at once more within striking distance of the hundred mark on the commodity index, but the prices farmers receive for their products are below 50 on the index.

A glance at the history of prices over the past century and a half is illuminating. If you will study such a price chart, you will at once be struck by the very evident attempt of prices to reach that level finally attained in 1909–14. Wars and economic depressions caused violent fluctuations, but prices continued to move toward that level which promised some stability.

Thus, throughout the century preceding 1910, farm prices followed a rising trend. There were long ups and downs, of course, but the trend of the century was upward. The European demand for our exports and our own rapidly growing home market provided a sound base for such an upward trend.

Industrial prices, meanwhile, were either tending downward or were not rising as fast as farm prices. The two lines seemed to be struggling to meet. They finally did, and the price relationships that obtained during 1909–14, which we have since come to consider as the base period, resulted. Thus you have some of the reasons for the base period incorporated in the bill.

The World War provided another violent fluctuation. Ever since then, however, the two lines of prices have been moving toward the pre-war base.

The point I wish to establish is that this pre-war base is the last benchmark, the best price relationship we have ever attained. Unless we propose to make a basic change in our agricultural economy, or to ignore the social along with the economic effects of a depression, we ought to attempt to return to and hold fast to that benchmark.

It is also true that in the life of the present generation of farmers no other period offers so much stability. Would you select as a base period the war years or the period of the first postwar depression or the fat industrial years up to 1929? By the process of elimination, assuming, as one must, that we are to restrict ourselves to this generation, there is no period at all comparable with the pre-war period for purposes of stability and equality. That was a point of adjustment which, had not the war intervened, we might have consolidated and perpetuated. In that time there was a healthy balance between producing groups and a vigorous flow of trade. For the sake of our economic health, we must restore that parity between the prices of the things the farmer sells and the prices of the things he buys.

To call this choice of a base period arbitrary or to go a step farther and call the commodity-price index meaningless, as some have, is to betray a singular ignorance of the relations between agriculture and industry throughout the years. To anyone who appreciates these relationships the commodity-price index is full of meaning. It indicates now that, while the farmer continues to labor and produce, the buying power of his products has dropped to an undeniably low level, in terms of the commodities for which he ordinarily exchanges his products.

The farmer, in other words, takes a greatly reduced wage for his labor and a greatly reduced return, or even a loss, upon his capital, whereas industry simply shuts down and refuses to operate for lower returns. Laborers are discharged because the products of industry cannot be sold at the prices industry insists upon maintaining for these products.

The operators of industrial plants say they cannot produce and sell for less than cost of production, and yet they take great losses through idleness rather than attempt to operate and take a reduction in the prices of their products comparable to the reduction the farmer takes. Railroad rates remain high, so high that in many cases the price of the farm product in the central market will hardly pay the freight.

Industry, it seems, prefers a large measure of unemployment and of loss through idleness rather than the necessary downward readjustment in prices that a depression always entails. Organized labor, by and large, seems to prefer maintaining a relatively high wage level for those who are employed, rather than take the considerable reductions that lower prices for the products of labor would entail.

The farmer is both laborer and capitalist. Yet he cannot, even if he would, pursue the policy apparently preferred by industry. He cannot rid himself of his costs of production by turning men out. It is doubtful if he would, even if he could. He cannot keep his prices up, nor can he, acting as an individual, prevent overproduction and ever lower prices.

I imagine we would all suffer less in a depression if we could all continue to work on a readjusted program, with wages, prices, interest rates, and taxes all leveled down—or up, as the case may be—to the point necessary to maintain a continuous flow of goods and services into use.

I doubt if it is possible to overemphasize the significance of this concept of parity, and, conversely, the disturbing effect of disparity and of inflexible prices. The relative inflexibility of industrial prices as compared with farm prices operates as a double-barreled shotgun, and the load from both barrels seems to lodge in the farmer. Industrial prices, being relatively inflexible, do not fall as fast or as far as farm prices in a depression. Disparity results, and the farmer feels the effect of one barrel from that shotgun. Industrial prices are part of many of the farmer's costs. His bills for machinery, for fertilizer, for shoes and clothing, for automobiles and gasoline—these charges are, by comparison, rather inflexible. That is the other barrel from that economic shotgun. He feels the shock both when he sells and when he buys.

In fact, as our economic system has developed, the flexible element in industry has come to be volume of production and, therefore, employment; prices, meanwhile, remaining relatively rigid. In agriculture, the flexible element has come to be price; the inflexible factor, volume of production. In many an industrial enterprise it has been the increase or decrease in volume, rather than in price, that has made profit possible.

The measure before us, it is important to note, does not concern itself primarily with prices but rather with pur-

chasing power. Wheat at a dollar and shoes at $4 are the same exchange relationship as wheat at 50 cents and shoes at $2. But wheat at 50 cents and shoes at $3—that is a different matter. We are concerned, therefore, with price relationships rather than with prices per se.

Under the terms of the bill the fair exchange price of wheat according to the pre-war base should be today around 90 cents a bushel; of cotton, between 12 and 13 cents a pound; of hogs, around $7.30 a hundredweight; and so on.

Tobacco, as the bill implies, is a special case. The tremendous increase in cigarette consumption since the war period has radically altered the relationship of tobacco prices to other prices. Cigarette consumption in the pre-war years represented about 5 or 6 percent of the consumption of flue-cured Burley, and Maryland tobaccos. In recent years cigarettes have consumed from 50 to 60 percent of the domestic consumption of these types.

Along with this change in use, changes in methods and costs of production were necessary. To produce the kinds of leaf suitable for use in cigarettes it was necessary for growers of burley to change from high-yielding to low-yielding varieties. Thus average yields per acre declined from 865 pounds per acre in 1909–13 to 790 pounds in 1928–32. Increased costs of production necessarily resulted. Changes in harvesting methods, such as the change from stalk cutting to priming, by growers of flue-cured types greatly increased costs.

To place the base period for tobacco prices in the pre-war period, therefore, would be to ignore a far-reaching change in the whole tobacco situation. The most representative period for the tobacco grower, in the judgment of the economists of the Department of Agriculture, is the longer period from 1919–28.

The parity prices quoted a moment ago for wheat and cotton and hogs, to confine myself to a few examples, are double or more than double the present prices received by producers. Unless one has carefully read the bill and has some familiarity with the intentions of those who must administer it, one might jump to rash conclusions on hearing those parity prices quoted. Let me say at the outset that they are a goal, and a goal to be reached step by step, as said by the Senator from South Carolina [Mr. SMITH], with the interests of the consumer thoroughly in mind. Certainly the declaration of policy in this measure is a guaranty that the interests of the consumer will be protected.

Some people may be tempted to draw rash conclusions from the parity prices quoted. Upon learning that the parity price of wheat is double the present farm price they may draw all manner of strange conclusions about the effect of this—through the processing tax applied to flour; that is, on the price of bread.

In 1914, by way of illustration, No. 2 Hard Winter wheat sold at Kansas City at 93 cents a bushel. Flour sold at Kansas City at $4.36 a barrel. Bread sold at Kansas City at 6.1 cents a pound.

In December 1932 No. 2 Hard Winter wheat sold at Kansas City at 42 cents a bushel. Flour sold at Kansas City at $3.40 a barrel, and bread sold in the same city at 6.7 cents a pound, or six tenths of a cent per pound higher than it sold for when wheat was 93 cents instead of 42 cents per bushel.

With a wheat price in 1932, 54.5 percent below 1914, we have a flour price 22.2 percent below and a bread price 9.8 percent above. The drop in the price level has been accomplished almost wholly at the expense of the farmer and the consumer. The spread between them has increased; the farmer gets less, the consumer pays more. Kansas City bread prices, furthermore, are of particular significance, for both in 1914 and in December 1932 they were identical with the average for the United States.

Much the same is true of a more recent period, comparing 1928 with 1932. Thus, in 1928 the wheat producer's share of the retail price of bread in New York City was 1.9 cents a loaf. By October 1932 the producer's share had dropped to six tenths of a cent per loaf. The share retained by bakers, millers, transporters, and distributors meanwhile fell from 7.2 cents in 1928 to 6.1 cents in 1932. These agencies lost 1.1 cents out of an initial share of 7.2 cents, while the farmer lost 1.3 cents out of an initial share of 1.9 cents.

In common decency, to say nothing of justice, should not some of that microscopic share be restored to the farmer? Is there a consumer in the United States who would protest? Is it fair, in the light of these facts, for processors to attempt to frighten consumers into believing that once this bill passes, prices of flour, and bread will double?

Review some of the retail-price indexes and compare them with the index of prices received by farmers. The index of farm prices, as we know, is below 50. The index of most retail prices is 100 or better. Thus bread and flour, on the retail-price index, stand at 103; dairy products at 99; pork and lard, 72—low, to be sure, but still almost double the farm-price index.

The situation in tobacco products, especially cigarettes, requires a word. The price of cigarette tobaccos was cut in half from 1928 to 1931; the selling price of cigarettes at wholesale—before the recent decline—was steadily advanced. From 1928 to 1931 the manufacturer's gross margin increased over 50 percent; wage rates paid in the industry were reduced nearly 20 percent; and net profits steadily increased, the four big companies earning 45 percent more in 1931 than in 1928. Needless to say, the increased prices in the face of reduced consumer buying did not stimulate sales; less tobacco was consumed, supplies were further piled up, and the situation of the tobacco producer was made even more unfavorable.

I am well aware of the charge that since the processing tax authorized by this bill will be passed on, in part, to the consumer, the cost of living will be increased. To some extent this is true. It is also true that all of the tax need not, and should not, be passed on to the consumer. The figures I have quoted above suggest that some of the slack can well be taken up in the long line between producer and consumer.

The bill protects the consumer amply in paragraph 3 of the declaration of policy, wherein it stipulates that it is the policy of Congress:

> To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909 to July 1914.

Under that provision consumers will not pay the farmer a higher percentage of their income than they paid him before the war. As soon as the market price of wheat goes up to the pre-war ratio, the tax is removed. At present there is not much more than a half cent's worth of wheat in a 16-ounce loaf of bread. Triple the price of wheat and you have added only a cent to the cost of that loaf. Double the present price of cotton and the price of a dollar cotton shirt would increase only 2 cents.

Even that increase in the cost of living, slight though it is, can be countenanced only because of the far-heavier contribution the increased farm buying power will make to the city worker, as the demand for the city's products picks up, and because of the social and economic grief awaiting us unless some such measure as this is enacted to revitalize our whole economic structure.

Congress is asked by the terms of this measure to grant the President and the Secretary of Agriculture broad and flexible powers. There is the authority, first of all, to provide for effective yet voluntary reduction in crop acreage planted. No farmer is compelled to reduce his acreage. If, after understanding the necessity for such reduction, and after apprising himself of the terms upon which his land may be taken out of production, the farmer decides to reduce his acreage, he will be entitled to an adjustment benefit. The amount of such benefit will depend upon the rate and proceeds of the processing tax and upon the amount of acreage removed from production.

Secondly, the bill grants authority to provide for reduction in the amount of any commodity produced for market.

Acreage control, quite obviously, is not suited to preventing overproduction of livestock. The only way to meet that situation is to control the number, and possibly the tonnage, of the livestock marketed. Similarly, it may be found that control of the cotton surplus can best be handled through control of production at the gin rather than control of acreage planted.

To carry out a program of either acreage or production control, authority is asked to compensate the producer through rental or benefit payments. The details of those methods of payment must be left to the discretion of those empowered to administer the act. It is pertinent to observe here that the bill contains revenue features adequate to prevent any loss to the Treasury by reason of such control operations. Perhaps, in view of our experiences of the past 4 years, that observation should be set aside for special and grateful emphasis.

The bill confers authority, in the third place, permitting the Secretary of Agriculture to enter into agreements with processors, associations of producers, and others engaged in the handling of agricultural commodities. In many instances such agreements may assure producers a fair return without the necessity for employing the processing tax and rental or benefit payments. It has been suggested, for example, that the control of hog production can be met in large part through such agreements. This view has been advanced, I may say, by men well qualified to speak for both the producing and the processing segments of the industry.

Such agreements might also be instrumental in assuring the tobacco producer a better price for his commodity. In general, it is quite likely that by means of marketing agreements processors may find it possible to eliminate some of those costs of distribution and those distributive practices which now serve to depress the price to the producer without, at the same time, granting commensurate reductions to the consumer. The marketing agreements also may afford a means of providing relief for many minor commodities not specifically included in the bill as subject to the acreage or production-control provisions.

Fourth, authority is asked to license processors, associations of producers, or other persons, if this becomes necessary in order to eliminate unfair practices or changes that tend to prevent the effectual operation of the other features of the bill. On the probable use of this authority permit me to quote from the testimony of the Secretary of Agriculture before the Senate Committee on Agriculure.

> As to the licensing provisions, I regard them as vital. They are not an end in themselves, but are supplementary authority to effectuate production and marketing programs that might otherwise be defeated through practices unfair to the public or producers, or even to the large number of processors and distributors who would be making an earnest attempt to effectuate the policy of the bill. To illustrate: I would feel that the policy of the bill were being defeated should, as a result of a 3-cent processing tax on cotton, an excessive increase in price be passed on the consumer. The cotton farmer obtains approximately 5 cents for the cotton in a shirt which costs the consumer a dollar or a dollar and a half. A 3-cent tax, even with due allowance for wastage and other factors, should not increase that cost more than approximately another 5 cents. Should, as a result of the operation of the bill, there develop practices or charges unfair to the producer or consumer, I would feel that the licensing provisions might be called into play. Without attempting to speculate as to the existence in fact of the many unfair practices frequently alleged to exist in our distributive system, it seems necessary that there should be authority to restrict such practices when they are shown in fact to exist and when they tend to defeat the other operations under the bill.

Finally, the bill asks that authority be given to deal with the cotton situation for the current year through the cotton-option contracts provided in the Smith cotton bill, which received the consideration of the Senate at the last session. I take it that it is not necessary to review the features of that proposal, which by now are well known.

These are, to be sure, broad powers. They are requested on the ground that a national economic emergency exists, requiring the restoration of agricultural purchasing power, and that in no other way suggested can that end be achieved. Both premise and conclusion, in my humble judgment, are inescapable. There may be those who viewed the banking crisis of recent memory as an emergency, but who failed to account the situation in agriculture and industry as an emergency. That would be a superficial attitude. Let us not be lulled into a false sense of security by reason of the fact that food and fiber still pour into our city markets. The distress back on the farm and its effects on urban employment and business generally constitute a basic emergency in our civilization. A closed bank, being obvious, is an emergency; a bankrupt agriculture, though of necessity still producing, is quite as grave and as fundamental an emergency. In 1931 that great jurist, Mr. Justice Brandeis, said that "the people of the United States are confronted with an emergency more serious than war." If that was true then, how much more is it true today?

The powers it is proposed to grant in this bill are, then, broad, and conceivable only in times of emergency and in the hands of an administration which has the full confidence of the people. It is well for us to have a clear notion of the attitude of those who will administer the bill. Let me again quote Secretary Wallace, from his testimony before the Senate Committee on Agriculture, with reference to the processing tax. He said:

> The processing tax will not necessarily become operative with respect to all commodities brought under the protection of the bill. If a satisfactory price could be reached and maintained by trade agreements, no tax would be imposed. Circumstances must decide the necessity for the tax with respect to any particular commodity, and the facts will determine the amount of the tax.
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> When rental or benefit payments are found necessary to correct the situation the tax must produce the revenue necessary to administer the bill and to protect the Treasury from deficits. The tax is permitted to be levied, however, only with due regard for the consumer's ability to meet any increase in price occasioned thereby.

And in a public address over the radio on the evening of April 1 Secretary Wallace further outlined his views as follows:

> For the benefit of producers and processors alike, I would like to give my views as to the philosophy of this farm bill. As I see it, the broad centralizing power of the Government is delegated to the President, and through him to the Secretary of Agriculture, to enable producers and processors to work together in bringing order out of the present chaos. Producers and processors are given the opportunity to work together to make such adjustments in production and prices as are fair to the producer, which are possible for attainment for the processors' point of view without harming any legitimate interest of the processor, and which maintain the consumers' just interest as measured by the 5-year pre-war period.
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> When the bill becomes law, I hope it will not be necessary for the Secretary of Agriculture to act as a policeman. It may be necessary for him to act as a referee, but the normal situation, as I see it, is one in which the producers and processors, working together, are able to draw on each other's knowledge and experience, and with the help of the centralizing power of the Government put that knowledge and experience to work in such a way as to adjust production to consumption intelligently and practically. For many years there has been a wall between the processors and the farmers in this country. The processors have had information about changes in consumers' demands and probable future prices which they have not passed on, in any effective way, to the farmer. The farmers, therefore, have all too often worked in the dark and have not modified the quantity or quality of their production so as to fill their markets to the best advantage.
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> In Denmark they do things differently. The producer is in direct touch with the ultimate consumer, and modifies his methods conscientiously and promptly to meet the changes in the consumer demands. Denmark is a small country. The methods which work there do not apply here, but the principle is the same, and it is exceedingly important, in my opinion, that the Government of the United States and the processors cooperate with the farmer in enabling him to meet, with the least damage possible, the shifts in his production which a rapidly changing world requires.
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> If the farmers and processors interested in the various commodities which would be handled under the act will approach each other and the Government in the right, cooperative spirit, I am sure that we can raise prices very materially during the next year. As a practical man I can realize that we may not be able to bring prices of farm products up to cost of production or to pre-war parity in the next year. We may have to go step by step as long as there are so many unemployed—but as we increase prices of farm products the demand for city goods by farmers will reduce the unemployment. Therefore, if we handle this problem sympathetically, yet firmly, we may push forward into the prosperity which rightfully belongs to a nation which is fully equipped with

marvelous factories, intelligent workingmen, fertile farms, and willing farmers. The thing can be done if only we have the unselfishness, the patience, and the courage to do it.

In order that we may foresee the probable results of this bill, let me suggest the actual procedure likely to be followed, once the bill becomes law.

As the Secretary of Agriculture has announced, the method of acreage or production control to be selected for each commodity—within the powers granted by the bill—the rate of tax levied, and the subsequent detailed regulations, will be determined only after consulting the experience and judgment of all sectors of the industry concerned. I imagine that one of the first moves when the bill becomes law would be to call in spokesmen of the farmers, the wholesale and retail dealers, the processors and jobbers, and to ask them for their best judgment on the methods to be employed in the administration of the law. Thus conclusions would have to be reached on points such as these:

First. If a tax is imposed on the processing of cotton—to use a specific example—at what rate should it be imposed?

Second. At what date should the tax be made effective?

Third. What amount of reduction in acreage or production should be set as the goal?

Fourth. What method should be followed in arranging with farmers in order to bring about reduction?

Once the recommendations are all in, tentative conclusions may be drawn, placed before the several spokesmen for judgment, and developed, finally, into the methods and regulations to be employed.

Once the rate of the tax, if any is necessary, is determined and the probable proceeds from that tax estimated, it will be possible to estimate the amount of the funds available for distribution to farmers who agree to reduce acreage or production. The actual administration of the program out in the field, I am convinced, can largely be handled by a combination of farmers' emergency adjustment associations, with the existing Federal, State, and county agricultural extension services. The agricultural extension machinery, supplemented by the machinery of the State colleges and experiment stations, can be of vast help in getting the program under way, providing the necessary educational assistance, and suiting the program to local needs.

The highly prejudiced rumors that an army of employees and agents would be required specially to administer this act certainly do not spring from any contact with the purposes and plans of the Secretary of Agriculture as explained to me. To the fullest extent possible farmers themselves will be asked to take the responsibility for administering their end of the program.

I have said that the parity provision is the heart of the bill. If that be granted, let me located close to the heart the provisions for flexibility. In one respect flexibility is inherent in the concept of parity. In another sense the flexibility permitted by the measure is the realist's answer to the problems of agriculture, to the diversity of agriculture, and to the constantly changing panorama which we call our economic system.

The flexibility inherent in the effort to attain parity of farm and industrial prices protects both farmer and city man. The processing tax, for instance, disappears automatically when farm-product prices reach parity. That is flexibility within rather well-established limits—the upper limit and the goal—being that national prosperity which will result from the proper balance between the major producing groups of the Nation.

If it were the design of the sponsors of this legislation to be arbitrary or to favor one group at the expense of another, they would omit from the bill altogether any reference to a base period or level of purchasing power. The economic unwisdom of such a proposal, it should hardly be necessary to say, would alone condemn it. But, aside from that, it is obvious to every lawyer that a statute so worded would confer on the executive arm of the Government so wide and uncontrolled a discretion as to amount to an unlawful delegation of legislative power; for it would confer upon the Secretary of Agriculture the authority to fix taxes without reference to any legislative rule, norm, or standard set by the Congress. That defect the present bill adequately avoids.

There is another element of flexibility which has to do with how rapidly the maximum amount of tax would be attained. From the language of the bill, however, even without reference to the expressed intent of the Secretary of Agriculture, one can hardly conjure up any unusual or alarming delegation of powers. If the imposition of a given rate of tax would result in such a reduction in consumption as to defeat the purposes of the act, it is plainly the duty of the Secretary to lower the rate of tax. Thus paragraph 2 of the declaration of policy asserts it to be the policy of Congress "to approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets."

Considering the broad sweep of economic forces through the years, and the relatively rapid shifts in production and consumption from decade to decade, the flexibility incorporated in a measure such as this becomes deeply significant. No one can safely predict, for instance, that our problem will always be one of reducing agricultural output. Indeed, within the space of the past generation men have expressed their concern about pressure of population upon the food supply. The World War, to be sure, sharpened that concern. Yet who can predict with any certainty the full economic effect 10 years hence of the trade restrictions now enforced against our exports, or the effect of the back-to-the-land movement now in progress, or the complex social and economic problems inevitably to be created by such a movement? Will it be a surplus problem 10 years hence? We can make logical, well-founded surmises, but they remain only surmises. It may very well be, Mr. President, that some such machinery as is provided by this bill—and notably its essential flexibility—may have to be employed at some future date, in order to feed the American people, to stimulate production and to preserve and perpetuate, for reasons opposite to those influencing us today, the very parity, the level of purchasing power, we aim at today.

For legal judgment on this large matter of flexibility, and of delegation of authority, we may turn to the opinion of the United States Supreme Court in the case of *Hampton & Co.* v. *The United States* (276 U.S. 394). In that opinion, handed down in 1927, it will be recalled, we find this carefully considered conclusion:

> The field of Congress involves all and many varieties of legislative action, and Congress has found it frequently necessary to use officers of the executive branch, within defined limits, to secure the exact effect intended by its acts of legislation, by vesting discretion in such officers to make public regulations interpreting a statute and directing the details of its execution, even to the extent of providing for penalizing a breach of such regulations. (*United States* v. *Grimand*, 220 U.S. 506, 518; *Union Bridge Co.* v. *United States*, 204 U.S. 364; *Buttfield* v. *Stranahan*, 192 U.S. 470; *In re Kollock*, 165 U.S. 526; *Oceanic Navigation Co.* v. *Stranahan*, 214 U.S. 320.)
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> Congress may feel itself unable conveniently to determine exactly when its exercise of the legislative power should become effective, because dependent on future conditions, and it may leave the determination of such time to the decision of an executive, or, as often happens in matters of State legislation, it may be left to a popular vote of the residents of a district to be affected by the legislation. While in a sense one may say that such residents are exercising legislative power, it is not an exact statement, because the power has already been exercised legislatively by the body vested with that power under the Constitution, the condition of its legislation going into effect being made dependent by the legislature on the expression of the voters of a certain district. As Judge Ranney, of the Ohio Supreme Court, in *Cincinnati, Wilmington & Zanesville Railroad Co.* v. *Commissioners* (1 Ohio St. 77, 88), said in such a case:
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> "The true distinction, therefore, is between the delegation of power to make the law, which necessarily involves a discretion as to what it shall be, and conferring an authority or discretion as to its execution, to be exercised under and in pursuance of the law. The first cannot be done; to the latter no valid objection can be made." (See also *Moers* v. *Reading*, 21 Penn. St. 188, 202; *Locke's Appeal*, 72 Penn. St. 491, 498.)
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> Again, one of the great functions conferred on Congress by the Federal Constitution is the regulation of interstate commerce and rates to be exacted by interstate carriers for the passenger and merchandise traffic. The rates to be fixed are myriad. If Congress were to be required to fix every rate, it would be impossible

to exercise the power at all. Therefore, common sense requires that in the fixing of such rates Congress may provide a commission, as it does, called the Interstate Commerce Commission, to fix those rates, after hearing evidence and argument concerning them from interested parties, all in accord with a general rule that Congress first lays down, that rates shall be just and reasonable considering the service given, and not discriminatory. As said by this Court in *Interstate Commerce Commission* v. *Goodrich Transit Co.* (224 U.S. 194, 214), "The Congress may not delegate its purely legislative power to a commission; but, having laid down the general rules of action under which a commission shall proceed, it may require of that commission the application of such rules to particular situations and the investigation of facts, with a view to making orders in a particular matter within the rules laid down by the Congress."

The principle upon which such a power is upheld in State legislation as to fixing railway rates is admirably stated by Judge Mitchell, in the case of *State* v. *Chicago, Milwaukee & St. Paul Railway Co.* (38 Minn. 281, 298 to 302). The learned judge says on page 301:

"If such a power is to be exercised at all, it can only be satisfactorily done by a board or commission, constantly in session, whose time is exclusively given to the subject, and who, after investigation of the facts, can fix rates with reference to the peculiar circumstances of each road and each particular kind of business, and who can change or modify these rates to suit the ever-varying conditions of traffic. Our legislature has gone a step farther than most others and vested our commission with full power to determine what rates are equal and reasonable in each particular case. Whether this was wise or not is not for us to say, but in doing so we cannot see that they have transcended their constitutional authority. They have not delegated to the commission any authority or discretion as to what the law shall be—which would not be allowable—but have merely conferred upon it an authority and discretion, to be exercised in the execution of the law, and under and in pursuance of it, which is entirely permissible. The legislature itself has passed upon the expediency of the law, and what it shall be. The commission is intrusted with no authority or discretion upon these questions." (See also the language of Justices Miller and Bradley in the same case in this Court, 134 U.S. 418, 459, 461, 464.)

It is conceded by counsel that Congress may use executive officers in the application and enforcement of a policy declared in law by Congress, and authorize such officers in the application of the congressional declaration to enforce it by regulation equivalent to law. But it is said that this never has been permitted to be done where Congress has exercised the power to levy taxes and fix customs duties. The authorities make no such distinction. The same principle that permits Congress to exercise its rate-making power in interstate commerce, by declaring the rule which shall prevail in the legislative fixing of rates, and enables it to remit to a rate-making body created in accordance with its provisions the fixing of such rates, justifies a similar provision for the fixing of customs duties on imported merchandise.

If Congress shall lay down by legislative act an intelligible principle to which the person or body authorized to fix such rates is directed to conform, such legislative action is not a forbidden delegation of legislative power. If it is thought wise to vary the customs duties according to changing conditions of production at home and abroad, it may authorize the Chief Executive to carry out this purpose, with the advisory assistance of a tariff commission appointed under congressional authority.

Mr. President, the bill before the Senate now recognizes that no one measure, no one method, can suffice to solve the problems of agriculture. The bill clearly understands that various methods are necessary at various times and under various conditions. What may look well on paper may not work out in practice. If that is so, the method must be changed. A method of acreage reduction applicable to wheat cannot, of course, be applied to hogs. An administrator aware of these practical problems, aided by the experience of men intimately familiar with every phase of the industries involved, will provide us with high hopes for a large measure of success in this endeavor.

As practical men, cannot we agree on the imperative necessity for such flexibility as the bill permits? The production and marketing conditions for the various basic agricultural commodities vary from one to another. The continuous change in economic situations makes any inflexible solution certain to be found unsuitable or ineffective after a comparatively short time. To deal with the many factors that contribute to the farmers' present situation, and to deal with those factors as they vary in application to the commodities concerned, and to meet changes in the economic situation, it plainly devolves upon Congress to enact legislation granting broad and flexible powers to the administration.

Nor do we need to grant such powers, under present circumstances, with the slightest trepidation; for I doubt if there has ever been a time in the history of the Nation when the people were more unitedly, more whole-heartedly back of the administration and of the Congress than at this very moment. Their cooperation in the furtherance of this and other measures seems assured.

Mr. President, I urge the prompt disposal and passage of this measure. The time for compiling more mountains of statistics for further painful and exhaustive researches is past. We face a painfully practical situation, and only so practical and so realistic a measure as the one before the Senate will suffice.

It is, as the President has said, an untrod path. Do you prefer the alternative of inaction, the tragedy that must deepen with any such negative program?

This is an untrod path, but it is a realistic path that seems to lead onward and upward. To follow it will require patience, and resourcefulness, and courage. I believe that the men who will be responsible for administering this measure, for guiding us along that path, have those qualities in abundant measure.

One need not speak of the obvious necessity for prompt action. By every consideration, Mr. President, the time for action is here. The hour has struck.

Other features of the bill are reserved for future discussion.

I thank the Senate for the very patient hearing it has given me.

Mr. LEWIS. Mr. President, conscious as we all are, I am sure, of the value of the contribution of the able Senator from Arkansas, the acknowledged leader of the majority, and especially the information and explanation which he has communicated by his splendid address, nevertheless I assume that Senators not busy in their offices necessarily will be pleased to remain in the Chamber for the remainder of the discussion, and I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	King	Robinson, Ark.
Ashurst	Couzens	La Follette	Robinson, Ind.
Austin	Cutting	Lewis	Russell
Bachman	Dickinson	Logan	Schall
Bailey	Dieterich	Lonergan	Sheppard
Bankhead	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hatfield	Nye	Wagner
Caraway	Hayden	Overton	Walcott
Carey	Hebert	Patterson	Walsh
Clark	Johnson	Pittman	Wheeler
Connally	Kean	Pope	White
Coolidge	Kendrick	Reed	
Copeland	Keyes	Reynolds	

The PRESIDENT pro tempore. Ninety Senators having answered to their names, there is a quorum present.

Mr. SMITH. Mr. President, let us proceed now with the committee amendments.

The PRESIDENT pro tempore. The clerk will state the next committee amendment.

The LEGISLATIVE CLERK. The committee proposes, on page 3, line 13, after the word "upon", to insert the words "not in excess of the market price."

Mr. COPELAND. Mr. President, what happened to the amendment on page 2, line 16?

The PRESIDENT pro tempore. That amendment was agreed to.

Mr. COPELAND. I did not understand that.

Mr. McKELLAR. Mr. President, I think there was some confusion about it, and in order to avoid any misunderstanding, I ask unanimous consent that we return to the amendment on page 2, so that I may offer an amendment to the amendment.

The PRESIDENT pro tempore. The Senator from Tennessee asks unanimous consent that the vote by which the amendment was agreed to be reconsidered.

Mr. McNARY. On what page?

Mr. McKELLAR. On page 2, ending line 21.

Mr. SMITH. The tobacco amendment.

The PRESIDENT pro tempore. Does the Chair understand the Senator from Tennessee to ask unanimous consent that the vote by which that amendment was agreed to be reconsidered?

Mr. BARKLEY. Mr. President, reserving the right to object, I wish the Senator would allow that amendment to go over until tomorrow, because I am expecting some figures from the Department which will shed some light on the matter.

Mr. McKELLAR. Mr. President, I will say to the Senator just what figures the department has given me, and I should like to offer an amendment to the amendment, and am willing to have it go over. I want to have the vote reconsidered now.

Mr. BARKLEY. I do not want to have to object now.

Mr. McKELLAR. If the Senator objects, I will move that we return to the amendment.

Mr. BARKLEY. I ask that the Senator allow it to go over until tomorrow.

The PRESIDENT pro tempore. Does the Senator withdraw his request?

Mr. McKELLAR. Temporarily, Mr. President. I want to say to the Senator and to the Senate that I propose to have a vote on the amendment which I intend to offer, and it is very surprising that there is any objection to it at all. We cannot get along in that way.

The PRESIDENT pro tempore. The Senator from Tennessee has the floor. He withdraws his amendment.

Mr. McKELLAR. With the intention of offering the amendment later.

Mr. COPELAND. Mr. President, I hope the Senator from Kentucky will not object to a reconsideration of the vote by which this amendment was agreed to, because it was very clear to me, at least I thought it was, that we had not yet taken final action. I call attention to the necessity of making some provision for a different base period in connection with milk. I hope the Senator will let the reconsideration be noted, and then tomorrow, or at any time suitable to him, we can consider these various amendments, or he might be willing that I might at this time present what I have to say about milk.

Mr. BARKLEY and Mr. McKELLAR addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. I yield to the Senator from Kentucky.

Mr. BARKLEY. What connection will that have with the tobacco amendment?

Mr. COPELAND. It has no connection with tobacco; but what I would offer regarding milk would have to come in the language provided in the committee amendment.

Mr. BARKLEY. I have no objection to the reconsideration of this amendment, provided it is not going to be acted on today.

Mr. McKELLAR. Mr. President, under those circumstances I ask unanimous consent that the vote by which the amendment on page 2 was agreed to this afternoon be reconsidered.

The PRESIDENT pro tempore. Is there objection? Without objection, the vote is reconsidered.

Mr. McKELLAR. I offer the following amendment, in line 21, page 2, after the numerals "1928", to insert a colon instead of the period and the following language: "*Provided,* That in the case of dark-fired tobacco the base period shall be from August 1909 to August 1914." I should like to have that pending.

The PRESIDENT pro tempore. The Senator from Tennessee asks unanimous consent that the amendment to the amendment be temporarily passed over.

Mr. McNARY. Mr. President, I want to propound an inquiry.

Mr. McKELLAR. I yield.

Mr. McNARY. The general base period is from 1909 to 1914?

Mr. McKELLAR. It is.

Mr. McNARY. On motion of the Senator from Virginia [Mr. BYRD] the period was changed so as to include the period from 1919 to 1928. Now, I understand the Senator from Tennessee to desire to go back to the original base period.

Mr. McKELLAR. No; only as to one class of tobacco—the class known as "dark-fired tobacco." That is a class of tobacco that is well known, and it is an exception to the general rule. I have no objection whatsoever to the date fixed for the other kinds of tobacco taking the period from 1919 to 1928. Only as to dark-fired tobacco do I want the base period of 1909 to 1914 restored.

Mr. McNARY. Is that because during that period a higher price was paid?

Mr. McKELLAR. It is because the Department's figures show that during the period from 1909 to 1914 the price was seven-tenths of 1 cent higher, and I think that in order to equalize such prices the amendment to the amendment ought to be agreed to.

Mr. McNARY. Yes; but let me state to the Senator from Tennessee that a base period is not based upon the maximum price of any particular commodity. It is based on its relationship to other commodities.

Mr. McKELLAR. I understand that, but there is a difference between the standard price of dark-fired tobacco and of other kinds of tobacco, so that if the period between 1919 and 1928 were established for all tobacco, it would mean a discrimination against the peculiar kind of tobacco known as "dark-fired tobacco", and that is why I am offering this amendment.

Mr. McNARY. Of course, we are not up to the question of discussing it now. When that time comes I shall be further heard.

Mr. COPELAND. Mr. President, as I understand the matter, the vote by which the amendment on page 2 was agreed to has been reconsidered, and that amendment is now the pending amendment. Am I right in that?

The PRESIDENT pro tempore. That is correct.

Mr. COPELAND. The Senator from Tennessee has offered an amendment to the amendment. I wish to offer one.

The PRESIDENT pro tempore. The amendment of the Senator would not be in order until after the amendment offered by the Senator from Tennessee had been acted upon. The Senator from Tennessee has offered an amendment to a committee amendment. The question is on the adoption of the amendment of the Senator from Tennessee to the committee amendment.

Mr. McNARY. Mr. President, I do not understand that to be the parliamentary situation at all. The Senator from Tennessee has proposed an amendment which he hopes to call up on another day, in order to conform to the convenience of the Senator from Kentucky, and not to have it acted on at this time.

The PRESIDENT pro tempore. No agreement has yet been entered into that the amendment to the amendment should be passed over.

Mr. COPELAND. Mr. President, the Senator from Tennessee is here, and can speak for himself. I understood that he wished unanimous consent that his amendment might go over until tomorrow. Am I right in that?

Mr. McKELLAR. The Senator from Kentucky asked that that be done. I would be perfectly willing to have it passed on this afternoon, but both the Senator from Kentucky and the Senator from Oregon asked that it go over.

Mr. McNARY. No, Mr. President; I did not ask that it go over. I was echoing the statement of the Senator from Kentucky.

Mr. McKELLAR. The Senator from Kentucky wants it to go over, and I ask that it may go over.

Mr. SMITH. Mr. President, the parliamentary situation is that the vote by which the committee amendment on page 2 was agreed to has been reconsidered. An amendment to the amendment has now been offered by the Senator from Tennessee, and that has been passed over until tomorrow.

The PRESIDENT pro tempore. There has been no request of the Senator to pass it over.

Mr. BARKLEY. In order that that defect may be cured, I ask unanimous consent that the amendment offered by the Senator from Tennessee may go over until tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. COPELAND. Mr. President, I move to amend the committee amendment by adding, on line 18, page 2, after the word "tobacco", the words "and milk"; and at the end of line 21 a semicolon and the language "in the case of milk the base period shall be 1919 to 1923, inclusive."

The PRESIDENT pro tempore. Does the Senator offer that to have it pending when we take up the amendment tomorrow?

Mr. COPELAND. No; I should be glad to discuss the matter now and have it settled at this time.

The PRESIDENT pro tempore. The parliamentary situation is this: An amendment has been proposed by the Senator from Tennessee to the committee amendment the Senator is now proposing to amend, and unanimous consent has been given that it shall go over until tomorrow, so it is not open to amendment at this time.

Mr. McKELLAR. Mr. President, will the Senator from New York yield to me for a moment in that regard?

Mr. COPELAND. I yield.

Mr. McKELLAR. So that the Senate may see the exact situation as I have it before me, I ask at this point that a telegram from Martin J. Condon, of Memphis, Tenn., on this subject be printed in the RECORD as a part of my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

MEMPHIS, TENN., *April 3, 1933.*

Hon. KENNETH D. MCKELLAR,
United States Senate:

Referring House bill 3835, farm aid applying to tobacco, the period 1909 to 1914 for tobacco should be retained in the bill, so far as Kentucky, Tennessee fire-cured tobacco types 22 and 23, known as "dark-fired tobacco" are concerned, as the prices prevailing during that period truly and correctly represent the average prices under normal conditions for such tobacco. The amendment offered by Senator BARKLEY changing period to 1919 to 1928 is extremely unfair and unjust for dark-fired tobacco. Please do all you can to have period 1909 to 1914 restored and retained for dark-fired tobacco. We do not understand section 16 of this bill re floor stocks, but this tax should not apply to processed articles sold and delivered, and we strongly urge your support of the foregoing recommendations. Writing you today.

MARTIN J. CONDON.

Mr. COPELAND. Mr. President, may I suggest to the Senator from Tennessee, since the matter is going to be left open, that I should be glad if he will be good enough to withdraw his amendment today and let me offer mine and dispose of it. I assume the Senator is anxious to get rid of the bill as soon as possible.

Mr. SMITH. Mr. President, it seems to me that there would not be any time lost if we might discuss the amendment of the Senator from New York now and let the amendment of the Senator from Tennessee be pending tomorrow. I have no objection to having a vote now directly on the amendment of the Senator from New York. The vote as to the tobacco amendment will come up on the same amendment of the committee tomorrow.

Mr. McKELLAR. That will be entirely satisfactory to me. I have no objection to taking that course.

Mr. COPELAND. The Senator from Tennessee, then, withdraws his amendment for today?

The PRESIDENT pro tempore. Let the Chair state the parliamentary situation. By unanimous consent the amendment of the Senator from Tennessee has gone over until tomorrow and may not be taken up now except by unanimous consent.

Mr. COPELAND. I ask unanimous consent that I may offer an amendment now. I am doing this to hasten the consideration of the bill.

Mr. BARKLEY. Mr. President, the request was that the amendment go over which applied only to tobacco and which was offered by the Senator from Tennessee. It did not include any other amendment affecting any other product. Inasmuch as that amendment has gone over until tomorrow, it would be within the parliamentary rules to take up other amendments now and consider them. The committee amendment did not go over until tomorrow, but only the amendment of the Senator from Tennessee to the committee amendment.

Mr. SMITH. As I understand the situation, the vote by which the committee amendment was adopted was reconsidered.

The PRESIDENT pro tempore. That is correct.

Mr. SMITH. An amendment has been offered to the committee amendment.

The PRESIDENT pro tempore. That is true.

Mr. SMITH. Then unanimous consent was granted that that committee amendment, having been reconsidered, plus the amendment offered by the Senator from Tennessee, would go over until tomorrow.

The PRESIDENT pro tempore. That was the understanding of the Chair.

Mr. BARKLEY. Inasmuch as I submitted the unanimous-consent request, I wish to say that it was intended to apply only to the amendment of the Senator from Tennessee to the committee amendment. I did not request that the entire committee amendment go over.

The PRESIDENT pro tempore. If that is the understanding of the Senate, the Chair has no objection. Is there objection to the amendment of the Senator from Tennessee going over until tomorrow? However, the Chair does not understand the parliamentary situation to be such that another amendment would then be in order to the committee amendment.

Mr. SMITH. Mr. President, the amendment of the Senator from Tennessee going over until tomorrow, we cannot consider the amendment of the Senator from New York until the amendment of the Senator from Tennessee has been either accepted or rejected.

The PRESIDENT pro tempore.. That is the ruling of the Chair under the unanimous-consent agreement.

Mr. SMITH. Very good. Therefore, if the amendment of the Senator from New York is now offered, we are considering the amendment that we have agreed shall go over until tomorrow.

The PRESIDENT pro tempore. The amendment of the Senator from New York is not in order until the amendment of the Senator from Tennessee has been disposed of.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that we may start all over again. [Laughter.]

The PRESIDENT pro tempore. The Senator from Wisconsin asks unanimous consent that the former unanimous-consent agreement be abandoned and that the committee amendment on page 2 be held under consideration by the Senate. Is there objection?

Mr. SMITH. I object.

The PRESIDENT pro tempore. Objection is made by the Senator from South Carolina.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. KING. I think I understand the ruling of the Chair, and if I do I beg to express, with some trepidation, a little dissent. As I understand the situation the amendment which was submitted by the committee was accepted and then by unanimous consent the vote by which it was accepted was reconsidered. The Senator from Tennessee then offered an amendment which did not apply to the entire amendment offered by the Senate committee but merely applied to one commodity within an aggregate of commodities, to wit, tobacco. It would seem to me, therefore, that the postponement of the consideration until tomorrow

of the particular amendment which the Senator from Tennessee offered to the entire committee amendment would not preclude the consideration of other amendments that might be tendered to the language of the entire committee amendment which did not affect the question involved in the amendment offered by the Senator from Tennessee.

The PRESIDENT pro tempore. The Chair holds that the amendment of the Senator from Tennessee is the pending amendment, whether it be disposed of now or later, and that under the parliamentary rules while one amendment is pending to an amendment no other amendment is in order.

Mr. LA FOLLETTE. Mr. President, I want to make an appeal to the Senator from South Carolina to withdraw his objection to the unanimous consent which I submitted. In other words, all I am seeking to obtain is a way out of the existing parliamentary tangle. If the Senator from South Carolina will permit the matter to be taken up de novo the situation will be this: The committee amendment will be stated. It will then be possible for the Senator from New York to offer his amendment, and at the time that is disposed of, if it be this afternoon, the Senator from Tennessee may offer his amendment, and then by unanimous consent it may go over until the next session of the Senate.

Mr. McKELLAR. Mr. President, I am willing to proceed in any way that will meet the approval of the Senate. All I want is a vote on my amendment, and if it will help the situation in any way, I shall be glad to withdraw it after getting unanimous consent to come back to it tomorrow, when tomorrow comes, and that I be given an opportunity to offer my amendment again.

Mr. LA FOLLETTE. All the Senator from Tennessee has to do to protect his rights is to prevent the committee amendment from being finally acted upon until he has offered his amendment. I understand the Senator from Tennessee withdraws his amendment now?

Mr. McKELLAR. Yes; with the understanding that I may offer it later.

The PRESIDENT pro tempore. The Senator from Tennessee asks unanimous consent to withdraw his amendment with the understanding that he may present it later. Is there objection to the request? The Chair hears none. Without objection, the agreement is entered into.

Mr. SMITH. Therefore the committee amendment is now pending and is open to amendment?

The PRESIDENT pro tempore. That is correct. The Senator from New York is recognized.

Mr. COPELAND. Mr. President, I renew the offer of my amendment. On page 2, line 18, after the word "tobacco", I move that there shall be added the words "and milk"; and at the end of line 21, strike out the period, insert a semicolon and the words "in the case of milk the base period shall be 1919 to 1923, inclusive."

Mr. McNARY. Mr. President, this is a very important matter. The question of the base period has been gone into very carefully. There may be very good reasons for changing the base period with respect to milk; but I want to remind the Senator from New York that whenever we speak of a base period it must be a period to give the farmer a fair relationship between the things he sells and his buying power as related to industrial commodities or the things he buys. I would like to have the Senator clear that up by stating whether it is based upon the idea that a higher price was received by milk producers at that time or whether in fairness in its relation to the articles he buys.

Mr. COPELAND. Mr. President, I shall be happy to attempt an explanation. In all frankness, I have selected the years 1919 to 1923, inclusive, because they are the years when the farmer was receiving the best price he has ever had for milk during the past 25 years. I would have been glad to take the years made effective for tobacco except for the fact that if I did that it would mean a loss to the farmer of four tenths of a cent per quart of milk.

In the years 1909 to 1914, those years which are used in the bill as the base period, the farmers were receiving the lowest prices for milk that they have received in the last 25 years, except the present time and last year. During that time the average price for milk was $1.79 per hundred pounds. That is about 3½ cents a quart. That was the rate which was received during the base period accepted by the bill.

Right after the war the dairy farmers became organized. In my section of the country they organized the Dairymen's League, which had as many as 75,000 or 80,000 members, representing the farmers of New York, Pennsylvania, western Massachusetts, Vermont, and, I think, even a part of Ohio. As the result of cooperative effort on their part the prices of milk increased. The maximum price for milk was obtained in 1919. At that time milk was brought up to the point where it brought $3.13 per hundredweight. But there has been a steady decline ever since, so that last year the price received by the farmer was only $1.31. Senators, I appeal to you that it is a deadly thing to attempt to operate a dairy farm and have milk bring as low as 2½ cents a quart, which is all the farmers receive.

If we were to take the general base period provided by the bill, which is the pre-war period from 1909 to 1914, the farmer would then receive $1.79 per hundred pounds for his milk, which, as I pointed out, is the lowest price in the last quarter of a century until the past year. I have undertaken by the amendment which I have offered to give the milk farmer exactly the same sort of protection that is sought to be provided for the wheat farmer, the cotton farmer, and the others who are to benefit by the bill. I think in all fairness to the great dairy interests of the country—not alone my own State of New York but the States of Wisconsin, Ohio, Indiana, Illinois, and all the States on the eastern seaboard—the amendment should be adopted. I submit the amendment for the consideration of the Senate.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. McCARRAN in the chair). Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. Certainly.

Mr. VANDENBERG. Will the Senator give me his judgment as to whether the basis he now suggests would be lower than the cost-of-production basis carried in part III of the bill, page 25? This is the final option granted the Secretary of Agriculture to establish a cost-of-production price. I want to know whether that, in the Senator's judgment, would be as high as the base price which he is now discussing?

Mr. COPELAND. If the base price were founded on the years 1909 to 1914, the milk farmer would not be helped a particle.

Mr. SHIPSTEAD. Mr. President, is it the Senator's understanding of the bill that the purpose is to restore the price of commodity farm products to the basis of the period 1909 to 1914?

Mr. COPELAND. Yes.

Mr. SHIPSTEAD. If that is the purpose of the bill I am absolutely in error as to its meaning. My conception of the bill is that its purpose is to restore the parity in the purchasing power of agricultural products as compared with industrial products which prevailed during that period.

Mr. COPELAND. I think the Senator is right about that. I think, perhaps, I spoke hastily, and I agree to what he has said.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Montana?

Mr. COPELAND. I yield the floor.

Mr. WHEELER. I wish to say, Mr. President, that the dairymen's representatives came before the Agricultural Committee and stated that they wanted to have this bill passed in substantially the same form in which it came from the House. As it came from the House my recollection is that it contained this provision.

We ought to take into consideration, it seems to me, the fact that the dairymen are the best-organized group of farmers in the United States. They themselves are better able to raise the price of their commodities in normal times than

is any other group of agriculturists in the United States of America. If they have a parity price, and the price of other commodities goes up, it does not mean that they are going back to the pre-war basis about which the Senator from New York speaks, but they will be given a price for their milk which will assure them the same purchasing power that other commodities have throughout the United States. Consequently if this bill shall pass it will not mean that they will go back to the price of 2½ cents, as the Senator from New York intimated they would, but there will be taken into consideration the purchasing power of milk and the purchasing power of other commodities in the United States at the time the bill goes into effect. So it will not be necessary for them to go back to the post-war price. If we are going to have the change made with reference to milk, then we ought to change the whole bill and make the same alteration with reference to cotton, wheat, and everything else. The only reason, I take it, the same basic period is not prescribed with reference to tobacco is that there are some unusual and peculiar circumstances which relate to tobacco, and the tobacco growers know more about that than I do.

Mr. DILL. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. DILL. Do I understand that the representatives of the dairymen came before the committee and wanted to keep this provision in the bill?

Mr. WHEELER. That is exactly the statement which was made. They came before the committee and represented that the dairymen's organization asked that the bill be passed substantially and practically in the form in which it was written as it came from the House. I think the chairman of the committee will agree with me about that.

Mr. SMITH. Mr. President, I desire to make a statement. I have been called to confer on another matter, and it is imperative that I should attend that conference. Therefore, I should like to have the Senate to take a recess at this time until tomorrow, if that meets with the approval of the leader of the majority.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. SMITH. I merely wanted to state the case so that the Senate may take action in reference thereto. I yield the floor.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. ROBINSON of Arkansas. Mr. President, it is my purpose, in compliance with the request of the Senator from South Carolina and other Senators who find it necessary to meet an important engagement respecting the business of the Senate, to move a recess until 12 o'clock noon tomorrow.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. I yield.

Mr. McNARY. I had hoped, and I still entertain the hope, that we might recess until Monday. The Republican Members of this body, the minority, have been meeting for 3 consecutive days in conference, lasting from 10:30 until 12 o'clock, so as to study various pending measures.

The mail of Senators is unusually heavy. Senators on both sides advise me that they have unanswered mail, as I have, running back for several days. The hearings on the pending bill have just been finished. It is a complicated measure. We are all anxious to proceed with it, and I am particularly so. I have never asked for delay on any measure; but I hope that the Senate may take a recess until Monday, and I appeal to the Senator from Arkansas to consent that may be done.

Mr. ROBINSON of Arkansas. Mr. President, I should very much like to comply with the suggestion of the Senator from Oregon, and I think he knows that is true; but the situation is this: There is a necessity for reasonably prompt action on the pending bill, as the Senator fully understands. Of course no Senator has displayed any intention of unduly delaying the bill, but my thought is that we should proceed with the bill to a conclusion as promptly as may be, and following the disposition of this bill arrange to take a recess for a sufficient length of time to enable Senators to clear up matters in their offices.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Yes.

Mr. CLARK. I ask the Senator if it is expected that the bill will be passed tomorrow?

Mr. ROBINSON of Arkansas. It is not expected that the bill will be passed tomorrow.

Mr. McNARY. Mr. President, my request was in the interest of expediting the bill. I am sure there is not a Senator on this side of the Chamber who does not desire to dispose of this measure as quickly as is consistent with its thorough consideration.

I think, Mr. President, I will say to the able Senator from Arkansas, that expedition will be promoted and time will be conserved if we may have an opportunity to study the pending bill over the week-end.

Mr. ROBINSON of Arkansas. Mr. President, I recognize the splendid cooperation the Senator from Oregon and his associates have given in connection with the bills considered by the Senate, and I am disposed, although with some reluctance, to yield to his request, so I will move that the Senate take a recess until 12 o'clock noon on Monday.

Mr. McNARY. I appreciate the courtesy of the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Before the motion is put let me say, Mr. President, that I feel assured that this action—I am so assured by many Senators who have been about me since the Senator from Oregon made his suggestion—will not tend to delay final action on the bill, but may result in facilitating its disposition, and I want to respond to any reasonable request the Senator from Oregon is prompted to make.

5-DAY WEEK AND 6-HOUR DAY—MOTION TO RECONSIDER

Mr. TRAMMELL. Mr. President, will the Senator from Arkansas yield for the purpose of enabling me to enter a motion which it is necessary to enter today or tomorrow, for the reconsideration of a bill?

Mr. ROBINSON of Arkansas. I yield.

Mr. TRAMMELL. I wish to enter a motion to reconsider the votes whereby the so-called "Black bill", being Senate bill 158, was ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER. The motion of the Senator from Florida will be entered.

PROPOSED TWENTY-FIRST AMENDMENT TO THE CONSTITUTION

Mr. ROBINSON of Indiana. Mr. President, I have here a very interesting address prepared and delivered by Hugh Evander Willis, professor of law at the Indiana University School of Law, Bloomington, Ind., on the subject of the Issue Created by the Proposed Twenty-first Amendment to the United States Constitution. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the address was ordered printed in the RECORD, as follows:

There have been three periods in the history of the prohibition question in the United States, and we are about to enter upon a fourth period. The first period was the period of no social control of the liquor traffic. The second period was the period of the ascendency of the drys. The third period has been the period of the ascendency of the wets. And the fourth period is the unknown period just ahead of us.

In the first period, no worth-while attempt was made to regulate the liquor traffic. People were allowed to manufacture, sell, and drink intoxicating liquors just as they wanted to. Even the clergy in those days drank, and often to excess.

In the second period, a growing group of people who may be called "the drys" became more and more dissatisfied with the social conditions caused by the manufacture and consumption of alcoholic liquors for beverage purposes, and they began more and more to apply social control to the traffic. At first high-license laws were applied, along with various restrictions as to Sunday closing and the sale to minors. High-license laws did produce some revenue, but they did not decrease the social evils caused

by the liquor traffic, and people began to realize that it was cheaper to pay taxes than it was to spend money for intoxicating liquors when they stopped spending their money for intoxicating liquors and used it for other more economical purposes. Then local option was tried, but local option was not much of a success because liquor could be and was shipped in from adjoining districts which were wet, or people could go from dry districts into the adjoining wet districts to obtain liquor. Then a great many States adopted State-wide prohibition.

At the time the eighteenth amendment went into effect two thirds of the States had adopted prohibition by popular vote. About 90 percent of the land area was, at least theoretically, dry. At least 70 percent of the population of the United States nominally lived under a dry regime. However, State prohibition failed for just the same reason that local option had failed. Liquor was shipped into the dry States from adjoining wet States in violation of the State prohibition laws. The dry States then appealed to Congress for help, and Congress passed the Wilson Act and the Webb-Kenyon Act and the Reed amendment so as to make it illegal for the liquor interests in the wet States to ship liquor into the dry States. The laws of Congress were flouted just as much as the laws of the dry States had been. When the brewers and distillers of Missouri, Illinois, and Wisconsin found that they could not ship liquor into the dry States in the original packages, or even in interstate commerce or the United States mails, they then turned rumrunners and bootleggers and ran liquor into Iowa, Kansas, and the other dry States just the same way that the bootleggers today are violating the Volstead Act and the eighteenth amendment. Then the dry States insisted upon national prohibition. In 1914 a prohibition amendment received a majority in the House of Representatives, dominated by the Democrats under southern leadership. The eighteenth amendment was proposed by Congress in December 1917 and was ratified by the thirty-sixth State of the Union on January 16, 1919. Later it was ratified by all the States in the Union, with the exception of Connecticut and Rhode Island.

The adoption of the eighteenth amendment to the United States Constitution marks the high tide of the prohibition movement. Soon after the war was over (1918), there followed the moral letdown which usually follows a great war, and the wets began an aggressive campaign to recover the territory which they had lost to the drys in the preceding campaign. Then occurred the third period in the history of the prohibition question.

They first attacked the constitutionality of the eighteenth amendment and they urged every constitutional objection which it was possible for human ingenuity to think of. They urged that the eighteenth amendment was unconstitutional because it was a new grant of power, because it was legislative in form, because it tended to destroy the States, because it was a violation of the reserve powers in the tenth amendment, because it was not adopted by conventions in the States instead of by State legislators. But the United States Supreme Court, in the *National Prohibition cases*, the case of *Leser* v. *Garnett*, and the case of *United States* v. *Sprague*, decided against every one of the contentions of the wets. They said that the tenth amendment was not a limitation on the fifth amendment; that any amendment could be adopted either by conventions or by State legislatures; that it, as well as other amendments already in the United States Constitution could be legislative in form or not, as the people chose; and that, because in the United States sovereignty resides in the people as a whole, an amendment could be a new grant of power, or could take some power from the States and give it to the Federal Government and vice versa. The wets did not get very far in their arguments before the United States Supreme Court, but in their fight they may have won some converts. Even if they did not win converts, they undoubtedly strengthened their own lines.

The defeat before the United States Supreme Court did not discourage the wets. Their next piece of strategy was the making of the charge that the eighteenth amendment was put over by the Puritan States on the present generation when they were away at war. Of course, the obvious answer to this charge was the action which had already been taken by the dry States and in Congress before the war. And this charge, therefore, did not fool very many outside some of the present generation.

The next line of attack of the wets against the eighteenth amendment was that it was a violation of personal liberty. All political scientists and legal philosophers knew the absurdity of this claim. They knew there was no such thing as absolute personal liberty for any human being, unless he is a solitary human being on a desert island. They knew that in a social order, the personal liberty of each individual must yield to the personal liberty of all other individuals. They knew that where anyone's personal liberty interfered with the social interests of the people as a whole, that the personal liberty of that individual must yield to social control for the common good. They knew that in a complex, highly specialized social order, to give one man absolute personal liberty would mean not only the destruction of personal liberty of others, but the destruction of the social order itself. They knew that it was not a question of personal liberty, but a question of how far personal liberty can be allowed to go and where social control must begin. They knew that the eighteenth amendment was no more a violation of personal liberty than any other part of our law, that all law is a delimitation of personal liberty. They knew that no other form of social control had more important social interests for its protection than those of the eighteenth amendment which was enacted for the purpose of protecting the social interests in morals, health, safety, and human progress. The wets' attack on the eighteenth amendment on the ground that it was a violation of personal liberty did not get very far with thinking people, but it did have an appeal for a large class of people in the United States, and that is, those affected with the pioneer spirit. The old pioneer was an extreme individualist. He wanted no social control whatever. He wanted to be free from all government. He wanted to go wherever and do whatever he wanted to do. He wanted no other protection than his own trusty gun, and he wanted no liability for anything he might do to anyone else. Of course, this pioneer philosophy worked fairly well in the pioneer society, but it does not fit in a modern complex civilization, and everyone knows this. Yet, there is enough of that pioneer feeling in a great many people so that the wets' appeal to it won a great many converts for the wet cause. Of course, it should have had no appeal except to those who now favor no social control, yet most of the "personal-liberty" men probably favor some plan of social control.

However, even with this success, the wets were not making very much progress, and then they thought of a new line of attack, and that was the failure of the eighteenth amendment. They claimed that the situation was worse under the eighteenth amendment than it had been prior to the eighteenth amendment. Of course, people did not stop to ask them whether or not they wanted the situation better and therefore they were initially able to get away with their claim. They claimed that there was more drinking and more drunkenness; that there was more crime caused by drinking; that there was more vice caused by drinking; that there was more disrespect for law caused by the violation of the eighteenth amendment; and that there was more rumrunning and bootlegging than there had been before the eighteenth amendment was adopted. The correct answer to all these charges of the wets is that they were all lies, and probably no one knew it any better than the wets themselves. It has been estimated by the Attorney General of the United States that there has been a decrease of 70 percent in the consumption of alcoholic liquors in the United States since the adoption of the eighteenth amendment. Sociologists have made a scientific investigation of the matter and have found that any increase in crime in the last dozen years has been due not to the prohibition amendment nor to drink, but to the automobile and the gun. The Wickersham Commission's report, by a majority of 9 to 2, is authority against the wets on all of their charges. Newspapers which now are repeating the charges of the wets—perhaps because they are anxious to get the liquor advertising which they know would be available if the eighteenth amendment was repealed—can be convicted of their own insincerity from their own pages:

"SALOONS OPEN ALL NIGHT, IN VIOLATION OF LAW

"In the section known as 'Little Hell', a network of dives, grimy hotels, lying between LaSalle Avenue and the river on the north side, is another center of evil. Here officers supposed to patrol beats are found drinking openly with white-aproned bartenders after closing hours. On the south side orgies go on until 4 and 5 o'clock in the morning, and policemen are seen in the saloons." (Chicago Tribune, Jan. 30, 1907.)

"YOUNG PEOPLE, DANCE HALLS, AND LIQUOR

"The public dance halls are the shame of Chicago. These halls have proved the first step for the highwayman, the woman of the 'red light' district, and vicious characters in general. It is here that many young girls go whirling down the road to ruin in two-step time." (Chicago Tribune, Feb. 14, 1907.)

"SALOON THE CENTER OF LAWLESSNESS

"Another plague spot is the thirty-eighth police precinct, which is bounded by Division Street on the north, the river on the west and south, and the lake on the east. In the first 51 days of 1906, 872 arrests were made there, and 10 percent of this total were of serious offenders charged with crimes exceeding misdemeanors. In this precinct there were then 386 saloons. With an estimated population of 31,164 in this precinct, the saloons reached 1 for every 80 residents, and this included women and children." (Chicago Tribune, Mar. 18, 1907.)

Witnesses are now living whose memories of former conditions are such that they can testify as to the improvement now as compared with the conditions then. They can testify as to the loads of beer which they saw on the wagons in the city streets and on the railway cars in preprohibition days. They can testify that where they now see 2 or 3 drunken men in a year, they used to see twice that every day of their lives; that where they see no fights and brawls in the alleys and streets now, they used to see them almost every day; and that, except for the poverty caused by the depression, the economic conditions of the people are immeasurably better now than they were before the passage of the eighteenth amendment. History shows that instead of violation of the law causing disrespect for law and growing worse and worse, that if a law is one which is socially justifiable, just the opposite result follows. We do not have an important law on our books today which was not disobeyed worse in the beginning of that law than it is disobeyed today. When the first attempt was made to substitute social control for private killing of people the law was almost altogether flouted for some three centuries; yet the law was not given up for this reason, and century by century it has been obeyed better and better. It is true that there is rumrunning or bootlegging today, but that is nothing new. In the good old days there was both rumrunning and bootlegging, and in the good old days it was both by those not licensed and by the licensed liquor dealers themselves, as we have already shown.

Of one thing the American people should not need any convincing, and that is that the liquor interests are and always have been a lawless crowd. There was never any form of social control which the liquor interests did not try to violate. It made no difference in the good old days whether it was a local option law or a State prohibition law or a Sunday closing law or a sale to minors law, no matter what the nature of the law the liquor interests tried to violate it. They had the same attitude toward the laws then which they now have with reference to the Volstead Act and the eighteenth amendment, and they would have the same attitude toward any new laws that might be applied to them in the future.

It is true that there has been a great deal of nullification of the eighteenth amendment. The amendment has not been enforced as well as it ought to have been enforced. It is, however, enforced at the present time better than it ever has been enforced. One reason for its lack of better enforcement is the conduct of those connected with the Harding regime. Mr. Mellon, the Secretary of the Treasury, may have been a good Secretary of the Treasury, but he certainly was not a "Water-Mellon." The Attorney General of the United States did his level best to sell out the cause of prohibition to the liquor interests. Undoubtedly the conduct of what may be called "the Ohio gang" had a lot to do with building up the big bootleg gangs which have been operating ever since. But, of course, the chief reason for the nullification of the eighteenth amendment has been the wets themselves. The very people who are now complaining that the situation is worse than it used to be and that the eighteenth amendment has not been enforced as well as it ought to be are the men who have tried their level best to prevent its enforcement and to nullify it. In other words, they have been trying to bring about the repeal of the eighteenth amendment by doing everything they possibly could to make it a failure. But the significant thing is that, try as hard as they could, they have not been able to make the situation as bad as it used to be before the eighteenth amendment. People who are acquainted with the facts, of course, know this. All of the people in the United States should know it, but, undoubtedly, a great many people have not had the facts presented to them so that they have been able to form an accurate judgment about the matter, and they have been influenced by the wet propaganda. Thereby the wets have obtained a great many converts to their cause.

Encouraged by their charge that the eighteenth amendment had been a failure, the wets advanced another argument which had been refuted so many times years ago that it is surprising that they dared to present it again, and that is that alcohol as a beverage is a good thing. They have asserted that alcohol taken in moderation helps men. There is a twofold answer to this argument. In the first place, alcohol as a beverage is not a good thing from the standpoint of our social order, because in our highly industrialized economic order with automobiles and dangerous machinery it tends to endanger the safety of people, because the consumption of alcoholic liquors is an economic waste and tends to lower the economic wealth of the country, and because the use of alcoholic liquor as beverages tends to lower the moral standards of the people, especially in the sexual relations. In the second place, alcohol as a beverage is not a good thing from the standpoint of the individual himself. Alcohol drunk in small enough quantities might not hurt many individuals, but some individuals would be hurt by it, and if alcoholic liquor is generally consumed it is sure to be drunk by many people without moderation, and in that case it is always harmful. Alcohol, in other words, does not help anyone; although it may not harm a few, it does harm most people. Alcohol is a narcosis. It operates as a drug. Its first effect is upon the intellect, the youngest part of human personality. It does not quicken the intellect and give it more power. It has a soporific effect upon it. A person loses some of his control over his intellectual facilities. People often seem to be humorous under the influence of alcoholic liquor, and they are sometimes called witty, but this is not due to the fact that they are really witty but because they are behaving in an unusual way. The second effect of alcohol is upon the motor mechanism, the second youngest part of human personality. When a person takes enough alcohol so that it affects his motor mechanism, he begins to stagger around, and we say he is drunk. The third effect of alcoholic liquors consumed is upon the instinct, the oldest part of the human personality. When a person takes alcohol enough so as to affect his instincts he is put to sleep—he is dead drunk. Here the effect of alcohol is just the same as though he had taken chloroform or ether. This shows scientifically how absurd the claim of the wets on this point is.

But perhaps the best answer to the wets is found in a statement of a prohibition speaker back in preprohibition days:

"I believe from the time (alcohol) issues from the coiled and poisonous worm in the distillery until it empties in the hell of death that it is demoralizing to everybody that touches it, from the source to where it ends. * * *

"Alcohol cuts down youth in its prime, manhood in its strength, and age in its weakness. It breaks the father's heart, bereaves the doting mother, extinguishes natural affection, blots out filial attachment, blights parental hope, and brings down mourning age in sorrow to the grave. It produces weakness, not strength; sickness, not health; death, not life. It makes wives widows, children orphans, fathers fiends, and all of them paupers and beggars.

"It feeds rheumatism, nurses gout, welcomes epidemics, invites cholera, imports pestilence, and embraces consumption. It covers the land with idleness, poverty, disease, and crime. It fills jails, supplies almshouses, demands asylums. It engenders controversies, fosters quarrels, and cherishes riots. It crowds penitentiaries and furnishes victims for scaffolds. It is the lifeblood of the gambler, the ailment of the counterfeiter, the prop of the highwayman, and the support of the midnight incendiary. It countenances the liar, respects the thief, and esteems the blasphemer.

"It incites the father to butcher his helpless offspring, helps the husband to massacre his wife, and aids the child to grind the patricidal ax.

"It suborns witnesses, nurses perjury, defiles the jury box, stains the judicial ermine. It bribes voters, corrupts elections, pollutes our institutions, endangers our Government. It degrades the citizen, debases the legislator, dishonors the statesman, disarms the patriot. It brings shame, not honor; terror, not safety; despair, not hope; misery, not happiness. And with the malevolence of a fiend it calmly surveys its frightful desolation, and poisons felicity, kills peace, ruins morals, blights confidence, slays reputation, wipes out our national honor, then curses the world and laughs at its ruin.

"It does all that and more. It murders the soul, it is the sum of all villainies, the father of all crime, the mother of all abominations, the curse of curses, the devil's best friend, and God's worst enemy."

These are the words not of a Puritan, nor a preacher, nor even of an Anti-Saloon Leaguer. They are the words of the great agnostic, Robert G. Ingersoll. It would seem as though if this was the opinion of Colonel Ingersoll about the good of alcoholic liquors that no one else would dare to contend that alcohol as a beverage is a good thing. Yet undoubtedly this recent argument of the wets has had a good deal of influence upon the young present generation.

The last attack of the wets on the eighteenth amendment has been by their claim that the eighteenth amendment is depriving us of a lot of easily obtainable revenue. In these times of depression this argument has made a very strong appeal. People have not taken the time to think it through. Of course it is the same old question which the people confronted 50 years ago when they were considering the question of high license. But in spite of that fact the wets are seriously urging now that we get people to buy liquor who cannot buy food, clothing, fuel, or automobiles, or pay their rent, so that the Government can get a little revenue from them at the expense of their further pauperization. One would suppose that other people who have other things than alcohol to sell and who would find their prospective buyers buying alcoholic liquors instead of their products would want to have something to say on this subject, and one would suppose that those who are interested in the economic welfare of the poor people of our country would have something to say about it. But just now, apparently, the people are not thinking very much about these matters. They are only thinking about some revenue.

All of the above reasons given by the wets, of course, are false reasons. No one of them is any reason for repealing the eighteenth amendment. And these reasons which have been given by the wets are not the real reasons why they want to have the eighteenth amendment repealed. The real reasons have been kept secret. Some of the real reasons why they want to have the eighteenth amendment repealed are the private profits which the brewers and distillers formerly made, and which they would like to make again, and the profits which some other people in the United States today, like the Du Ponts, would like to make by acquiring a monopoly of the liquor business as they now have a monopoly of the powder business.

Another reason why the wets have wanted the eighteenth amendment repealed is to obtain cheap, easily obtainable booze. In the past few years those who have bought alcoholic liquors have had to pay too much for their booze, and they have found it too inconvenient to get, and they therefore would like to have the eighteenth amendment out of the way. A third reason why the wets have wanted to get the eighteenth amendment repealed is to escape taxation. A great many of the rich brewers and distillers and other wets in the United States have been afraid of higher income and inheritance taxes, and they have thought that one way to save themselves from this form of taxation was to get the people of the United States to substitute liquor taxes for these other taxes.

There are three classes of wets, therefore, who are anxious to obtain the repeal of the eighteenth amendment, and no amount of argument would change the position of these three classes. In addition to these three classes of wets there are two others—a fourth class which is opposed to all restrictive legislation, and a fifth class who have been fooled by the wet propaganda in regard to revenue, the desirability of alcohol as a beverage, and the failure of the eighteenth amendment. Perhaps the last two classes can be reached by argument and persuasion.

But all of these five classes together have been strong enough to carry the wet campaign so far as to bring about the enactment of a beer law by the United States Congress providing for the sale of beer with an alcoholic content of 3.2 percent, and similar beer bills by a great number of the States of the Union; and, in addition, the proposal of a new article 21 to the United States Constitution, the effect of which would be the repeal of the eighteenth amendment, if adopted by three fourths of the

States of the United States. This marks the high tide of the wet movement.

What is going to be the next period in the history of the prohibition movement? Is it going to be a period which will be characterized by further successes of the wets, or is it going to be a period which will be characterized by a discontinuance of the wet victories and a beginning of a new period of success for the drys? The answer to this question will depend upon the vote of the people of the United States as they go to the polls to choose delegates for the various conventions to be called in the various States of the Union.

These conventions will have nothing to do with the beer bills which have been passed. So far as these beer bills are concerned, the matter is now where it must be left to the United States Supreme Court. If the United States Supreme Court decides that beer of 3.2 percent by weight (or 4 percent by volume) is not intoxicating, then beer with this alcoholic content will be legal everywhere in the United States so far as the eighteenth amendment is concerned, and will undoubtedly be sold in the next period everywhere in the United States, except where some State may pass a law prohibiting it or allow a present law against it to stand. If, however, the United States Supreme Court should decide that beer (or wine) with this alcoholic content is intoxicating, it would, of course, hold that the bill passed by Congress and by the State legislatures permitting the alcoholic content referred to would be in violation of the eighteenth amendment, and then the sale of such liquors would be illegal throughout the United States and we may assume that, theoretically at least, sales of this sort would not occur in the next period.

The main characteristics of the next period, however, will depend upon the action of the people of the United States with reference to the proposed twenty-first amendment.

The people of the United States are now asked to choose between the eighteenth amendment and the twenty-first amendment. The people should, in all fairness, be given a choice between two alternatives. They should be given a choice between the program which the wets sponsor and the program which the drys sponsor. The drys sponsor the prohibition of the manufacture, sale, or transportation of intoxicating liquors for beverage purposes, as is provided in the eighteenth amendment. The wets must have some program which they sponsor. They must sponsor either a program of no social control at all or some other plan of social control than that found in the eighteenth amendment. The people of the United States should be given an opportunity to choose between the program of the drys and the program of the wets, whatever it is. To ask the people of the United States to vote for or against the eighteenth amendment, as the Literary Digest asked the people of the United States to do, does not present any real issue. Heretofore, the wets have said that their program was State rights, but this indicates no program and presents no more issue than voting for or against the eighteenth amendment, because State rights as such is perfectly meaningless. It simply says that they want State control instead of Federal control, but it does not indicate what the control will be if the control is turned over to the States. What the people of the United States should know before they vote is what kind of social control we would have under a State regime as compared with the social control which we now have under the Federal and State regime. They should know whether or not there is to be no social control whatever in the States or whether that control is to be high license or local option, or State prohibition, or private monopoly, or State governmental sale. Until they know this, they are not in any position to vote intelligently. Furthermore, to talk about State control or State rights as against Federal control is not only meaningless; it is not the kind of social control which we should have.

The liquor question is either a question of national interest or local interest. The one thing that it is not is a matter of State interest. There are greater differences in their interests in the liquor question between the city of New York and the rest of the State of New York, or between Chicago and the rest of the State of Illinois, than there are between the States of New York and Illinois and the United States as a whole. If the United States as a whole ought not to impose a dry social control upon the State of New York, then the State of New York ought not to impose a wet social control upon the dry parts of the State of New York. As a matter of fact, the prohibition question is probably a matter of national interest. This was so held by the United States Supreme Court years ago when the question came before it, and the Supreme Court held, as a consequence, that the Federal Government had the exclusive power to regulate the transportation of intoxicating liquors in interstate commerce. This is also the position of the Wickersham Commission by a vote of 9 to 2. The State rights slogan has simply been a red herring which the wets have drawn across the prohibition issue to divert attention from their real program.

Yet in spite of what has been said the proposed twenty-first amendment has done just what has been said should not have been done. The twenty-first amendment does not expressly present any real issue to the American people. The first section of the proposed amendment simply provides for the repeal of the eighteenth amendment. The second section of the proposed amendment prohibits the shipment of liquor into dry States or Territories from wet States. This second section is another red herring which has been drawn across the prohibition question. Section 2 means practically nothing, because it prohibits only what the Federal Government already has the power to prohibit under the interstate commerce clause of the United States Constitution and what Congress has already prohibited by the Wilson Act, the Webb-Kenyon Act, and the Reed amendment, which statutes were not repealed by the eighteenth amendment and are still law.

Disregarding, therefore, section 2 and turning our attention to section 1, what do we have? We simply have a provision for the repeal of the eighteenth amendment. The section does not set up any alternative plan. So far as the proposed twenty-first amendment is concerned, anything would be possible. No social control at all would be possible. The return of the open saloon would be possible. Advertising of liquors in the newspapers and over the radio would be possible, and, of course, the newspapers are aching for the revenue which they could thereby obtain; and this is one reason, undoubtedly, for their enthusiasm for the wet cause. High license, or local option, or a legal monopoly, or States' sale would be possible. But the twenty-first amendment says nothing about any of these things. Of course, it is known that just as truly as the eighteenth amendment is repealed and the prohibition law is discontinued there must be some other alternative plan, and some or all of the other alternatives which have been suggested will be put into operation. For this reason the only thing to do is to consider all of these alternatives. Every voter voting on the proposed twenty-first amendment is either voting for prohibition as found in the eighteenth amendment or he is voting for some one of these other alternatives--only he, of course, does not know which. In other words, the wets are asking the voters to go to the polls and to sign a blank check for the wets to fill in as they want to as they are not prevented by each of the various States into which they will proceed.

One alternative which we must consider is the return of the open saloon. Just as surely as the eighteenth amendment is repealed the saloon will return in such States as Maryland, Pennsylvania, New York, Connecticut, Rhode Island, Massachusetts, Illinois, and Wisconsin, and after it has returned in these States it will undoubtedly return in other adjoining States, at least for a while. Every voter who goes to the polls, therefore, is making a choice between our present plan of social control and the return of the open saloon in some of the States of the United States, if not in all of them. The American saloon was one of the most hideous things that has ever been known by man. If there ever was a hell on earth, it was the American saloon. There are many, of course, who desire its return, but even they do not dare to speak a good word for it.

The Wickersham Commission, by a vote of 9 to 2, pronounced against the saloon in any State of the United States, no matter what otherwise the people of the United States might decide to do with the liquor traffic. Even Senator WALSH, of Massachusetts, who was one of the outstanding leaders of the liquor interests in the last Democratic convention, later, upon the floor of the United States Senate, said it would be impossible to get a repeal of the eighteenth amendment unless the people of the United States were guaranteed against the return of the open saloon. The Congress which submitted the proposed twenty-first amendment was urged to incorporate a guaranty against the return of the open saloon. Yet it refused to insert any such provision in article 21. What was the reason for this? The only possible reason is that they, or the liquor interests for whom they were speaking, wanted and proposed to get the return of the open saloon. Consequently, every voter must realize that he is making this among other choices when he goes to the polls.

Another possible choice which the voters must make would be between our present prohibition law and no social control whatever. A plan of no social control would, of course, please the wets more than any other plan. Under that they could make their profits; they could obtain their booze cheaply and easily; and they would escape the taxation which they fear. They would be freed from all other restrictions like those in regard to sale to minors and Sunday closing. But the evils of the liquor traffic have been so well established and the sentiment of the United States on this matter has been so well crystallized that, of course, the wets do not hope for any such alternative as this. As a consequence, the voters probably need not fear that this plan would be written into their blank check in any State of the Union if they should vote for the repeal of the eighteenth amendment.

High license, however, would be another alternative which they ought to give serious consideration. If the voters of the United States should vote for the repeal of the eighteenth amendment, high license would be adopted in a great many States, if not in all. It would be adopted, undoubtedly, in all of those States which allowed open saloons. This method of handling the liquor traffic has already been tried in the United States 50 or more years ago and it has been found wanting. There are no new arguments for high license. High license solves no problems in connection with the liquor traffic, but rather increases the problems. The only thing which it can be claimed that high license does is to produce revenue, and this is economically unsound, because at the same time it produces revenue for the Government and takes some burdens of taxation off from the people, it so decreases the economic power of the people who buy alcoholic liquors that they become poorer and poorer, and they would be better off if they paid taxes.

Local option and State prohibition are two other alternatives, and there is a possibility that if the eighteenth amendment was

repealed some of the States in the Union might adopt one or the other of these plans. Hence, voters in going to the polls are also choosing between our present plan of control of the liquor traffic and local option and State prohibition. The trouble with local option and State prohibition would be the same trouble which the people of the United States used to have. There would be no way of protecting the people in the dry States or in the dry districts from the liquor interests in the wet States.

There are two other possible alternatives. One would be a private monopoly and the other State or governmental sale, either with or without drinking on the premises (saloons). If drinking on the premises were permitted, this plan would be so nearly like those we have already considered that it needs no further discussion. If drinking on the premises was prohibited, we should have a plan similar to that which obtains in Canada. Under the Canadian system, there is a combination of private monopoly and governmental sale. It is true that where drinking on the premises is not allowed, the evils of the old saloon are more or less eliminated, but the evils of drinking alcoholic liquors would not be eliminated, and perhaps they might even be increased. In that case, people would almost be encouraged by public authority to drink alcoholic liquors. There would be the stamp of popular approval upon the business.

The Canadian experience is proof that the consumption of alcoholic liquors increases. In Canada the consumption of alcoholic liquors has doubled in the last 4 years. Now permits for the use of alcoholic liquors have been issued to more than one half of the people. Bootlegging would not be stopped by these schemes. In Canada bootlegging still continues, but mostly with people who have not taken out permits. Hence, if the liquor interests should finally decide to write in either or both of these plans of controlling the liquor traffic in the blank check which they are asking the voters to give them, the choice would not be much better than it would be if they were going to write in the open saloon or any of the other alternatives. It is doubtful if the people of the United States want to put their governments into the liquor business.

We have now named all the possible alternatives to the program of social control of the liquor traffic found in the eighteenth amendment. The choice between these alternatives and the program of social control of the eighteenth amendment is the choice which the voter must make when he chooses between the eighteenth amendment and the proposed twenty-first amendment. There are no other alternatives to the present plan which can be suggested. No one has thought of any other plans. There is no possibility of any other plans. The choice is a choice between our present plan and those we have named.

No one of these alternatives is better than our present plan. Probably each one of these would be worse than our present plan. Everyone will have to admit that the situation would be worse than it now is if the open saloon were allowed to return. High license, or local option, or State prohibition, or legal monopoly, or State governmental sale would be worse. All of these but the last two have already been tried in the United States and found wanting, and the last two have been tried in Canada and found wanting. If the voters were given a direct choice between any one or all of these alternatives and our present plan of social control, they would undoubtedly overwhelmingly vote for our present plan. The wets probably know this, and that is probably the reason why they have asked for a blank check instead of giving the voters this direct issue. But the fact that they have concealed their program for the time being, does not change the issue.

Any voter who votes for the proposed twenty-first amendment to the United States Constitution is voting for the open saloon, high license, local option, State prohibition, legal monopoly, and State governmental sale somewhere in the United States. The voter should get this point clearly. This is the real issue in the present campaign. The voters should not deceive themselves into thinking that they are going to the polls to correct some of the evils in connection with the eighteenth amendment if they vote against it. Rather they are going to vote for all of the evils of preprohibition days, including the open saloon.

It may be answered that there is no objection to this, that if one State wants an open saloon and another State wants prohibition and another State wants governmental sale, that this should be allowed. The trouble with this suggestion is that, after all, this is still one country and not 48 different countries, and the people in one part of the country have some right to say what the people in every other part of the country should do. No one State can live alone. It cannot escape the effects of what is done in other States.

One thing is sure. This Nation can not remain permanently half wet and half dry. It will have to become either all one or all the other. There is no solution of the liquor problem in compromise. Compromises only postpone the evil day. Some time the issue will have to be met, and the people of the United States will have to decide whether this country is going to be wet or dry. If it is going to become wet, then the drys must live under the domination of the wets; and if it is to become dry, then the wets must live under the domination of the drys. There is no other alternative in the case of prohibition, any more than there was in the case of slavery.

A moral question, and prohibition is a moral question, is, however, never settled until it is settled right. The wets have refused to acquiesce in the settlement proposed by the drys in the eighteenth amendment. If the wets should succeed in repealing the eighteenth amendment, the question would be no nearer to settlement. The drys would no more acquiesce in the social control which would follow the twenty-first amendment than the wets have acquiesced in the social control of the eighteenth amendment. The wets have been impelled and are impelled by selfish motives. The drys seem to be impelled by the motive of the creation of a better social order. This would seem to indicate that the drys have the right side of this moral question. If so, all that the wets would accomplish by repealing the eighteenth amendment would be to turn back the wheels of progress 50 or more years and force the moral forces of our country to fight over again all the battles which have already been fought once in the United States. That they again would finally win there can be no doubt. Human progress demands the triumph of prohibition, because prohibition is the cause of humanity and country. If this is going to be the final goal in the United States, why should the people of the United States deliberately postpone for a few years the attainment of this final goal?

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 25 minutes p.m.) the Senate took a recess until Monday, April 10, 1933, at 12 o'clock meridian.

SENATE

MONDAY, APRIL 10, 1933

(Legislative day of Monday, Mar. 13, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reed
Ashurst	Costigan	Keyes	Reynolds
Austin	Couzens	King	Robinson, Ark.
Bachman	Cutting	La Follette	Robinson, Ind.
Bailey	Dickinson	Lewis	Russell
Bankhead	Dieterich	Logan	Schall
Barbour	Dill	Lonergan	Sheppard
Barkley	Duffy	Long	Shipstead
Black	Erickson	McAdoo	Smith
Bone	Fess	McCarran	Steiwer
Borah	Fletcher	McGill	Stephens
Bratton	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Glass	Metcalf	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Hale	Norbeck	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Johnson	Pittman	Wheeler
Coolidge	Kean	Pope	White

Mr. REED. I desire to announce the necessary absence of my colleague the junior Senator from Pennsylvania [Mr. DAVIS] on account of illness.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Vermont [Mr. DALE] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

FUNCTIONS OF THE FEDERAL POWER COMMISSION (S.DOC. NO. 18)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Power Commission, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, a detailed report of the functions of the Commission, including accounting, disbursing, collecting, purchasing, and personnel, together with a statement of the statutory authority for the performance of each function and the annual cost thereof, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Agriculture and Forestry:

Concurrent resolution memorializing the President of the United States, the Congress of the United States, and the Secretary of Agriculture that it is the sense of the members of the Minnesota Legislature that the United States Department of Agriculture cause a reduction in the yardage fees and feed charges of at least 30 percent of the present prices and that commission fees of commission firms operating in the terminal markets of the State of Minnesota be likewise reduced at least 15 percent of the present charges

Whereas under present economic conditions and the prices paid for livestock in our terminal markets the charges for yardage and feed by those controlling such service and commodities are not only greatly in excess of the services and facilities furnished and commodities sold therefor, but are equally in excess of the value of such service and the cost of such commodities; and

Whereas due to such economic conditions and the prices of livestock the commission fees of the commission firms operating in the terminal markets in this State are likewise exorbitant, unreasonable, and in excess of the value thereof and constitute a serious and unreasonable burden on the producer of livestock; and

Whereas it is our opinion that the yardage fees and also feed charges in the terminal markets in this State should be reduced at least 30 percent of the present amount and the commission fees of the commission firms operating in such terminal markets should likewise be reduced at least 15 percent of the present charges: Now, therefore, be it hereby

Resolved by the house of representatives (the senate concurring), That the United States Department of Agriculture and the Secretary thereof be hereby petitioned to forthwith cause a reduction in the yardage fees and feed charges of at least 30 percent of present prices and that the commission fees of commission firms operating in the terminal markets in this State be likewise reduced at least 15 percent of the present charges; be it further

Resolved, That the secretary of the State of Minnesota be and he is hereby instructed to transmit certified copies of this resolution to the President of the United States, to the Secretary of Agriculture, to the presiding officers of the Senate and the House of Representatives, and to each Member thereof of the State of Minnesota.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed by the house of representatives the 1st day of April 1933.
FRANK T. STARKEY,
Chief Clerk House of Representatives.

Passed by the senate the 3d day of April 1933.
G. H. SPAETH,
Secretary of the Senate.

Approved April 5, 1933.
FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed April 5, 1933.
MIKE HOLM,
Secretary of the State of Minnesota.

I, Mike Holm, secretary of state of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original resolution in my office of House File No. 1826, being Resolution 12, Laws of 1933, and that said copy is a true and correct transcript of said resolution and of the whole thereof.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol, in St. Paul, Minn., this 5th day of April 1933.

[SEAL]
MIKE HOLM,
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Appropriations:

Senate Joint Memorial 6 (by Senators Herrin, Knous, Sanders, Peiffer, Ehrhart, Smith, Hill, Rumbaugh, Houston, Nelson, Manly, and Unfug)

A memorial memorializing the Congress of the United States to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the Mineral Leasing Division of the United States Geological Survey

Whereas the Congress of the United States on February 25, 1920 (41 Stat. 437), on June 4, 1920 (41 Stat. 812), and March 4, 1923 (42 Stat. 1448), and under special agreement by the United States, passed certain laws regulating production of oil, gas, coal, and nonmetallic minerals on the public domain; and

Whereas one of the provisions of the act of February 25, 1920, provides that 10 percent of all moneys collected as royalties, bonuses, and rentals shall be paid into the Treasury of the United States and credited as miscellaneous receipts, and that 37½ percent shall be paid by the Secretary of the Treasury after the expiration of the fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, and that 52½ percent shall be paid into, reserved, and appropriated as a part of a reclamation fund created by act of Congress approved June 17, 1902; and

Whereas the States of Colorado and other Western States own a large number of tracts of land within and adjacent to the lands of the United States, and which said lands are in grave danger of being damaged by reason of the improper drilling, mining, and producing operations, and lack of efficient supervision in the event the said Mineral Leasing Division of the United States Geological Survey is rendered less efficient by reason of the appropriation of insufficient funds by the Congress of the United States for continuing efficient and proper field supervision of said operations, and thereby both the National and State Governments will suffer by reason of lack of careful drilling and mining operations and production by irresponsible and careless operators; and

Whereas the said Mineral Leasing Division is one of the few agencies of our Government which is self-supporting and which uses only approximately 5 percent of the money collected by the Government in its supervisory operations: Now, therefore, be it

Resolved by the Twenty-ninth General Assembly of the State of Colorado, That the general assembly hereby urge and request that the Congress of the United States of America make the appropriations for the Mineral Leasing Division of the Geological Survey sufficient to enable the said Division to function efficiently for the protection of the oil, gas, coal, and nonmetallic mineral resources of the Western States of the United States, which States are vitally interested, both directly and indirectly, in the conservation of our oil, gas, coal, and nonmetallic mineral resources; and be it further

Resolved, That copies of this memorial be sent to the President of the United States, the Honorable Franklin D. Roosevelt; the Vice President of the United States; the Secretary of the Interior of the United States; the Speaker of the House of Representatives of the United States; the Director of the Bureau of the Budget of the United States; to the United States Senators and Representatives of the State of Colorado; and to the Governors of the several Western States.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the Senate of Colorado, which was referred to the Committee on Banking and Currency:

House Joint Memorial 4 (by Representatives Palmer, Constantine, Fisher, and Hirschfeld)

Whereas the State of Colorado has been throughout its history one of the most important mining States in the Union, and its growth and prosperity has been and will continue to be intimately connected with and dependent upon the mining industry; and

Whereas there is a noticeable and increasing tendency toward a revival of the mining industry in this State which if consummated will create new wealth, assist in relieving the unemployment problem, and stimulate a like revival both in agriculture and commerce; and

Whereas to accomplish the expected revival of the mininm industry in this State a constant flow of new capital will be required for the financing of the industry, and no obstacle should be placed in the way of such financing; and

Whereas there is now pending in the Congress of the United States a bill "To provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce", known as the Federal Securities Act, section 14 of which provides in substance, among other interstate sale restrictions, that it shall be unlawful to use the facilities of interstate commerce in the sale of securities in any other State without complying with the securities acts of that State; and

Whereas compliance with the provisions of said section 14 would so hamper, restrict, and cripple the issuance of securities by mining companies in this State in the sale of their securities in other States that none could be sold, thus the present mining revival in this State would be brought to an abrupt close and the progress of Colorado would to that extent be stopped: Now, therefore, be it

Resolved by the house of representatives of the twenty-ninth general assembly (the senate concurring herein), That the Congress of the United States is hereby respectfully memorialized and urged to eliminate said section 14 from the Federal Securities Act or to make such necessary amendments therein as will prevent the unjust economic results to the State of Colorado as are herein set forth; and be it further

Resolved, That the Senators and Representatives of the State of Colorado in the Congress of the United States be requested to take such necessary steps as will correct the evil herein denounced, and that copies of this memorial be forwarded forthwith to the President of the Senate, to the Speaker of the House of Representatives of Congress, and to the Senators and Representatives of the State of Colorado in Congress.

BYRON G. ROGERS,
Speaker of the House of Representatives.
JAMES H. CARR,
Chief Clerk.
RAY H. TALBOT,
President of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of

Wisconsin, which was referred to the Committee on Banking and Currency:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to provide machinery for the loaning of money to needy financial institutions

Whereas due to the present economic depression millions of people are out of employment and in dire need of ready cash to meet daily financial requirements; and

Whereas millions of dollars of these people's savings are tied up as frozen assets in financial institutions; and

Whereas many of these people and financial institutions have good collateral upon which they cannot realize due to the present money stringency: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to provide the necessary machinery and credit to make possible loans to the financial institutions having frozen assets upon satisfactory collateral; be it further

Resolved, That properly attested copies of this resolution be transmitted to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint resolutions of the Legislature of the State of Wisconsin, which were ordered to lie on the table:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to promptly enact the administration farm relief bill

Whereas the farm relief bill recommended to Congress by President Roosevelt is a measure which seems likely to prove of real value to the farmers, as indicated by the fact that farm prices have advanced in anticipation of the passage of this measure; and

Whereas while Congress has acted with great speed on all other recommendations made by the President, the Senate, after prompt passage of the farm relief bill in the House, has seen fit to hold up this measure; and

Whereas action on the farm relief bill, to be of much value during the present year, should be taken before completion of the seeding season on farms, which is already far advanced in a large part of the country: Therefore be it

Resolved by the senate (the assembly concurring), That the Wisconsin Legislature hereby respectfully memorializes the Congress of the United States, and particularly the United States Senate, to take prompt and favorable action on the farm relief bill which has been presented by President Roosevelt to Congress; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

STATE OF WISCONSIN.

Joint resolution relating to reforestation in Wisconsin and other Lake States as a part of the President's emergency program for providing employment

Whereas President Roosevelt is expected to submit to the Congress in the very near future a comprehensive program for providing employment to not less than 500,000 of the unemployed in necessary reforestation, reclamation, flood control, and similar projects: and

Whereas a plan has been worked out by the Federal forestry service for a comprehensive reforestation program to be carried out on lands now owned or to be acquired by the Federal Government in Wisconsin and other Lake States, which program would afford employment to many thousands of unemployed men and involve an expenditure within these States of millions of dollars; and

Whereas reforestation is a vital need in this State, which has approximately 16,000,000 of acres of land which are unsuitable for agriculture but can be productively utilized for forestry; and

Whereas of all expenditures for reforestation 80 percent of every dollar goes to common labor, so that an extensive reforestation project in this State will help out very materially in solving the serious unemployment situation which now prevails: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin hereby respectfully memorializes the President and the Congress of the United States to include a comprehensive reforestation project in Wisconsin and neighboring States in the emergency program for providing employment; be it further

Resolved, That properly attested copies of this resolution be transmitted to President Roosevelt, both Houses of the Congress of the United States, and to each Wisconsin Member thereof.

C. T. YOUNG,
Speaker of the Assembly.
JOHN H. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate a resolution adopted by a mass meeting of citizens at Williston, N.Dak., serving notice upon the Governor of North Dakota and the Congress of the United States that " unless adequate supplies of food and clothing and garden seeds are supplied within 30 days, we propose to take such supplies wherever they can be found ", which was referred to the Committee on Banking and Currency.

He also laid before the Senate a petition of sundry citizens of Chicago, Ill., praying for the prompt passage of legislation to provide free transportation to Liberia, West Africa, including 1 year's supplies for all of those of African descent who would voluntarily go within the ensuing 10 years, etc., which was referred to the Committee on Foreign Relations.

He also laid before the Senate resolutions adopted by Old Glory Post, No. 2044, Veterans of Foreign Wars of the United States, San Francisco, Calif., expressing confidence in President Roosevelt and the rulings of his administration and memorializing the President in the matter of pensions, disabilities, etc., to give the utmost care and consideration to the cases of service-connected disability and to the aged and infirm, which were ordered to lie on the table.

Mr. WALSH presented resolutions adopted by the General Court of Massachusetts, condemning all acts of persecution reported to be committed against members of the Jewish faith in Germany, and urging the presentation of such sentiments to the German Government, which were referred to the Committee on Foreign Relations.

(See resolutions printed in full when laid before the Senate by the Vice President on the 6th instant, p. 1322, CONGRESSIONAL RECORD.)

Mr. COPELAND presented a telegram in the nature of a petition from the secretary of the stock exchange reform committee of the Manhattan Board of Commerce, of New York City, N.Y., praying for the passage of legislation providing for the regulation in interstate commerce of the sale of investment securities, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Irish-American Independent Political Unit, Inc., of Brooklyn, N.Y., protesting against the ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted at Buffalo by a citizens' protest meeting, and by the Maccabee Athletic Club, of Brooklyn, and the Bronx Jewish Democratic Club, Inc., of the Bronx, in the State of New York, protesting against the persecution and alleged mistreatment of the Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the New York State Chapter, Daughters of Founders and Patriots of America, of New York City, N.Y., protesting against the recognition of the Soviet Government of Russia by the United States, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of Brooklyn, N.Y., praying for the passage of legislation imposing a tax on income derived from United States bonds, and increasing the rates on second-class and parcel-post mail matter, and also increasing passport fees, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the Erie County Committee of the American Legion of Buffalo, N.Y., favoring the retention of the present field offices of the Veterans'

Administration, and particularly the Buffalo regional office, which was ordered to lie on the table.

He also presented resolutions adopted by the Common Council of the City of Buffalo, and the South Side Democratic Club, of Buffalo, in the State of New York, protesting against the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty with Canada, which were ordered to lie on the table.

He also presented a resolution adopted by the Substitute Post Office Employees' Association, of New York City, N.Y., protesting against the application of the provisions of recent economy legislation to substitute post-office employees, and favoring an increase in their salaries to correspond with the 1928 level, which was ordered to lie on the table.

Mr. KEAN presented the following joint resolution of the Legislature of the State of New Jersey, which was referred to the Committee on Foreign Relations:

STATE OF NEW JERSEY.

Joint Resolution 4, Laws of 1933

A joint resolution memorializing the Senate of the United States to ratify the treaties now pending before it relating to the adherence of the United States to the World Court

Whereas the present economic disturbance in this country and throughout the rest of the world is directly related to the late war and to the present lack of international confidence; and

Whereas the completion of the adherence of the United States to the World Court as one practicable substitute for war would be a stabilizing influence in world affairs; and

Whereas the United States is in good faith bound to make effective the resolution passed by the United States Senate 7 years ago, in 1926, by a vote of 76 to 17, providing for the entry of this country into the Court if five conditions were met; and

Whereas in the view of the Department of State, the American Bar Association, and the New Jersey Bar Association these five conditions are entirely met by the three World Court treaties now on the United States Senate's Executive Calendar; and

Whereas to subject to further postponement a question which is of first importance and which has already been before the Senate and the country in some form for 10 years is a contradiction of sound legislative procedure: Be it

Resolved by the Senate and General Assembly of the State of New Jersey:

1. That the Legislature of the State of New Jersey respectfully urges the Senate of the United States speedily to ratify the three pending World Court treaties, thus completing the adherence of the United States to the World Court.

2. That copies of this resolution be transmitted to the Honorable HAMILTON F. KEAN and the Honorable W. WARREN BARBOUR, the representatives of this State in the United States Senate.

3. This joint resolution shall take effect immediately.

Approved March 14, 1933.

STATE OF NEW JERSEY,
DEPARTMENT OF STATE.

I, Thomas A. Mathis, secretary of state of the State of New Jersey, do hereby certify that the foregoing is a true copy of an act passed by the legislature of this State and approved by the Governor the 14th day of March A.D. 1933, as taken from and compared with the original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed my official seal at Trenton this 16th day of March 1933.

[SEAL] THOMAS A. MATHIS,
Secretary of State.

Mr. BAILEY presented the following joint resolution of the Legislature of the State of North Carolina, which was referred to the Committee on Agriculture and Forestry:

Joint Resolution 37

A joint resolution endorsing the proposal of President Roosevelt to develop a vast national laboratory in which to combine agricultural development, flood control, power development, and the reclamation of the forests in the valley of the Tennessee River and its tributaries

Whereas President Franklin D. Roosevelt has recently recommended the logical and coordinated development of the Tennessee River Valley and watershed as a "vast internal development encompassing reforestation, reclamation, water power, and agricultural rehabilitation, with the aim of balancing the national population anew between cities and the country"; and

Whereas Mr. Roosevelt has made known his purpose, as he takes office on March 4, to ask the various Government departments involved to make surveys with a view to putting the proposition up to Congress at an early date: Therefore be it

Resolved by the house of representatives (the senate concurring), That the Tennessee Valley project as outlined and enthusiastically proposed by President Franklin D. Roosevelt is hereby heartily endorsed as a reasonable, far-reaching, and constructive effort to furnish productive work for the unemployed and as a "vast national laboratory in which to combine the five elements of agricultural development—flood control, power development, reclamation, and reforestation—into a single coordinated movement to improve human life."

SEC. 2. That the facilities and cooperation of the State departments dealing with the natural and human resources involved are hereby pledged to the President and the Congress in the planning and carrying out of this project so far as the law and available financial resources will permit.

SEC. 3. That copies of this resolution be sent by the secretary of state to the President of the United States, the Secretary of Interior, the Secretary of Commerce, the United States Senators from North Carolina, and the Members of the House of Representatives of North Carolina.

SEC. 4. That this resolution shall be in full force and effect from and after its ratification.

In the general assembly, read three times and ratified this the 5th day of April 1933.

R. L. HARRIS,
Speaker of the House of Representatives.
A. H. GRAHAM,
President of the Senate.

STATE OF NORTH CAROLINA,
DEPARTMENT OF STATE.

I, Stacey W. Wade, secretary of state of the State of North Carolina, do hereby certify the foregoing and attached (two sheets) to be a true copy from the records of this office.

In witness whereof I have hereunto set my hand and affixed my official seal.

Done in office at Raleigh this 6th day of April A.D. 1933.

[SEAL] STACEY W. WADE,
Secretary of State.

ATHLETIC EQUIPMENT FOR EX-SERVICE MEN

Mr. ROBINSON of Indiana presented a communication embodying a resolution adopted by the American Legion, Disabled American Veterans, Spanish-American War Veterans, and Veterans of Foreign Wars, all of the Department of Indiana, which was referred to the Committee on Military Affairs, and the resolution was ordered to be printed in the RECORD, as follows:

Whereas there are today thousands of mentally deficient ex-service men in Veterans' Administration homes and hospitals who are desperately in need of some kind of physical exercise and training; and

Whereas no provision at the present has been made to provide suitable athletic garments in which to take exercise of this kind; and

Whereas the United States Army and Navy have on hand thousands of athletic garments, gym shoes, socks, sweaters, and other wearing apparel listed as surplus stock which they are selling at cost; and

Whereas this surplus stock could be used to better equip the men in the hospitals and homes for their benefit in calisthenics with little cost to the Government: Therefore be it

Resolved, That the following recognized service organizations in meeting assembled the 20th day of February 1933 do hereby petition the Senate to pass legislation whereby surplus stock which can be used for this purpose be allotted the Veterans' Administration for the comfort of ex-service men during gymnastics.

REMONETIZATION OF SILVER

Mr. MCCARRAN. Mr. President, I present a joint resolution of the Legislature of the State of Nevada memorializing Congress for the passage of the Wheeler silver bill, providing for the remonetization of silver at the ratio of 16 to 1.

The joint resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Senate Joint Resolution No. 14, introduced by Senator Marsh February 15, 1933, now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of state at my office in Carson City, Nev., this 6th day of March A.D. 1933.

[SEAL] W. G. GREATHOUSE,
Secretary of State.

Senate joint resolution memorializing Congress to pass the so-called Wheeler bill, providing for the coinage of silver at the ratio of 16 to 1

Whereas there is now pending before Congress an act introduced by Senator WHEELER, of Montana, providing for the coinage of silver at the ratio of 16 to 1; and

Whereas the silver industry is of vital importance to the people of the State of Nevada; and

Whereas it is the belief of the people of this State that the enactment of the said measure will restore prosperity to our State in a greater degree than any other measure or plan before Congress: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of Nevada, That Congress be urged to enact the so-called "Wheeler bill" into law; and be it further

Resolved, That the secretary of state transmit certified copies of this resolution to the President of the Senate and the Speaker of the House of Representatives, and to our Senators and Representative in Congress.

MORLEY GRISWOLD,
President of Senate.
V. R. MERIALDO,
Secretary of Senate.
FRED S. ALWARD,
Speaker of the Assembly.
GEORGE BRODIGAN,
Chief Clerk of the Assembly.

STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved March 6, 1933, 9:10 a.m.

F. B. BALZAR, *Governor.*

PROTECTION OF GOVERNMENT RECORDS

Mr. ROBINSON of Arkansas, from the Committee on Foreign Relations, to which was referred the bill (H.R. 4220) for the protection of Government records, reported it with an amendment in the nature of a substitute and submitted a report (No. 21) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 1222) for the relief of Ernest W. Jermark; to the Committee on Claims.

A bill (S. 1223) to protect banking and commerce against short sales of securities issued by corporations engaged therein; to the Committee on the Judiciary.

By Mr. CAPPER:

A bill (S. 1224) to aid in the conservation of crude petroleum and prevent the transportation and sale in interstate and foreign commerce of crude petroleum or the products thereof, which crude petroleum has been unlawfully produced; to invest the Secretary of the Interior with power to carry out this act, and for other purposes; to the Committee on Interstate Commerce.

By Mr. JOHNSON:

A bill (S. 1225) amending the Shipping Act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Commerce.

A bill (S. 1226) to amend the retirement laws affecting certain grades of Army officers; and

A bill (S. 1227) to authorize the Secretary of War to fix the pay grade of enlisted men of the Army and the Marine Corps retired before July 1, 1920; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 1228) to restore the 2-cent postage rate on first-class mail matter; to the Committee on Post Offices and Post Roads.

By Mr. CLARK:

A bill (S. 1229) authorizing loans by the Reconstruction Finance Corporation to aid in refinancing obligations of drainage districts, levee districts, irrigation districts, and similar districts, and for other purposes; to the Committee on Banking and Currency.

A bill (S. 1230) for the relief of Bruce Bros. Grain Co.;

A bill (S. 1231) for the relief of A. H. Marshall;

A bill (S. 1232) for the relief of George Voeltz; and

A bill (S. 1233) for the relief of Royce Wells; to the Committee on Claims.

A bill (S. 1234) to provide for the appointment of an additional district judge for the eastern and western districts of Missouri; to the Committee on the Judiciary.

A bill (S. 1235) for the relief of Frank Merritt; to the Committee on Military Affairs.

A bill (S. 1236) granting a pension to Bettie Ashbrook;

A bill (S. 1237) granting a pension to Mable Forrer;

A bill (S. 1238) granting a pension to Mary J. Hahn;

A bill (S. 1239) granting a pension to Sarah C. League;

A bill (S. 1240) granting a pension to Andrew J. Lowe;

A bill (S. 1241) granting a pension to Mollie C. Miller;

A bill (S. 1242) granting a pension to Robert Muir;

A bill (S. 1243) granting a pension to Herman Reissenbigler;

A bill (S. 1244) granting a pension to Retta Tunnell;

A bill (S. 1245) granting a pension to Frank Vance;

A bill (S. 1246) granting an increase of pension to Mary V. Conine;

A bill (S. 1247) granting an increase of pension to Rose B. Hile;

A bill (S. 1248) granting an increase of pension to Salina P. James;

A bill (S. 1249) granting an increase of pension to Susan A. Jones;

A bill (S. 1250) granting an increase of pension to Francis W. Mudd;

A bill (S. 1251) granting an increase of pension to Eliza Rogers; and

A bill (S. 1252) granting an increase of pension to Sarah F. Waid; to the Committee on Pensions.

By Mr. KEAN:

A bill (S. 1253) to amend paragraph 31 (c) of section 7 of an act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes", approved July 1, 1902, as amended; to the Committee on the District of Columbia.

A bill (S. 1254) for the relief of Philip W. Kerley; to the Committee on Naval Affairs.

By Mr. McGILL:

A bill (S. 1255) to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.; and

A bill (S. 1256) granting the consent of Congress to compacts or agreements between the States of Kansas and Missouri for the acquisition, maintenance, and operation of a toll bridge across the Missouri River near Kansas City, Kans., for the construction and maintenance of connections with established highways, for the incorporation of such bridge in the highway systems of said States, and for other purposes; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 1257) for the relief of Cecil M. Autrey; to the Committee on Naval Affairs.

By Mr. NEELY:

A bill (S. 1258) for the relief of Charles F. Littlepage; to the Committee on Claims.

A bill (S. 1259) granting a pension to Hosea F. Dearth;

A bill (S. 1260) granting a pension to Benjamin F. Hyde; and

A bill (S. 1261) granting a pension to Jennie Tewksbury; to the Committee on Pensions.

By Mr. WAGNER:

A bill (S. 1262) for the relief of the estate of Alice C. Lopez; to the Committee on Claims.

A bill (S. 1263) for the relief of Wiener Bank Verein; to the Committee on Foreign Relations.

By Mr. WHEELER:

A bill (S. 1264) for the relief of Halvor H. Groven; to the Committee on Claims.

A bill (S. 1265) granting a pension to certain Indians, and for other purposes; and

A bill (S. 1266) granting a pension to certain Indians on the Fort Belknap Indian Reservation; to the Committee on Pensions.

A bill (S. 1267) to authorize the issuance of a patent in fee to Eugene Long Ears; and

A bill (S. 1268) to authorize the issuance of a patent in fee to Peter Left Hand; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 1269) to give veterans of war service in Spanish and World War, their widows, and wives of disabled veterans who themselves are not qualified, preference in the Government and District of Columbia civil service; to the Committee on Civil Service.

By Mr. SHIPSTEAD:

A bill (S. 1270) for the relief of Howland & Waltz Co., Ltd.; to the Committee on Claims.

A bill (S. 1271) for the relief of Oscar W. Behrens; to the Committee on Naval Affairs.

RELIEF OF INSURANCE COMPANIES—AMENDMENTS

Mr. DILL submitted two amendments intended to be proposed by him to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, which were ordered to lie on the table and to be printed.

Mr. WALSH submitted an amendment intended to be proposed by him to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 3, after line 25, insert the following new section:

"SEC. 4. The Reconstruction Finance Corporation shall not make any loans under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932, (1) if at the time of such loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of $17,500, and (2) unless at such time the applicant agrees to the satisfaction of the corporation not to increase the compensation of any of its officers, directors, or employees while such loan is outstanding. For the purposes of this section the term 'compensation' includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services."

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. KING and Mr. MCKELLAR each submitted an amendment, and Mr. SHIPSTEAD submitted four amendments, intended to be proposed by them, respectively, to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which were severally ordered to lie on the table and to be printed.

Mr. CAREY submitted an amendment in the nature of a substitute intended to be proposed by him to House bill 3835, the agricultural relief bill, which was ordered to lie on the table and to be printed.

Mr. WAGNER submitted an amendment intended to be proposed by him as a substitute for title 2 of House bill 3835, the agricultural relief bill, which was ordered to lie on the table and to be printed.

MURIEL CRICHTON

Mr. COPELAND submitted the following resolution (S.Res. 60), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate is authorized and directed to pay, out of the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1933, to Muriel Crichton, such sums, not to exceed a reasonable amount, as may be necessary to defray her expenses incurred for hospitalization and medical care as a result of injuries suffered in the Senate wing of the Capitol Building.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

FRENCH ADVERTISING FOR FOREIGN MARKETS

Mr. PITTMAN. Mr. President, I hold in my hand a press dispatch from Mr. Wallace Carroll, staff correspondent to the United Press, dated Paris, April 10. It is an analysis of the report on the budget estimate delivered to the French Chamber on the item of 33,000,000 francs for foreign propaganda. It is evidently an exceedingly interesting report in that it shows the activities of the French Government, particularly in its attempt to increase its foreign trade. I think it is a matter of very great importance at this particular time when we are dealing with legislation attempting to raise farm-commodity prices.

I have always felt that we were neglecting the foreign markets for our surplus exportable farm products. It is interesting to see the great extent to which the French Government is going in this direction. The French Government has already, during the past 2 years, been engaged in this work, largely in South America and the Orient, while I think that we have practically neglected South America and the Orient during all that period of time, notwithstanding the very strong efforts of some of us to attract attention to that great trade. As later in this debate I intend to say something with regard to the trade of the Orient and of South America and a method of enabling them to purchase our exportable surplus, as they did in 1929 and prior thereto, I ask leave to have this dispatch to the United Press, which has been published in part in the morning newspapers served by the United Press and the remainder of it to be published in the afternoon newspapers, printed in the RECORD as a part of my statement.

I wish to say further, Mr. President, that of course I do not vouch for the accuracy of all the statements contained in the dispatch, because part of it is paraphrased; but there are certain quotations from the Budget report which are probably accurate. The report which has been quoted or paraphrased is not private, but is a public document and is exceedingly interesting. I have been informed by the Associated Press that it has just transmitted upon its wires the following statement:

The Associated Press is not engaged, never has been engaged, and will not engage in any propaganda service for any country—which, of course, includes France.

The Associated Press has now, has had, and will continue to have its own American news staff in Paris, which is responsible to the Associated Press for covering the news of France.

More than that, the Associated Press has never even been entreated by the Havas Agency or any department of the French Government to engage on its own account or jointly with Havas or anyone else in the carrying of French propaganda.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

By Wallace Carroll, United Press staff correspondent

PARIS, April 10.—The French Government has organized an amazing program to flood the United States with pro-French propaganda, utilizing prominent press services, newspapers, magazines, public speakers, and the radio to accomplish its purposes.

Its program, contemplating the set-up of an all-embracing department of American publicity to counteract German, Italian, and other agencies, was revealed in the budget of the Foreign Office submitted to the Chamber of Deputies, and containing detailed explanations of an item of 33,000,000 francs (approximately $1,320,000) demanded by the Foreign Department in the new budget for its propaganda network.

Acquiescing in the department's demand for the publicity fund, the Chamber of Deputies adopted the budget.

The French plan as revealed in the Foreign Office explanation to the chamber is designed to reach the American people by the following methods:

First. Through the American press by a collaboration of the Agence Havas, the official French news agency, and the Associated Press of America.

Second. The introduction and furthering of French movies.

Third. Sunday night broadcasts by wireless to the United States via the British station at Rugby.

Fourth. The writing of pro-French articles for American magazines, presumably by well-known authors.

Fifth. The dispatch of lecturers and public speakers on missions to be directed by the home bureau.

In explanation of its purposes the foreign department said that "the American people go to no trouble to inform themselves. We must place before their eyes some simple truths."

"We must remember", it continued, "that the American, above all else, is a business man. He knows how to count. He is dominated by a sporting spirit. An American may honestly ruin his best friend just to prove he is the stronger—and then offer him his hand and help him to arise. Friendship has nothing to do with his business.

"The American people are ignorant of their own history. They must not be expected to know French history.

"The American female element has an important viewpoint. We must particularly address ourselves to them."

Describing the proper manner of "reaching" the American press, the budget explanation states that the Government has decided on a plan of getting to newspapers in the United States directly without using the correspondents stationed in Paris.

"This would be done", it says, "through the collaboration of the Agence Havas and the Associated Press of America."

The report verges on the humorous when it describes the method of attracting public attention in the United States to the French cause. It urges that good-looking, active young speakers be sent to the United States, "instead of unhealthy-looking, decrepit, tired, feverish, worn-out, coughing, and trembling old men bound into frock coats."

"They have to be put to bed upon their arrival, with hot-water bottles at their feet, and be awakened just in time for their conferences, when they are rushed to the station with a thousand precautions", it continued. "That is why France is pictured as a tired, worn-out country."

Nearly 100 pages of the official budgetary document are devoted to American propaganda plans.

The whole propaganda program, contained in a 175-page official document of the Foreign Office, devoted the first 59 pages to details of reorganization of the Foreign Office press bureau, and then said:

"As concerns America, profound inquiries have been made among French personalities who recently have returned from the United States concerning the anti-French campaign and means of defeating it, as well as inquiry among American personalities and American journalists resident in Paris. These inquiries have allowed us to establish a general basic plan to be undertaken in the near future by the development of the press service at the Quai D'Orsay, through collaboration of the Associated Press and the Havas News Agency. * * *

"Our program consists of gathering European news and organizing the diffusion of this news, as judiciously adapted as possible, to foreign countries. The extent of this program has required several steps: First, in 1931 and through 1932, our efforts were consecrated to the organization and the diffusion of European news of French origin to South America, the Orient, and north Africa.

"It is hoped by the end of 1933 to circulate this news throughout Europe insofar as circumstances in each country permit.

"It will be possible to reach the United States and, in a general fashion, all North American nations otherwise than through the intermediary of foreign newspaper correspondents.

"The Quai D'Orsay press section is now organizing for the direction, through the collaboration of one of our principal news agencies, of French news going abroad, especially to America. The Quai D'Orsay assures the technical and financial control of this news service."

The budget report states, in connection with the French propaganda, that propaganda expenditures during 1933 of nine European governments, as listed in the budget, show a total estimate of 602,000,000 francs (about $24,000,000), as follows:

	Francs
Germany	256,000,000
Italy	119,000,000
France	71,000,000
ALL DEPARTMENTS	
Great Britain	69,000,000
Poland	26,000,000
Hungary	23,000,000
Czechoslovakia	18,000,000
Jugoslavia	13,000,000
Rumania	7,000,000

SOCIAL ISSUES BEFORE THE SUPREME COURT—ARTICLE BY FELIX FRANKFURTER

Mr. NORRIS. Mr. President, I have in my hand a copy of the Yale Review, of the spring issue of 1933, in which is an article written by the Honorable Felix Frankfurter on the subject of the Social Issues Before the Supreme Court. I regard the article as being exceedingly interesting and informative, and ask unanimous consent that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

In this the fourth winter of our discontent it is no longer temerarious or ignorant to believe that this depression has a significance very different from prior economic stresses in our national history. "The more things change the more they remain the same" is an epigram of comfortable cynicism. There are new periods in history, and we are in the midst of one of them. Not that the new era has come overnight. Epochal changes germinate slowly, and dates in history are deluding. They mark end as much as beginning. To say that even the World War ushered in a new era is to foreshorten events. To be sure, the debacle of three mighty empires, the Russian revolution and its violent break with the past, the dislocation of a world economy, the emergence and resurgence of nationalism, the intensification of technological processes induced by the war, all loosed economic and social forces far more upsetting to the preexisting equilibrium than the changes wrought by the French Revolution and the Napoleonic wars. But these powerful solvents only reinforced major influences operating in our national economy. The absorption of free land, the steady drift from rural to a predominantly urban society, with economic consequences of changes in both the distribution of population and the significant decline in the rate of its growth, the attainment of the saturation point in railroad construction—itself an index of the general shift from the winning of a new country to its maintenance—the implications of technological advances both in industry and agriculture, the enormous extension of leisure among the mass of people, the new areas of foreign industrial and agricultural competition, the vast burden of public and private indebtedness—these have for some time been powerfully at work in the making of a new American economic society.

Unfortunately, these new forces left substantially untouched the direction of our political action. We assumed a continuing validity for the economic theories of pioneer America while fact was insidiously undermining theory. Recognition was lacking of the need for adequate social control of our transforming material development. To realize that there is a new economic order and to realize it passionately is the central equipment for modern statesmanship. "The world", writes Sir Arthur Salter, "is now at one of the great crossroads of history. The system, usually termed 'capitalist', but I think better termed 'competitive', under which the western world has made its astonishing progress of the last century and a half, has developed deep-seated defects which will threaten its existence unless they can be cured. We need to reform, and in larger measure to transform this system. We need so to improve the framework of law, of institutions, of custom, and of public direction and control that the otherwise free activities and competitive enterprises of man, instead of destroying each other, will inure to the general good. In the organization of industry, of credit, and of money we need to supplement the automatic processes of adjustment by deliberate planning. This is the specific task of our age. If we fail, the only alternatives are chaos or the substitution of a different system inconsistent with political and personal liberty, perhaps after an intervening period of collapse and anarchy."

In our scheme of government readjustment to great social changes means juristic readjustment. Our basic problems—whether of industry, agriculture, or finance—sooner or later appear in the guise of legal problems. Prof. John R. Commons is therefore justified in characterizing the Supreme Court of the United States as the authoritative faculty of economics. The foundation for its economic encyclicals is the Constitution. Plainly, however, constitutional provisions are not economic dogmas and certainly not obsolete economic dogmas. A classic admonition of Mr. Justice Holmes cannot be recalled too often—"A constitution is not intended to embody a particular economic theory, whether of paternalism and the organic relation of the citizen to the State or of laissez faire. It is made for people of fundamentally differing views, and the accident of our finding certain opinions natural and familiar or novel and even shocking ought not to conclude our judgment upon the question whether statutes embodying them conflict with the Constitution of the United States."

By its very conception the Constitution has ample resources within itself to meet the changing needs of successive generations. For "it was made for an undefined and expanding future and for a people gathered and to be gathered from many nations and of many tongues." Through the generality of its language the Constitution provided for the future partly by not forecasting it. If the Court, aided by the bar, has access to the facts and heeds them, the Constitution is flexible enough to respond to the demands of modern society.

And so American constitutional law is not a fixed body of truth but a mode of social adjustment. Indeed, the Constitution owes its continuity to an uninterrupted process of change. "The Constitution cannot make itself; somebody made it, not at once but at several times. It is alterable; and by that draweth nearer to perfection; and without suiting itself to differing times and circumstances it could not live. Its life is prolonged by changing seasonably the several parts of it at several times." So wrote the shrewd Lord Halifax, and his words are as true of our written Constitution as of that strange medley of imponderables, the British Constitution. A ready sense of the need for alteration is perhaps the most precious talent required of the Supreme Court. Upon it depends the vitality of our Constitution as a vehicle for life.

Public law is thus a most potent instrument of public policy. The significant cases before the Supreme Court are not just controversies between two litigants. They involve large public issues, and the general outlook of the Justices gives direction to their judicial views. In law also, where one ends, depends much on one's starting point.

The Supreme Court's right and wrong are drawn most frequently from broad and undefined clauses of the Constitution. A few simple-seeming terms like "liberty" and "property", indeterminate phrases like "regulate commerce * * * among the several States" and "without due process of law" are invoked in judgment upon the shifting circumstances of a dynamic society. Phrases like "due process of law" are of "convenient vagueness". Necessarily their content is derived from without, not revealed within the Constitution. The gloss that is put upon them controls the Nation's efforts to meet its tasks. The capacity of States to control or mitigate unemployment, to assure a living wage for the workers, to clear slums and provide decent housing, to make city planning effective, to distribute fairly the burdens of taxation—these and like functions of modern government hinge on the Supreme Court's reading of the due-process clause. The various attempts in the past to subject great economic instrumentalities to social responsibility—the Stockyards Act, the Grain Futures Act, the Transportation Act, the child labor law—depended upon what the lawyers call interpretation of the commerce clause. But what is interpreted depends on who interprets. The fate of such laws turned on facts and assumptions which underlie the social valuations of the Judges. Again, the thorny controversies affecting business combinations and trade unions are also described as interpretations of the Sherman law and the Clayton Acts. But the results were determined by the Court's view of our industrial scene. So also the opinions of the Justices regarding the activities of trade associations and cooperatives vary with the general context in which different Justices place the economic data deemed relevant to judgment. The sharp conflicts to which control of the railroads and other public utilities gives rise derive not from variant readings of the same English text. They are nurtured in different economic cultures; they are the concrete expressions of different social philosophies.

The Justices of the Supreme Court are arbiters of social policy because their duties make them so. For the words of the Consti-

tution which invoke the legal judgment are usually so unrestrained by their intrinsic meaning or by their history or by prior decisions that they lead the individual Justice free, if indeed they do not compel him, to gather meaning not from reading the Constitution but from reading life. Only an alert and self-critical awareness of the true nature of the judicial process in these public controversies will avert the translation of discredited assumption or unconscious bias into national policy.

In a period of rapid change like ours, the pace of social adjustments must be quickened. Poignant experience has made us realize the public implications of interests heretofore treated as private. Such interests must be stripped of many of their past immunities and subjected to appropriate responsibility. Courts will thus be called upon to make and to sustain extensive readjustments.

For example, the law must become more sophisticated in its conception of trustees' obligations. It must sharpen and extend the duties incident to the fiduciary relations of corporate directors and officers. The whole process of corporate salaries disproportionate to services rendered must be fearlessly faced, but especially the abuse of agreement for swollen contingent compensation. The Bethlehem Steel bonus system is a notorious example. Another instance, recently before the courts, merits recital. The directors of the American Tobacco Co. in 1912 initiated a bylaw authorizing six senior officers to divide among themselves 10 percent of any annual profits in excess of those earned by the company in 1910. Since 1921, $10,000,000 has been thus distributed. In addition to his regular salary of $168,000 and "special cash credits" of $273,000, the president of the company in 1930 received a bonus of $840,000. Even these rewards, apparently, did not provide sufficient incentive. The directors therefore adopted an employee stock-subscription plan, which resulted in the sale to themselves, as officers-employees, of 32,000 shares of stock at $25 a share when the market price was $112. The millions which the president and vice president of the American Tobacco Co. thus received appeared to a majority of the United States Circuit Court of Appeals, in New York, only reasonable compensation for making Lucky Strike the most popular cigarette in the world. That court seemed impressed by the fact that both schemes were approved by the stockholders. To which Judge Thomas W. Swan, with real insight into the actualities of corporate management, suggested, in his dissent, that the shareholders when they adopted the bylaw in 1912 could hardly have anticipated that they were conferring upon their president in 1930 a bonus five times his salary, or that through the employee stock-subscription plan three fifths of the stock would be allotted to directors by themselves. Equally unreal seems the court's failure to explore whether the conventional assent by proxies really signifies considered approval.

An effort to secure a reversal of this decision in the Supreme Court unfortunately failed. On technical considerations which cannot here be canvassed, that Court (Mr. Justice Roberts not sitting) invoked a doctrine of convenience against consideration of the case by the Federal courts, and left the matter to the New Jersey courts because the American Tobacco Co. was organized under New Jersey law. Against this disposition three of the Justices—Brandeis, Stone, and Cardozo—protested. They found that "a breach of the fiduciary duties of the directors is a legitimate inference from the allegations", and therefore they could not agree that a "proper exercise of discretion" required them "to deny to the petitioner the relief to which he is so clearly entitled." Mr. Justice Stone admirably expressed the far-reaching objections to the considerations of parochialism to which the Supreme Court, most surprisingly in the light of precedents, deferred in this case: "Extension of corporate activities, distribution of corporate personnel, stockholders, and directors through many States, and the diffusion of corporate ownership, separated from corporate management, make the integrity of the conduct of large business corporations increasingly a matter of national rather than local concern, * * * to which the Federal courts should be quick to respond, when their jurisdiction is rightly invoked."

The case furnishes an illuminating glimpse into the traditional operations of big business and its opportunities for socially indefensible profit to the insiders. On February 10, 1933, the president of the American Tobacco Co. announced that he had "decided to decline the allotment" of 13,440 shares made him in 1931. The law cannot long continue to give such unbridled rein to the acquisitive motive. Our social health cannot afford it.

Disastrous defects have been exposed in our financial institutions; tighter controls must be devised. Secretary Mills calls for degislation that will "remedy the fundamental weakness of our banking structure." Schemes have been adumbrated for a unified national banking system which raise intricate questions of policy and administration as well as of constitutionality. All these will call for judicial understanding of banking and finance, their relation to government and industry and agriculture. But surely legislation and courts must also address themselves to the disclosed tendency of banks to confound three functions which ought to be kept fastidiously segregated:

1. Savings banks. It is the obligation of the savings bank to take practically no risk. Safety is the prime objective.

2. Commercial banking. The financial needs of merchants and manufacturers make it necessary to take business risks. Banks should not avoid these risks, but should know whom to trust and when.

3. Security banking—the buying and selling of securities. This involves not only knowledge of fundamental merits but also knowledge of markets, of social and political movements and the like.

By combining these three functions our banking men have not only dulled and confused their banking wits, they have sometimes also confused the funds of the three departments of banking and thereby disregarded trust obligations. The Glass bill in part addresses itself to some of these abuses. The development and enforcement of effective legal standards for the promotion of sound banking require insight into financial facts, a sympathetic understanding of legislative proposals and the application of exigent public policy, all too frequently forgotten.

Cutting across all our problems are the manifold aspects of taxation. The enormous increase in the cost of society and the subtle forms which modern wealth so largely takes are putting public finance to its severest test. To balance budgets, to pay for the cost of progressively civilized social standards, to safeguard the future, and to divide these burdens with substantial fairness to the different interests in the community—these endeavors present problems more gruelling than were ever faced by Colbert or Hamilton. Financial statesmanship must constantly explore new sources of revenue and find means to prevent the circumvention of their discovery. Such a task is bound to fail without wide latitude for experimentation, within the most promising areas of trial, in devising and executing fiscal measures. No finicky limitation upon the discretion of those charged with the duty of providing revenue, nor jejune conceptions about formal equality should circumscribe the necessarily empirical process of tapping new revenue or stopping new devices for its evasion. The fiscal difficulties of government at best are hard and thorny. They ought not to be made insuperable by reading into the Constitution private notions of social policy. Too often talk about scientific taxation is only a verbal screen for distributing the incidence of taxation according to traditional notions. Judgments of fairness in taxation, as in other activities of government, are functions of their time. Governing ideas of taxation of the eighteenth century, or even of the nineteenth century, were not permanently frozen into the Constitution.

Indeed, we must recognize the profound shift in the very purposes of taxation. Senator Root once reminded the American bar that "the vast increase of wealth resulting from the increased power of production is still in the first stages of the inevitable processes of distribution." Mr. Root was himself a member of an administration which employed the taxing power as one of the instruments for such distribution. Theodore Roosevelt was the first President avowedly to use the taxing power as a direct agency of social policy. More and more it is bound to serve as a powerful means for directing the modern flow of wealth to social uses. The historical ambitions of American democracy and fiscal necessities alike demand it.

"The true principle of a free and popular government would seem to be so to construct it as to give to all, or at least to a very great majority, an interest in its preservation; to found it, as other things are founded, on men's interest. * * * The freest government, if it could exist, would not be long acceptable if the tendency of the laws were to create a rapid accumulation of property in few hands and to render the great mass of the population dependent and penniless. * * * Universal suffrage, for example, could not long exist in a community where there was great inequality of property." So wrote Daniel Webster in his famous oration celebrating the bicentennial of the Pilgrims' landing. A hundred years later, "great inequality of property" is characteristic of our national economy. Perhaps its most devastating consequence is the permeation of American life with material preoccupations. Even a President of the United States could say that the business of America is business, without realizing that he was uttering words of condemnation. The Federal statistics of income dryly tell the tale only in part, as figures do. For a representative year before the depression, out of 6,787,481 who filed income-tax returns 5,003,155 reported incomes below $3,000, and 6,193,270 incomes below $5,000; while 4,031 had incomes above $100,000, 1,860 had above $150,000, 537 above $300,000, 228 above $500,000, and 67 above $1,000,000 a year. Beneath such quiet figures lie, perhaps, the most pulsating problems of American society.

The law's concern with taxation covers a very wide front, and it must extensively modify its precedents and its predispositions. Much new legislation is indispensable; effective investigation must precede legislation; sympathetic judicial insight will have to support the legislation. Leaks must be stopped; skillful avoidances and evasions must be circumvented. In part, this will involve a correction of detail, a reversal of rulings and decisions both of the taxing agencies and of the courts. More drastic changes will also be required. Professional skill and imagination, if directed to increase of revenue and not to protection of heavy taxpayers, will be able to overcome strained interpretations of the Supreme Court and to limit the baneful effects of some of its holdings of unconstitutionality. Thereby, without a doubt, vast sums will be reached which have been withdrawn from their fair share of taxation.

These are only a few of the new paths to be explored if we are to work ourselves out of the morass. Lawyers have a special responsibility in breaking these new paths and allowing free travel upon them. In this country theirs is probably the greatest power for good or evil. High technical competence is, of course, demanded in formulating the complicated adjustments necessary for our complicated society. But technical power can thwart as well as promote necessary social invention. The times demand new methods adapted to new problems, the removal of what is obstructive and wasteful in old principles or old applications.

The Supreme Court is indispensable to the effective workings of our Federal Government. If it did not exist, we should have to

create it. I know of no other peaceful method for making the adjustments necessary to a society like ours—for maintaining the equilibrium between State and Federal power, for settling the eternal conflicts between liberty and authority—than through a court of great traditions free from the tensions and temptations of party strife, detached from the fleeting interests of the moment. But because, inextricably, the Supreme Court is also an organ of statesmanship and the most powerful organ, it must have a seasoned understanding of affairs, the imagination to see the organic relations of society, above all, the humility not to set up its own judgment against the conscientious efforts of those whose primary duty it is to govern. So wise and temperate a scholar as the late Ernst Freund expressed this judgment after a lifetime's study of our Government: "It is unlikely that a legislature will otherwise than through inadvertence violate the most obvious and cardinal dictates of justice; gross miscarriages of justice are probably less frequent in legislation than they are in the judicial determination of controversies." And the Supreme Court itself has told us that "it must be remembered that legislatures are ultimate guardians of the liberties and welfare of the people in quite as great a degree as the courts."

Unfortunately the Supreme Court forgets at times to remember its own wisdom. In view of the tasks in hand, the price of judicial obscurantism is too great. Let me give two or three instances reflecting controversies neither minor in character nor resurrected from the dim past but dealing with the liveliest issues of our day.

The reorganization of the St. Paul has implications far beyond the receivership even of an important railroad. In one form or another, whether through administrative action or legislation or voluntary arrangement or a combination of these, we must contract the capital structures, certainly of some of the railroads. This process will entail the interplay of financial and moral considerations and will demand the best thought of our regulatory agencies. The recent decision of the Supreme Court in the St. Paul case thus affects railroad credit, the financial burdens incident to railroad consolidation, the effective powers of the Interstate Commerce Commission to protect the public interest, and, not least, the standards of fiduciary obligation of investment bankers.

According to Mr. Justice Stone, the question before the Supreme Court was "whether the salutary provisions" of the Interstate Commerce Act can be avoided. Can "an issue of securities to defray excessive reorganization expenses" be withdrawn from the control of the Interstate Commerce Commission? The majority of the Court decided that by astuteness in the drafting of documents the bankers' lawyers had deprived the Commission of power to enforce necessary public safeguards. As a result the reorganization managers of the St. Paul secured for themselves over a million dollars and half a dozen New York law firms an amount estimated by one of the managers to be between two thirds of a million and a million.

The minority opinion, representing the views of Justices Stone, Holmes, and Brandeis, characterizes the methods by which the bankers and lawyers were able to get these fees without Commission regulation as a "failure to conform to those elementary standards of fairness and good conscience which equity may always demand." The St. Paul reorganization plan was placed before the Commission in order to obtain its approval of the securities to be issued. A majority of the Commission granted approval, but subject to the condition that testimony be taken as to the fairness of the fees and subject to such order as the Commission might make on that point. As appears from Mr. Justice Stone's statement of the facts, neither the bankers nor their lawyers disclosed an intention to take advantage of the Commission's approval in order later to deny the validity of the conditions attached to such permission.

The formal party in these proceedings was the reorganized company, which the bankers "created and controlled." They caused it to go before the Federal district court which had charge of the receivership and which had ruled that the properties could not be transferred to the new company until the reorganization securities were approved by the Commission. The bankers caused the new company to display the Commission's order to the court, but withheld their plan "to repudiate the condition upon which the order was founded." After the reorganization was thus consummated and nothing remained but settlement of the fees, the new company applied to the Federal courts for immunity against the Interstate Commerce Commission's interference with private arrangement for such fees. The lower court said that the prior moves in the game constituted "a representation" that the new company "had accepted the order and expected to comply with the condition." This was the view adopted by the minority members of the Supreme Court.

But the majority held that the Commission did not have jurisdiction, since the fees were fixed by a "contract between private persons to which the carrier was not a party." Therefore it was treated as though it were merely a contract between the reorganization managers, the committees, and the stockholders. Mr. Justice Stone and his colleagues felt that these were "technical distinctions" which "ought not to affect the authority of the Commission." He dealt with realities. "No one", he wrote, "familiar with the financial and corporate history of this country could say, I think, that railroad credit and the marketability of railroad securities have not been profoundly affected for long periods of time, if not continuously, by the numerous railroad reorganizations, in the course of which junior security holders have found it impossible to save more than a remnant of their investments, and that only by the assumption of a heavy burden of expense, too often the result of wasteful and extravagant methods of reorganization."

Proposed railroad consolidations will involve issues similar to those in the St. Paul case. For instance, among the men who will guide the eastern roads in these consolidations are lawyers and bankers who successfully denied that the Interstate Commerce Commission had jurisdiction over their St. Paul fees. Those fees will probably appear petty in amount when compared with the bankers' and lawyers' charges for consolidating the eastern roads. If these should prove to be excessive, the losers will be the railroads, and thus the investors and the public. If the Interstate Commerce Commission attempts to determine whether the charges are reasonable or not, its authority to do so may again be put in question. These methods for avoiding control may also be employed in other phases of railroad affairs. In the past the public has relied on the Interstate Commerce Commission to regulate the railroads in the public interest. That feeling of security is disturbed by the St. Paul decision.

Foreigners are fond of calling this the land of paradoxes. Our public finances certainly justify that characterization. The richest country in the world has been the most dilatory in balancing its Budget and appears the most distracted and embarrassed in its accomplishment. I venture to believe that a major explanation is the systematically inculcated hostility to the taxation of wealth. For a decade the press has sedulously repeated the Mellon doctrine that the immunity of the rich from taxation is a blessing for the poor. In times of prosperity taxes on bloated incomes will discourage enterprise; in days of adversity there are no bloated incomes—such was the governing philosophy.

It ought not to be too surprising that this deep-seated sentiment against the taxation of wealth should be shared by members of our Supreme Court. How easily private notions of economic or social policy are transmuted into constitutional dogma is amply proved by the United States reports since the war. Enormous wealth has been withdrawn from the taxing power of the Nation and the States on the gossamer claim that otherwise governmental instrumentalities would be defeated. The history of taxation is, to no small extent, a battle of wits between skill in devising taxes and astuteness in evading them. By creating constitutional obstructions to safeguards against evasion, the Supreme Court has put the Constitution at the disposal of the evaders. A few years ago the Supreme Court sheltered great wealth by interposing the benevolent "due process" clause on behalf of rich donors who made gifts in anticipation of tax measures especially designed for them. One might suppose the Supreme Court would at least be friendly to the effective enforcement of the inheritance tax. The social justification of that tax has become an accepted postulate even of our individualistic society. But the other day the Court, again under the blessed versatility of "due process", nullified the attempt of Congress, in response to the compelling experience of the Treasury Department, to prevent gross evasions of the inheritance tax.

From the original enactment of the estate tax law in 1916, it was realized that a single tax on estates could be too easily avoided by well-timed and astute disposition of property before death. To check such practices the act of 1916 contained two safeguards. Gifts made "in contemplation of death", and those in which the donor retained a joint interest during his lifetime, were taxed as part of his estate at death. But other means remained by which property might be withdrawn from the operation of the tax and yet remain within the effective control of the donor; he might, for example, place it in trust with a power of revocation or control reserved in himself. The possibility of escape by this device was materially reduced by legislation, which taxed gifts, by way of trust, taking effect "in possession or enjoyment" at the time of the donor's death. The courts threatened the effectiveness of much of this legislation by technical and sterile definitions of "possession or enjoyment", and in 1931 Congress was forced to close a broad avenue of escape from the estate tax by making specific provision for the inclusion of property which is transferred on trust for another but from which the income is reserved for the donor during his life.

Meanwhile the tax authorities were beset by difficulties growing out of the vague phrase, "in contemplation of death." In what degree the donor must have apprehended his end, and how to prove that apprehension, were questions which made the collection of a tax precarious at best. The devil himself, the lawyers are fond of quoting, knoweth not the mind of man; and even if he did the devil's advocate might experience considerable difficulty in proving it to a court of law. Realizing that the limited omniscience of the taxing authorities was finding it impossible to isolate successfully those gifts that were made "in contemplation of death", Congress in 1924 imposed a tax on all gifts, irrespective of date or motive, at rates equal to those under the estate tax. This general gift tax was upheld by the Supreme Court. In addition, the tax on gifts made in contemplation of death was retained, giving the Government a second string to its bow, although, of course, credit was allowed where a gift tax had already been paid on the transfer.

The arm of the Government was strengthened, moreover, by requiring the representatives of the estate to prove, where the gift was within 2 years of death, that it was not in contemplation thereof. But this shift of the burden of proof was of little value to the Government in a contest against an elderly man of wealth contemplating death with one eye and the tax law with the other. The gift tax itself promised better results, but in 1926 it was repealed. (By the Revenue Act of 1932 it has been restored.)

Congress was alive to the need of conserving the gain which the gift tax had made in the enforcement of the estate tax. Ten years' experience in administering the revenue acts had taught its lesson. Congress provided that gifts made within 2 years of death should be "deemed to have been made in contemplation of death", and so might be assessed under the estate tax. "The inclusion of this provision", reported the Ways and Means Committee of the House, "will prevent most of the evasion and is the only way in which it can be prevented." This is the provision which the Supreme Court declared unconstitutional. Again "due process" worked its charm on behalf of wealth.

In thus setting at naught the considered effort of Congress to obtain a really effective tax on decedents' estates a majority of the Court found the provision arbitrary and unreasonable, because it might apply to gifts made with no thought of death or taxes. "The young man in abounding health", writes Mr. Justice Sutherland, "bereft of life by a stroke of lightning within 2 years after making a gift, is conclusively presumed to have acted under the inducement of the thought of death, equally with the old and ailing who already stands in the shadow of the inevitable." The pity aroused by this affecting apparition of the benevolent young plutocrat is somewhat mollified by the fact that if the property had not been given to kith and kin—gifts to charity being exempted—so shortly before the donor's end it would in all likelihood have passed by will and been taxed accordingly.

The apparition fades completely before the picture drawn by Mr. Justice Stone in a dissenting opinion, in which he was joined by Mr. Justice Brandeis. (Mr. Justice Cardozo did not sit in the case.) This opinion reveals graphically by whom these gifts are made and with what effect on the operation of the taxing system. Mr. Justice Stone analyzes 102 cases in which the Government and the decedent's estate engaged in litigation over the question whether a gift had been made "in contemplation of death" under the law as it existed before the 1926 provision. He writes:

"In 20 cases, involving gifts of approximately $4,250,000, the Government was successful; in 3 it was partially successful; and in 78, involving gifts largely in excess of $120,000,000, it was unsuccessful. In another the jury disagreed. In 56 of the total of 78 cases decided against the Government, the gifts were made within 2 years of death. In this group of 56 donors, 2 were more than 90 years of age at the time of death; 10 were between 80 and 90; 27 were between 70 and 80; 6 were between 60 and 70; 6 were between 50 and 60; and only 1 was younger than 50. There was 1 gift of $46,000,000 made within 2 months of death by a donor 71 years of age at death; 1 of $36,790,000 made by a donor over 80, who consulted a tax expert before making the gift; 1 of over $10,400,000 made by a donor aged 76, 6 months before death; and 1 by a donor aged 75 at death, in which the tax assessed was over $1,000,000. There was 1 other in excess of $2,000,000, 5 others largely in excess of $1,000,000, 4 others in excess of $500,000, 13 in excess of $250,000, and 14 in excess of $100,000. The value of the gifts was not shown definitely in 3 cases; 12 involved gifts totaling less than $100,000. In the remaining 22 cases the gifts were made more than 2 years before the death of the donor."

This decision does not touch technical issues that are in the special province of learned judges. How taxes are evaded and how fine a net must be woven to keep big fish from escaping, what the experience of a decade of Federal estates administration indicated, and what means are adapted to prevent wholesale evasion—these are matters which tax administrators, members of the Ways and Means Committee, students of public finance, are as competent to understand as Mr. Justice Sutherland and his brethren. Is it not the plain truth that Mr. Justice Stone's powerful opinion deals with actualities and demolishes the hollow fabric of unreality erected by the majority? And if it be the truth, the Supreme Court has its duty toward a balanced Budget—it ought not to sanctify gross tax evasion or call the word spinning by which it does so, the Constitution.

Finally, what of the Supreme Court's attitude toward the most inclusive of all our problems, namely, how to subdue our anarchic competitive economy to reason, how to correct the disharmonies between production and consumption? This issue was raised last spring in the now famous *Oklahoma Ice case*. On the basis of watchful scrutiny of the actual operation of the ice industry in Oklahoma, the legislature of that State, acting upon the recommendation of its corporation commission, availed itself of a well-tested instrument of public control—the device of a certificate of public convenience and necessity—to subject the ice business to a regulated instead of a wildcat economy. By this means Oklahoma, within the limited area of the ice industry, endeavored to avoid excessive equipment and the demoralization of deflation and unemployment, and thereby promote stability. But the majority of the Court struck down this very modest essay in regulated economy. It denied Oklahoma's right to act upon its own experience, and, for a time, at least, unbridled competition was given the sanction of the United States Constitution.

Against such an attitude, Mr. Justice Brandeis raised his magistral voice. It is not hazardous prophecy to believe that Mr. Justice Brandeis' opinion (concurred in by Mr. Justice Stone, Mr. Justice Cardozo taking no part in the decision) merely anticipates history, even the history of future opinions of the Court. The closing observations of this memorable dissent deserve quotation:

"To stay experimentation in things social and economic is a grave responsibility. Denial of the right to experiment may be fraught with serious consequences to the Nation. It is one of the happy incidents of the Federal system that a single courageous State may, if its citizens choose, serve as a laboratory and try novel social and economic experiments without risk to the rest of the country. This Court has the power to prevent an experiment. We may strike down the statute which embodies it on the ground that, in our opinion, the measure is arbitrary, capricious, or unreasonable. We have power to do this, because the due process clause has been held by the Court applicable to matters of substantive law as well as to matters of procedure. But in the exercise of this high power, we must be ever on our guard, lest we erect our prejudices into legal principles. If we would guide by the light of reason, we must let our minds be bold."

The faith and enterprise which built this Nation are unimpaired. Our intrinsic resources are greater than ever. We have also the unparalleled advantage of a fluid society. Under the guidance of a Supreme Court responsive to the potentialities of the Constitution to meet the needs of our society, it would now lie within our power to have an enduring diffusion of the goods of civilization to an extent never before attainable.

PHILIPPINE INDEPENDENCE—ADDRESS BY FORMER SENATOR HAWES

Mr. CLARK. Mr. President, at the last session Congress passed an act which it was believed would finally dispose of the question of Philippine independence. It is interesting to note, however, that since the passage of that act the old forces of imperialism are gathering strength to oppose the adoption and approval of that act by the Philippine Legislature. On Saturday last former Senator Harry B. Hawes, of Missouri, one of the coauthors of the Philippine Independence Act, delivered an address at the Thirty-seventh Annual Meeting of the American Academy of Political and Social Science in Philadelphia, in which he set out the developments of the situation since the passage of the Philippine Independence Act by the last Congress. Believing that this speech presents a matter of most vital importance to the Congress, I ask unanimous consent that it may be printed in the body of the RECORD and referred to the Committee on Territories and Insular Affairs.

There being no objection, the address was referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

After 35 years of American tutelage, the Philippine people have received from the Government of the United States a tender of complete independence, of separate, sovereign nationhood. That tender has come to them in the form of an act of Congress passed on January 17 last, and as the result of long study of the present factors and the future possibilities involved in the establishment of a new nation in the Far East.

This grant of independence to the Filipinos fulfills the policy of the United States formulated in the course of the last generation. As the formulation of that policy was the joint enterprise of Republican and Democratic administrations and free from partisanship, so also its consummation has come through the efforts of all the several political groups represented in the recent Congress.

Let me review, as briefly as the need for a clear understanding of the subject will permit, the genesis and development of Philippine-American relationships and reciprocal obligations.

This meeting of your academy is its thirty-seventh. I invite you to recall certain events almost coincident with your second meeting, in 1898. At that time Spain still possessed, as the richest part of her colonial domain, the fertile islands of Cuba and Puerto Rico, adjacent to our eastern seaboard, and the seven thousand-odd islands of the Philippine Archipelago, lying near the confines of Asia, some 7,000 miles to the westward of our Pacific coast. Of Cuba we knew a good deal, of Puerto Rico much less, of the Philippines almost nothing. The Spanish-American War brought the Philippines not only within our knowledge but also within our national household.

Doubtless the delegates to your third and fourth annual meetings—those of 1899 and 1900—deliberated and debated whether we should retain or release the Philippines, for they had by that time become a political problem of considerable magnitude. One has only to read the proceedings of Congress during those years to perceive what a serious question our conquest of the Philippines had injected into our national forum. The discussion became a controversy, causing cleavages not only between but even within the two major parties.

AMERICA'S PHILIPPINE POLICY

The Filipino insurgents under Aguinaldo had aided our Army to take Manila, the capital and stronghold of Spanish power in the islands. Their services were remembered by millions of Americans who, for that reason, were unwilling that the Filipino belligerents against Spain's imperialism should again be subjected to her rule. However, not many believed that the Philippines were then prepared politically or economically to maintain a government of their own. On the other hand, the islands could not be ceded to England or Japan or France or any other power. There remained only one other course. That was for the United States to take temporary possession of the Philippines and prepare its people for independence. I pause to remark that this provisional tenure of the islands supplies the only explanation why the government

of the Philippines was then placed and has since remained under the jurisdiction of the War Department. But not even this fact should justify this anomalous arrangement.

This vesting of the War Department with a share in the administration of the civil affairs of any part or possession of the United States in time of peace is a contravention of American principles calling for abandonment. A bill to transfer to another department the authority now exercised by the War Department was introduced in the last Congress by Senator Bingham, Republican, of Connecticut, but it was not enacted. I am informed that Senator TYDINGS, Democrat, of Maryland, is preparing to present a similar bill in the current Congress. The law recently enacted to give the President power to reorganize or to discontinue Federal departments and bureaus might be invoked to accomplish this necessary reform in respect to the Philippines.

We find that beginning with McKinley and continuing to the present the Presidents of the United States have, all of them, contemplated the ultimate establishment of an independent Philippines having a republican form of government. This contemplation was but a reflex of public opinion, which found expression not only through the mouths of Presidents but also in declarations of Congress. So much had this become a policy and objective of the American people that by 1916 Congress found it proper and pertinent to proclaim (in the preamble of the Jones Act) that:

"It was never the intention of the people of the United States, in the incipiency of the War with Spain, to make it a war of conquest or for territorial aggrandizement, and it has always been the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government could be established therein."

I am not asking you to believe that there was no dissent from this policy and program. I record with regret that notwithstanding its consonance with the principles of the American Government and its response to the wishes of the great majority of Americans there were nevertheless those—and there are still many—who demanded and now demand the retention of the Philippines. Some of these advocates of keeping the islands in contradiction of our doctrines and our promises are a little timid about voicing their true thoughts. They prefer to defeat American plans and Philippine hopes by resort to devious methods. They talk of commercial opportunities in the Far East, of American prestige in the Orient, of the danger of Japanese conquest of the Philippines after our withdrawal, of Filipino incompetence to manage an independent state, but their meaning is that they want the United States to perpetuate its sovereignty in the islands and to continue a policy that negatives every American tradition and breaks the faith we have plighted to the Filipino nation.

In this sorry enterprise Americans in the United States are abetted by Americans in the Philippines. Though only a handful—there are but 6,000 of them—the latter are most persistent—I had almost said pernicious. They disparage every design of extending self-government to the Filipino people. They inspire all manner of propaganda for circulation in the United States. They are not to be moved by President Wilson's certification to the fitness of the Filipinos for self-government, when he said:

"Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last act of Congress in their behalf."

They seem equally heedless of the attitude of President Theodore Roosevelt, whose words I quote:

"Apparently its (the Wilson administration's) course in the Philippines has proceeded upon the theory that the Filipinos are now fit to govern themselves. Whatever may be our personal and individual beliefs in this matter, we ought not, as a nation, to break faith or even to seem to break faith."

There is ample warrant for the belief that but for the World War and its aftermath, the second administration of President Wilson would have hastened the solution of the Philippine problem, and that by giving the islands independence. President Wilson had counseled, even urged, the liquidation of America's obligations in the Philippines, and one of his last official recommendations to Congress was in that behalf.

ECONOMIC FACTORS AT WORK

Economic conditions in the United States during the last 3 years helped to direct the attention of the American people to the Philippine problem. American agriculture, laboring under stress, manifested a growing insistence to be relieved of competition from Philippine products entering the United States free of duty. American labor also was concerned about unrestricted immigration from the islands. The spokesmen of these groups appeared before the committees of Congress to press their demands. All of these witnesses testified to the detriment which uncertainty and undecisiveness as to the islands was causing to Philippine as well as American interests, and all of them pleaded for some action that promised finality. This situation furnished an interest of national practical significance which the movement for Philippine independence had previously lacked to bring it to an issue.

Beginning on January 15, 1930, the Senate's Committee on Territories and Insular Affairs conducted exhaustive hearings for several weeks—that is, until March 10, 1930. The testimony presented to this committee constitutes a volume of 656 printed pages. Almost concurrently—on January 16, 1930—the House Committee on Immigration and Naturalization initiated hearings on a phase of the Philippine problem and took voluminous testimony. In 1932 the Senate committee resumed its inquiries, as did the House committee. Subsequently the facts they gathered were published jointly, filling many hundreds of pages. As a result of their investigation, these committees submitted to their respective branches of Congress reports and recommendations which were almost identical in acknowledging the obligation of the United States to grant independence to the Philippines and similar in respect to the process by which they proposed to discharge the obligation. The only real difference between them concerned the time for independence. The House bill provided a transition period of 8 years, while the Senate bill provided a period of 15 years.

CONGRESS UNDERSTOOD PROBLEM

It has been said by many editors and other critics of the Philippine Independence Act that it had little, or at least insufficient, study or understanding by Congress. I have referred to the work of the several committees to show that this criticism lacks justification. Let me add that the records will show that no subject before Congress in recent years has been more fully considered than Philippine independence. Besides the reports of the committees and the testimony given at the various hearings, Members of Congress had the benefit not only of addresses by Senators and Representatives but also by authorities on the subject outside of Congress.

Congress did not, then, act without study and understanding. Its members were fully informed; and precisely because they had full information, they voted with virtual unanimity in favor of independence. The Senate and House committees by practically unanimous action reported bills to their respective branches.

The House of Representatives passed the bill on April 4, 1932, by a vote of 306 to 47. There was no roll call on the bill in the Senate when it passed that body on December 17, 1932. When the bill was again submitted to a vote in the House on January 13, 1933, following President Hoover's veto, it received 274 votes. Only 94 were cast to sustain the veto. In the Senate the veto was overridden by a vote of 66 to 26 on January 17, 1933.

Both in the House and Senate some of the few votes against the bill were cast solely upon the ground of party loyalty to the President, not by reason of intellectual conviction. This was quite apparent.

CHOICE OF ROADS TO SOLUTION

In determining and deciding the permanent status of the Philippines, Congress had the choice of 1 of 4 courses. First, it might have granted immediate independence, to be accompanied by exclusion of Filipino immigrants and the taxing of Philippine imports to the United States. Second, it might have decreed the retention of the islands and devised and established a strictly colonial form of government for them. Third, it might have incorporated them as one or more States into the American Union. Fourth, it was free to do what it has done—after weighing all the reasons for and against the adoption of the other three courses—grant independence after a period sufficiently long to allow for the gradual adjustment of the economic relations between the islands and the United States.

THE AMERICAN OFFER

It is now in order to examine the terms and conditions of the tender of independence the United States has made to the Philippine people and to consider the aims and exigencies which dictated the provisions of the independence act.

First, the act gives them almost at once a very large increase of their present autonomy—virtually complete self-government. They are to elect their own executives, legislators, and judges, levy and collect taxes, and in general order their affairs in their own way, subject to certain powers of government reserved by the United States to safeguard its sovereignty and responsibility. The Commonwealth of the Philippines to be created by this act, if and when the Filipino people ratify the new constitution, will have as large powers and authority as those of any of our own States. Its relationship and its allegiance to the United States during the intermediate period will correspond rather to those Canada bears to Great Britain than to those a State of the Union bears to the Federal Government. In short, this Commonwealth of the Philippines will be a semisovereign and semi-independent republic.

Second. Ten years after the acceptance of the act by the people of the islands the United States shall recognize and proclaim the independence of the Commonwealth of the Philippines and completely withdraw its sovereignty. With almost 50 years of preparation for self-rule, it should be a worthy addition to the democracies of the world.

DECISION RESTS WITH FILIPINOS

Upon the Filipino people now rests the responsibility of deciding whether or not they shall have independence on the terms of the act. Their decision should be their own voluntary expression, uninfluenced by pressure of any kind from us. One of the most crucial and convincing tests of their fitness for complete independence will be the exercise of this option to determine their destiny. Never before in the history of humankind has a subject people had at once the opportunity and the full freedom to elect whether they should continue under the rule of another race and nation or choose their own way of life.

If the Filipinos make the choice of independence, fully understanding its responsibilities and burdens, they will have proved the sincerity of their 30 years of petitioning for what has at last come to them. If they reject this tender, they should know that, no matter how imperative their reasons may seem to them, their action will be taken in this country to verify the charge that they have never had a genuine longing for free nationhood, but had

been making independence a device of domestic politics. That such should be the impression in America might be unfair to the Filipinos and regrettable, but it is well for them to understand in advance just how their rejection of the act will be regarded in the United States. Nor is this all. If the issue of independence were thus eliminated by the rejection of the act, then the dominant moral issue of liberty and independence, which for all these years has shielded them against unjust discrimination and material injury arising from their economic or social relations with the United States, could no longer be raised; and in such case it would not be at all improbable that greater restrictions of trade and immigration than those provided in the act would be imposed upon them by Congress.

We know that in the past certain officials of the War Department and officers of the Army have actively opposed independence. That was true even in the recent past. We are aware also that representatives of certain American financial and industrial interests have put obstacles in the path to independence. They have for years resisted the logic of events. They have originated propaganda with which to mislead the American public and even the editors of American newspapers. By this propaganda they have aroused prejudice among Americans against the Filipino people and inspired resentment among the latter.

I do not dispute the right of these groups to oppose independence heretofore; but to them and to all other Americans, whether in the United States or in the Philippines, I would say that the matter is now settled by the branch of our Government on which the Constitution places the responsibility and the duty of deciding it. A decision having been made, it should command the respect of all Americans.

This act of Congress gives the Filipino people the right to reject or accept it. Our plain duty as Americans is to clarify and explain our tender of independence; to assist them to a full understanding of it, but obviously not to misconstrue and distort its meaning.

FILIPINO OPPOSITION CONSIDERED

According to press dispatches from Manila, those Filipinos who oppose the ratification of the act proffering Philippine independence predicate their opposition on four principal grounds. I summarize their theses as follows:

1. The trade relations which the act establishes pending final withdrawal of American sovereignty are unfair to the Philippines.
2. The reservation of American military and naval bases in the islands is a curtailment of Philippine independence.
3. The powers which the act vests in the President of the United States and the High Commissioner during the period of transition are excessive and destructive of Philippine autonomy.
4. The 10-year period between the establishment of the Commonwealth of the Philippines and the consummation of independence is too long.

SECOND OBJECTION MET

I shall discuss the second of these objections before the others. In the first place, the provision of the act dealing with the question of military and naval reservations in the islands gives the United States an option, but does not impose an obligation to retain its present bases there. Those in charge of the bill had reasons of prudence for including the provision in its present form. It postponed to a date after the independence of the Philippines the American decision as to whether or not the retention of these military and naval bases would be necessary and advisable, avoiding meantime a controversy which might have delayed for many more years or wholly prevented the grant of independence. The final decision as to this matter will be made by Congress, not by the President alone. When the time for decision arrives the Filipinos may be certain that the sense of justice which actuated Congress in promoting their independence will prompt it to deal fairly with Filipino interests in this regard. Even, however, if the United States should elect to keep naval stations in the Philippines after independence, that would be no more an abridgment of their independence than American possession of a naval base at Guantanamo is a limitation of Cuban independence.

On the contrary, the continuance of American sovereignty as to one or more parcels of land in the Philippines would connote the interest of the United States in its political integrity and would enhance its security. I do not say that this was any part of the purpose of the provision, I do not hold that it was intended to commit the United States to a guaranty of Philippine independence once consummated, but it certainly would have that effect. In that event, the Filipino people would benefit, not suffer, as a consequence of it.

Moreover, after independence the Filipinos are free to negotiate for the return of these bases to the Philippine domain if meanwhile they believe that their sovereignty is impaired by the presence of American forces in the islands.

POWERS OF PRESIDENT AND HIGH COMMISSIONER

I come now to the third objection—that the powers given to the President and the High Commissioner are excessive, unwarrantable, and destructive of the autonomy intended by the law. The President, of course, is clothed with certain necessary authority, but is presumed to exercise it only in certain eventualities. He could not, for example, prevent independence; he could not substitute any other plan for that provided in the act.

The High Commissioner has no inherent authority. He is the agent of the President with limited supervision over Philippine finances, including its obligations evidenced by bonds. He reports to the President regarding the maintenance of order and the fulfillment of certain duties and functions required of the government of the Commonwealth, but he has no such power of intermeddling in the ordinary administration of the government, as the Filipino objectors fear. It is fair to presume that the President of the United States and the High Commissioner will act in good faith and in conformity with law. It is arbitrary and tyrannous abuse that the uninformed Filipino critics vision, but there is nothing in the act to justify their forebodings. The powers retained by the United States through the President and the High Commissioner are only those absolutely necessary to safeguard American sovereignty and responsibility during the transition period. They represent the minimum of reserved powers which no government at Washington will ever consent to surrender or reduce.

I consider next the complaint that the period preceding independence is too long. Let no one suppose that this period was fixed at 10 years without concern for the interests of the Filipino people. Indeed, I assert with complete knowledge of the facts that it was precisely regard for the well-being of the Filipinos that controlled in this matter. Congress had before it three proposals as respects the interval between the enactment and the final fruition of independence. One bill contemplated independence in 5 years, another in 8 years, and still another in 15 years. The act now in operation is a compromise of those proposals. The House of Representatives passed the Hare bill with its provision for independence in 8 years. The Hawes-Cutting bill, which the Senate committee recommended, looked to independence in 15 years. Ten years is therefore the mean of the extremes represented by the several bills to which Congress gave serious consideration, and this period was adopted as the minimum which the Filipino people, in their own interest, will need for the adjustment of their economic conditions and their trade relations with other countries in preparation for the changes following independence. It is true that there was a proposal for immediate independence, but it found little support in either branch of Congress.

As an alternative it was urged that immediate independence be granted, followed by an adjustment period of 10 years. This plan was to give the Philippines independence at once, but to permit it to have free access to the American market for 10 years. Both legal and economic objections negatived this scheme. First of all, it would have violated existing treaties of commerce between the United States and other nations. In the second place, such preferential treatment of an independent Philippines, even if it should not contravene our agreements with other countries, would nevertheless have provoked reprisals against our trade with various nations whose markets were in the United States. Moreover, there could be no stability to this special arrangement unless it were made the subject of a treaty between the United States and the Philippines, and of course the latter could not enter into such an engagement until after its independence.

In order to ascertain the mind of Congress when it rejected the proposal for immediate independence and decided in favor of a longer period of transition than 5 years, it is necessary to review the economic conditions in the islands. Members of Congress knew that reciprocal free trade between the Philippines and the United States had subsisted for 25 years. In the course of that time important Philippine industries had been organized and developed on the basis of free commerce with our country. In consequence these industries, particularly the production of sugar, came to be dependent for their success—almost for their existence—on the protection they had in the American market. On the other hand, American goods found protection and preference in the Philippines. The profitable commerce between the islands and the United States stood on a largely artificial footing.

What would happen if this trade between the United States and the Philippines were suddenly and completely terminated by immediate independence? Independence without a preparatory period would mean the imposition of American tariffs on Philippine products which constitute the chief source of its public and private income. It would greatly reduce its trade with America. It would stop forthwith large expenditures of American money in the islands for military and other activities estimated at $13,000,000 a year. It would mean a radical change in the terms upon which Philippine public loans could be contracted. It would mean tremendous damage if not ruin to all of those industries based on the present reciprocal free trade. In addition, there would be a precipitate decrease in Philippine revenues, including some $300,000 collected as internal revenue on Philippine products entering the United States but covered into the insular treasury. The economic shock would be so sudden that it is a matter of conjecture whether the basic economic structure of the Philippines, including the currency system and its government finances, could stand the strain.

With these facts before it, Congress, in justice and fairness to the people of the Philippines, refused to vote immediate independence. Some allowance of time was necessary to give Philippine industries and commerce a fair chance to survive.

FREE-TRADE RELATIONS ESTABLISHED ARE FAIR

Has the Independence Act established Philippine-American trade relations that are unfair to the Filipino people, as a few of their citizens allege? The committees of Congress found only one feasible method of adjusting the Philippines to the economic status which independence will give it. This was, as the act provides, to permit during the transition period the continuance

of the present free trade between the islands and the United States but with a limitation of the free exports of certain products to this country. Among these, and the most important of them, is sugar. It is this curtailment of the free sugar that begets most of the criticism of the economic provisions of the act. The charge had been made that the limitations on Philippine sugar were written into the law at the behest and for the advantage of producers elsewhere, and especially those of Cuba. Their pleas were answered, so the allegation goes, and the Filipino people's rights and welfare were ignored. I say, in full cognizance of all the facts and circumstances, that no such sordid motive prevailed. The limitations were fixed not at the instance, but contrary to the wishes and efforts, of Cuban interests which favored immediate independence, or a much smaller quota of Philippine free sugar. As a matter of historic truth, the only interposition by Cuban interests was to oppose, not to further, the passage of the bill. This allegation of Cuban influence in the fixing of the quotas in the bill was invented and is reiterated to shield the purpose of its authors—that is, the prevention of Philippine independence under any conditions, now or hereafter. I only wish I could believe that some of the opponents of the bill in the Philippines are not actuated by a like intent.

Representatives of American agriculture, including producers of beet sugar, demanded that in default of immediate independence, a graduated tariff be at once imposed on Philippine products entering the United States. When it was suggested that instead of immediate independence and immediate imposition of tariffs there be at limit on the amounts of certain products permitted to come to this country free of duty, these spokesmen for American agriculture urged that the limitation on sugar be set at 600,000 tons. President Hoover, during the recent campaign, gave that figure his approval.

Philippine producers, on their side, contended that their production for 1932-33 would exceed 1,000,000 tons and that within the next 3 years it would increase to 1,200,000 tons. They argued that since they had been encouraged by the Government of the United States to develop their industry, the bill should reflect some of the equities involved. Accordingly Congress put the limitation at 850,000 tons, the amount of their imports last year. This was a quarter of a million tons higher than American producers demanded it should be. The reason for the adoption of this figure—850,000 tons—as the basis for the limitation was that it represents the status quo of volume of exports to the United States during the year immediately preceding the enactment of the bill; that is, the year 1932. The United States will impose and collect the full duty on all Philippine imports in excess of this quota. But sugar and other commodities are to come to the United States free of duty and without limitation until the inauguration of the Commonwealth. Upon the inauguration of the Commonwealth the limitations will apply, and after 5 years there will be a progressive application of the tariff to these and other free Philippine exports to the United States, this to take the form of an export tax in the Philippines and rising to 25 percent of the American duty.

Congress believed that under this plan and during the 10 years of transition it will be possible for the Filipino people to accommodate their industries, their finances, their investments, and their social system to the changes that are to accompany and follow independence. They have not only notice of the loss of their free market in the United States; they have also a process for offsetting their loss. They have the opportunity to reorganize their industries and lower their costs of production to meet their competitors on fair terms.

I think that anything like an accurate comprehension of the economic provisions of the act will convince the inquirer that Congress has been fair and just to Philippine interests and has sought to safeguard them from avoidable injury or difficulties when independence shall have come and the islands shall have lost the protection of American tariff.

WILL CONGRESS REOPEN QUESTION?

It is reported that some Filipinos opposed to this act will attempt to persuade Congress to enact a new independence measure or to change the act just passed so as to meet certain objections against the economic and political provisions of the latter. If those promoting this movement will acquaint themselves with American public opinion and the temper of Congress, it is my judgment they will ascertain and admit that the act submitted to their countrymen for acceptance or rejection is the very best that can be obtained from the current Congress or any other in the next 10 years, if ever. They will find, I am persuaded, that, if for no other reason, Congress preoccupied as it is with the gravest problems that have confronted the American people since the Civil War will not consent to reopen the Philippine question, and certainly not within a few months after it has closed the discussion by enacting a bill to which it gave a large share of its time and attention during a period of more than 3 years.

The disposition of Congress to regard the Philippine problem as closed is to be found recorded in the statements of some of its leaders. I think it useful to quote some of them. I begin with Senator TYDINGS (Democrat), of Maryland, chairman of the Senate Committee on Territories and Insular Affairs:

"In my judgment," he says, "the Philippine independence bill just passed is as favorable a bill to the Filipinos as can be passed through Congress. I was one of those who tried to keep out of the bill every discrimination against the people of the islands; and having demonstrated my friendship in this fashion for their cause, let me say that it is not only doubtful if another bill as acceptable to them as this one can be passed; if they reject it, it is doubtful if any bill dealing with Philippine independence will again be considered—certainly not for a very long time, because the rejection of this bill by the Filipinos will be construed by the people of the United States as indicating they do not want independence."

Considering that Senator TYDINGS is chairman of the committee which has jurisdiction with respect to legislation for the Philippines, his statement carries great weight.

Representative RALPH F. LOZIER (Democrat), a prominent member of the Committee on Insular Affairs of the House, is of the same belief as Senator TYDINGS.

"If the people of the Philippines reject the proffered independence," he declares, "such action will keenly disappoint millions of Americans in every walk of life who have generously and unselfishly supported the cause of Philippine independence. The recent Enabling Act fulfills our national covenants, manumits 13,000,000 people from the nominal sovereignty of the United States, creates a Philippine republic, and insures its stabilization and entrance into the family of nations under most favorable conditions.

"The inhabitants of the Philippines are standing face to face with destiny, halting at the forks of the road. One road leads to quick, sure, and complete independence. The other road leads back to the problems, the perplexities, and the vicissitudes through which they have struggled for a generation. Which path will your Filipino people travel? Ten years is as nothing in the life of a nation, in its birth and preparation for the duties and responsibilities of the future. If your people have the wisdom, genius, and vision that I believe they possess, they will not reject the proffered independence."

Senator BORAH (Republican), former chairman of the Foreign Relations Committee of the Senate, a very influential figure in that branch of Congress, answering the intimation that the Filipinos may not be willing to accept the material burdens which independence under the terms of this act may entail, declared:

"Unless we are prepared to say to these people, and they are prepared to say to themselves, that they shall take their chances in the competitive conditions which are to arise, we may as well dismiss the question of independence and say to the Filipino people, 'You shall remain a part of the United States. We will no longer discuss the subject.'"

Senator KEY PITTMAN, of Nevada, Chairman of the Foreign Relations Committee of the Senate, an able statesman, a sincere friend of the Filipino people, a student of this subject who understands our own and the Philippine economic situation, entertains a like view.

CONGRESS KNEW FILIPINO VIEWPOINT

In its study of the bill granting independence to the Philippines, Congress had the benefit of the Filipino viewpoint, whether that took the form of agreement or opposition to the particulars of the measure. This viewpoint was presented by officials of the Philippine government, delegated by unanimous vote of both branches of the Philippine Legislature, irrespective of parties. It is worth while to recall the names and the official positions of these ambassadors of the Philippine nation.

Manuel Quezon, president of the Philippine Senate, was originally designated as a co-chairman of this Philippine Mission, but feeble health prevented his coming to the United States at that time. Senator Sergio Osmena, acting president of the Philippine Senate, took his place. The other co-chairman was Manuel Roxas, speaker of the Philippine House of Representatives. Their associates were Senator Ruperto Montinola, minority floor leader of the senate; Pedro Sabido, majority floor leader of the house; and Emiliano T. Tirona, minority floor leader of the house. The Resident Commissioners from the Philippines, PEDRO GUEVARA and CAMILO OSIAS, were ex-officio members of the mission.

These agents of the Filipino nation were alert and able champions of their people's rights and aspirations. I do not wish it to be understood that they approved every provision of the independent measure. On the contrary, they vigorously dissented from not a few of its provisions—those of economic as well as political import. They reinforced the merits of their case by ability and eloquence of a high order. Had they been Americans pleading the cause of America as they pleaded the cause of their own people, we should all be proud of them.

If the American Congress should create a commission to negotiate with the people and government of a foreign nation and should for that purpose appoint Vice President GARNER; Senator JOSEPH T. ROBINSON, majority leader; and Senator CHARLES L. MCNARY, minority leader of the Senate; Speaker HENRY T. RAINEY; Representative JOSEPH W. BYRNS, majority leader; and Representative BERTRAND H. SNELL, minority leader of the House, it would do precisely what the Philippine Legislature did when it constituted the Philippine Mission and sent it to the United States to speak for the Filipinos. As any foreign nation would accept an American congressional commission as representing the Government of the United States, so the Philippine Mission was received in this country as fully representing the Filipino people. Both the executive departments and Congress accorded this Philippine Mission official recognition.

PHILIPPINE MISSION UNDERSTOOD DIFFICULTIES

The mission were unable to have all of their recommendations included in the bill. They saw that compromise was inevitable if independence were to be obtained at all. They faced the realities with patriotism and courage. The act as it stands does not meet all their demands, but in view of the circumstances I am sure

they realize—and they have stated—that it gives the Philippines independence on the most favorable terms and conditions that were obtainable. They know from their close acquaintance with all the factors at work in this country—the prostration of agriculture, the paralysis of industry, the pressure for domestic legislation to the exclusion of every other claim and interest—that they could not get for years to come, if ever, a better bill than the one enacted. They should be equally aware that Congress will not give hearing or heed to any plea for modification of this Independence Act. They should be convinced that Congress supplied the only feasible and honorable solution.

If Congress had attempted to give all that the Philippines demanded or all that certain American groups and interests sought, the result would have been a stalemate. Concession of all that the Philippines wanted would have worked injustice to the United States. On the other hand, to concede all that Americans claimed would have been to destroy the Philippines. Neither Filipinos alone nor Americans alone, attentive only to their separate interests, could have produced a program satisfactory to both countries. Congress, however, accomplished an equitable reconcilement of the conflicting interests and gave the Filipinos their independence with less cost of disturbance and distress than any of the little nations created since the World War have had to pay for the like boon.

This is not to say that the Filipino people will not experience difficulties and hardships both before and after independence. They may have to reduce expenditures until they can compensate for the losses in foreign trade and in internal revenue. There will be cleavages and conflicts among the people, I doubt not. There may even be some small disturbances of the public order. But I believe the Filipino people have come to understand that complete self-government is so precious its procurement and possession are worth a good deal of suffering. I think they have learned that lesson during their life under our flag, and I am willing to trust them.

NEW ASPECTS OF PHILIPPINE INDEPENDENCE

If press dispatches are correct, some opposition against the act of Congress has been created in the Philippines. These reports declare that some members of the legislature have joined in this opposition and committed themselves to oppose the act even before the return of the mission to the islands to give an account of its stewardship and before they had given themselves or the Filipino people a chance to be informed by their official representatives who are familiar with the true significance of the act, the reasons for its provisions, and all the facts and circumstances that influenced its passage.

I cannot give full credence to these reports. Knowing as I do the Filipino people's sincere desire for independence, I am unable to believe that they would reject, summarily and without due deliberation, and except for most potent and vital reasons, this offer of independence. If they should do this, they would be unjust, not only to their American friends who have labored so unselfishly for Philippine freedom and welfare but also to themselves and their posterity.

FOREIGN AGGRESSION UNLIKELY

Is the danger of foreign aggression against an independent Philippine commonwealth as real as some observers declare it to be? That question at once brings Japan to our thoughts. Does not her alleged imperialism menace the Philippines as much as it threatens Manchuria? For my answer I turn to the statement made by Senator BORAH late last autumn. In his opinion, he said, Japan does not covet the Philippines. "Japan is facing in other directions—Manchuria", he declared. Japan's aggression in Manchuria is the cause of many misgivings about the fate of the Philippines; but I do not coincide with them. Indeed, I think Japanese aggression in Manchuria is the strongest possibly warranty of Philippine immunity. Japan will have her hands full in Manchuria for several generations. That great land is a treasury of her necessities—coal, oil, timber, grain. Japanese investments in Manchuria are above a billion dollars. Already she has populous colonies there. These are pragmatic reasons for giving credence to a spokesman of the Japanese Ministry. "We have no desire to acquire the Philippines", he said.

History as well as current events furnishes further basis for the belief that Japan will not undertake conquest of the Philippines. She could have taken them from Spain before we acquired them. Instead, she took Formosa from China, Korea from the Koreans, and Port Arthur from Russia. Besides, the Japanese are not anxious to go to the Philippines. There are only 10,000 of them in the islands now.

The peaceful grant of independence to the people of the Philippines will in itself be a measure of protection. Surely no great power would wish to affront the world by attacking the Philippines after their independence had been bestowed by the United States and recognized by all other nations.

Independence will inevitably alter the economic relationship the Philippines now sustain to the United States. That has been foreseen by Congress. The act makes provision for a trade conference between the representatives of the two countries to adjust the terms of their commercial intercourse. There is little doubt that such a conference could and would decide upon some arrangement reciprocally advantageous.

The act contemplates the protection of the islands against aggression. It authorized the negotiations of a treaty for their neutralization. It appears to me that in the present state of the world such a treaty would be very much more certain of accomplishment than it would have been a few years ago.

The retention of American military and naval reservations would seem to be another means of protecting the Philippines pending the negotiation of a treaty of neutralization, or in its absence if it could not be obtained.

But in the event that a neutralization treaty cannot be concluded and if the United States should finally abandon its naval bases in the Philippines the Filipino people could still look for protection from the several instrumentalities guaranteeing the territorial integrity of nations.

Even this summary reference to the salient provisions of the act reveals how carefully and thoroughly Congress went about the task of safeguarding Philippine interests both during the period of transition and after independence. I do not see how anyone can read the act in the light of all the conditions and circumstances that had to be met in its formulation and yet assert that it lacks consideration for the Filipino people or was drawn with the purpose of serving selfish interests in the United States or elsewhere.

CONCLUSION

It is my confident expectation that the Filipino people will come to realize the true significance of the measure enacted by Congress. I trust they will see in it the fulfillment of a magnanimous policy untainted by selfishness. I hope they will understand that their freedom, accomplished in the manner in which this bill provides it, is unique in the history of human relations and was granted to them only because America is liberty-loving, is true to her principles and traditions, and regardful of her national pledges and commitments. I urge the Philippine people carefully to study the provisions of this charter of their liberty with a view to exercising the right it gives them to accept or reject it. My advice to them is that they weigh in their judgment of it not the small things that it lacks but the great thing that it bestows, namely, their complete independence.

I would have them know, if independence is their supreme desire, as I believe it is, and if political separation from the United States and an opportunity to rule their own destiny is what they want, that this act fulfills that desire under the most favorable terms that the Filipino people can, in my opinion, obtain either now or hereafter.

The bill was conceived in a spirit of friendship for the Filipino people and in sincere sympathy with their welfare. Any legislation granting independence must always encounter the same questions, the same problems, and the same obstacles as those with which we had to cope in enacting this bill.

I know the act will bring difficulties, trials, and hardships to the Philippine people. These are unavoidable. They are part of the cost of independence. Liberty would not be worth while if the road that led to its enjoyment were not marked by struggles and some suffering.

"GABRIEL OVER THE WHITE HOUSE"

Mr. COPELAND. Mr. President, there is a great deal of interest in the novel and in the picture Gabriel Over the White House. I have here a very beautiful comment upon it which I ask may be printed in the RECORD.

There being no objection, the comment was ordered to be printed in the RECORD, as follows:

BENEDICTION

By Mabelle Jennings

Gabriel over the White House? Why not
Since we, poor mortals pregnant with distrust,
Our burdens heavy and our spirits low,
Our souls dull, battered shields, no more effectual
To take woe upon woe, find solace amidst dark chaos—
We see the ending of the longest day,
We glimpse the silver lining of a sable cloud,
We see a vital spirit and unfaltering.

Archangel sent by God, His will be done,
And if we falter, pressed perchance, too far,
Give him a giant's strength, that he may use it humbly,
To grant the uplifted prayer of hands
That otherwise are helpless.

Give us this day our daily faith, that we
May value courage;
Forgive us our sins—fear, doubting, and shameful yielding;
Show us the way, not back but ever forward;
And teach us to do for others what we would have done for us.

O messenger of God, make plain His meaning,
Disperse dark dooms and omens; let the light
Show us how to think, and thinking, how to do,
And doing, follow one who has not erred
Nor flinched in face of dire adversity,
But met his dread opponent face to face
And, reckoning not the cost to self or private gain,
Did do him noble battle—

Hover, O Gabriel,
The starlight, the thin spring sun by day,
Indifferent seem to minds beclouded and belabored,
Reflect your glory upon him whose chore it is to lead us;
Make plain the way to those verdant pastures
Wherein once we dwelled,
And dwelleth unthinking, knowing naught of hardships—

Gabriel over the White House? Why not
Since we, poor mortals, pregnant with distrust,
Our burdens heavy and our spirits low,
Our souls dull, battered shields, no more effectual
To take woe upon woe, find solace amidst dark chaos—
We see the ending of the longest day,
We glimpse the silver lining of a sable cloud,
We see a vital spirit and unfaltering.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

THE SENATE AND THE ECONOMIC CONFERENCE—THE NEW FOREIGN POLICY—THE ROOSEVELT DEMOCRATIC INTERNATIONAL EQUALITY

Mr. LEWIS. Mr. President, I crave the indulgence of the Senate for a few moments while I express sentiments which I feel are at this time pertinent under conditions which all will concede surround us. Mr. President, we have before us a bill which we speak of as the farm bill, which is intended to restore agriculture and make such further contributions to the prosperity of our people as it is assumed would be the product of its administration.

I must digress to say to the Senate, and I trust it will not be regarded as too bold an assumption on my part, that from me I would have the country know the outstanding legislative features of our Government. I attract our Nation to the Senate. The efforts on the part of all the Members on either side of this body have in the last month given evidences to the world of a spectacle calculated to attract the attention of history as unprecedented and as the only instance of its kind today in the legislative bodies of the parliamentary world. This body, in the administration legislation which it has been considering and passing, has disclosed the least of partisan political opposition that has been seen in any legislative body today in the civilized world. This consecration to their country certifies to that patriotism that is in the heart of the citizenry of America, reflected through the representatives as they sit under different designations, politically speaking, but who in their actions disclose an exalted unanimity of service—all to their country first.

It was but a short while since, sir, when certain newspapers and magazines were impelled to present to the citizenry of the United States that ceaseless wail against Congress, that ever-increasing condemnation against what they termed the Members of Congress. That occupation seemed to allure their imagination and then delight them as their occupation. It was to hold up the senatorial body as unworthy of the confidence of their countrymen. While no Member of this organization sought to dignify the accusations by giving them too serious turn of refutation, still at this particular moment it is but due our countrymen that their attention be drawn to what the Congress really is and particularly to the record of performance of the United States Senate. Let our citizenry reflect how, without rest, oftentimes without comfort, seeking no holiday, the Senate has taken the burdens as they fell upon it, literally fulfilling the description of Milton on Lycidas, "To scorn delights that they may live laborious days."

Mr. President, the farm bill that is now before the Senate for consideration likewise carries with it the hope of newly revived foreign markets and the suggestion of a purpose that shall operate to bring the world in something of unity toward world peace and international disarmament. This brings us for the moment to ask, how, in this hour, stands this Nation as to international peace? Mr. President, it was but a short while since that the Senate endured me to bring forth the evidence that there was not existing one nation friendly to the United States in all the world. Before the last administration passed out of official duty the statement could have been justly made, and immediately after the administration passed forth and in the beginning of the present era we could count as recurring and multiplying the nations with their expressions of animosity toward us. We could well adopt the expression of the king crying out, "Behold, hang the banners on the outer wall." The cry is, "Still they come!"

But fortunately we turn for the moment. A month of administration has elapsed. We contemplate the situation of the world. We see the nations turning toward the United States of America. The ancient expressions of hatred we no longer hear. The threats issuing from animosities of the days gone by, seemingly born in vengeance against us because of our demand for the payment of the international debt—these seem hushed. All that which to foreign nations indicated that the United States was on the eve of some imposition upon some or all the other countries of the world, seems to have been quelled. Where mutiny survived, a quietude and pacification seems to have blessed the scene. We have become interested at this moment to ask why is this transformation.

We do not speak of this administration in power in a political sense, yet we do call attention to how this administration, 1 month old, has, as the expression of the humanity of the citizens of our country, awakened a new spirit in the world. Evident it is that at first our new policy aroused curiosity, then awakened great interest, and now is fixed in admiration with abiding confidence.

We turn to see the varying aspects of the change. We cannot forget that but a short while since the oriental nation of Japan felt aggrieved that the official Government at Washington had announced through its State Department that whatever had transpired as a result in the way of an adjustment or acquisition of territory in the land of Manchuria, if obtained by force, would not be recognized by the United States. This awakened a resentment and at once the threat of retaliation. The distinguished Senator from California [Mr. JOHNSON] had occasion to allude, on the morning of the public utterances which appeared in the press, that Japan had given us a notice to remove the fleet of the American Navy from Pacific waters. Today it is pleasant to note that these voices of threat, which seemed to be filled with danger, have at least become silent and we pause to consider the neighbor.

China resented that numbers of the officials of our Government had held her land up as one of brigands and murderers and unworthy of the approval or yet the association of civilization. She, too, within the last month turned in the quadrangular form of her Government to make her appeal to the United States as an aid to world friendship.

We turn then to contemplate the real situation as it now exists in the world. If I appear to say a word that looks as if it exudes a confidence from some source, let it be understood I speak only upon my own authority and with no suggestion from any other source. But this country must know some feature of the military and industrial status of the world as it now confronts us.

England in the preservation of what she feels to be her rights, long established in some form in the Orient, has within the last 10 days consummated the revival of her treaty with Japan such as was had by her with Japan at the time of the Japanese-Russian War. England covertly finds this action justified for the preservation of what she assumes are her property interests, as well as the interests of her subjects living in the Orient.

At the same time, sir, within the last 30 days, and concluded by signature in the last 3 days, France has renewed her bond of friendship and commercial reciprocity with new Russia. In this respect there has been revived the old understanding which was between herself and the old Russia of the imperial Czar. This has for its purpose placing behind France, in the event of necessity, not only the commercial contribution of Russia, but the vast army she could contribute to any purpose France found essential to her welfare or to her defense.

Italy makes the gesture in the last week supporting that which a month before was undertaken covertly by Mussolini—that of joining Austria, her once enemy—and seeking to have Germany make the triangle in its completion of the arrangements between them. To this the Little Entente is

supposed to contribute such favor as its financial or its industrial interests or its national defense would call for.

Mr. President, how can we fail to ask the question, To what object are these new spheres of influence being aligned? It is a preparation for conflict of some calculated nature. It means the readiness for a general European war. The late President of the United States, Mr. Wilson, in a message before the joint tribunal of the House and the Senate, fateful in his history, delighted to say that "the old age of the spheres of influence and other secret combinations had come to an end", and he praised the sources of heaven that, under the direction of that which was imperial in its celestial power, we, the United States, could take praise for our contribution to that "consummation devoutly wished." But today we must confront courageously the truth that not only have the spheres of influence not ceased but they have revived themselves in an ardor quite exceeding that which inspired them in the past, and with a purpose more ingeniously hidden and more adroitly disguised than that which was ever known before. Previously, as my eminent colleagues sitting about me will recall, it was ever the boast of the countries to publish their alliances when executed in compacts as early as they could, that their strength might be disclosed, and in the divulgence of the combined power there might be warded off the anticipated assault which they fancied would have come without the knowledge of their aggregated power.

Now, Mr. President, how stand we as to this?

We are on the eve of calling what is designated through the press as an economic conference. I rise to say that it is fortunate for our country that we have waked up to one fact so essential to be now considered, and which previously should have been regarded, but unhappily for us has been ignored too long. It was, sir, that any attempt to bring the nations of the earth together in a solemn assemblage where they all sat at a table in the presence of each other always misled the United States; not that it could have been said to have been the intention, but because, Mr. President and Senators, these representatives of the foreign lands, however frank they might have been to us, if in an individual audience, to aid us in the furtherance of a policy of disarmament or peace, could not, in the presence of the enemies who had been the inherited foes of their fathers, reveal their own status in the military strength of their capacity or in the financial limits of their treasuries. To do this was but to invite those who had long since threatened reprisals, either as excited by results of the World War or as the fulfillment of this threat of inherited hatred, spurred on by the germ of ancient grudge. The result was that however anxious these foreign delegates may have been to reveal to us and our delegates the truth they could not do so because of the surroundings which impeded, and that which obstructed to an extreme degree such possibility.

Mr. President, I therefore wish now to invite the attention of the country to the fact that the United States has at last, under splendid guidance, without political tinge or color, and certainly without partisan purpose, conceived the real truth, which was and is that it is only when the United States can summon these separate nations individually around the table in conference with her in the fulfillment of the sacred injunction—

> Come now, and let us reason together—

that we are able to feel the atmosphere of the first aspect of this generation toward a universal peace reflected toward us. We are now proceeding, sir, to summon the nations separately, calling them individually, that each may present its wishes, so far as it feels we could supply them, and each designate its grievances to whatever extent it may imagine their extent or describe their relations and existence.

Therefore, Mr. President, today we call attention to the fact that America now, not by a mere expression but by conduct, has at last been placed in a position where she can say to the earth, "There shall not be wars if there be any manner in which—through friendship or the cooperation of intelligence from a patriotic body of a great nation, the United States—such can be prevented."

We have now ceased to feel that to the League of Nations, on the one hand, as an assemblage, or to the World Court, on the other, or to the intermediate body of self-constituted conventions of nations, there are to be submitted the grievances of the nations of the world, or the revelation of their conditions as they stand in a military array or financial procession before the earth. This conference, called by the administration, supported by the citizenry of all parties, looks to the object of first ameliorating any grievance each nation may have against us. This is to be done by professing and proceeding with any form of concession that justice would call for. Here it is we initiate any form of arbitration which common humanity can approve. We have at last invited the whole world, sir, to behold that there is a method by which mankind may be preserved from the devastating effects of military conflict and the irreparable destruction of war.

Mr. President, we stand here today to keep in mind that America need only carry out her mission; and, carrying it out in this individual capacity and method which we have now devised and put forth, we can paraphrase with Philip Faulconbridge in King John:

> Now these, her princes, are come home again,
> Come the three corners of the world in arms,
> And we shall shock them. Nought shall make us rue,
> If America to itself do rest but true.

Mr. President, with the passage of the bill now before this body, so splendidly amplified by the able address of the leader of the majority, the Senator from Arkansas [Mr. ROBINSON], who is to be followed by the eminent gentlemen upon my left whom we speak of as Republicans, and those who are schooled in the matter of agriculture, such as the Senator from Oregon [Mr. MCNARY], we will have before us the fulfilment of the objects of the administration preliminary to the meeting of this economic conference, called nation by nation. Here in this convention each nation, through its representatives, is now to present to America its desires.

Here, Mr. President, as I come to the conclusion of my observations, feeling a sense of gratitude to my eminent colleagues who sit so attentively and bear audience with me, I now ask the world, so far as my petty voice may reach such a sphere, to note that when the proposition is made by Mussolini in behalf of Italy to three nations to join as something of a guardian of the peace of Europe, England, cooperating through its Premier, joins in the suggestion that "if you will have the United States understand the proposition and cooperate with us, we can make a success of this undertaking." Promptly, therefore, sir, the appeal is made to us that we enter into the understanding looking to the commercial preservation of those whose nations find themselves somewhat down-cast in their material development; and by those others, sir, who but a short while ago drew the sword from the scabbard and held it shining, ready for the splitting of their opponents, but who have now sheathed it in its scabbard for the moment and moved toward the United States of America to seek the cooperation toward conciliation of this our Government to whatever extent it may go and to the fullness to which it can yield. All strive to make sure the undertaking suggested by the eminent heads of the European governments. Thus we are able to present to the world the new confidence of the new mankind of earth in this new administration of America in power in the United States, all to be beheld in admiration by all our fellow countrymen of all political faiths.

Mr. President, it is a source of gratification that the bill that is now before us, as the bills which preceded it and those that shall come after, are all being viewed by men of all political complexions—particularly honorable gentlemen who honor themselves through their service in this body—as that which is to go to the welfare of country rather than to the mere service and emoluments political of any party.

Therefore, Mr. President, I felt that the moment prompted me to express the situation as we see it, and now to inform the country that we are on the eve of that peaceful adjustment long prayed for—surely to endure—for the while. Sirs,

until such have been disrupted by some method we do not now anticipate, and which we pray God may be avoided, we can feel that at present we are on the eve of enjoying these civil measures to the full extent of the material benefits they may confer and also the peace which they may transfer to the civilization of the earth, through this our own United States.

And now, Mr. President, I call attention, sir, to the final apex that must not be ignored.

The United States of America at this hour is under very serious suspicion from world nations of late hostility toward us as to whether this call of conference by the present friendship of nations or whether it is an underground—subterranean method of eluding commercial opposition and placing ourselves in a position of superiority to serve the markets of Europe. We are under suspicion, and now under charges in the last few days of the heads of certain large financial institutions, of having for our purpose something touching the finances of the countries of the world destructive to what is called exchange. The charge is we are preparing to readjust, if not to surrender, our gold standard as a trade for markets; and this, it is claimed, melts equally the chances and the prospects of a "sure stability", as it is termed, of the values of money.

On these subjects I have nothing to add. I cannot contribute anything comparable to what has been suggested by eminent gentlemen specializing upon the lines of the matter of gold and silver, nor can I counsel upon the question of the general exchanges of what we may speak of as our notes of money. But, Mr. President, I cannot fail, sir, to cite here, in the presence of the eminent gentlemen who in their patriotism constitute this tribunal, already the deliberate attempt to break the forthcoming economic conference into fragments and into hatreds by first striving to create antagonisms against the very order and call of the distinguished President of the United States, cooperated in as it is by all the people of America who look for prosperity, dream of advance in progress, and wish the work all to be for the welfare of mankind.

Mr. President, I say—and I conclude with the observation, meaning no malediction—that I cannot overlook the opportunity at this moment to remark that these eminent bankers who lately, in an assemblage, have heralded this threat and made this charge, are the gentlemen who, in every undertaking by either administration—that which was preceding this or our own—bided their time to find some way to hold the Congress of the United States up to the contumely of the public. It is they who would ever indict it as being unworthy of trust, and impeach it as an organization of ignorance, when it came to the matter of finance. These eminent gentlemen in whom, they feel, has been reposed all intelligence and patriotism, are those who brought this country to the lowest degree of finance and credit to which it has ever descended in all its history. It is they who visited upon the poor and the helpless in millions and millions the fate whose consequences they are unable to resist or survive—it is they, indifferent to their crimes against humanity, utterly indifferent to the offense they have committed against patriotism—it is these who already begin to duplicate their previous course. Here it is, sir, that we, in common voice, give them notice, they shall not succeed! Their past efforts are before the world, and, as to America, too well understood. They will be without influence. The activities of the honorable committees which are investigating certain conduct on the part of these eminent financiers which in many respects, sir, should bring upon them the opprobrium and odium of all their fellow mankind, should be a warning to them that they cannot now succeed in demolishing the only attempt that seemingly has success before it in the years that we have lived since the World War. From all honest men come to them the malediction, "Out dam'd spot—out."

Mr. President, I congratulate the administration upon the measures brought here, and I felicitate this honorable body upon the splendid spirit disclosed in meeting them. All this must afford comfort to the world in its present aspects, as we now know them. We are moving largely to the melting of every grievance by the methods which can prevail. We turn for the moment to call attention to how the United States moves out to her new mission. I invite gentlemen to contemplate this, our country, seeking no conquest, advancing in no aggression, making no demands of penalty, accepting no reward but the realization of performances which shall ameliorate the conditions and lighten the severe burdens which are now resting upon mankind.

Behold this, your land, under the new dispensation, moves out to the temple of the international relations. May we not conceive her as she advances before us. Around her brow are bound the Ten Commandments of God. In her right hand the Sermon on the Mount; in her left hand the Constitution of the United States. Armored in this trinity she ascends to the new chancellory as high priest of the service. If there shall be those who shall cry out the challenge, "Who comes?" let us feel that all the glad earth will respond as they answer, "Thank God, this is America." [Applause from the floor.]

I thank the Senate. (Applause on the floor of the Senate.)

TENNESSEE VALLEY DEVELOPMENT—MUSCLE SHOALS (H.DOC. NO. 15)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Agriculture and Forestry, and ordered to be printed, as follows:

To the Congress:

The continued idleness of a great national investment in the Tennessee Valley leads me to ask the Congress for legislation necessary to enlist this project in the service of the people.

It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development: it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

I, therefore, suggest to the Congress legislation to create a Tennessee Valley Authority—a corporation clothed with the power of Government but possessed of the flexibility and initiative of a private enterprise. It should be charged with the broadest duty of planning for the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and its adjoining territory for the general social and economic welfare of the Nation. This authority should also be clothed with the necessary power to carry these plans into effect. Its duty should be the rehabilitation of the Muscle Shoals development and the coordination of it with the wider plan.

Many hard lessons have taught us the human waste that results from lack of planning. Here and there a few wise cities and counties have looked ahead and planned. But our Nation has "just grown." It is time to extend planning to a wider field, in this instance comprehending in one great project many States directly concerned with the basin of one of our greatest rivers.

This in a true sense is a return to the spirit and vision of the pioneer. If we are successful here we can march on, step by step, in a like development of other great natural territorial units within our borders.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 10, 1933.*

ORDER OF BUSINESS

Mr. FLETCHER. Mr. President, the opposition that was raised the other day to taking up Senate bill 1094, a bill for the relief of insurance companies, has been withdrawn, and I think we could dispose of that bill in a very few minutes. I appeal to the Senator from South Carolina to allow us

to lay aside the unfinished business temporarily, and to take up Senate bill 1094, an important measure, which, if it is not passed soon, need not be passed at all.

Mr. KING. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. KING. May I say to the Senator that I shall object to its consideration unless there shall be full explanation, far greater explanation than we have had, and until certain facts have been developed through such explanation as will justify, in my opinion, a consideration of the bill and its passage.

Mr. SMITH. Mr. President, every Senator here knows that the most urgent and important matter before this body is the farm relief bill. Every hour of delay counts against the proper operation of the measure, and I do not feel that I would be properly discharging my duty if I did not object to the consideration of every matter that might delay the passage of the bill.

The VICE PRESIDENT. Objection is heard.

6-HOUR DAY AND 30-HOUR WEEK—MOTION TO RECONSIDER

Mr. BLACK. Mr. President, on Friday afternoon, just before the Senate closed, a motion was made to reconsider the vote by which the Senate passed the 30-hour week bill. The Senate had debated that measure for 4 days, so I assume it will not require any extended debate.

It is also my information, from the press, that the House committee has set tomorrow for hearings on the bill. I should like to ask that the motion to reconsider be voted upon. Of course, I do not desire to ask that it be voted upon without the Senator who made the motion having a chance to debate it; but, as much as I favor rapid action on the agricultural bill, I do think that the 30-hour week bill is very important, along with the agricultural measure. I cannot anticipate that it will require any lengthy argument to dispose of the motion to reconsider, when the bill was so fully debated when it passed. I should like to have the motion disposed of.

Mr. TRAMMELL. Mr. President, I made the motion to reconsider, and I cannot give any assurance as to how much time might be occupied in consideration of the motion. I do not imagine a great length of time will be taken, but that will be more easily determined after we get into a consideration of the motion, and hear what others have to say, and also to what extent they will have to answer questions which are propounded. I cannot give any assurance of a really brief debate over the question.

Mr. BLACK. Mr. President, I ask unanimous consent that the motion to reconsider be taken up and voted on at 2 o'clock.

Mr. TRAMMELL. Mr. President, I object.

Mr. BLACK. Mr. President, I ask that the motion to reconsider be taken up and voted on at 3 o'clock.

Mr. TRAMMELL. Mr. President, I object.

Mr. BLACK. Mr. President, I desire to state that this matter was debated 4 days. There is evidently no intention to try to give it that speedy consideration which a motion to reconsider justifies. I should like to ask the Senator from Florida whether he is willing to enter into a unanimous-consent agreement to vote at any time this afternoon?

Mr. TRAMMELL. Mr. President, I do not care to agree to that, when I know that the time will be occupied upon other subjects. Of course, some little time was occupied in the debate on the bill, but I am duly within my rights in making the motion, and I do not see any reason why there is any great haste about this bill getting out of the Senate. I will not attempt any unduly delay, I do not want any undue delay, but I do desire to have an opportunity to discuss some features of the bill, and I suppose there are other Senators who wish to discuss some features of the bill. There is nothing out of the ordinary in making a motion to reconsider, there is nothing out of the ordinary in taking a reasonable amount of time in the debate on the motion to reconsider, and I am not going to enter into a unanimous-consent agreement for a vote this afternoon.

Mr. BLACK. Mr. President, I desire to state that as soon after 3 o'clock as I can get the floor for that purpose, I shall make a motion to lay on the table the motion to reconsider.

Mr. McNARY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. When there is unfinished business pending before the Senate is a motion in order, under the rule, to proceed to the consideration of another matter or motion?

The VICE PRESIDENT. A motion for the consideration of the motion to reconsider would be in order. The Chair understands that the motion to lay that motion on the table would not now be in order, but the motion to reconsider would have to be before the Senate, and then a motion to lay it on the table would be in order.

Mr. McNARY. The parliamentary inquiry takes this turn, Is it permissible for the Senator from Alabama, in view of the pending unfinished business, to move to take up the motion to reconsider at this time, or would he not require unanimous consent?

The VICE PRESIDENT. If the motion to take up the motion to reconsider were agreed to, it would then be the unfinished business.

Mr. ROBINSON of Arkansas. The motion to reconsider would displace the pending bill.

The VICE PRESIDENT. It would displace the pending bill. If the motion of the Senator from Alabama to take up the motion to reconsider were defeated, it would be tantamount to the Senate refusing to reconsider, and the bill would go to the House.

Mr. BLACK. Mr. President, in order that it may not be said that I made the motion without explaining the reason, I desire to take a very brief time in explaining my position.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BLACK. I yield.

Mr. ROBINSON of Arkansas. I do not wish to contribute to any controversy about the motion at this time, but I do not think it is correct to say that if the Senate refused to proceed to the consideration of the motion to reconsider the vote that would operate as a defeat of the motion to reconsider. The motion to reconsider must be made within a limited time, under the rules of the Senate, and if it is not made within that time it lapses. However, the Senate might very well refuse to displace the pending bill and at the same time not be opposed to reconsideration. The unwillingness to displace the pending bill might be the reason for refusing to take up the motion to reconsider. Some of us would not wish to displace the pending legislation on motion in order to take up the motion to reconsider. The motion to table, of course, cannot be made unless the motion to reconsider is taken up.

Mr. TRAMMELL. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. TRAMMELL. If the Senator from Alabama pursues the course which he states he intends to follow, the question would not be, Will the Senate reconsider the vote? but it would be a question of displacing the pending matter for the purpose of taking up the other for consideration. That is what the question would be.

Mr. ROBINSON of Arkansas. That is the way it was stated.

The VICE PRESIDENT. Let the Chair state the rule as he understands it from the parliamentary clerk. The rule laid down by the Senator from Arkansas is correct, and the statement made by the Chair was not in accordance with the rules of the Senate. In another body over which the Chair presided that was the rule.

The motion of the Senator from Alabama is not a privileged motion at this time, because the bill of the Senator from South Carolina is under consideration, and is the order of business in the Senate.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. The Senator from Alabama.

Mr. BLACK. I do not understand, however, that I would not have a right to make a motion to displace the pending business if I decided to do so, and thereafter, as soon as I could get the floor, I could make a motion to lay the motion to reconsider on the table. I understand the ruling of the Chair to be that a motion to take up the motion to reconsider would be in order.

The VICE PRESIDENT. It is in order as the parliamentarian advises the Chair. He also says it is not a privileged motion. Just how it can be in order and not be a privileged motion it is difficult for the Chair to see, and a point of order would lie against it.

Mr. McNARY. Mr. President, I think the situation is about as follows: Not being a privileged question, it could not come up and still permit the unfinished business to retain its present status, and if it is of privileged character, and should come up, it would, in fact, displace the unfinished business.

The VICE PRESIDENT. That is exactly what the Chair was advised. If it is a privileged matter, and comes up in that form, it certainly will displace the business before the Senate. The philosophy of the ruling does not appeal to the Chair at all. The Chair does not understand how it cannot be privileged and then be privileged; but if it is privileged and comes before the Senate it displaces the pending business.

May the Chair remark that the parliamentary situation seems to him to be this: This is a privileged motion, we will say; the Senate votes it down; it is still pending; there may be another vote 10 days from now, and the Senate may vote it down again, but it still remains before the Senate, as the rules are, so far as the Chair can see.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. Is not this the situation in this matter: The Senate by order has made the agricultural relief bill the unfinished business?

The VICE PRESIDENT. Undoubtedly.

Mr. CLARK. A motion to reconsider the 30-hour law is not a privileged motion. If it were a privileged motion, it would not require a motion to take it up and displace the unfinished business, but it could be taken up automatically as having privilege. Since, however, it is not privileged it requires a motion to displace the unfinished business and to consider the motion to reconsider, but such a motion would be in order if voted for by a majority of the Senate.

The VICE PRESIDENT. The question is whether or not it is a privileged motion and whether the Chair may recognize the Senator from Alabama to make the motion. If the motion is carried, it displaces the pending business. That is the parliamentary status, as the Chair understands.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I yield.

Mr. BORAH. As I understand, there is no way by which the Senator from Alabama can get his motion up except by displacing the unfinished business or by unanimous consent?

Mr. BLACK. That is so, according to the ruling of the Chair.

The VICE PRESIDENT. The parliamentary clerk advises the Chair that it could be taken care of in what is known as "the morning hour." Of course, so long as the Senate takes recesses each afternoon, there is no morning hour.

Mr. BLACK. May I ask the Chair if it should be taken up during the morning hour, and the opposition should debate it until the morning hour had closed, would it continue to be the unfinished business or would it be displaced by the pending bill?

The VICE PRESIDENT. The Chair would construe the rule to mean that the unfinished business would be laid before the Senate at the hour of 2 o'clock, at the end of the morning hour. That is the understanding of the Chair.

Mr. ROBINSON of Arkansas. Mr. President, the motion to reconsider has been entered within the 2 days prescribed by the rule.

The VICE PRESIDENT. That is correct.

Mr. ROBINSON of Arkansas. Then, when the business of the Senate permits, the Senator from Alabama may himself make the motion to reconsider.

The VICE PRESIDENT. That is the Chair's understanding of the rule.

Mr. BLACK. I understood the motion had already been made.

Mr. ROBINSON of Arkansas. The motion has been entered, but the Senator from Alabama may call up the motion at any time when the business of the Senate permits. I think he is entitled to have the motion disposed of with reasonable promptness, and I will move an adjournment of the Senate today in order that he may have the opportunity of calling up the motion tomorrow.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield.

Mr. TRAMMELL. Mr. President, I have no disposition to try unduly to delay the consideration of the motion to reconsider, but I think it is entitled to a fair hearing and a reasonable length of time for discussion. I do not wish to have it understood that I have any disposition not to have the motion considered; I wish to have it considered. I wish to have it disposed of upon its merits; that is all I am asking for; but not under the gag rule of the motion to lay on the table, as the Senator proposes to do. He suggests the adoption of a gag rule by making a motion to lay on the table, though I will guarantee he occupied half of all the time that was consumed when this bill was before the Senate for consideration prior to the vote on its passage. All I want is a reasonable length of time for the consideration of the motion.

Mr. BLACK. Mr. President, I regret the excitement that the suggestion seems to have provoked. As a matter of fact, what I desire is prompt action on the motion. Before I made the statement that I would make a motion to lay on the table I attempted to obtain from the Senator from Florida, who was the only objector, an agreement as to some definite period within which a vote could be taken. Since the Senator would not make such an agreement, the natural conclusion was that he did not want the motion to be voted on within any reasonable time. It was for that reason that I made the statement I did, that I would make a motion to lay on the table after a certain period of time. In view of the statement of the Senator from Arkansas [Mr. ROBINSON] that the Senate will adjourn this afternoon in order that the motion to reconsider may be taken up tomorrow—I understood the Senator from Arkansas to so state.

Mr. ROBINSON of Arkansas. I said that I would move an adjournment of the Senate this afternoon. The Senate, of course, will have the option of adjourning or refusing to adjourn.

Mr. BLACK. I understand that. On the statement of the Senator from Arkansas that he will move to adjourn in order that we may take up the motion to reconsider tomorrow, I shall, of course, not make the motion which I said a few moments ago I would make. There was no desire on my part then nor is there now to prevent any discussion. There were 4 days during which the bill could be discussed; the floor was open to all Senators who desired it, and after it had been discussed for some time, a voluntary limitation of debate was made. I have no desire to prevent the Senator from Florida discussing the bill; he has a perfect right to discuss it; he has a perfect right to make his motion, just as he says; but, insofar as I am concerned, with the statement of the Senator from Arkansas that he

will move to adjourn in order that we may take up the motion during the morning hour tomorrow, I shall not make any other motion.

RELIEF OF AGRICULTURE

Mr. SMITH. I call for the regular order.

The VICE PRESIDENT. The regular order is demanded.

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York to the amendment reported by the committee.

Mr. COPELAND. Mr. President, I ask to modify the amendment which I have proposed and send the amendment as modified to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from New York, as modified, will be stated.

The LEGISLATIVE CLERK. On page 2, line 18, after the word "tobacco", it is proposed to insert the words "milk and its products"; and on the same page, in line 20, after the word "tobacco", also to insert the words "milk and its products."

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

Mr. COPELAND. Mr. President, the purpose of the amendment as modified is to have the base period in the case of milk coincide with the base period for tobacco. I had originally asked that the base period for milk and its products be from 1919 to 1923, inclusive, but on further study of the matter it seems to me that to accept the language of the proposed amendment as it relates to tobacco would be better.

I want once more to call attention to this fact: If the base period provided for originally in the bill, namely, from August 1909 to July 1914, were to be used as regards milk, a great injustice would be done to the dairy farmers of the country. It was at that period when the fight was on between the distributors of the cities seeking to exploit the farmers. The price of milk was driven down to a very low point. For instance, in 1911 it was down to $1.71 per hundred. At about the end of the base period as provided here there were cooperatives formed in my State, the Dairymen's League Cooperative Association, and throughout the country there were formed other cooperative associations. In consequence the farmer was getting during the period from 1919 to 1928 a fair price for his milk. Of course, at this time, the price is very low, about $1.33 a hundred, but the period from 1919 to 1928 would seem to be a normal period when there was a normal price for milk, and that period should be adopted as the base if we are to provide for a "fair exchange value" of the commodity, according to the language of the bill on page 12, where it reads:

> The fair exchange value of a commodity shall be the price therefor that will give the commodity the same purchasing power, with respect to articles farmers buy, as such commodity had during the base period specified in section 2.

Mr. President, if we were to use the general base period of the bill and apply it to milk there would not be a fair exchange price which would give the dairy farmer any chance whatever.

Therefore, Mr. President, I am asking—and I have been supported in offering this amendment by telephone conversations with milk producers in my State—the Senate to give milk and its products exactly the same consideration that it is proposed to give tobacco under the terms of the committee amendment.

Mr. SMITH. Mr. President, of course, I am not conversant enough with milk and its products in a marketing sense to speak authoritatively on the question. We had witnesses before the committee, perhaps as many representing milk as those representing any other product, and there was not at any time one objection raised as to the base period proposed. There may be some years that would more nearly represent a proper price for milk and its products than during the period from 1909 to 1914; but I am sure the members of the committee will bear me out in the statement that there was not any objection whatever raised to the base period provided in the bill as reported. The question is left entirely with the Senate. I have no information whatever as to what was the price of milk and its products during the period that has been selected as the base period, nor have I any figures as to what was the price during the period which the Senator from New York desires to specify. I want to state that we did have very particular and elaborate statements with reference to the base period for all other commodities and with reference to the modification of the base period for tobacco, but we had none whatever with reference to milk.

Mr. COPELAND. Mr. President——

Mr. SMITH. I yield to the Senator from New York.

Mr. COPELAND. Let me suggest to the Senator that I am confident an examination of the figures will prove the soundness of my contention. I realize it is not fair to the chairman or to the committee to attempt to deal with a matter so intricate in this offhand manner; but let me suggest to the Senator that he permit the amendment which I have offered to go to conference. In the meantime the Agricultural Department will develop the full facts, in order to determine whether or not the position I take is the correct one. If it is determined otherwise, I shall not resist any change which may be made in the bill. But no one can examine the figures without appreciating the full truth of what I am saying regarding the injustice to the dairy farmer if the proposed base period is accepted for milk and its products.

May I say, too, that my interest in this matter is more than an academic interest. For a good many years, through my office as commissioner of health of the city of New York, I had supervision over the quality of the milk supply throughout the eastern section of the country. We received in New York City milk from seven States and the Dominion of Canada. Naturally, I became very conversant with the efforts of the dairy farmers to improve their status. Indeed, I had much to do with the early efforts of the cooperatives in our section to improve conditions. Because of that experience I was forced to learn a good deal about the industry.

I invite attention more specifically to the prices which were received by the milk farmer. From 1909 to 1914 the average price was $1.79 per hundred pounds. Then came the period of the development of the cooperatives, and in the period from 1919 to 1923 the average price was $2.93. The average price for the period which I now suggest, which coincides with the tobacco period, the 10 years from 1919 to 1928, was $2.73, which the Senator from South Carolina will see is less than $1 per hundred pounds more than was received during the proposed base period.

More than that, if we are to have the fair value for the purchase of other things used by the farmer applied to the milk farmer, as well as to the other farmers, he will not get such fair value if it is founded upon the general base period proposed. On the other hand, if the period which the tobacco farmers have determined upon is used also by the dairy farmers, I think it is a perfectly fair proposition that the dairy farmers then will have a fair share of return upon their products.

Let me appeal to the Senator from South Carolina that he do not resist the change. There will be time for the Department of Agriculture to present to us the conditions underlying the problem and then, as I said, if it is found in conference that it is desirable to make the change back to the original base proposed, I shall not resist it.

Mr. SMITH. Let me ask the Senator what the tariff is now on milk imported from Canada?

Mr. COPELAND. I have forgotten for the moment.

Mr. SMITH. The reason I call attention to that is that under the terms of the bill, whatever tax is laid upon milk and its products, in raising it to the parity existing, even as indicated by the Senator, there automatically is applied a tariff on importations equal to whatever that tax may be.

Mr. COPELAND. I realize that.

Mr. SMITH. Therefore the Senator recognizes at once that that would bring about an embargo, of course.

Mr. COPELAND. The Senator will recall that at the instance of former Senator Lenroot, of Wisconsin, I believe it was, the recommendation of the Tariff Commission was accepted, establishing a tariff on milk from Canada. Whatever benefit the milk producers of the United States can have from the tariff, they have already had.

As the Senator may know from reading his newspaper, there is now a milk war on in my State. The dairy farmers, because of the low prices received from the distributors of milk, have gone out and destroyed the milk. Early Sunday morning, yesterday, in a session continuing over from Saturday night, a bill was passed by the New York Legislature seeking to establish in my State a price-fixing committee for milk. The problem is a very pressing one, and there can be no doubt about the necessity for helping the dairy farmer.

It is that fact which has given me sympathy with the pending bill, many features of which I have not approved. But if there is in it really any hope of relief for the distressed farmers, I shall be happy to vote for it. But I am sure there will be no relief to the dairy farmer if the base period proposed is applied to milk and its products.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. COOLIDGE in the chair). Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I yield.

Mr. LONG. What is it the Senator said about the tariff? Is it expected that we are going to have a tariff to take up the difference in the cost of production?

Mr. SMITH. The bill provides that whatever tax is levied to equalize the difference, automatically that amount is added to whatever tariff exists.

Mr. LONG. That puts a tariff on it?

Mr. SMITH. Yes.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Utah?

Mr. SMITH. I yield.

Mr. KING. May I say to the Senator from Louisiana that if the bill shall ever become a law, we will have relegated to the Secretary of Agriculture the high duty to impose embargo tariffs upon all the commodities and the subsidiaries, if I may use the expression, of the commodities that are included within the bill. The Congress is to abdicate its right to impose tariffs and give to the Secretary of Agriculture that legislative privilege.

Mr. LONG. It gives the right to increase the tariff?

Mr. SMITH. Yes; automatically. In order to be perfectly fair and that Senators may understand the parity price, as it is raised, the tax will diminish just to that extent. In other words, if we want to raise the price of wheat to 90 cents a bushel and wheat is now 40 cents, there would ultimately be a rise by imposition of the tax up to the time it reached 90 cents. Then, when wheat reached 90 cents the tax would be taken off and the tariff would be taken off.

Mr. LONG. We would not take the tariff off. If we did, the price of wheat would go right back down.

Mr. SMITH. That is the provision of the bill.

Mr. BANKHEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. SMITH. I yield.

Mr. BANKHEAD. The tariff would not go off in its entirety. The rate of tariff is merely adjusted up or down to vary according to the prices, so there will always be a sufficient tariff rate to prevent importations.

Mr. SMITH. As I understand the bill, a tariff is imposed equal to the tax. Therefore, as the tax diminishes, the tariff will diminish. But it is not clear how it will be done. Suppose wheat is 40 cents a bushel and we desire to raise it to 90 cents; there would be 50 cents a bushel bonus or equalization fee. There would automatically be applied to the wheat an additional 50-cent tariff, making the price 90 cents a bushel. Just how that tariff is to be reduced or lowered is not clearly set forth in the bill. I presume that when wheat has finally reached that point there would be imposed a tariff in accordance with the ordinary tariff rules, but I see nothing in the bill that makes that mandatory. It may be, as the Senator from Louisiana suggested, that the tariff would remain permanently until such time as world wheat reaches the level of domestic wheat.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SMITH. Certainly.

Mr. WHEELER. In order to make the bill effective at all it is necessary to place practically an embargo upon all commodities. If we do not place an embargo on them, it will be impossible to make the bill effective because of the depreciated currencies of other countries.

Mr. KING. Mr. President, I want to ask the Senator from New York [Mr. COPELAND] a question. He has referred to the milk war which is in progress in his State between milk producers and consumers, the public and the distributors. The Senator will know as a member of the Committee on the District of Columbia that we have had complaints from numbers of persons in the District to the effect that there is a monopoly or some great organization that purchases milk from the farmers and monopolizes the market and charges prices for the products sold to the people in the District greatly in excess of what should be received. I was wondering if the situation in New York which has created this disturbance has not grown out of the fact that there is an attempted monopolization by some large dairy organization of all the milk that is produced by the farmers, and that the farmers suffering from monopolistic control are given but a very small price for the milk, but the consumer has to pay an extortionate price?

Mr. COPELAND. Mr. President, in answering the question of the Senator from Utah let me say that there was a time when the heavy hand of monopoly affected the farmer, as the Senator has suggested. It was during the period which coincides with the base period fixed in the bill, from 1909 to 1914. Just now the trouble lies in the fact that poverty has reduced the consumption of milk. The normal consumption of milk in New York City is close to 4,000,000 quarts per day, but now it is only 2,500,000 quarts per day, and yet the flow of milk on the farm is the same. There has been such a surplus of milk that it has driven down the price.

Mr. KING. May I ask the Senator whether the price to the consumer has been reduced?

Mr. COPELAND. Yes; it has been reduced.

Mr. KING. Materially?

Mr. COPELAND. Very decidedly; yes.

I want to answer the question about the tariff on milk. The tariff is 6½ cents per gallon, but the amount of milk which has come in from Canada at any time, even when we had free milk from Canada, has been negligible so far as New York is concerned. If we are now seeking to help the dairy farmer, and I am sure that is the desire of Congress, we must not make him conform to the base period which coincides with the most unfortunate period in his existence, the period when monopoly put its heavy hand on the industry. The way the dairy farmers were treated in my territory was outrageous. The distributors at that time arbitrarily said the price for milk would be 2 cents per quart, or $1.60 per hundred pounds, whatever it might be. But there came along the cooperatives, made up of the farmers themselves—75,000 or 80,000 members at one time in the chief cooperative in my section—and they forced better conditions. They went into the city itself and engaged in distributing milk there, so the monopolistic hold disappeared.

I appeal to the Senate and to the Senator in charge of the bill to permit this change in order that there may be an authoritative statement from those who are versed in the matter. I want to say for myself, with somewhat broad knowledge of the subject, that I am satisfied that the base period proposed here will be very damaging to the dairymen or milk producers of the United States. I think we must take a different period. The tobacco men have chosen a particular period, and since that happens to coincide with

what, from my standpoint, is a desirable period for milk, I ask that that period be adopted for milk.

Mr. McNARY. Mr. President, I should like to have the attention of the able Senator from New York for a moment.

The base period suggested by the Senator covers a period of 13 years as against 5 in the bill?

Mr. COPELAND. The base period which I suggest is the same as the committee accepted for tobacco, 1919 to 1928—10 years. The Senator will find that on page 2, line 21.

Mr. McNARY. Yes; but I understood that the Senator desired the base period extend from 1909 to 1923.

Mr. COPELAND. On Friday I asked that the period be 1919 to 1923; but when I came to consider the matter, I realized that I might possibly be doing the farmer damage if we took those particular years. If we take the extended period from 1919 to 1928, as proposed for tobacco, it strikes me that that represents a cross section of the time when the farmer was having some fair degree of prosperity, and yet not a time when he was getting an excessive price for his milk. But certainly if we take the other period, the base period as proposed here, we take the dairy farmer in the period of his very greatest depression, and it is not fair to him. That is my judgment.

Mr. McNARY. Mr. President, I was somewhat confused by the remarks of the Senator on Friday in the selection of a base period. I do not conceive it to be the purpose of the Congress or of anyone interested in this measure to attempt to fix a base period during the time of the highest price level. It should be based upon a satisfactory price relationship existing between that particular commodity and other agricultural and industrial commodities. The Senator concedes that?

Mr. COPELAND. I agree to that fully.

Mr. McNARY. In the Senator's discussion, as I gather it, he talks about the base period as set forth in the bill as unfair. I do not know in what respect it is unfair. It is one that was brought to the committee and to the Secretary of Agriculture as the result of a union of feeling by various farm leaders. It was passed in the House in that fashion. It came to the Senate. A number of those interested in the dairy industry and the milk industry came before the Senate committee and made no reference to this base period, leaving the impression in the committee that it was wholly satisfactory.

What factor is involved that makes the price relationship unsatisfactory to the milkmen, using the base period as reported by the committee?

Mr. COPELAND. We have the following figures:

1910	$1.71
1911	1.71
1912	1.32
1913	1.86
1914	1.85

An average of $1.79 a hundred pounds.

Mr. McNARY. What is the average?

Mr. COPELAND. One dollar and seventy-nine cents a hundred pounds.

Mr. McNARY. That is for skimmed milk?

Mr. COPELAND. No; that is for whole milk. That, you see, is about 3½ cents a quart.

Mr. McNARY. Then, if we take the base period and the price level which the Senator mentioned, and add the processing tax, what we may call the creamery tax or the converter's tax, what charge or tax would be levied upon the consumer today for 100 pounds of whole milk under the operation of this bill?

Mr. COPELAND. If this base period were to be taken as the period for milk there would not be anything added to the consumer, because there could not be put on the processor any tax which would bring it up to the price which he has had until year before last.

Mr. SMITH. What is he getting now, may I ask the Senator?

Mr. COPELAND. He is getting $1.31 now, but prior to this he got an average of $1.79.

Mr. SMITH. So the difference then would be the difference between $1.79 and $1.30, if that is the average price?

Mr. COPELAND. Yes.

Mr. McNARY. Do I take it from the able Senator from New York that if this bill should become a law and were administered the milk producers would receive no aid under the allotment feature of the bill?

Mr. COPELAND. My judgment is that they would not.

Mr. McNARY. What interest has the Senator in the bill with respect to changing the base price, if the milk producers are to receive no benefit under the bill?

Mr. COPELAND. I have no interest in it unless the milk producer is to have some benefit. I would have to hold my nose to vote for it anyhow; but in my section—and I am just as selfish as any Senator, and perhaps no more selfish—I want my farmers to be benefited. Many of my farmers happen to be dairy farmers. If this bill is passed as it is written, I am here to say to the dairy farmers of my State and of this country that they will get no benefit from this bill. On the other hand, they will be paying higher prices for many things that they have to buy in consequence of the passage of the bill. Since the bill is here, I want the New York dairy farmers to have their share of the "gravy", if it is possible for me to get it for them.

Mr. McNARY. What is the benefit now proposed by the Senator in changing the base period over and above the base period set forth in the bill?

Mr. COPELAND. The difference is that the average price in the base period of the bill was $1.79 a hundred. The average price of the 10-year period which the tobacco men have selected would be $2.73 a hundred. It would be virtually a dollar a hundred, or 2 cents a quart. That is the difference.

Mr. McNARY. What is the price level of whole milk now?

Mr. COPELAND. Last year, the lowest in the history of the industry, it was $1.31 a hundred; but I have told the Senate why—poverty, distress, the inability of the people to buy, the practical reduction of the purchase of milk by 50 per cent; but in 1929 and 1930 and 1931 the price was considerably in excess of what it was during the base period of the bill. Unless, however, we take a period for milk which coincides with some degree of prosperity in the milk industry, the milk farmer will not be benefited. In other words, if we take the bill as it is written, there is not a dairy farmer in the United States who will be benefited by the part of the bill referring to milk; but, on the contrary, he will be harmed by reason of the higher prices which he will have to pay for products which he buys.

Mr. McNARY. Mr. President, the Senator from New York is keenly anxious to serve the milkmen of his State and section.

Mr. COPELAND. I am. I admit it.

Mr. McNARY. That, of course, is most commendable. From the figures the Senator from New York gives me, I glean that the processor's tax, using his base period, would be about $1.42 a hundred pounds of whole milk.

Mr. COPELAND. Using my period?

Mr. McNARY. Yes.

Mr. COPELAND. It would be about 94 cents.

Mr. McNARY. The Senator, as I understood, said that the present current price average——

Mr. COPELAND. Oh, the Senator means on the current price?

Mr. McNARY. Yes. We take the current price average and subtract that from the base period to get the price level.

Mr. COPELAND. Yes. Last year, 1932, the tax would have been 48 cents; but for the extraordinary reason that I have mentioned—poverty, and the lack of demand for milk, and the lower price—1932 is not a fair year to take.

Mr. McNARY. Let me have this understanding with the Senator: Using his own figures as I have noted them here hastily, the present average price of whole milk per 100 pounds is $1.31.

Mr. COPELAND. It was in 1932; yes.

Mr. McNARY. And under his base period the price level would be $2.73.

Mr. COPELAND. Right.

Mr. McNARY. Subtracting $1.31, the present price level, from $2.73, leaves $1.42. That is correct according to the Senator's own figures. That is the processor's tax that will have to be paid by the consumer. The question arises in my mind whether in the great city of New York, and cities about that great metropolitan area and section, that would work a hardship upon the consumers in the very largely increased price level for whole milk.

Mr. COPELAND. If it were actually true that the price for 1933 would be as low as $1.31, I would say yes, it would work a hardship; but I am perfectly satisfied, by reason of legislation which we have perfected, that the price will not be as low as $1.31. It will be in the neighborhood of $2, which is 21 cents higher than the average of the 5 years in the base period.

Mr. McNARY. The Senator from New York has given careful thought to this section of the bill. Does he see any complications or complexities in the matter of the administration of the bill as applied to milk?

Mr. COPELAND. Oh, I share with the Senator all the doubts about the bill and about its administration. I think I am as skeptical of it in many ways as the Senator from Oregon.

Mr. McNARY. The Senator probably misunderstands me. I will say to my able friend that I think the bill is practical and practicable as to wheat and cotton, two great nonperishable commodities having an exportable surplus. I entertain serious doubts of the practicability and the workability of this bill as applied to milk and hogs and agricultural products of that kind. So I want to ascertain from the Senator, who has an unusual knowledge of foods, sanitation, and the great problems affecting the metropolitan areas of our country and the thickly congested and settled cities, if, in his opinion, this bill presents any complexities as to administration with respect to milk.

Mr. COPELAND. I want to answer that question rather fully, Mr. President.

My city of New York is a great manufacturing city. People think of it as a financial city. Hardly a day passes but that somebody lambasts Wall Street. One would think that they have nothing but money in New York and that financial affairs are the chief occupation and the chief thought of the people of that city.

As a matter of fact, the city of New York is the greatest manufacturing city in our country. Within the political boundaries of the city, in bulk and value, the manufactured products of New York exceed the combined output of Pittsburgh, Cincinnati, St. Louis, Milwaukee, Cleveland, Detroit, and Boston.

When there are depression and poverty on the farms of the United States, there are depression and poverty in the city of New York. When the farmer cannot buy, there are bread lines in New York.

Of course, the pending bill is sure to increase the cost to the consumer. I am more worried about flour than about anything else. If I read this bill correctly and can believe what I have been told about it, the price of flour, if this bill shall be enacted, will be about twice as much as it is today.

When that is reflected in the price of a loaf of bread it does not mean so much, because the price of wheat can be increased 60 cents a bushel before the cost of a loaf of bread will be increased 1 cent. Sixty loaves of bread can be made with 1 bushel of wheat. But 40 percent of the people of the United States make their own bread, and I venture to say that over half of the people in my city of New York make their own bread. When they go to the store and find that they are paying twice as much for flour, after this bill shall be enacted, as they did the week before, they are not going to like it. Nevertheless, the consuming public must bear their part of the burden. If we can rehabilitate agriculture, if we can increase the purchasing power of the farmer, we can sell the manufactured products of New York City, and we cannot do it until then. When the farmer can buy we will prosper in the cities.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BORAH. Suppose the result of this bill should be to decrease the purchasing power of the urban dwellers? Suppose, by reason of the increase of the price, they should buy less goods, buy less stuff; where would the benefit be to the farmer?

Mr. COPELAND. There would not be any benefit.

Mr. BORAH. The Senator knows well, better than I do, because he is more familiar with that phase of the situation than I, that the urban dwellers today are down to about the lowest margin possible in the way of living. Millions of them are in great distress. They cannot pay much more. If prices are increased, they will have to buy less. I fear the farmer will not benefit in the end.

Mr. COPELAND. I want to say to the Senator, in all frankness, that if it were not for the loan feature of this bill, the hope of the restoration of agriculture by the improvement in its finances, I would not vote for the bill.

Mr. BORAH. The Senator has stated my view. I think the refinancing part of the bill, the part providing for the refinancing of farm indebtedness of the United States, is a wise proposal. It will be of great help to the farmer. I am thoroughly in sympathy with it. I want to vote for it, and shall vote for it, and I shall vote for these other things if they are incorporated in the bill, because I want to vote for that part of the bill. But, in my opinion, the allotment proposition may prove as unsatisfactory to the farmers of the United States as the Farm Marketing Act.

Mr. COPELAND. Mr. President, I share the feeling of the Senator, and if it were not for the refinancing feature of the bill I could not be induced to vote for it. But the bill is here, and it is going to be passed, and if it is passed I want the dairy farmers of New York, as well as the dairy farmers everywhere in the United States, to have whatever benefits are possible. They will not derive any benefit from it if the base period proposed by the committee shall be accepted as regards milk and milk products.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. VANDENBERG. The Senator is discussing the milk phase of the problem. I wish he would translate that for me into terms of sales tax which the ultimate consumer would confront in respect to milk. Then I will understand it. Is this correct, that the Senator believes that if the bill stands as it is there will be no sales tax on the consumer in respect of milk?

Mr. COPELAND. Does the Senator mean if it passes as it is written?

Mr. VANDENBERG. Yes.

Mr. COPELAND. No; there will not be any tax on the milk.

Mr. VANDENBERG. Suppose the Senator's amendment should be adopted, what would be the sales tax on a quart of milk?

Mr. COPELAND. About 2 cents.

Mr. VANDENBERG. A 2-cent sales tax on milk?

Mr. COPELAND. Yes; and if I had my way, may I say to the Senator from Michigan, I would do away with that and provide for a general sales tax. I feel that that is the way we ought to raise some of our revenue. I am not one of those who say that such a tax is unfair to the working classes—unfair to the poor. As a matter of fact, there is no tax which is so graduated and so fair as the sales tax; because with a sales tax in operation it is the man who has the money, the man who spends the money, who is taxed; and if we exempt from the sales tax food and the other products, proposed to be exempted, there will be no great burden upon the poor of our country.

Mr. VANDENBERG. Does the Senator think that the people of his city can pay a 2-cent sales tax on milk?

Mr. COPELAND. In my city we are improving the methods of distribution so that there will be cut out between the producer and the consumer a good deal of expense, because we are now going forward in that matter. My own feeling about New York City, therefore, is that the increase will not be so great. But measured mathematically, without reference to these improvements which will take place in distribution and marketing, there would be such a tax as the Senator from Michigan suggests.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. FESS. The Senator is speaking about the change of price to the consumer as a result of the falling of the price or the increasing of the price to the producer. In the admirable address made by the senior Senator from Arkansas [Mr. ROBINSON] Friday he dealt with that phase of the problem, and when I heard him a doubt came into my mind at once. The suggestion was that since the prices of raw products have been falling there has not been any serious reflection of that fact in a decrease in the price of the finished product. For example, wheat has gone down, but bread has not gone down accordingly; and the Senator argued from that that if wheat should go up bread would not go up accordingly. It was simply a parity of argument.

I do not agree with that view of it. It is true that the large units which produce the articles of consumption are able to maintain the price when the raw material comes down, but when there is a positive increase in the price of raw material as a result of an act of government, it gives ground immediately for an increase in the price of the finished product, and I do not endorse the argument that if an article has not fallen in price with the falling in price of the raw product, it will not rise with the increase in price of the raw product. Things do not go that way. I assume that the Senator is correct in saying that if there is an increase in the price of wheat by reason of the proposed form of bounty on wheat it will be reflected in the price of flour, but the Senator said he did not think it would be especially reflected in the price of bread. I am assuming it will be reflected in that also.

Mr. COPELAND. There is a very great margin. I think the Senator from Arkansas [Mr. ROBINSON] the other day, if I remember correctly, said that of the price received for the ingredients in a loaf of bread, the farmer received only 1.9 cents.

Mr. FESS. One and nine-tenths cents.

Mr. COPELAND. Of course, if we increase the price of wheat 60 cents, there is the legitimate excuse for putting 1 cent more on the price of bread and there is no doubt that it will go there. I have no question about it.

Mr. FESS. There is no question about that.

Mr. COPELAND. But I feel myself that one of our great problems in the United States is our failure to reorganize our system of distribution. When the farmer was really prospering he got 7½ billion dollars for his farm products, for which the consumer paid 22½ billion. Fifteen billion dollars, twice the original cost, had been added between the producer and the consumer. I was a member of the milk commission which sat in New York some years ago, and we felt that we had worked out methods by which the distribution of milk could be so improved that there would be a material decrease in the cost of milk to the consumer, and I still think so. But, no matter if those in the cities suffer, if there is any hope in the improvement of farm conditions, the purchasing power of the farmer will be increased. Then the city dweller will have work and greater prosperity.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. SHIPSTEAD. I have some figures, and I would like to ask the Senator from New York if he thinks they are correct. They are figures given out by Professor Warren, of Cornell University, on the distribution of milk and the cost to the consumer, and the price paid to the farmer before, during, and after the war. I am wondering whether the Senator can tell me whether or not these figures are correct? Professor Warren says that in New York City before the war the consumer paid 8 cents a quart for milk and that the farmer got 4 cents; that during the war the consumer paid 16 cents a quart for milk and that the farmer got 8 cents. He says that now the consumer pays 10 cents a quart for milk and that the farmer gets 2 cents. Can the Senator give us any information as to whether or not those figures are correct?

Mr. COPELAND. I fear the Senator has taken figures from Professor Warren, who is a great authority, but has not taken quite all of his figures. In New York we have had on sale several qualities of milk. There has been grade A milk, there has been grade B milk, and bottled milk, and then there has been loose milk. So any figure might be misleading. The city of New York has now determined that all the milk sold must be bottled milk. Consequently, it is sure to cost the consumer more, but it adds to his safety and the lowering of his doctor's bills.

The farmer, in my opinion, has never had a fair share of what the consumer pays for the milk, although I would want to analyze the quoted figures more closely and not simply make a general reply.

Mr. SHIPSTEAD. According to these figures, before the war and during the war the farmer got half of what the consumer paid for his milk, and if the figures are correct, he now receives only one fifth.

Mr. COPELAND. Let me say to the Senator that there has not been a time when the farmer got as much as 8 cents a quart for his milk. In 1920 the dairy farmer was at his very best, and at that time he got a little less than 7 cents a quart. It was $3.42 a hundred, a little less than 7 cents a quart. But this last year the farmer got only $1.31 a hundred, which would be about 2½ cents a quart.

Mr. SHIPSTEAD. I would like to ask the Senator, for my own information, this question: It is hoped that this bill will restore parity in exchange such as existed during the pre-war period. I know that the Senator wants to help the farmer. By this amendment are we to understand that he thinks the parity which existed during the period from 1909 to 1914 would be worse for the farmer than that which existed from 1919 to 1928?

Mr. COPELAND. Yes. I have taken the period from 1919 to 1928, which is much fairer, because during the period from 1919 to 1928, inclusive, the farmer's average price was $2.73 a hundred, while in the base period proposed by the bill it was only $1.79. He gets about 96 cents more per hundred pounds with the later base period than he would if the other were taken.

Mr. SHIPSTEAD. Does the Senator mean to tell us that the farmer's milk dollar bought more of industrial products in the period from 1919 to 1928 than it did from 1909 to 1914?

Mr. COPELAND. I think so; yes.

Mr. SHIPSTEAD. Is not that true of other commodities?

Mr. COPELAND. No; it is not true of other commodities. That is the argument I made. This base period is going to help as regards other commodities, but it is the worst period as regards milk.

Mr. McKELLAR. Mr. President, will the Senator state whether he got his figures from the Department of Agriculture?

Mr. COPELAND. I did.

Mr. McKELLAR. Those figures show that the price was greater from 1909 to 1914 than between 1919 and 1928?

Mr. COPELAND. No; that the price was greater between 1919 and 1928.

Mr. McKELLAR. What is the difference, as shown by the figures which the Senator has?

Mr. COPELAND. The average price of the base period fixed in the bill, 1909 to 1914, was $1.79 a hundred. The average price from 1919 to 1928 was $2.73 a hundred.

I appeal to Senators to take this amendment to conference and let the agricultural experts pass judgment upon it.

Mr. SMITH. Mr. President, before the vote is taken I should like to say that I made the statement a while ago

that those who appeared before our committee in the interest of the milk industry did not say anything about the changing of the base period. Most Senators have the report of the hearings before them on their desks.

On page 324 is found the statement of Charles W. Holman, secretary National Cooperative Milk Producers' Federation, Washington, D.C. Then follows a list of the members of his organization, most of page 324 and all of page 325 being taken up by that list. I will read just the opening sentences of Mr. Holman's remarks before the committee:

> I am passing around a little map which shows the distribution as to homes where the farmers live. We belong to the constituent units of this organization. It is entirely agricultural in character.
>
> Mr. Chairman, I have been instructed by the executive committee of our federation—and I will be very brief—to express the approval of the federation of the House bill. We do not advocate any changes in the bill as it came to this committee. We are supporting the bill in all particulars. I shall address myself, however, only to those phases of the bill that may affect the dairy farmers of this country.

Then he goes on to defend the bill in all particulars, and to show that, in his opinion, it would be beneficial to the milk producers.

The Senator from New York [Mr. COPELAND] has offered an amendment which contravenes the detailed statements of one who is the secretary of the National Cooperative Producers' Federation. Of course, as I before stated, and now repeat, I am totally unfamiliar with all the ramifications of the milk business. It was stated before our committee—and I call upon those members of the committee who are hear to bear me out—that it is the most complex of all the commodities included in this bill, insofar as its applicability to the machinery proposed to be set up here is concerned. I say that much in vindication of myself and of the committee.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. SMITH. I yield.

Mr. McCARRAN. The Senator from South Carolina just a moment ago, based on the testimony on pages 324 and 325 and those following in the record of the hearings before the Agricultural Committee, said that the Senator from New York has offered an amendment which contravenes the statements of Mr. Charles W. Holman, the secretary of the National Cooperative Milk Producers Federation. I ask the Senator wherein the amendment of the Senator from New York contravenes the statement of the secretary of the National Cooperative Milk Producers Federation as it has been recorded. It appears to me, from a reading of the hearings, that there is nothing in the statement of the secretary of the National Cooperative Milk Producers Federation, as it is called, which at all contravenes the amendment now offered by the Senator from New York nor does the amendment offered by the Senator from New York contravene the statement. The statement of the secretary before the committee merely goes to the general proposition of the bill sent over from the other House and not to the specific proposition of dealing with the milk industry. That is so as I read the statement and as I gather its meaning.

Mr. SMITH. Mr. President, I read what Mr. Holman stated in his opening remarks as follows:

> I have been instructed by the executive committee of our federation—and I will be very brief—to express the approval of the federation of the House bill. We do not advocate any changes in the bill as it came to this committee. We are supporting the bill in all particulars. I shall address myself, however, only to those phases of the bill that may affect the dairy farmers of this country.

Then I find he simply calls attention to the licensing features and the power granted the Secretary of Agriculture from time to time to take cognizance of the operation, but in no place does he suggest a change of the base period; and that is the question before the Senate—Shall we change the base period?

The Senator from New York has already said that during a certain period milk was sold for about $1.79 a hundred. Subsequently the milk producers formed cooperative associations for the purpose of raising the price of milk, according to his statement, nearly double. Subsequent to that the depression set in, and the people became too poor to buy milk, but the cooperatives were still operating, though the people who consumed milk did not have the money with which to buy. Consequently what the cooperatives desired could not be done.

It seems to me that the authority of this spokesman for the milk cooperatives was sufficient for us to reach the conclusion that nobody in the business wanted a change in the bill in any particular. That is all that I, as a member of the committee, have to go by. Of course, I shall leave it to a vote of the Senate as to whether or not they want to change this provision. I have no right and no power, in view of the testimony taken before the committee, to accept the amendment or to say that it should not be accepted, but, as I say, I shall leave it to the judgment of the Senate.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. FRAZIER. An argument was made by Mr. Holman. There was no discussion as to a change in the basic period.

Mr. SMITH. No.

Mr. FRAZIER. It was after his statement that the change was made in the case of tobacco.

Mr. SMITH. Yes.

Mr. FRAZIER. I voted for that change because of the showing that was made by those who knew the situation in the tobacco States.

While $1.79, the average price from 1900 to 1914, would be a great help to the milk producers, if they could obtain that price as compared to present prices, yet the average of $2.73 during the period suggested by the amendment of the Senator from New York as the base period, namely, the period from 1919 to 1928, would be, of course, much better. It would not be too high. In my opinion, even then, they would not make any proper profit, counting in their work. It seems to me that it would be only fair to the dairy farmers to select a base period that would result in an increase in the price of their products.

Mr. SMITH. Mr. President, the only point I make—and it may not be of any real worth to the Senate—is that the tobacco producers did appear and pointed out that the base period selected would not affect them at all; in fact, that they would get less, even with the tax, than they had been getting subsequent to the period thus selected. They therefore asked the committee to change the base period, and select another base period which would put the tobacco producers on a parity, so far as purchasing power is concerned, with the producers of other commodities. They stated that the purchasing power of tobacco at that time was below parity compared with the purchasing power of other agricultural commodities when it came to buying the things which they had to buy. So they selected a period that would more nearly approximate the normal buying power for tobacco. However, there was not one word said about the milk question. Here on the floor of the Senate a Senator who has had a great deal of experience, not as a milk producer but because of his official position by inspection and otherwise, makes a plea for the New York milk producers, and states that the period suggested by him should be the period adopted as affording higher prices. As I have said, I do not feel that I should accept or advise the rejection of the amendment, but I leave it entirely to a vote of the Senate as to whether they think it is a proper thing to do.

Mr. SHIPSTEAD. Mr. President——

Mr. SMITH. I yield.

Mr. SHIPSTEAD. As I understand the purpose of the pending bill, it is to establish parity between the purchasing power of farm products and the purchasing power of industrial commodities. It seems to me that the thing for us to determine is what course will insure the greatest degree of parity——

Mr. SMITH. That is correct.

Mr. SHIPSTEAD. As between the base period of 1909 to 1914 and the base period from 1919 to 1928. The only consideration that should enter into the determination of the question seems to me to be at what period was there the best parity. I am not familiar with the details of that question, but it seems to me it can easily be determined at what period there was the best parity between the agricultural dollar, so far as milk products are concerned, and the dollar of industry. That can easily be ascertained; and if there was a greater approximation to parity during the period contended for by the Senator from New York, it would be perfectly consistent with the philosophy and purpose of the bill to specify that period as the base period for the purpose of establishing a price for milk. If, however, there was a nearer approach to parity during the period from 1909 to 1914, then it would be perfectly consistent with the objects and the purposes of the bill to retain that base for the purpose of carrying out its provisions.

Mr. SMITH. Mr. President, the purpose of this bill, so far as the allotment plan is concerned, is to raise the price of farm products to a point where their purchasing power will be on a parity with the purchasing power of the things the farmers have to buy. The nearest we could come to a period where that parity existed was during the years from 1909 to 1914. If during that period, as to a commodity included in those subject to the bill, it can be proven that the parity which we seek did not exist, then the representatives of the product so affected have a right to come here and endeavor to select a period that will, when everything is considered, represent a time when there was such a parity as exists with respect to other commoditioes. As I have said, however, not being familiar with the particular question, and having before us the testimony of the man who represented the milk producers, as a matter of course, milk was not included in the amendment of the Senate committee, because it had not been asked that it be included, nor were the facts given showing why it should be included.

Mr. BANKHEAD. Mr. President——

Mr. SMITH. I yield to the Senator from Alabama.

Mr. BANKHEAD. Mr. President, it seems to me the Senator from New York is exploring ground with which he is not entirely familiar in view of some of the statements and arguments he has made. I am not going to undertake to deal with his reasoning as to the philosophy of this bill, because the immediate question embraces too narrow a subject to spend half a day on when the Department of Agriculture is urging as much speed as we can possibly make so as to get this bill in operation before it is too late to apply it to the present planting season.

Mr. President, some seem to have an idea that the bill fixes the price that dairymen are to get for their milk under its terms. We have simply fixed the base period for the purpose of establishing a parity. During all the discussion I have heard nobody stated what the price of milk was during that base period and the price necessary to bring about parity. That is the only question involved.

Here is the report submitted by the Committee on Agriculture of the House in reporting the bill. It may be recalled that during the last session there was a bill pending before both Houses upon which elaborate hearings were had before committees of the House and Senate. In that bill milk and its products were included. Many witnesses were heard before the committees. In submitting their report the committee placed the price of milk on February 15 of this year at $1.16 per hundred pounds. The report made to them by our Department of Agriculture, the basis that is included in all the statements and figures for the ascertainment of parity prices, is $1.16 per hundred pounds. The parity price for milk then as estimated by that department would be $1.90, an increase of 63 percent. Yet we have heard the assertion here, upon information from some source, that under the parity basis there will be no increased price to the dairymen. However, there are the figures furnished from an official source.

In addition to that, as the chairman of the committee pointed out, the secretary of probably the largest dairy association in America, representing hundreds of other associations, stated that he wanted the bill passed as it passed the House without any change. Who can presume to think that the representative of this industry, in appealing to our committee to make no change in the bill, did not have as the very first and central point of thought the price involved and the benefits involved from a money standpoint? It would be a strange suggestion that they were talking about other phases of the bill without giving direct and intimate and thorough consideration to the question of the effect the terms of the bill would have in dollars and cents upon the members of their association.

So, with full knowledge of the effect, with full knowledge of the increased price that would come to the dairy interests as a result of the parity arrangement contemplated by the bill, this great organization, through its representatives, urged that no change be made. I am sure that many Senators, especially members of the Committee on Agriculture and Forestry, will confirm the statement that telegrams came to them from representatives of dairying associations in all sections of the country urging that we leave the provision as to milk as it was in the bill as it came from the House. They were entirely content, entirely satisfied, with that and were anxious only that no change should be made that would be injurious to their interests.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nevada?

Mr. BANKHEAD. I yield.

Mr. McCARRAN. In view of the statement which the Senator has just made, I remind him that Charles W. Holman, in his testimony as set forth on page 324 of the hearings, said: "Let there be no change in the bill." I hope that I quote the Senator correctly and that he will correct me if I do not. The bill before the committee at that time was the bill as it passed the House unemasculated by the Senate Committee on Agriculture and Forestry.

Mr. BANKHEAD. Does the Senator say it is emasculated now so far as it refers to the milk industry?

Mr. McCARRAN. I do.

Mr. BANKHEAD. All right; point it out.

Mr. McCARRAN. I say it is emasculated because it has been entirely changed from the original bill as it came from the House and was referred to the Committee on Agriculture and Forestry of the Senate. May I respectfully point out——

Mr. BANKHEAD. Mr. President, I do not want to yield to the Senator for an argument. When I conclude he may take the floor in his own right. I assumed he wanted to interject merely a question.

Mr. McCARRAN. I am leading up to a question now.

Mr. BANKHEAD. Very well.

Mr. McCARRAN. Is it not true that when the secretary of the National Cooperative Milk Producers' Federation appeared before the Committee on Agriculture and Forestry of the Senate he appeared to respond to and deal with the bill as it passed the House and was then before that committee, and that all of his statements were addressed to that and nothing else?

Mr. BANKHEAD. Mr. Holman, the secretary, came of his own accord as the representative of that association without any limitation upon him as to the subject he should discuss or what might be in his mind relative thereto. He came there as a representative of the milk industry and made the statement which the chairman of the committee has read: "We do not advocate any changes in the bill as it came to this committee." No change has been made, so far as I have been able to follow the bill, which in any way alters its effect upon the dairymen.

Mr. President, after the subject has been so carefully considered by the House committee and the Senate committee and by the representatives of the organized industry, and no dissatisfaction has been expressed anywhere, no opposition having presented itself anywhere, I submit that it is rather dangerous upon the mere suggestion of the Senator from New York [Mr. COPELAND] to change the basis as to

this commodity. There has been considerable question as to its inclusion in the bill at all because of its highly perishable nature and because it is the only commodity in the bill which does not have an exportable surplus. Still the suggestion is made upon the floor of the Senate that the price of milk to the children of the city of New York should be raised now at a time when their consuming power is lower than at any time in the history of our country. It is suggested that this necessity and essential of life should be lifted clear out of line with the base period of all other commodities in the bill and put on the basis which the Senator admits is the highest possible basis within the history of the industry. I submit that no such change in the interest of the dairymen of New York or of the entire country should be made. Here is an increase proportionate with the increase in other commodities included in the bill, and the Senate should be very careful about making a change affecting so directly and so seriously the type of consumers in the country who would be affected by the change proposed by the Senator from New York.

Mr. AUSTIN. Mr. President, it has seemed to me that the amendment proposed by the Senator from New York [Mr. COPELAND] deserves comment by Senators from the great milk shed of the United States, because they are quite likely to have that special knowledge which others who reside elsewhere in our country may not have. I think it is not wise for Senators from other sections of our broad country, with its diverse activities, who have no special experience with a product of this character, to undertake to oppose an amendment of the kind offered, which obviously is proposed by one who ought to know, and who no doubt does know, about the subject, whose interest in the public welfare has been manifested so many times, and whose great heart for humanity is always expressing itself in the United States Senate.

I heartily support the Senator from New York in the proposed amendment. I may say, without any attempt at increasing the importance of my few remarks, that I come from the heart of the great milk shed. We have early pastures there. The sun warms the green mountains before ever the valleys get thawed out, and the frost disappears from them. We produce a very fine quality of cattle and a great quantity of milk, considering the area of Vermont.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Nevada?

Mr. AUSTIN. I yield.

Mr. McCARRAN. I am very much interested in the remarks of the Senator, and I am sorry that there is so much confusion in the Chamber that it is with great difficulty that I can hear them. I especially ask for order so that we may hear the Senator's remarks.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. AUSTIN. Mr. President, I shall not speak long on the subject. It seems to me it should take but few words to picture a situation which ought to have weight in the consideration of the amendment proposed by the Senator from New York.

The little State of Vermont produces three fourths of all the milk that is shipped into the city of Boston every morning. The men and women who are maintaining those fine dairies in Vermont have been held down to the grindstone for years because they are not getting adequate prices for their products. They have taken great pride in producing a very fine quality of milk with a high percentage of butterfat, and they continue to battle against adversity of weather and adversity of hard times. They have made a wonderful success of the milk industry.

In the hope of trying to preserve that industry they have for the past 2 years been going through an intelligent struggle for reorganization of the marketing facilities for milk in the State of Vermont. In that effort they have joined the other New England States. Our legislatures in New England, our Governors, and administrative officers have all cooperated in that effort. It has made some progress, but we are far from a solution. I wish to call the attention of the Senate to the fact that the distinguished witness who has been cited here, Mr. Holman, made statements in his testimony which show that he was not undertaking to bind the Senate; that he was not undertaking to say that if this question arose in such a way that an amendment might be made on the floor of the Senate that would improve the condition of milk it should not be made; for he said this, and I read from page 327 of the hearings:

> There has been a distinct decrease in the buying power of butterfat, and I might call your attention to the fact that in the chief dairy States of the United States we have the highest percentage of farm mortgages outstanding, and our people are having as much difficulty as anybody else in trying to find a gross income on which to pay their interest and their mortgage debts. In that connection the average amount of butterfat that it takes to pay the tax on an acre of land has increased from 1913 to 1932, 176 percent. In other words, while 1 pound of butterfat would pay that much taxes, it now takes 1¾ pounds of butterfat to do that.

Now, let us apply that reasoning to this amendment rather than to take the flat which is set forth somewhere else, which says in effect that he would not recommend the change of a comma in this bill, and we arrive at the conclusion that if Mr. Holman had had before him an amendment which undertook to change the basic period for tobacco, and the distinguished Senator from New York had presented to him this change in the basic period for milk, his testimony would have had an entirely different color. It certainly would not have the absolutism that is contained in the statement that he backed this measure without the change of a comma. His reasoning shows that he would have followed and indorsed the reasoning of the Senator from New York and helped to stabilize and build up this great industry upon which the children as well as the adults of our country are so dependent.

I hope the Senate will accept the amendment proposed by the Senator from New York.

Mr. COPELAND. Mr. President, I am very much obliged to the Senator from Vermont [Mr. AUSTIN] for his courtesy. He is always considerate, and I appreciate his kind words. I am not quite so enthusiastic over what the Senator from Alabama [Mr. BANKHEAD] said about me. Concerning that I want to make this comment, Mr. President:

I may be ignorant of the purposes and effects of this bill, but I am convinced that wisdom regarding it will not die with the Senator from Alabama. He has certainly gone far afield, and made many unintentional but nevertheless real mistakes regarding the purpose of my amendment and the figures relating to it.

I am not ignorant of the fact that we are not fixing prices. I have read the other parts of the bill, and know that we are seeking to establish the fair exchange value of this commodity with the purchasing power that the commodity had during the base period.

Mr. President, regardless of what others may have testified, I am here to say that if this bill were to be enacted into law as written now, the dairy farmer of America will not be benefited.

Mr. FESS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Ohio?

Mr. COPELAND. I do.

Mr. FESS. The Senator said he was aware that the bill does not attempt to fix prices. I wish the Senator would read, on page 25, subsection (b) of section 20, where it says:

> (b) After such date as shall be specified in the proclamation, it shall be unlawful for any person to purchase any amount of the commodity from the producer or any association of producers at a price, for the domestic consumption percentage thereof, that is less than the proclaimed cost of production for the commodity.

May I ask the Senator whether, in his judgment, that authority to estimate or declare the cost, and the attaching of a penalty if anyone should buy at less than that price, does not fix the price?

Mr. COPELAND. I assume that the Secretary of Agriculture will proclaim the price of milk, and that, when he has done so, that will be the price.

Mr. FESS. I rather think the Senator is in error when he says that this bill does not include price fixing. As I interpret the language of it, it does carry the power to fix the price, based upon what it is determined is the cost of production; that is, it must not be less than that.

Mr. COPELAND. The Senator no doubt is right. In my enthusiasm to reply to the remarks of the Senator from Alabama [Mr. BANKHEAD], perhaps I went farther than I should have; but, of course, what I had in mind when I made the statement was that if we were to make the base period 1920, when the price of milk was at its very highest, $3.42 a hundred, I would not think for a moment that that was going to be the price that the farmer would get now. The question is, What could he buy now with 100 pounds of milk in contrast with what he could buy then? That is the way the matter will be determined. In that sense the direct price in dollars and cents would not be fixed.

Now, Mr. President, I want to say just a word further if I may have the attention of the Senator from South Carolina. I am not in conflict with Mr. Holman a particle. I know him and respect him. I am regretful that I have not had an opportunity to talk with him during the past 2 or 3 days. I had hoped to do so; but, failing to hear from him, I did telephone to other men in the industry who are associated with him in the same organizations.

It is very clear, as the Senator from Vermont [Mr. AUSTIN] has pointed out, that when Mr. Holman was before the committee it is probable he did not have in mind the base period at all. He was not thinking about that. If the Senator from South Carolina will turn to page 326, it shows that Mr. Holman's enthusiasm was over the licensing feature. If the Senator will notice the paragraph beginning:

> But the particular provisions that we desire to commend to you cover the power giving the Secretary the right to license the trade including the cooperatives, and to control in interstate and foreign commerce operations so far as the licensees are concerned, so far as licensing is concerned.

Then, in another place, he speaks about the mortgage legislation. There is no doubt in my mind that Mr. Holman had in mind the general principles of the bill, not specific things as regards, for instance, the base period for milk. He was not thinking about that, I am confident. What proves it to me is the fact that when I talked on the telephone last night with one of the same organization in New York State, in western New York, he said, "Why, I have not thought about the period. I have not thought about that. I am only thinking about some period which will give us hope of some prosperity in the enactment of the law. By all means change the period."

Mr. President, my only thought in this matter is to help the dairy farmer.

The Senator from South Carolina is wrong when he says that my interest is purely that of one who has had general supervision of a milk supply. I have also had experience, may I say to him, as a producer of milk, so I also sit with him in high places.

But the dairy farmer, Mr. President, has a very responsible place in society. Milk is the most valuable of foods. It is the perfect and essential food at certain ages of life, a necessary food, a balanced food.

Sanitarians have demanded of the milk farmer that he maintain certain standards. He must produce milk under certain conditions. His herd must be a tested herd. The milk must be produced under sanitary supervision. The barns are supervised. Inspectors go there to test the herds, to examine the bacterial content of the milk, to examine the milkers to see if they are free from disease. The milk must be maintained at a certain temperature, taken to the creamery at a certain time, where it is kept at a certain temperature until it is prepared for pasteurization. Then it is pasteurized, and so forth. All these things have added to the cost of milk; and not only that but they have added to the expense of producing milk.

The farmer has to maintain these fine herds and these splendid barns. He has to get up in the night and take care of his sick cows. He has a strenuous life. His wife and children join him in hard work. I am seeking just one thing in what I am trying to do, and that is to help the dairy farmers of the United States, and by helping them I help the farmers of my State.

I am confident that when Mr. Holman comes to study the details and to take the prices given by the Agricultural Department year by year from 1909 down to 1933, he will find that that period, which is the base period of this bill, is the most unfortunate period that could possibly be chosen for the milk farmer, for the dairy farmer. There is no doubt in my mind that with the improvement now taking place in my State in the marketing of milk the price that the milk farmer will have will be certainly as high as he received during the base period of 1909 to 1914. But if he is to be really benefited by the pending bill, some other period must be taken.

And so once more I say to my friend from South Carolina—who knows far more about agriculture than I could possibly know—that I appeal to him to let this amendment go to conference. Then let Mr. Holman and the others who are interested in these various cooperatives, and let the experts of the Department of Agriculture, determine whether or not this is a wise provision which I have suggested. If not, then let the conference amend it.

So, Mr. President, I plead with the Senate to accept this amendment.

Mr. McNARY. Mr. President, may I ask the Senator one concluding question? The Senator has referred to the dairies supplying the metropolitan area as affected by the change in the base period. Has the Senator made a national survey to see if this base period is applicable throughout the country?

Mr. COPELAND. The prices I have given are the general rates given to me by the Department of Agriculture for the entire country, and so the conditions which I describe are general conditions and not those of my own immediate locality.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York [Mr. COPELAND] to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment as amended.

The amendment as amended was agreed to.

Mr. BANKHEAD subsequently said: Mr. President, I was out of the Chamber when the vote was taken on the amendment offered by the Senator from New York [Mr. COPELAND] changing the base period for milk and its products. I understand the amendment was adopted. If so, I wish to enter a motion to reconsider the vote by which it was adopted.

The VICE PRESIDENT. The motion will be entered.

Mr. SHIPSTEAD. Mr. President, the processing fee has been referred to as a tax upon the consumer, and from that point of view the question was discussed by Professor Kemmerer, of Princeton University, a few days ago.

In answer to Professor Kemmerer's point of view there appeared in yesterday's New York Times an article written by Dr. John A. Ryan, a noted economist, of Washington, D.C., relative to this fee. He referred to it as not being a tax, and the article is so interesting that I ask that it be printed at this point in the RECORD without being read.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From New York Times, Apr. 9, 1933]

FARM RELIEF LEVIES NOT VIEWED AS TAXES—ASSESSMENTS STIPULATED IN THE PENDING BILL WILL NOT GO TO THE SUPPORT OF THE GOVERNMENT

To the EDITOR OF THE NEW YORK TIMES:

A considerable part of the article by Prof. E. W. Kemmerer in the Times of last Sunday is unintentionally confusing and misleading. I refer to his description and discussion of the assessments which are to be imposed upon the processors of certain farm products in the pending farm relief bill as "taxes" or "a tax." Professor Kemmerer condemns these as contravening "most of the fundamental canons of justice in taxation."

Inasmuch as these assessments are not a tax, the appeal to the proper canons of taxation is wholly irrelevant. A tax is a levy by government for the support of government. The assessments stipulated in the farm relief bill, the greater part of which will undoubtedly be passed on to the consumer, are imposed and will be collected by the Government indeed, but they will not be

devoted to the support of government. Since they are intended to provide higher prices for the farmers, they are properly classified under the head of price fixing. To call this levy a tax tends to give it a bad name and would cause it to be prejudged, just as many reform measures have been injured by calling them socialistic. The proposal ought to be considered on its merits. What it does, not what it may be called, is the vital consideration.

It is indeed a price-raising measure for the benefit of one class of citizens at the expense of another class. Nevertheless, the emphasis upon class legislation in the discussion of it is irrelevant to the question of justice. In the interest of realism as well as fairness the laissez-faire condemnation of class legislation as such should be totally discarded. As a matter of fact, the vast majority of important enactments, whether by Congress or by the State legislatures, are and must be class legislation in the sense that they all benefit some classes more than others. The principle underlying this practice is the only one that is just in a society with different class needs and class interests. The "general citizen" does not exist any more than "the economic man" who was excogitated by Professor Kemmerer's predecessors of the classical school of economics.

CANONS OF TAXATION

Class legislation provides the only method for effectuating distributive justice, the formulation of which is: "Burdens according to capacities, benefits according to needs." The canons of taxation to which Professor Kemmerer rightly appeals are in accord with the first part of this formula. The second part is even more important, and it not only justifies but requires legislation which varies according to the interests and needs of the various social classes. As applied to governmental functions, the principle was never more aptly expressed than by Pope Leo XIII: "Whenever the general interest or any particular class suffers or is threatened with evil which can in no other way be avoided, it is the duty of the public authority to intervene."

Professor Kemmerer emphasizes the increased cost of food products which will result to the great majority of the population for the sake of a minority. This, too, is irrelevant. The only relevant question that can be raised concerning the justice of the price-determining provisions of the farm relief bill is whether they are fair to both producers and consumers. The farmers have a valid ethical claim to prices sufficiently high to enable them to live decently. Conversely, the consumers are under ethical obligation to provide such prices on all the farm commodities that they actually consume. When they demand goods at a lower price they are unreasonable and unjust.

Do the prices contemplated in the farm relief bill provide more than a decent livelihood for the farmers? Professor Kemmerer intimates that they are arbitrary, inasmuch as they aim at restoring the relative purchasing power enjoyed by the farmers in the years 1909–14. Possibly this is an "arbitrary" standard, but it can scarcely be called exorbitant or unjust in view of the enormous burden of debt and the desperate situation created by wholesale mortgage foreclosures. The level of prices contemplated in the bill will not give the vast majority of farmers an excessive income for many years.

THE QUESTION OF FAIR PRICES

The general failure to recognize this ethical principle of fair prices to the farmers and the ethical obligation upon consumers to pay such prices has been one of the most discouraging features of the discussion of the domestic-allotment plan and every other plan for lifting agricultural prices from their present unjustly low levels. Almost all the critics of these proposals seem to assume that whatever price is fixed by supply and demand is a just price. While Professor Kemmerer does not in his article expressly accept this assumption, neither does he deny it, and his whole argument tends to lend it support. This is another laissez-faire assumption that has been long overdue for the discard. It is high time for the universal acceptance and preaching of the doctrine that every economic class in our abundantly rich American productive society whose products or services are required by society has a moral right to at least the elements of decent living and that those who consume those products or services have a moral obligation to provide the money equivalent of such a standard of living.

Undoubtedly the administrative difficulties involved in this part of the farm relief bill are very great. Possibly they are insoluble. The only way to ascertain the truth in this matter is by actual experiment, as President Roosevelt has frankly admitted. But experimentation, no matter how formidable, is preferable to continuation of the present intolerable conditions in our agricultural industry.

JOHN A. RYAN.

WASHINGTON, D.C., *April 4, 1933.*

The PRESIDING OFFICER. The Clerk will state the next amendment of the committee.

The next amendment was, on page 3, line 13, after the word "upon", to insert "not in excess of the market price", so as to read:

SEC. 3. The Federal Farm Board and all departments and other agencies of the Government are hereby directed—

(a) To sell to the Secretary of Agriculture at such price as may be agreed upon, not in excess of the market price, all cotton now owned by them.

Mr. McKELLAR. Mr. President, the Senator from South Carolina will recall that when a similar bill was before the Senate at a previous time I offered an amendment as a substitute for subsections (a) and (b), which I now desire to offer. The proposed new sections as I offered them would read:

(a) To take such action and to make such settlements as are necessary in order to acquire full legal title to all cotton on which money has been loaned or advanced by them upon such terms as they may deem fair and just: *Provided*, That no amount in excess of outstanding advances to individual producers and charges paid or accrued for storage, transportation, insurance, and interest against the cotton so acquired shall be allowed by the Farm Board in such settlement: *Provided further*, That if the amount of such advances and charges on the actual cotton so acquired cannot be determined, no amount in excess of the market value of the cotton shall be allowed by the Farm Board except that it may cancel such part of any loan or advance, and only such part, as it ascertains to be not recoverable from the borrower.

(b) To sell to the said Board at such price, not exceeding the market price, as may be agreed upon by the Secretary of Agriculture all cotton now owned by them or acquired by them under the provisions of section (a).

Mr. SMITH. Mr. President, exactly the same principle is involved in the two amendments, first, the one on line 13, page 3, where we propose to insert the words "not in excess of the market price"; that is, the market price at the time the settlement is made. The next one is where we propose to insert the words, "In making such settlements the cotton shall be taken over at prices equal to the amounts loaned or advanced, directly or indirectly, plus the carrying charges and operating costs thereon. The Department or other agency shall," and so forth. That includes practically what the Senator had in his amendment.

Parties interested in the bill have stated that if it were agreeable they would like to have this particular amendment go over for a time, until the new Secretary and parties interested might reach an agreement, and I promised that I would make that request.

Mr. McKELLAR. Mr. President, if I may, I will just offer the amendment I have read as a substitute for the two provisions, and allow it to remain in that way and to go over, if the Senator desires that it go over.

Mr. SMITH. As an amendment is being prepared which will be agreeable to the new Secretary, I would just ask for this to go over, and we can recur to it.

Mr. McKELLAR. With the understanding that the amendment is offered?

Mr. SMITH. Yes.

The PRESIDING OFFICER. The Senator asks that his amendment go over?

Mr. McKELLAR. That will be entirely satisfactory.

Mr. KING. Mr. President, if I may have the attention of the Senator from South Carolina, he will recall that following the amendment which was offered by the Senator from Tennessee when the so-called "Smith cotton bill" was under consideration at the last session of Congress, I offered an amendment which was adopted without any opposition. If I may read it, I shall offer the amendment now and ask that it be accorded the same treatement as that accorded to the amendment just offered by the Senator from Tennessee.

Mr. President, I offer the following amendment, to follow the amendment just offered by the Senator from Tennessee, to be marked "(c)":

That in making such settlements the Farm Board shall, before allowing any credits to any organization or subsidiary to which it has loaned money, obtain a transfer of all assets of every kind, character, and description owned, held, or possessed by it, and the value of such assets so transferred may by said Farm Board be credited upon any amount due it from said debtor organization or subsidiary.

Mr. SMITH. Mr. President, may I state, in that connection, that the cooperative organizations, through authority granted them by the Farm Board, were placed in almost exactly the same relation to the Farm Board which the stabilization corporation bore, to wit, they were authorized to pay within 10 percent of the market value of cotton which they financed. In other words, the Farm Board

advanced them 90 percent of the market value of the cotton, they assuming, naturally, the chance of loss or gain. The cotton was predicated on that basis. Loss was sustained, because at that time the members of the cooperative organizations, which the bill was then, and the administration is now, seeking to build up, were given every opportunity to benefit by cooperative action. The cotton was very low. They were then offered, as I said a moment ago, within 90 percent of the market price. Each member could at that time, had he so desired, have gotten more for it than he subsequently could have gotten. But the Farm Board advanced this money to these cooperatives, just as it did to the stabilization corporation, for the purpose of aiding, as far as the cotton held by the cooperatives was concerned, in stabilizing the market, in conjunction with the cotton which the stabilization corporation was holding. All of that was done in the hope that, by holding that amount of cotton from the market, and advancing within 10 percent of its market value, benefit would result to the cotton grower, especially to the cooperative, in an advanced crop.

The depression kept on, not alone because of the action of the cooperatives or the stabilization corporation but the same influences which have practically ruined the market price of every commodity of America. They suffered a loss. Now the cooperatives are asking the Farm Board to extend to them the same legal status—they certainly have the same moral status—in reference to the money loaned them, to hold this cotton, that was extended to the stabilization corporation. Therefore they are attempting now so to adjust matters as not to put every cooperative out of existence but to settle upon a basis that is equitable and just in view of the facts I have just stated.

It now remains for the Senate to determine whether or not, regardless of what the assets may be, other than the cotton that was hypothecated by the Farm Board and the loan that was extended, we shall go farther than that. I unhesitatingly believe that the money loaned to these cooperatives to hold this cotton for the 3-year period was made by the Farm Board under the same idea and for the same purpose which were behind the loan to the stabilization corporation. All of us know the effect of the depression.

Mr. President, it is a question whether we should take now not only the cotton which is still held as bona fide collateral against the loan made but also to take what other assets they have, and the other property they may have, in settlement of the loss that was sustained in good faith on their part and good faith on the part of the Farm Board. I do not think we are justified in going beyond the terms of settlement proposed, namely, to write off the loss sustained in the amount of money the Farm Board loaned and the amount these private corporations have loaned. The cotton will amply take care of that. So far as the money borrowed from private corporations is concerned, I am informed that the present market price would just about take care of the overhead and the amount, comparatively small, that has been borrowed from private corporations. That is what this amendment undertakes to do.

As a matter of course, if Congress wants to abolish all the cooperatives, to put them out of existence, let them start de novo, it can accept the amendment, take all the assets they have, whether pledged or not, whether even contemplated in this trade or not. If they desire to do that, as a matter of course it is up to Congress to do it. But if they desire to write off the loss that was inevitable, not only have they lost, but the taxpayers throughout the United States have lost, the Government has lost. We cannot balance our Budget. We have not the commodities to be taxed or those which can bear taxes in sufficient quantity to meet the expenditures of our Government without cutting down the salaries of those who are employed by the Government, and the soldiers, and going still farther. We are now, at the expense of the taxpayer, setting up forestry camps and offering so much a month to those who cannot live unless the Government does appropriate the money to sustain them. It is a condition unprecedented, and we should not deal with it as though it were the result of a sinister and reprehensible purpose on the part of anybody.

Mr. President, I have worked with the cooperatives; I am a member of a cotton cooperative organization. They have made egregious mistakes, and if the present condition of affairs in the United States is to be charged to mistakes, then the Government should be held to its responsibility, for it has made colossal mistakes.

Mr. President, I claim that we should deal justly with the Government and its instrumentalities, looking toward providing aid for the distressed people of the country. The Farm Board in its operations was a failure largely because of conditions over which it and nobody else held any control, and largely because of incompetency and, perhaps, worse. I am not here with any brief for that organization; but I do state that had conditions been normal and the depression had not occurred, the failure of the Farm Board would not, perhaps, have been so egregious.

I claim that the farmers who have banded themselves together in cooperative organizations, under the inspiration and under the protection of the Government, have a right to come here and say, "Here is the commodity that we hypothecated for a loan, and in good faith we have held it for 3 years; the loss has been tremendous so far as cotton is concerned, and now we want to settle; we want to get the Government free of this quantity of cotton, both in the stabilization corporation and in the cooperatives." We went so far in the stabilization corporation, which was more directly the property of the Government, to make a gift to to the Red Cross of practically all the wheat and all the cotton, and to charge it off to profit and loss. Why should we deal differently with these people who in good faith were loaned money by the Farm Board for identically the same purpose for which it was loaned to the stabilization corporation, the difference being that the cooperatives have some other property, while the stabilization corporation has no other property? The direct purpose was, under the inspiration and under the text of the farm loan bill, to buy sufficient quantities of these staple products as, in their judgment, would stabilize the price. They fondly hoped that the purchases would have that result, and so they bought many million bushels of wheat and many million bushels of cotton; but, instead of stabilizing the price, nothing could stand the horrible avalanche of the depression. That was inevitable; and, in consequence, they went down as everything else went down, as the banks went down, as the farmers went down, as the incomes of the people of the United States went down.

Now let us in justice and in statesmanship and fair dealing deal with these people in accordance with the condition in which they find themselves. I think they are entitled to consideration. Every one of them has lost money. There is not a farmer who put his tobacco in a cooperative organization, or his cotton or his wheat, but who lost the difference between what he could have obtained then and what it is worth now; but he loyally and heroically went in and took 90 percent, in the selfish hope, of course, that, with the backing of the Government and the cooperation of enough of those engaged in the business, prices would be reflected to his advantage. They were not and the crash came. Now it is up to the Senate to decide whether or not they will go back on the collateral required by the Farm Board for the money that was advanced on this cotton, or whether they will take all the assets that the cooperatives have and require them to start de novo.

Mr. KING. Mr. President, in my opinion the statement made by the Senator from South Carolina rests upon some assumed facts, the existence of which I do not concede. There was considerable discussion of this subject when the so-called "Smith cotton bill" was before the Senate a few weeks ago. At that time I called attention to some of the testimony appearing in the so-called "Shannon report", which revealed a situation different from that, if I understand my friend, depicted by him.

First, let me read a letter which I received this morning bearing upon this amendment. I may say before doing so

that when the Smith cotton bill was under discussion, after tendering to that bill the amendment which I have now submitted, it was accepted because the Senate believed that it was just and entirely warranted by the facts presented. We had a discussion about it later after the conferees had eliminated the amendment and the bill was sent back to conference, where a compromise measure was agreed upon which in part met the requirements of the amendment which I had offered. The letter in part states:

Within this Smith bill inclusion there is a provision whereby the chairman of the Farm Board and the Secretary of Agriculture may cancel the now $71,000,000 of debts the cotton cooperatives owe the Farm Board at his discretion.

At the time the Smith bill was originally introduced as a separate proposition it was virtually understood that, without your and Senator McKELLAR's amendments to the section 2 (b), the Farm Board would cancel the debt and would leave the cooperatives with the profits they have segregated as a result of the operations which caused the debts.

I interpolate at this point that the facts, as I recall them, demonstrated that the so-called cooperative association, known as the A.C.C.A., controlled if not organized by Mr. Creekmore, whose compensation was $75,000 a year, is the chief beneficiary of the speculations and transactions of the association referred to.

Mr. SMITH. Mr. President, I am sure the Senator wants to be accurate.

Mr. KING. I do.

Mr. SMITH. Mr. Creekmore did not organize a cooperative.

Mr. KING. I did not mean to convey the idea that the cooperatives were organized by Mr. Creekmore, but that the A.C.C. Association was controlled if not organized by him.

Mr. SMITH. I thought the Senator said "cooperative."

Mr. KING. No; the Senator misunderstood me. I repeat that the A.C.C., the cotton association, not the cooperatives to which the Senator refers, was organized largely under the influence of Mr. Creekmore, and this association was and is the instrumentality by which the Farm Board and the Stabilization Corporation were brought into contact with the cooperatives to which my friend refers.

The evidence showed, as I recall, that it is this A.C.C. Association, the Creekmore association, that has profited to the extent of millions of dollars which it is planned to withhold, instead of having the same covered into the treasury of the Farm Board in order to lighten the burden resting upon the American people. After a full explanation of the facts the Senate accepted my amendment and insisted that those assets should be covered into the treasury of the Farm Board and be used for the purpose of diminishing the enormous losses of between three hundred and fifty and four hundred million dollars incurred through the unwise operations of the Farm Board. But to return to the letter:

Therefore, despite the fact that the same wording was used in incorporating the Smith bill into the present emergency bill, insofar as the debt-paying-up section is concerned, these cooperatives, today, secured an additional amendment making it mandatory that the chairman of the board, in settling up their debts, leave them with the capital they have laid aside as a result of the operations causing the debts and, in addition, the chairman should pay all costs, operating charges and other debts in connection with the obligation.

In other words, while they are asking the country to have great faith in the Secretary of Agriculture and the President in allowing such a bill to pass, they are seeing to it that a specific, definite provision is being included to enable them to get their salaries and to salt away the profits which would not have been possible had there been no debt.

The reason for this is, to my mind, not hard to see. If the cooperatives can come into this new picture, following the passage of the emergency bill, with no losses, no entanglements, a nice fat capital plucked out of thin air, they will have no alibis and nothing to explain. They would be in position to point with pride and to urge that all the functions of the bill having to do with leasing land, distribution of benefits, and so on be turned over to this successful, fully capitalized, going concern.

Quite the contrary will be true if this raid is not permitted. They will have to disclose their record of extravagance of speculation and of using every quack method of doing business under the sun.

My thought as to the proper amendment to cover this particular section of the Smith bill would be about—

I have not offered this amendment. I have offered the one which I presented when the Smith bill was under consideration several weeks ago.

This is the amendment suggested by the writer of the letter:

Provided, That in making such settlements with subsidiaries which owe the Farm Board money, against stocks of cotton or other commodities held, or otherwise, application of such profits, margins, brokerages, or capital as were made or set aside as a result of the operations which caused the indebtedness shall be made in partial retirement of the debt, by such subsidiaries.

Mr. President, in brief, but speaking now with rather an indistinct recollection of the facts as they were developed by the Shannon committee and other data which were presented to the Senate directly and indirectly when the Smith bill was under consideration a few of the facts are as follows: The Farm Board used a large part of $500,000,000 for the purpose of speculating in wheat and cotton. It turned over to a stabilization corporation, which it caused to be organized, a very large sum, more than a hundred or a hundred and fifty million dollars for speculation in cotton. The stabilization corporation caused to be organized the A.C.C.A. with the high-salaried Mr. Creekmore at the head, and, acting, of course, under the direction of the Farm Board or with its connivance and approval and the connivance and approval of the Stabilization Corporation, the A.C.C.A. formed contacts with the cooperatives in the South.

I may say in passing, and by way of parenthesis, that my understanding is that most of such cooperatives are bankrupt, but the A.C.C.A. of Mr. Creekmore purchased from these so-called "cooperatives" large quantities of cotton at prices considerably in excess of the market price, with the understanding that if a larger sum could be finally obtained, the cooperatives were to receive an additional price for the cotton. Of course, with the speculation that was going on and the faulty and unsound policies and methods of the Farm Board and its ancillary organizations, cotton was bound to go down, as it did go down.

The A.C.C.A., through its speculations, through the operations to which I have so imperfectly referred, made considerable money, and now has assets of considerable value, which I am seeking to have recaptured and in the settlement not to transfer them to the A.C.C.A. or any of the cooperatives if they claim an interest therein. These assets should be covered into the Treasury of the United States in order that the enormous losses, amounting to tens of millions of dollars, resulting from the unsound and unwise policies and practices of the Farm Board and its agencies may be used in diminishing the burdens placed upon the taxpayers by reason of such losses.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield.

Mr. McKELLAR. I think the Senator made a mistake about the losses on cotton. My recollection is that the figures relative to cotton showed losses of $71,000,000. The remainder on other products, but $71,000,000 was on cotton.

Mr. KING. The Senator is in error. It was $63,000,000 in one department, if I may use that expression, and $83,000,000 in another. When we come to consider the motion which I have submitted I shall be glad to elaborate on the matter. I ask that the amendment may go over in pursuance of the understanding which was reached a few moments ago.

The PRESIDING OFFICER. The amendment will be passed over.

Mr. FLETCHER. Mr. President, I should like to have the privilege at this point of having printed in the RECORD a communication on this subject from Mrs. Gertrude Mathews Shelby, of New York, who has taken a great interest in cooperative banking, and so forth.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

NATIONAL COMMITTEE FOR COOPERATIVE BANKS,
New York, April 7, 1933.

Senator DUNCAN U. FLETCHER,
Senate Office Building, Washington, D.C.

DEAR SENATOR FLETCHER: Approving of the refinancing features of the administration's farm mortgage bill and also the voluntary liquidation of the joint-stock land banks, I am compelled, for basic reasons, to register protest against the features of the measure which affect the Federal land banks.

Cooperative ownership of this mortgage system is a farce without actual cooperative management and determination of all policies. Therefore, in view of proven dangers, I recommend that appropriate steps be taken now to put the land banks on the same basis of Government ownership as the intermediate-credit banks.

In my opinion, the administration itself should sponsor amendments to the farm mortgage bill or the Farm Loan Act itself providing for the purchase by the Government of outstanding land-bank stock.

Not a penny in cash is needed for this transaction. The amount of each farmer-borrower's stock can be credited against his amortization and interest payments. If the borrower is in arrears, this relief will, by a mere bookkeeping transaction, turn his stock into a realizable asset, automatic extension of the time he has to save his farm from foreclosure. If the borrower is not in arrears, he has proved himself the sort of farmer who deserves a boost in depression.

Recapitalization of the 12 land banks may be authorized by slight amendment to title I, section 1, relating to the proposed bond issue, or by recourse to Reconstruction Finance funds.

The present proposal is palpably unjust to the present and future farmer-stockholders of the system. To loan upon them cooperative liabilities when they lack actual control is inequitable. The management of the system is vested in the Farm Loan Commissioner, responsible to Congress, not to the actual owners. Land-bank presidents have never been representative of the minority of the land-bank boards who are stockholders, and these presidents are in turn accountable to the Commissioner, whose policies they carry out. Divided responsibility of the system is, I believe, a major cause of large loss.

The semipublic character of this system has in the past prevented the monthly routine Treasury Department audit of farm-loan accounts. Because the system was "privately owned", Congress, while availing itself of its political patronage, has seldom exerted corrective influence regarding its fiscal policy or management.

The Government itself is actually responsible for present losses and likewise for future losses, if any. While farm-loan associations might still be required to endorse all applications for loans, the Government should, I urge, relieve them from the intolerable position in which stockholders and associations have been placed; i.e., it should purchase all outstanding stock. Otherwise, sooner or later, farmers are more than likely to find themselves the victims of attempted Federal relief.

Sincerely,

GERTRUDE MATHEWS SHELBY,
Executive Secretary.

Mr. McNARY. Mr. President, was the amendment on page 3 passed over by unanimous consent?

Mr. SMITH. Yes; the amendment at the bottom of page 3 went over.

Mr. McNARY. Both of the amendments there?

Mr. SMITH. Yes; both of them went over.

Mr. McKELLAR. There was a substitute offered for each of them.

Mr. SMITH. They were passed over and will be taken up later.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment of the Committee on Agriculture and Forestry was, on page 6, line 12, to strike out the heading "Title II—Agricultural adjustment provisions", and insert "Part 2—Commodity benefits."

The amendment was agreed to.

The next amendment was, on page 6, line 22, after the word "therewith", to insert "or upon that part of the production of any basic agricultural commodity required for domestic consumption", so as to read:

GENERAL POWERS

SEC. 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power—

(1) To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through agreements with producers or by other voluntary methods, and to provide for rental or benefit payments in connection therewith or upon that part of the production of any basic agricultural commodity required for domestic consumption, in such amounts as the Secretary deems fair and reasonable, to be paid out of any moneys available for such payments.

Mr. McNARY. Mr. President, is that the amendment on page 6, lines 22, 23, and 24?

Mr. SMITH. Yes.

Mr. McNARY. That reduces the domestic-allotment benefits?

Mr. SMITH. Yes.

Mr. KING. Mr. President, I think I desire to offer an amendment to the committee amendment, but I have not had time to perfect it. I have no objection to the amendment's being adopted, if that is the will of the Senate, with the understanding that we may recur to it if I shall conclude later to offer my amendment to the committee amendment.

Mr. SMITH. My understanding is that after committee amendments have been considered, then other amendments can be offered from the floor.

Mr. KING. The Senator would have no objection then?

Mr. SMITH. No.

The PRESIDING OFFICER. Without objection, the amendment of the committee is agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 7, line 4, after the word "and", to strike out "other agencies" and insert "others"; and in line 13, after the word "agreements", to strike out "and shall bear interest at a rate not in excess of 3 per centum per annum", so as to read:

(2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. For the purpose of carrying out any such agreement the parties thereto shall be eligible for loans from the Reconstruction Finance Corporation under section 5 of the Reconstruction Finance Corporation Act. Such loans shall not be in excess of such amounts as may be authorized by the agreements.

The amendment was agreed to.

The next amendment was, on page 7, line 16, after the word "and", to strike out "other agencies" and insert "others"; in line 19, after the word "competing", to strike out "agricultural"; on page 8, line 5, after the word "thereof" and the period, to insert "Any order of the Secretary suspending or revoking any such license shall be final if in accordance with law"; and in line 7, after the word "Any", to strike out "agency" and insert "such person", so as to read:

(3) To issue licenses permitting processors, associations of producers, and others to engage in the handling, in the current of interstate or foreign commerce, of any basic agricultural commodity or product thereof, or any competing commodity or product thereof. Such licenses shall be subject to such terms and conditions, not in conflict with existing acts of Congress or regulations pursuant thereto, as may be necessary to eliminate unfair practices or charges that prevent or tend to prevent the effectuation of the declared policy and the restoration of normal economic conditions in the marketing of such commodities or products and the financing thereof. The Secretary of Agriculture may suspend or revoke any such license, after due notice and opportunity for hearing, for violations of the terms or conditions thereof. Any order of the Secretary suspending or revoking any such license shall be final if in accordance with law. Any such person engaged in such handling without a license as required by the Secretary under this section shall be subject to a fine of not more than $1,000 for each day during which the violation continues.

Mr. FESS. Mr. President, I should like to ask the Senator from South Carolina a question with reference to the amendment just adopted in line 19, page 7, to strike out the word "agriculture." Why was the amendment proposed?

Mr. SMITH. It was brought to the attention of the committee that other commodities, those synthetically produced, might be used in place of agricultural commodities and thereby decrease the consumption of agricultural commodities.

Mr. FESS. By striking out the word "agriculture" the scope of the application of the language is increased?

Mr. SMITH. That is correct.

The PRESIDING OFFICER. Without objection, the amendment of the committee is agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 8, line 17, after the word "of", to strike out "This act" and insert "part 2 of this title", so as to read:

(4) To require any licensee under this section to furnish such reports as to quantities of agricultural commodities or products thereof bought and sold and the prices thereof, and as to trade practices and charges, and to keep such systems of accounts as may be necessary for the purpose of part 2 of this title.

The amendment was agreed to.

The next amendment was, under the subhead "Processing Tax", on page 8, after line 18, to strike out:

SEC. 9. (a) To raise revenues for the payment of extraordinary expenses incurred by reason of the national economic emergency there shall be levied, assessed, and collected during the marketing period (as ascertained and prescribed by regulations of the Secretary of Agriculture) for any basic agricultural commodity with respect to which rental or benefit payments are made under this act, in connection with reductions in the acreage of the crop, or in the production for market during such period a tax to be paid by the processor on the first domestic processing of the commodity, whether of domestic production or imported. Such tax shall, except as hereinafter provided, equal the difference between the current average farm price for the commodity and the fair exchange value of the commodity. Such value for any commodity shall be the price therefor which will give the commodity the same purchasing power, with respect to articles farmers buy, as during the pre-war period, August 1909–July 1914. The current average farm price and the fair exchange value shall be ascertained by the Secretary of Agriculture from available statistics of the Department of Agriculture.

(b) If the Secretary of Agriculture, after investigation and due notice and opportunity for hearing to interested parties, finds at any time that the imposition of the tax at the rate hereinbefore provided has resulted or is likely to result in a substantial reduction in the quantity of the commodity or products thereof domestically consumed, he shall fix such lower rate as is necessary to maintain or restore such domestic consumption. Such rate may be revised from time to time pursuant to further findings under this subsection. In making any such finding the Secretary shall give due consideration to the following factors among others:

(1) Reports as to wage scales, employment, and unemployment in urban regions.

(2) Changes in the consumption of the agricultural commodity and of other commodities.

(3) Evidence derived from statistical studies of supply and demand for previous periods, which indicate the change in consumption of the commodity which would normally occur in consequence of a particular change in the cost to processors or consumers.

(4) Other relevant data as to changes in the cost of living of consumers, consumers' buying habits, and current and prospective conditions in industry pertinent to determining the probable effective demand for the commodity.

And in lieu thereof to insert:

SEC. 9. (a) To obtain revenue for extraordinary expenses incurred by reason of the existing national economic emergency, including expenditures for rental and benefit payments and administrative expenses under this title, there shall be levied processing taxes as hereinafter provided. The processing tax with respect to any basic agricultural commodity shall commence on the date of proclamation by the Secretary of Agriculture that rental or benefit payments are to be made with respect to such commodity. The processing tax shall be levied, assessed, and collected upon the first domestic processing of the commodity, whether of domestic production or imported, and shall be paid by the processor. The rate of tax shall conform to the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements. The processing tax shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity. The marketing year for each commodity shall be ascertained and prescribed by regulations of the Secretary of Agriculture.

(b) The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity, except that if the Secretary has reason to believe that the tax at such rate will cause such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then he shall cause an appropriate investigation to be made and afford due notice and opportunity for hearing to interested parties. If thereupon the Secretary finds that such result will occur, then the processing tax shall be at such rate as will prevent such accumulation of surplus stocks and depression of the farm price of the commodity.

(c) For the purposes of part 2 of this title, the fair exchange value of a commodity shall be the price therefor that will give the commodity the same purchasing power, with respect to articles farmers buy, as such commodity had during the base period specified in section 2; and the current average farm price and the fair exchange value shall be ascertained by the Secretary of Agriculture from available statistics of the Department of Agriculture.

(d) As used in part 2 of this title—

(1) In case of wheat, rice, and corn, the term "processing" means the milling or other processing (except cleaning and drying) of wheat, rice, or corn for market, including custom milling for toll as well as commercial milling, but shall not include the grinding or cracking thereof not in the form of flour for feed purposes only.

(2) In case of cotton, the term "processing" means the spinning, manufacturing, or other processing (except ginning) of cotton; and the term "cotton" shall not include cotton linters.

(3) In case of tobacco, the term "processing" means the manufacturing or other processing (except drying) of tobacco.

(4) In case of hogs, the term "processing" means the slaughter of hogs for market.

(5) In the case of any other commodity, the term "processing" means any manufacturing or other processing involving a change in the form of the commodity or its preparation for market, as defined by regulations of the Secretary of Agriculture; and in prescribing such regulations the Secretary shall give due weight to the customs of the industry.

Mr. ADAMS. Mr. President, I want to make an inquiry of the Senator from South Carolina in reference to the first line of section 9. It seems to leave the money raised by this tax to be applicable not only to the purposes of the bill but to any extraordinary expenses due to the national economic emergency. In other words, moneys raised through the processing tax apparently could be applied to reforestation or any other extraordinary expenses. I am wondering why that wide authority is given.

Mr. SMITH. Mr. President, I have no explanation to give other than that it was stated by those who drafted the bill and presented it to the Congress that these taxes were to be devoted entirely to the purposes of the bill. However, I think that further on in the text there is more specific language in reference to the disposition and use of the taxes.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from South Carolina will pardon me, I think that if there is any question about the purpose to limit the use of the funds acquired under the bill to the purposes of the bill, it could be very easily restricted in that way by a slight modification which would eliminate the words to which the Senator from Colorado [Mr. ADAMS] has referred. It is my understanding, I will say to the Senator from South Carolina, that there is no intention to raise funds by a processing tax to be used for purposes outside the provisions of the bill.

Mr. SMITH. May I invite the Senator's attention to the fact that in the declaration of policy it is asserted to be the purpose of the bill so to collect these funds as to give a bonus or raise the price of the commodities thus taxed to the parity that existed during the base period. It is also provided that when this result shall have been attained, then no further tax shall be applied, so that without any specific language devoting the tax to specific purposes, I think in the declaration of policy, and also in the limitation of the time that the tax may be applied, it is clearly inferrable that that is the purpose of the bill.

Mr. ROBINSON of Arkansas. By striking out the words "by reason of the existing national economic emergency" and inserting in lieu thereof "under this title", the object which the Senator from Colorado has in mind would be accomplished. I do not see any objection to doing that. I would suggest, on page 10, line 15, to strike out the words "by reason of the existing national economic emergency" and insert the words "under this title." The object of the language was to explain the imposition of the tax.

Mr. ADAMS. As it is a tax on consumers, it ought to be limited, as the Senator from Arkansas has suggested, so that by no possible chance it could be devoted to any other purpose.

Mr. SMITH. Let me read it, Mr. President, as it would then appear:

To obtain revenue for extraordinary expenses incurred under this title, including expenditures for rental and benefit payments and administrative expenses under this title, there shall be levied processing taxes as hereinafter provided.

That would strike out the words "by reason of the existing national economic emergency." I will accept the suggestion of the Senator from Arkansas.

Mr. McNARY. Mr. President, in the text of the bill as passed by the House, subdivision (b), on page 9, came to the Senate Committee on Agriculture and Forestry.

Before the committee I urged the lack of wisdom of this subdivision. If that subdivision is carried into the statute, I think it will prevent all future dealings in the commercial avenues of trade that are now found profitable to the grower and to the dealer. It certainly would interfere if not wholly dispense with trading in futures. That provision, after consideration by the committee for more than a day, went out by a vote.

The substitute which is found on page 11, subdivision (b), in my opinion, contains all the vices that are contained in the provision stricken out.

After the committee struck that provision out of the bill this language was prepared by the able leader of the majority, I think in collaboration with the Secretary of Agriculture. Some of the specifications on page 10 that were found offensive were eliminated; but I predict that that language, in the form in which it is now presented by the committee, renders the price level of all commodities so uncertain, it places in the hands of the Secretary of Agriculture such tremendous arbitrary power to decrease prices, that it will prevent dealing in the customary channels of trade as now recognized by the business world. In other words, if the Secretary of Agriculture, under that provision, after an investigation and due notice—which, in my opinion, means nothing—should determine that surplus stocks are accumulating by virtue of an increased or enhanced price level, he may arbitrarily, by his own edict, lower that price level.

I find no comfort in the language that it will be after due hearing to the interested parties. I know that is a legal phrase—"due notice * * * to interested parties." That is all right in a partition suit in equity. It is all right in an injunction proceeding, or in the foreclosure of a mortgage, where the parties are limited in number and are accessible. But suppose we find that in increasing the price of wheat to the parity price in the base period of 1909 it is necessary to add 40 cents a bushel to wheat in order to give the farmer the benefit contemplated by this allotment provision, and stocks of flour and wheat should accumulate, bread sales were not as plentiful as formerly, and people were denying themselves the products of wheat—under this provision the Secretary of Agriculture, in order to prevent the further accumulation of these surpluses so that wheat and flour would move in their normal channels, could arbitrarily reduce the price of wheat 10 cents or 20 cents a bushel. When I say that I mean he could do it through the processing tax, which is intimately associated with the amount the consumer must pay for his wheat or flour.

The bill provides that that may be done after "due notice and opportunity for hearing." There are 2,200,000 farmers engaged in growing wheat in this country. There are four and a half million farmers engaged in growing the products that are enumerated and specified in this bill. How could we operate intelligently, Mr. President, by notifying this vast number of people that the price level of their product is going to be decreased or increased? It is perfectly impossible. It is unthinkable. It is impracticable.

The vice of that, Mr. President, is that if the miller wants to buy a million bushels of wheat for the purpose of hedging; if he wants to deal in futures to the extent of 10,000,000 bushels, which is a matter of insurance to him; if the exporter wants to sell millions of bushels to Europe or to the Orient, and he knows that in the very bill dealing with this subject matter the Secretary of Agriculture, upon his own edict, may change the price of wheat or any other commodity, he certainly would not take a chance on buying wheat at one price today and selling it at another price tomorrow. It is peculiarly so with respect to corn, cotton, and hogs.

For that reason, Mr. President, after due reflection, the committee struck out that language upon a motion that I made. Later on, the new amendment which is now in the bill as a substitute appeared. It omits some of the specifications set forth on page 10, but in its very folds, in its very bosom, it contains all of the vices set forth in the original proposition which was voted out by the Senate committee.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. LONG. This means that the processing tax, as a whole, will be stricken out, does it? If not, what does it mean?

Mr. McNARY. The processing tax, as the Senator knows, is the difference between the average current value and the buying power of the farmers' commodity in the base period 1909 to 1914. As to hogs, it would be 7½ cents a pound; as to wheat, it would be 94 cents a bushel; as to cotton, it would be about 11½ cents a pound. If that price is fixed, which is done by this bill, and the Secretary of Agriculture, after investigation, determines that stocks are accumulating because of the enhanced value of the production, which brings about a diminution in the consumption, he then can decrease the tax on the product so that it will come to the consumer at a lower rate, so that stocks will not further pile up.

There is this virtue about it: Everything has some decent aspects when we look at it fairly. The whole thought back of this proposition in the bill is that it may protect the consumer from paying an inordinate price for the product which he buys. Let me use the illustration of hogs. The price during the base period, plus the current average price, will bring hogs to 7½ cents a pound—a pretty fair price for hogs. Pork is the poor man's meat. If it is increased, as it is, by 100 percent, and the Secretary of Agriculture finds that the carcasses of hogs are accumulating in the packers' warehouses, that lard is not moving, that only the byproducts which go into chemicals and cosmetics are being used, he then can reduce, after due notice and investigation, the tax on hogs—which we may call the sales tax or the processing tax—and bring the price down to 5½ cents.

I am a hog buyer. I am a feeder and a buyer. I am not going to pay 7½ cents a pound for 10,000 hogs when I know that the Secretary in 30 days can decrease that price to 5½ cents.

The only reason why that is in the bill is to protect the consumer; but in protecting the consumer to that extent, in my opinion, we are going to dry up the channels of commerce. As one who is not fighting this bill, as one who is wholly desirous of getting as good a bill as possible, from an earnest conviction from studying the problem for a number of years, I think it is a mistake to carry this provision in the bill.

Mr. LONG. Mr. President, as I understand, then, the Senator is trying to strike out this provision.

Mr. McNARY. May I say to my friend from Louisiana that I am not moving to strike it out. I am just pointing out that that which was stricken out contained the vices which now I am inveighing against. That which has been substituted, in my opinion, contains the same vices and ills, and I am sorry to see it in the bill. At the proper time I probably shall move to eliminate it from the bill.

Mr. ROBINSON of Arkansas. Mr. President, the question raised by the Senator from Oregon relates to one of the controversial provisions of the bill. It unquestionably presents difficulties that demand and require consideration.

Let me point out the fact that to authorize the imposition of a tax, with no power to change that tax, might result in making the practical results of the measure scarcely worth while.

I agree that there ought not to be such flexibility as will enable the Secretary of Agriculture to make arbitrary changes—changes that would interfere with the trade—but if the facts set up in this subsection appear to be true, the continued imposition of the tax without change would work harm not only to the consumer but to the farmer himself. The object of the provision is to protect both the consumer and the farmer.

Conceivably, a tax in the beginning might be made so high that stocks would greatly accumulate, with the result

that prices, instead of rising, would be depressed. If that were true, harm would result to both consumer and producer, and there ought to be the power to make a change.

Mr. NORBECK. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from South Dakota.

Mr. NORBECK. The point the Senator is making is that if the officials of the Government find they have made a mistake, they should have the power to correct it?

Mr. ROBINSON of Arkansas. Why, certainly.

Mr. NORBECK. I agree with the Senator.

Mr. ROBINSON of Arkansas. I thank the Senator. He has stated the matter in just a few words. For instance, the Secretary of Agriculture might make a mistake. There are some here who think that he will. If he does make a mistake, and the mistake is proving detrimental to the successful operation of the bill, he ought to have the power to correct his mistake and put into effect a different rate. Experience might show, or changed conditions might indicate, necessity for a change.

Mr. McKELLAR. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Tennessee.

Mr. McKELLAR. Certainly it will not be said by anyone that the Secretary of Agriculture would intentionally try to depress the price of any farm commodity against the interest of the farmer.

Mr. ROBINSON of Arkansas. This section, as the Senator from Oregon has stated, has received protracted consideration by committees and students of the subject. As he has said, I myself drafted a provision to which there was no objection save that it did not give that flexibility that is believed to be necessary.

I think it is going to be found that if we really desire to make this act accomplish its purpose, if we wish to leave it so that those who are to administer it are to have the power to do what it is intended the act shall do, we must of necessity retain this or some similar provision.

Mr. McNARY. Mr. President, may I ask the Senator from Arkansas a question? The point that I was attempting to make was this: I appreciate why the provision is there, of course. It is to cure any mistakes that may have been made in estimating the value of the product. Does not the Senator realize, however, the merit in the statement I made that it makes the price level so uncertain as probably greatly to interfere with the dealing in the ordinary channels of commerce? Does not the Senator entertain that fear?

Mr. ROBINSON of Arkansas. No; I do not think that would result. Of course, there is a measure of uncertainty about the price level. That is one of the difficulties to which the bill is directed; but I think it is essential that some power be vested in the administrator to revise the tax. I do not think it should be done arbitrarily or recklessly, but only in the case set forth in the bill could it be done; that is, where the effect of the tax is to accumulate stocks in such an amount as to result in depressing rather than raising the price. Then certainly all of us who believe in legislation of this character, or in any legislation designed to aid agricultural commodity prices, ought to be willing to give him the power to make the change.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. LA FOLLETTE. I merely want to suggest that the price level could not be any more uncertain under this provision than it has been during the last 3½ years.

Mr. ROBINSON of Arkansas. The Senator has expressed my thought very accurately.

Mr. BANKHEAD. Mr. President, it is true, as has been stated, that this provision had very careful consideration in the committee. It is also true, as has also been stated by the Senator from Oregon, that at one time in the consideration of the bill in the committee, by a divided vote the original provision was stricken from the bill. Subsequently that provision was rewritten, and was rewritten in accordance with the views of the department entrusted with the administration of the measure, prepared by the draftsmen cooperating for that purpose.

We all recognize that there is some strength in the argument of the Senator from Oregon about the uncertainty which may follow a possible change in the amount of the tax. That, however, is to be done after notice and due consideration, and is not likely to happen with any degree of frequency.

Let me point out the effect of the operation of this plan if no flexibility is provided in the matter of the amount of the tax to be collected. So that there may be no misunderstanding on the point, it is well, perhaps, to bear in mind the fact that the tax may be collected for at least two separate purposes. There are at least two methods authorized and contemplated. One may be used for one commodity, and another for another, and under each money will be required. One includes the rental idea, the renting of land for the purpose of bringing about a reduction in production and the removal of excess surpluses of particular commodities which are bearing down so heavily upon the prices of those commodities. That is true particularly with reference to both wheat and cotton. There is in this country a carryover of cotton now of approximately nine and one half million bales, with a consumption last year of less than 5,000,000 bales.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LONG. Do I get the idea that the Secretary of Agriculture thinks that by decreasing this margin of the process tax he is going to diminish the crop? Has he that kind of an idea in his head?

Mr. BANKHEAD. The Senator will have to talk with the Secretary about the ideas he has in his head.

Mr. LONG. I thought the Senator was explaining it.

Mr. BANKHEAD. I am not explaining his ideas. I am explaining the plans that are permissible under the bill, and the reasons why those different methods are included in the bill.

Mr. LONG. I understand, though—and I would like to be informed if I am incorrect—that, for instance, there would be a difference, we will say, of 11 cents a pound in cotton. They figure that if cotton begins to grow too fast for them, they will cut down the margin, and that will slacken the crop. If the Secretary has any idea in his head like that, he has a lot to learn.

Mr. BANKHEAD. I am unable to understand how the Senator from Louisiana has ever conceived a thought of that sort from anything I have said.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. ROBINSON of Arkansas. The Senator from Louisiana misinterpreted the idea underlying this provision. The provision is that if the tax proves so high as that people will not consume large surplus stocks piled up, and the price is, therefore, depressed, then there can be a readjustment.

I will give an illustration. Suppose, for the sake of illustration, a tax of 20 cents a pound were put on cotton, and the price were raised to, say, 30 cents. All this is merely by way of illustration. Instead of buying our cotton, let us suppose that cotton from other countries were consumed, and substitutes for cotton were resorted to, and, instead of reducing the surplus of cotton, it had the effect of piling up a larger surplus, and instead of raising the price it had the effect of depressing the price. Then the Secretary would have the right to change the rate.

Mr. LONG. Mr. President, I simply want to remark, if the Senator from Alabama will yield, that even with the explanation made by the Senator from Arkansas, we are all then to learn something, if that is what they think they are going to do with this bill. They are going to learn a lot.

Mr. BANKHEAD. Mr. President, with reference to the necessity for flexibility in the size of the tax, it is apparently

the construction of the Senator from Oregon—and probably he is right—that when the amount of the tax has been once fixed, it is then unchangeable, and he does not want it changeable. His theory is that when once fixed, the producers must forever, as long as it operates, settle at the same amount, to avoid the uncertainty in trade. Let us view the results of that. Of course, under that construction and that application, it would be necessary in the first instance to fix the tax at an amount which would bring about, in a matter of benefit to the producers of these commodities, a parity of price. Suppose we get the tax too high, as has been indicated by the Senator from Arkansas. Suppose we get the tax higher than is necessary to produce the benefits desired, or, on the other hand, suppose we fix it so high that we depress and reduce the volume of consumption, so that there would not then be as much of the commodity processed, and not as much of the commodity sold. That situation would bear down upon the consumers in a way that is not contemplated.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. ADAMS. I gathered from the remark a moment ago that it seemed to be thought that the price once fixed would have to continue.

Mr. BANKHEAD. That is what the Senator from Oregon insists.

Mr. ADAMS. Does not subsection (a) provide that such rates shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall at such intervals the Secretary finds necessary to effectuate the declared policy be adjusted by him to conform to such requirements?

Mr. BANKHEAD. Exactly, but that was in the rewritten section, and not in the section as it originally stood, and it was stricken out on motion of the Senator from Oregon.

Mr. ADAMS. It is in the committee amendment.

Mr. BANKHEAD. It is in the committee amendment, yes; and that is the thing to which he objects, and that is the principal subject of controversy here now, as to whether or not there should be any authorization here for a change in the rate after it has once been fixed.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. BANKHEAD. I yield.

Mr. ROBINSON of Arkansas. If the fair-exchange value is to be accepted as the basis, it is necessary to have some provision which will permit a change in the rate under reasonable conditions. Otherwise there could be no assurance that the fair-exchange value would be maintained.

Mr. BANKHEAD. That is true, Mr. President, and for another reason. As I indicated in the beginning, there are two ways by which this tax may be used. One is under the so-called allotment plan, for the payment of benefits to producers upon their domestic consumption; that is, the proportion estimated for domestic consumption. If we fix the tax at an amount that is now necessary—for instance, 50 cents, we will say, assuming the present price of wheat to the farmer to be 40—then if before the benefits are paid, before the time for settlement arrives, the price of wheat has gone up, that reduces the amount of the benefit certificates, because the whole purpose of the plan is to create a price to the farmer which will give his commodities a purchasing power equivalent to the purchasing power of industrial commodities. So that if there is a change in the market price of the commodity there will be a fluctuation, of necessity, in the amount paid per unit of the commodity covered by the allotment plan. If, then, there is a tax that is unchangeable—say, at 50 cents—and we do not need it to pay the benefits in order to keep the parity, then we are collecting unnecessarily a tax which is a burden upon the consumer and serves no useful purpose. Therefore, I submit that it is absolutely essential in the administration of this plan to permit from time to time, as the result of either an error or a mistake or a miscalculation in the original ascertainment of the amount of the tax, a correction of such error or a change to meet a readjustment of the market price of the commodity covered by the allotment.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McCARRAN. I respectfully ask the Senator who has the floor, or the chairman of the committee, whether or not the provision now being discussed runs in conformity with the established rule of law which we have recognized from time immemorial, the law of supply and demand?

Mr. BANKHEAD. Mr. President, while the inquiry of the distinguished Senator is not applicable at this point in the discussion, I have no hesitation in saying that the chief purpose of this bill is to give a proper application to the law of supply and demand. Unfortunately, too many people are under the impression that nature, as it has been expressed, should be permitted to take its course, that all that the farmers can produce by 16 hours' labor a day should be produced, and then let whatever effective demand there is take care of that character of a supply. The true law of supply and demand, to be effective for those who make the supply, is that the supply should be limited to the amount for which there is an effective paying demand for the supply furnished.

Mr. McCARRAN. Mr. President, will the Senator yield further?

Mr. BANKHEAD. Let me answer the Senator's inquiry. The theory of this bill is that under it there will be brought about an efficient operation of the law of supply and demand. The two plans contemplated by it—the allotment plan and the renting plan—both have for their purpose a reduction in the supply, a reduction in the surpluses which are hanging over the market and which are disturbing, destroying, and absolutely neutralizing the proper application of the law of supply and demand.

Mr. McCARRAN. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I yield to the Senator.

Mr. McCARRAN. Will the Senator kindly explain what he means by the term "a paying demand"? I address my question again to both the Senator from Alabama and to the chairman of the committee.

Mr. BANKHEAD. I have the floor. The Senator may address the chairman of the committee when he sees fit, but any question he wants to propound to me I am ready to try to answer.

Mr. McCARRAN. I should like to ask if the chairman of the committee concurs in the last answer given by the Senator from Alabama?

Mr. BANKHEAD. I think that is entirely inappropriate. I have the floor, and there is no occasion for involving in this controversy some other Senator who is not now presenting his views.

As I stated, the granting of permission or authority to make a change, when conditions demand, in the amount of the tax is the only practicable way, Mr. President, under which this bill may be operated. It is absurd to take the position, if a mistake in the calculation of the amount of the money necessary to pay the benefits on the proportion allotted for domestic consumption is too high or too low, that either, in the one instance, the consumer must be made to suffer, or, in the other, that the taxpayer must bear the burden. The flexibility is provided in one instance for the protection of the consumer when the burden is too oppressive and it so develops. It is provided in the other for the benefit of the Treasury, if the Secretary of Agriculture has made a mistake in his calculation. If the amount of the tax is not sufficient to pay the allotment or to pay the rental, then, as a common sense, practical, business proposition, I submit that it is not only the right thing to do but is the necessary thing to do to authorize the Secretary to correct any miscalculation that has been made, to the end that the real purpose of the bill may be carried out, rather than that it shall be directed in some way not contemplated and not intended.

As I have stated, there are two ways in which the money is to be used: One is the allotment plan, which I have mentioned. The other is for the renting of land, to take it out of production, in order to reduce the very great surplus of certain of the basic agricultural commodities.

The money to pay the rentals is to be collected by this processing tax. The rentals are to be made within the course of the next 2 or 3 weeks. At present it is not known with certainty and definiteness how many acres of cotton land or of wheat land or of other lands involved may be leased. It is not known—and cannot now be known with mathematical precision—the amount of money that will be required to pay the rentals. Is it not the sensible thing—the practical thing—to permit a readjustment in order to conform the collection with the necessary outgo under the plan? So the purpose of this whole provision, Mr. President, is to correct mistakes. It is to prevent oppression and undue burden upon consumers in case the tax, even though calculated right, proves to be too burdensome under the purchasing power that may exist during the months to come.

All the phases of this bill, Mr. President, depend really upon sympathetic administration; they all depend upon the real desire of the Secretary of Agriculture, in accordance with the advice and information that he may obtain from time to time, to put into operation this plan for the benefit primarily of suffering agriculture; but also to do it in a way sympathetic to and considerate of other interests involved, including the processors, wherever a tax is to be levied; and beyond that, Mr. President, whether there may be involved an uncertainty in trade or not, whether or not there may be a delay in the accumulation of stocks—beyond all such considerations, it is clear that this bill is to be put in operation sympathetically and with great consideration for the suffering consumers of the country.

It is not intended as a one-sided program, purely for agriculture, though the interest of the producers is paramount above all other considerations under the bill; the restoration of purchasing power to that class of people is to many of us paramount in attempting to bring about a change in our unfortunate economic situation. So that we must concede, in the first place, that the interest of agriculture has first consideration in the drafting of the bill and in its administration, whatever theoretical or practical suggestions may arise in the minds of men who earnestly favor advancing the interests of the farmer, as I know the Senator from Oregon does. I have served on the committee with him for 2 years and I am glad to say it here that he has always been faithful in his efforts to better the condition of agriculture. I have never heard him strike a partisan note during all the discussion in the Committee on Agriculture—and we have been in session almost as constantly as has any committee of the Senate—nor have I ever heard the Senator from Oregon express at any time any thought or idea that he did not believe was in the interest of the farmer. However, he has some ideas with which I do not agree, although we are driving at the same object. His protest against this section of the bill is because of the effect he fears it may have upon retailers stocking up or wholesalers stocking up; but I submit that the mere possibility at some future time of a change in the tax rate, designed to bring about corrections, which are more important than a mere delay in buying, and the anxiety because of the possibility of such an uncertainty arising ought not to deter us from placing in the power of the administration the authority to adjust the rate from month to month or more often as it may develop by reason of any circumstances which may arise after the tax has once been fixed.

Let me suggest that if we are not going to permit any degree of flexibility, if we are not under any circumstances going to permit the Secretary of Agriculture to change the amount of tax, then the only alternative course is for the Senate itself to write into the bill the tax and to make it unchangeable. We all recognize that to be impracticable. We all recognize that the rate of that tax depends upon the application of one plan or the other. Take cotton, for instance, as an illustration of the point I am making. If we employ the allotment plan, with less than 5,000,000 bales of cotton domestically consumed, a tax of about 7 cents a pound will be needed. If we use the rental plan, leasing land so as to reduce production 40 percent or more, then probably we shall not need a tax of more than 3½ cents per pound. So the size of the tax depends upon what plan shall be used. It may, of course, as I have insisted under changed conditions, new developments, be necessary from time to time to make changes in the tax, whether it be applied to the rental plan or the allotment plan.

Mr. VANDENBERG. Mr. President, will the Senator from Alabama yield to me?

Mr. BANKHEAD. Certainly.

Mr. VANDENBERG. The Senator indicates a possible tax of 7 cents a pound under the allotment plan and 3½ cents a pound under the leasing plan.

Mr. BANKHEAD. The amount of the tax is merely suggestive.

Mr. VANDENBERG. Will the Senator indicate what it might be under the cost-of-production plan?

Mr. BANKHEAD. I shall be very glad to discuss the cost-of-production plan when we get to it, but I will say now, so that there may be no misunderstanding in the Senator's mind and in the mind of any other Senator hearing me, that I am opposed to that section of the bill embodying the cost-of-production plan. When we reach that section I will discuss that question; but I would rather not obscure the question now before us nor be diverted from its discussion, because I do not think a debate on the cost-of-production plan would throw any light upon the flexibility provided in the section now under consideration, because there is no tax involved in the cost-of-production plan.

Mr. President, that is all I have to say about the pending question. I think we would very largely destroy the effectiveness of the operation of the bill, its sympathetic and friendly operation toward all the interests involved if we should require the Secretary of Agriculture, in the first instance, to fix a tax which could not be changed. My own judgment is that he ought not to fix the highest tax that he is authorized to fix at the very first step of the program. If the tax shall overnight be put too high, if overnight a tax of 50 cents a bushel should be imposed on wheat or 7 cents a pound on cotton under an allotment plan, would we too greatly wrench the whole trade in that line of commodities? I think it will be more effective and make the bill more acceptable if the Secretary of Agriculture shall be authorized to step up the tax from time to time, starting in a gradual way and finally reaching the necessary goal to give the farmer the purchasing power contemplated under the bill.

Mr. SMITH. Mr. President, those Members of the Senate who have not heard the testimony or who perhaps have not read it thoroughly and caught the spirit of the bill will see that this particular paragraph, subsection (b), provides that—

> The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity.

Mr. CONNALLY. Mr. President, will the Senator from South Carolina yield to me right there?

Mr. SMITH. I yield.

Mr. CONNALLY. Of course, when this tax is first fixed, it must be determined what the current price is.

Mr. SMITH. I am coming to that feature now.

Mr. CONNALLY. But after the tax has once been put on, and is in operation, then how is it known what the current price is?

Mr. SMITH. I just started to say that the text of this bill provides that it shall act automatically. The current price is taken today, and a tax is fixed which in the judgment of the Secretary of Agriculture, according to the facts before him, approximates or equals the parity prevailing during the basic period. Tomorrow the price goes down and automatically the tax increases just by the percentage that it goes down.

Mr. CONNALLY. Suppose cotton is selling on the market tomorrow at 6 cents. We put this bill into effect and have a 2-cent tax. There would still be a market for the cotton; and the Senator's idea is that if the 2 cents tax did not raise the price to 8 cents, but only to 7 cents, we would still put on another cent tax?

Mr. SMITH. No. Suppose the bill goes into effect and that the step-up we want now is 2 cents. Cotton goes down tomorrow a quarter of a cent. The tax then would be 2¼ cents, because we want to keep that parity. The tax goes up automatically. But if cotton goes up 1 cent a pound, the tax is automatically that much less, because the bill provides that when the price of the commodity shall equal the parity period the tax is gone.

Mr. CONNALLY. In other words, it is really an attempt to peg the price at a certain figure, and if the first tax does not do it, then another one is added.

Mr. SMITH. Mr. President, the genius of the bill is this.

Mr. CONNALLY. But I do not understand "genius." [Laughter.]

Mr. LONG. Let him go ahead. I want to know about the genius.

Mr. SMITH. I thought perhaps in a body of geniuses the term would be perfectly well understood.

Mr. CONNALLY. But we want it explained so that we farmers will understand it.

Mr. SMITH. Then the Senator is not in the class of geniuses?

Mr. CONNALLY. No; I am not a genius!

Mr. SMITH. Very well. Under the terms of the bill we fix a certain period for the parity price. The average price for that period is the relative price the farmer is going to get; that is, his price will be 100 cents worth of the things he is going to buy. The Senator said it is pegging the price. It is practically doing that.

Mr. CONNALLY. It is an attempt to do it.

Mr. SMITH. We are bringing it to where the 100-cent farmer dollar will buy 100 cents' worth of what the farmer wants to buy. If we take not the full relativity, to use Mr. Einstein's term, but if we take the proportion that cotton will have to come up—say, 2 cents a pound—and if we take as the proper price the consuming public should pay that price which would bring a fair return to the farmer under the circumstances, then the situation would be this: We fix the tax of 2 cents a pound. Cotton goes down a cent, and the tax then becomes automatically 3 cents, because we have fixed the 2 cents on the basis of the price of cotton the day we fixed it. If cotton goes up a cent, then the tax is only 1 cent.

Mr. CONNALLY. Can the tax be changed every day?

Mr. SMITH. The tax automatically changes itself as each day requires a fluctuation from the fixed standard.

Mr. CONNALLY. I want to get that straight. Suppose cotton is 7 cents today and a number of merchants buy cotton at that figure and then we put a tax on tomorrow to bring it up to 8 cents.

Mr. SMITH. But we would not put on a tax. The tax is based upon, let us say, a price of 6 cents today. We fix the parity at 8 cents, requiring a tax of 2 cents a pound. Cotton goes up only a cent a pound and we have to collect only 1 cent a pound tax. If tomorrow cotton goes down to 5 cents we have to collect 3 cents tax. It works automatically so the trade knows every day what tax it has to pay by virtue of the conditions. But if the Secretary of Agriculture finds that the price of 8 cents is too much, then under the terms of the bill he can put the tax at 1 cent.

Mr. ROBINSON of Arkansas. Mr. President, the tax does not change except when altered by the Secretary of Agriculture.

Mr. SMITH. Oh, I beg the Senator's pardon.

Mr. ROBINSON of Arkansas. Oh, no!

Mr. SMITH. For this reason: Suppose cotton were 6 cents a pound today and the parity price would be 12 cents. If cotton goes up a cent a pound tomorrow, the tax necessarily would be only 5 cents. If it should rise the next day another cent the tax would be only 4 cents. If the parity is on the basis of 6 cents, with the relation to 8 cents as the first step-up, and when I sell my cotton I get 7 cents for it, the man who fixes my certificate would give me a certificate to get 1 cent more, because my certificate would show what I got for the cotton. If I got 8 cents for my cotton, I would not get any tax at all. That is exactly what the bill means, as the Senator would realize if he would read it.

Mr. ROBINSON of Arkansas. I have read it carefully and I say that the tax, once imposed by the Secretary, remains the same, whatever rate he imposes, until he changes it.

Mr. SMITH. If the Senator will read the paragraph I have just read, he will see what it means. It provides that the processing tax shall be at such a rate as equals the difference between the current average farm prices for the commodity and the fair exchange value for the commodity. Now, "current" means each day. If we fix that value at 8 cents that we are going to get for a given period——

Mr. ROBINSON of Arkansas. I see where the Senator's statement is going to lead, but if he will read the bill himself [laughter]——

Mr. SMITH. I have read it ad nauseum. [Laughter.]

Mr. ROBINSON of Arkansas. He will see that the Secretary of Agriculture fixes the rate as of the date the tax first takes effect.

Mr. SMITH. Exactly. That is exactly what I said. Suppose he fixes it at 2 cents above today's price, and as the result of that fixing the price drops 1 cent. He will then say, "I have gone a little too high." Under the genius of the bill—no, Mr. President, I will not use that term any more! [Laughter.] Under the terms of the bill he can lower that tax if he finds that by the imposition of the 2 cents it has caused less consumption. But if, upon investigation, he finds that the drop in price is from some other cause than consumption—manipulation of the market, for instance—then the tax would be 3 cents, because the bill says the parity shall be maintained.

Mr. ROBINSON of Arkansas. In order that there may be no misunderstanding by the Senator from South Carolina, I think that some members of the committee and I have an entirely different construction from that which he has placed on it. I think the tax, once levied at whatever rate fixed by the Secretary of Agriculture, is perpetuated until that rate is changed by him.

Mr. SMITH. Let me give this illustration to the Senator from Arkansas. Suppose we fix a tax of 4 cents a pound. The difference between the present price of farm products, to bring them to a parity, means 4 cents a pound on cotton today. Tomorrow cotton advances 2 cents a pound. Are we still going to levy a 4-cent tax?

Mr. BANKHEAD. Mr. President, will the Senator let me explain that?

Mr. SMITH. No; I want to get my explanation straight, because one of the reasons why I think this might be an admirable thing is that as the price rises the tax becomes less, because the bill provides that when the price shall equal the parity price fixed in the bill the tax shall cease and determine.

Mr. CONNALLY. Mr. President, I think I can reconcile the differences between the Senator from South Carolina and the Senator from Arkansas. I think they are both partly right.

Mr. SMITH. The Senator means me mostly? [Laughter.]

Mr. CONNALLY. Possibly so. Evidently, as I read the bill, when the Secretary fixes the tax it stays fixed until he unfixes it by changing it. On the other hand, the Senator from South Carolina, reading the processing-tax feature, has read what is merely a definition, but is also a limitation on the power of the Secretary, indicating that that is the rate of tax that he shall fix.

If he fixes it and it does not have the effect desired he will have to fix it again, as I see it.

Mr. ROBINSON of Arkansas. That is the reason for giving him the power to change it.

Mr. CONNALLY. That is the reason for the language following, which provides that, unless that result is attained, then the Secretary shall cause appropriate investigation and due notice, and so on. I do not see how the tax could be fixed automatically because all we would have to do, according to the theory of the Senator from South Carolina, is to fix it once and go off and leave it and it would take care of itself. But that cannot be. That is what is the matter with the farmer now. We have fixed him and gone off and left him. [Laughter.]

Mr. SMITH. The theory is that if by the imposition of the tax there is a decrease in price and, upon investigation the Secretary so finds, then he may change it.

Mr. CONNALLY. That is why it cannot be automatic. We have to wait for the Secretary to determine just how much of a change to order. That is why I was interrogating the Senator in the way I did. If the price fluctuates and today it is 7 cents and tomorrow 8 cents, would there not be a daily change in the rate?

Mr. SMITH. I have tried to visualize it as a cotton producer.

Mr. LOGAN. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Kentucky?

Mr. SMITH. Certainly.

Mr. LOGAN. The Secretary fixes the price in the first place, does he not?

Mr. SMITH. He fixes the tax.

Mr. LOGAN. Let us stick to it as the price. The tax follows automatically because it is the difference between the market price and the price fixed. As the price of any commodity rises toward the base price, the less the tax is until it reaches the base price, and then there is no tax.

Mr. SMITH. Exactly.

Mr. LOGAN. But if it goes down, the tax increases. Every time the price goes down from the base price then the tax must necessarily increase.

Mr. SMITH. Yes; and if the Secretary finds that the decreased price is on account of the imposition of the tax he can modify it.

Mr. LOGAN. That is correct.

Mr. SMITH. That is as far as I have gone.

Mr. LOGAN. The Senator is right. I am agreeing with him absolutely.

Mr. SMITH. Good enough.

Mr. President, the bill would be absurd if that were not a fact, for this reason: Suppose the price were fixed upon the basis of today. We want to raise it to 8 cents. That is our objective. That is our base price. I sell cotton stipulated under the bill, and the man who buys it makes a statement that he gave me 7 cents for it. I carry the statement to the commissioner, and the commissioner issues a certificate that I am entitled to 1 cent, because the addition of the 1 cent would make the 8 cents which we desire to reach. If, on the other hand, the price were to go down a cent, and I presented that to the commissioner, he would say, "You are entitled to 3 cents," because the objective is 8 cents. Otherwise cotton might rise from 6 cents or 5 cents up to 7 cents, and the same identical tax would be collected as though there were no change at all.

Mr. LOGAN. Now, may I ask the Senator another question? If, over a series of months or years, it is found that the base price is wrong, and that the yardstick has changed, then the Secretary of Agriculture may establish a new base price?

Mr. SMITH. Why, as a matter of course; and I did my best to call attention to the fact that once the parity price is fixed—and it must be fixed——

Mr. LOGAN. The tax is automatic?

Mr. SMITH. The tax then is automatic until it is found that consumption has been arbitrarily interfered with, and I challenge anyone here to disprove that statement.

Mr. LOGAN. I hope the Senator can make the Senators understand that.

Mr. WHEELER. Mr. President, let me say to the Senator that I do not understand that there is anything automatic about this tax.

What takes place is this: Suppose we take wheat. If wheat is selling today at 50 cents and the Secretary of Agriculture finds that the base price to give a wheat farmer the purchasing power that he had from 1909 to 1914 is 94 cents, he would then add 44 cents tax. That is the tax he would add; and when that tax went to the processor, my understanding is, from the testimony given before the committee, that the tax would be 44 cents. If at any time the Secretary found that tax was wrong, he would change it.

Mr. SMITH. Let me ask the Senator a question. Suppose immediately upon the imposition of the 44 cents tax a miller says, "I will give this purchaser 60 cents for his wheat." Under the terms of this bill the man who buys that wheat has to give the seller a certificate of how much wheat he bought, what percent of the total amount he bought. That is all he has to do. Then the producer goes to his county commissioner and he figures out what percentage is for export and what percentage is for domestic consumption. He has to give me—the wheat producer—a certificate showing how much money I am entitled to under the parity. The statement from the buyer says, "This wheat sold at 60 cents." The commissioner figures the difference between 60 and 90 cents and gives the farmer a certificate, and that is all the tax that will have to be paid.

If it does not work that way, how would you work it? Because there is a paragraph in the bill which provides that the Secretary may not issue any licenses at all, but may agree with the processors that they will offer the base price to begin with, and neither require a license nor require anything but that agreement.

If they agree to give the base price, there is no tax at all, because all the farmer has to do is to go out and sell his stuff. The miller has already paid, or agreed to pay, the base price without any licenses or any further complications; and therefore the county agent will write out the certificate for the full amount of the parity.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. SMITH. Yes; I yield.

Mr. BARKLEY. In other words, under either operation the farmer gets what would be the base price, except that he gets it in a round-about way in one case and directly in the other. For instance, if the base price of wheat is 90 cents and he gets 90 cents, that is the end of it?

Mr. SMITH. That is the end of it.

Mr. BARKLEY. But if the base price is 90 cents and the purchaser pays him only 60 cents, then the purchaser must pay 30 cents to the commissioner, and in turn the farmer gets that 30 cents?

Mr. SMITH. Why, certainly; or the same thing in principle if he pays 70 cents.

Mr. BARKLEY. Or 80.

Mr. SMITH. Yes.

Mr. BARKLEY. So that wherever he sells his product for less than the base price the farmer ultimately gets the base price, but part of it he gets in a round-about way and the other part directly.

Mr. SMITH. Yes.

Now let us take the other side. Suppose when you go out to sell, wheat has gone down below the base price as of the day that the commodity price goes into effect. You have to take some day as the basis. Suppose when it goes into effect wheat is 40 cents a bushel. When you go to sell your wheat they say, "We will charge 50 cents tax." When you go to sell your wheat you get 50 cents. Forty cents is due. The man who makes out the slip makes it out for the entire amount at the market price. That goes to the commissioner at the county seat. He figures what percent is exported and what percent is used domestically.

Mr. BARKLEY. Mr. President, right there, by what formula is any county commissioner in any ordinary county seat going to figure out what proportion of anybody's wheat

is going into domestic consumption and what proportion is going into foreign consumption?

Mr. SMITH. Under the terms of the bill that is to be ascertained by the Secretary of Agriculture and furnished to him.

Mr. BARKLEY. In other words, then, it is an average percentage for the whole country?

Mr. SMITH. Why, certainly.

Mr. BARKLEY. It is not figured on the basis of any one man's crop?

Mr. SMITH. Oh, no. It is an average percentage, so that everybody will get the same percentage.

Mr. BARKLEY. That information is furnished to the commissioner by the Department, so that he knows, out of every man's crop, regardless of the number of bushels, what proportion of it will go into foreign trade and what proportion will stay at home?

Mr. SMITH. Just exactly as it is figured.

Mr. BARKLEY. This thing is almost simple.

Mr. SMITH. Why, it is. If anyone will study the bill carefully, any of the geniuses here—they will find that this thing will work necessarily. The machinery that is set up takes care of it.

Let us take cotton. Cotton today is 6 cents a pound. Suppose the ultimate price is fixed at 12 cents a pound. The difference between what it is bringing today and the parity is 6 cents a pound. I go to sell mine, and they give me 8 cents a pound. I take the statement of that price to my county commissioner, and he figures up that I have already received 2 cents of the 6, and I am entitled to only 4 cents a pound more. It is perfectly plain—perfectly automatic.

Mr. LOGAN. But, Mr. President, suppose 60 percent of the cotton is exported and only 40 percent of it is for home consumption. There is the other 4 cents. The farmer would get only 40 percent of that 4 cents, would he not?

Mr. SMITH. No; they would figure out what percentage is to be exported and what percentage is to be domestically consumed, and he would get the 40 percent only on what is domestically consumed.

Mr. LOGAN. That is what I thought.

Mr. BARKLEY. In other words, there is no tax levied on the proportion of it that is supposed to go abroad.

Mr. SMITH. Not a dollar.

Mr. BARKLEY. And when the farmer gets his price, if it is cotton, he gets his 5 cents on that, and he is through?

Mr. SMITH. He is through.

Mr. BARKLEY. But only on the other 40 percent, we will say, is the tax collected, and then it is turned over to him?

Mr. SMITH. Yes. There is about 45 percent consumed in this country.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. ROBINSON of Arkansas. The purpose of the revenue to be obtained from the tax is stated in section 9 (a):

> To obtain revenue for extraordinary expenses incurred by reason of the existing national economic emergency, including expenditures for rental and benefit payments and administrative expenses under this title.

Mr. SMITH. Yes, sir.

Mr. ROBINSON of Arkansas. How are we going to obtain revenues for those purposes if the tax automatically goes off with a change in the price level?

Mr. SMITH. Because there are two different principles in the bill. They are distinct principles. One is the leasing principle, which I attempted to explain the other day, which has no reference whatever to the allotment principle. The Secretary said to us before the committee that in the territory where he proposed to apply the leasing principle he would not apply the allotment principle, for the obvious reason that if he is going to rent the land, then he will fix an unchangeable, arbitrary tax on the processing commodity, because he has figured out how much land he wants to lease and what rent he is going to pay. Therefore he fixes a definite, unchangeable tax to get money enough to lease the 50,000,000 acres of land. That has no reference to the allotment. The language the Senator has read was inclusive of both principles, but both of them cannot be worked with the same farmer or perhaps in the same territory.

Mr. ROBINSON of Arkansas. Does the Secretary levy a special tax to pay administrative expenses?

Mr. SMITH. No; he levies enough to take care of the administrative expenses. Of course he is going to give himself a margin in either case.

Mr. ROBINSON of Arkansas. But where does he get that if the tax automatically disappears or fluctuates with the changes in the price level?

Mr. SMITH. Because he will have that much less expense. The farmer gets the money, and that is the object. The Secretary also intimated that he may have to come to the Treasury and get an appropriation to cover just exactly the point that I have made here to the Senate.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SMITH. Yes; I yield.

Mr. VANDENBERG. The Senator seems to be having some trouble with the price-fixing factors of the bill. I wonder if he will permit me to read him just a few sentences which may throw a great deal of light on the subject.

I have in my hand a pamphlet issued by the Department of Agriculture under the authorship of Mr. Mordecai Ezekiel, who, I understand, will be one of the high administrators of this new system.

Mr. SMITH. What is the name?

Mr. VANDENBERG. Mr. Mordecai Ezekiel.

Mr. SMITH. Yes, sir.

Mr. VANDENBERG. In dealing with the price factors affecting hogs, Mr. Ezekiel makes the whole thing very plain; and I want to read the Senator these sentences.

Mr. SMITH. In reference to what?

Mr. VANDENBERG. The price of hogs, which are affected also by this bill.

Mr. SMITH. I know; but that is more complicated than this.

Mr. VANDENBERG. I hope the Senator will let me read this to him to show what a grasp Mr. Ezekiel has upon this subject.

Mr. SMITH. To be sure.

Mr. VANDENBERG. I read:

> The price for each month may be conceived as represented by a small black ball, suspended above the line for its own date, at the height of the average price for that month, and as far over from right to left as indicated by the supply for that month. There would necessarily be only one ball for each month. These balls, however, would all be very close to the demand surface, a little above it for those months when the actual price was higher than the price as shown by the correlation formula and a little lower for the months when the actual price was a little below the estimated price. In general, however, it would be seen that the demand surface approximated the position that these prices occupy, as they were thus suspended through space and time.

I want to know if that does not clear it up. [Laughter.]

Mr. SMITH. I should like to have the Senator explain that explanation.

Mr. LOGAN. Mr. President, may I inquire the name of the gentleman who wrote that pamphlet?

Mr. LONG. Mr. President, a point of order.

Mr. LOGAN. I should like to know the name of the authority.

Mr. VANDENBERG. The authority is Mr. Mordecai Ezekiel, who is to be one of the high administrators of the new farm relief bill.

Mr. LOGAN. He would not be supposed to know anything about hogs, would he, with that name? [Laughter.]

Mr. VANDENBERG. Mr. President, regardless of the nomenclature, I hope the Senator from Kentucky will pursue this subject in this very interesting pamphlet, because I have only scratched the surface of this illuminating discussion of hogs by Mr. Mordecai Ezekiel.

Mr. SMITH. Now, Mr. President, I want to say just a few words, and then I am through.

I do not want any Member of this body to think that I—the Senate will excuse this personal allusion, but I am entitled to make it—that I, perhaps the nearest approach to a real dirt farmer of any Member of the Senate, have any object in view except to aid that distressed element of our population who, from time immemorial, have been notoriously poor, and the butt of every joke that appears in our literature.

Mr. LONG. Mr. President——

Mr. SMITH. Just one minute. I want to get through with what I have to say.

I do not want the impression to go out that I am opposing legislation in reference to the occupation in which I and my forebears have been engaged. After 24 long years of service in this body, I do not want to be met with the insinuation that I am trying to block legislation looking toward the relief of those for whom I have spent all my official life. I have more reason to be the author and champion of legislation looking toward the relief of the farmer than any other man in this body, and no man dares charge me with being unfaithful to that trust.

Mr. President, I want to put a stop now and forever to the idea that I for any reason but for the aid of agriculture have taken the position I have taken. I believe I have more knowledge of what is necessary to aid the man between the plow handles and the man with the hoe than the man who makes his living otherwise and flirts with agriculture as a side line. I am tired of being dictated to in this body by window-sill agriculturists. I want the man who talks to me about agriculture to be the man who has fought the boll-weevil, who has gone out and has seen one tropical storm wipe out his hope of existence, not of profit, because he has never made a profit.

Am I to be asked to come into this body and subordinate my convictions to the theories of those who do not know a cotton stalk from a jimsonweed? Must I come here and subordinate my convictions to a lot of men who have never borne the heat and burden of the day?

Thank God, I have the confidence and respect of my colleagues in this body for my sincerity of purpose and honesty of conviction, and I will not become an intellectual prostitute for any man. My convictions are not for sale to anybody. Must I stand here today and have about me the atmosphere that I will not faithfully do my duty to try to benefit those to whom I belong?

Mr. President, I hope that it will not be necessary for me to refer to this again, but if it does become necessary I will refer to it more positively than I have done this evening.

So far as the pending bill is concerned, I am going to let it take its course, hoping and praying that it may bring about the result which those who drafted it and are putting it through hoped it might; but I do not believe it will, I am not going to subordinate my convictions to those of anybody else. I am not throwing monkey wrenches into the machinery, but I am not going to attempt to extol that which I do not think worthy of being extolled, or to advocate that which I do not believe will do the work which the poor farmers need to have done. No; I will not.

Mr. President, I am a Democrat. I defy any man in this body to put his finger on one vote or one statement of mine which does not ring true to democracy. Every vote I have cast, every speech I have made, has been as pure democracy as that of Jefferson himself, and who is to rise up in this hour of the incoming of a Democratic administration and charge me with a lack of fealty to Democratic principles? I will stand here and vote to uphold them now as I have heretofore. No man shall ever question it.

Mr. President, I see that there is intimation, even on the other side, of Senators yielding to some of the great doctrines of the party to which I belong. I welcome them coming, and pray God that on this side Senators will stand fast to those doctrines. We were swept into power because the people of the United States believed that the Democratic Party was the only organization which could save the country in this, her hour of imminent peril. God grant that every one of us will be true to the confidence expressed in us on November 8, 1932. So far as I am concerned, I shall stay true to those principles despite all question. I will keep my political self-respect, my personal and mental integrity, at all costs, and I believe that my colleagues will grant me that.

Mr. CAREY. Mr. President, I wish to present an amendment in the nature of a substitute for the pending bill, and ask that it may be printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. LONG. Mr. President, it is hardly fair to the Department which has issued the bulletin to which attention has been called to have excerpts read, as the Senator from Michigan has done, without the accompanying descriptive matter. I am sending to the desk the table, and I ask that the portion on page 34, which has been marked, may be read by the clerk.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

Factors X_1, X_2, and X_3 were included as different measures of the influence of supply; factors X_4, X_5, X_6, X_7, and X_8 as forces influencing demand; X_9 to allow for any trend in price apart from that accounted for by the factors stated; and X_{10} to adjust for the effect of changes in the value of money upon hog prices.

Since practically all of the factors were thought to have a relative rather than an additive relation to price, all of the factors except X_9, time, were stated as logarithms.

Correlating the factors thus stated, a multiple correlation of hog prices with the 10 other factors of $R=0.936$ was obtained. Correcting this to take account of the fact that 10 constants were determined with only 90 observations, the true multiple correlation is reduced to 0.928.

The regression equation is as follows:

(1) $\log X_{11} = -0.09443 \log X_1 + 0.15888 \log X_2 - 0.21986 \log X_3 - 0.23675 \log X_4 - 0.07250 \log X_5 + 2.23777 \log X_6 + 0.04759 \log X_7 + 0.22659 \log X_8 - 0.03036 X_9 + 1.63099 \log X_{10} - K$.

[Laughter.]

Mr. WHEELER. Mr. President, are they still talking about hogs? [Laughter.]

Mr. LONG. Mr. President, this is a table relating to hogs. It clears the matter up.

The legislative clerk continued the reading, as follows:

The value of the constant (k) in this equation varies according to the units in which the different variables are expressed. The variable X_{10} represents the price index, so moving the regression value for that variable to the left of the equality sign gives the regression equation for the prices deflated according to the observed relation.

Mr. ROBINSON of Arkansas. Mr. President, it is perfectly manifest that higher mathematics has not much recognition in this body.

Mr. FRAZIER. Mr. President, I have an amendment which I wish to offer to the pending amendment, if it is in order.

The PRESIDING OFFICER. The clerk will read the proposed amendment.

The LEGISLATIVE CLERK. The Senator from North Dakota offers the following amendment to the amendment: On page 12, in line 2, after the word "commodity" and the period, to insert the following:

In computing the current average farm price in the case of wheat, premiums paid producers for protein content shall not be taken into account.

Mr. FRAZIER. Mr. President, it will be noted on page 11, paragraph (b), that it is provided that the processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity. In the case of wheat the current farm price would be the average price paid to the farmers for their wheat. Some years we have in wheat a high protein content, which gives us a premium price for the wheat. It applies to the hard spring wheat some years in the hard spring-wheat territory; in other years it applies to certain grades of winter wheat in the so-called "winter-wheat territory."

I am anxious to have this amendment adopted, so that that protein premium which may be paid for wheat will not be figured in the current average price of wheat, so that the farmer who gets a protein premium will receive that on top of the average current price.

Mr. President, I will say that this amendment was the provision that was in the old allotment bill that was passed by the House, H.R. 13991, and considered by the Senate during the last session, but which failed of passage in the Senate. The amendment I have offered appears in that bill, for the protection of the wheat growers who might have a wheat that brought a premium for protein content.

Mr. SMITH. Mr. President, if the Senator will allow the amendment to go over for consideration in the morning, I should like to move an adjournment until 12 o'clock tomorrow.

INTERPRETATION OF PRESIDENT'S REGULATIONS RESPECTING VETERANS (S.DOC. NO. 19)

Mr. WALSH. Mr. President, I ask unanimous consent to have printed as a Senate document a communication which I have received from the Solicitor of the Veterans' Administration.

As is well known to the Senate, the President issued certain regulations on March 31, 1933, under the "act to maintain the credit of the United States Government." These regulations are more or less legalistic in form, and it occurred to the Senator from Georgia [Mr. GEORGE] and myself to write the solicitor asking him to give us a detailed explanation of each regulation, and we did so. The correspondence I hold in my hand furnishes the information called for. It is very helpful, and every veteran in the country ought to have the benefit of the information. It not only restates the regulations issued by the President, but it interprets those regulations and explains just how they will be administered.

I ask unanimous consent that the communication from the Solicitor of the Veterans' Administration be printed as a public document.

The PRESIDING OFFICER (Mr. COOLIDGE in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. GEORGE. It will be printed also in the RECORD, I presume?

Mr. WALSH. The difficulty is that there are two styles of type, one for matter printed in the RECORD and one for public documents. Better type will be used if it is printed as a public document, and it will be less expensive than having it printed twice in two different styles of type.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

ADJOURNMENT

Mr. SMITH. I move that the Senate adjourn until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 3 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, April 11, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 10 (legislative day of Mar. 13), 1933

ASSISTANT SECRETARY OF THE TREASURY

Lawrence Wood Robert, Jr., of Georgia, to be Assistant Secretary of the Treasury, in place of Ferry K. Heath, resigned.

GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS

Frank Murphy, of Michigan, to be Governor General of the Philippine Islands.

UNITED STATES ATTORNEY

Peirson M. Hall, of California, to be United States attorney, southern district of California, to succeed John R. Layng, appointed by the court.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lt. Col. William James Davis, Infantry, from April 1, 1933.

Lt. Col. John Fleming Clapham, Adjutant General's Department, from April 1, 1933.

To be lieutenant colonels

Maj. Albert Sidney Johnston Tucker, Infantry, from April 1, 1933.

Maj. Marion Ogilvie French, Infantry, from April 1, 1933.

To be majors

Capt. Clarke Kent Fales, Infantry, from April 1, 1933.

Capt. Paul August Hodapp, Quartermaster Corps, from April 1, 1933.

Capt. George Henry Zautner, Quartermaster Corps, from April 1, 1933.

Capt. Ezra Davis, Quartermaster Corps, from April 1, 1933.

Capt. Solomon Foote Clark, Field Artillery, from April 1, 1933.

To be captains

First Lt. Stowe Thompson Sutton, Infantry, from April 1, 1933.

First Lt. James Ainsworth Brown, Infantry, from April 1, 1933.

First Lt. Elliott Raymond Thorpe, Infantry, from April 1, 1933.

First Lt. Oscar Douglas Sugg, Infantry, from April 1, 1933.

First Lt. George Elmer Pruit, Quartermaster Corps, from April 1, 1933.

First Lt. Le Roy Allen Walthall, Air Corps, from April 1, 1933.

First Lt. Lucas Victor Beau, Jr., Air Corps, from April 4, 1933.

To be first lieutenants

Second Lt. Joseph Howard Gilbreth, Infantry, from April 1, 1933.

Second Lt. James Francis Collins, Field Artillery, from April 1, 1933.

Second Lt. Horace Alvord Quinn, Infantry, from April 1, 1933.

Second Lt. Lee Roy Williams, Infantry, from April 1, 1933.

Second Lt. James Virgil Thompson, Infantry, from April 1, 1933.

Second Lt. Henri Anthony Luebbermann, Cavalry, from April 1, 1933.

Second Lt. Harold James Coyle, Field Artillery, from April 1, 1933.

Second Lt. Paul Edwin Meredith, Infantry, from April 1, 1933.

Second Lt. Olaf Helgesen Kyster, Jr., Coast Artillery Corps, from April 4, 1933.

PROMOTION IN THE NAVY

MARINE CORPS

Quartermaster Clerk Rosco Ellis to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 25th day of February 1933.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 10, 1933

The House met at 12 o'clock noon.

Rev. M. R. Fleming, D.D., pastor of the United Brethren Church, Red Lion, Pa., offered the following prayer:

Lord of the world above, Thou art Lord of the world in which we live. God of our fathers, Thou art our God. We come to Thee with songs in our hearts for Thy gracious gifts, which are beyond counting. We thank Thee for the silent and beautiful kingdom of the past. How wonderful has been Thy providence in the life of our Nation. Our hearts are deeply grateful for the riches of grace as found in the blessings of the present.

Give us wisdom to know Thy will and power faithfully to fulfill the same. In all our days grant us divine help, in all

of our dangers divine protection, in all our uncertainties divine counsel, in all our sorrows divine peace.

May the benediction of Thy presence be our rich heritage this day and all our days. May the comforting power of the spirit of God lead us in all life's activities; and may the peace of God that passeth all understanding keep our hearts and minds through the riches of grace. In Christ Jesus our Lord. Amen.

The Journal of the proceedings of Thursday, April 6, was read and approved.

IMPEACHMENT PROCEEDINGS AGAINST FEDERAL JUDGE HAROLD LOUDERBACK

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the managers on the part of the House in the Louderback impeachment matter be excused from attending upon the sessions of the House during this week.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDMENT OF HOUSE RULE XIV

Mr. POU. Mr. Speaker, I offer a privileged report from the Committee on Rules and ask unanimous consent for its immediate consideration.

The Clerk read as follows:

House Resolution 100

Resolved, That upon the adoption of this resolution rule XIV be, and the same is hereby, amended by adding at the end thereof the following new clause, viz:

"8. It shall not be in order for any Member to introduce to or to bring to the attention of the House during its sessions any occupant in the galleries of the House; nor may the Speaker entertain a request for the suspension of this rule by unanimous consent or otherwise."

Mr. KELLER. Mr. Speaker, will the gentleman inform the House just what this resolution means?

Mr. POU. It stops the introduction of people in the gallery.

Mr. SNELL. I think this is a good resolution and should go through.

The resolution was agreed to.

EMBARGO ON SHIPMENT OF ARMS

Mr. POU. Mr. Speaker, I present a privileged report from the Committee on Rules, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 101

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Joint Resolution 93, a joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions, and all points of order against said bill shall be considered as waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 4 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Foreign Affairs, the previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except one motion to recommit.

The SPEAKER. Referred to the House Calendar and ordered printed.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I understand the gentleman from North Carolina has several reports from the Committee on Rules. If it is entirely agreeable to the gentleman from North Carolina and to the House, I think it would be well if unanimous consent were granted to take up at least a portion of these reports, consider them, and dispose of as many as possible of them today.

I make this suggestion for the reason that tomorrow we are going to have the farm finance mortgage plan before the House. It is hoped we can dispose of it within 2 days at the outside. Then I think within a few days we are going to have the securities bill.

I have been running over in my mind just how much additional legislation we would have to pass in the House in order to complete the emergency legislation proposed by the President. According to my best understanding, there will be at least nine more bills to be passed by the House. Of course, our calendar is clear now, and the House cannot act on any of the bills until the committees report them.

Mr. SNELL. While the gentleman is on his feet, I wish he would tell the House what the program of the majority is for the immediate future. I think we ought to know.

Mr. BYRNS. The only program I can outline to the gentleman from New York is that as rapidly as these bills are reported from committees we will take them up in the House and dispose of them. Naturally, I cannot give the gentleman any information as to when this will be, because I am not informed, but just as rapidly as the bills are reported they will be taken up in the House.

Mr. SNELL. It seems to me within a few days we ought to know what is going to be the definite program of the majority.

Mr. BYRNS. I quite agree with the gentleman. I have just explained why it was impossible for me to indicate to the gentleman any more than I have what the program will be. I just stated a moment ago, although possibly the gentleman did not hear me, that the farm bill will be in here tomorrow. It is the expectation to take it up tomorrow; and this was the reason I expressed the hope, if it were agreeable to the gentleman from North Carolina, that he dispose of at least some of his rules today, if it is possible, by unanimous consent so as to clear the calendar for tomorrow.

Mr. SNELL. While the gentleman is on his feet, will he tell us what the nine bills are that he has mentioned?

Mr. BYRNS. It is merely a matter of conjecture, although I shall be pleased to relate some of them to the gentleman.

Mr. SNELL. I wish the gentleman would give us all the information he can.

Mr. BYRNS. We have the farm bill, which will come up for action tomorrow. The securities bill is pending before the Committee on Interstate and Foreign Commerce. The Wagner bill is pending before the Committee on Banking. Then there will be a banking bill of some kind. There will be possibly some legislation with reference to the railroads. Then there is Muscle Shoals legislation. The message in regard to Muscle Shoals will come to the House today and the bill will probably be introduced tomorrow. There is the gasoline tax bill, which is pending before the Committee on Ways and Means.

Mr. BANKHEAD. And there is the 6-hour-day labor bill.

Mr. BYRNS. I was speaking more particularly now of the President's emergency legislation. I understand a bill will come before the House which will seek to give the President some authority in arranging tariffs with relation to the tariffs of other countries—a bill which must be considered and, undoubtedly, should be passed.

Another bill is a public works bill, which, I understand, is contemplated. So there are at least nine bills. In addition to these there is pressing upon the House the Black-Connery bill. I do not know whether this is a part of the administration's program or not, but it is here and on the calendar, I understand.

Mr. SNELL. As long as we are on this subject, with all this very comprehensive legislation before us, it is evident that the Congress will be in session for some time, unless the gentlemen of the majority expect to put this legislation through without any consideration on the part of the House.

Mr. BYRNS. I quite agree with the gentleman; and I am sure no one wants to put through the legislation without giving the House an opportunity to fully consider it; but unless the committees report, of course, the gentleman understands the House cannot take action, and while I am not criticizing any committee, because I think the committees should give full attention and consideration to these bills, I am expressing the hope to some of the chairmen whom I see before me now that they speed these matters just as rapidly as they can in order to give the House something to work on, so we will not have to adjourn over as we had to do last Thursday.

Mr. SNELL. I may say to the majority leader that, while we have done our part in trying to advance the emergency legislation, when it comes to comprehensive legislation that

would affect the policy of this country for a period of years, we shall insist, as far as we are able, on careful and considerate attention on the part of the House.

Mr. BYRNS. I think the entire House is entitled to that.

Mr. SNELL. I am glad to hear the majority leader make that statement.

Mr. BYRNS. But if we are to get away within any reasonable time, we will have to begin consideration of some of these measures, which is the point I am making now.

My own judgment is, we ought not to consider anything in this House until we have disposed of the President's emergency legislation one way or the other. This is all we have done up to this time. However, under the rules, these bills have to go to a committee and, of course, the House cannot act until the committee reports.

Mr. SNELL. A great majority of the bills before us or in the offing are bills affecting policy that should be considered very carefully.

Mr. BYRNS. I agree with the gentleman.

Mr. RANKIN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RANKIN. May I ask the gentleman from North Carolina whether or not any of these rules pertain to the discharge rule?

Mr. POU. No.

Mr. CLARKE of New York. Will the gentleman from Tennessee permit one question?

Mr. BYRNS. Yes.

Mr. CLARKE of New York. Do I understand from the gentleman's statement that the Black bill is not now included in the program of the President?

Mr. BYRNS. I do not know, I am frank to say to the gentleman.

Mr. CLARKE of New York. We do not know, either.

Mr. BYRNS. I have not seen any expression from the administration with reference to it, and I am not able to speak for the administration with reference to that bill.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on April 5, 1933, the President approved and signed a bill of the House of the following title:

H.R. 3342. An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes.

INVESTIGATION OF THE "AKRON" DISASTER

Mr. POU. Mr. Speaker, there are two resolutions that I believe come with a unanimous report from the Committee on Rules.

I offer now a concurrent resolution providing for an investigation of the *Akron* disaster, and I shall ask unanimous consent to eliminate the last paragraph of the resolution.

Mr. LEHLBACH. If the gentleman will permit, did I understand the gentleman to ask unanimous consent for the present consideration of the resolution making in order the embargo bill?

Mr. POU. No; this is with respect to an investigation of the *Akron* disaster.

Mr. MARTIN of Massachusetts. Will the gentleman say that he is only going to call up two rules today?

Mr. POU. No; there is one other that will be called up later. I myself am presenting two.

Mr. MARTIN of Massachusetts. One is the *Akron* investigation?

Mr. POU. Yes; and the other resolution, which I believe is a unanimous report, prevents the dividing of a question, as reported by the Committee on Rules.

Mr. MARTIN of Massachusetts. The understanding in the Rules Committee was that there would be but two of these resolutions called up today.

Mr. POU. This is by unanimous consent; and if there is any objection, I shall not press them.

Mr. LEHLBACH. Will the gentleman yield further?

Mr. POU. Yes.

Mr. LEHLBACH. The divisibility rule was certainly not a unanimous report from the committee.

Mr. POU. I was in error about that. I shall merely present it for printing under the rule.

Mr. LEHLBACH. And the gentleman does not intend to press the embargo rule at this time?

Mr. POU. Not at this time.

Mr. FISH. Mr. Speaker, reserving the right to object, I would like to ask the gentleman whether he can tell the House when he will bring up the embargo bill under the rule.

Mr. POU. I shall present the resolution to the House today to be referred to the calendar and printed. Just when it will be brought up I cannot state at this time, but it will be in the very near future.

Mr. FISH. Can the gentleman give us some warning in advance so we can have the minority views available? If the measure were brought up today, the minority views would not be available.

Mr. POU. I will do the best I can, but just how much warning I can give I would not undertake to say at this time.

The Clerk read the concurrent resolution (H.Con.Res. 15), as follows:

Resolved by the House of Representatives (the Senate concurring), That there is hereby created a joint committee to consist of five Members of the Senate, to be appointed by the President of the Senate, and five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. The committee shall select its own chairman.

Such committee is hereby authorized and directed to investigate the cause or causes of the wreck of the Navy dirigible *Akron* and the wrecks of other Army and Navy dirigibles, to fix responsibility for the same, to inquire generally into the question of the utility of dirigibles in the Military and Naval Establishments, and to make recommendations to the Senate and House of Representatives with respect to the future use of dirigibles for military or naval purposes. The committee shall report to the Senate and House of Representatives as soon as practicable the results of its investigations, together with its recommendations.

For the purpose of this resolution the committee, or any duly authorized subcommitee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions or recesses of the present Congress, to employ such experts, clerical, stenographic, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take testimony, to have such printing and binding done, and to make such expenditures as it deems advisable.

Subpenas shall be issued under the signature of the chairman of the committee and shall be served by any person designated by him. The provisions of sections 102, 103, and 104 of the Revised Statutes shall be applicable to any person summoned as a witness under the authority of this resolution in the same manner as such provisions are applicable to any person summoned as a witness in the case of an inquiry before a committee of either House.

The expenses of the committee, which shall not exceed $3,000, shall be paid one half out of the contingent fund of the Senate and one half out of the contingent fund of the House on vouchers approved and signed by the chairman of the committee.

The SPEAKER. Is there objection to the present consideration?

There was no objection.

Mr. POU. Mr. Speaker, I move to strike out the last paragraph.

The Clerk read as follows:

Amendment by Mr. Pou: Strike out the last paragraph, reading as follows: "The expenses of the committee, which shall not exceed $3,000, shall be paid one half out of the contingent fund of the Senate and one half out of the contingent fund of the House on vouchers approved and signed by the chairman of the committee."

The amendment was agreed to.

The resolution as amended was agreed to.

AMENDMENT TO CLAUSE 6, RULE XVI

Mr. POU. Mr. Speaker, I present the following privileged report from the Committee on Rules for printing under the rule.

The Clerk read as follows:

House Resolution 102

Resolved, That upon the adoption of this resolution clause 6 of rule XVI be, and the same is hereby, amended to read as follows:

"On the demand of any Member, before the question is put, a question shall be divided if it includes propositions so distinct in substance that one being taken away a substantive proposition shall remain: *Provided*, That any motion or resolution to elect members or any portion of the members of the standing committees of the House, and the joint standing committees shall not be divisible, nor shall any resolution or order reported by the Committee on Rules, providing a special order of business be divisible."

The resolution was referred to the House Calendar and ordered printed.

THE POST OFFICE COMMITTEE

Mr. SABATH. Now, Mr. Speaker, I desire to call up the resolution extending the power of the Post Office Committee, giving them additional time to make a report.

Mr. RANSLEY. I understood that the gentleman from Pennsylvania [Mr. KELLY] desired to take the floor in reference to that resolution, and that it would be brought up on Tuesday.

Mr. SABATH. The gentleman from Pennsylvania [Mr. KELLY] is in favor of the resolution, and I do not desire to deprive him of the opportunity to speak on the resolution.

Mr. RANSLEY. It was the understanding of the gentleman that this was not to be called up until tomorrow so as to give him the opportunity to express his views.

Mr. SABATH. Then, Mr. Speaker, I desire to defer my request.

INVESTIGATION OF THE MOTION-PICTURE INDUSTRY

Mr. SABATH. Mr. Speaker, I move to suspend the rules and pass House Resolution 95 relating to the investigation of corporations engaged in the production, distribution, and exhibition of motion and sonant pictures.

Mr. O'CONNOR. This is not suspension day, Mr. Speaker; the gentleman cannot move to suspend the rules.

Mr. MAPES. I make the point of order, Mr. Speaker, that this is not suspension day.

The SPEAKER. The point of order is sustained.

Mr. SABATH. I ask unanimous consent to consider House Resolution 95.

Mr. WARREN. I object, Mr. Speaker.

Mr. SABATH. Then, Mr. Speaker, I present a report from the Rules Committee for printing under the rule.

The Clerk read as follows:

House Resolution 95

Resolved, That there is hereby created a committee which shall be composed of seven Members of the House of Representatives.

SEC. 2. The committee, or any duly authorized subcommittee thereof, is authorized and directed—

(1) To sit and act at such times and places as may be necessary to hold hearings to conduct an investigation and study of all matters relating to the production, licensing, sale, distribution, financing, incorporation, commercial operations, banking, theater leasing or ownership, realty, sound production, and all other related and interrelated combinations, affiliations, and organizations of production, distribution, license, lease or sale, and presentation or exhibition of the product of and by organizations of all character engaged in and/or associated or affiliated or financially or commercially interested in the motion and sonant pictures industry and of all matters and acts relating to or concerned with the issuance and/or sale or hypothecation of motion and sonant pictures industry securities of all forms by such organizations directly or through agents or other means, or by banking or security-selling organizations or their associates or affiliates;

(2) To investigate and study all receiverships, bankruptcies, equity proceedings; all leasing and building of motion-picture theaters, whether or not equipped with sound producing and reproducing mechanism or means; all agreements and arrangements for sound recording and reproduction on motion-pictures film and the exhibition of same; all overt and covert agreements and arrangements with any persons, firms, groups, or corporations for effecting and consummating loans or other financial transactions and for the underwriting, distribution, sale, hypothecation of or speculation in securities issued by or in behalf of motion and sonant pictures corporations or associated or affiliated organizations; and

(3) To investigate and inquire into the dissipation of the assets of the various companies in the payment of exorbitant and unmerited salaries and other forms of compensation to executives, actors, directors, stage managers, and other officers and employees.

SEC. 3. The committee is empowered to subpena persons, records, documents, swear witnesses, and to secure such data and any or all other information as may be deemed necessary to aid the committee in the ascertainment of the facts.

SEC. 4. The committee is authorized and empowered to employ such legal counsel, technical or other counsel, auditors, clerical, stenographic, and other assistants, to make such expenditures, including expenditures for actual travel and subsistence of members and employees, and for such other and further expenditures as are necessary for the efficient execution of its functions under this resolution, including transcription, printing, and binding of data and reports.

SEC. 5. The committee shall report to Congress on or before the first day of the first regular session of the Seventy-third Congress the result of its investigation and study, together with such recommendations for legislation or other remedial action as it may deem advisable. When its report is filed as provided the committee shall cease to exist.

The resolution was referred to the House Calendar and ordered printed.

TENNESSEE VALLEY DEVELOPMENT (H.DOC. NO. 15)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Military Affairs:

To the Congress:

The continued idleness of a great national investment in the Tennessee Valley leads me to ask the Congress for legislation necessary to enlist this project in the service of the people.

It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development: it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

I therefore suggest to the Congress legislation to create a Tennessee Valley Authority—a corporation clothed with the power of Government but possessed of the flexibility and initiative of a private enterprise. It should be charged with the broadest duty of planning for the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and its adjoining territory for the general social and economic welfare of the Nation. This authority should also be clothed with the necessary power to carry these plans into effect. Its duty should be the rehabilitation of the Muscle Shoals development and the coordination of it with the wider plan.

Many hard lessons have taught us the human waste that results from lack of planning. Here and there a few wise cities and counties have looked ahead and planned. But our Nation has "just grown." It is time to extend planning to a wider field, in this instance comprehending in one great project many States directly concerned with the basin of one of our greatest rivers.

This in a true sense is a return to the spirit and vision of the pioneer. If we are successful here we can march on, step by step, in a like development of other great natural territorial units within our borders.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 10, 1933.*

SESSIONS OF COMMITTEE ON MILITARY AFFAIRS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs may have leave to sit during the sessions of the House for the remainder of the week, beginning tomorrow.

The SPEAKER. Is there objection?

There was no objection.

FARM-MORTGAGE LEGISLATION

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file its report on the farm mortgage bill.

Mr. SNELL. Mr. Speaker, I reserve the right to object. I understand that that bill is coming up tomorrow.

Mr. BYRNS. It is our hope that it will come up tomorrow.

Mr. SNELL. But the report is not ready?

Mr. BYRNS. No; but it will be very shortly. I know of nothing else to come before the House.

Mr. SNELL. Are the hearings printed on that bill so that we can get the information upon it? That is all that I am interested in.

Mr. BYRNS. I am informed by a member of the committee that they have had hearings, but he does not believe that they have been printed.

Mr. SNELL. It seems to me that on such an important proposition as that, involving a matter of $2,000,000,000, establishing an important policy on the part of the Government, running for many years, we ought to have definite hearings and a report which the House itself can study.

Mr. BYRNS. If we do not get this unanimous consent, the bill cannot be reported until tomorrow.

Mr. SNELL. Oh, I am willing to give the gentleman unanimous consent. I am not objecting to that, but this is so important that I think we ought to have an opportunity to study it and look it over very carefully before we adopt it. I expect to support the measure, but, nevertheless, I want to know what I am supporting.

Mr. BYRNS. I think it is the intention of the chairman of that committee, with whom I talked this morning, to consume at least 2 days in the consideration of the bill.

Mr. SNELL. Will it be considered under the general rules of the House?

Mr. BYRNS. That remains to be determined. I have not had an opportunity to talk with him and other gentlemen respecting that. Personally I have no objection to that.

Mr. CLARKE of New York. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. CLARKE of New York. Will the gentleman include in his request the right as well for any minority member to present minority views, so that they may be protected in their rights?

Mr. BYRNS. Yes; I will include that.

Mr. BLANTON. To be printed in the same pamphlet.

Mr. BYRNS. Mr. Speaker, I include that in my request.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the Committee on Agriculture may have until 12 o'clock tonight to file a report upon the farm mortgage bill, and that minority views may be filed at the same time, to be included in the same pamphlet. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I now ask unanimous consent that the Committee on Rules may have until 12 o'clock tonight to file a report upon the farm mortgage bill, if they have one.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. BRENNAN, for 1 week, on account of important business.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 32 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 11, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

13. A communication from the President of the United States, transmitting draft of a proposed provision pertaining to existing appropriations for the Department of Justice, transferring $3,500 from the appropriation "Salaries, fees, and expenses of marshals, United States courts, 1933", to "Traveling and miscellaneous expenses, Department of Justice, 1933" (H.Doc. No. 16); to the Committee on Appropriations and ordered to be printed.

14. A letter from the vice chairman of the American Legion national legislative committee, transmitting the proceedings of the Fourteenth Annual National Convention of the American Legion, held at Portland, Oreg., September 12–15, 1932 (H.Doc. No. 17); to the Committee on World War Veterans' Legislation and ordered to be printed, with illustrations.

15. A letter from the Secretary of the Navy, transmitting draft of a bill to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy; to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POU: Committee on Rules. House Resolution 100. Resolution amending rule XIV of the House rules; without amendment (Rept. No. 29). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 101. Resolution providing for the consideration of House Joint Resolution 93, a joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions; without amendment (Rept. No. 30). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Concurrent Resolution 15. Concurrent resolution providing for an investigation of the cause or causes of the wrecking of the *Akron* and other dirigibles; with amendment (Rept. No. 31). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 102. Resolution amending clause 6 of rule XVI by providing that any resolution or order reported by the Committee on Rules providing a special order of business shall not be divisible; without amendment (Rept. No. 32). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 95. Resolution for the investigation of financial, operative, and business irregularities and illegal actions by interests inside and outside the motion and sonant pictures industry; with amendment (Rept. No. 33). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. H.R. 4795. A bill to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; without amendment (Rept. No. 35). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. House Resolution 103. Resolution providing for the consideration of H.R. 4795, a bill to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; without amendment (Rept. No. 36). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MONTET: Committee on Military Affairs. H.R. 4423. A bill for the relief of Wilbur Rogers; without amendment (Rept. No. 34). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JONES: A bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance

farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; to the Committee on Agriculture.

By Mr. CELLER: A bill (H.R. 4796) to secure compensation to certain World War veterans at a cumulative degree of disability where such disability originated prior to the World War while such World War veteran was in active military or naval service in line of duty; to the Committee on World War Veterans' Legislation.

By Mr. MARLAND: A bill (H.R. 4797) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

By Mr. CELLER: A bill (H.R. 4798) to amend section 24 of the Trading with the Enemy Act, as amended; to the Committee on Ways and Means.

By Mr. SHOEMAKER: A bill (H.R. 4799) to raise the commodity price level toward the debt-incurrence stage and to stabilize it thereafter without issuing interest-bearing obligation; to the Committee on Agriculture.

By Mr. CHRISTIANSON: A bill (H.R. 4800) regulating fees of receiver appointed by any court of record in the District of Columbia; to the Committee on the District of Columbia.

By Mr. JAMES: A bill (H.R. 4801) to release the States, Territories, municipalities, and political subdivisions from the obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOWARD: A bill (H.R. 4802) authorizing the creation of Indian tribal councils, and for other purposes; to the Committee on Indian Affairs.

Also, a bill (H.R. 4803) relating to the removal of certain employees in the Indian Service; to the Committee on Indian Affairs.

By Mr. TAYLOR of South Carolina: A bill (H.R. 4804) to repeal the act of February 26, 1929, which provides for the appointment of one additional district judge for the eastern and western districts of South Carolina; to the Committee on the Judiciary.

By Mr. DIRKSEN: A bill (H.R. 4805) to relieve a national banking emergency, to provide for a new series currency issue to be exchanged for outstanding issues, to prevent hoarding of currency, and for other purposes; to the Committee on Banking and Currency.

By Mr. TINKHAM: A bill (H.R. 4806) to provide for the promotion of janitors, cleaners, elevator conductors, and firemen in the Post Office Department; to the Committee on the Post Office and Post Roads.

By Mr. THOMASON of Texas: A bill (H.R. 4807) to provide for reimbursement of one half of the loss and expense paid or borne by cotton growers in fumigating lint cotton and sterilizing cottonseed produced during the years 1921 and through 1932 in regulated or restricted cotton-growing zones or areas in compliance with regulations promulgated and enforced in such zones or areas by the Secretary of Agriculture or by duly constituted authority of the State in which produced to prevent the spread of pink boll worm; to the Committee on Claims.

By Mr. DIMOND: A bill (H.R. 4808) granting citizenship to the Metlakahtla Indians of Alaska; to the Committee on Indian Affairs.

By Mr. LOZIER: A bill (H.R. 4809) to repeal the tax on bank checks; to the Committee on Ways and Means.

By Mr. DE PRIEST: A bill (H.R. 4810) to amend section 2057 of the Revised Statutes, bonds of Indian agents, and for other purposes; to the Committee on Indian Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 4811) limiting increased pay for making aerial flights; to the Committee on Naval Affairs.

By Mr. ROBERTSON: A bill (H.R. 4812) to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes; to the Committee on Agriculture.

By Mr. AYERS of Montana: A bill (H.R. 4813) authorizing the creation of Indian tribal councils, defining its duties, creating one executive head for each Indian reservation coming within this act, and for other purposes; to the Committee on Indian Affairs.

By Mr. CONDON: A bill (H.R. 4814) to amend the Revenue Act of 1932, to provide that a tax of 3 percent of the amount collected for electrical energy furnished to consumers to be paid by the person or corporation furnishing such electrical energy; to the Committee on Ways and Means.

Also, a bill (H.R. 4815) to amend the Revenue Act of 1932 to provide for the imposition of the electrical-energy tax only on electrical energy actually furnished; to the Committee on Ways and Means.

By Mr. LOZIER: A bill (H.R. 4816) to repeal section 1001 (a) of the Revenue Act of 1932, which increased the rate of postage on certain mail matter of the first class; to the Committee on Ways and Means.

By Mr. POU: Resolution (H.Res. 101) providing for the consideration of House Joint Resolution 93, a joint resolution to prohibit the exportation of arms or ammunitions of war from the United States under certain conditions; to the Committee on Rules.

Also, resolution (H.Res. 102) amending clause 6 of rule XVI, by providing that any resolution or order reported by the Committee on Rules, providing a special order of business, shall not be divisible; to the Committee on Rules.

By Mr. BANKHEAD: Resolution (H.Res. 103) providing for the consideration of a bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Colorado, memorializing Congress to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the mineral-leasing division of the United States Geological Survey; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to promptly enact the administration farm relief bill; to the Committee on Agriculture.

Also, memorial of the Senate of the California Legislature, memorializing Congress relative to United States Senate bills nos. 5417 and 5607; to the Committee on Irrigation and Reclamation.

Also, memorial of the Legislature of the State of Arizona, memorializing Congress relative to the transfer of the remaining public lands of the State of Arizona; to the Committee on the Public Lands.

Also, memorial of the Legislature of the State of Arizona, memorializing Congress relative to resumption of silver as the standard of currency and the transfer of the remaining public land to the State of Arizona without restriction or reservation; to the Committee on Coinage, Weights, and Measures.

Also, memorial of the Senate of the Territory of Hawaii, memorializing Congress relating to requesting the Delegate to Congress from Hawaii to secure $100,000 Federal aid for improvement of roads at Kalaupapa, Molokai; to the Committee on Roads.

Also, memorial of the Senate of the California Legislature, memorializing Congress relative to proposed issuance of postage stamps in honor of California citrus industry; to the Committee on the Post Office and Post Roads.

Also, memorial of the Legislature of the State of Colorado, memorializing Congress relative to the Federal Securities Act; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURNHAM: A bill (H.R. 4817) granting a pension to Edward Lewis Searl, 3d; to the Committee on Pensions.

By Mr. CANNON of Wisconsin: A bill (H.R. 4818) for the relief of Steve Gibas; to the Committee on Military Affairs.

By Mr. CAVICCHIA: A bill (H.R. 4819) authorizing adjustment of the claim of the Public Service Coordinated Transport of Newark, N.J.; to the Committee on Claims.

By Mr. CELLER: A bill (H.R. 4820) for the relief of Franklin L. Hamm; to the Committee on Claims.

Also, a bill (H.R. 4821) for the relief of James E. Westcott; to the Committee on Military Affairs.

Also, a bill (H.R. 4822) for the relief of Leon Schulman; to the Committee on Claims.

Also, a bill (H.R. 4823) for the relief of Harold Goldstein; to the Committee on Claims.

Also, a bill (H.R. 4824) for the relief of Flensburger Dampfercompagnie; to the Committee on Claims.

Also, a bill (H.R. 4825) for the correction of the naval records of service of the officers and sailors who served during the War with Spain on the steamships *St. Louis*, *Yale*, and *Harvard*, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4826) for the relief of Isadore Sisselman; to the Committee on Naval Affairs.

Also, a bill (H.R. 4827) for the relief of Samuel B. Schweitzer; to the Committee on Claims.

Also, a bill (H.R. 4828) for the relief of Theresa M. Shea; to the Committee on Claims.

Also, a bill (H.R. 4829) for the relief of Bernard Kimmeth; to the Committee on Claims.

Also, a bill (H.R. 4830) to reimburse William McCool amount of pension payment erroneously deducted for period of hospital treatment; to the Committee on Claims.

Also, a bill (H.R. 4831) for the relief of Hedwig Grassman Stehn; to the Committee on Claims.

Also, a bill (H.R. 4832) for the relief of Edgar Sampson; to the Committee on Claims.

By Mr. COLLINS of California: A bill (H.R. 4833) for the relief of Alvah Holmes Mitchell; to the Committee on War Claims.

Also, a bill (H.R. 4834) for the relief of Richard M. Thompson; to the Committee on Claims.

By Mr. CRAVENS: A bill (H.R. 4835) granting a pension to Emma Ruth Cobb Robertson; to the Committee on Pensions.

By Mr. DICKINSON: A bill (H.R. 4836) to provide for appointment of Sgt. Raymond J. Hanna, detached enlisted men's list, United States Army, now serving with Missouri National Guard, a warrant officer, United States Army; to the Committee on Military Affairs.

By Mr. DIRKSEN: A bill (H.R. 4837) for the relief of Louis E. Rotterman; to the Committee on Claims.

By Mr. DOUGLASS: A bill (H.R. 4838) for the relief of the Massachusetts Bonding & Insurance Co., a corporation organized and existing under the laws of the State of Massachusetts; to the Committee on Claims.

By Mr. EVANS: A bill (H.R. 4839) for the relief of Earl B. McLeod; to the Committee on Naval Affairs.

By Mr. GOSS: A bill (H.R. 4840) granting a pension to Helen M. Crowley; to the Committee on Pensions.

By Mr. KELLY of Illinois: A bill (H.R. 4841) for the relief of Bertie Colvin; to the Committee on Military Affairs.

By Mr. KOPPLEMAN: A bill (H.R. 4842) for the relief of Albert A. Clay; to the Committee on Military Affairs.

By Mr. KVALE: A bill (H.R. 4843) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County, in the State of Minnesota; to the Committee on the Pubilc Lands.

Also, a bill (H.R. 4844) for the relief of Oscar W. Behrens; to the Committee on Naval Affairs.

By Mr. MORAN: A bill (H.R. 4845) granting an increase of pension to Mary E. Robinson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4846) for the relief of Joseph Dumas; to the Committee on Claims.

By Mr. MOREHEAD: A bill (H.R. 4847) for the relief of Galen E. Lichty; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H.R. 4848) granting a pension to Sarah F. Roth; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 4849) for the relief of Rowland W. Davidson; to the Committee on Military Affairs.

Also, a bill (H.R. 4850) granting an increase of pension to Sarah J. Lake; to the Committee on Pensions.

Also, a bill (H.R. 4851) granting a pension to Jane Drennon; to the Committee on Pensions.

Also, a bill (H.R. 4852) granting a pension to William B. Gordon; to the Committee on Pensions.

By Mr. STUBBS: A bill (H.R. 4853) for the relief of Walter W. Newcomer; to the Committee on Military Affairs.

Also, a bill (H.R. 4854) for the relief of Samuel Bennett; to the Committee on Military Affairs.

By Mr. TINKHAM: A bill (H.R. 4855) for the relief of Joseph Lynch; to the Committee on Naval Affairs.

By Mr. TRAEGER: A bill (H.R. 4856) for the relief of Thomas Newton Miranda; to the Committee on Military Affairs.

By Mr. WILCOX: A bill (H.R. 4857) for the relief of John Christopher Bauman, Jr.; to the Committee on Naval Affairs.

Also, a bill (H.R. 4858) granting a pension to Emma T. Porter; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

395. By Mr. BEITER: Petition of members of the Senate, State of New York, Albany, N.Y., concurred in April 4, 1933, proposing regulations forbidding sale of American flags in this country that are manufactured abroad; to the Committee on Labor.

396. Also, petition of citizens' protest meeting held in Buffalo, N.Y., on April 3, 1933, relative to alleged Jewish persecution in Germany; to the Committee on Foreign Affairs.

397. Also, petition of members of the Senate, State of New York, urging Congress to enact legislation whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps of the denomination of 3 cents, of such design and for such period as may be determined, in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

398. Also, petition of Buffalo Youth Peace Committee, Buffalo, N.Y., relative to disaster of dirigible *Akron*, and urging prevention of similar tragedies by prohibiting construction of this type of armament and abandoning the *Macon*; to the Committee on Naval Affairs.

399. By Mr. BOLTON: Memorial of the Ohio State Legislature, requesting authorization by the Congress of the United States of the immediate improvement of the Beaver and Mahoning Rivers as a means of unemployment relief, and the permanent continuation of industry in the Mahoning Valley; to the Committee on Rivers and Harbors.

400. By Mr. CONDON: Protest of the General Assembly of the State of Rhode Island against the atrocious demand of Adolph Hitler for the political and economic extermination of the Jewish people in Germany; to the Committee on Foreign Affairs.

401. By Mr. HOWARD: Resolution adopted by the house of representatives of the forty-ninth session of the Legislature of Nebraska, that the Secretary of Agriculture, Members of Congress from Nebraska, and the United States Congress, in the name of this body, be urged to promote,

initiate, and support any legislation for the purpose of requiring all motor-vehicle fuels to contain grain alcohol in the percentage shown to produce an efficient fuel; to the Committee on Agriculture.

402. By Mr. KVALE: Petition of American Legion Bearcat Post, No. 504, Minneapolis, Minn., urging increase of postal rates on periodicals to make up postal deficit; to the Committee on the Post Office and Post Roads.

403. Also, petition of united labor organizations of International Falls, Minn., urging enactment of an amendment to the Black bill to protect the American market from goods produced in other countries; to the Committee on Labor.

404. Also, petition of Oshkosh Unit, Yellow Medicine County Farm Bureau, Canby, Minn., urging enactment of legislation for refinancing of farm mortgages at a reasonable rate of interest; to the Committee on Agriculture.

405. Also, petition of American Legion Bearcat Post, No. 504, Minneapolis, Minn., urging inquiry into the activities of the Government loaning agencies; to the Committee on Banking and Currency.

406. Also, petition of the State of Minnesota, urging reduction of yardage fees and feed charges and of commission fees in terminal markets of Minnesota, 30 and 15 percent, respectively; to the Committee on Agriculture.

407. By Mr. LINDSAY: Petition of New York Printing Pressman's Union, No. 51, William F. Wilson, president, New York City, opposing pending amendment to Black bill, exempting newspaper and periodical printers from 6-hour day; to the Committee on Labor.

408. Also, petition of R. H. Comey, of Brooklyn, N.Y., opposing the 30-hour week bill; to the Committee on Labor.

409. Also, petition of H. Jacob & Sons, manufacturers of shoes, etc., Brooklyn, N.Y., favoring the reduction of first-class letter rate to 2 cents; to the Committee on Ways and Means.

410. Also, petition of Sunnyside Gardens Community Association, Long Island City, N.Y., urging reduction of taxes; to the Committee on Appropriations.

411. Also, petition of Feather Sales Agency of Long Island, Inc., Brooklyn, N.Y., opposing the Black bill; to the Committee on Labor.

412. Also, petition of Allied Printing Trades Council of Greater New York, New York City, requesting labor performed on newspapers and periodicals included in the Black 30-hour week bill; to the Committee on Labor.

413. Also, petition of Arnold & Aborn, New York City, opposing Senate bill 158; to the Committee on Labor.

414. Also, petition of Gleason-Tiebout Glass Co., Brooklyn, N.Y., urging the defeat of the 30-hour week bill; to the Committee on Labor.

415. Also, petition of Mawer-Gulden-Annis, Inc., Brooklyn, N.Y., opposing the Connery 6-hour 5-day week bill; to the Committee on Labor.

416. Also, petition of W. G. Creamer & Co., manufacturers, Brooklyn, N.Y., opposing the passage of the 30-hour labor bill; to the Committee on Labor.

417. Also, petition of the Texas Co., R. C. Holmes, president, New York City, concerning Senate bill 158; to the Committee on Labor.

418. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing Senate bill 158 in its present form; to the Committee on Labor.

419. Also, petition of F. N. Burt Co., Ltd., Buffalo, N.Y., opposing Senate bill 158, the 30-hour week bill; to the Committee on Labor.

420. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing application of the port authority to the Reconstruction Finance Corporation for loan of $75,000,000 to finance construction of a tunnel connecting New Jersey and Manhattan at Thirty-eighth Street; to the Committee on the Judiciary.

421. Also, petition of the Senate of the State of New York, Albany, commemorating the one hundred and fiftieth anniversary of Brig. Gen. Thaddeus Kosciusko; to the Committee on Memorials.

422. By Mr. MEAD: Petition of Buffalo citizens condemning the Hitler attitude against Jews in Germany; to the Committee on Foreign Affairs.

423. Also, petition of the Senate of the State of New York, by Mr. Wojtkowiak, petitioning Congress to issue special postage stamp honoring Thaddeus Kosciusko, Revolutionary War hero; to the Committee on the Post Office and Post Roads.

424. Also, petition of the Buffalo Youth Peace Committee, abandoning further construction of dirigibles by the Federal Government; to the Committee on Naval Affairs.

425. By Mr. RUDD: Petition of Feather Sales Agency of Long Island, Inc., opposing the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

426. Also, petition of Arnold & Aborn Co., New York City, opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

427. Also, petition of R. C. Homes, president the Texas Co., New York, opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

428. Also, petition of Mawer-Gulden-Annis, Inc., Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

429. Also, petition of Gleason-Tiebout Glass Co., Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

430. Also, petition of W. G. Creamer & Co., Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

431. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

432. Also, petition of F. N. Burt Co., Inc., Buffalo, N.Y., opposing the passage of the Black bill, S. 158, the 30-hour a week bill; to the Committee on Labor.

433. Also, petition of R. H. Comey, Brooklyn, N.Y., opposing the passage of Senate bill 5267, the 30-hour week bill; to the Committee on Labor.

434. Petition of Cohen, Goldman & Co., Inc., New York City, favoring the Black bill, S. 158, with certain amendments; to the Committee on Labor.

435. Also, petition of Allied Printing Trades Council of Greater New York, favoring labor performed on newspapers and periodicals be included in the Black 30-hour week bill; to the Committee on Labor.

436. Also, petition of Legislature of the State of New York, favoring legislation for the issuance of a special series of postage stamps of the denomination of 3 cents, of such design and for such period as may be determined, in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

437. By Mr. SADOWSKI: Resolution of the House of Representatives of Michigan; to the Committee on Ways and Means.

438. By Mr. SNYDER: Resolution adopted by Keystone Post, No. 449, American Legion, of Central City, Pa., and signed by William R. Wighaman, post commander; Clyde B. Satterfield, post adjutant; W. H. Fleegle, post service officer; and 50 members of the post, that " we, members of Keystone Post, American Legion, Department of Pennsylvania, here assembled in regular session, and in good standing in National and State departments, do hereby demand the immediate payment in full of the adjusted-service certificates, and that copies of this resolution be forwarded to the Members of the Congress of the United States and that same be inserted in the CONGRESSIONAL RECORD "; to the Committee on Ways and Means.

439. By Mr. TREADWAY: Resolutions submitted by the Legislature of the Commonwealth of Massachusetts, condemning the persecution of members of the Jewish faith in Germany; to the Committee on Foreign Affairs.

440. By Mr. WALDRON: Petition of the Rittenhouse Astronomical Society, urging that no reduction be made in the

appropriation for the Naval Obvervatory which would curtail its everyday and fundamental usefulness; to the Committee on Appropriations.

441. Also, petition of Baugh & Sons Co., M. L. Shoemaker & Co., Inc., P. Mealey Sons, Charles R. Shoemaker, Inc., Mutual Rendering Co., Enterprise Tallow & Grease Co., Independent Manufacturing Co., Consolidated By-Products Co., and the American Rendering Co., all of Philadelphia, Pa., urging a duty of 5 cents per pound on all imports of animal, marine, and vegetable oils and fats, and upon the oil content of imported raw materials from which such oils are processed in the United States; to the Committee on Ways and Means.

442. By the SPEAKER: Petition of the Allied Smoke and Noise Elimination Committee of Richmond Hill, N.Y., relative to legislation for mortgage relief; to the Committee on Banking and Currency.

443. Also, memorializing Congress to pay the expenses of Minus Mitchell for appearing in the municipal court of Wilmington, Del., on November 4, 1932; to the Committee on Accounts.

444. Also, memorial of Old Glory Post, No. 2044, Veterans of Foreign Wars of the United States, memorializing the President to use the utmost care and consideration in the cases of service-connected disability cases, the aged, and infirm; to the Committee on World War Veterans' Legislation.

SENATE

TUESDAY, APRIL 11, 1933

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Almighty God, whose most dear Son went not up to joy but first He suffered pain, and entered not into glory before He was crucified, give us this day a clearer vision of the meaning of the cross, as its shadow falls athwart the pathway of our earthly pilgrimage.

Grant unto these Thy servants, folded together in the bonds of fellowship and dedicated to a common purpose, that they may become true interpreters of the mind of Christ in whatsoever way Thou deemest best. Come to us now through the silence; and though duty bids us shun the lonely way, draw near us in the crowd and speak to our souls, above the tumult, words of forgiveness, power, and cleansing, for the sake of One who at this hour hung upon the cross that all mankind might find in Him the way of life and peace. Amen.

THE JOURNAL

The VICE PRESIDENT. The clerk will read the Journal.

The Chief Clerk proceeded to read the Journal of the proceedings of Monday, March 13, 1933, when, on request of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to a concurrent resolution (H.Con.Res. 15) providing for an investigation of the cause or causes of the wrecking of the *Akron* and other dirigibles, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Caraway	Dickinson
Ashurst	Borah	Carey	Dieterich
Austin	Bratton	Clark	Dill
Bachman	Brown	Connally	Duffy
Bailey	Bulkley	Coolidge	Erickson
Bankhead	Bulow	Copeland	Fess
Barbour	Byrd	Costigan	Fletcher
Barkley	Byrnes	Couzens	Frazier
Black	Capper	Cutting	George
Glass	Logan	Overton	Stephens
Goldsborough	Lonergan	Patterson	Thomas, Okla.
Gore	Long	Pittman	Thomas, Utah
Hale	McAdoo	Pope	Townsend
Harrison	McCarran	Reed	Trammell
Hatfield	McGill	Reynolds	Tydings
Hayden	McKellar	Robinson, Ark.	Vandenberg
Johnson	McNary	Robinson, Ind.	Van Nuys
Kean	Metcalf	Russell	Wagner
Kendrick	Murphy	Schall	Walcott
Keyes	Neely	Sheppard	Walsh
King	Norbeck	Shipstead	Wheeler
La Follette	Norris	Smith	White
Lewis	Nye	Steiwer	

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is absent on account of illness.

Mr. FESS. I wish to state that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Vermont [Mr. DALE] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

CLAIM OF THE KORBER REALTY, INC.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning a claim of the Korber Realty, Inc., Albuquerque, N.Mex., under lease dated April 28, 1931, for $500, which, with the accompanying report, was referred to the Committee on Claims.

FUNCTIONS OF THE COMMISSION OF FINE ARTS (S.DOC. NO. 20)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Commission of Fine Arts, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions under the jurisdiction of the Commission, the statutory authority therefor, and the total annual expenditures thereon for the latest complete fiscal year wherever practicable or part thereof as indicated, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Post Offices and Post Roads:

Concurrent resolution

Whereas a delegation of the Senate and of the House of Representatives of the Legislature of the Territory of Hawaii, regular session of 1933, visited Kalaupapa, on the island of Molokai, on March 29; and

Whereas this visit has forcibly impressed upon said senators and representatives the urgent necessity of improvement of the government roads, both from an economical standpoint and from the standpoint of the unfortunate inhabitants of this settlement: Now, therefore, be it

Resolved by the Senate of the Legislature of the Territory of Hawaii, regular session of 1933 (the house of representatives concurring), That the Delegate to Congress from Hawaii be, and he is hereby, respectfully requested to secure $100,000 Federal aid for the roads of Kalaupapa, island of Molokai.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Hawaii, March 30, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on March 30, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Hawaii, March 30, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on March 30, 1933.

HERBERT N. AHUNO,
Speaker, House of Representatives.
EDWARD WOODWARD,
Clerk, House of Representatives.

The VICE PRESIDENT also laid before the Senate a resolution adopted by members of the Irish-American Independent Political Unit, No. 6, Inc., of Brooklyn, N.Y., protesting against the ratification of the World Court protocols by the Senate, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Bergenfield Democratic Club, of Bergenfield, N.J., thanking

and felicitating the President and Congress for "their efforts for a government based on justice, equality, prosperity, and happiness for all", which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the board of supervisors of Du Page County, Ill., endorsing the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day, which was ordered to lie on the table.

Mr. KING presented the petition of the relief commission of the Mount Pleasant Congregational Church and sundry citizens of the District of Columbia, praying that appropriation be made of sufficient funds to provide adequate relief to destitute residents of the District of Columbia, which was referred to the Committee on Appropriations.

Mr. ROBINSON of Arkansas presented a letter from John T. Bailey, member of the Oklahoma Tax Commission, Oklahoma City, Okla., relating to the preservation of State banks, which, with the accompanying paper, was referred to the Committee on Banking and Currency.

He also presented a letter from E. B. Coolidge, of Great Falls, Mont., in relation to the banking system, which was referred to the Committee on Banking and Currency.

He also presented a letter from J. W. Hawkins, of Shreveport, La., in relation to the reorganization of the banking system and the management of banks, which was referred to the Committee on Banking and Currency.

He also presented a telegram in the nature of a memorial from Solon Humphreys, president of the Arkansas Building & Loan League, Little Rock, Ark., remonstrating against the adoption of an amendment to the so-called "securities bill" exempting mutual building and loan associations, which was referred to the Committee on Banking and Currency.

Mr. COPELAND presented a resolution adopted by Old Glory Council, American Association for the Recognition of the Irish Republic, of Brooklyn, N.Y., favoring insistence by the United States on the full and prompt payment of all indebtedness to this Government by European nations, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Westend Republican Club, of Queens County, N.Y., protesting against the recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Westend Republican Club, of Queens County, N.Y., favoring the appointment of a congressional committee to investigate expenditures by alien and native agents to create propaganda tending toward the breaking down and overthrow of the Government of the United States, which was referred to the Committee on Foreign Relations.

He also presented the petition of the congregation of Temple Beth-El, of Great Neck, N.Y., praying for action by the Government of the United States to demonstrate to the German Government a sense of outrage and moral indignation at the distress and alleged persecution of the Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Abraham Miller Association, Inc., of Brooklyn, N.Y., protesting against alleged atrocities perpetrated against the Jews in Germany and appealing to the Government to take necessary steps in the premises, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Lady Superior Association at Encampment Temple, New York City, N.Y., favoring the passage of the so-called "Copeland-Dickstein bill", removing the remaining discriminations against women in nationality, etc., which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Buffalo (N.Y.) Youth Peace Committee, protesting against the further construction of dirigibles by the Government and the expenditure of moneys for armament, and also favoring the abandonment of the *Macon* before it is put into commission, which was referred to the Committee on Naval Affairs.

APPROPRIATIONS FOR AGRICULTURAL EXTENSION WORK

Mr. BARBOUR. Mr. President, I request unanimous consent to have set forth in full in the RECORD and appropriately referred the telegram which I hold in my hand, from Mr. H. J. Baker, the director of extension service of the New Jersey Agricultural College.

This message is inspired by the report or rumor that the Federal annual appropriation for the support of agricultural extension work, the agricultural experiment station, and the agricultural college in New Jersey is to be discontinued. And I am anxious thus to bring to the attention of the Senate this serious menace to our State in this respect.

There being no objection, the telegram was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

NEW BRUNSWICK, N.J., *April 8, 1933.*

Hon. W. W. BARBOUR,
United States Senate, Washington, D.C.:

Our county agricultural agent in Monmouth County, Mr. Douglass, tells me he saw you last night and that you wish to have a statement of the amount of Federal money coming to New Jersey annually for the support of agricultural extension work, the agricultural experiment station, and the agricultural college. The Federal appropriations for New Jersey for this fiscal year are as follows: For the extension service, $138,000; for the experiment station, $90,000; for the college of agriculture, $50,000. To have these funds entirely eliminated would necessitate the abandonment of a large amount of important research and practically eliminate the extension service, and would mean the dismissal of a large number of our scientifically trained staff, seriously hampering the work of our existing agricultural institutions at a time when agriculture is in distress. This would be a calamity. The emergency relief to agriculture can function most effectively by maintaining and strengthening the extension service and the scientific staff of our agricultural college and experiment stations. Loss of Federal appropriations might also result in the loss of State and county appropriations, thereby entirely eliminating these institutions. Your support in maintaining these Federal funds will be a great service to the State and Nation.

H. J. BAKER,
Director of Extension Service,
New Jersey Agricultural College.

REMONETIZATION OF SILVER

Mr. WHEELER presented a communication from the Wallace (Idaho) Board of Trade, embodying a memorial addressed by that body to the Chamber of Commerce of the United States, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

WALLACE, IDAHO, *March 16, 1933.*

The Wallace (Idaho) Board of Trade bespeaks your earnest consideration of the memorial presented herewith with respect to the remonetization of silver. If your views agree with ours, we request that you so inform the United States Chamber of Commerce, particularly stressing the necessity of action at the Washington, D.C., meeting of the national board next May.

We further presume upon your interest in silver to suggest that you inform your Senators and Representatives in Congress of any action that your body may take.

It is our opinion that inflation must come if we are to secure fair living prices for our raw commodities; that is, for the primary source of all wealth—the products of the farms, the forests, and the mines. There are but three methods of inflation:

(a) The issuance of fiat money.
(b) The deflation of gold.
(c) The remonetization of silver.

The issuance of fiat money is fraught with so many dangers which have been demonstrated in the past that the use of this method at the present time is unthinkable. The devaluation of gold will lead to endless legal complications, and produce two kinds of instruments—those payable in gold of the old standard of fineness and those payable at the new standard of fineness.

It seems to us, therefore, that the remonetization of silver is the only safe method of providing a more adequate metallic basis for our monetary system.

Yours very truly,

WALLACE (IDAHO) BOARD OF TRADE,
By LEO J. HOBAN,
HENRY L. DAY,
M. J. FLOHR,
Committee.

[Memorial]

To the Chamber of Commerce of the United States:

We, your memorialists, the Board of Trade of Wallace, Idaho, during the regular session of March 8, 1933, passed without dissenting vote, and now most respectfully present, the following petition, preamble, and resolutions, to wit:

"Whereas our beloved country, the United States of America, emerged from the terrible World War in 1918 the richest, best-equipped, most powerful, and most enterprising nation on earth; and

"Whereas this situation has been reversed within a short period, and our country is now in the throes of unemployment, suffering, bankruptcy, and ruin unparalleled in her history. Thirteen million or more wageworkers of the Nation are now unemployed, millions more are working part time and at greatly reduced wages and salaries. Mortgages on thousands of farms have been foreclosed and the farmers driven from their lands. Social and industrial distress is rampant throughout the land. These facts are of common knowledge; and

"Whereas these appalling conditions are steadily becoming more severe and the distress of our people more general, and it is evident that ways and means must be speedily provided to rehabilitate the commerce of the Nation if general bankruptcy, ruin, and anarchy are to be avoided; and

"Whereas the relief measures heretofore taken have proven to be either failures or at best only palliatives; the Nation now faces the possible bankruptcy of many railroads, which in turn will react on insurance companies, savings and loan associations, and other fiduciary organizations, corporations, companies, firms, and individuals which have invested in railroad stocks and bonds; and

"Whereas 60 years' experience with the single gold standard has culminated in the present national financial distress, unparalleled in the history of our country; our entire commercial structure of uncounted billions being now pyramided upon a scant $4,000,000,000 of gold hidden in the vaults and hoarded in the homes; and

"Whereas the failure of the single gold standard is emphasized by the action of the Secretary of the Treasury in forcing into the United States Treasury all the gold bullion, gold coins, and gold certificates now in the possession of corporations and individuals in the United States, and offering in payment therefor only 'debt' money; that is, currency backed by Government obligations, the interest-bearing promises of the United States to pay; and

"Whereas it is universally conceded that the lost buying power of the people must be restored if a cataclysm is to be avoided; and

"Whereas, in the judgment of your memorialists, there is only one way to afford the immediate relief demanded, and that is by the prompt remonetization of silver in the United States. This action would compel an honest and orderly inflation of wages, salaries, prices, and rates so urgently required; it would, in addition, carry no interest charge, as is done by the flood of paper currency based on debt, with which the Federal Reserve banks are being inundated. It would valorize the bonds of those countries of North, South, and Central America which are now so badly depreciated. It would increase the buying power by fivefold of one half the human race residing in Asia and would tend to restore the world's trade equilibrium now so badly unbalanced: Now, therefore, in order that we may avert further catastrophe, the magnitude of which no man can foresee, be it

"*Resolved by the Wallace (Idaho) Board of Trade,* That we most respectfully urge the Chamber of Commerce of the United States to immediately demand that Congress remonetize silver and that a law be enacted providing for the free and unlimited coinage of silver on a fixed ratio to gold, and in the manner established for the coinage of gold, and providing that a gold dollar consisting of 25.8 grains of gold nine tenths fine and a silver dollar consisting of 412½ grains of silver nine tenths fine shall be the standard unit of value and shall be full legal tender in the legal payment of all debts, public and private, and that all forms of money issued or coined by the United States of America shall be maintained at a parity of value with this standard, and that it shall be the mandatory duty of the Secretary of the Treasury to maintain such parity; and be it further

"*Resolved by the Wallace (Idaho) Board of Trade,* That we most respectfully urge the United States Chamber of Commerce to endorse Senate bill 2487, providing for the free and unlimited coinage of silver at the ratio of 16 to 1 and introduced in the United States Senate by Hon. BURTON K. WHEELER, United States Senator from the State of Montana, on January 4, 1932, as we believe the passage of this bill will be the quickest and best way of giving relief to our distressed people and retrieving, insofar as possible, the tremendous loss and damage already incurred; and be it further

"*Resolved,* That this memorial be made a subject for discussion at the annual meeting in May 1933 of the United States Chamber of Commerce at Washington, D.C."

The VICE PRESIDENT. Reports of committees are in order.

REPORT OF THE COMMITTEE ON IRRIGATION AND RECLAMATION

Mr. BRATTON, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 317) authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund, reported it with an amendment and submitted a report (No. 22) thereon.

REPORTS OF THE COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report sundry resolutions and ask unanimous consent for their immediate consideration.

Mr. NORRIS. Mr. President, let me ask the Senator if he will not allow us to get through with the routine morning business before he asks for the consideration of the resolutions reported by him?

Mr. BYRNES. They are merely formal resolutions, I will say to the Senator, and will take no time.

Mr. NORRIS. Very well.

The VICE PRESIDENT. The Senator from South Carolina asks unanimous consent for the immediate consideration of certain resolutions reported by him from the Committee to Audit and Control the Contingent Expenses of the Senate. Is there objection? The Chair hears none, and the clerk will read the first resolution so reported.

HEARINGS BEFORE COMMITTEE ON PUBLIC LANDS AND SURVEYS

The resolution (S.Res. 39) submitted by Mr. KENDRICK on March 21, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Public Lands and Surveys, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not to exceed 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

HEARINGS BEFORE THE COMMITTEE ON THE JUDICIARY

The Senate proceeded to consider the resolution (S.Res. 40) submitted by Mr. KING on March 22, 1933, which had been reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment, in line 6, before the word "cents", to strike out "20" and insert "25", so as to make the resolution read:

Resolved, That the Committee on the Judiciary, or any subcommittee thereof, is authorized, during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

The amendment was agreed to.

The resolution as amended was agreed to.

HEARINGS BEFORE COMMITTEE ON POST OFFICES AND POST ROADS

The resolution (S.Res. 35) submitted by Mr. MCKELLAR on March 20, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Post Offices and Post Roads, or any subcommittee thereof, is hereby authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE COMMITTEE ON THE DISTRICT OF COLUMBIA

The resolution (S.Res. 34) submitted by Mr. KING on March 20, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to as follows:

Resolved, That the Committee on the District of Columbia, or any subcommittee thereof, is hereby authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

HEARINGS BEFORE THE COMMITTEE ON INDIAN AFFAIRS

The resolution (S.Res. 41) submitted by Mr. WHEELER on March 22, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Indian Affairs, or any subcommittee thereof, is hereby authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof may sit during any session or recess of the Senate.

HEARINGS BEFORE THE COMMITTEE ON COMMERCE

The resolution (S.Res. 43) submitted by Mr. STEPHENS on March 22, 1933, and reported this day by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Commerce, or any subcommittee thereof, is authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

SPECIAL EMPLOYEES

The resolution (S.Res. 44) submitted by Mr. HAYDEN on March 22, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Sergeant at Arms hereby is authorized and directed to appoint four special employees to be paid from the contingent fund of the Senate at the rate of $1,000 each per annum until otherwise ordered by the Senate.

HEARINGS BEFORE THE COMMITTEE ON MANUFACTURES

The resolution (S.Res. 45) submitted by Mr. BULKLEY on March 23, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Manufactures, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE COMMITTEE ON THE LIBRARY

The resolution (S.Res. 46) submitted by Mr. BARKLEY on March 23, 1933, and this day reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on the Library, or any subcommittee thereof, is hereby authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE COMMITTEE ON NAVAL AFFAIRS

The resolution (S.Res. 50) submitted by Mr. TRAMMELL on March 30, 1933, and this day reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Naval Affairs, or any subcommittee thereof, is authorized, during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost of not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE COMMITTEE ON RULES

The resolution (S.Res. 51) submitted by Mr. COPELAND on March 30, 1933, and this day reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Rules, or any subcommittee thereof, is authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

HEARINGS BEFORE COMMITTEE ON PRIVILEGES AND ELECTIONS

The resolution (S. Res. 52) submitted by Mr. GEORGE on March 30, 1933, and this day reported by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Privileges and Elections, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE COMMITTEE ON MINES AND MINING

The resolution (S. Res. 53) submitted by Mr. LOGAN on March 3, 1933, and this day reported by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Mines and Mining, or any subcommittee thereof, hereby is authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

The resolution (S. Res. 54) submitted by Mr. CONNALLY on March 30, 1933, and this day reported by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Public Buildings and Grounds, or any subcommittee thereof, is authorized, during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

HEARINGS BEFORE THE COMMITTEE ON IMMIGRATION

The resolution (S.Res. 38) submitted by Mr. COOLIDGE on March 21, 1933, and this day reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Immigration, or any subcommittee thereof, hereby is authorized during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NORRIS:

A bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes; to the Committee on Agriculture and Forestry.

A bill (S. 1273) granting a pension to Frank Swartz; to the Committee on Pensions.

By Mr. PATTERSON:

A bill (S. 1274) for the relief of Julius Wurzburger; to the Committee on Military Affairs.

A bill (S. 1275) granting a pension to Anna Hindman; and

A bill (S. 1276) granting an increase of pension to Rachel Wyatt (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 1277) for the relief of Elva Rhea Speck; to the Committee on Finance.

By Mr. DILL:

A bill (S. 1278) to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; to the Committee on Commerce.

A bill (S. 1279) for the relief of Fred M. Smith; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 1280) for the relief of George B. Marx;

A bill (S. 1281) for the relief of Harry P. Hollidge; and

A bill (S. 1282) for the relief of the Security Trust Co. of Rochester, Rochester, N.Y.; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 1283) for the relief of Francisco M. Belda; to the Committee on Military Affairs.

A bill (S. 1284) for the relief of William Francis Salisbury; to the Committee on Naval Affairs.

By Mr. SHEPPARD:

A bill (S. 1285) for the relief of Mamie Randel; to the Committee on Claims.

A bill (S. 1286) to increase the efficiency of the Veterinary Corps of the Regular Army;

A bill (S. 1287) for the relief of Leonard Theodore Boice; and

A bill (S. 1288) for the relief of Otto Christian; to the Committee on Military Affairs.

By Mr. WHITE:

A bill (S. 1289) authorizing a preliminary examination and survey of Eastport Harbor, Maine; to the Committee on Commerce.

By Mr. CAPPER:

A bill (S. 1290) to provide for the election of the Board of Education of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. ROBINSON of Arkansas:

A joint resolution (S.J.Res. 39) authorizing the issuance of a special series of postage stamps commemorative of Gen. Thaddeus Kosciusko; to the Committee on Post Offices and Post Roads.

By Mr. COOLIDGE:

A joint resolution (S.J.Res. 40) proposing an amendment to the Constitution of the United States providing for the election of President and Vice President; to the Committee on the Judiciary.

RELIEF OF AGRICULTURE—AMENDMENT

Mr. GORE submitted an amendment intended to be proposed by him to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was ordered to lie on the table and to be printed.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. McNARY submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the Emergency Relief and Construction Act of 1932, which was referred to the Committee on Banking and Currency and ordered to be printed.

TENNESSEE VALLEY DEVELOPMENT—AMENDMENT

Mr. BLACK submitted an amendment intended to be proposed by him to the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H.Con.Res. 15) providing for an investigation of the cause or causes of the wrecking of the *Akron* and other dirigibles was referred to the Committee on Naval Affairs.

PRINTING OF THE CONSTITUTION, WITH INDEX, ETC.

Mr. WALSH submitted the following concurrent resolution (S. Con. Res. 2), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence, be printed as a Senate document, with an index, in such form and style as may be directed by the Joint Committee on Printing, and that 3,500 additional copies be printed, of which 1,000 copies shall be for the use of the Senate and 2,500 copies for the use of the House of Representatives.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Latta, one of his secretaries.

REFERENCE OF BILLS AFFECTING JURISDICTION OF CONSTITUTIONAL COURTS

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read the resolution (S.Res. 24) submitted by Mr. McCARRAN on March 13, 1933, as follows:

Resolved, That all bills introduced during the Seventy-third Congress which affect the jurisdiction of constitutional courts shall, before passage by the Senate, be referred to the Committee on the Judiciary.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

6-HOUR DAY AND 5-DAY WEEK

Mr. TRAMMELL. Mr. President, if it is now in order, I desire to make a motion to take up the motion to reconsider the votes by which Senate bill 158 was ordered to be engrossed for a third reading, read the third time, and passed, on Thursday last.

The VICE PRESIDENT. The question is on the motion of the Senator from Florida.

The motion was agreed to.

The VICE PRESIDENT. The question now is on the motion to reconsider the votes whereby Senate bill 158 was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. TRAMMELL. Mr. President, in view of the fact that the Court of Impeachment is to convene at 12:30 o'clock, I do not know whether it is desired to proceed with the discussion of this question at the present time or not.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. TRAMMELL. Yes.

Mr. REED. Have the papers in connection with Senate bill 158 gone to the House or are they still held in the Senate?

Mr. TRAMMELL. I may say to the Senator that I made inquiry about that before making the motion and found

that the papers had not been transmitted to the House. Had they been transmitted to the House, I would have embodied in the motion a request that they be returned.

Mr. PITTMAN. Mr. President, will the Senator from Florida yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Nevada?

Mr. TRAMMELL. I yield.

PROTECTION OF GOVERNMENT RECORDS

Mr. PITTMAN. There is a bill on the calendar reported out by the Foreign Relations Committee at the request of the State Department. It is the bill H.R. 4220, for the protection of Government records. It is undoubtedly an emergency matter. I do not anticipate that it will involve very much debate. It is a bill to protect code messages and correspondence between diplomats of foreign countries and their governments. The bill as it came from the House has been changed entirely by the Committee on Foreign Relations. What I desire to do is to ask unanimous consent that consideration of the pending motion be temporarily laid aside to see whether or not we can get action on the bill immediately. I submit that request.

The VICE PRESIDENT. The Senator from Nevada asks unanimous consent to suspend consideration of the pending motion of the Senator from Florida for reconsideration of the vote by which Senate bill 158 was passed, and to proceed to the consideration of Calendar No. 22. Is there objection?

Mr. JOHNSON. Mr. President, may I say to the Senator from Nevada that I have no desire at all to delay the consideration of the bill to which he refers. There are one or two observations I do wish to make respecting it. At 12:30 o'clock the Senate will convene as a Court of Impeachment. Could not the Senator wait until those proceedings are concluded and then take up his bill as he desires? We have now but 13 minutes until the court meets, and possibly we might occupy that much time or a little more in the consideration of his bill. I shall not object, after the proceedings of the court, to considering the measure referred to by the Senator from Nevada if it is desired by the Senator, in order to bring about its passage this afternoon.

Mr. PITTMAN. How long does the Senator think the proceedings at 12:30 o'clock will take?

Mr. JOHNSON. I should say probably half an hour, but I am not qualified to speak in respect to that matter. Possibly the Senator from Arizona [Mr. ASHURST] or the Senator from Nebraska [Mr. NORRIS] could give us some idea of the time that may be occupied by the Court of Impeachment proceedings today.

Mr. ASHURST. Mr. President, of course, we do not know at this time just the form of the answer of the respondent; but I anticipate that the proceedings today in the Court of Impeachment will take not over an hour and a quarter.

Mr. JOHNSON. Will it not do to defer the request of the Senator from Nevada until the court rises?

Mr. PITTMAN. I ask unanimous consent that when the Court of Impeachment rises the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 22, the bill to which I have referred.

The VICE PRESIDENT. Is there objection?

Mr. MCNARY. Mr. President, I could not consent to that request. I think the Senator from Florida [Mr. TRAMMELL] is entitled to consideration of his motion as is the Senator from Alabama [Mr. BLACK]. The matter was discussed yesterday, and it was agreed to let it come up today during the morning hour. I think it right that those Senators should have consideration and disposition of the pending motions. The proposal made by the Senator from Nevada would exclude consideration of the motion of the Senator from Florida today. Therefore I object.

The VICE PRESIDENT. Objection is heard.

6-HOUR DAY AND 30-HOUR WEEK—MOTION TO RECONSIDER

The Senate resumed consideration of the motion entered by the Senator from Florida [Mr. TRAMMELL] to reconsider the vote by which the Senate passed the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. TRAMMELL. Mr. President, my principal object in moving reconsideration of the vote by which we passed Senate bill 158, commonly known as the "Black bill" or the "6-hour day and 5-day week bill", is that we may give some further consideration to a feature of the measure which I regard as of interest to American labor. I am for shorter hours of labor and for good wages, and I am for the feature of the bill that may produce such results. The original bill as passed by the Senate discriminates against American labor and in favor of foreign labor. It discriminates against American manufacturers in the interest of foreign manufacturers.

What I desire to do, if the Senate reconsiders its vote on the bill by which the bill was passed, is that I want to offer an amendment which will provide that any manufactured goods which were made by the hands of American labor and which were manufactured by American manufacturers, being placed in interstate commerce under restrictions, shall not be handicapped by having the door left wide open for the products of foreign manufacturers and foreign labor to come in and absorb a considerable quantity of American trade because of the discrimination against American labor and American manufacture, which made it more difficult to sell articles made by American laborers and in American factories.

There can be no question that if we throw further restrictions around the manufacture of American products and do not impose similar restrictions or limitations upon foreign products imported into the United States, we will concentrate and lessen the market for American products; and upon the other hand, we will widen and extend the market for products that are made by the hands of foreign labor. I cannot quite understand why an American Congress should pass a bill for the promotion and the advancement of the interests of foreign manufacturers and of foreign laborers to the detriment and at the expense of American labor. Why treat the foreign factory and foreign laborer with favoritism? I shall not do so.

Mr. President, I have always been the friend of the laboring man in his endeavor to obtain better hours and a better wage, to obtain better working conditions, to obtain stronger and better restrictions regarding child labor. I have been a friend of the laboring man throughout my public career. I recall that in my own State, when the question of placing upon the statute books the laws prohibiting child labor, by coincidence I happened to be Governor of Florida at the time. As a candidate for Governor of that State I had advocated a child labor law. When I became Governor of the State, I threw all the power and influence that I had behind and in favor of the enactment of laws which would protect children against abuses which might exist under the system at that time extant throughout the manufacturing industry of our State. We succeeded in having such a law enacted. It was not a perfect law, but I do not know of any such law that is perfect, at least according to our own individual viewpoint. I have sometimes thought and have sometimes said that I believe if someone offered the Lord's Prayer to be incorporated in our statutes, someone else would rise and offer an amendment to it and endeavor to effect a change in it.

We enacted our child labor law. I was largely instrumental in bringing about its enactment. I appointed the first labor inspector to inspect the sanitary conditions in our factories, to see that there were no violations of the restrictions placed upon child labor. Since I have been a Member of the United States Senate, in every instance I have been the friend of the laboring man and I am thankful and grateful to say that he has been my friend. I am now here again standing for his interests and for his protection against one of the most drastic efforts that I know

of to discriminate against his rights in favor of the foreign labor and factory.

The laboring man in this country is entitled to good sanitary conditions in the factories where he works. He is entitled to a reasonable wage. I have always favored a reasonable wage and have often worked with the American Federation of Labor to secure such wages. I have always stood for reducing the hours of labor. But I cannot understand the philosophy or fairness of a policy which says that we will lessen the hours of labor for the American laborer, that we will place restrictions upon the industries in which he is engaged that will probably operate to his advantage in the maintenance of the industries in which he is engaged and at the same time allow the foreigner to take up all those advantages.

I voted for the shortening of the hours of labor prescribed in the bill. I want now merely to have an opportunity to see that the benefits of such reductions go to American labor. We are doing a great many things here now purely as a matter of experimentation. I remember when the first bill came up in the Senate at this special session there was considerable enthusiasm exhibited by most of the Members of the Senate in support of the bill, but within the last 2 or 3 days, since they have begun to hear from the men who defended our country on the battlefields that their compensation has been cut off, that their hospital facilities have been withdrawn, some of them do not seem to exhibit such enthusiasm as they did when they supported bill no. 1 and the beneficent provisions which were contained in that measure.

My prediction is that we are going to find this to be true in regard to much of the legislation. I believe there is a great spirit of cooperation among all the Members of both Houses of Congress. There is a sincere and earnest desire on the part of the entire administration to do the very best possible to bring about better conditions in the country. But even with all that patriotism, with all that spirit of cooperation, with all that desire to lift the country from its condition of depression, we are naturally going to make some mistakes.

I think one of the most serious mistakes would be to say that we are going to treat the laboring people of this country so they will only have to work 5 or 6 hours a day, that they will only have to work 5 days a week so far as those engaged in industrial occupations are concerned, while the poor farmer, the dairymen, and workmen of that class will still be required to do their drudgery of 8 or 10 or probably 12 hours a day, which is outrageous. I am willing and glad to give the laboring man the benefit of shorter hours with the hope that some benefit will be enjoyed as a result. Let us try to benefit all.

The VICE PRESIDENT. The Senator from Florida will please suspend, the hour fixed for the Court of Impeachment having arrived.

IMPEACHMENT OF HAROLD LOUDERBACK

At 12 o'clock and 30 minutes p.m. the Secretary to the Minority, Carl A. Loeffler, appeared and said: I have the honor to announce the managers on the part of the House of Representatives to conduct the impeachment proceedings in the impeachment of Harold Louderback, United States district judge for the northern district of California.

The VICE PRESIDENT. The managers on the part of the House of Representatives will be conducted to the seats assigned them in the area in front of the Secretary's desk.

The managers were conducted to seats provided in the space in front of the Secretary's desk, on the left of the Chair, namely: Hon. HATTON W. SUMNERS, of Texas; Hon. RANDOLPH PERKINS, of New Jersey; Hon. GORDON BROWNING, of Tennessee; Hon. U. S. GUYER, of Kansas; Hon. J. EARL MAJOR, of Illinois; and Hon. LAWRENCE LEWIS, of Colorado.

The VICE PRESIDENT. The hour of 12:30 o'clock, to which the Senate, sitting as a court in the impeachment of Harold Louderback, United States district judge for the northern district of California, took a recess, having arrived, the Sergeant at Arms will make proclamation.

The SERGEANT AT ARMS. Hear ye! Hear ye! Hear ye! All persons are commanded to keep silence on pain of imprisonment while the Senate of the United States is sitting for the trial of the articles of impeachment exhibited by the House of Representatives against Harold Louderback, United States district judge for the northern district of California.

The VICE PRESIDENT. The Secretary will call the names of the Senators who have not been sworn.

The legislative clerk called the names of Mr. BANKHEAD, Mr. CAREY, Mr. CUTTING, Mr. ERICKSON, Mr. FLETCHER, Mr. HATFIELD, Mr. HAYDEN, Mr. KENDRICK, Mr. METCALF, Mr. NORBECK, Mr. SCHALL, Mr. SHIPSTEAD, and Mr. WHEELER, who, with the exception of Mr. HAYDEN, Mr. SCHALL, and Mr. WHEELER, advanced to the desk, and the oath was administered to them by the Vice President.

Mr. ASHURST. Mr. President, I ask unanimous consent that the reading of the Journal of the previous session of the Senate sitting as a Court of Impeachment may be dispensed with, and that the Journal of that session may be approved.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The Sergeant at Arms will notify the counsel for respondent.

At 12 o'clock and 32 minutes p.m. the respondent, Harold Louderback, and his counsel, James M. Hanley, Esq., and Walter H. Linforth, Esq., both of San Francisco, Calif., entered the Chamber and were conducted to the seats assigned them in the space in front of the Secretary's desk on the right of the Chair.

Mr. ASHURST. Mr. President, I send to the desk a resolution, which I ask may be read and considered.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read as follows:

IN THE SENATE OF THE UNITED STATES,
SITTING AS A COURT OF IMPEACHMENT.

Whereas on March 13, 1933, John N. Garner, Vice President and President of the Senate, acting under authority of the Senate, sitting as a Court of Impeachment, and in accordance with the Rules for Impeachment Trials, issued a writ of summons to Harold Louderback, United States district judge for the northern district of California, commanding him to appear before the Senate of the United States of America at their Chamber in the city of Washington on the 11th day of April 1933, at 12:30 o'clock afternoon, to answer to articles of impeachment exhibited against him by the House of Representatives of the United States of America, and addressed to Chesley W. Jurney, Sergeant at Arms of the Senate, a precept commanding him to serve true and attested copies of said writ of summons and precept upon the said Harold Louderback personally or by leaving same at his usual place of abode or at his usual place of business; and

Whereas since the recess of the Senate, sitting as a Court of Impeachment, the said Chesley W. Jurney, as Sergeant at Arms, acting upon a suggestion of the Committee on the Judiciary of the Senate, with a view to securing a waiver of personal service of said writ of summons as required by the precept, communicated by telegraph with the said Harold Louderback, who consented to such waiver, and who subsequently forwarded to said Chesley W. Jurney, as Sergeant at Arms, a waiver, in writing, of personal service of said writ of summons, signed by him and witnessed on the 28th day of March 1933, agreeing voluntarily to appear in person before the Senate of the United States at the time and place specified in said writ of summons and acknowledging receipt of true and attested copies of said writ of summons and precept, transmitted to him by the said Chesley W. Jurney, Sergeant at Arms: Now, therefore, be it

Resolved, That the action of the said Chesley W. Jurney, Sergeant at Arms of the Senate, in securing waiver of personal service of said writ of summons upon the said Harold Louderback be, and the same is hereby, ratified and approved; that the delivery, by registered mail, of true and attested copies of the said writ of summons and precept to the said Harold Louderback, and his acceptance thereof, be deemed and taken to have been a satisfactory and sufficient compliance by the said Chesley W. Jurney, Sergeant at Arms, with the said precept, and that the said Chesley W. Jurney, as Sergeant at Arms, be, and he is hereby, authorized to make return of said writ of summons and precept accordingly.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution is agreed to.

The Secretary will read the return of the Sergeant at Arms to the summons directed to be served.

The legislative clerk read as follows:

SENATE OF THE UNITED STATES,
OFFICE OF THE SERGEANT AT ARMS.

The foregoing writ of summons, addressed to Harold Louderback, and the foregoing precept, addressed to me, were duly served

upon the said Harold Louderback by the transmittal, by registered mail, to the said Harold Louderback of true and attested copies of the same, and by his receipt thereof, as shown in the attached waiver by the said Harold Louderback of personal service of summons, said waiver being made a part of this return.

CHESLEY W. JURNEY,
Sergeant at Arms, United States Senate.

IN THE SENATE OF THE UNITED STATES, SITTING AS A COURT OF IMPEACHMENT IN THE CASE OF HAROLD LOUDERBACK, UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF CALIFORNIA

Waiver of personal service of Harold Louderback, United States district judge for the northern district of California.

I, Harold Louderback, United States district judge for the northern district of California, do hereby waive personal service of summons issued on the 13th day of March 1933, by Hon. John N. Garner, Vice President and President of the Senate, which commands me to appear before the Senate of the United States on April 11, 1933, at 12:30 p.m., to answer specific articles of impeachment exhibited to the Senate by the House of Representatives, and agree to voluntarily appear in person before the Senate of the United States at the aforesaid time.

I acknowledge receipt of a true and attested copy of the writ of summons issued in this case, together with a like copy of the precept.

Witness my signature this 28th day of March 1933 at the city of San Francisco, State of California.

HAROLD LOUDERBACK,
Respondent.

Signature of witness:
JAMES M. HANLEY.

The VICE PRESIDENT. In view of the waiver of personal service of summons by the respondent, without objection, the administration of the oath to the Sergeant at Arms will be dispensed with.

The Sergeant at Arms will make proclamation.

The Sergeant at Arms made proclamation, as follows:

Harold Louderback! Harold Louderback! Harold Louderback, United States district judge for the northern district of California: Appear and answer to the articles of impeachment exhibited by the House of Representatives against you.

The VICE PRESIDENT. The Chair advises the counsel for the respondent that the Senate is now sitting for the trial of Harold Louderback, United States district judge for the northern district of California, upon the articles of impeachment exhibited by the House of Representatives, and will hear his answer thereto.

Mr. LINFORTH. Mr. President, at this time Harold Louderback appears in person and by counsel and presents a written appearance, which we ask to be filed and read.

The VICE PRESIDENT. The Secretary will read the appearance.

The Chief Clerk read as follows:

IN THE SENATE OF THE UNITED STATES,
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA *v.* HAROLD LOUDERBACK, APPEARANCE OF RESPONDENT

The respondent, Harold Louderback, having been served with a summons requiring him to appear before the Senate of the United States of America at their Chamber in the city of Washington, on the 11th day of April 1933, at 12:30 o'clock afternoon, to answer certain articles of impeachment presented against him by the House of Representatives of the United States, now appears in his proper person and also by his counsel, who are instructed by this respondent to inform the Senate that respondent is ready to file his answer to said articles of impeachment at this time.

Dated this 11th day of April 1933.

HAROLD LOUDERBACK.

WALTER H. LINFORTH,
JAMES M. HANLEY,
Counsel for Respondent.

The VICE PRESIDENT. The paper will be placed on file.

Counsel for the respondent may make a statement, or the respondent in person may do so.

Mr. LINFORTH. Mr. President, at this time the respondent, Harold Louderback, files and presents his answer to the articles of impeachment.

Mr. McKELLAR. Will counsel speak a little louder?

Mr. LA FOLLETTE. It is impossible to hear counsel.

Mr. LINFORTH. Mr. President, at this time, having appeared, the respondent, Harold Louderback, presents his answer to the articles of impeachment and asks that it may be read and filed.

The VICE PRESIDENT. The answer of the respondent will be read.

The legislative clerk read as follows:

ANSWER OF RESPONDENT HAROLD LOUDERBACK (S.DOC. NO. 21)

IN THE SENATE OF THE UNITED STATES,
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA *v.* HAROLD LOUDERBACK, UPON ARTICLES OF IMPEACHMENT PRESENTED BY THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA

Answer of respondent Harold Louderback to the articles of impeachment exhibited against him by the House of Representatives of the United States

ANSWER TO ARTICLE I

For answer to the first article the respondent says that this honorable court ought not to have or take further cognizance of the first of said articles of impeachment so exhibited and presented against him, because, he says, the facts set forth in said first article do not, if true, constitute an impeachable high crime and misdemeanor as defined in the Constitution of the United States, and that therefore the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said first article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said first article, said respondent saving to himself all advantages of exception to said first article, for answer thereto saith:

I

Admits that he is now and was at all times mentioned in said article a duly appointed, qualified, and acting judge of the United States District Court for the Northern District of California.

II

Further answering said article, the respondent admits, denies, and alleges as follows:

Admits that on the 11th day of March 1930, by an order duly made and entered in that certain action then pending in the United States District Court for the Northern District of California, in which Gardner M. Olmstead was plaintiff and Russell Colvin Co. was defendant, he appointed one Addison G. Strong as equity receiver.

Admits that on the 13th day of March 1930 by an order duly made and entered in said action he revoked and set aside the order appointing said Addison G. Strong as receiver in said action.

Alleges that the facts and circumstances surrounding and leading up to the making of the said order on the 13th day of March 1930 setting aside the appointment of the said Addison G. Strong were as follows, and not otherwise:

On the 10th day of March 1930 a bill of complaint was filed in the office of the clerk of said court wherein Gardner M. Olmstead was the plaintiff and Russell-Colvin Co., a copartnership, and others were defendants. That in said complaint, among other things, the appointment of a receiver was prayed for. That in said action Thelen & Marrin were the attorneys for the plaintiff and Sanborn & Roehl, DeLancey C. Smith, and Francis C. Brown were the attorneys for certain defendants. Upon the filing of the said bill of complaint, application was made to this respondent, in chambers, for the appointment of a receiver. At the making of said application the plaintiff was represented by the attorneys aforesaid and the defendants were represented by the said Francis C. Brown. Two of the defendants, partners of said Russell-Colvin Co., were also present in person, at the making of said application. All of said attorneys and said parties so present consented to and requested the appointment of a receiver. At said time there was also present Lloyd W. Dinkelspiel, a member of or connected with the law firm of Heller, Ehrman, White & McAuliffe, who were at that time the regularly retained attorneys for the San Francisco Stock Exchange. That said defendant, Russell-Colvin Co. was and had been engaged in a general stock brokerage and bond business in the city of San Francisco and was a member of said stock exchange, owning a seat therein. That the said Addison G. Strong was the auditor for said stock exchange and had at some time prior thereto audited the books of said Russell-Colvin Co. At the request of all prices present this respondent made the said order appointing the said Addison G. Strong receiver, who at said time was not known personally by respondent but was known to him by reputation. At said time, and for a long time prior thereto, there was in existence a rule of the District Court of the United States for the Northern District of California, which had been adopted by all the members or judges thereof, known as general rule no. 53, which in part was and is as follows:

"Receivers shall employ counsel only after obtaining an order of the court therefor"; and said rule at and prior to said 13th day of March 1930 had always been construed by the judges of said court to mean that such counsel should be satisfactory to and acceptable to the judge of said court. Upon the appointment of the said Addison G. Strong as such receiver, he desired to appoint as his attorneys the law firm of Heller, Ehrman, White & McAuliffe, so as aforesaid the attorneys for said San Francisco Stock Exchange. For the reasons aforesaid, respondent was reluctant to confirm or accept the appointment of said firm of attorneys so representing said stock exchange as attorney for said

receiver, having already appointed as receiver the auditor of said stock exchange, and suggested to said receiver the appointment by him of other counsel, suggesting to him the names of John Douglas Short, of the firm or connected with the law firm of Keyes & Erskine, the law firm of Pillsbury, Madison & Sutro, the law firm of Sullivan, Sullivan & Theodore J. Roche, and the law firm of Cushing & Cushing, all of said firms and the members thereof, being reputable practitioners of high standing and character, practicing their profession at the city of San Francisco, but said receiver, Addison G. Strong, in a defiant and arbitrary manner, declined and refused to have or employ any counsel to represent him as such receiver other than the said firm so representing the said stock exchange. Accordingly, your respondent deemed it advisable to make and did make the order referred to in said article I, removing from office the said Addison G. Strong as such receiver.

Respondent denies that in so discharging the said Addison G. Strong as such receiver he acted willfully, tyrannically, and/or oppressively, and respondent denies that he ever attempted to force and coerce, or force or coerce the said Addison G. Strong to appoint as his said attorney in said matter of proceeding the said John Douglas Short, or that he ever improperly or otherwise or at all did attempt to cause the said Addison G. Strong to appoint the said John Douglas Short as his attorney in said matter by any promise or promises of allowance of large fees, or by any threat or threats of reduced fees in the event of the refusal of the said Addison G. Strong to so appoint the said John Douglas Short.

III

Further answering said article I, this respondent states that upon the removal of the said Addison G. Strong as such receiver he appointed in his place and stead one H. B. Hunter, who at that time was manager of the brokerage department of the prominent firm of William Cavalier & Co., said company doing a general stock brokerage and investment banking business in the city and county of San Francisco, State of California.

Subsequent to the appointment of the said H. B. Hunter as such receiver, after petition filed by him therefor, respondent authorized the appointment by him of attorneys so to represent him as such receiver and ratified the appointment by him of John Douglas Short and the firm of Keyes & Erskine as such attorneys.

Respondent denies that the said John Douglas Short was so appointed attorney for said receiver at the instance, suggestion, or demand of W. S. Leake, referred to in said article I as Sam Leake, or that respondent improperly, otherwise, or at all, used his office and power of district judge in his own personal interest by causing the appointment of the said John Douglas Short as attorney for the said receiver.

Respondent denies that the said John Douglas Short, or the said Keyes & Erskine, received large and exorbitant fees, or large or exorbitant fees for any service by them, or any of them, rendered said receiver in said action.

And respondent further denies that he ever knew that the said W. S. Leake did receive certain or any fees, gratuities, and/or loans, directly or indirectly, from the said John Douglas Short, amounting approximately to the sum of $1,200, or any other sum or amount whatever.

Respondent denies upon and according to his information and belief that the said W. S. Leake ever did receive certain or any fees, gratuities, and/or loans, directly or indirectly, from the said John Douglas Short, amounting approximately to the sum of $1,200, or any other sum or amount whatever.

And further answering said article I, respondent alleges, with reference to the fees allowed for the services of the attorneys for said receiver, as follows:

That respondent granted and allowed to John Douglas Short and Messrs. Keyes and Erskine, as attorneys for said receiver, as compensation for the services rendered by them the sum of $46,250, and made an order to such effect on or about the 17th day of March 1931, and thereafter, on or about the 14th day of November 1931, an additional amount of $5,000. That said allowance of $46,250 was made upon the following circumstances, and not otherwise, namely:

On or about the 7th day of March 1931 said attorneys for said receiver filed in the matter of said action a written application for an allowance to compensate them for the services theretofore rendered by them. Notice of the hearing of said application was given to all parties in interest. Said application came on regularly for hearing before respondent, as such judge, in open court, and the hearing thereof was had on the 14th, 16th, and 17th days of March 1931. That on said hearing all of the parties to said proceeding and a large number of the creditors of said Russell-Colvin Co. were represented by counsel. On said hearing evidence as to the value of said services was introduced. Mr. John L. McNab, upon examination under oath, testified that in his opinion the value of said services was somewhere between $50,000 and $75,000, and added that he thought $75,000 was a fair fee; Mr. Albert A. Rosenshine testified said services were of a value of $65,000; Mr. Henry A. Jacobs testified that the value of said services was the sum of $55,000; Mr. Sidney M. Ehrman, of the law firm heretofore mentioned, placed a value of $25,000 upon said services. All of the attorneys above mentioned were and are reputable practitioners of their profession in San Francisco, and no other evidence by attorneys as to the value of said services was introduced.

That on the third day of said hearing, namely, March 17, 1931, upon the hearing of said application being resumed, respondent was advised, in open court, by counsel participating in the hearing of the objections to said application, that the parties in interest had agreed among themselves upon an allowance in the sum of $46,250 for the services so rendered by the attorneys for the receiver, subject to the approval of respondent as such judge, and subject to the right of said counsel to thereafter apply for compensation for such services as might thereafter be rendered. Thereupon, as shown by the notes of the phonographic reporter, the following proceedings took place insofar as the same referred to the amount that should be allowed to the attorneys for the receiver:

"The COURT. This arrangement is within the scope of what I think proper, although I will be frank with you gentlemen and say that while it is not what I would have made it, if this matter was pressed in this present form, I am satisfied with it if everybody else is, and apparently everybody else is satisfied—it being within the range of a proper fee—I think it is satisfactory to the court to accept that, and without proceeding further with the hearing in view of the fact that everyone is apparently satisfied, or has shown no objection to this matter, or no objection has been offered by anyone who has been participating in this hearing, I will allow the sums which have been mentioned. * * * I will allow $46,250 to the attorneys, John D. Short and Keyes & Erskine."

And said record shows that before the respondent, sitting as judge of said court made said announcement, he inquired of those present: "If there is anybody objecting to that (referring to the amount so placed as the amount to be allowed said attorneys, and other matters then under consideration) representing creditors, they should say so now." And the record shows that no one in response thereto offered any objection.

And respondent further shows that the said allowance was made under and in accordance with the foregoing stipulation or arrangement entered into between the said parties. No exception was taken to said order by any interested party, and to the knowledge of affiant, thereafter no objection was ever made thereto, and no appeal was ever taken therefrom.

Respondent further shows that thereafter on the 14th day of November 1931 said attorneys for said receiver, upon petition filed by them, and after a full hearing had thereon, at which no objections whatever were made or filed, the sum of $5,000 was allowed for services rendered by said attorneys to said receiver, since the making of the order so allowing the said sum of $46,250, and no appeal was ever taken from this later order.

Respondent further shows that the records on file in said action disclose that the appraised value of all securities belonging to said firm of Russell-Colvin & Co. and to its customers was the sum of $2,111,536.24, as of March 11, 1930, the date of the commencement of the said receivership; that the appraised value of the firm's securities, not including other assets, was over one half million dollars; that 679 claims were filed with said receiver for cash and securities totaling $1,722,402.51, and that the amount of bank loans and repurchase agreements liquidated in said receivership was $971,870.94; that the said receiver and his said counsel settled each of said claims without employing a special master or expert accountant; that the administration of said estate resulted in the payment to customers of $385,745.70 in cash and the delivery to customers of securities of the value of $505,977.39; that the creditors of said firm entitled to preference, and the customers of said firm entitled to priority, each received 100 percent of their claims in cash and securities; that the ordinary margin customers of said firm, not entitled to priority, received about 56 percent of their claims in cash and securities; that said ordinary margin customers of said firm were relegated to the position of general customers for a portion of their claims; that the claims of general creditors of the firm, including the claims of margin customers who were relegated to the position of general creditors for a portion of their claims, amounted to $505,277.44, of which amount $152,733.97 represented the claim of general creditors not customers, and $352,533.47 represented the claims of margin customers who were relegated to the position of general creditors; that the general creditors had received 28 percent of their claims with a prospect of additional dividends of about 12 percent; that the customers and creditors of said firm had received securities and cash to the amount of $828,000, an average of about 65 percent for all customers and creditors; that only 21 objections were filed to the receiver's report by customers and creditors, and these objections or exceptions were summarily settled at hearings before the court or referee, with the result that the administration of the estate was substantially completed without protracted litigation having been instituted by any dissatisfied customer; that there was completed in 18 months the work of tracing the moneys and securities of said estate and marshaling its assets and distributing to creditors the moneys and securities to which they were entitled, with the exception of certain dividends thereafter to be paid, and the administration of the estate was most expeditious for one of this character.

IV

Further answering said article I, this respondent admits and alleges as follows, to wit:

Admits that on or about the 21st day of September 1929 the said W. S. Leake, in the manner hereinafter set forth, and not otherwise, obtained a room for respondent at the Fairmont Hotel in the city and county of San Francisco, State of California, and made arrangements for registering said room in his, W. S. Leake's name.

Admits that under said arrangement said room was to be charged by the management of said hotel to and in the name of

the said W. S. Leake, and that respondent was to pay monthly to said hotel, through the said W. S. Leake, the amount of said hotel's charges for said room.

And, in this behalf, this respondent alleges that said arrangement was made under the following circumstances, and not otherwise, that is to say—

Said W. S. Leake was at the said time, and for many years prior thereto had been, a close friend of respondent and was at said time residing, and for many years prior thereto had resided at said hotel with his family, consisting of his wife; that on the date aforesaid, and for some time prior thereto, unhappy differences existed between this respondent and his wife, which, on the date last aforesaid, culminated in respondent separating from his said wife and in temporarily taking up his abode at the said Fairmont Hotel. That on the date aforesaid, upon going to said hotel, respondent consulted with his said friend, advising him of his said separation and confiding in him his desire to avoid, as far as possible, newspaper notoriety that might be caused by knowledge of said separation, and inquired of his said friend whether or not it was possible to obtain accommodations in said hotel without it being generally and publicly known that respondent was staying thereat separate and apart from his said wife. Thereupon the said W. S. Leake arranged with said hotel for accommodations of respondent thereat under an arrangement that the same should be furnished in the name of and charged to the said W. S. Leake. Respondent thereafter monthly furnished to the said W. S. Leake the amount of the bills so charged to the said W. S. Leake for the accommodation of said respondent and said amounts were promptly paid by the said W. S. Leake to said hotel management, and received by it with full knowledge of all of the foregoing facts and circumstances.

Respondent further shows that at the time of the making of the said arrangement with said hotel he then had no intention whatever of acquiring any residence in the county of Contra Costa, and at no time prior to the month of April 1930 did respondent have any intention of so acquiring a residence in the county of Contra Costa, State of California.

Respondent further shows that in the month of April 1930 and for some years prior thereto a brother of respondent had his home and resided with his wife at 107 Ardmore Road, Kensington district, Contra Costa County. Said home was and is in the Berkeley Hills, so-called, and just across the Alameda County line and within about 40 minutes' traveling distance to and from the city and county of San Francisco. That in the month of April 1930 respondent, with the consent of his said brother and wife, determined to make his home at the place aforesaid, and in carrying out his intention so to do, on or about the 17th day of April 1930 removed substantially all his personal effects, such as trunks, clothing, and the like, to a room in the said home of his brother, assigned by the latter to him for his use and benefit, leaving in his said room at said Fairmont Hotel such few articles of clothing as he might need in temporarily stopping at said place. Evidencing such intention to so reside at said place and become a resident of said Contra Costa County, respondent, on or about the 17th day of April 1930, canceled his voting registration in the city and county of San Francisco, and thereafter, and on or about the 18th day of April 1930, registered as a resident and voter of said Contra Costa County, giving his residence as such at the home of his said brother, and at said time was actually living and residing at said place. That in removing to said Contra Costa County and registering therein as a voter as aforesaid, respondent acted with the then bona fide and existing intention of abandoning the city and county of San Francisco as his residence and of making said Contra Costa County his future residence.

And further answering said article I, respondent denies that at the time referred to in said article he was, or ever had been, or is now, under any personal obligation to the said W. S. Leake, and denies that he ever at any time entered into any conspiracy with the said W. S. Leake, with the objects or purposes, or any of them, in said article I set forth, and denies that he ever entered into any conspiracy of any kind or character whatever with the said W. S. Leake.

Respondent denies that he ever improperly and/or unlawfully established a fictitious residence in the county of Contra Costa for the purposes in said article I set forth, or for any other purpose, or at all. And further denies that at any time he ever entered into a conspiracy with the said W. S. Leake to violate the provisions, or any provision, of the political code, or of any other code, in establishing a residence in the county of Contra Costa, as in article I set forth, or otherwise, or at all, and denies that at the time respondent acquired said residence in Contra Costa County, he did not in fact reside in said county.

Respondent denies that his registration as a voter in the said county of Contra Costa was unlawful or made or done pursuant to any conspiracy with the said W. S. Leake. Respondent denies that said registration was for the purpose of falsely creating proof necessary to establish himself a resident of said county in anticipation of any action expected by him to be brought against him, or for the sole purpose of meeting the requirements, or any of them, of the Code of Civil Procedure of the State of California, providing that all causes of action must be tried in the county in which the defendant resides at the commencement of the action, and respondent further denies that any provision of the Code of Civil Procedure of the State of California so provides.

Respondent further denies that any act or acts done or performed by him in any of the matters referred to in said article I, constituted a felony, defined by section 42 of the Penal Code of the State of California, or any other code of the State of California, and denies that he was and/or is guilty of a course of conduct improper, oppressive, and/or unlawful and/or is guilty of misbehavior in office as such judge and was and/or is guilty of any misdemeanor in office.

Except as hereinbefore specifically admitted or explained, respondent denies each and every allegation in said article I contained.

ANSWER TO ARTICLE II

For answer to the second article the respondent says that this honorable court ought not to have or take further cognizance of the second of said articles of impeachment so exhibited and presented against him, because, he says, the facts set forth in said second article do not, if true, constitute an impeachable high crime and misdemeanor as defined by the Constitution of the United States, and that therefore the Senate, sitting as a court of impeachment, should not further entertain the charge contained in said second article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said second article, said respondent saving to himself all advantages of exception to said second article, for answer thereto saith:

Further answering said article the respondent admits, denies, and alleges as follows:

I

Admits that on or about the 29th day of July 1930 by an order duly made and entered in that certain action then pending in the United States District Court for the Northern District of California, in which Helen Lay was plaintiff and Lumbermen's Reciprocal Association was defendant, he appointed Samuel Shortridge, Jr., as receiver therein and ratified or approved the appointment of Marshall Woodworth as attorney for said receiver.

Respondent alleges that the facts and circumstances surrounding and leading up to the appointment of said receiver, and the ratifying of the appointment of said Marshall Woodworth as his attorney, were as follows and not otherwise:

On the 29th day of July 1930 a verified bill of complaint was filed in the office of the clerk of said court, wherein the said Helen Lay was plaintiff and the said Lumbermen's Reciprocal Association was defendant. In said complaint, among other things, the appointment of a receiver was prayed for. In said action Reisner & Deming were the attorneys for the plaintiff and Bronson, Bronson & Slaven were the attorneys for the defendant. Upon the filing of said complaint application was made to this respondent for the appointment of a receiver. At the making of said application the plaintiff was represented by John G. Reisner, of the said firm of Reisner & Deming, and the defendant was represented by Thomas W. Slaven, of the law firm of Bronson, Bronson & Slaven. Counsel so representing both plaintiff and defendant requested the making of an order appointing a receiver. One or the other of said counsel requested the appointment of Samuel M. Shortridge, Jr., as such receiver, and both consented to such appointment, and each signed at said time a written request for the appointment of said Samuel M. Shortridge, Jr., as such receiver, which written request was thereafter, and on the 30th day of July 1930, filed in the office of the clerk of said court.

Respondent further alleges that subsequent to the appointment of the said Samuel M. Shortridge, Jr., as such receiver and on the 2d day of August 1930, he signed and there was thereafter filed in the office of the clerk of said court an order ratifying the appointment of the said Marshall Woodworth as attorney for said receiver.

Respondent further alleges that it appeared from said bill of complaint that plaintiff was a citizen and resident of the State of California, residing within the jurisdiction of said court. That defendant was a reciprocal insurance association organized under the laws of the State of Texas, with assets in a large amount situate in the city of San Francisco and within the jurisdiction of this court, and carrying on and conducting its said insurance business in the State of California, as well as in the State of Texas, and had been licensed to conduct and carry on its said business in the State of California by the insurance commissioner of said State, and that at the time of the granting of the said application so appointing the receiver aforesaid, respondent believed in good faith, and was of the opinion that the court over which he then presided, had jurisdiction to make said order, and that the facts set forth in said bill of complaint justified the court in making said order.

Respondent further alleges that thereafter, on the 6th day of August 1930 the defendant in said action, by its attorneys before mentioned, filed an answer therein wherein and whereby the defendant not only admitted each and all of the allegations contained in the said bill of complaint but joined in the petition for the appointment of said receiver and prayed that such decree be made in the premises as was just and proper and for the full protection of the plaintiff, the defendant, and all of the creditors of the latter.

And respondent further alleges that in and by said answer no attack whatever was made upon the jurisdiction of the court so presided over by respondent, to entertain the bill of complaint of the plaintiff therein, or to grant in such action such relief as might be just and proper.

Respondent further alleges that at no time down to the rendering of the decision by the United States Circuit Court of Appeals referred to in said article II, did he entertain any doubt of the jurisdiction of the court over which he presided to proceed with and pass upon the various and sundry matters arising in said

action, and denies that in so proceeding he was guilty of a course of improper and/or unlawful conduct.

Respondent alleges that on the 1st day of December 1930 he made and there was thereafter filed in the office of the clerk of said court an order fixing and allowing as compensation of said receiver and his said counsel the sum of $3,000 each for services by them respectively rendered covering the period from the 29th day of July 1930 to the 30th day of November 1930. That the said allowance was made upon a detailed statement of the services rendered by said receiver and said attorney, filed in the office of the clerk of said court, and upon the written stipulation of the said Reisner & Deming, the attorneys for said plaintiff, and of Bronson, Bronson & Slaven, the attorneys for said defendant, which said stipulation was filed in the office of the clerk of said court on the 1st day of December 1930. That in the said stipulation of said attorneys it is recited that "the compensation for the services of the receiver for the above period of time from July 29, 1930, to and including November 30, 1930, in the sum of $3,000 is a proper and reasonable sum for the services rendered, and that the compensation for the legal services of the attorney for the receiver for the above period of time in the sum of $3,000 is a proper and reasonable sum for the legal services rendered by such attorney."

Respondent further alleges that on or about the 23d day of April 1931, as such judge, he made a further order allowing to said receiver and to his said attorney the additional sum of $3,000 each as compensation for services rendered by them respectively covering the period from December 1, 1930, to and including the 31st day of March 1931. That said order was likewise based in part upon the written stipulation of said attorneys, stipulating to the reasonableness of said amount, and which said stipulation was also filed in the office of the clerk of said court.

Respondent further alleges that in the fourth and final account filed by said receiver in said matter, under the heading "Disbursements", and under date of April 23, 1931, appears the $3,000 so allowed to the said receiver on said date by said order, and the like amount so allowed to his said counsel.

Respondent further alleges that no objection whatever was ever made by any person interested in said action to the allowance of said amounts or any of them until the petition for an order of settlement of the fourth and final account of said receiver was filed. That after a hearing thereon the respondent, as judge of said court, on the 15th day of December 1931, made an order approving and settling said fourth and final account, which order was on the day following filed in the office of the clerk of said court, and in said order, among other things, it is provided as follows:

"It is now here further ordered, adjudged, and decreed that Samuel M. Shortridge, Jr., receiver of Lumbermen's Reciprocal Association, defendant herein, be, and he is hereby instructed and directed, within 30 days from the date of the signing and filing of this order, to deliver to the receiver appointed by the Superior Court of the State of California in and for the city and county of San Francisco, to wit: E. Forrest Mitchell, State Insurance Commissioner of California, any and all moneys in bank or otherwise held in the possession and custody of said Samuel M. Shortridge, Jr., as receiver of said defendant, Lumbermen's Reciprocal Association, and also any and all other assets, properties, books, records, papers, documents, notes, and all other personal property now in the possession or custody of said Samuel M. Shortridge, Jr., as receiver of said defendant, Lumbermen's Reciprocal Association, upon his obtaining and receiving a proper receipt or receipts therefor and filing said receipt or receipts with the clerk of the above-entitled court; provided, however, that if within 30 days from the signing and filing of this order the attorney for E. Forrest Mitchell, State insurance commissioner of California and receiver appointed by the State court of California as above stated, shall appeal from this order, then the further execution and performance by said receiver of this order shall be stayed until the final action by the Circuit Court of Appeals for the Ninth Circuit on said appeal, or, until the other or further order of this court or of the circuit court of appeals."

Respondent alleges that at no time was any application made to modify said order and respondent further alleges that subsequent to the making thereof and upon further and more mature consideration he became convinced he had erred in including the proviso in the said order above quoted, and then and there concluded and determined to modify said order by eliminating and striking therefrom the said proviso, and then and there would have made an order so modifying the order settling said fourth account except for the fact that an appeal had been taken from the whole of said order. Accordingly, and for the purpose of preserving and protecting the rights of all parties interested therein, all parties interested in said proceeding, including Mr. Frank L. Guerena, the attorney for E. Forrest Mitchell, State insurance commissioner of California, at the request of respondent, entered into a stipulation, in effect, consenting to the modification of said order, by striking therefrom the said proviso, said stipulation being in the words and figures following, to wit:

"STIPULATION AND ORDER TURNING OVER ASSETS

"It is stipulated and agreed by and between all parties hereto that Samuel M. Shortridge, Jr., the receiver of the defendant, Lumbermen's Reciprocal Association, be, and he is, hereby authorized to turn over and deliver forthwith to E. Forrest Mitchell, insurance commissioner of the State of California, the receiver of the defendant, Lumbermen's Reciprocal Association, appointed by the Superior Court of the State of California in and for the city and county of San Francisco, all moneys in bank, assets, books, notes, papers, and all other property now in the custody or possession or under the control of said Samuel M. Shortridge, Jr., receiver appointed by this court of the defendant, Lumbermen's Reciprocal Association, upon obtaining proper receipts therefor; and it is further stipulated and agreed that that portion of the order approving fourth and final and supplemental accounts of receiver, denying petition for preferred claims, directing receiver to comply with order of United States Circuit Court of Appeals and thereupon discharging receiver and exonerating his bond, made and entered December 15, 1931, which provides that if an appeal be taken by said E. Forrest Mitchell, State insurance commissioner of California and receiver appointed by the State court of California, then the further execution and performance by said Samuel M. Shortridge, Jr., as receiver aforesaid, of the directions contained in said order shall be stayed until the final action by the Circuit Court of Appeals for the Ninth Circuit on said appeal or until the other or further order of the above-entitled court or the circuit court of appeals be, and the same is hereby, set aside and vacated. This stipulation is made without prejudice to the rights of any party hereto with respect to the appeal herein pending."

Respondent further alleges that thereupon, on the 11th day of January 1932, he made an order so modifying the said order so settling the said final account, in accordance with the terms and provisions of said stipulation and caused said order to be filed in the office of the clerk of said court on said 11th day of January 1932.

Respondent further alleges that on the 11th day of January 1932, when said order was so modified by him as aforesaid, the record of the appeal from the making of said order had not been prepared and that the said insurance commissioner of the State of California was not put to any delay, labor, or expense in protecting the rights of any person or persons by reason of the said order so settling the said fourth account having contained therein the proviso hereinabove quoted in full, and that the further prosecution of said appeal was directed solely and entirely to the question as to whether or not the amounts so awarded as aforesaid to said receiver and his said counsel as compensation for services rendered by them and the expenses incurred in connection therewith were reasonable or unreasonable.

Respondent denies that said order so settling the said fourth and final account of said receiver was made by him as a judge of said court to favor and enrich, or to favor or enrich any friend, political or otherwise, and denies that said order was made to the detriment and/or loss of any litigant or litigants in his said court and/or for the purpose or with the intention of forcing or causing said State commissioner of insurance and/or any party in interest in the said action unnecessary delay, labor, and/or expense in protecting the rights of all or any parties against said order.

Denies that this respondent did improperly and/or unlawfully or at all seek to coerce said State commissioner of insurance, and/or any party or parties in interest in said action to accept and/or acquiesce in any fees or disbursements granted by him to the said receiver or his said attorney.

Respondent alleges at the times of the making of the respective orders as hereinbefore stated, allowing compensation to said receiver and said attorney, he honestly and conscientiously believed the services rendered by them, and each of them, as shown by the detailed statements on file of the services rendered by them were reasonable and proper, and in so making said allowances, and each thereof, respondent was guided and influenced by the stipulation of the parties hereinbefore referred to.

Respondent denies that he ever improperly and/or unlawfully forced and coerced, or forced or coerced any of the parties to said proceeding to enter into the stipulation in said article II mentioned, but alleges that the making of said stipulation was brought about and made under the circumstances heretofore fully set forth and not otherwise.

Respondent denies that he did not give his fair, impartial, and/or judicial consideration to the objections of the said State commissioner of insurance against the fees allowed to the said receiver and his attorney, respectively, in the litigation referred to in said article II, and denies that in the making of said orders, or either thereof, he had any intention or purpose of favoring or enriching said receiver and his said attorney, or any friend or friends, at the expense of any person interested in said matter, or otherwise or at all.

Respondent alleges that any error made or committed by him in the making of said orders, or either thereof, was not made or brought about as the result of friendship or prejudice, and was made by him in good faith and without any thought, purpose, or desire on his part of being partial, oppressive, excessive, or unreasonable.

Respondent denies that he was and/or is guilty of a course of conduct oppressive and/or unjudicial, and/or of misbehavior in office as such judge, and was and/or is guilty of a misdemeanor in office by reason of any matter or thing set forth in said article II.

And except as hereinbefore specifically admitted or explained, respondent denies each and every allegation in said article II contained.

ANSWER TO ARTICLE III

For answer to the third article the respondent says that this honorable court ought not to have or take further cognizance of the third of said articles of impeachment so exhibited and pre-

sented against him, because, he says, the facts set forth in said third article do not, if true, constitute an impeachable high crime and misdemeanor as defined in the Constitution of the United States, and that, therefore, the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said third article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said third article, said respondent saving to himself all advantages of exception to said third article, for answer thereto saith:

Further answering said article, the respondent admits, denies, and alleges, as follows:

I

Admits that on the 17th day of February 1932 by an order duly made and entered in that certain action then pending in the United States District Court for the Northern District of California, in which action Waukesha Motor Co. was complainant and Fageol Motors Co., a corporation, and others were defendants, he appointed Guy H. Gilbert as receiver of the said Fageol Motors Co. and respondent alleges the facts and circumstances surrounding and leading up to the appointment of said receiver were as follows, and not otherwise:

On the 17th day of February 1932 a verified bill of complaint was filed in the office of the clerk of said court in the action above mentioned. That in said complaint, among other things, the appointment of a receiver was prayed for. That in said action Weinmann & Licking were the attorneys for the plaintiff and Bronson, Bronson & Slaven were the attorneys for defendants. Upon the filing of said bill of complaint, application was made to this respondent for the appointment of a receiver. Upon the filing of the complaint an answer was also filed admitting all the allegations of the complaint and therein stating that the defendant's consent to the relief prayed for. Said answer concludes as follows: "Wherefore the defendants pray that the relief prayed for in the bill of complaint be granted."

The said complaint, the said answer, and an order appointing receiver, with the name of the receiver left blank, was left with respondent's secretary in chambers by counsel for the respective parties during respondent's absence in court, with a request then and there made to said secretary for the appointment of a receiver, and a suggestion for the appointment of a person named by them whose name at the present time respondent cannot recollect. Knowing nothing personally of the person so suggested, respondent granted said application, but appointed one G. H. Gilbert receiver, filling in the blank space in the order so left with the respondent's secretary the name of G. H. Gilbert, who, according to respondent's information and belief, is the same person referred to in said article III as Guy H. Gilbert.

That said order as so prepared by counsel above referred to contained the following clause:

"Decreed that the receiver be, and hereby is, directed within thirty (30) days from the date of this decree, to cause to be mailed to each and every creditor of the defendants known to such receiver, a copy of this order and a notice of a motion to make the receivership herein permanent, such mailing to be in a securely sealed envelope, postage prepaid, and to be addressed to said creditor at the last post-office address known to the said receiver and such service by mail is hereby decreed to be due, timely, sufficient, and complete service of notice of this decree and this suit and of such notice and all proceedings had or to be had herein and upon all such creditors for all purposes."

Respondent alleges, upon and according to his information and belief, within 30 days after making of said order, to wit, on or about the 22d day of March 1932, said receiver, G. H. Gilbert, mailed to each creditor of said Fageol Motors Co., at the address given and as the name of said creditor appeared on the books of said Fageol Motors Co., a copy of said order so appointing said receiver, and a notice to the effect that on the 17th day of March 1932 said receiver would move the said court, so presided over by respondent, for an order making his appointment as temporary receiver, permanent. In addition thereto, said receiver caused to be served, on the 29th day of February 1932, a like notice upon the attorneys for the complainant and also upon the attorneys for the defendants, as shown by their written admissions of service on the back of said notice, and which said notice was filed in the office of the clerk of said court on the 1st day of March 1932. Respondent further alleges that at the time so fixed for the hearing of said motion the same was continued from the 17th day of March 1932 to the 21st day of March 1932, at which time said motion came on regularly for hearing. No opposition was made at said time by anyone to the making of the order requested, and thereupon respondent, as such judge, on said 21st day of March 1932 granted said motion and appointed the said G. H. Gilbert permanent receiver of said Fageol Motors Co., which said order reduced to writing and signed by respondent as judge of said court was filed in the office of the clerk of said court on the following day.

Respondent further alleges that no objection was ever made to him at any time to the appointment of the said G. H. Gilbert, either as temporary or permanent receiver.

Respondent denies that at the time of the appointment of said G. H. Gilbert as either temporary receiver or permanent receiver, he knew the said G. H. Gilbert to be incompetent, unfit and/or inexperienced for his duties as such, and respondent denies that said Gilbert was incompetent or unfit and/or inexperienced for the duties of said office.

Respondent denies that he oppressively and/or in disregard of the rights and interests of litigants, or any litigant in his court, did appoint the said G. H. Gilbert as receiver for the said Fageol Motors Co.

Respondent denies that he ever refused to grant a hearing to the plaintiff, the defendant, or any creditors or creditor, or any party or parties in interest in the matter of the said Fageol Motors Co. of the appointment of said receiver and denies that anyone connected with said litigation ever requested him to grant to said plaintiff or defendant, or any creditor or creditors, or anyone interested in said proceedings, a hearing.

Respondent denies that he caused the said litigants, parties in interest in said matter, or any of them, to be misinformed of his action in regard to the appointment of said G. H. Gilbert as such receiver, either while said Gilbert took the steps necessary to qualify as such receiver or in any other manner or at all, and respondent denies that thereby, or otherwise or at all he deprived said litigants and parties in interest, or any of them, of presenting the facts, circumstances, and conditions, or any of them, of said equity receivership, or the nature of the business and the type of the person necessary to operate the same in order to protect creditors, litigants, and all parties in interest or any of them, and thereby or otherwise or at all deprived the said parties in interest, or any of them, of an opportunity of protesting against the appointment of the said G. H. Gilbert, either as temporary or permanent receiver.

Respondent denies that in any matter or thing set forth or referred to in said article III he was guilty of misdemeanor in office resulting in expense, disadvantage, annoyance, and/or hindrance to litigants or any litigant in his court in the case in said article referred to, and further denies that he was and/or is guilty of a course of conduct constituting misbehavior as said judge and/or that he was guilty, or is guilty of a misdemeanor in office.

And except as hereinbefore specifically admitted, or explained, respondent denies each and every allegation in said article III contained.

ANSWER TO ARTICLE IV

For answer to the fourth article the respondent says that this honorable court ought not to have or take further cognizance of the fourth of said articles of impeachment so exhibited and presented against him, because, he says, the facts set forth in said fourth article do not, if true, constitute an impeachable high crime and misdemeanor as defined in the Constitution of the United States, and that, therefore, the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said fourth article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said fourth article, said respondent saving to himself all advantages of exception to said fourth article, for answer thereto saith:

Further answering said article, the respondent admits, denies, and alleges, as follows:

I

Admits that on or about the 15th day of August 1931, by an order duly filed and entered in that certain action then pending in the United States District Court for the Northern District of California, in which action Character Finance Co. of Santa Monico, a California corporation, was plaintiff, and Credential Holding Co. of Los Angeles, a Nevada corporation, was defendant, he appointed G. H. Gilbert as receiver of said defendant, and thereafter on the 18th day of August 1931, ratified and approved the appointment of Dinkelspiel & Dinkelspiel as attorneys for said receiver.

Respondent alleges that the facts and circumstances surrounding and leading up to the appointment of said receiver were as follows, and not otherwise:

On said 15th day of August 1931 a bill of complaint was filed in the office of the clerk of said court in the action last above referred to. That in said bill of complaint, among other things, the appointment of a receiver was prayed.

That in said action Gold, Quittner & Kearsley were attorneys for the plaintiff. Upon the filing of the said bill of complaint an application was made to this respondent for the appointment of a receiver. At the making of said application the plaintiff was represented by Brice Kearsley, Jr., of the said firm of Gold, Quittner & Kearsley, and the said defendant corporation was represented by its director and vice president, J. H. Stephens, who joined in the request of said attorney for plaintiff for the making of the order appointing a receiver. Thereupon respondent, as judge of said court, made the order so appointing the said G. H. Gilbert receiver as aforesaid.

That in said bill of complaint, among other things, it was alleged that the plaintiff corporation was organized under the laws of the State of California, with its principal place of business in the county of Los Angeles in that State, and was a citizen and resident of said State; it was further alleged that the defendant therein was incorporated under the laws of the State of Nevada, was a citizen and resident thereof, and having its principal place of business in the city of Oakland in the State aforesaid. That the said city of Los Angeles was and is within the jurisdiction of the District Court for the Southern Division of California. It was further alleged that the grounds upon which the jurisdiction depended were diversity of citizenship and the fact that the corporate defendant had property within the jurisdiction of the court, so presided over by your respondent. Said complaint further alleged the amount involved was in excess of $3,000; that

the plaintiff was the owner of 6,400 shares of class B preferred stock and 3,200 shares of common stock, all issued by defendant, and plaintiff had acquired this stock under an agreement entered into between the plaintiff and the defendant on the 12th day of September 1929 wherein and whereby it was agreed between said parties that plaintiff should transfer to defendant all its assets, alleged to be of the value of $96,000, in consideration of the defendant issuing to plaintiff the stock aforesaid and assuming and promising to pay certain outstanding indebtedness of plaintiff in the sum of $15,000. The complaint further alleged, in conformity with said agreement, the plaintiff had transferred all of its said assets to defendant, that defendant had issued said stock to plaintiff, had paid said indebtedness to the extent of $10,000, but refused and had failed and neglected to pay the balance thereof.

Said complaint further alleged the defendant was engaged in the business of buying, selling, and dealing in real property, both improved and unimproved, and of conducting numerous and divers finance and mortgage companies and thrift banks. It was further alleged that defendant's assets were of the fair, reasonable value of approximately $1,150,000, and that defendant's indebtedness to various creditors aggregated approximately the sum of $1,100,000. It was further alleged that on many of its real-estate holdings there existed liens in the form of mortgages or deeds of trust; that sales had already been made under certain of said mortgages or deeds of trust, due to mismanagement of the directors of defendant, and that further sales under other mortgages and deeds of trust were about to be had. It was further alleged that attachments had been levied against the property of the defendant in a suit brought to recover the sum of $60,000 by the First National Bank of Bakersfield in said State of California; that other attachment suits were threatened; that the defendant had neglected to pay and had permitted to become delinquent taxes on various of its properties and holdings and that the president of said company had improperly and without authority transferred certain of its assets consisting of accounts receivable to various parties for collection and adjustment and that various creditors of the said defendant were pressing their claims for payment and that defendant was without sufficient funds to meet its obligations, the majority of which were past due. It was further alleged in said complaint, in order to prevent a multiplicity of suits—the obtaining of preferences—and to obtain an equitable winding up of the business of said defendant and a just application of its assets amongst its creditors and its stockholders, and also for the prevention of irreparable injury and damage that would result to such creditors and the stockholders of defendant, the appointment of a receiver was advisable and necessary.

Respondent admits that on the 20th day of August 1931 a motion to dismiss the said action was filed on behalf of said defendant, appearing specially for the making of said motion upon the grounds that said bill of complaint was not properly verified and that plaintiff was a resident of the southern district of the State of California and the defendant a resident of the State of Nevada.

Respondent further admits that on the 29th day of August 1931 said motion to dismiss came on to be heard, and at which time plaintiff was granted permission to file a memorandum of authorities. Said motion to dismiss was finally submitted on the 19th day of September 1931 and granted by respondent, as judge of said court, on the 2d day of October 1931.

Respondent further admits that during the pendency of the said motion to dismiss and on the 5th day of September 1931 a petition in bankruptcy was filed against the said Prudential Holding Co., and in which latter proceeding on the 30th day of September 1931 as judge of said court, he made an order therein appointing the said G. H. Gilbert receiver in said bankruptcy proceeding, and thereafter approved the appointment of said Dinkelspiel & Dinkelspiel and others, as attorneys for said receiver in bankruptcy.

Respondent denies that he willfully, improperly, and/or unlawfully took jurisdiction of the said cause in bankruptcy, and denies that he made the order so appointing the said receiver in said bankruptcy proceeding, while sitting in a part of said court to which he had not been assigned at said time. In this behalf respondent alleges that said bankruptcy proceeding had been assigned to the department presided over by the Honorable A. F. St. Sure, one of the duly appointed, qualified, and acting judges of said court. That at the time of the filing of said bankruptcy proceedings Judge St. Sure was absent from the city and county of San Francisco, and respondent alleges that said judge had requested respondent to act for him in all such matters as might arise during his said absence, and for said reason and no other respondent acted for and on behalf of the said judge in the hearing of said application and the making of said order.

Respondent denies that the order made on the 15th day of August 1931 appointing the said G. H. Gilbert receiver in said equity proceeding was made without notice to the said Prudential Holding Co., and further admits that said order was made upon a complaint or petition verified not by plaintiff therein, but by one of the attorneys for plaintiff, and alleges that said verification recited that said attorney had been duly authorized by the plaintiff to verify and file the same.

Respondent denies that the said G. H. Gilbert was appointed such receiver or that respondent ratified the selection by said receiver of Dinkelspiel & Dinkelspiel as his attorneys in an attempt, or in any attempt on the part of respondent to benefit and/or enrich the said receiver and/or his said attorneys, or any of them.

Respondent denies that in the appointment of the said G. H. Gilbert, as receiver, or in the ratification of the said Dinkelspiel & Dinkelspiel, as attorneys for said receiver, said respondent failed to give his fair, impartial, and/or judicial consideration to the application of the said Prudential Holding Co. for a dismissal of said complaint or petition and/or a discharge of said receiver.

And respondent denies that said alleged failure to give such consideration to said application or petition was in an attempt to benefit and enrich or benefit or enrich the said receiver and his said attorneys, or any of them.

And respondent denies that said Prudential Holding Co. was at any time prior to the filing of said notice of motion to dismiss, entitled in law to have said receiver discharged.

Respondent denies that in any matter or thing referred to in said article IV he acted oppressively or deliberately or willfully, or that he misused the powers of his judicial office with the sole purpose, or for any purpose, of benefiting and enriching, or benefiting or enriching, the said receiver and his said attorneys, or any of them.

Respondent denies that he caused the said Prudential Holding Co. to be put to unnecessary delay, expense, and/or labor, or deprived it of a fair, impartial, and/or judicial consideration of its right or rights and/or the protection of its property.

Respondent denies that in any matter or thing set forth or referred to in said article IV he was guilty of misbehavior in office or filled with partiality and/or favoritism, or made any order whatever referred to in said article for the sole or any purpose of benefiting and enriching or benefiting or enriching any personal friend or friends, or associate or associates.

Respondent further alleges that in said receivership in said equity proceeding no fees whatever were allowed or received by either said receiver or his said attorneys and in said bankruptcy proceeding no fees whatever were allowed by respondent, as judge of said court, to either said receiver or to any of his said attorneys.

And, except as hereinbefore specifically admitted, respondent denies each and every allegation in said article IV contained.

ANSWER TO ARTICLE V

For answer to the fifth article the respondent says that this honorable Court ought not to have or take further cognizance of the fifth of said articles of impeachment so exhibited and presented against him, because, he says, the facts set forth in said fifth article do not, if true, constitute an impeachable high crime and misdemeanor as defined in the Constitution of the United States, and that therefore the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said fifth article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said fifth article, said respondent, saving to himself all advantages of exception to said fifth article, for answer thereto saith:

I

That said article V is so uncertain and indefinite as to time, place, and proceedings that respondent cannot ascertain therefrom with reasonable, or any, certainty, in what proceeding or proceedings, or at what time or times, or at what place or places, his conduct was, as set forth in said article V, and respondent cannot safely proceed to trial as to said fifth article before this honorable Senate, sitting as a Court of Impeachment, at a distance of more than 3,000 miles from where respondent has presided as such judge, as aforesaid, without being apprised in advance in the particulars aforesaid, in order to procure the attendance of such witnesses as may be necessary to meet such charge or charges.

Wherefore respondent, upon the reading and filing of this answer will move the honorable Senate of the United States, sitting as a Court of Impeachment, to require the honorable House of Representatives of the United States, within a reasonable time, to be by it specified, to make said fifth article more definite and certain in the particulars aforesaid, and failing so to do, this honorable body dismiss said article V.

And without waiving but expressly reserving his right to make said motion and to have the same passed upon by the honorable Senate of the United States, sitting as a Court of Impeachment, respondent, answering said article V, admits and denies as follows, to wit:

I

Respondent admits that on the 17th day of April 1928 he was duly appointed United States district judge for the northern district of California, and has held such office to the present day.

II

Denies that at any time or times, or at any place or places, during his term of office, when acting as such judge, he conducted himself in his said court in his capacity as judge in the making of any decision or decisions, or order or orders in any action or actions pending in his court, and before him as such judge, so as to excite fear and/or distrust, and/or to inspire a wide-spread, or any belief, in and/or beyond said northern district of California, that any cause was or that any causes were not decided in said court according to their merits, but was or were decided with partiality and/or with prejudice and/or favoritism to certain or any individuals or individual, particularly, or at all, to receivers and attorneys for receivers by him appointed, or any of them.

III

Respondent denies that at any time in any matter referred to in said article V he displayed a high degree of indifference or

any indifference to the litigants or any litigant in equity receiverships, or in any other proceedings, as to excite fear and distrust, or fear or distrust, and/or to inspire a wide-spread belief, or any belief in and/or beyond said northern district of California that any cause or causes were not decided in said court according to their merits but were decided with partiality and/or with prejudice and/or favoritism to certain or any individual or individuals, particularly, or otherwise, or at all, as to receivers and attorneys for receivers, or any of them by him so appointed.

IV

Respondent denies that at any time referred to in article V, or at any other time, he so conducted himself in said office and in his capacity as judge as aforesaid as to cause or bring about any scandal and/or disrepute of said court and/or the administration of justice therein, and further denies that any conduct on his part whether referred to in said article V or otherwise, ever was or has been or is prejudicial to the dignity of the judiciary.

V

Respondent further denies that he ever was or now is guilty of misbehavior as such judge and/or of a misdemeanor in office.

Except as hereinbefore specifically admitted, respondent denies each and every allegation in said article V contained.

And this respondent in submitting to this honorable court this his answer to the articles of impeachment exhibited against him, respectfully insists that he is not guilty of any of the charges contained in any of the said 5 articles of impeachment, and respectfully reserves leave to amend and add to this his said answer from time to time as may become necessary or proper and when said necessity and propriety shall appear.

Dated April 11, 1933.

HAROLD LOUDERBACK,
Respondent.
WALTER H. LINFORTH,
JAMES M. HANLEY,
Of Counsel for Respondent.

During the reading of the respondent's answer,

The VICE PRESIDENT. The Chair is advised that several Senators are present who have not as yet taken the oath as members of the Senate sitting as a Court of Impeachment. They will present themselves at the desk and now take the oath.

Thereupon the Senator from Minnesota [Mr. SCHALL], the Senator from Arizona [Mr. HAYDEN], and the Senator from Montana [Mr. WHEELER] advanced to the desk, and the oath was administered to them by the Vice President.

After the reading of the respondent's answer,

Mr. LINFORTH. Mr. President, in obedience to the provisions of the answer just read, and insofar as the fifth count thereof is concerned, the respondent, Harold Louderback, at this time presents a written notice of motion to make the fifth article in the articles of impeachment more definite and certain in the particulars specified in his answer, and we ask that such notice of motion be read and filed.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

IN THE SENATE OF THE UNITED STATES,
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA *v.* HAROLD LOUDERBACK—MOTION TO MAKE ARTICLE V OF THE ARTICLES OF IMPEACHMENT MORE DEFINITE AND CERTAIN

The respondent, Harold Louderback, moves the honorable Senate sitting as a Court of Impeachment, for an order requiring the honorable House of Representatives of the United States, within a reasonable specified time, to make more definite and certain the charges contained in article V of the articles of impeachment herein in the following particular or particulars, that is to say:

To specify the time and times, and the place or places, and the name or title of the proceeding or proceedings, and the circumstance or circumstances wherein in said fifth article it is claimed the said respondent was guilty of the conduct referred to and set forth therein.

Said motion is made for the reason and on the ground that it is impossible for respondent to be prepared to meet said charges and to summon witnesses in regard thereto without first being advised of the time and times, and the place and places, and the name or title of the proceeding or proceedings, and the circumstance or circumstances wherein in said fifth article it is claimed the said respondent was guilty of the conduct referred to and set forth therein.

And, in the event of the failure of said House of Representatives within the time so fixed to amend said fifth article in the particulars aforesaid, that this honorable body dismiss the charges contained in said fifth article.

Dated April 11, 1933.

WALTER H. LINFORTH,
JAMES M. HANLEY,
Counsel for Said Respondent.

Mr. LINFORTH. Mr. President, in obedience to the notice, we now, on behalf of the respondent, move this honorable Senate to require the House to specify, in the particulars set forth, the fifth count of the articles, and, failing so to do within a reasonable time, that that article be dismissed. We are ready at any time that will suit the convenience of the Senate or the managers on the part of the House to present the motion.

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House, in order to comply with the suggestion of counsel for the respondent and to save the necessity of considering the motion, consent to attempt to make article 5 more specific and to procure the endorsement of the House of Representatives. It is understood that we cannot of ourselves do these things. They have to be done through the House, but we will undertake to do the best we can.

Mr. LINFORTH. Mr. President, may a time be specified within which that will be done, so that we will be apprised about when the pleadings will be settled in this matter, in order that we may be able to prepare for trial?

Mr. ASHURST. Mr. President, unless the honorable managers, or the honorable attorneys for the respondent, have something further to offer, the Committee on the Judiciary have a number of formal orders they desire to present.

I send an order to the desk and ask for its adoption.

The VICE PRESIDENT. The Senator from Arizona offers an order, which the clerk will read.

The Chief Clerk read as follows:

Ordered, That the managers on the part of the House be allowed until the 15th day of May 1933, at 1 o'clock in the afternoon, to present a replication, or other pleading, of the House of Representatives to the answer of the respondent. That any subsequent pleadings, either on the part of the managers or of the respondent, shall be filed with the Secretary of the Senate, of which notice shall be given to the House of Representatives and the respondent, respectively, so that all pleadings shall be closed on or before the 15th day of May 1933, and that the trial shall proceed on the said 15th day of May 1933 at 1 o'clock p.m.

Mr. LINFORTH. Mr. President, in the consideration of such a motion, it seems to the respondent that the pleadings in this matter should be settled in advance of the trial of the case. As the president and the managers know, these proceedings complained of have their origin in the State of California, more than 3,000 miles from the meeting place of this honorable Senate. In order properly to prepare, and present witnesses, we ought, as it seems to us, have the pleadings settled, so that the issues will be defined at least a reasonable time in advance of the time of trial.

I should like to suggest, if the managers prior to the time suggested can present such replication as they may see fit, after we have been permitted to answer the amendment to the fifth count, that that be done before the day fixed for trial.

Mr. ASHURST. Mr. President, the Senate, of course, sitting as a Court of Impeachment, is the judge not only of the law but of the evidence and the pleadings. The order I have sent to the desk is in strict accord with orders in previous cases, notably, the Archbald case, and particularly the Swayne case, they being in point of time the two nearest cases the Senate has tried.

With all due deference to the suggestion of the honorable attorneys, I suggest to them that the order is in accordance with precedent, but, of course, the managers should be heard, if they wish to make any statement with respect to the subject.

Mr. DIETERICH. Mr. President, I ask unanimous consent to be excused from sitting as a member of this court, and to be relieved of the obligation of the oath I have taken. My reason is that I was a member of the Committee on the Judiciary of the House when this matter was presented to that committee, and I was a Member of the House of Representatives at the time the articles of impeachment were voted. Therefore I do not believe I would be a proper juror in this case.

The VICE PRESIDENT. Is there objection to excusing the Senator from Illinois from acting in the case? The Chair hears none, and the Senator is excused.

Do the managers on the part of the House desire to make any statement in reference to the matter presented by the attorneys on behalf of the respondent?

Mr. Manager SUMNERS. Mr. President, of course—as the honorable Senator from Arizona, the Chairman of the Committee on the Judiciary of the Senate, has stated—this matter is entirely within the control of the Senate. On the part of the managers, I may say to counsel for the respondent, and to the Members of the Senate, that we will be as expeditious as we possibly can be toward the completion of the pleadings on the part of the managers, and will furnish to counsel for the respondent, just as soon as they are completed, copies of everything prepared on the part of the managers of the House.

Mr. HANLEY. Mr. President, in answer to the Senator from Arizona, I may say that in both the Archbald case and the Swayne case 3 days were given for the filing of the replication. The Senator's motion is that the managers be given until the 15th day of May. We do not know the issues that will be framed. Our witnesses cannot meet those issues. Therefore I say to the Senate, sitting as a Court of Impeachment, that before a definite day is set for trial we ought to have the pleadings in the case perfected.

Mr. ASHURST. Mr. President, let me suggest to the Senate, to the honorable managers, and to the honorable attorneys, would it suffice to require the honorable managers to file their pleadings on or by the 10th of May, and that the pleadings or answers on the part of the respondent be filed by the 15th, and trial commence on the 15th?

Mr. LONG. Mr. President, that is not fair. There is no reason why, if they have a replication to file, it cannot be filed in 10 or 15 days. What is the reason why they cannot file it in 10 or 15 days? There does not seem to be any reason. The attorneys ought to have a month to prepare for that kind of a thing. I know something about impeachments. I have been in one.

Mr. BRATTON. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. BRATTON. Under the rules governing impeachment trials Senators are not permitted to engage in colloquies.

The VICE PRESIDENT. The point of order is sustained.

Mr. ASHURST. Mr. President, I suggest that the honorable managers file all their pleadings and their replication by the 10th of May, and that the respondent be given to the 15th of May to file his rejoinder or other pleadings, and that the trial begin at 1 o'clock in the afternoon on the 15th day of May.

Mr. LINFORTH. Mr. President, may I respectfully ask that the suggestion be amended so as to provide that the replication be filed not later than the 1st of May? The replication as a rule consists of a few lines, and if filed by the 1st of May it will give the managers of the House at least 3 weeks.

Mr. ASHURST. That is satisfactory, the 1st of May.

The VICE PRESIDENT. Is there objection to the request that the date be changed to the 1st of May? The Chair hears none, and it is so ordered.

Mr. BLACK. Mr. President, I desire to send an order to the desk, and move its adoption.

The VICE PRESIDENT. The Senator from Alabama presents an order, which the clerk will report.

The legislative clerk read as follows:

Ordered, That the answer of the respondent, Harold Louderback, to the articles of impeachment exhibited against him by the House of Representatives be printed for the use of the Senate sitting in the trial of said impeachment.

The VICE PRESIDENT. Without objection, the order is agreed to.

Mr. KING. Mr. President, if I rightly understand the situation, after the replication shall be filed, on the 1st of May, the proceedings will go forward on the 15th. So, acting upon that assumption, I send the following order to the desk and ask that it be read for the benefit of the court.

The VICE PRESIDENT. The clerk will report the order.

The legislative clerk read as follows:

Ordered, That lists of witnesses be furnished to the Sergeant at Arms by the managers and by the respondent, and said witnesses shall be subpenaed to appear on Monday, the 15th day of May 1933, at 1 o'clock p.m.

Mr. LINFORTH. Mr. President, inasmuch as issue will not be joined until May 1, and not knowing what the issues will be until that time, we ask that it be not required that the list of witnesses be furnished prior to that date.

Mr. LONG. A point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. As I understand, they are to file their rejoinder, or replication, or other pleading, by the 1st of May. Does this order mean that the witnesses are to be summoned to appear on the 1st of May?

Mr. ASHURST. The 15th.

Mr. KING. Mr. President, the order calls for the issuing of subpenas and the returns so that the witnesses may be in attendance on the 15th of May, the date when it is assumed the trial will proceed.

The VICE PRESIDENT. No date is specified when the witnesses shall be summoned, but they are to be here on the 15th of May, as the Chair understands.

Is there objection to the order proposed by the Senator from Utah? The Chair hears none, and the order is entered.

Mr. BRATTON. Mr. President, I send to the desk the following order, and move its adoption.

The VICE PRESIDENT. The clerk will report the order.

The legislative clerk read as follows:

Ordered, That in addition to the rules of procedure and practice in the Senate when sitting on impeachment trials, heretofore adopted, and supplementary to such rules, the following rules shall be applicable in the trial of the impeachment of Harold Louderback, United States judge for the northern district of California:

1. In all matters relating to the procedure of the Senate, whether as to form or otherwise, the managers on the part of the House or the counsel representing the respondent may submit a request or application orally to the Presiding Officer, or, if required by him or requested by any Senator, shall submit the same in writing.

2. In all matters relating immediately to the trial, such as the admission, rejection, or striking out of evidence, or other questions usually arising in the trial of causes in courts of justice, if the managers on the part of the House or counsel representing the respondent desire to make any application, request, or objection, the same shall be addressed directly to the Presiding Officer and not otherwise.

3. It shall not be in order for any Senator, except as provided in the rules of procedure and practice in the Senate when sitting on impeachment trials, to engage in colloquy or to address questions either to the managers on the part of the House or to counsel for the respondent, nor shall it be in order for Senators to address each other; but they shall address their remarks directly to the Presiding Officer and not otherwise.

4. The parties may, by stipulation in writing filed with the Secretary of the Senate and by him laid before the Senate or presented at the trial, agree upon any facts involved in the trial; and such stipulation shall be received by the Senate for all intents and purposes as though the facts therein agreed upon had been established by legal evidence adduced at the trial.

5. The parties or their counsel may interpose objection to witnesses answering questions propounded at the request of any Senator, and the merits of any such objection may be argued by the parties or their counsel; and the Presiding Officer may rule on any such objection, which ruling shall stand as the judgment of the Senate, unless some Member of the Senate shall ask that a formal vote be taken thereon, in which case it shall be submitted to the Senate for decision; or he may, at his option, in the first instance submit any such question to a vote of the Members of the Senate. Upon all such questions the vote shall be without debate and without a division, unless the ayes and nays be demanded by one fifth of the Members present, when the same shall be taken.

The VICE PRESIDENT. Without objection, the order is entered. The Chair hears none.

Mr. ASHURST. Mr. President, the Senate, sitting as a Court of Impeachment, having entered an order that the trial shall begin on Monday, May 15, and in view of the fact that there appear to be some points in the pleadings upon which it may become necessary to pass, I suggest that when the Senate, sitting as such court, takes a recess it recess until Monday, May 1, at 12:30 o'clock p.m. Meanwhile I offer the following order.

The VICE PRESIDENT. The Senator from Arizona offers an order, which the clerk will report.

The legislative clerk read as follows:

Ordered, That the Secretary of the Senate communicate to the House of Representatives an attested copy of the answer of Harold Louderback, judge of the United States district court in

and for the northern district of California, to the articles of impeachment, and also a copy of the foregoing order.

The VICE PRESIDENT. Without objection, the order is entered.

Mr. ASHURST. Mr. President, unless the honorable managers on the part of the House or the honorable attorneys for the respondent have something to communicate to the court, I move that the Senate, sitting as a Court of Impeachment, take a recess until Monday, May 1, at 12:30 o'clock p.m.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

Mr. HANLEY. Mr. President, may I suggest to the President, to the Senator from Arizona, and to the other Senators that we ought to have something done with the motion to make the fifth article more definite and certain, and that the Senate, sitting as a Court of Impeachment, ought to adjourn for 4 or 5 days in order to give the House, through its managers, an opportunity to make the article more definite, so that when we go home we will know who our witnesses will be and we will be able to prepare our defense. As article V is now drawn, we are at sea to know how to meet it; we are compelled to defend every official act of Judge Louderback during a period of 5 years. It would require that some two or three hundred witnesses be summoned from California to the Senate in order to defend his conduct unless we knew, with a reasonable certainty, what the article embraces. Therefore I suggest that an adjournment of 4 days might be taken for that particular purpose.

Mr. ASHURST. I can only speak for myself as an individual Senator. I am quite certain that the honorable managers will comply with the request and demand of the honorable attorneys for the respondent and will make their pleadings definite and certain; indeed, I believe they will serve within 5 days on the honorable attorneys the proper papers looking toward making the pleadings more definite and certain. I will ask the opinion of the managers on the part of the House as to that.

The VICE PRESIDENT. Do the managers on the part of the House desire to make a statement concerning the suggestion of counsel for the respondent?

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House contemplate beginning work immediately on article V in order to comply with the suggestion made by counsel for the respondent. We understand, however, that there is a possibility that the House and the Senate may adjourn for a few days very soon, perhaps over Easter—I am not certain about that—but we could be ready in 3 or 4 days if we could find the House and Senate in session so that we could make a return.

May I make the suggestion, if I may be pardoned for doing it, that as soon as the specification with regard to article V is completed, we will be very glad, as I said before, to furnish a copy to counsel for the respondent. I do not know whether or not counsel for the respondent want to remain in the city until we shall have completed complying with their request.

The VICE PRESIDENT. The Chair understands the managers on the part of the House have to go back to the House and obtain authority to amend article V and that there may be some question as to the House being in session during the latter part of the present week. Is that correct?

Mr. Manager SUMNERS. That is the difficulty we confront.

The VICE PRESIDENT. The Chair calls that circumstance to the attention of the counsel for the respondent.

Mr. HANLEY. Mr. President and Members of the Senate——

Mr. Manager SUMNERS rose.

Mr. HANLEY. Excuse me; I will yield to the manager on the part of the House.

Mr. Manager SUMNERS. We feel, Mr. President, that we may say, with reasonable assurance of ability to comply, that we will be prepared by Tuesday of next week.

Mr. LINFORTH. Make it Monday.

Mr. Manager SUMNERS. We are afraid the House may not be in session on Monday.

Mr. LINFORTH. Then not later than Tuesday.

Mr. HANLEY. I suggest, Mr. President, that the Senate, sitting as a Court of Impeachment, adjourn to an early date, because if article V, as amended, is not as definite and certain as we want to make it we ought to be given an opportunity again to present the case to the Senate and state wherein the particulars have not been specified. Therefore the session of the Court of Impeachment ought to go over until some time when we can see that particular amended article V, so that we may know where we stand.

The VICE PRESIDENT. Has the Senator from Arizona any suggestion as to the date to which the recess of the Senate, sitting as a Court of Impeachment, should be taken?

Mr. ASHURST. Mr. President, if counsel for the respondents feel that they cannot adequately prepare or meet the issues or that pleadings ought to be more definite and certain, certainly, in the interest of fairness and judicial procedure, I have no objection to the court adjourning until next Tuesday, April 18, at 12:30 o'clock, at which time the pleadings may be settled.

The VICE PRESIDENT. Does the Senator move that the Senate, sitting as a Court of Impeachment, take a recess until that hour on Tuesday.

Mr. ASHURST. I ask the honorable counsel for the respondents if that will be satisfactory to them?

Mr. LINFORTH. That is entirely satisfactory.

Mr. ASHURST. Then, I move, if it is also satisfactory to the managers on the part of the House, that the Senate, sitting as a Court of Impeachment, take a recess until 12:30 o'clock p.m., on Tuesday next, April 18.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

The motion was agreed to; and (at 2 o'clock and 10 minutes p.m) the Senate, sitting as a Court of Impeachment, took a recess until Tuesday, April 18, 1933, at 12:30 o'clock p.m.

RELIEF OF AGRICULTURE

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business.

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The Senator from Florida had the floor at the time the impeachment proceedings began on the motion submitted by him, but, the unfinished business now being before the Senate, the Senator from South Carolina [Mr. SMITH] is recognized.

6-HOUR DAY 5-DAY WEEK—MOTION TO RECONSIDER

Mr. BLACK. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BLACK. The Senator from Florida [Mr. TRAMMELL] has already begun his remarks on his motion to reconsider, I do not know of any reason why that motion cannot be disposed of in a short time. I have discussed the matter with the Senator from Florida, and, while he desires to continue his remarks, I understand that they will be completed within a reasonable time, probably in 20 or 30 minutes, as I understood the Senator.

Mr. TRAMMELL. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield.

Mr. TRAMMELL. I said to the Senator, and I repeat, that, so far as I am concerned, I would probably not occupy over 20 or 30 minutes longer, and that I myself had no objection to a disposition of the motion by a unanimous-consent agreement. But, of course, as to that I cannot speak for anyone except myself.

Mr. BLACK. Mr. President, insofar as I am concerned, I might want to take 4 or 5 minutes, certainly no longer, and, since we have already begun on this matter, and it would require in order to bring it up another adjournment if it should not be proceeded with now, I should like to ask

unanimous consent that the unfinished business may be temporarily laid aside, in order that we may proceed with and conclude the consideration of the motion of the Senator from Florida.

Mr. SMITH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Alabama make a unanimous-consent request to the effect indicated by him?

Mr. BLACK. I do.

The PRESIDENT pro tempore. Is there objection?

Mr. SMITH. Mr. President, before that is done, I wish to say a few words. I have already stated the urgent necessity for the passage of the pending bill. I appreciate that by having an adjournment until this morning we lost 2 hours today which might have been devoted to the pending bill, but the adjournment was taken in order to afford an opportunity to dispose of the motion of the Senator from Florida. Personally, I think that the motion ought to be disposed of, and, it now being 10 minutes after 2 o'clock, so far as I am concerned, as the Senator managing the pending farm bill, if the motion can be disposed of by 3 o'clock I am willing to accord that length of time, at the expiration of which time I shall be disposed to call for the regular order.

Mr. HATFIELD. Mr. President, I am quite sure there are several Senators on this side of the aisle who will want to address themselves to the motion of the Senator from Florida. That being so, I shall have to object.

The PRESIDENT pro tempore. Objection is made.

Mr. BLACK. May I ask the Senator from West Virginia if he objects to considering the motion now?

Mr. HATFIELD. Taking into consideration what the Senator from South Carolina [Mr. SMITH] has said, that he would object to considering the motion after the hour of 3 o'clock, I do not believe, Mr. President, that it can be disposed of within that time, and for that reason I made the objection. There are absent from the Chamber at the present time some Senators who are interested in the motion and who wish to discuss it.

Mr. BLACK. Mr. President, I regret very much that the Senator from West Virginia objects to making an effort to dispose of the motion. I cannot see why he should do that unless he desires to delay the measure. If he objects to making progress, it is an indication that he does not want progress made. The Senator from South Carolina did not object; the Senator from West Virginia is objecting.

Mr. HATFIELD. Mr. President, if the Senator will yield, I do not believe that my record here will justify the statement the Senator has just made, that it is my purpose at any time ever to delay any question that is before the Senate. I made a statement upon this bill when it was pending; and not only that, but I offered an amendment. That amendment, I think, is of paramount importance in connection with the adoption of the proposed law, and until the Senators who represent States that adjoin the Canadian border and who are absent at the present time are heard, I must object.

The PRESIDENT pro tempore. Objection is made.

Mr. BLACK. Mr. President, I assume, then, that the Senator is not objecting for himself, but is objecting for someone else. I should like to ask the Senator, if a quorum is called and the other Senators do not object, whether the Senator himself will then repeat his objection.

Mr. HATFIELD. No; I have no objection to the consideration of the motion at this time, provided a quorum is called and there is no objection made upon the part of any other Senator who is interested in the motion.

Mr. BLACK. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Black	Brown
Ashurst	Bankhead	Bone	Bulkley
Austin	Barbour	Borah	Bulow
Bachman	Barkley	Bratton	Byrd
Byrnes	George	McAdoo	Schall
Capper	Glass	McCarran	Russell
Caraway	Goldsborough	McGill	Sheppard
Carey	Gore	McKellar	Shipstead
Clark	Hale	McNary	Smith
Connally	Harrison	Metcalf	Steiwer
Coolidge	Hastings	Murphy	Stephens
Copeland	Hatfield	Neely	Thomas, Okla.
Costigan	Hayden	Norbeck	Thomas, Utah
Couzens	Johnson	Norris	Townsend
Cutting	Kean	Nye	Trammell
Dickinson	Kendrick	Overton	Tydings
Dieterich	Keyes	Patterson	Vandenberg
Dill	King	Pittman	Van Nuys
Duffy	La Follette	Pope	Wagner
Erickson	Lewis	Reed	Walcott
Fess	Logan	Reynolds	Walsh
Fletcher	Lonergan	Robinson, Ark.	Wheeler
Frazier	Long	Robinson, Ind.	White

The PRESIDENT pro tempore. Ninety-two Senators having answered to their names, a quorum is present. The question is on the unanimous-consent request submitted by the Senator from Alabama that the unfinished business be temporarily laid aside and that the motion of the Senator from Florida [Mr. TRAMMELL] be considered. Is there objection?

Mr. McNARY. Mr. President, after some investigation and inquiry in view of the importance of the subject, it is my opinion that it could not be disposed of by 3 o'clock, but would probably require the rest of the afternoon. I do not know how generous the Senator from South Carolina [Mr. SMITH] cares to be.

Mr. SMITH. Mr. President, I have stated I would not consent to have the matter go beyond 3 o'clock. In view of what the Senator from Oregon states it would seem that it is idle to begin until such time as we may both begin and conclude the matter.

Mr. BLACK. Mr. President, I desire to state to the Senator that I have been unable to find anyone—and I have asked a great number of Senators—who desires to discuss the motion except the Senator from Florida himself. It may be I have not talked to the right Senators.

Mr. McNARY. My information is different and I think more accurate. There are some Senators representing States along the border who desire to be heard on the motion. There is no desire on the part of those on this side of the aisle to prolong the discussion. However, it is an important subject, and they want to be able to present it thoroughly. If the Senator from South Carolina is willing to give sufficient time for its consideration, I shall make no objection, but I could not consent and I will not consent at this time to the conclusion of the argument and a vote at 3 o'clock.

Mr. SMITH. Mr. President, in view of the statement made by the Senator from Oregon that, though the discussion went on, at the expiration of the time I have indicated we could not reach a vote, I think we might as well proceed with the regular order, because nothing would be accomplished except to hear some of those who care to discuss it and then no vote be reached.

Mr. BLACK. Mr. President, I ask unanimous consent that when the Senate concludes its business this afternoon it adjourn until tomorrow.

The PRESIDENT pro tempore. Is there objection?

Mr. McNARY. Mr. President, in the absence of the able leader on the Democratic side, the senior Senator from Arkansas [Mr. ROBINSON], who was just a moment ago called from the Chamber, I could not consent at this time to the unanimous consent proposed.

The PRESIDENT pro tempore. Objection is heard.

Mr. SMITH. That question can be brought up before we conclude our session this afternoon. I call for the regular order.

The PRESIDENT pro tempore. The regular order is demanded.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The PRESIDENT pro tempore. The clerk will state the pending amendment.

The CHIEF CLERK. The Senator from North Dakota [Mr. FRAZIER] has offered the following amendment to the committee amendment which is pending: On page 12, line 2, after the word "commodity" and the period, insert the following:

In computing the current average farm price in the case of wheat, premiums paid producers for protein content shall not be taken into account.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from North Dakota to the amendment of the committee.

Mr. FRAZIER. Mr. President, this language is taken from the old allotment bill, H.R. 13991, which was passed by the House during the last session and was considered by the Senate Committee on Agriculture and Forestry. The provision is for the protection of the wheat growers who have the peculiar quality of wheat known as protein content, and are paid a premium over the market price. All the amendment would do would be to insure to the wheat grower who has that high quality of protein wheat, whether it be hard spring wheat or some variety of winter wheat that has that quality, that he would be paid the protein premium in advance of and over the regular market price of wheat.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from North Dakota to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The question now is on the committee amendment as amended.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The next amendment will be stated.

The CHIEF CLERK. On page 13, line 14, strike out the word "act" and insert the word "title."

Mr. BLACK. Mr. President, recurring for the moment to the motion of the Senator from Florida [Mr. TRAMMELL] which was under discussion earlier in the afternoon, I desire to state that I received information on yesterday, not with reference to the Senator from Florida, who made the motion, nor with reference to any other Senator, that an effort is being made by the president of the National Manufacturers' Association and the National Chamber of Commerce to delay action upon the bill; that they desire in every way possible to cooperate to try to prevent action in this body.

It is my intention to seek to have the Senate adjourn today in order that the motion may be taken up tomorrow during the morning hour. I have no desire whatever to bring about any precipitate action in connection with the measure. The Senator from Florida has made a motion to reconsider the vote by which the bill was passed, which he has a perfect right to have considered, and which I desire that he shall have considered. He has submitted the motion with the idea of presenting certain facts to this body and has partially proceeded along the line of his argument, ably presenting the viewpoint that he desires to bring to the attention of the Senate.

I know that the Senator from Florida has no desire to prevent action upon the measure; but I desire to state now that if there does develop tomorrow, in line with information which has come to me, the manifest intention to prevent action on the measure, while I do not ordinarily believe in making motions to table, yet I shall certainly give the Senate an opportunity to vote on such a motion tomorrow during the morning hour.

Mr. TRAMMELL. Mr. President, in view of the statement made by the Senator from Alabama about what he has heard with regard to manufacturers' organizations, and so forth, I desire to say a word. I believe the Senator probably vindicated me in his statement. Personally, I have had no such experience. I have not heard anything of the kind from them.

At the time I made the motion, I think on Friday of last week, my inspiration for making it was that some people in my State engaged in the lumber business, and engaged in the phosphate business, and engaged in cigarmaking, and engaged in the production of tobacco wired me that under these restrictions, where American products produced by American labor were prohibited from entering into interstate-commerce territory unless it was established that the restrictions contained in the bill under discussion had been complied with, and with foreign-made products of the same character, made by labor working all kinds of hours for all kinds of wages, permitted to come in freely, they were very apprehensive that that would prove very detrimental to their industry and labor in such industry.

I have received, and I think my colleague [Mr. FLETCHER] has received, some telegrams from the cigar industry. I have been at least going along with the idea of the 6-hour day and the 5-day week, because I have always been sympathetic with labor. I have always been their friend. I have helped them in many a battle—I dare say as many as my good friend from Alabama, and I think he has always been a good friend of labor. But it was upon that basis that I came over rather hurriedly to see if the measure had been sent to the House in order that I might enter this motion.

I never heard from any manufacturers' organization, or anybody of the kind. I care nothing about them. I always try to treat a manufacturer fairly, but he would have no undue influence at all with me on the question of hours or the question at issue in this bill. I dare say there have not been as many as half a dozen manufacturers who have written me on the subject. I will say that 6 to 8 at most, including our Florida people, have written me. In fact, I do not think I have received over three communications from outside the State of Florida. I merely wanted us to have an opportunity to consider again on its merits the question whether or not we were going to put inhibitions on the sale of products made entirely by American labor and manufactured by American manufacturers that would necessarily increase the cost of the production of those commodities, and if, on the other hand, we were going to allow foreign labor without any restrictions whatever to make their goods and bring them into this country and sell them in this interstate territory. I cannot help but believe that that is a course that is detrimental to our American labor; and as a friend of the American laboring men I therefore entered this motion.

Now, as to the other question, I have tried to get the motion considered today, and I called it up today; but I knew nothing of the impeachment proceedings coming up today. I thought we would have an hour and a quarter or more to devote to the motion when I called it up. I gladly agreed with the Senator, and so far as I am concerned I will agree now on a limitation of about an hour. I should be very glad if we could have the motion taken up and considered and disposed of within an hour's time, and I have no objection to such a plan, but favored it.

Mr. LONG. Mr. President, I have no interest at all in the 30-hour bill except to carry out the promise that our candidate made to the people, and that our party made to the people.

Our party promised the people of this country an immediate, substantial reduction in the working hours and working days. I do not know just what particular part the party has played in this bill since we have inaugurated our new administration; but as a member of the party, having been one of the members of the convention that adopted this platform, and having had some little, insignificant part in explaining the virtues of our candidate's promises and the promises of the platform, I was interested in seeing this legislation enacted into law.

I do not understand that the proponent of the bill that we now have under consideration expects much good to come from it whether we pass it or not. In other words, I have before me the few remarks made by the senior Senator from South Carolina [Mr. SMITH] yesterday, and I read about seven of those lines. He said:

So far as the pending bill is concerned, I am going to let it take its course, hoping and praying that it may bring about the result which those who drafted it and are putting it through hoped it might, but if I do not believe it will, I am not going to subordinate my convictions to those of anybody else. I am

not throwing monkey wrenches into the machinery, but I am not going to attempt to extol that which I do not think worthy of being extolled, or to advocate that which I do not believe will do the work which the poor farmers need to have done. No; I will not.

From reading this statement by the distinguished Senator, whose convictions are never subordinated to the circumstances of the time or the will-o'-the-wisp of politics, I am constrained to believe that the Senator from South Carolina does not think much of the bill that we have up before the Senate at this time. In fact, I think too much of the intellect of the Senator, even though he had not said anything, to think that he thinks there is anything in this bill that is going to help anybody to any appreciable extent. That being true, the Democratic Party having promised immediate action to reduce the working hours, and the candidate having been elected largely on that promise and others of its kind, it seems to me that the party's duty now is to go ahead and get this 30-hour bill over to the other House of Congress.

I do not believe that the Senator from South Carolina will want to delay something that is good and virtuous, and has been promised, in order that this illustrious product of the pen of, as I understand, the Honorable Mordecai Ezekiel may have further consideration, to the detriment of other legislation. Perhaps I misinterpret what I believe is in the Senator's mind.

Mr. SMITH. Mr. President, I desire to say that I think the pledge of the party to relieve agriculture was just as binding as the pledge of the party to relieve labor; and no matter what may be the opinion of any Senator in reference to the different principles or the different parts of this bill, I think it is the duty of the Senate and of the Congress to pass legislation for the relief of agriculture, and to do it to the very best of their ability, making it as effective as we are capable of making it.

For that reason, as long as I have charge of this bill or am chairman of the Agricultural Committee, I shall insist that we address ourselves to the relief of agriculture. After we have experimented with the railroads, after we have experimented with the banks, after we have experimented with the insurance companies, I think we have all come at last to understand that if we are to have relief from this terrible depression we must have it through a rise in commodity prices and the distribution of wealth throughout the agricultural and laboring classes so as to increase their purchasing power.

I do not believe this bill, if it were perfect, or the banking and currency bills that we have passed, can avail until we address ourselves to an expansion of the currency to a point where there will be such a cheapening of the purchasing power of the dollar as to raise adequately the purchasing power of commodities. We should have addressed ourselves to this currency question when we first convened and should have seen to it that the water in the stream of commerce was amply adequate to float all the vessels of communication between supply and demand. We have an unusual supply; we have a heart-breaking demand; and yet, bound by the shackles of conventional rules in reference to currency, we are suffering 12,000,000 people to be jobless and other untold millions to be threatened with the dispossession of what they think they own, or in which they have an equity. It is our duty now, before this session of Congress shall adjourn, to find relief from the terrible money stringency that is throttling commerce and destroying the hopes of the American people.

It is an indictment of the intelligence of the American people that we have an abundance of food, clothing, building materials, and all the luxuries that a nation should have, and in the midst of that have starvation, hunger, bankruptcy, and bank moratoriums. It is an indictment of our intelligence or our capacity to distribute the blessings of Providence and the wonderful gifts of the gods to us.

Here we are treating symptoms. We have dug a hole around the banks and let enough water trickle in to float them. They can go nowhere. The water in the stream of commerce is so low that Congress has addressed itself to digging holes in order to float them. They cannot go anywhere. They simply float; and here we are, attempting with the farm relief bill to raise the price of farm commodities when it is notorious that the people who consume the farm commodities have not now enough money to pay for them at the present bankrupt price that the farmer has to take!

That is not only true of farm products but it is true of the factory; it is true of the railroads; and why? Because we have not the ability to grasp the problem and solve it for the benefit of the distressed American people. We have heard Senators here denounce inflation. Take the picture from 1914 to 1920, in the midst of the most destructive period civilization ever saw, and in the midst of it the greatest prosperity that ever blessed America. Cotton rose to 40 cents a pound, wheat to $3 a bushel, labor to $12 to $14 a day. Old mortgages were paid. Old debts, against which the statute of limitations had run, were met and canceled. Enterprises were booming throughout the country. That kept up until May 1920. That was a period that was scornfully referred to as "the period of inflation." Then the board of governors of the Federal Reserve Board met, the advisory council, and the presidents of the 12 several banks, and they decided to deflate. Then began the toboggan slide which has resulted in the deflation of this hour.

Take the picture from 1920 to 1932, the period of gradual and then accelerated deflation, and compare it to the picture from 1914 to 1920, when the Federal Reserve Act first came into force, and was administered by its friends and a Democratic administration.

In the era from 1914 to 1920, prosperity and happiness characterized America, so far as business was concerned. In spite of the boom of the cannons in the fields of Europe, and the destruction of lives, here we were in the midst of the greatest prosperity the United States ever saw. Then deflation set in, brought on arbitrarily by that unthinkable crime of May 1920, and from that date to this we have gradually lessened the bargaining power of the masses until today we stand with real wealth beyond any kind of dream of mankind, and the power to distribute it and avail ourselves of it is denied us by a handful of bankers and their cohorts, who have strangled us and brought us to where we are, an indictment of every Senator.

Here we are today, asked by the President of the United States practically to suspend our judgment and our operations and give him a chance. Sometimes I feel like resenting it, but when I think what we have allowed the country to come to, I think that perhaps he is right. God knows we have not cured the evil. We go into our committee rooms and argue for days and days about the gold standard, and not one there understands what it means. We argue about the rehabilitation of silver, and not a man can explain the exchange value in terms of the movement of commerce. What we do know is that we are in the worst fix that ever a civilized people were in, in view of the magnificent gifts of Providence to us.

We cannot shift the responsibility, actually depending upon money, not upon the gifts of Providence. We have all the wealth America could possibly desire, and in the presence of all that, here we are, doling out a little gift to the young men who cannot make a living, getting them together in camps, giving them $30 a month if they will sign a contract that they will send $25 of that back to the helpless mother and children. My God! Have we got to where we have to debauch American citizenship at the threshold of life by making the young men the pensioners of the dole of their Government, and, with lifted brow and a wise air say, "Do not expand the currency. For God's sake, keep away from inflation."

If inflation will relieve us of this death, a man is not a patriot who would not vote for it in any form in order to relieve the situation. Whenever, by virtue of our banking laws, we compel an American citizen to hold out his hand for charity we destroy an American citizen by destroying his self-respect. With all due deference to those who formulated our forestry program and the concentrating of these boys, every man who enters one of those camps is changed

forever in his attitude of manhood and his attitude toward his Government. It is tantamount to saying that in America there is no place for him to work out his own destiny and create a sufficiency for himself. It is tantamount to saying that, with other surpluses, we have a surplus of human beings in the United States.

Mr. President, I am looking for someone to introduce a bill to enforce birth control in order to get rid as nearly as possible of a portending increase of population. Why not? If there are 12,000,000 more than we can take care of now, what is the reason for raising another crop? We are asked to reduce cotton production because we cannot take care of what we have, and there is a demand for reduction in the production of wheat. Then is it not more than logical to ask for a reduction of 50 to 75 percent of the human crop? Why not? We are rendering ourselves ridiculous, and we ought to be rawhided for our inability to take care of the riches God has granted us and exhibit them for the blessing of the teeming American millions.

Mr. President, I want this bill as nearly as it can be made a blessing to agriculture. I will vote for every feature of it which I think can be helpful to the man in the field. I reserve the right to resist that which I do not think would be helpful, but would be disadvantageous to him.

As I said yesterday, I repeat today, no man on this floor is better qualified to know what are the needs of the man with the hoe and the man between the plow handles than myself. The philosophy of salvation rests upon the doctrine of personal experience. With all the power of the Deity, He could not save mankind, though He tried prophet, priest, and king, until He himself became a human being, born in a stable, to walk the lonely road which humanity has to walk, and if God could not save humanity without himself becoming a laborer, how do we expect the farmer to be saved by those who know not his tribulations, his problems, his home life, what it means for a man to see his own mother working her beautiful hands into unseemly sights, either in the field or at the washtub, seeing her have the beauty and bloom of her cheeks smitten away by the hard grind of labor, in order to do something for the children whom God has granted her?

Mr. President, those who live in comparative wealth, and are clothed in purple and fine linen, and fare sumptuously every day, cannot write an agricultural bill for me.

As has been said before, I hope that none who are opposed to this bill will oppose it for any political reasons, but if they find anything in it they think is wrong and not helpful, that as men they will stand up and give their reasons, and that they will stand here like men and vote for whatever is helpful.

I propose to do the best I can during the consideration of this bill to carry a measure of hope and gladness back to the millions who are out on the farm, who are voiceless here, who, unfortunately, are the "Chinese" of American economics, disorganized, individualistic, by virtue of their calling, but upon whom rests the whole superstructure of America's life now and for the future. Let us all unite to make this bill, regardless of who drafted it, as perfect and helpful as we can make it.

Mr. President, I am sorry to have taken up so much of the time of the Senate, but when one has a burden on his heart, there come times when he must get rid of it in some way.

CONCERNING DEMOCRATIC PROMISES

Mr. LONG. Mr. President, I had not completed my remarks when the Senator from South Carolina took the floor, but I became deeply interested in what he said. The voice of the Senator from South Carolina expresses the feeling of at least 119,000,000 people of the United States today. What the Senator from South Carolina has said here in the last few minutes portrays the situation with 119,000,000 people in this country.

Mr. President, I am not informed, I will say to the Senator from South Carolina, but that the bill we now have before us was written by those who he says "fare sumptuously" while preparing a farm bill. The fact of the matter is that I have read the hearings, and it appears that this is one of that kind of bills. It has not come from the hands of the Senator from South Carolina to any extent.

I can understand the talk of the Senator, and I believe he knows something about farming and farm problems. I have studied valiantly for the last 24 hours to understand the "genius" behind this bill, as the Senator describes it, but I have been unable to do so. I have studied the tables I put in the RECORD yesterday, so that other Senators might study them, and I cannot understand this kind of language from one of the penmen of the bill, speaking of the price of hogs again:

The demand curve—

Says the pen of Mordecai Ezekiel—

for a given period may be thought of as moving forward through time and "generating" a solid surface in its wake. The curve would move forward with a generally upward trend, swinging above and below the trend in more or less rhythmic fashion with changing industrial activity, and also moving up or down slightly from time to time in response to changes in the price of alternative products, in the storage supplies, and in foreign demand. In addition the shape of the curve itself must be thought of as changing as it moves forward, the growing demand implying not merely an upward shift in the curve, but also a tendency for the shape of the curve itself to change.

[Laughter.]

I say, Mr. President, that I can understand the talk of the Senator from South Carolina; I can understand the superindignation he feels—that here we are with so much to eat and wear that we cannot enjoy it, and we have made ourselves ridiculous by not distributing the wealth among the people. I understand that kind of talk; the people of the United States understand that kind of talk; but, in dealing with these theories which come from the pen of the immortal Mordecai, I refer myself back to the Scriptures, to see whether or not we are not seeing them reenacted here in this present day and time.

[Demonstrations of laughter in the galleries.]

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The Chair will have to admonish the occupants of the galleries that demonstrations are not permitted under the rules of the Senate.

Mr. LONG. I read from the seventh chapter of the Book of Esther, ninth to the tenth verses, as follows:

And Harbonah, one of the chamberlains, said before the king, Behold also, the gallows 50 cubits high, which Haman had made for Mordecai, who had spoken good for the king, standeth in the house of Haman. Then the king said, Hang him thereon.

It looks to me, Mr. President, that if the modern Mordecai prepared these gallows at the sacrifice of his own efforts in order that he might save the farmers, he has made a similar mistake to that made by Haman, for it is not going to be Mordecai but the people who are going to hang on this thing. It seems that Mordecai of that day occupied about the same position as the modern Mordecai does to the farm legislation now pending in the United States Senate.

In the tenth chapter of the Book of Esther, the tenth verse, it says:

So they hanged Haman on the gallows that he had prepared for Mordecai. Then was the king's wrath pacified.

Apparently he is the progenitor of this particular legislation.

Mr. CAREY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Wyoming?

Mr. LONG. Yes, sir; I yield to the Senator from Wyoming.

Mr. CAREY. I should like to ask the Senator from Louisiana if Mr. Mordecai Ezekiel is not the assistant to the Secretary of Agriculture, having been selected as economic adviser?

Mr. LONG. Yes, sir; he is connected with the Democratic administration. We got him from the Republicans; he is one of our inheritances; he is one of the failures described by our "new deal" rather than of the "new deal" itself. This book prepared by Mr. Mordecai Ezekiel was

prepared when he was working under Mr. Arthur Hyde, and he was kept over to administer affairs for us.

Why that is so I cannot understand. I remind the Senator from South Carolina and others connected with the conception and passing of this proposed legislation that we went out in the campaign telling the people of America we were going to get rid of these theorists who had failed in the Agricultural Department and the Treasury Department and in the Federal Reserve Board and in various other positions of power; but every time we try to do something to unravel this orgy of misery and extravagance and distress and starvation, we are presented with something that is the handiwork of one of that clique that we promised 120,000,000 people we were going to kick out of office when we got in. That is the source from which comes the bill the Senator from South Carolina is having to sponsor now. I feel sorry for the Senator. I am glad he is chairman of the Committee on Agriculture and Forestry; I am glad I am one of the nondescripts on the outside when it comes to the chairmanship or to membership on that committee.

Mr. President, we came along with a banking bill to correct the distress that has been caused by the Federal Reserve Bank Board and the Treasury Department as the laws were administered by them during the last 12 years. We found the currency deflated; the banks breaking; the purchasing power in the hands of the masses practically gone, and, in order to get legislation to correct this tragedy of events, we have allowed the same clique to fortify themselves with a number of others who did not dare to show their faces here when Herbert Hoover was President, but who worked behind the veil. We have allowed even the partners of Morgan & Co. to come here and attach themselves to this clique which is drawing the laws, and they have brought about a situation that is twofold more the son of hell than what we promised to rectify in the election we held on the 8th day of last November. Parker Gilbert, from Morgan & Co., Leffingwell, Ballantine, Eugene Meyer, every one of them is here; and whatever you try to concoct—I do not care whether it is by the genius of the Senator from California or from the Chairman of the Banking and Currency Committee, the Senator from Florida, or whether it comes from the House, we here in Washington know that they have got this thing in hand. What is the use of hemming and hawing about it? We know who is running this thing.

They have closed thousands and thousands of banks in the United States since the 3d day of March, and they have not finished with their work yet, if they shall have their way and shall be permitted to stay here, as every one of them is now staying. And here we are fishing with that "dad-gummed" kind of a thing called a farm bill to relieve the distress that is prevalent among the farmers of the country today.

Why are we not going to get rid of the Federal Reserve Board? I stood on this floor and demanded that that be done. I want to say that I heard through reliable channels that there was not any doubt that we were going to remove that board; that, in the position I took, I was reckoning without my host; that the Federal Reserve Board was going to be removed and that we were going to have a liberalization in the administration of the Treasury Department and the Federal Reserve Board. I heard that from sources that inspired me to confidence, but we have not seen that done.

Mr. President, as time went on and matters began to grow worse, we were informed by the press that we were doing things at a rapid rate to improve conditions. This morning I stepped over to the American Federation of Labor, and they said, "Senator, there are nearly 200,000 more men out of work now than were out of work on the 4th day of March." And that is not all. I telephoned a leading executive of one of the largest corporations in this country so that I might get the other side of the tale. He said, "Only a few days ago I realized that I had to reduce the employees in one department. I called in one man and discharged him. He immediately committed suicide. I called in a lady and discharged her, and she fainted; so I cut her wages in half and took her back. I called in another one to discharge her, but she was going up to the top of the building and jump off, so I hired her back. That," he said, "is the condition prevailing, even in this executive department which I am undertaking to handle." If any Senator questions the veracity of the statement which has been furnished me, I shall be pleased to give him, in private, the names and addresses of my informants and the particulars of what they told me. There is not any use messing around about the situation; there is not any use talking about it.

We had a 30-hour-week bill here. It was proposed in order that good might be accomplished, and it would, I think, have done good. We were going to say that the iron machines that have put thousands of men out of work would be taken into account in sharing the work opportunities in this land. The day the drag line levee builder was invented, by which 2 men could build as many levees in a week as a thousand men could build, 900 men were put out of work. The Democratic Party had promised, and the Republican Party had made about the same promise, though not so sincerely, I am thankful to say, to shorten the hours of work. I have not seen anything done here to indicate that we were doing very much to pass the 30-hour week bill as an administration project. I have not seen anything here to indicate that there is anything like the same pressure and power behind the bill to give everybody some work to do by shortening the hours of labor as there was behind the economy bill. But we passed the nefarious, iniquitous economy bill. I received a letter from one of the soldiers, which I will read:

APRIL 5, 1933.

Hon. HUEY P. LONG.

DEAR SIR: Now that my compensation has been cut I will have no further use for my teeth.

Will you please present them with my compliments to some Senator who will be able to use them?

Very truly yours,

JOHN MCBURNIE,
818 Chester Williams, Los Angeles, Calif.

[Laughter in the galleries.]

Mr. LEWIS. Mr. President, will the Senator from Louisiana permit me to interrupt him?

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG. I yield for a question or for a confession only.

Mr. LEWIS. Mr. President, I answer that by saying I have no confession to make, but when I have one to make it will be one with teeth in it. [Laughter.]

Mr. President, I rise to ask that the Chair direct the Sergeant at Arms to preserve order in the galleries. The Senate is treated from time to time by those in the reserved galleries and in the other galleries as if this were a moving-picture theater. There may be moving-picture performances in this body, to our regret, but the Senate is not a moving-picture assemblage. I beg to call the attention of those in the galleries to the fact that this is the United States Senate; its rules are well understood and its dignity, and we ask on the part of our guests such decorum as becomes both the assemblage and the speaker who holds his audience.

The PRESIDING OFFICER. The Senator from Louisiana will suspend while the Chair states to the occupants of the galleries that they are here as the guests of the Senate and, under the rules of the Senate, must desist from any manifestations of levity or of approval or disapproval.

Mr. LONG. Now, Mr. President——

Mr. LEWIS. Mr. President, as the Senator has been so courteous as to say he would yield to me for a question, I desire, instead of a question, to say to the Senator, with reference to his intimation concerning the 30-hour bill being an administration measure, that it has been brought before this body, its virtues have been set forth, opposition to it has been declared; but there has been nothing anywhere at any time, so far as I am informed, that indicates that it is presented as an administration measure. It is a measure

before the Senate, introduced and presented by an individual Senator.

Mr. LONG. Mr. President, that is exactly my understanding of it; but that measure, or something like it, has been promised by the Democratic Party. It has not only been promised by the platform; it has been promised by the candidate and by those of us who were sent out to speak for the candidates and for the party. Before I went out to make any speeches I asked the candidate himself if we were to speak along that line, and I was informed that we were, and the candidate himself made some speeches along that line.

I want to ask, Mr. President, what has gotten wrong with the party? We have a bill here that has been adopted as representing the wisdom of a large majority of the party and of a large majority of this body, and then the National Chamber of Commerce and the National Economy League and the manufacturers' association get in the way of it. What has gotten wrong with us that we do not make it an administration measure and try to put it through here?

We made the economy bill an administration measure and it went through so fast it looked as if it was greased. We made the economy bill an administration measure, taking money out of the pockets of the people who needed it, Mr. President; we cut the wages of employees to such an extent that we knew they could not live on what was left. Do you think, Mr. President, I am the only man who thinks that? I will read to you a little newspaper clipping printed in the Washington Herald of this morning:

UNITED STATES AVERAGE PAY TOO LOW, MRS. F. D. SAYS—FIRST LADY ATTACKS MARRIAGE CLAUSE IN THE ECONOMY ACT

The average Government salary is too low to support a family of more than two in her opinion, Mrs. Franklin D. Roosevelt told reporters yesterday at her weekly press conference.

Defending the stand of Secretary of Labor Frances Perkins against the marriage clause of the Economy Act, Mrs. Roosevelt said she felt strongly that dismissal from the Federal Government should be made on the basis of efficiency and of good to the service.

While the clause might be necessary as an emergency measure, she said, one average Government salary fails to support a family of 3 or 4 children or other dependents.

I could quote from other authority, Mr. President, not quite so high but to the same effect.

We have got to go back before the American people when the Congress adjourns—and by the way, that is a good reason why we should not adjourn. We had better stay in session here for a while, because if we go back now we will not have much to recommend ourselves, and I am one of the few who do not want to go home until we have done a little bit more. However, we have got to go back. We have got to go back to the men and women and children from whose mouths we have taken food and from whose backs we have taken clothes and tell them the story. They may ask, "By what right, under what theory, for what cause have you passed the National Economy Act and taken bread out of the mouths of the hungry and clothes off the backs of the naked?" And we have got to tell them about it, and say that the bill was passed in order that the balance of the administration program could go through whole and sound. Well, what is the balance of that program? Close up half the banks—that is some more of it—deflate the currency, as we have done—that is some more of it—and above all, we have this gracious and glorious and wonderful sapling-tree-planting bill, now known as the "sapling bill"; and when Senators come up for election, it will be the sapsucker's bill, if they put one of those things in the States from which they happen to come.

One dollar a day is to be spent to assemble men from the four corners of the earth, from Dan to Beersheba, and to send the men to some little creek corner to plant some more trees. I will eat every one of them that comes up in my State. We are not going to have any planted there. We are not going to ask for one to be planted in our State. I am informed that my State is going to show it is the right kind of self-sacrificing State. We are not going to ask the Government to send one of these tree-planting establishments to put out any saplings in the State of Louisiana. We are going to send them to South Carolina and Virginia.

Mr. President, it looks to me as if it is high time something were done. I want to stay on good terms with the administration, and I am going to do so if it is possible, but I do not have to. I made a living by cutting cordwood before I ever came here, and I can make it again if there is anybody left to burn the wood.

I do not have to stand in with the administration; neither does anybody else. I am not going to flatter my friend about this thing, and I am a friend of the President of the United States. There are more people out of work today than there were the day he went into office. There are more people hungry now and more banks closed now. There are more banks going to close. There are people crying and waiting, and every time we hope we are going to get something through here to correct this condition of unemployment and to feed these people and inflate the currency and remonetize silver and depreciate the value of the gold dollar in some way to bring up commodity prices, all we have to do is just inquire long enough and wait long enough and we find that that old bunch of disciples, the same old Federal Reserve outfit, the same old Treasury outfit, the same old Comptroller's outfit, the same old set with their grandparents and ancestors, have moved in here; and if they advise to the contrary, then nothing comes here in the form of relief for the people of the country. I am tired of it. The people are tired of it.

I have read in the papers—I do not know how other Senators feel about it, but I want to tell you how I feel about it—that we are all being held in line with patronage, that they are not handing out the jobs yet and that we are all being good until the jobs are handed out. I resent that. That is not what has inspired the men of the Senate to stand by and vote for the bills that come here. They have carried along the President time after time when they doubted the wisdom and virtues of these bills, trying to submerge their own opinions in order to help the administration pull the country out of the mud. I have not voted for these bills because I feared I was not going to get any patronage. So far as I am concerned in voting, they can take my patronage and go. They can keep the patronage I have coming from this administration, and I will be unchanged. None of us is going to be helped by this constant belittling of men in the United States Senate. There is no honor for us if we are going to allow that kind of impression to go rampant throughout the country. This constant impression and press propaganda are being spread that 96 men who are supposed to have enough integrity about them, enough intellect about them, and enough honor about them to come here as ambassadors from the sovereign States—this press propaganda—that men of that kind are being held in line and made to vote for what they otherwise would not vote for if it was not for the expectation of jobs. That kind of belittling of this august and deliberative body is going on, and no man sitting in the United States Senate cannot but feel that he is aggravating his own importance among his people with that kind of thing going on.

Mr. President, I am with the Senator from South Carolina [Mr. SMITH] in this matter. He may not vote as I vote, but he speaks as I speak and he thinks as I think. [Laughter.] Mr. President, I ask for order in the Senate.

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG. I am with the Senator from South Carolina in this respect. It is in nearly all respects that I am with him. We have swallowed enough of this stuff. We swallowed that abominable banking scheme that was brought in here. It was a horrible thing we did, an awful thing, an outrage on the public conscience and on justice, and yet we swallowed it hook, line, and sinker. We did not even read it. The clerk read it and we adopted it. That is one thing we did.

Then the economy bill was brought in here, and it was said that we had to balance the Budget, and Senators made the most eloquent speeches I have ever heard in the Senate,

declaring that we had to make the sacrifice to balance the Budget; that we had to take $400,000,000 away from the war veterans in order to balance the Budget; and yet next day there came a bill to provide for $300,000,000 for planting saplings, and Senators all voted for it. We took away $400,000,000 from the veterans to balance the Budget, and then the next day spent $300,000,000 to plant saplings. Then we came in with another bill to appropriate $500,000,000 more, making $800,000,000 all together, so that the Budget was still $400,000,000 out of line when we got through with those three bills. That is the kind of laudanum you swallowed, and I have done it, too. I have voted against but one bill.

We had the general help of the Republicans. There is one good old thing that can be said for the Republican Party. It may stand in the way of some of the things the Democratic Party wants to do, but it sure will help the Democratic Party build a scaffold for itself any time it gets ready. The Republican Party has never gotten in the way of the Democratic Party when the Democratic Party is trying to commit suicide. I have never seen anything of that sort as long as I have been here. I have seen the Democratic Party pull the chestnuts out of the fire for the Republican Party, but I will have to say that I do not miss the mark of my enemies, that I have never seen them refuse to help the Democratic Party on its way to destruction so long as the Democratic Party was not destroying anybody but itself.

We have had to explain many things, and it is time now that we begin to think. There are men in this body to whom the President of the United States and others will listen. There are men here with whom I have not always agreed, who are men of mature knowledge and thought, and sound judgment on economic and technical lines as well.

It is up to you, Senators, if you are going to support the administration program as I have been doing and as you have been doing. It is up to somebody to go down to the White House and tell the President of the United States what we know is happening here in this country. It is up to you to go down there and tell him the people of the United States expected the members of the Federal Reserve Board to be put out of there or they would not have voted the way they did; that they expect the whole "dadgummed" outfit, from top to bottom, to be wiped out; that they do not expect that a partner in the J. P. Morgan house shall be sitting as the veto agency on financial and banking legislation; that if they are going to have a farm bill the people expect it to be written by the Democrats of this country who have sponsored the kind of farm philosophy that has been looked upon with favor by the people of the United States, rather than taking some half-baked scheme that comes out of one of the penmen who was left there by Mr. Arthur Hyde when he left office. It is up to us to say we are going to carry out this platform; and if that is done, there is some hope for the Democratic Party.

Mr. President, I have taken more time than I expected. I wish to say just this in conclusion. I am not reckoning without my host. I am not falling out with the President. The Bible says, "He who flattereth his friend his eyes should fall from his head." The man who is a friend of Franklin D. Roosevelt and flatters him today with this great big holier-than-thou propaganda, that "you are doing the right thing, old boy, and it is just going fine", may ingratiate himself in his presence, but it is leading him to destruction, and we and the people are going right there with him.

I am not going to advise him that way. On the contrary, I am going to tell him that he has not gone the route that the Democratic Party wants with this 30-hour-week bill. I am going to say more than that. I am going to repeat the words of the Senator from South Carolina [Mr. SMITH], that we have got to depreciate the value of the mammon of gold and we have got to redistribute wealth.

I have in my hands the words of the President himself, the words of the Democratic platform, and without taking the time to read them, because they are very extensive and complete along that line, I merely wish to say that the Democratic Party won the last election on the promise, first, that there would be a distribution of wealth among the people; second, that there would be a financial policy of kicking out all the old gang and the old system, and putting in one that is suitable to the people; third, that we were going to shorten the hours of the workday and the days of the workweek so that there might be consumption to keep pace with production; and, fourth, that we would give adequate relief to the farmers of the country.

Those are the cardinal cornerstones of the promises of the Democratic Party. We have not undertaken to carry them out. We have not put any purchasing power in the hands of the masses. We have not shortened the hours of work. We have not inflated the currency. We have not changed the Federal Reserve Board. We have not put in a new policy, and today we are twiddling our thumbs and arguing over a tweedledum-and-tweedledee proposition involved in the bill which the Senator from South Carolina [Mr. SMITH] has introduced and as to which he himself expresses the belief that in many of its essential particulars he doubts if it can be of any advantage to the farmer or accord the promised relief.

Mr. ROBINSON of Indiana. Mr. President, I do not desire to add any gloom to that which pervades the country at the present time. I am in agreement with a great deal that has been said by the Senator from Louisiana [Mr. LONG], but in that connection I desire to read a letter from a prominent business man in Indiana which has just come to me.

The C. G. Conn Co., Ltd., is one of the largest manufacturers of band instruments in the world. The president of that company is Mr. C. D. Greenleaf, of Elkhart, Ind. I read this letter, which has just come to me from Mr. Greenleaf:

C. G. CONN, LTD.,
Elkhart, Ind., April 7, 1933.

Hon. ARTHUR R. ROBINSON,
United States Senate, Washington, D.C.

DEAR SENATOR ROBINSON: I have not written you with regard to the business situation, as I realize that you had thousands of letters and that you cannot pay attention to all of the ideas of your constituents. The situation is such, however, at this time that I feel like putting my views before you. We have now had more than 3 years of constant deflation, and the pace is now more rapid than it has ever been. Since the bank moratorium it has been going on at what is, in my judgment, an impossible rate. The situation is that while the wealth of the country consists of the farms, the homes, the factories, the railroads, etc., all of this property has become practically worthless, and the only thing which is worth anything like 100 cents on the dollar is Government bonds. To realize the full absurdity of the situation it is only necessary to remember that the value of the Government bonds depends entirely upon the taxing power of this same property, which has become worthless and which is rapidly reaching the place where it cannot even pay taxes. Then the Government bonds, too, will join the list of worthless property, and the cycle will be complete. Of course, it is inconceivable that it will be carried to this point. Nevertheless this will be the inexorable result if the present policies are continued.

An effort is now being made to reopen the banks in this country. Prior to 1933 many thousands of banks failed, and it is fair to assume that the really unsound and poorly managed banks had been eliminated up to this time. Most of those which were left would be sound, in my judgment, on any reasonable basis of value. However, speaking of the banks outside of the larger cities, all of the liquid assets have been paid out, and those which are remaining are frozen. This does not mean that they are worthless, but that they cannot be converted into cash at the present time without tremendous losses to the depositors. Nevertheless an effort is being made to force these banks into a liquid condition by injecting new capital. In most communities this is an impossibility under present conditions without outside help. Of course, the only outside help available is that from the R.F.C. On the other hand, the R.F.C. insists on valuing bank assets on the present depreciated basis, which is to deny practically all value to local assets. This makes the situation an impossible one; and if this policy is carried out to its ultimate conclusion, in my judgment this country will not recover from its effects for 50 years.

The only alternative that I can see is some method of bringing back values to what may be considered a normal basis. I have always been opposed personally to all forms of inflation, but I am now of the opinion that it is the only solution and that only by some measure of this kind can the complete collapse of the country be avoided. Of all the methods proposed, I believe that a reduction in the value of the gold in the dollar is the most feasible. While a few weeks ago even a discussion of this plan would have caused a flight of capital from this country which would have ruined it, this cannot happen at the present time, owing to the fact that we have now control of the situation. The Treasury is making an effort to get into the banks the balance

of the gold which is now in the country and outside of the banks. If this can be successfully done, we will then be in an ideal position to increase the value of the gold, and the public will get the benefit of the change. Even if it proves to be impossible to get the billion dollars of outside gold into the banks, I still think the plan must be followed. It is possible that this is the plan which the authorities have in mind. If so, and if it is carried out promptly, I believe our troubles will soon be over.

However, if it is the intention to carry out what is essentially the same thing by means of a voluntary writing-down of debts, such as is involved in the new farm-bond measure, the proposed railroad-reorganization measure, etc., the result will be that the country will be engaged in this process for years to come, that it will be very inequitably accomplished, and that the vast majority of people will be bankrupt before it can be accomplished.

Generally speaking, time is the essence of the matter. The deflation has been going on so long most businesses and individuals are reduced to such a low ebb that they cannot stand it much longer. I have never seen business men in such a hopeless state of mind as they are at present. They have fought this thing with great resourcefulness and courage up to the present time, but most of them do not see how they are going to carry it on much longer. I believe that the plan as outlined by what is known as the Committee for the Nation to Rebuild Prices and Purchasing Power is the most feasible of anything which has been offered, and I am in hopes that action along this line can be taken in the near future.

A letter identical to this is being sent to Senator VAN NUYS.

Yours very truly,

C. D. GREENLEAF, *President.*

Mr. President, that letter, as I stated at the beginning, comes from one of the most prominent business men in the United States. He, like everybody else, I think, recognizes the fact that this deflation is taking us constantly down hill; and somewhere or other we must put on the brakes and go upgrade, or we will have a catastrophe in this country by the first of July that none of us today even dares contemplate.

Mr. SMITH. Mr. President, in the remarks I made a moment ago I devoted myself more particularly to what I considered to be the outstanding need of this country; namely, an increased circulating medium.

I do not want any mistake on the part of my colleagues in this body as to my attitude toward this farm relief bill. It has been asked for by the administration. In its present form it has been endorsed and sent down here by the Department of Agriculture. Every man who has read the bill understands that there are three principles in it now, two of which have been endorsed by the Department, and one of which has been largely endorsed by the farming population of this country. The two principles that have been endorsed by the Department are one known as the leasing feature, which is incorporated in the bill, and which the Secretary of Agriculture may use or not, as he sees fit. The other is the allotment plan, which he may use or not use. The third principle, if the Senate or the Congress sees fit to adopt it and incorporate it as a part of the bill, constitutes what is known as the production-cost plan.

I shall not attempt, and have not attempted, to indicate my personal attitude toward any of these plans; but I take it for granted that the Secretary of Agriculture, following the message of the President of the United States, will try these plans, and whichever one in his judgment promises the best and the greatest results will be adopted as the policy of the Government. Therefore, I want it definitely understood that I hope this body will address itself to the consideration of this bill and pass, at the earliest possible date, whatever its Members decide to be the expression of their will so that those standing in such dire need of aid may receive it.

With that expression on my part, Mr. President, I intend to insist that this bill shall be kept before this body, as far as I am able to do it—and I hope that I shall have the assistance of my colleagues—until final disposition is made of it. It is essential for us to pass the farm relief bill.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH. I yield.

Mr. FESS. I think we are all in sympathy with what the Senator is saying. It is going to take a little time to consider some of the items that are so controversial. I am receiving a good deal of correspondence asking what certain sections of the bill mean. I think the Senator recognizes that there is a good deal of basis for doubt.

For example, this morning I received a letter from an ex-president of the American Bar Association who makes specific inquiry as to what certain sections of the bill mean, saying that their meaning is doubtful in his mind. For example, he says:

I am unable to understand just who has to pay the tax in the first instance, to whom it is paid, how it is refunded, and to whom. The machinery of the thing seems to me very indefinite. When, and on what occasion does the Secretary of Agriculture make a change of rates of taxes?

The Senator will recall that on yesterday there was quite a triangular colloquy between the chairman of the committee, the leader of the Senate, and the Senator from Texas, on the latter question which is raised; and for the sake of the RECORD, so that those who read the RECORD will understand the situation, I wish we might have an authoritative statement on the subject.

Mr. SMITH. I am glad the Senator has asked the question, because the committee devoted considerable time to that very matter.

In the first place, the Reconstruction Finance Corporation is authorized to advance to the Secretary of Agriculture a sufficient amount to make these payments pending the collection of the tax.

Mr. FESS. I think the Senator is incorrect in saying that the Reconstruction Finance Corporation is authorized. It is the Secretary of Agriculture who is authorized.

Mr. SMITH. The Reconstruction Finance Corporation is authorized to make the advances.

Mr. FESS. No; that is for the cotton provision. I am speaking now of the general basic tax.

Mr. SMITH. Yes; the Secretary of Agriculture is authorized under the second tax to make advances, pending the collection of the tax, to an amount sufficient to meet the bonus or the amortization or whatever it may be called until the tax shall be collected.

A farmer or anyone who goes up to sell a product, after the amount of the tax is fixed, sells to his local agent at the ordinary market price, regardless of the tax. He is given a statement as to the number of bushels he has sold in the case of wheat, or the number of pounds in the case of cotton. He then goes to his county commissioner, who figures out what percentage of the product is to be exported, and what percentage is to be domestically consumed. Then the amount of bonus or tax is figured on the part that is domestically consumed, and the farmer is given a certificate of his equity to the amount of the percentage of the product that is domestically consumed. Then the processor has 30 days or 60 days in which to adjust his sales, after the processing tax goes on, before he is to pay—that is, until such time as the rise in price of the commodity shall have been adjusted. He has 60 days. At the end of that time he remits to the Treasury the amount of the tax.

Mr. FESS. So the processor pays the tax?

Mr. SMITH. The processor pays the tax.

Mr. FESS. That is the first step.

Mr. SMITH. The Treasury gives credit to the Secretary of Agriculture according to the slips that have gone in. Then there is remitted to the county commissioner the amount of the slips that each one has. In the meantime the producer may have transferred the slip to a bank, but whoever holds that slip can cash it after notice is given that it is ready to be cashed.

Mr. FESS. That comes out of the Treasury?

Mr. SMITH. That comes out of the Treasury, and the Treasury credits itself with the tax as it comes in.

For instance, say the Treasury were to advance $50,000,000 to meet the bonuses as they come in. As these taxes are then remitted to the Secretary from the processor, he credits the account with that amount.

Mr. FESS. So, in answer to the question of my correspondent, the tax is paid by the processor?

Mr. SMITH. The first domestic processor.

Mr. FESS. It first goes to the Treasury, and latterly it is paid to the producer, the farmer.

Mr. SMITH. That is correct.

Mr. FESS. The next question was, What about refunds?

Mr. SMITH. As I understand it, whenever the processor is entitled to a refund he makes out his statement according to the amount that is indicated, to which he certifies. That is forwarded to the Secretary of the Treasury, who, upon that certificate, refunds to the processor whatever excess amount he has paid.

Mr. FESS. The authority to refund is in the bill now?

Mr. SMITH. It is in the bill now. There has been some misapprehension, and I have had quite a lot of inquiries myself, and I presume others have. Those having a floor stock against which they have already sold the finished article and have not yet converted it, can process that stock, send it to the vendee, and pay no tax; but the vendee must pay the tax, going upon the assumption, as explained to our committee, that the processor having bought the raw material before the tax went into effect and having sold the finished goods for future delivery against that floor stock, can carry out his contract, but the vendee—that is, the party receiving the goods—must pay the tax.

Mr. REED. Mr. President, would the Senator permit a question?

Mr. SMITH. I yield.

Mr. REED. During the World War, when wheat was scarce and expensive, the people of every country resorted to the use of potatoes in order to get the starch component which they had been getting from wheat. Under this bill, if that were done, would the Secretary of Agriculture have authority to put a tax on potatoes?

Mr. SMITH. Immediately.

Mr. REED. From whom would he collect the tax?

Mr. SMITH. He would collect the tax, I presume, from the vendor.

Mr. REED. He would collect it from the processor, according to the bill.

Mr. SMITH. Yes.

Mr. REED. Who is the processor of a potato?

Mr. SMITH. That is a question which the Senator will himself have to figure out. The object is, as I understand it, to give the Secretary the power to put the tax on any article competing with one of the enumerated articles.

Mr. REED. Precisely; and we learned during the World War that potatoes are a competing commodity when wheat gets high or gets scarce. The tax, under section 11, I think it is, is to be imposed upon the processor of competing commodities. I am wondering whether that would be the little girl who peels the potato or the elderly lady who cooks it.

Mr. SMITH. I do not know. If I were the Secretary of Agriculture, I would find the most convenient and the most appropriate place to apply the tax.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BANKHEAD. I just want to suggest to the Senator from Pennsylvania that the Department would not do any such thing; it would not levy a processing tax upon any commodity if the tax were not collectible.

Mr. REED. I hope that is so.

Mr. CAREY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CAREY. As I understand the bill, the prices of agricultural commodities are practically guaranteed; that is, to be brought up to the prices paid during certain periods of time.

Mr. SMITH. That is true.

Mr. CAREY. What would happen in connection with the processor's tax if the price of the raw commodity were falling from day to day? Would not that mean that each day the Secretary would have to determine a different tax upon the processed article?

Mr. SMITH. No. I tried to explain that yesterday. I think the bill is commendable in that respect, for this reason: Suppose, as the bill says, that there should be a certain date taken as a base for comparison of the hundred-cent farmer dollar and the hundred-cent dollar of the thing he purchases. I am familiar with cotton and will use that as an illustration. Suppose today the price of cotton is 6 cents a pound, and the ultimate parity which they wish to reach, which they have found by computation existed between 1909 and 1914, is 12 cents. Then the tax would be 6 cents a pound, because 6 added to 6 would make 12. The party purchasing the cotton is required to give a statement of the price paid for the cotton, and if he pays 6 cents then the processor must pay on that domestically consumed an additional 6 cents.

Suppose cotton drops a cent. The parity is 12 and it drops to 5. The man who buys the cotton makes out a statement saying that he bought the cotton at 5 cents a pound. Then the processor pays 7 cents a pound to equalize it with 12.

Mr. CAREY. Then what would happen? Say the processor entered into a contract to deliver finished goods at a certain price, based on the 6-cent tax, and the Secretary raised the tax to 7 cents. How could he fulfill the contract without losing money?

Mr. SMITH. It is supposed that the price of any cotton used for domestic purposes is controlled almost entirely by the consumer—that is, the different mills. They notify their trade what they are willing to pay, through their purchasing agent, and when they are willing to pay 7 cents a pounds, as a matter of course, they have already made their arrangements for that 7 cents.

Mr. REED. Mr. President, will the Senator permit an interruption there?

Mr. SMITH. Certainly.

Mr. REED. If I have understood the Senator correctly, then on the same day two persons may purchase cotton, one, let us say, buying it at 5 cents and the other buying it at 6 cents, due to differences in location, or some such cause.

Mr. SMITH. Yes.

Mr. REED. The tax on one of them is 100 percent, or 6 cents, while the tax on the other is 120 percent, or 7 cents, on the same article on the same day.

Mr. SMITH. Yes.

Mr. REED. Does the Senator regard that as giving the equal protection of the law to both of those citizens?

Mr. SMITH. I do, for the reason that the party purchasing knows, by proclamation, that the tax is to bring the price up to 12 cents, and if a man gets his cotton for 5 cents he is not benefited for the reason that he has to pay a 7-cent tax.

Mr. REED. Apparently not, if we can impose two differing rates of tax on the same commodity on the same day.

Mr. SMITH. I beg the Senator's pardon; we are not imposing two different rates of tax.

Mr. REED. One is 100 percent and one is 120 percent.

Mr. SMITH. We are imposing a uniform parity, and the trade must look out for itself. That is what we are doing. Do not confuse that. It must bring 12 cents a pound.

Mr. REED. I am not confusing it; it is confusing me.

Mr. SMITH. I cannot help that; I am sorry.

Mr. CAREY. Mr. President, is this tax to be imposed on the processed article or on the raw material?

Mr. SMITH. It is on the value of the raw material.

Mr. CAREY. It is not on the processed article?

Mr. SMITH. No.

Mr. CAREY. I should like to ask another question. Assuming that the Secretary should decide to use the method of leasing lands, how would he determine the amount of land it would be necessary to lease in order to raise the price?

Mr. SMITH. It is estimated that there are 350,000,000 acres of arable land in the United States. That is all of that kind of land. The Secretary will estimate how much of that is really in productive use, and what percentage of that, upon the average production of any given crop, it would be necessary to eliminate for the purposes of reducing production. Having ascertained that, and the amount necessary to lease it, to rent it, he would then fix a tax upon the processing for all the commodity processed, not for that domestically consumed but for all the commodity, in order

to raise a sufficient fund to pay a reasonable amount for leasing the land desired to be taken.

Mr. CAREY. I think the Senator misunderstood my question. My question was, How could the Secretary determine the amount of land necessary to be leased in order to raise the price?

Mr. SMITH. Upon the percentage of production per acre. Take cotton, for instance. When 48,000,000 acres of land are planted to cotton the average over a period of 10 years has been 13,000,000 bales, let us say. The Secretary will estimate how much land planted to cotton it will be necessary to eliminate in order to reduce the production of cotton to the amount desired. The same is true of wheat, the same of rice, and the same of corn.

Mr. CAREY. That would really be an estimate? He could not bring the price exactly to where he wanted it?

Mr. SMITH. No; because seasons would have a good deal to do with the outcome.

Mr. ROBINSON of Arkansas. Mr. President, yesterday a number of Senators inquired whether it would be possible to meet earlier tomorrow and recess or adjourn at a very early hour tomorrow afternoon, thus putting in a full day in the Senate and affording Members of the Senate an opportunity to attend a game of baseball, which is the opening event of that character of the season. I had hoped to be able to make an arrangement looking toward that end.

It is now approximately 4 o'clock, and, with the exception of the last few minutes, the entire day has been consumed in the transaction of business other than the consideration of the pending bill and in the discussion of subjects which, in my opinion, are not germane to the bill now before the Senate.

When the Senator from Louisiana concluded his remarks I made an effort to take the floor in order to take note of some of the observations he made. First, with respect to the pending bill. As heretofore announced by the President himself, the measure is in large sense experimental. In my humble judgment, upon the manner of its administration depend in large part the benefits which may be expected to be derived by farmers from the enactment.

It would not be possible for anyone to anticipate in accurate detail what the sum total of the benefits under the measure will be. It does not seem to me, however, that it ought to be condemned as not worth while, inasmuch as it is the one measure which has come to the front in the Congress during the last few months as a result of the best study that has been given to the question.

On a previous day it was my privilege to discuss some of the features of the bill and to attempt to justify it. I shall not repeat the remarks then made.

Mr. President, to that part of the discussion that was not related to the pending bill I wish to say that it seems unjust to me to attack the President or the present administration for the existence of the conditions described by both the Senator from Louisiana [Mr. LONG] and the Senator from Indiana [Mr. ROBINSON].

It is a very easy thing to find fault, but in trying circumstances like those which have prevailed for a long period, and for every day that has elapsed since the 4th of March, it has not been an easy task to perform the functions of Chief Executive of this Nation. Manifestly it has been impossible to make all the corrections that ought to be made, to eliminate from office all whose removal might be calculated to contribute to an improvement in the administration of national affairs, and certainly it has not been possible within the very short period that has passed since the present administration was inaugurated to put into effect all the measures contemplated by the Democratic national platform or the measures which may be in due course worked out for the advancement of the public interest.

I make this statement: In spite of the criticisms that are being hurled at the President, in spite of the charges that have been made against him, he has led in the accomplishment of more during the little more than 4 weeks that he has served as Chief Executive than was ever accomplished during a comparable period in the history of this Nation.

I know that conditions continue to be distressing; I know that the clouds have not lifted and that the sun is not shining through in undimmed splendor; but I undertake to assert, in spite of what has been said here today and what will be said tomorrow, that never before in a comparable period in the history of the United States have so many important measures been advanced and enacted by Congress as during the period that has passed since the 4th of March. I think it is unfair—grossly unfair—to charge to the President responsibility for the existing banking conditions. Everyone within the sound of my voice will remember that the former President contemplated issuing an order closing down the banks of the country; that he only refrained from doing so for the reason that no agreement was reached with the representatives of the incoming administration as to the time for which his order should remain effective; but everyone realizes that the closing of thousands of banks in every part of the country, some of them absolutely insolvent, others partially insolvent, others still we believe wholly solvent, involved a task insofar as reopening was concerned that could not be accomplished safely and soundly within a few hours; and I do not think it is just or fair to charge responsibility upon the President for the failure to reopen all the banks that were closed. Some of them cannot be reopened with safety to the depositors and with safety to the stockholders. Gigantic efforts were made; many banks were reopened, and there was a comparatively slight but, nevertheless, a substantial improvement in the business conditions prevailing throughout the country.

Mr. President, the economy measure has been characterized by both the Senator from Louisiana [Mr. LONG] and the Senator from Indiana [Mr. ROBINSON] as worthy of every form of criticism; it has been denounced. Nevertheless, a serious condition confronted the Treasury of the United States when President Roosevelt took office. An enormous deficit had been incurred, and that deficit was rapidly growing. Congress had been expending and authorizing the expenditure of sums far in excess of the revenues that were being received by the Government. It was a manly, a courageous, act to call a halt in those expenditures and to say, "You have already gone too far; from now on you ought to limit expenditures to revenues, so that the credit of the Government of the Nation, which is of paramount importance, shall be preserved, for without that credit the whole business structure of the country inevitably will collapse."

I think it was an act of courage on the part of the Executive to take the initiative in that movement that we had been talking about in both Houses of Congress for many months, but we had not been able to muster that concerted action which was necessary to accomplish something decisive; and already there is in sight as a result of his efforts an annual reduction in the cost of the National Government approximating $1,000,000,000; already there is an assurance that the Budget will be balanced. Oh, yes; one may ridicule proposals to balance the Budget. Nevertheless, it is essential to the progress of the Government; it is essential to the welfare of the public.

Oh, yes; it is said that we spent more money than we saved through the Economy Act, and the measures that were passed through which the expenditures referred to were authorized were impliedly ridiculed. What were those measures? The sum of $500,000,000 for destitution relief, $500,000,000 of Federal funds made available to keep people from suffering and starvation.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. LONG. Does the Senator understand that the Senator from Louisiana ridiculed the $500,000,000 expenditure for relief purposes?

Mr. ROBINSON of Arkansas. The Senator from Louisiana referred—I remember his language—to the $500,000,000 relief bill, and added it to the reforestation bill, and said that we had spent $400,000,000 more than we had saved, ridiculing the effort thus made to afford relief.

Mr. LONG. I was not ridiculing the $500,000,000 expenditure for relief purposes.

Mr. ROBINSON of Arkansas. The Senator from Louisiana may put his own construction on his language. I am not trying to misrepresent him.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. BARKLEY. The Senator from Arkansas might also say that the $500,000,000 for destitution would have been required regardless of the reduction in the other items necessary to balance the Budget, and if we had not reduced the expenditures we would have had the $500,000,000 on top of them.

Mr. ROBINSON of Arkansas. I do not understand the Senator from Louisiana to object to the $500,000,000 relief bill. His statement just made indicates his support of it, but it is unfair, in my judgment, to criticize the President for favoring or advancing that bill and for the results that must accrue from it. If you are for the bill, then do not denounce your President for being for it, too.

Then much fun was made of the Civilian Conservation Corps measure—"planting saplings." Oh, yes; there are not going to be any saplings planted in Louisiana, the Senator from Louisiana stated; that is a State in which there will not be any reforestation so far as he is concerned; it must be confined to South Carolina and Virginia.

I know that the reforestation measure, or whatever Senators may be pleased to call it, is not a major relief measure; we never considered it as such; but, Mr. President, there are two important thoughts in connection with it that I should like to lodge in the minds of those who are criticizing and denouncing.

First, the forests of this country have been disappearing very rapidly, and the conservation of tree life is an important purpose. It may not be necessary to Arkansas; it may not be indispensable to some other particular locality; but, considered as a general, national measure, it is of primary importance. No language can portray the disastrous results that are to be expected if we permit our forests to be exhausted or destroyed.

The second thought is that, even though members of the conservation corps are not to be paid union wages, even though they are merely given subsistence, shelter, clothing, and something like $1 per day, it is far better to have your boy, far better for a citizen who cannot secure employment to have the opportunities that are afforded in those camps than that he shall be idle and dependent upon charity for the food and the clothing necessary to sustain him. Senators might wait a day or two, they might wait a week or two in order to see what will be the result of the measure.

I think any man who is President of the United States is entitled to the sympathetic cooperation not only from his party associates but also from every patriot in this broad land. If anyone believes that the President has not worked faithfully, and worked under great difficulties, let him acquaint himself with the facts.

I doubt if there is another man living, whatever his age or his experience, who has given more whole-heartedly of his life, his strength, his brain, his thought to the public service than Franklin D. Roosevelt has given since he became President on the 4th of March. Frequent, almost continuous, conferences have been held; many subjects have been dealt with; he has worked late at night and risen early in the morning. He may have made mistakes, but he has done a wonderful work, is doing a wonderful work. For God's sake, let us uphold his hands and give him a full measure of encouragement and assistance.

Mr. ROBINSON of Indiana. Mr. President, I shall not detain the Senate any great length of time by anything I may say with reference to the remarks of the Senator from Arkansas. I think perhaps he did not understand me aright in reference to the letter which I read into the RECORD. I did not criticize the President in any of my remarks. I read a letter from a prominent business man in Indiana which undertook to criticize nobody in particular, but which did criticize very severely and very seriously the policy which we are following at the present time, a policy of deflation.

I did say that I agreed with much that had been said by the Senator from Louisiana [Mr. LONG]. I repeat now that I do agree with very much that he said. But, Mr. President, since the Senator from Arkansas has insisted on drawing me into a controversy which he evidently has with the Senator from Louisiana and to which controversy I insist on remaining an innocent bystander——

Mr. LONG. Mr. President, may I correct the Senator?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. Very well.

Mr. LONG. I took up the controversy where the Senator from South Carolina [Mr. SMITH] left off. The Senator from Arkansas [Mr. ROBINSON] did not see fit to mention the Senator from South Carolina. I merely undertook to repeat and to exemplify the remarks of the Senator from South Carolina. There is no controversy between myself and the Senator from Arkansas, but I am opposed to party leadership coming from the Committee on Agriculture and Forestry.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator permit me to interrupt?

Mr. ROBINSON of Indiana. I am glad to yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I do not now nor do I intend hereafter to permit personal expressions to enter into the debate. I hope the Senator understands that however ardently I speak I am not angry.

Mr. ROBINSON of Indiana. I understand that perfectly well, and that is why I was surprised that the Senator from Arkansas drew me into his controversy with the Senator from Louisiana, since I had said nothing in the matter at all in criticism of the President of the United States. But now that I am drawn into it permit me to say that, in my opinion, and I think time will vindicate my judgment, the so-called economy bill passed by the Congress of the United States of America at the instance of President Roosevelt was the cruelest, the most inhumane measure ever enacted into law by the Congress. Men who fought for their country in action are being deprived of the vested rights which the Congress had given them. Much was said about those who had never seen action. I claim the country should show its gratitude to all who are willing to die for its flag, whether they were called upon to give up their lives or not. All are entitled to grateful consideration, whether they served here or abroad.

But I point out to the Senator from Arkansas and to the Senate that hundreds and hundreds, thousands and thousands who actually saw action, who were injured in action, whose injuries are directly connected with action, are being deprived of benefits under the dictatorial regulations of the President which this Congress empowered him to draft. Look at your mail, Senators. Go back home and look into the faces of the veterans of wars of the Nation, to whom you owe your existence and the country owes its existence. Tell them what you have done to them. True, you took $400,000,000 out of their pockets, robbed them of that much purchasing power in this time when God knows we need all the purchasing power we can get to save the Nation from ruin. It is true that you have driven men, women, and children into their graves as the result. I am glad their blood is not on my hands.

The communications I have received since that infamous bill was enacted into law show me conclusively that men, women, and children are worrying themselves into their graves. God knows how they will live. They do not know how they are going to exist, since untold thousands of them were existing on the small benefits they had received from what they had assumed was a grateful Government. Go back home and tell them what a great act that was which you passed.

Tell them, Senators, what a wonderful thing President Roosevelt did for the country when he took away from them

their vested rights. Explain to them how almost the very next day you voted for a measure that would start other men to planting trees at a dollar a day, with practically the very money that you had taken out of the pockets of the veterans of the country. Explain it all to them and listen for the applause. You will listen in vain.

Explain also to the building trades of the country and all those engaged in them, trying to uphold the American standard of living, trying to uphold the system of wages in this country, why you diverted $148,000,000 from building projects upon which the Congress of the United States had decided, and turned it over to other men at a dollar a day for planting trees—regimenting labor in the country which will result, and there can be no other result, in reducing the wages of the country and the standard of living.

Tell them also that this $148,000,000 diverted from the building projects will only last until May 1, and it is almost the first of May now. Tell them that it will require another $500,000,000 between now and next January 1 to carry on this reforestation scheme, against which I was happy to vote.

Explain to the veterans of America and to the Government workers all over the Nation from whom you took another $125,000,000 that you have turned that money right over to another class of citizens, able-bodied men. True, they are needy; but you robbed the sick and the halt and the blind to pay a dollar a day to 250,000 men to be regimented in camps very much as men are regimented in Russia.

Mr. President, I hope tomorrow, as soon as the Senate convenes or as soon thereafter as I may secure recognition, to speak briefly on the situation in Russia, now that the propaganda has become so urgent that this Government recognize the Soviet Republics.

Tell your folks back home what you did. Look into their appealing eyes, their eyes that will appeal to you in the midst of starvation, hunger, want, and need of every description. Tell them and their women and children that you took the food out of their mouths, that you took the money out of their pockets. Explain to them and hear how they applaud. It is true I voted for a relief fund of $500,000,000. What else could I do? You had just taken $500,000,000 from the veterans and now you undertake to boast about it. Of course, I voted for a relief fund of $500,000,000. I am glad I did. This country must take care of those who are in need.

Mr. President, other measures have been presented here by the President. I have referred to the bank bill and the moratorium, which I shall not discuss further now. Suffice it to say that it has deflated the depositors of America to the extent of $10,000,000,000. That is $10,000,000,000 less purchasing power we have today than we had on March 4. We have got to turn around and go the other way. I have been saying that from the beginning and today I was able to support it by a firm statement along the same line from one of the most prominent business men in the country.

Mr. President, I do not care to say more. I did not expect to say anything. I have no part in this controversy between the Senator from Arkansas and the Senator from Louisiana, but since I am drawn into it I am bound to speak my mind.

Mr. LONG and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Does the Senator from Idaho desire to address the Senate?

Mr. BORAH. Yes; I desire to submit a few remarks.

Mr. LONG. Will the Senator permit me to make just a brief statement before he proceeds?

Mr. BORAH. Very well.

Mr. LONG. I merely wish to make a brief reply to what my friend the Senator from Arkansas [Mr. ROBINSON] has said. The Senator from Arkansas interprets what I have said to be a criticism of the President of the United States. I am not sure but what the Senator from Arkansas is right about that. I did not intend to criticize the President of the United States, but I believe that what I have said can only be interpreted—I want to be fair with my friend from Arkansas—as a criticism of the President in this respect.

I have pointed out our party platform. I have pointed out the President's promise based on that platform. I have pointed out, reinforced by the statement of the Senator from Illinois [Mr. LEWIS], that as to our promise to shorten working hours we have balked at least in that respect, or at least we have failed to act. That might be interpreted, when the remarks of the Senator from Illinois are taken in connection with it, as a criticism. If it is, I cannot help it.

There is one further thing I wish to say, Mr. President. I cannot be criticized for having said anything except what the President himself has said. Here is what he said:

> Our basic trouble was not an insufficiency of capital. It was an insufficiency of distribution of buying power.

That is what our President said in Atlanta, Ga. That is not all. I read some more from what our President said. He says:

> The unfeeling statistics of the past 3 decades show that the independent business man is running a losing race. Perhaps he is forced to the wall; perhaps he cannot command credit; perhaps he is "squeezed out" in Mr. Wilson's words, by highly organized corporate competitors, as your corner-grocery man can tell you.
>
> Recently a careful study was made of the concentration of business in the United States.
>
> It showed that our economic life was dominated by six hundred and odd corporations, who controlled two thirds of American industry. Ten million small business men divided the other third.
>
> More striking still, it appeared that, if the process of concentration goes on at the same rate, at the end of another century we shall have all American industry controlled by a dozen corporations and run by perhaps a hundred men.

Mr. LEWIS rose.

Mr. LONG. I am quoting now from the President of the United States. Does the Senator wish me to yield for a question or for a confession?

Mr. LEWIS. Mr. President, I rise to call the attention of the able Senator from Louisiana to the fact that his observation just this moment is likely to lead to misunderstanding.

When the Senator had said in his address that this measure known as the "30 hour bill" or the "Black bill" was that of the President, and inquired why should he not, then, make some efforts to carry it through and press it to a conclusion, I rose and reminded the Senator that there was nothing in the record anywhere to show that this measure was the measure of the President; and I now again call the able Senator's attention to the fact that one may be for a principle and yet not be for the kind of measure that is brought in, which professes to carry out the principle.

That was the observation I beg to call to the attention of the Senator—that there was nothing to disclose and nowhere was there a charge that the particular form of measure here was the measure of the President. The measure was brought in through the able efforts, the assiduous industry, of the Senator from Alabama [Mr. BLACK]. It passed the Judiciary Committee, and found its way on the floor to meet the usual advocacy or opposition of Senators, according to their convictions as to the bill's constitutionality and its propriety. Nothing further was disclosed in the debate as to the President's attitude with regard to it.

Mr. LONG. I wish to say that I understood the Senator from Illinois, and I now understand him, that one can be for a principle and against any bill that puts the principle into effect. That had been previously stated here, however, on the floor of the Senate.

Mr. LEWIS. Mr. President, I may add that it worries me a bit to see the eminent Senator, with his acute intellect, make an acrobatic performance of contradictions that would disclose either one of two things—that he either did not understand a common proposition of ordinary good sense, which I cannot have charged to him, or that he purposely distorts it for whatever purpose would serve its object, of which it seems to me he ought to be acquitted.

I therefore ask his permission to call attention again to the fact that a person may be for a principle and yet may not find in a measure tendered by someone that the principle is really expressed in that particular measure.

Mr. LONG. I understand the Senator.

Mr. LEWIS. The Senator's statement gives me a sense of great relief.

Mr. LONG. Mr. President, I lack an understanding of the niceties of senatorial dictum in many respects. I now think, if I may restate the proposition, that one may be for shorter hours but not for a bill that is putting those shorter hours into effect. That is the sawmill understanding that I have of the Senator's language.

Now, perhaps I do not get it straight, but the facts are that we have promised the people shorter hours in the day, and fewer days in the week, and the bill is here. It is the judgment of the Democrats of the Senate and of the United States Senate itself that we have concocted a bill to put that promise into effect. It has not received the support of the administration; I do not know why; but I was simply undertaking, in passing, in the ludicrous way which I have, to assert what I understand to be the passing events of senatorial concourse. [Laughter.]

Mr. LEWIS. Mr. President, may I be permitted by the Senator from Louisiana to ask, in the language of the pleadings which are known to the profession of law, if he would make more specific and definite his use of the word "concourse"—whether he referred to the measure or to the Senator from Louisiana? [Laughter.]

Mr. LONG. The fact remains, Mr. President, that it is time we knew what is going to happen. Are we going to take up this bill, the principle of which has been promised to the people, or are we going to allow this bill to stay here without final action?

I want to pass from that now. I do not want to have the impression imposed upon me further as to my own insufficiency in a colloquy with the Senator from Illinois. I am trying to read language and give my interpretation of it the best I know how.

The next point about which my friend from Arkansas [Mr. ROBINSON] is in error is this: I took up the banner of the Senator from South Carolina [Mr. SMITH], who made a speech here deploring the fact that we had not been able, or we had not seen fit, or by some means we had not done anything to put purchasing power in the hands of the masses. I understood the Senator from South Carolina to say that we had made ourselves ridiculous, with too much to eat and too much to wear, by allowing the people of this country to starve to death in this kind of a condition. I understood the Senator from South Carolina, who is one of the deans of the Senate, to have said that here, in the midst of plenty, we were quibbling and going counter to the absolute necessity of expanding the purchasing power and the currency in such a way that the masses might enjoy the wealth that is here in the land. If I did not correctly understand the Senator from South Carolina, I pause to be corrected by him.

Mr. SMITH. You did.

Mr. LONG. The Senator says I did.

Mr. President, I am not criticizing the President except insofar as the Senator from Arkansas may show it to be a criticism; but I tell you that when the President of the United States goes forward over the front-line trenches, armed with the accoutrements and the weapons that are necessary to fling starvation from the faces of the masses, to do away with destitution, and to do away with the terrible paralysis today which is causing the people to suffer worse than though we had famine, he cannot go forward with the old weapons that brought about this disaster and expect an improvement.

How is the President going to go along here with this old Federal Reserve outfit and expect to do anything with it in the future? I pause for the Senator from Arkansas to tell me how. How is he going to go along here with Eugene Meyer, and that Federal Reserve Board, and a clique that has come out of the offices of Morgan & Co., headed by Parker Gilbert, sitting here over the financial destiny of this administration, if that is the clique that brought us into the condition in which we now find ourselves?

I am undertaking to advise the President, perhaps not to my own interest. That does not make any difference. I am not worried a bit about that. I think the Senator from Arkansas will admit that I have gone half way in trying to vote for things here, the validity of which I doubted seriously; and I want to say to the credit of the Senator from Arkansas that I think he has extended his conscience in that direction just as far as it is possible for good legislative counsel to do. He deserves that compliment as much as I do. I did not get it from him. But you cannot make sense out of a proposition that you have to take $500,000,000 away from underpaid people and starving people in order to get $800,000,000 more.

I did say that we in Louisiana did not care anything about one of these sapling-planting bills. We do not need the saplings. The saplings will not help us any. What we need is some place to sell our products.

In conclusion, Mr. President, I wish to say that I would not have it thought for a moment that I would recant or retract a single word that I have said here today. "Someone must speak the truth to the king in the presence of the people. Somebody must speak the truth to the people in the presence of the king." I know I have spoken the truth here today, because I have spoken the facts as laid down by the President of the United States himself and by the Democratic platform.

I know I have warned of what the President is sitting among. I know how the people of this country are situated today, Mr. President. You cannot tell me that there is an improvement since March 3 with more than 150,000 more men out of work now than there were on the 3d day of March. You can argue all you please, and you are entitled to your opinion and your conviction; but when anybody tells you that things are getting better when 200,000 more men have no jobs today than had them a month ago, there is not any way to tell me that. There is not any way of telling me that things are getting better when the veteran of the Spanish-American War or the World War who was eking out some kind of an existence, and here and there helping some brother or sister or son or daughter from the little pittance that he was getting from the Government has had that taken away from him. You may tell me that that is bettering conditions, but I do not believe it, and I do not believe anybody else with any kind of legislative discretion believes that.

Mr. President, I hope we will make some effort to better conditions. I voted for the Wagner bill that the Senator mentions—yes. I voted for the Wagner bill under the Hoover administration. I voted for any kind of legislation which would consciously and properly put men to work. I would vote for more legislation of that kind; but, Mr. President, in a few words, here is all the President of the United States and the Senate and Congress have to do: All in the world we have to do is to put purchasing power into the hands of the masses.

"Expand the currency" was the promise. That is the expectation. We are not expanding the currency. We are deflating. We are not opening up banks for the distribution of capital and for the extension of credit. We are in the business of closing banks; and I have been privately informed—I may be in error as to this information, but I have been told—that even on this date the proposed bank bill, to which we were to be supplied with an introduction some time during the day, has been brought to a sudden halt, due to advices that have come from the same realm of financial spiritualism that has dictated our past actions in this body and the body at the other end of the Capitol.

So, Mr. President, hope is growing dim. It has gone glimmering. We are not going along the lines necessary to open up this country; and why sit here and argue with ourselves?

I was a political friend of the President-elect before some of my critics were. I helped nominate him when some of my critics were not doing anything of the kind. I did all I could. When I came to this body I was one of the few who did not think Franklin D. Roosevelt was the man to nominate for President of the United States, and I want to say to the credit of the Senator from Montana [Mr. WHEELER] and the Senator from Nebraska [Mr. NORRIS] that

I soon came to the conclusion that they were right and I was wrong, and I became a sincere admirer of the principles enunciated by Franklin D. Roosevelt. I did not confine my activities in behalf of the nomination of Mr. Roosevelt to the State of Louisiana by any means, Mr. President. There are governors of other States, I think, who will verify whether or not I undertook to go into other States and to assist in the nomination of Mr. Roosevelt; and I did not do it because I wanted patronage from Mr. Roosevelt, nor because I liked the man, or thought he was working night and day. I did it because his pronouncements for the decentralization of wealth, and the shortening of the hours of labor, and the expansion of the purchasing power into the hands of the masses gave hope for this country. That is why we went out and undertook to nominate and to elect Franklin D. Roosevelt President of the United States; and I gave the President a chance not to have me go into North or South Dakota or Kansas or Nebraska.

Long after his nomination I waited, until our candidate of the Democratic Party come out again and reaffirmed his pledge and the platform pledge that he was in favor of decentralizing wealth and shortening hours and putting purchasing power into the hands of the masses. I am not disclosing any confidence when I say that I said to the President in his own home, "Do not let me go to the Dakotas or to Kansas or to Nebraska and tell the people there that we are going to shorten these hours and decentralize this wealth unless we are going to do it." I remade those promises in no more glowing terms than those in which they were made by the candidate himself.

Mr. President, are we to continue along the lines of deflation, concentration, closing of banks, taking purchasing power from the masses, impoverishing the soldiers, starving the common class, and eradicating every hope and every vestige of hope that can come by retaining these invisible influences, who have now become visible, which were invisible and criticized at one time? The only difference between such things as the Parker Gilbert influence under the Hoover administration and the same influence today was that under the Hoover administration it was referred to as an invisible power, and today it is boldly and openly asserted, and is visible in the concoction and passage of legislation dealing with the finances and currency and the purchasing power of the American people.

Mr. BORAH. Mr. President, I shall defer discussing the matter which I had intended to discuss, but I take a moment to suggest that we have before us the farm relief bill. It seems to me that we are losing interest in it, and in all probability are willing that it should be put aside, not technically, but through discussion of other matters. There are provisions in the bill in which the Senate has little faith. I suspect a majority of the Senate would like to see these provisions rejected.

Mr. President, we are going to pass this particular farm relief bill. There are provisions in it which, if they stood alone, I should not vote for. But this particular bill is going to pass the Senate, and the more speedily it is passed the better it will be for a great many people who are interested in this relief measure.

There is one provision in the bill, with reference to the refinancing of the farm indebtedness of the United States, which seems to me of very great moment. I think it will carry immediate, specific, concrete relief to thousands and thousands of farmers of the United States who are seriously in debt. That portion of the bill alone ought to lead us to a speedy disposal of the measure. The other things will follow, and we may discuss them for a week or for a month, but in the end they will be a part of the bill which is passed. The bill should be changed, but it is not going to be changed for reasons it is not necessary to discuss.

I urge, if I may do so, that we dispose of this farm-relief measure tomorrow. It has been suggested that three other measures are to be brought up tomorrow. If they are brought up, another day will pass, and perhaps 2 days will pass, before the farm bill will again be considered, and it will be here for an interminable length of time. I want to call attention to the fact that in the meantime hundreds and thousands of farmers are daily coming closer, if not actually, to the loss of their homes. The only hope they have out of the pending bill is the refinancing portion of it. The other part, even if ultimately successful, will not bring immediate relief. Conceding that it may bring ultimate relief, it will not bring immediate relief; but the refinancing portion of the bill will bring immediate relief. Immediate relief means the saving of the homes and the farms of a great many farmers throughout the United States.

Mr. President, I trust that my friend the Senator from Indiana [Mr. ROBINSON], who wants to talk about Russia, which would be a great temptation for others, and the Senator from Alabama [Mr. BLACK], who is interested in his 5-day week bill and the measure with reference to the censorship, as it is called, may be put aside, and permitted to remain aside until we dispose of the farm relief bill.

I want the refinancing proposition of the bill enacted into law as soon as it may be. I shall vote for the other portion of the bill, but only because it is a part of the measure.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. BORAH. I yield.

Mr. REED. Does not the Senator think that if the refinancing section stood by itself, we could pass it before 6 o'clock tonight? Everybody with whom I have talked is in favor of that part of the bill.

Mr. BORAH. I do think that; but I know, if the Senator from Pennsylvania will permit me to say so, that that is impossible. There are those who are interested in the other features of the bill who are unwilling to separate the refinancing proposition from the other portion of the bill. I should like very much myself to see that done. I would vote for it, and then be relieved from voting for that portion of the bill which I fear will not prove practicable. But we are not going to have that opportunity. When we vote upon the refinancing feature we are also going to be compelled to vote on the allotment plan, and we are going to vote on the other portions of the bill. Therefore, it seems to me that we should proceed without further discussion in the matter and pass the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. McNARY. Mr. President, may the committee amendment be stated?

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 13, line 14, under the subhead "Miscellaneous", after the word "this", to strike out "act" and insert "title"; and in line 21, after the word "this", to strike out "act" and insert "title", so as to read:

SEC. 10. (a) The Secretary of Agriculture may appoint such officers and employees, subject to the provisions of the Classification Act of 1923 and acts amendatory thereof, and such experts as are necessary to execute the functions vested in him by this title; and the Secretary may make such appointments without regard to the Civil-Service laws or regulations: *Provided*, That no salary in excess of $10,000 per annum shall be paid to any officer, employee, or expert of the emergency agricultural-adjustment administration, which the Secretary shall establish in the Department of Agriculture for the administration of the functions vested in him by this title.

The amendment was agreed to.

The next amendment was, on page 13, line 24, after the word "this", to strike out "act" and insert "title"; and on page 14, line 1, after the word "permit", to insert "processors and", so as to read:

(b) The Secretary of Agriculture is authorized to establish, for the more effective administration of the functions vested in him by this title, State and local committees, or associations of producers, and to permit processors and cooperative associations of producers, when in his judgment they are qualified to do so, to act as agents of their members and patrons in connection with the distribution of rental or benefit payments.

The amendment was agreed to.

The next amendment was, on page 14, line 9, after the word "this", to strike out "act" and insert "title", so as to read:

(c) The Secretary of Agriculture is authorized, with the approval of the President, to make such regulations with the force and effect of law as may be necessary to carry out the powers vested in him by this title. Any violation of any regulation shall be subject to such penalty, not in excess of $100, as may be provided therein.

The amendment was agreed to.

The next amendment was, on page 14, line 14, after the word "this", to strike out "act" and insert "title"; in line 17, after the word "imposed", to insert "or refunds to be made"; and in line 18, after the word "thereto", to strike out the comma and "and defining processing with respect to any commodity", so as to read:

(d) The Secretary of the Treasury is authorized to make such regulations as may be necessary to carry out the powers vested in him by this title, including regulations, with the force and effect of law establishing conversion factors for any commodity and article processed therefrom to determine the amount of tax imposed or refunds to be made with respect thereto.

The amendment was agreed to.

The next amendment was, on page 15, line 1, after the word "this", to strike out "act" and insert "title", and in line 3, after the name "American Samoa", to insert "the Canal Zone", so as to read:

(f) The provisions of this title shall be applicable to the United States and its possessions, except the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and the island of Guam.

The amendment was agreed to.

The next amendment was, on page 15, line 6, after the word "this", to strike out "act" and insert "title", and in line 8, after the word "this", to strike out "act" and insert "title", so as to read:

(g) No person shall, while acting in any official capacity in the administration of this title, speculate, directly or indirectly, in any agricultural commodity or product thereof, to which this title applies, or in contracts relating thereto, or in the stock or membership interests of any association or corporation engaged in handling, processing, or disposing of any such commodity or product. Any person violating this subsection shall upon conviction thereof be fined not more than $10,000 or imprisoned not more than 2 years, or both.

The amendment was agreed to.

The next amendment was, on page 15, after line 14, to insert:

(h) For the efficient administration of the provisions of part 2 of this title, the provisions, including penalties, of sections 8, 9, and 10 of the Federal Trade Commission Act, approved September 26, 1914, are made applicable to the jurisdiction, powers, and duties of the Secretary in administering the provisions of this title and to any person subject to the provisions of this title, whether or not a corporation. Hearings authorized or required under this title shall be conducted by the Secretary of Agriculture or such officer or employee of the Department as he may designate for the purpose. The Secretary may report any violation of any agreement entered into under part 2 of this title to the Attorney General of the United States, who shall cause appropriate proceedings to enforce such agreement to be commenced and prosecuted in the proper courts of the United States without delay.

Mr. FESS. Mr. President, I should like to invite the attention of the chairman of the committee to the amendment on page 15, beginning with line 15. That amendment would transfer to the Secretary of Agriculture, so far as the bill would be affected, the functions of the Federal Trade Commission, and it would write into the law sections 8, 9, and 10 of the Federal Trade Commission Act. Those sections include the power of investigation, with a penalty attached.

There are two questions in my mind. One is, Why should we put into the hands of the Secretary of Agriculture the function of a commission which is already created, with all the machinery necessary to make investigations? That is the first question. Why should we duplicate?

Mr. SMITH. Mr. President, in answer to that question I may say that it was thought by the committee and by those who drafted the bill that as this measure pertained to agricultural products much time could be saved during the short life of the measure by having the power granted by the Secretary of Agriculture to expedite matters, so that questions might be determined by him rather than go through the machinery, indirectly, of the Federal Trade Commission.

Mr. FESS. Mr. President, I think the power is objectionable, not alone because of the necessity of building up machinery which already is instituted in the Federal Trade Commission, but I fear that, time being the essence and the desire being for quick action, in all probability the time necessary to make adequate investigation will not be given.

Mr. McKELLAR. Mr. President, of course, those on the committee know more about the matter than I do, but as I understand this provision it would give the Secretary of Agriculture the use of the Federal Trade Commission in these three particulars.

Mr. SMITH. No; the Senator is wrong. It would give him the same power included in the sections referred to here in order to expedite the administration, because the language is:

For the efficient administration of the provisions of part 2 of this title, the provisions, including penalties, of sections 8, 9, and 10 of the Federal Trade Commission Act, approved September 26, 1914, are made applicable to the jurisdiction, powers, and duties of the Secretary in administering the provisions of this title.

Mr. McKELLAR. Mr. President, I see that by subsequent statement in line 22 the Secretary is authorized and directed to hold hearings. So the Senator is correct about it.

Mr. FESS. Mr. President, the Secretary would have the power under the Federal Trade Commission Act to fix a penalty of from $1,000 to $5,000, and it appears to me that it is an unusual delegation of power to an individual. In the first place, the Federal Trade Commission has all the machinery necessary; there is no necessity of any further expenditure, and if we are to assume that the investigation is not such as to justify the matter being referred to the Federal Trade Commission, but the power can be exercised through the Secretary of Agriculture, it does not look like a fair deal to a person who is haled before the Secretary of Agriculture for a violation of law.

Mr. SMITH. Mr. President, may I call the attention of the Senator to this fact, which I think will be persuasive, that all the matters arising under this bill will be better known and more thoroughly comprehended by the Secretary of Agriculture and his forces than they could be supposed to be by the Federal Trade Commission, and, therefore, in order to expedite the workings of the proposed law, it was deemed wise to give the Secretary, for the life of the measure, the power proposed to be vested in him?

Mr. FESS. Mr. President, I think the Senator will agree with me that if the purpose is to enforce the will of the Secretary—and under the bill the Secretary has all authority—and to give him the power of the Federal Trade Commission in making the investigation, we are eliminating every feature of equity when a dispute arises, for the man who enforces the law is the one who is going to investigate the charge. If a provision more despotic than that can be made, I do not know what it would be.

Mr. SMITH. I think, of course, the committee were persuaded that the Secretary of Agriculture and his corps of helpers and administrators would necessarily be more intimately conversant with the circumstances involved in any dispute than could be the Federal Trade Commission.

Mr. FESS. I agree with the Senator in that respect, but I think the Senator will agree with me that in a particular case of this kind, where the Secretary wants a thing done in accordance with his understanding of the law, he would hardly be an impartial judge of the violation of the law.

Mr. McKELLAR. Mr. President, will the Senator from Ohio yield to me for just a moment?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from South Carolina?

Mr. FESS. I yield.

Mr. McKELLAR. As the Senator and I both know, we have permitted many commissions to be clothed with the

power to impose penalties, and the law has so provided, but I ask has the Senator ever known of a case where a commission has actually inflicted a penalty? I ask that question merely for the purpose of indicating that, in my judgment, while the Secretary is given the power to impose the penalty, there will be no penalties imposed, but that the power may be used without resort to penalties.

Mr. FESS. The Senator asks me for information. I am not sufficiently acquainted with what has taken place to say whether a penalty ever has been inflicted or not, but I know when we passed such laws we expected in case of any obvious violation that a penalty would be imposed. While I am in sympathy with the effort on the part of the committee to reach a final decision, we are going into such unusual fields in this particular legislation that I am getting dizzy about it.

Mr. SMITH. Well, Mr. President, the Senator from Ohio will realize that this is a departure from almost any precedent we have. The whole bill, from start to finish, is an attempt by every method that we possibly can call into operation to bring about a more satisfactory condition in reference to agriculture. The Senator will recognize that in providing for the imposition of a tax extraordinary power is granted to the Secretary of Agriculture.

Mr. FESS. The Senator is right about that. It is not only an experiment, but there never has been any such legislative proposal offered in any parliamentary body of which I know.

Mr. HATFIELD. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from West Virginia?

Mr. SMITH. I yield.

Mr. HATFIELD. As the Senator knows, I have had prepared by my office force two tables dealing with the pre-war prices of the seven commodities embraced in this proposed legislation. In one table the pre-war prices are compared with prices in February 1933, and in the other with prices for March 1933. I am wondering if the chairman of the Committee on Agriculture would be interested in having these two tables printed in the RECORD.

Mr. SMITH. I should be very glad to have that done, Mr. President. I have looked over the tables and I think they are worth while.

Mr. HATFIELD. I ask unanimous consent that these tables may be published in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD.

Mr. HATFIELD. The following tabulation shows the pre-war average price for the seven commodities that are mentioned in the emergency farm aid bill (S. 507) and also the average price for March 15, 1933, with the exception of the price for rice and tobacco, which is for February 1932.

The third column shows the increase that would have to be made in the price as given for March 15, 1933, in order to bring it to the pre-war average.

Prices as here mentioned refer to the price received by producers at local farm markets and are based on reports to the Division of Crop and Livestock Estimates of the Department of Agriculture.

The pre-war price is the price for the 5-year average from August 1909 to July 1914.

	Pre-war average, 1909–14	Price for February 1933	Decline from pre-war price	Increase necessary to equal pre-war price
			Percent	*Percent*
Cotton (per pound)	12.4 cents	5 cents	58	140
Corn (per bushel)	64.2 cents	19 cents	70	240
Wheat (per bushel)	88.4 cents	32 cents	64	175
Hogs (per 100 pounds)	$7.24	$2.94	59	146
Beef (per 100 pounds)	$5.20	$3.31	36	57
Sheep (per 100 pounds)	$4.55	$2.16	52	110
Rice (per bushel)	83 cents	February 1932, 39 cents.	53	113
Tobacco (per pound)	11 cents	February 1932, 10 cents.	9	10
Milk (per 100 pounds)	$1.79	February 1933, $1.16	35	54
Butter (per pound)	25.5 cents	18 cents	28	40

	Pre-war average, 1909–14	Price for Mar. 15, 1933	Increase necessary to equal pre-war price
			Percent
Cotton (per pound)	12.4 cents	6.1 cents	103
Corn (per bushel)	64.2 cents	20.6 cents	211
Wheat (per bushel)	88.4 cents	34.5 cents	156
Hogs (per 100 pounds)	$7.24	$3.22	124
Rice (per bushel)	83 cents	39 cents	113
Tobacco (per pound)	11 cents	10 cents	10
Milk (per 100 pounds)	$1.79	$1.10	63
Butter (per pound)	25.5 cents	18 cents	42

The PRESIDING OFFICER. The question is on agreeing to the committee amendment beginning on page 15, line 15.

The amendment was agreed to.

The next amendment of the Committee on Agriculture and Forestry was, under the subhead "Commodities", on page 16, line 7, after the word "this", to strike out "act" and insert "title"; in line 8, before the word "corn", to insert "field"; in line 9, before the word "rice", to strike out "cattle, sheep,"; in line 12, after the word "this", to strike out "act" and insert "title", and in line 17, after the word "this", to strike out "act" and insert "title", so as to make the section read:

SEC. 11. As used in this title, the term "basic agricultural commodity" means wheat, cotton, field corn, hogs, rice, tobacco, and milk and its products, and any regional or market classification, type, or grade thereof; but the Secretary of Agriculture shall exclude from the operation of the provisions of this title, during any period, any such commodity or classification, type, or grade thereof if he finds, upon investigation at any time and after due notice and opportunity for hearing to interested parties, that the conditions of production, marketing, and consumption are such that during such period this title cannot be effectively administered to the end of effectuating the declared policy with respect to such commodity or classification, type, or grade thereof.

The amendment was agreed to.

The next amendment was, under the subhead "Appropriation", on page 16, line 23, after the word "this", to strike out "act" and insert "title"; and on page 17, line 1, after the word "under", to strike out "this act" and insert "parts 1 and 2 of this title", so as to read:

SEC. 12. (a) The proceeds derived from taxes imposed under this title, or so much thereof as may be necessary, are hereby appropriated to be available to the Secretary of Agriculture for rental and benefit payments and administrative expenses, including refunds under parts 1 and 2 of this title, personal services in the District of Columbia and elsewhere, contract stenographic reporting services, and printing and paper in addition to allotments under existing law.

The amendment was agreed to.

The next amendment was, on page 17, line 9, after the word "advance", to insert a comma and "out of any moneys in the Treasury not otherwise appropriated", so as to read:

(b) The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts currently required for such payments and expenses, and the Secretary of the Treasury shall advance, out of any moneys in the Treasury not otherwise appropriated, to the Secretary of Agriculture the amounts so estimated.

Mr. VANDENBERG. Mr. President, I want to ask the able Senator from South Carolina about section 2, to which this amendment relates. We are now dealing with a type of appropriations direct from the Treasury. One type covers the initial payment, as I understand, for rentals and benefits.

Mr. SMITH. Yes.

Mr. VANDENBERG. Those appropriations are recouped to the Treasury if the processing tax is sufficient, but not otherwise. Is not that correct?

Mr. SMITH. That is correct.

Mr. VANDENBERG. There could be a deficit at that point?

Mr. SMITH. Yes; that is correct.

Mr. VANDENBERG. The other type of appropriation which comes direct from the Treasury is for administrative expenses, so called. Has there been any estimate made as to what those administrative expenses may be?

Mr. SMITH. I think not. There have been certain suggestions made, but I think there have been no definite fig-

ures submitted, at least, there have not been any submitted to the committee.

Mr. VANDENBERG. Would it be unfair to say that the administration of the bill will require a corps of inquisitors and taxgatherers, touching every county in the United States and virtually touching every farm and every processing factory?

Mr. SMITH. In regard to that, it has been suggested, and I think stated as a fact, that the present force employed, including attachés and employees of the Agricultural Department in their various capacities, such as farm-extension work, the administration of crop-production funds, and also the field force, the R.F.C., will be utilized to do this work without additional expense so far as possible. There are counties, I understand, in which no such employees of the Government will be available.

Mr. VANDENBERG. The Senator indicated that there have been some tentative estimates as to expenditures. May I inquire what those are?

Mr. SMITH. I do not recall what they are; I cannot honestly state.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in line 9, on page 17.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The next amendment was, on page 17, line 12, after the word "of", to insert the word "any", so as to read:

The amount of any such advance shall be deducted from such funds as subsequently become available under subsection (a).

The amendment was agreed to.

The next amendment was, on page 17, line 16, after the word "this", to strike out "section" and insert "title"; and in line 19, after the word "of", to strike out "this act" and insert "parts 1 and 2 of this title", so as to read:

(c) The Secretary of Agriculture shall transfer to the Treasury Department and is authorized to transfer to other agencies, out of funds available under this title, such sums as are required to pay administrative expenses incurred and refunds made by such department or agencies in the administration of parts 1 and 2 of this title.

The amendment was agreed to.

The next amendment was, under the subhead "Termination of act", on page 17, line 21, after the word "This", to strike out "act" and insert "title"; and on page 18, line 2, after the word "this", to strike out "act" and insert "title", so as to read:

SEC. 13. This title shall cease to be in effect whenever the President finds and proclaims that the national economic emergency in relation to agriculture has been ended; and pending such time the President shall by proclamation terminate with respect to any basic agricultural commodity such provisions of this title as he finds are not requisite to carrying out the declared policy with respect to such commodity. The Secretary of Agriculture shall make such investigations and reports thereon to the President as may be necessary to aid him in executing this section.

The amendment was agreed to.

The next amendment was, under the subhead "Separability of provisions", on page 18, line 8, after the word "this", to strike out "act" and insert "title"; and in line 11, after the word "this", to strike out "act" and insert "title", so as to read:

SEC. 14. If any provision of this title is declared unconstitutional, or the applicability thereof to any person, circumstance, or commodity is held invalid, the validity of the remainder of this title and the applicability thereof to other persons, circumstances, or commodities shall not be affected thereby.

The amendment was agreed to.

The next amendment was, under the subhead "Supplementary revenue provisions, exemptions, and compensating taxes", on page 19, after line 5, to strike out:

(b) No tax shall be required to be paid on the processing of any commodity by the producer thereof on his own premises for consumption of his own family, employees, or household; and the Secretary of Agriculture is authorized, by regulations, to exempt producers from the payment of the processing tax with respect to hogs, cattle, sheep, or milk and its products in cases where the producer's sales of the products resulting from the processing of the commodity do not exceed $100 per annum.

And in lieu thereof to insert:

(b) The Secretary of Agriculture may provide by regulations for exemption from the tax of commodities processed by the producer thereof or processed for the producer.

Mr. McNARY. Mr. President, on page 17, line 24, in subdivision (b), there is a committee amendment. I probably may desire to offer an amendment to that, but that amendment would not be in order at this time, I understand.

The PRESIDING OFFICER. The amendment would not be in order until the committee amendments shall have been disposed of. The question is on agreeing to the amendment of the committee beginning on line 6, page 19.

The amendment was agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 19, line 20, after the word "this", to strike out "act" and insert "title", and in line 22, after the word "this", to strike out "act" and insert "title", so as to read:

(c) Any person delivering any product to any organization for charitable distribution or use shall, if such product or the commodity from which processed, is under this title subject to tax, be entitled to a refund of the amount of any tax paid under this title with respect to such product so delivered.

The amendment was agreed to.

The next amendment was, on page 20, line 3, after the word "competing", to strike out "agricultural"; in line 10, after the word "competing", to strike out "agricultural"; in line 14, after the word "competing", to strike out "agricultural"; in line 19, after the word "competing", to strike out "agricultural"; in line 20, after the word "per," to strike out "like unit" and insert "equivalent unit, as determined by the Secretary"; and in line 20, after the word "commodity" and the period, to strike out "The term 'competing agricultural commodity' shall include, among others, rayon, silk, linen, and oleomargarine, and any basic agricultural commodity as to which a tax is not in effect under section 9", so as to read:

(d) The Secretary of Agriculture shall ascertain from time to time whether the payment of the processing tax upon any basic agricultural commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof. If the Secretary of Agriculture finds, after investigation and due notice and opportunity for hearing to interested parties, that such disadvantages in competition exist, or will exist, he shall proclaim such finding. The Secretary shall specify in this proclamation the competing commodity and the compensating rate of tax on the processing thereof necessary to prevent such disadvantages in competition. Thereafter there shall be levied, assessed, and collected upon the first domestic processing of such competing commodity a tax, to be paid by the processor, at the rate specified, until such rate is altered pursuant to a further finding under this section, or the tax or rate thereof on the basic agricultural commodity is altered or terminated. In no case shall the tax imposed upon such competing commodity exceed that imposed per equivalent unit, as determined by the Secretary, upon the basic agricultural commodity.

The amendment was agreed to.

The next amendment was, on page 21, line 6, after the word "this", to strike out "act" and insert "title"; and in line 7, after the word "this", to strike out "act" and insert "title", so as to read:

(e) During any period for which a processing tax is in effect with respect to any commodity there shall be levied, assessed, collected, and paid upon any article processed or manufactured wholly or in chief value from such commodity and imported into the United States or any possession thereof to which this title applies, from any foreign country or from any possession of the United States to which this title does not apply, a compensating tax equal to the amount of the processing tax in effect with respect to domestic processing at the time of importation. Such tax shall be paid prior to the release of the article from customs custody or control.

The amendment was agreed to.

The next amendment was, under the subhead "Floor stocks", on page 22, after line 13, to insert:

(c) For the purposes of this section the term "retail trade" shall not be held to include the business of an establishment which is owned, operated, maintained, or controlled by the same individual, firm, corporation, or association that owns, operates, maintains, or controls any more than two other establishments of the same character.

The amendment was agreed to.

The next amendment was, under the subhead "Exportations", on page 22, line 25, after the word "this", to strike out "act" and insert "title"; and on page 23, line 2, after the word "this", to strike out "act" and insert "title", so as to read:

SEC. 17. (a) Upon the exportation to any foreign country (including the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam) of any product with respect to which a tax has been paid under this title, or of any product processed wholly or in chief value from a commodity with respect to which a tax has been paid under this title, the exporter thereof shall be entitled at the time of exportation to a refund of the amount of such tax.

The amendment was agreed to.

The next amendment was, on page 23, line 7, after the word "this", to strike out "act" and insert "title"; and in line 10, after the word "this.", to strike out "act" and insert "title", so as to read:

(b) Upon the giving of bond satisfactory to the Secretary of the Treasury for the faithful observance of the provisions of this title requiring the payment of taxes, any person shall be entitled, without payment of the tax, to process for such exportation any commodity with respect to which a tax is imposed by this title, or to hold for such exportation any article processed wholly or in chief value therefrom.

The amendment was agreed to.

The next amendment was, under the subhead "Existing contracts", on page 23, line 14, after "Sec. 18. (a)", to strike out "If (1) any processor, jobber, or wholesaler has, prior to the date of approval of this act, made a bona-fide contract of sale for delivery after such date of any article in respect of which a tax is imposed under this act" and in lieu thereof to insert "If (1) any processor, jobber, or wholesaler has, prior to the date a tax with respect to any commodity is first imposed under this title, made a bona-fide contract of sale for delivery after such date, of any article processed wholly or in chief value from such commodity."

So as to read:

SEC. 18. (a) If (1) any processor, jobber, or wholesaler has, prior to the date a tax with respect to any commodity is first imposed under this title, made a bona-fide contract of sale for delivery after such date, of any article processed wholly or in chief value from such commodity, and if (2) such contract does not permit the addition to the amount to be paid thereunder of the whole of such tax, then (unless the contract prohibits such addition) the vendee shall pay so much of the tax as is not permitted to be added to the contract price.

The amendment was agreed to.

The next amendment was, on page 24, line 6, after the word "this", to strike out "act" and insert "title", so as to read:

(b) Taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated and shall be collected and paid to the United States by the vendor in the same manner as other taxes under this title. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner of Internal Revenue who shall cause collections of such taxes to be made from the vendee.

The amendment was agreed to.

The next amendment was, under the subhead "Collection of taxes", on page 24, line 12, after the word "this", to strike out "act" and insert "title", so as to read:

SEC. 19. (a) The taxes provided in this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury. Such taxes shall be paid into the Treasury of the United States.

The amendment was agreed to.

The next amendment was, on page 24, line 20, after the word "this", to strike out "act" and insert "title", and in line 21, after the word "this", to strike out "act" and insert "title", so as to read:

(b) All provisions of law, including penalties, applicable with respect to the taxes imposed by section 600 of the Revenue Act of 1926, and the provisions of section 626 of the Revenue Act of 1932, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable in respect of taxes imposed by this title.

The amendment was agreed to.

The next amendment was, on page 24, line 23, after the word "exceeding", to strike out "60" and insert "90", and in line 25, after the word "this", to strike out "act" and insert "title", so as to make the proviso read:

Provided, That the Secretary of the Treasury is authorized to permit postponement, for a period not exceeding 90 days, of the payment of taxes covered by any return under this title.

The amendment was agreed to.

The next amendment was, on page 25, line 1, after the word "this", to strike out "act" and insert "title"; in line 3, after the word "processors", to insert "or distributors", and in the same line, after the word "processor", to insert "or distributor", so as to read:

(c) In order that the payment of taxes under this title may not impose any immediate undue financial burden upon processors or distributors, any processor or distributor subject to such taxes shall be eligible for loans from the Reconstruction Finance Corporation under section 5 of the Reconstruction Finance Corporation Act.

The amendment was agreed to.

The next amendment was, on page 25, after line 6, to insert:

PART 3—COST OF PRODUCTION

SEC. 20. (a) The Secretary of Agriculture, in addition to the powers granted by parts 2 and 3 of this title is hereby authorized, with respect to any basic agricultural commodity, to estimate as nearly as practicable and proclaim from time to time—

(1) The percentage of the domestic production of the commodity, including carry-over stocks, for market during the next marketing period for the commodity, that will be needed for domestic consumption; and

(2) The average domestic cost of production for the commodity.

(b) After such date as shall be specified in the proclamation, it shall be unlawful for any person to purchase any amount of the commodity from the producer or any association of producers at a price, for the domestic consumption percentage thereof, that is less than the proclaimed cost of production for the commodity. The remainder may be purchased at such price as is agreed to by the parties; and shall be segregated for export, or for processing for export, in accordance with regulations of the Secretary of Agriculture.

(c) Any person violating the provisions of subsection (b) shall, upon conviction thereof, be subject to a fine of not more than $1,000 or imprisonment for not more than 1 year, or both, for each such violation.

(d) The provisions of section 15 (d) and (e) shall apply with respect to commodities or products thereof competing with, and imported articles processed or manufactured wholly or in chief value from, any basic agricultural commodity for which the cost of production has been proclaimed under this section, to the same extent as such provisions apply with respect to commodities or products thereof competing with, or imported articles processed or manufactured wholly or in chief value from, any commodity for which a processing tax is in effect.

(e) In order to carry out the provisions of this section the Secretary of Agriculture is authorized to license persons engaged in the business of purchasing from producers or associations of producers any basic agricultural commodity with respect to which the Secretary has proclaimed the cost of production. Such licenses shall be subject to such terms and conditions as may be necessary effectively to execute the provisions of this section. Any person so engaged without a license as required by the Secretary under this section shall be subject to a fine of not more than $1,000 for each day the violation continues. The Secretary may suspend or revoke any such license, after due notice and opportunity for hearing, for any violation of this section or of the terms or conditions of the license.

Mr. McNARY. That is a wholly new part of the bill. It met with considerable controversy in the committee and will meet with some opposition on the floor. There are a number of Senators absent this evening, and I suggest to the able Senator who has the bill in charge that we take a recess at this time until tomorrow, when we may take up that amendment.

Mr. SMITH. Mr. President, I should like to make a statement. We have now finished the bill so far as pertains to its farm-relief provisions as sent down by the Department. We have now reached that portion of the bill which was incorporated by the committee on its own initiative, namely, part 3, embodying the cost-of-production plan. Of course, Senators understand that that is a plan which, so far as the testimony before the committee indicates, a vast number of farmers prefer to either the processing tax or the leasing feature.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CONNALLY. Let me inquire of the Senator if the cost-of-production plan as proposed is not optional?

Mr. SMITH. It is optional.

Mr. CONNALLY. The Secretary of Agriculture does not have to put it into operation.

Mr. SMITH. He does not have to do so.

Mr. CONNALLY. If the other provisions do not work, however, he can try the plan thus proposed?

Mr. SMITH. Yes. As I stated earlier today, there are three propositions embraced in the text of the bill. One is the leasing plan, another the allotment plan, and the third the cost-of-production plan. In order that the Senate may thoroughly understand, let me say that the cost-of-production plan does not have reference to all crops, but the principle will be applied upon that portion of crops domestically consumed, so that it comes very nearly being in the same category as the allotment plan. It simply is put in the bill as an alternative for the Secretary to use at his discretion. If for any reason he finds that the cost-of-production plan would be more acceptable and work out more to the benefit of the farmers than would the other plans, he has it here at his disposal. If he does not see fit to use it, of course he will not do so.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Kentucky?

Mr. SMITH. I yield.

Mr. BARKLEY. As I understand this provision, if the Secretary of Agriculture finds as to any part of a certain crop used domestically that the cost of producing it amounts to a certain sum, even though my neighbor has produced such a crop he cannot sell it to me, although he wants to get rid of it and I want to buy it, for less than the Secretary claims is the cost of production of that crop in the United States.

Mr. SMITH. The same thing is true of the allotment plan. The tax fixed has got to be paid ultimately. The difference between the two is that under the crop-production plan the original buyer must pay the cost of production on that percentage of the crop that is domestically consumed.

Mr. BARKLEY. In other words, under this provision the Secretary of Agriculture is authorized to proclaim a situation which will result in the application of a criminal statute to any man who buys from the producer for less than the price fixed by the Secretary any portion of a domestically consumed commodity, notwithstanding the fact that the producer is willing to take a price that may be less than that fixed by the Secretary and the purchaser is willing to buy? If the Senator is going to punish me for buying from him, why not punish him for selling to me, if this is to be a criminal statute?

Mr. SMITH. I think it would amount to the same thing. The Senator would be punished for offering me less than the production price, no matter what I might be willing to sell for, and he would be estopped from purchasing it except at the price proclaimed as being the cost of production.

Mr. BARKLEY. If I am a producer of tobacco and the Secretary of Agriculture proclaims that it costs me 5 cents a pound to produce it, then I could not sell the Senator a pound of it for 4 cents without violating the law and subjecting the Senator to a penalty of a thousand dollars a day?

Mr. SMITH. If I am the buyer, I must pay the cost of production. I suppose there will not be very many farmers who will endanger a man in a suit because he offered less. The farmer would always maintain that he should have the cost of production.

Mr. BARKLEY. Does the Senator think that this section is likely to offer any inducement for the purchase of farm products or will it not operate as a hindrance?

Mr. SMITH. The fact of the business is that the same argument may be used against the allotment plan. Is it going to restrict purchases? Under that plan, when the tax is fixed, the processor, who is the ultimate purchaser, has to pay the tax. Under the cost-of-production plan the purchaser has to pay the cost of production. In both instances, so far as the law is concerned, the price stands fixed and inflexible during the life of the tax or during the time the cost of production is fixed.

Mr. BARKLEY. With reference to commodities, of which there are various types, does the Senator think the Secretary of Agriculture could within reasonable bounds formulate any judgment as to the average cost of production so as to be able to apply it to each type and make it fair as an average among the different types of the same product, so as to work no injustice either to the producer or the purchaser?

Mr. SMITH. No one pretends to deny that there is going to be difficulty in the administration of the two features of the bill which look toward price fixing.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. SMITH. If the Senator will allow me just a moment I will yield. In the case of wheat, under the allotment plan and the tax, there will be different grades of wheat. The Secretary will have to work out a plan by which the equity of the farmer will be maintained in the different grades of his wheat. The same thing is true of cotton, and it would be true under the allotment plan, as it would under the cost-of-production plan.

Mr. BARKLEY. Let us take wheat or corn or tobacco or rye, and let us suppose the Secretary of Agriculture has issued the proclamations. Let us suppose further that a given farmer has a thousand bushels of wheat and that in order to pay his taxes he must raise some money. We will assume the normal price of wheat may be below what the Secretary has proclaimed as the cost of production. Let us assume the farmer wants to raise money to pay his taxes or to pay off a mortgage or for any other emergent purpose, and that he must sell some wheat even though at a sacrifice. He cannot do it under this section because the purchaser will be penalized. He will be confronted with a situation where his crop will be in the barn or in the bin, where he needs money, but he cannot sell because nobody can buy without incurring the penalty. What will happen then?

Mr. SMITH. The same thing would be true there, except there is this difference. Under the cost-of-production plan the price is fixed. Under the allotment plan, if the Secretary found the tax levied was actually retarding the sale, he might lower the tax, but under the cost-of-production plan the price would be fixed.

Mr. BARKLEY. He cannot lower anything then?

Mr. SMITH. No; not under the cost-of-production plan. I yield now to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, it is manifest that the pending amendment cannot be disposed of this evening. Does the Senator expect to dispose of it today?

Mr. SMITH. I had hoped that we might make progress on the bill. I think the Senator from Idaho [Mr. BORAH] has voiced what is the real sentiment of the Senate, but it is evident that the pending provision is going to lead to considerable discussion. I should like to ask the Senator from Arkansas, the leader on the Democratic side, if he proposes to ask for an adjournment or a recess?

Mr. ROBINSON of Arkansas. I think that it will be necessary to take a recess. I know that the Senator from Alabama [Mr. BLACK] hopes for an adjournment; but in view of the discussions which have taken place and of the sentiment that has been expressed to me, I am going to suggest a recess until 12 o'clock noon tomorrow. It will not be practicable to meet at 10 o'clock, for the reason that a number of committees are meeting at that hour in the morning and the chairmen of those committees have insisted that we meet at the usual hour.

Mr. SMITH. I should like to state to the Senator that a bill has been referred to the Committee on Agriculture and Forestry, and I was asked, in order to expedite it, to call the committee together tomorrow morning at 10 o'clock. The bill is known as the Muscle Shoals bill. I have issued a call for that hour for a meeting of the committee.

Mr. ROBINSON of Arkansas. I find there are 5 or 6 committees of first importance which are meeting in the morning, and I do not believe it practicable to recess until 10 o'clock. I suggest, then, that we recess now, but before doing that I should like to have a brief executive session.

Mr. SMITH. Very well.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. GEORGE in the chair) laid before the Senate a message from the President of the United States submitting the nomination of Harry L. Sexton, of Brownsville, Tex., to be collector of customs for customs collection district no. 23, with headquarters at San Antonio, Tex., in place of Roy Campbell, resigned, which was referred to the Committee on Finance.

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably sundry nominations in the Army.

The PRESIDING OFFICER. The nominations will be placed on the Executive Calendar.

Mr. NORRIS, from the Committee on the Judiciary, reported favorably the nomination of Joseph W. Woodrough, of Nebraska, to be United States circuit judge, eighth circuit, which was ordered to be placed on the Executive Calendar.

The PRESIDING OFFICER. The calendar is in order.

JULIAN L. SCHLEY

The Chief Clerk read the nomination of Julian L. Schley to be Governor of the Panama Canal Zone.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The Chief Clerk read the nomination of Harry M. Durning to be collector of customs, customs collection district no. 10, New York, N.Y.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. Without objection, the President will be notified of the nominations this day confirmed. That concludes the Executive Calendar.

The Senate resumed legislative business.

RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and the Senate (at 5 o'clock and 25 minutes p.m.) took a recess until tomorrow, Wednesday, April 12, 1933, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate April 11, 1933

COLLECTOR OF CUSTOMS

Harry L. Sexton, of Brownsville, Tex., to be collector of customs for customs collection district no. 23, with headquarters at San Antonio, Tex., in place of Roy Campbell, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 11, 1933

GOVERNOR OF PANAMA CANAL

Julian L. Schley to be Governor of Panama Canal.

COLLECTOR OF CUSTOMS

Harry M. Durning to be collector of customs, district no. 10, New York, N.Y.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 11, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, we rejoice that we are in a world where Thou dost reign. Thou art the fountain of mercy and dost bring light out of darkness and peace out of pain, and doeth all things well. May we accept it, our Heavenly Father, for larger service and for diviner joys in which our enfranchised souls shall share with those who walk with Thee. In all things that shall be done today may we hear Thy "Well done" and have the blessing of the heart that is undisturbed. Blessed Lord, crown us with minds that plan and ponder, with hearts that yearn and aspire; and may they be used for Thy glory and for our country's good, and Thine shall be the praise. Amen.

The Journal of the proceedings of yesterday was read and approved.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I make a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. SNELL. As I understand, there are several rules to be brought up this morning. Can the majority leader tell me in what order those rules are to be brought up?

Mr. BYRNS. There is only one rule to be taken up this morning, and that is the rule with reference to the post-office leases. After that the rule relative to the farm-mortgage loans will be taken up.

INVESTIGATION OF POST-OFFICE LEASES

Mr. SABATH. Mr. Speaker, I call up the resolution (H.Res. 98) for immediate consideration.

The Clerk read as follows:

House Resolution 98

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Resolution 59, and all points of order against said resolution shall be considered as waived. That after general debate, which shall be confined to the resolution and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Post Office and Post Roads, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

Mr. SABATH. Mr. Speaker, this resolution makes in order the resolution extending the time for the Committee on the Post Office and Post Roads in the House with reference to the investigation that was authorized in the last session. The members of that committee were not able to complete their work, and this resolution simply authorizes them to proceed with their investigation.

I do not desire to take up any time of the House at this time.

Mr. SNELL. Will the gentleman yield for a question?

Mr. SABATH. Certainly.

Mr. SNELL. The gentleman says the Committee on the Post Office and Post Roads has not been able to complete its investigation.

Mr. SABATH. That is correct.

Mr. SNELL. I had understood from general conversation, not official, that the investigation was all made, but this extension was for the purpose of completing the report to Congress. Is that correct or not?

Mr. SABATH. I understand that additional investigation is under consideration, but I do not suppose it will take a very long time to complete it.

Mr. SNELL. Is the chairman of the committee present?

Mr. SABATH. The chairman of the committee is present, and he will explain what they have done and what they desire to do in the future.

Mr. SNELL. I had understood it was just to give additional time for the purpose of compiling their report and

making the report to Congress, but practically there was no more investigation to be made.

Mr. SABATH. It may be that one or two more witnesses will be called, if I am correctly informed.

I now yield to the gentleman from New York [Mr. MEAD] 5 minutes.

Mr. MEAD. Mr. Speaker, this resolution from the Rules Committee, House Resolution 59, merely permits the Committee on the Post Office and Post Roads, as now constituted, to continue an investigation which was ordered in the Seventy-second Congress. In that Congress a resolution was approved authorizing our committee to investigate post-office contracts, leases, subsidies, and other postal expenditures, with the idea in mind of balancing the postal budget. The members of our committee have worked diligently for the past year, and we are prepared to recommend to Congress and to the Department, amongst other things, a new air mail policy. This policy will immediately save the Government $5,000,000, and within 5 years it will put the Air Mail Service on a paying basis. That is but one phase of the work in which we are engaged. We have taken up matters, pertaining to postage rates, and we are now prepared to recommend to the Post Office Department a return to 2-cent postage rates—we have the facts and figures to prove that such a change will be conducive to increased revenue. It will increase volume and reduce unit cost.

Mr. BLANTON. Will the gentleman yield?

Mr. MEAD. I shall be very glad to yield.

Mr. BLANTON. My friend from New York has done some most valuable work. The gentleman speaks of making recommendations to the Department. Why not pass a law directing what should be changed? If the Department for several years has been doing unwise things which need changing by Congress, instead of making recommendations to the Department why does not the gentleman's committee have Congress pass a law that will direct the Department to make the proper changes?

Mr. MEAD. We are also making our report to the Congress, and we have already introduced legislation to bring about just what the gentleman desires.

Mr. BLANTON. I want to see it directory, that the postage on first-class mail shall be reduced from 3 cents to 2 cents. And postage should be reduced back to 2 cents immediately.

Mr. MEAD. I am in hearty accord with the gentleman's wishes, but, of course, we are meeting in what might be termed "an emergency session of Congress", and we are giving consideration to emergency recommendations from the administration. Therefore we are taking up our recommendations with the Congress and with the Department. We have made a very thorough investigation, and this resolution merely permits the present Post Office Committee, as it is now constituted, to continue the work which the former Post Office Committee carried on so well.

Mr. WARREN. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Certainly; I yield.

Mr. WARREN. The gentleman from Illinois will recall that the House, by a roll-call vote at the last session, authorized an expenditure of $5,000 for this investigation. As I understand, it is now proposed to use the unexpended portion of this appropriation and that no other fund will be sought.

Mr. MEAD. The gentleman is correct. We are not asking for any additional appropriation, but merely for the authority to carry on our work and make our complete report to the Congress.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. McFARLANE. Can the gentleman enlighten us as to when the committee will be able to make this report and whether or not we will be able to reduce postage from 3 cents to 2 cents at this session?

Mr. MEAD. I may say to the gentleman that we have already made our report on the Air Mail Service. We are prepared to make our final report on the matter of reducing first-class postage from 3 cents to 2 cents, as the gentleman indicated, and I believe action will be taken in that connection in the very near future.

Mr. McFARLANE. Another question, in regard to the subsidy of newspapers, ranging from $35,000,000 to $40,000,000 a year, Has the gentleman's committee taken this matter into consideration?

Mr. MEAD. I may say to the gentleman that the cost-ascertainment commission's figures show the amount to be nearer $75,000,000 a year.

Mr. McFARLANE. I am talking about the daily newspapers.

Mr. MEAD. I am talking about second-class mail matter, which includes both newspapers and magazines. We took that into consideration in the last session of Congress. We passed a bill which increased the rates on second-class mail matter, and the committee may recommend further increases before we complete our work.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. HASTINGS. How long does this resolution continue the life of this committee?

Mr. MEAD. It continues the committee throughout this Congress.

Mr. SNELL. Will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. SNELL. About what time does the gentleman expect he will be able to make his complete report to the House?

Mr. MEAD. I may say to the gentleman from New York that we have practically completed our hearings. We have a voluminous record of hearings that require study.

Mr. SNELL. The hearings are practically completed?

Mr. MEAD. The hearings are practically completed, and as soon as we have time to digest them we will make our report to the House.

[Here the gavel fell.]

Mr. SABATH. Does the gentleman from Pennsylvania desire any time?

Mr. RANSLEY. On this side of the aisle we have but one speaker, the gentleman from Pennsylvania [Mr. KELLY]. We should like to yield him 10 minutes. He is the only gentleman to whom we will yield time on this question.

Mr. SABATH. How much time does he wish?

Mr. RANSLEY. Ten minutes.

Mr. SABATH. We have come to a tentative agreement that he would try to get through in 5 minutes.

Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Speaker, I could use the entire time allotted in describing the constructive service that has been rendered in this investigation by the distinguished gentleman from New York [Mr. MEAD], chairman of this committee. [Applause.]

As chairman, he has carefully watched the expenditures of this committee. He has been meticulous about every expense and has also seen to it that the committee kept to the problems involved. The report, when finally completed, will be a constructive one and will show how millions of dollars can be saved in the conduct of the Postal Service.

May I remind the House that the Post Office establishment is the biggest business under the control of this body, involving about $800,000,000 a year. The questions covered by the investigation are many. Most important are 3 or 4 phases involving millions of dollars. One is the leasing system now in force in the Post Office Department. Under general law nothing can be done as to ownership of buildings for branches, stations, and garages in the large cities. There is no provision by which these facilities can be purchased or constructed, yet they are absolutely essential to the conduct of the Post Office Establishment.

As a result of this forced leasing system millions of dollars have been spent in what might be termed an entirely unjustifiable expense. We went into the St. Paul lease where a long-term lease was entered into at the rate of $120,000 a year. It was carried on by several administrations. The entire appraised value of this building and site was $500,000. We have been paying as rent each year about

25 percent of the valuation of the property. Bonds totaling a million and a half dollars were sold to innocent investors who were told that the Government was back of the bond.

We investigated the Quincy Annex Station in Chicago. It was leased at $123,000 a year. The appraised valuation of this property is about $500,000. Under the law we could neither buy this building nor construct another one.

This committee went into these matters and has come to the conclusion that it would be an efficient and constructive measure to permit the Department to purchase or construct these buildings. We are now paying out every year about $7,500,000 for rentals for these structures, and we have nothing to show for the expenditure at the end of the long-term leases. We could capitalize at 4 percent an amount sufficient to build all of them and in 12 years pay off the bond issue and have the buildings in the possession of the Government of the United States. This would mean thereafter a savings of millions annually.

Another item of great importance is the Air Mail Service. This service has developed a great industry. It has trained pilots who can be used in national defense. It has rendered a great service to the public, but for several years it has been overdeveloped. As a result, in the last Congress the Senate completely eliminated the entire appropriation, which would have destroyed a great service. The gentleman from New York and myself appeared before the conferees by invitation and explained how it is possible to wipe out every cent of the subsidy of the air mail in 5 years' time and still retain a comprehensive service such as we have now, on a self-supporting basis.

Legislation is before this body, recommended in the report from the investigating committee covered by this resolution, which in itself will save millions of dollars and put the air mail on a basis where not a dollar will be paid to operators except from the revenues of the air mail postage itself.

There is another question that is intensely interesting, and that is the point raised by the gentleman as to postage rates.

The Post Office Committee has never had a chance to deal with this 3-cent rate for letters. We refused to recommend it, but it was passed as a tax measure, a 50 percent tax, making the letter rate 3 cents instead of 2 cents.

I am convinced from my study of it that this was a grievous blunder that should be corrected at the earliest possible moment by this Congress. [Applause.]

Mr. BLANCHARD. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. BLANCHARD. Is the gentleman prepared to say at this time that the committee will come in with a recommendation for the restoration of the 2-cent rate?

Mr. KELLY of Pennsylvania. I feel certain the committee will be unanimously in favor of its restoration. We will lose in the present fiscal year, according to the calculation that can be made on volume, 5,000,000,000 letters out of the mail, largely as a result of the 3-cent rate. There is a reduction in revenue on first-class mail from $310,000,000 in 1932 down to a point where we can figure a loss of $52,000,000 as a result of this 3-cent rate. By restoring the 2-cent rate we can increase the volume and cut the unit cost until we will be in a position to help restore the lost revenue.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield the gentleman 5 additional minutes. This is an important matter and the House is entitled to know what the committee has done.

Mr. McFARLANE. Will the gentleman yield?

Mr. KELLY of Pennsylvania. Yes.

Mr. McFARLANE. Speaking in the capacity of a Democrat, may I ask the gentleman in regard to these leases of postal property whether he thinks we should cancel a lot of these expensive contracts and relet them under the Democratic administration?

Mr. KELLY of Pennsylvania. These expensive leases have been awarded in all administrations. We are recommending that all leases possible be put on a short-term basis until these recommendations can be carried out.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. OLIVER of Alabama. What cost does the gentleman estimate is involved in the building program which the gentleman states the committee will favor?

Mr. KELLY of Pennsylvania. The amount of the entire rental item is about $17,500,000 a year. This applies to all post-office buildings. In the item of branches, stations, and garages, which is the outstanding evil of the present time, $7,500,000 is involved every year.

Mr. OLIVER of Alabama. What would be the cost of constructing the buildings that the gentleman states the committee will recommend?

Mr. KELLY of Pennsylvania. I believe that $80,000,000 would erect every one of these stations that now pays more than $3,000 a year, and they would be amortized in 12 years through the savings made.

Mr. OLIVER of Alabama. And what would be the cost of maintaining these buildings.

Mr. KELLY of Pennsylvania. The cost of maintenance is now carried just the same, and there would be no additional cost on that account.

Let me name a fourth problem which we have been dealing with—one of great importance. Besides the postage-rate reduction, the matter of air mail without subsidy, and these leases, which are wasting money every year, there is the matter of the subsidy for the merchant marine.

We have been going into this matter quite carefully and have found it a very difficult and complex problem. We believe that the amount of $21,000,000 a year for what is known as the ship subsidy can be reduced by at least one third, and that the $14,000,000, which was stated at the time of the passage of the act as being the utmost limit of these payments, ought to be put into force. We can deal with it on a fair basis, and by reducing the subsidy year by year, until the $14,000,000 is made the extreme cost, we can accomplish something in justifiable saving.

These various measures will save the Post Office Department millions of dollars.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. WEIDEMAN. I presume on this merchant marine subsidy the gentleman found some of these National Economy Leaguers, who were most anxious to penalize the veterans, are themselves recipients of hundreds of thousands and millions of dollars.

Mr. KELLY of Pennsylvania. Yes; we found that out in the course of our investigation.

Mr. WEIDEMAN. Has the committee taken care of that situation?

Mr. KELLY of Pennsylvania. Not directly, but all these things are under consideration by the committee.

Mr. Speaker, the Post Office Department has a reported deficit for the last year, 1932, of $152,000,000. We believe that the recommendations that we have made and will make from the committee, when enacted, will cut the deficit down substantially. Final elimination of the deficit can only be accomplished by increasing the volume of mail. It will never be done by increasing postage rates on the various classes that furnish so much of the mail.

The air mail rate has been increased from 5 cents to 8 cents and it has cut the volume 30 percent. The first-class rate has been increased to 3 cents, and it has cut the volume almost 40 percent. Every time we cut the volume by increasing the rate we add to the postal deficit.

If we had had the same revenue increase since 1929 that we had between 1921 and 1929, there would be a surplus of $19,000,000 instead of this deficit.

I hope the Members of the House will enable the committee to make its final report. The recommendation on air mail changes already made means $5,000,000 a year saving, and these other recommendations will add still more

millions to the savings of the Government in the conduct of the biggest business under its control.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. JOHNSON of Texas. How much did we lose when we increased the rate on post cards from 1 cent to 2 cents? When we thought we were going to increase the postal revenues, how much did we decrease them by this action?

Mr. KELLY of Pennsylvania. The Post Office Department told us that if we would make the rate on post cards 2 cents instead of 1 cent we would add $10,000,000 to the $10,000,000 we were then receiving. We took their estimate, and the next year they showed a loss of $6,000,000 out of the $10,000,000 that we were getting on the 1-cent rate. Such action is futile. Low postage rates and high mail volume is the true pathway to a self-sustaining postal service.

DEVELOPMENT OF THE TENNESSEE VALLEY

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to proceed for half a minute in order to make an announcement.

The SPEAKER. Without objection, the gentleman will proceed.

Mr. McSWAIN. Mr. Speaker, the legislation concerning the development of the Tennessee Valley, including Muscle Shoals, has been introduced and hearings will be commenced at 2 o'clock today before the Committee on Military Affairs, and any Member of the House who desires an opportunity to appear either in support of or in opposition to the measure is invited to do so, because the hearings will be concluded at the end of the week.

INVESTIGATION OF POST-OFFICE LEASES

Mr. SABATH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

The SPEAKER. The Clerk will report House Resolution 59.

The Clerk read as follows:

House Resolution 59

Resolved, That for the purpose of obtaining information necessary as a basis for legislation, the Committee on the Post Office and Post Roads of the Seventy-third Congress is authorized, as a committee, by subcommittee or otherwise, to continue the investigation begun under authority of House Resolution 226 of the Seventy-second Congress, and for such purposes said committee shall have the same power and authority as that conferred upon the Committee on the Post Office and Post Roads by House Resolution 226 of the Seventy-second Congress. The unexpended balance of the appropriation of $5,000 under House Resolution 273 of the Seventy-second Congress is hereby continued for such purposes.

Mr. SABATH. Mr. Speaker, I take it for granted that everyone who listened to the gentleman from New York [Mr. MEAD] and the gentleman from Pennsylvania [Mr. KELLY] are satisfied that a great deal has been accomplished, and believing that to be the case, I ask for the previous question.

The previous question was ordered.

The resolution was agreed to.

EMERGENCY FARM MORTGAGE ACT OF 1933

Mr. BANKHEAD. Mr. Speaker, I call up a privileged resolution, House Resolution 103.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 4795, a bill to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, and all points of order against said bill are hereby waived. That after general debate which shall be confined to the bill and shall continue not to exceed 8 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Agriculture and said amendments shall be in order any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Agriculture may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Pending the consideration of the rule, Mr. Speaker, I should like to ask the gentleman from Pennsylvania how much time is desired on that side.

Mr. RANSLEY. On this side we would like to have the full 30 minutes.

Mr. BANKHEAD. I am very glad to yield to the gentleman 30 minutes.

Mr. RANSLEY. I yield 5 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker and Members of the House, the Rules Committee, in presenting this resolution, has no other desire except to facilitate the immediate passage of this act from the Agricultural Committee dealing with farm credits and loans, believing that an emergency exists and that it should be passed with as little delay as possible.

Some might interpret the resolution as being a tight rule, sometimes called a gag rule. But we must recognize that in this day of emergency great party responsibility rests with the Democratic Party. The President has proposed this emergency measure in order to get action, and to get it quickly. We feel that the House should pass this Federal Farm Loan Act in order that it can be gotten into operation at the soonest possible moment.

A desperate situation exists in the country in reference to farm mortgages and indebtedness. Mortgages are being foreclosed and homes taken away, and we recognize that this measure is one that will give the greatest amount of relief to the farmers who are in debt on their homes and are threatened with foreclosure proceedings. The proposal also provides means of redemption of farm mortgages already foreclosed.

We may differ somewhat as to the details of the provisions of a bill like this. Some may think that the interest should be 2 percent, some 3 percent, and some 4 percent. There may be a difference in the mechanics as to how the bill should operate, but it strikes me that the time should come when we should compromise the differences and pass a measure that will grant to the Commissioner under the governor of the Federal farm credits that has lately been set up by Executive order power, authority, and latitude to bring all of these loan agencies under one control, to work out a uniform system that will give the farmer the advantage of refinancing his mortgage, and doing it quickly, allowing the Commissioner the opportunity to sell the securities to raise these funds at the lowest possible rate of interest, fixing the maximum rate, but leaving a leeway to issue them at a lower rate, if possible.

I appreciate that there is a great variance of views in regard to a measure like this. Some may have the slant of the borrower, and believe that the provisions of the bill should look to the lowest rate of interest, and everything possible to allow the farmer to obtain the best possible terms. We all want that, but, on the other hand, the money that shall be used to refinance these loans must come from somewhere. It must come from the people of our country, the money of investors, and we have to take them into consideration. We want a well-balanced bill, that will operate on a practical basis, not only for the borrower but for the man who invests in these securities.

We appreciate that there has been a great depreciation on the value of farm securities, and stabilization must be worked out under the mechanics of this bill. We should take a broad-gage view of this as a practical provision that will look to the rehabilitation of the farmer. We know we have reached a crisis, we have reached a situation that is so desperate that an emergency exists, and we must act and act quickly in order to save the agriculture interests of the country in order to save the farmers of America. Every

nation builds its civilization upon those who live upon the farms. If the farm is to be destroyed, if the farmer's home is to be taken away from him, and he is to be turned into the ranks of the unemployed, to swell the number that exists already in the cities, then we have reached the situation in our civilization where decadence is on the way and where we must acknowledge that the future of America, indeed, is in peril.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman 1 minute more.

Mr. SNELL. I take it from the gentleman's statement that he is supporting the rule just the way it is brought in here?

Mr. GREENWOOD. Yes.

Mr. SNELL. And that is under Democratic responsibility?

Mr. GREENWOOD. That is right.

Mr. SNELL. Is it going to be the policy of the Democratic majority to always take every single measure that comes from the other end of the Avenue as it is, without any consideration whatever by the House of Representatives?

Mr. GREENWOOD. Oh, the gentleman is asking me a question as to future measures which I cannot answer. We will take them and handle them in the best way that we deem advisable when they come, but this measure is a House measure, and we are endeavoring to pass it without regard to the other end of the Avenue.

Mr. SNELL. The gentleman is not allowing any amendments to be offered to the bill. Is not that correct?

Mr. GREENWOOD. That is correct.

Mr. SNELL. That has never been the procedure in this House in the consideration heretofore of any farm measure, has it?

Mr. GREENWOOD. Oh, I do not know about farm measures.

Mr. SNELL. I am asking about farm measures.

Mr. GREENWOOD. Oh, I remember a great many more measures which the gentleman's party thought were emergency measures, for which was provided a rule—many measures, and what is the difference whether it be a farm measure or some other measure if an emergency exists?

Mr. SNELL. But this is fixing the policy of this Government for possibly 50 years to come.

The SPEAKER. The time of the gentleman from Indiana has again expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, it is not my purpose to oppose the consideration of this legislation at this time. I fully realize the mortgage situation is a great national problem which confronts not only the farmers, but the owners of city property as well. It is a problem that ought to be before the American Congress at this time and I trust this bill will be followed by a similar measure to aid the distressed home owners. I rise simply to make my protest against its consideration under this gag rule which has been reported by the Committee on Rules. The gentleman from Indiana [Mr. GREENWOOD] says the rule was reported with the one purpose of expediting the passage of this legislation. If that be true, I would not want to get up on the floor of this House and admit that with a majority of 200 I was unable through party discipline to get action. If this is an emergency, the measure can be handled in the regular and orderly way and speedily passed.

What does the rule provide? I am explaining the situation which confronts us because some of the new Members of the House who have been here but a few weeks will never know, unless there is a change in the tactics of the Democratic leadership of the House, what it is to consider a bill in the proper way, and I am afraid that some of us older Members will forget how it is done. This rule provides, first, there shall be no amendment offered to the bill. It provides, further, every point of order shall be waived, and there is but one opportunity to make a motion to recommit. True enough, the rule gives all the time possible to talk. We can talk, but there is not a single Member of this House who can register his individual opinion on this important legislation which establishes a permanent Government policy.

What has been the history of this bill as far as it has gone? It has been before the Committee on Agriculture a few days. Only a few people had an opportunity to go before the committee and give expression to their views. It was before the Rules Committee and only the chairman in charge of the legislation had an opportunity to make a statement. I ask the Membership of the House, and particularly I ask you on the majority side of the House, how long are you going to permit the Congress to just be a rubber stamp for a few men who do not even have a seat in Congress? Is there not someone in this House who has been living with this agricultural problem for all these years who has the knowledge, if he had an opportunity, to present an amendment which would make this bill a far better bill for the farmer? Personally, I think there is, so I ask you liberal Democrats, you progressive Democrats, you Democrats who want to preserve the integrity of the House, to vote down the previous question, so that we may proceed to consider this bill in an orderly way, under the 5-minute rule, subject to amendment. Let us, at least in this one instance, be able to go out and say we had a part in the framing of this legislation.

I want to call attention right here and now to the fact there have only been three bills on the floor of this House during this session that have been subject to amendment. There was the beer bill, the District of Columbia beer bill, and the reforestation bill, which had the opposition of the chairman of the committee itself. All the rest of the legislation was brought here under an airtight rule. The Democratic leadership has gone so far that for over a year we have not had a Calendar Wednesday call. Not one during the last session and not one during this session. In conclusion, I ask you progressive Democrats, you liberal Democrats, to join with us on this side of the aisle and vote down the previous question, and we will have this bill considered in the way in which it ought to be considered. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, it is always amusing when you hear a good old stand-pat Republican appeal to what he calls the liberal and progressive Democrats on this side of the aisle. I want to tell him that that means all of us. [Applause.] We are all liberals and we are all progressives. [Applause.]

Mr. SNELL. Will the gentleman yield for a question?

Mr. O'CONNOR. A real serious one; yes.

Mr. SNELL. I want to appeal to what I consider the conservative Democrats. I want to appeal to the statements that were made by the Chairman of the Rules Committee at the beginning of the Seventy-second Congress. He not only is a conservative Democrat but an honored Democrat. I want to refer to the statements made by him, and then watch you vote on the previous question today.

Mr. O'CONNOR. In answer to the gentleman, if the gentleman uses the word "conservative" in the Republican sense, let me tell him there is no such person sitting on this side of the aisle. [Applause.]

Mr. SNELL. I will use it in any sense the gentleman wants to use it. I am not particular. I use it in the liberal sense or the conservative sense, but I am referring the gentleman to the statements made by the leaders of the Democratic Party at the beginning of the Seventy-second Congress, and you will eat those words if you vote against the previous question here today, and the gentleman knows it.

Mr. O'CONNOR. Well, we have had some experience with the tenders on the minority side in the last session of this

Congress and in this Congress as to "cooperation"; and we heard some statements on the floor the other day that we must give due "consideration" to the measures hereafter brought in. Well, that is the old adage about "the Greeks bearing gifts." I have already seen in this present session where the minority side, under a pretense of "cooperation", was trying to scuttle the ship. I refer you only to the reforestation bill considered recently, when Members, with no sympathy with the measure, were offering amendments to make it all the more difficult for the people of the country to accept it.

I will never forget the time when we brought in the domestic-allotment plan wide open to amendments; how the minority sat with great glee and added minor commodities and voted in every possible way to make that measure ineffective, and then sat back and chuckled and said, "See how we are 'cooperating' with you."

Mr. SNELL. Will the gentleman yield for a further question?

Mr. O'CONNOR. I yield.

Mr. SNELL. Does the gentleman mean to tell the country that he has not enough confidence in the 200 Democratic majority to put through in open debate, subject to amendment, in this House, an administration measure?

Mr. O'CONNOR. Oh, we have heard no demand before the Rules Committee——

Mr. SNELL. You did not give any opportunity.

Mr. O'CONNOR. Now, let me answer the gentleman without any heat. I know the Republicans feel in great heat these days. They have gone through such—I was going to say destruction, but at least "embarrassment" during the last few years.

Mr. SNELL. There is no embarrassment here at present.

Mr. O'CONNOR. But let us keep cool about it. There has been no demand, as far as I know, from the Democratic side for amendment, but the demand for committee amendments came from a Democrat, and that was put in the rule. We feel that our Democratic committee, supported by all except two Republicans, I understand, who have lived with this measure, know best what amendments are proper.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. FITZPATRICK. Is not this the same kind of rule that was brought in by the other side on the Smoot-Hawley tariff bill?

Mr. SNELL. Oh, no; it is not the same kind of rule or the same kind of bill, and the gentleman knows it.

Mr. FITZPATRICK. The only amendment that could be offered was an amendment offered by the committee during the consideration of the Smoot-Hawley tariff bill.

Mr. SNELL. We provided for 4 days reading that bill.

Mr. FITZPATRICK. But I am talking about the rule on amendments.

Mr. SNELL. This bill is not even going to be read for amendment. I am willing to discuss the rule on the Hawley-Smoot bill.

Mr. O'CONNOR. The gentleman from New York [Mr. FITZPATRICK] is only partly confused. What he may refer to is the vote on the conference report where we could not separate the items.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman from New York 3 additional minutes.

Mr. O'CONNOR. They could not separate the items. They worked in the lumber fellows, the oil fellows, and the coal fellows. They had to vote for all of the items without any possibility of separation.

Mr. SNELL. Mr. Speaker, will the gentleman yield further?

Mr. O'CONNOR. Yes.

Mr. SNELL. Separate votes were had upon them. They were considered on the floor of the House and voted into the bill.

Mr. O'CONNOR. En bloc.

Mr. SNELL. Let me ask the gentleman another question—he has not answered my first one yet—does the gentleman mean to tell the country he is afraid to trust his 200 majority in the consideration of the bill?

Mr. O'CONNOR. Oh, not at all.

Mr. SNELL. Then why not open it for amendment?

Mr. O'CONNOR. We were afraid of attempted sabotage against this bill for political purposes by the Republican Party.

Mr. SNELL. I am glad the gentleman gives us credit for having so much influence in the House. One to three; this shows we are a good deal more important than the gentleman's party.

Mr. O'CONNOR. It is not authoritative, is is just confusing. It would have no real substantial effect; it would just delay this measure, and we want to get it through this week.

Mr. SNELL. Will the gentleman give us 4 hours to read and amend the bill instead of 8 hours to talk on the bill?

Mr. O'CONNOR. Let me conclude——

Mr. SNELL. Answer my question.

Mr. O'CONNOR. Let me conclude by saying that we Members from the great industrial centers of the country again are willing to support farm relief. We realize the plight of the farmers. We realize they are overburdened with mortgages. But we ask you gentlemen not to forget, when the other item of the administration program is presented, to take care of the home owners in our cities and urban communities—to give them aid.

I suppose there is no more distressing event in a person's life, except it be death, than to have his home foreclosed and he and his family be evicted on the streets.

We want to help the farmers. We ask you simply, when the occasion arises, that you help our people in the cities and the suburban developments to save their homes so they may live in the comfort to which they have been accustomed and keep up our standard of living in this Nation. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I want to say at the outset that I am in favor of the objects sought to be accomplished by this legislation.

I believe one of the crying needs of the times is a refinancing and a cutting down of the mortgage indebtedness of the country. This bill goes part way and proposes to refinance and to cut down the mortgage indebtedness of the farmer. I think it should be more liberal and more comprehensive. It should include the mortgage indebtedness of the home owner in the cities and villages as well as on the farms.

I have not had time to study carefully the bill, and I am sure no one in the House has, because the printed copy of it was available only today, and the report of the committee on it was available only a few minutes ago; but unless the debate discloses that there is something in the legislation that is grossly objectionable, I expect to vote for it at the end of the consideration of it. But it goes without saying I am opposed to this rule. I am opposed to this closed or gag rule. As I said once before during this session, this Congress has passed more gag rules during the short time it has been in session than have been passed by the House of Representatives before in a generation. This Congress was elected as a liberal Congress, yet in the passage of rules making legislation in order it has been most unliberal and most reactionary.

We have gone a long way in this respect in the last number of years. When I first came here, I remember the consideration of the Underwood tariff bill under the leadership of that great statesman, the leader of the Democratic majority in the House at that time, the gentleman from Alabama, Mr. Underwood. The Democrats in that Congress, although their majority was not as great as it is now, did not attempt to consider even a tariff bill under a closed rule. They did hold a caucus and bound the members of their caucus to vote against any amendments that were not proposed by the Committee on Ways and Means; but I submit to the Democratic Members of this Congress that your

leadership does not give you an opportunity to consider this and other legislation in caucus even. It brings in legislation under a gag rule which does not permit it to be read under the 5-minute rule. The rule is considered only by the members of the Committee on Rules, and the House is obliged to vote it up or down as submitted by that committee.

This legislation, although the gentleman from Indiana very properly says there may be a great variance of opinion about it, and although it attempts to lay down a policy that is new and very far-reaching, is going to be considered here and voted upon without any opportunity to offer or to vote upon any amendment except such as may be proposed by the Committee on Agriculture.

Why should not the House of Representatives during this session legislate deliberately after debate and consideration the same as in any other session? Let me say with all sincerity and with all earnestness that I think the concensus of opinion of the Membership of the House of Representatives after debate and after due consideration will work out a better bill than any committee or any one individual can propose without such help. If we vote down the previous question on the rule, then there will be an opportunity to amend it so as to require the bill to be read under the 5-minute rule and open to amendment. In that way the bill may be perfected and those who want some changes in it will at least have an opportunity to offer amendments and to express their views about them. If that is not done, then it is just a waste of time to take 8 hours' general debate on the bill. If that is not done, the debate might as well be limited to 15 minutes and the legislation voted up or down at the end of that time. The rule should either be changed or the time for general debate might just as well be materially cut down.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DOBBINS].

Mr. DOBBINS. Mr. Speaker, as a friend of the farmer and coming from a farming district and knowing the farming needs, I want to deplore the partisan character of this discussion. When it comes to a question of relief for the farmers this middle aisle here does not mean a thing. There is just as big a proportion of friends of the farmer on one side of this aisle as the other.

I want to commend the strategy of the friends of this rule on my side of the House who pretend that this is a partisan question and in the same breadth I must withhold compliment to the gentlemen on this side who fall into the same error.

This is not a partisan question, and I may say to the men here in this House who want the oppressed owner of mortgaged land to have relief that you should realize that you are deciding that question when you vote on this rule. I do not suppose many of you have read the bill completely. I have read it and I have read the Senate bill, and I may say to my friend from New York that it differs from the Senate bill and is more liberal than the Senate bill, but it is not by any means liberal enough.

I am not against the bill that comes from the committee. I am going to vote for it if it is the best we can get. I am going to vote for it because I believe that half a loaf is better than none, or to use a more accurate simile, because even a crumb is better than half a loaf.

The man on the farm who has his land mortgaged and needs relief is the man whose land is mortgaged almost, if not wholly, to its full value. Do you know that this bill that comes here will not extend any relief whatever to him? The only man owning a farm who can derive any benefit from this bill is a man who is able to offer $2 of security for every dollar he borrows, and add to that $5 of security in the way of improvements on his farm for every additional dollar that he borrows.

Is this farm relief? Is this relief for the mortgagors? I defy anyone who favors this rule to explain how this can help the oppressed owner of mortgaged land.

Do you call this measure Government relief for the farmer? The Government does not risk one thing under this bill. The man who takes the risk or the organization that takes the risk under this bill is the Federal land bank; and if the Federal land bank makes an unwise mortgage, they, and not the Government, will lose. The Government does not guarantee them against one cent of loss. As a consequence the wise men who run these banks are not going to make risky mortgages, and the farmer who needs relief is not going to get it.

This bill reminds me of the egg that was served to the young pastor calling upon one of his parishioners. The egg had been neglected too long between the time it was laid and the time when it was brought to the table. He did not seem to enjoy it, and his hostess said, "What is the matter, pastor, do you not like your egg?" He thought for a moment of some courteous reply and said, "Oh, yes, madam; parts of it are very good." [Laughter.] This is the condition of the bill that we are to debate here for 8 hours. There is not any use of debating this bill if we cannot liberalize it for the man who needs this money and needs it now. No emergency calls for a rule that shuts off amendments that will make it fit for the farmer, because if it is an emergency it is an emergency that is 12 years old, and we should not be discovering it right now.

I may say to you that as a measure of relief for the farmer this bill is a gold brick, and I come from a part of the country where we at last know a gold brick when we see one. I know the Members of this House well enough to know that there is not one of you who would consciously offer to the oppressed farmer of this Nation a gold brick; and I tell you again that when you vote upon this rule, then, and not at the end of 8 hours of futile debate are you deciding whether or not you are going to give to the farmers of this country any real mortgage relief.

Mr. KELLER. How should we vote?

Mr. DOBBINS. Vote against the motion for the previous question, and vote against this rule in the interest of the farmer. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I listened with a great deal of interest to the gentleman from Illinois, who has just taken his seat. I believe he voiced the views of a large number of the Membership of this House. We on the Committee on Rules who opposed this rule are not opposed to the consideration of this measure. We are for the consideration of the measure, and the most of us are for the measure.

But there is no emergency as was the bank situation on the day of inauguration. It seems to be the practice of the leadership of the majority in this Congress to entirely wipe out the normal functions of the House of Representatives and allow us merely to vote yes or no on the completed measure without an opportunity to consider, deliberate, and make suggestions with respect to changes.

This bill is 23 pages in length. It is a matter of great importance. It is not a perfect bill. If they considered it a perfect bill, they would not have amended the resolution, which was absolutely closed when it was introduced. But they had this language added:

> No amendment shall be in order to said bill.

And here is the new language:

> except amendments offered by direction of the Committee on Agriculture, and said amendments shall be in order, any rule of the House to the contrary notwithstanding.

If this were a perfect measure, why throw it open to amendment by the committee that has just reported it? It is a hastily drawn measure, brought here for consideration on the floor, and amendments by whom? Only by those who have predetermined what the majority of the House must do.

There are persons in the city today, representatives of agricultural interests from various States in the great agricultural sections of our country, and these people are not satisfied with all of the provisions of this measure and have suggestions to make. When their suggestions are not given

consideration, when they are not permitted to be made, what is a Member representing the district from which these people come going to say? "I am a Member of the House of Representatives. I have been elected by you to take care of your interests. Here is a bill vitally affecting you, and you want certain modifications of the bill. I am so weak and pusillanimous that I will not permit myself to act on your suggestions in the House."

Mr. SHANNON. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. SHANNON. I call the gentleman's attention to the fact that we are not permitted to amend the amendment offered by the Agricultural Committee.

Mr. LEHLBACH. That is true. I tried to make my remarks as brief as possible, and therefore did not mention that. Why, gentlemen, it has come to this point in this body for us to ask, Who is running the House of Representatives—3 or 4 leaders or the collective Membership who are supposed to be free to exercise their judgment and represent the wishes of their constituents? Vote down the previous question, and if there are any differences iron them out on the floor.

Mr. SNELL. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. SNELL. As a matter of fact, instead of this being an emergency, is not this fixing a Government policy in regard to these matters for a period of 30 or 40 years?

Mr. LEHLBACH. Permanently. It is not any unforeseen emergency.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. Yes.

The SPEAKER pro tempore. The time of the gentleman from New Jersey has expired.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes more to the gentleman from New Jersey.

Mr. McGUGIN. Is it not true that the man or woman who sits here on this floor today and votes for this rule is guilty of gross deceit and hypocrisy when he goes out home and says that he was not satisfied with the bill and wanted a better one, when in fact he voted to make it impossible to better this rule?

Mr. LEHLBACH. That is true; but as a previous speaker said, this bill carries no relief to the man who is in a hole today, because he cannot pay his mortgage.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. BYRNS. The gentleman has been a Member of the House for a great many years. I think he was a Member during the entire time that the Republican Party was in control of the House of Representatives. I ask the gentleman whether he ever voted for a rule during all that time, proposed by his own party, which cut off the right of amendment?

Mr. LEHLBACH. I presume I have, but circumstances alter cases.

Mr. BYRNS. And if he has not a number of times voted for just such a rule, which denied the right of amendment, including important bills like the tariff bill?

Mr. LEHLBACH. Oh, no; I do not recall ever having voted for a rule on a tariff bill that precluded amendment.

Mr. BYRNS. But the gentleman voted for a rule which provided a subterfuge and which gave to the committee the right to propose amendments, thereby denying such right to the individual Members of the House.

Mr. LEHLBACH. That is a construction which the gentleman places upon that rule and I do not agree with him. But the gentleman from Indiana [Mr. GREENWOOD], a member of the Committee on Rules, in his opening address said this, and if this is not the quintessence of irony, I do not know what it is. He said some want a little different rate of interest, and some want a little difference in the mechanics of the bill, and so, let us compromise. How are they compromising? How are they composing these differences? It is done by saying to those who wish to suggest something else, you are not even permitted to make a suggestion with regard to the changing of a single word, the dotting of an "i" or the crossing of a "t" in this bill. Anyone who represents farmers who have other views which they want him to express on this floor is a coward if he does not vote down the previous question. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Speaker, in 10 years' service in the House one's viewpoint changes materially. I have recalled during this special session with some degree of amusement the first speech that I ever made when I became a Member of the House. In fact, I became so much interested in it that I dug up the CONGRESSIONAL RECORD and read it, and I find that it was a very vehement, though I fear not impressive, protest against a so-called "gag rule" that our friends the Republicans were forcing down the throats of us Democrats. My good friend from New Jersey [Mr. LEHLBACH] has just summed up the whole situation with reference to one's viewpoint on this gag rule when he said in answer to a question by the gentleman from Tennessee [Mr. BYRNS], "Yes; I presume I have voted for such, but circumstances were different." Of course they are different. For 10 years we Democrats have been gagging, and now you gentlemen are gagging.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Not now. I shall in a moment. On November 8—and I say this with all kindness—the people of the country gagged. They gagged because the dose you gentlemen were giving them was a little too much to swallow, and they wanted a little different remedy for the ills of the country. I agree with everything my friends say about the desirability of orderly consideration of legislation and the free right of amendment; but, gentlemen, this bill is sent to this Congress in compliance with a solemn pledge made to the people of America by Franklin D. Roosevelt. Those of us who have been here for a few years know that probably there could be 435 different proposals or plans in this House now for the relief of the farmer. Each of us has his own ideas about it. For 11 years we have talked and tried to legislate for the farmer. We voted for the Farm Board, for Mr. Hoover, and it did not get us anywhere. Other efforts have been made and other plans suggested. Mr. Roosevelt said to the farmers of America, "If you trust me, I can lead you back in the ways of peace, happiness, and prosperity." This bill is Franklin D. Roosevelt's bill; it is a part of his plan to help the farmer; and the Democrats of the House, if I interpret their attitude aright, are perfectly willing and satisfied to trust the leadership of the President and the leadership of the distinguished Chairman of the Committee on Agriculture, Mr. MARVIN D. JONES, and his colleagues on that committee who have approved the bill.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. LEHLBACH. The gentleman said that now the Republicans are being gagged. Does the gentleman not know that he is gagging a large proportion of his own membership?

Mr. WOODRUM. I do not think so.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. In a moment. I have no doubt that many of my colleagues on both sides of the aisle are perfectly sincere in their effort to help the farmer, and in that effort would do this, that, or the other to this bill, but where would we get? Here is an orderly plan, brought here after careful thought and consideration, and the administration that has been trusted by the people has a right to come before the country and stand or fall according to whether its own plan is able to bring the relief that it has promised to the people. I yield to the gentleman from New York.

Mr. SNELL. If the gentleman has such unlimited confidence in the Members of his own side, why has he not confidence enough to let them vote down any amendment in open House that might be offered to the bill?

Mr. WOODRUM. The Democrats feel—and when I say Democrats I mean the leadership, because our leadership is unanimous upon it—that this bill is having orderly consideration. Here is a well-thought-out plan for relief of the

farmer we have talked so much about and, I fear, done so little about. It is a plan that goes to the very heart of the trouble. It helps the farmer, who finds himself with no market for his crops, and his property covered in mortgages that he cannot pay, or on which he cannot pay the interest charges. It helps him refinance himself.

It is brought here; the President has asked for it; the Committee on Agriculture has considered it; they have put their stamp of approval upon it, and now we bring it here. I say it is orderly consideration when we say to you gentlemen that you may look at it and decide whether or not you will go along with us. Most of you gentlemen, although you are complaining about the method of procedure, are going to go right along and vote for this bill. Now, why do you not take the responsibility? If it is not a good bill, why do you not vote against it?

Mr. SNELL. I am not finding any fault with the bill, as far as I know, but I should like an opportunity to amend it; and I want to say another word to the gentleman, what is the use of spending 8 hours in futile talk if you do not intend to change one line of the entire bill?

The SPEAKER pro tempore. The time of the gentleman from Virginia [Mr. WOODRUM] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, I have been a Member of this House for 12 years, yet I confess that I have never spoken when I felt there was so much at stake in a pending rule affecting the very character of the House itself. I have just had an opportunity to skim the speech of the present Chairman of the Rules Committee made at the opening of the Seventy-second Congress. He had then completed a service of 31 years. The result of his long experience led him to express his concern that the House had been controlled too much by 2 or 3 men. He referred to that control as autocratic.

Some of us today are concerned in that we think this House is gradually losing the characteristics of a representative body. The responsibility rests with everyone of us to fight to retain our representative rights, and I speak not as a partisan; what I say at this moment I would divorce from partisanship. I am decidedly jealous of the respect in the public mind for this, the lower House of the legislative branch of the Government. It has slowly been losing the respect of the public, and deservedly so.

For one reason, we seem to forget that session after session thousands of people come from hither and yon in this country, and from these galleries look down upon a scene of gross disorder, a scene which would be a disgrace to the ordinary grade school. These visiting thousands go back home and report the disorder to others. Naturally they are at a loss to understand how we are able to give any deliberation to legislative problems. I do not wonder at it. That is one reason why we are losing public confidence.

The second reason is that we are yielding, little by little, every vestige of the power truly to consider legislation on this floor. The responsibility for leadership always rests heavily with the majority party. The party program must be completed, and frequently time is of the essence. This is particularly true when bills comprising more than 100 pages are being considered. Take the last tariff bill for example. It involved the holding of hearings running through weeks; it required nearly a week of consideration under general debate. Time was in such a case of great importance. The rule employed in considering the Smoot-Hawley bill, of necessity, limited the right to amend. Only members of the Ways and Means Committee were given the right to offer amendments on the floor, but the rights of Members were protected in this way: While general debate continued, the Ways and Means Committee was in session every forenoon for the sole purpose of permitting Members to propose amendments. In many cases the amendments proposed by Members were accepted by the committee and introduced by it on the floor of the House. Thus the rights of Members to represent their constituents were preserved.

But never since I became a Member of this House have I known of a rule like that at present proposed, which prevents a Member from proposing even an amendment to a committee amendment on this floor. The proposed rule prevents it, as the gentleman from Missouri has said, and I call it a gagged gag rule. This is the rule which the leaders of the majority party propose to govern the consideration of its farm-relief measure, a measure of tremendous consequence, not merely for the next year or two, but for a generation.

This farm-relief problem has been concerning us for 12 years, to my knowledge. At the beginning of the Sixty-seventh Congress the first thing the Republican Party tried to do was to bring relief to the farmers through a revision of the tariff. From that day to this the best minds of the country have been seeking some means through legislation to help the farmers. I do not think the cost of agricultural production and distribution, the stabilization of agricultural markets, and the control of surplus world production, all of which must be adjusted and righted before farming will be profitable—I say I do not think these things can be accomplished by passing laws. True, the financial burden under which the farmer now labors, the carrying of a mortgage which in many instances exceeds the value of the farm itself, is undoubtedly a fundamental agricultural difficulty which law may remedy. I am, therefore, in sympathy with the aim of the measure which the proposed rule makes in order. However, I submit that the proposed rule, which gives the Members of this House no right to propose a single amendment, which provides for general debate of 8 hours, in which Members may express their views but renders them powerless even to propose that their views shall be written into law, I submit that such a rule should be voted down. It robs this House of its representative and deliberative character.

You tell us that we should not take the time to amend. That is not a tenable excuse. If this farm-relief program is important, as, indeed, it is, why did you not consider it last January? Why did you postpone it while the sale of beer was being legalized, while the repeal of the eighteenth amendment was being discussed, while time was taken to consider all the other ills of the country and agriculture waited? Now, I say it is not right to force gag rule upon us on the ground there is not time to consider proposals of Members designed to improve the proposed farm-mortgage legislation. I protest against the rule and shall not support it. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Maine has expired.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Speaker, I expect to vote for this bill. I want to suggest to the membership of the House, however, that it is the first time in my experience in this House where a bill relating to agricultural problems has been forced through or attempted to be forced through without an opportunity of amendment. Many farm bills have been considered by this House, but they have always been open for amendment and improvement. There can be no harm in submitting this bill for such amendments as may be offered for its improvement. I apprehend some good amendments will be offered, and it seems to me this House ought to have the opportunity of considering and accepting a good amendment when it is offered. For one, I want to emphasize that we should vote down the previous question and amend the rule, and give an opportunity for any Member to present an amendment that he believes will help the farmers of this country. This bill affects every farmer in the United States, and they have the right to any good amendment that can be offered to this bill which will improve their condition.

I am hoping that this House will see fit to give the Members an opportunity to present amendments to this bill, that they may have consideration on the floor. I hope the motion for the previous question will be voted down, and that

the rule may be amended before it is adopted allowing consideration of these amendments.

Everything that can be offered which will improve the condition of the farmers of the country should be presented. They are in dire need of assistance, and we should give them all the help we are able to give them. And we should give this to them now.

The SPEAKER pro tempore. The time of the gentleman from Iowa [Mr. DOWELL] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Kansas [Mr. MCGUGIN].

Mr. McGUGIN. Mr. Speaker, I think I can stand on this floor and address myself to a subject without every word I utter being discounted by the cry of partisanship. I am reasonably liberal. I do not always go along with my party on every matter. I have been going along to an exceedingly great degree with the administration in this emergency program.

I shall not direct my remarks to the Republican membership, because I do not believe it is necessary. I shall confine my remarks primarily to the Democratic membership of this House, because it is you Democrats who are voting for these rules.

You are now voting upon a rule, the very terms of which provide that you as individuals cannot offer one word of improvement to this bill. You Democratic Members of this House, when the farm bill was before us, passed a rule which made it utterly impossible to amend or improve the farm bill.

If this rule passes today, you Democratic Members are by your votes voting for a rule that makes it utterly impossible to offer one amendment to this farm mortgage bill. Reduce this to its honest-to-God truth and here is what it is: When you, you Democratic Members of this House, voted for a rule which would not permit a single amendment to the farm relief bill, then and there you declared yourselves in solemn terms as standing upon that farm bill in all its respects. Every Democratic Member who voted for the rule which made it utterly impossible to amend the farm bill, makes himself a fraud and a deceiver if he goes out to his people and says that that farm bill does not suit him in its entirety. It must, of necessity, have suited you Democrats in its entirety or you would not have voted for a rule making it impossible to amend the farm bill.

Now, coming back to this bill today, every Democrat who votes for this rule votes that this bill shall not be amended in any respect; and when he does this he must stand before his country as unqualifiedly satisfied with this mortgage relief bill as it is, without any changes.

Let me say to you Democratic Members from farm sections that if you vote for this rule and then you start writing letters to your farmers telling them that this was the best you could get, you are not writing the truth back to your constituents. You could have gotten something better, except that you voted for a rule which made it impossible for you to get anything better. My remarks have here been addressed to you Democrats, because in a spirit of "party bootlicking" you are the ones who are voting for these rules which prevent any amendments to these farm bills. [Applause.]

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, we have heard a good deal said during the course of this debate in criticism of the action of the Democratic leadership on this bill and of the action of the Rules Committee with reference to the form of this rule, most of which criticism came from the Republican side of the House.

Because the matter may come up hereafter, I want now once and for all to lay this ghost they are seeking to have walk here before some of the new Members this morning with reference to the innocence of the Republican leadership when they were in power on this question of gag rule. I want to cite the RECORD, because a number of us were here when this bill for the consideration of what the gentleman from New York [Mr. SNELL] calls the "Hoot-Smalley" bill came up for consideration. I want to show you gentlemen of this House that the very things we are offering in the consideration of this bill today is but a following of the distinguished precedents set by the Republican Committee on Rules for the consideration of that bill. The RECORD cannot be denied. The gentleman from New York, the gentleman from Massachusetts, the gentleman from New Jersey, and the gentleman from Maine will remember that rule. Here is what it provided. Remember that there was a bill called up by the Republican Committee on Ways and Means at a special session of Congress called by a Republican President to undertake some relief for the farmers of this country. That is what it was.

The purpose of that bill was to undertake to give relief to the farmers of this country. What did that bill provide? It was not a bill like the one now pending, a bill of 22 pages, but a great voluminous bill containing hundreds of pages and involving many hundreds of schedules upon which the minds of Members of this House would certainly differ, yet the distinguished gentleman from New York, now the minority leader, then the Chairman of the Committee on Rules, brought in a rule providing so many hours of general debate on that bill, providing the time when the final vote should be taken on the bill, and the following liberality of amendments that might be proposed.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. No. Let me get this embalmed in the RECORD so there will be no dispute about it hereafter.

Here is what the rule provided. I will read that part of it:

> That general debate on the bill do now close. That the bill shall be considered for amendment under the 5-minute rule.

Mark carefully what follows:

> But committee amendments to any part of the bill shall be in order at any time.

Now, let me show you how they took advantage of that so-called "liberal rule" with hundreds of pages of this bill to be considered—and I see my friend SNELL smiling at the ingenuity he exercised when the bill came up. My friends, under that rule for amendment I want to show you here in the RECORD how much of the Smoot-Hawley bill was read for consideration. There it is, that one paragraph only, because they so manipulated the time and so manipulated the so-called committee amendments that the effect was absolutely to deny to the Members of the House any opportunity to amend the bill.

If I have not stated the RECORD correctly I yield now to be corrected.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. MAPES. The gentleman from Alabama is always fair. It may be admitted that as a practical matter both parties in the consideration of tariff bills have found it necessary to bring in rules somewhat limiting the opportunity to offer amendments to tariff measures.

Mr. BANKHEAD. Do not take too much of my time; ask a question if you want to.

Mr. MAPES. Does the gentleman know of any rule the Republican Party ever brought in limiting the opportunity of offering amendments to a big legislative bill such as this?

Mr. BANKHEAD. As I said a few days ago here in this House, I have been here a long time. All I ever learned about gag rules was from being a minority member of a committee under Republican control.

Mr. SNELL. The gentleman will agree that he had a good teacher.

Mr. BANKHEAD. And the gentleman from New York ought to be very much gratified that he has lived to see the time when even Democrats follow the illustrious precedents set by his committee when he was in charge of it.

Now, enough about this.

Mr. SNELL. Will the gentleman yield for just a short question?

Mr. BANKHEAD. Yes; I yield to the gentleman.

Mr. SNELL. I just want to ask what position the gentleman and the other Democratic leaders took on the very rule which the gentleman has been criticizing?

Mr. BANKHEAD. We did just as you are doing now. [Laughter and applause.] We got up here and made a hypocritical pretense of opposing the rule. That is what we did exactly.

Mr. BEEDY rose.

Mr. BANKHEAD. Oh, the serious-minded gentleman from Maine rises, and the gentleman says he has been here for 12 years and never in all his long experience, on a great proposition affecting agriculture and the farmers of this country, has he seen such high-handed procedure followed in this House.

Mr. Speaker, what the farmers of this country are complaining about, and the complaint they registered last November is that during the 12 long years when your party had control of the Government of this country it did absolutely nothing of a practical nature to relieve agriculture in this country, although it made some gesture to that effect [applause], and what the Democratic Party is undertaking to do through this bill and through this administration program is to meet a desperate and critical situation by seeking to give the home owners of this country—the farmers in this bill and the city dwellers in the bill soon to be sent up—an opportunity to reduce the interest rates upon their loans, an opportunity to make compositions with their creditors, and an opportunity to pay the necessary amount to save their homes from foreclosure and loss.

This is what is involved in the pending bill. All this talk about this rule is merely partisan and captious criticism upon the part of those on the other side.

We have brought a bill here that has been maturely considered by a great committee of this House that is interested in farming and the leadership here, the Speaker, the gentleman from Tennessee, and the chairman of this committee, and the Democratic members of the committee, ask you Democrats to go forward in our program and to pass this bill and get it enacted into law at the earliest possible moment. [Applause.]

Mr. Speaker, I move the previous question on the resolution.

Mr. SNELL. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 254, nays 130, answered "present" 1, not voting 45, as follows:

[Roll No. 11]

YEAS—254

Abernethy	Church	Fitzpatrick	Kocialkowski
Adair	Clark, N.C.	Flannagan	Kopplemann
Adams	Cochran, Mo.	Fletcher	Kramer
Allgood	Coffin	Ford	Lambeth
Arnold	Colden	Fuller	Lamneck
Auf der Heide	Cole	Gambrill	Lanham
Ayers, Mont.	Collins, Miss.	Gasque	Lanzetta
Ayres, Kans.	Colmer	Gavagan	Larrabee
Bankhead	Condon	Gillespie	Lea, Calif.
Beam	Cooper, Tenn.	Glover	Lee, Mo.
Beiter	Corning	Goldsborough	Lehr
Berlin	Cox	Granfield	Lesinski
Biermann	Cravens	Gray	Lewis, Md.
Black	Crosby	Green	Lindsay
Bland	Cross	Greenwood	Lloyd
Blanton	Crowe	Gregory	Lozier
Bloom	Crump	Haines	Ludlow
Boehne	Cullen	Hamilton	McClintic
Boland	Cummings	Harlan	McCormack
Boylan	Darden	Harter	McDuffie
Briggs	Dear	Hastings	McFarlane
Brooks	Deen	Healey	McGrath
Brown, Mich.	Delaney	Henney	McKeown
Brunner	DeRouen	Hill, Ala.	McReynolds
Buchanan	Dickinson	Hill, Sam B.	Maloney, Conn.
Buck	Dies	Hoidale	Maloney, La.
Bulwinkle	Dingell	Huddleston	Mansfield
Burch	Disney	Hughes	Marland
Burke, Calif.	Dockweiler	Imhoff	Martin, Oreg.
Burke, Nebr.	Doughton	Jacobsen	May
Busby	Douglass	Jeffers	Mead
Byrns	Doxey	Jenckes	Miller
Cady	Driver	Johnson, Okla.	Milligan
Caldwell	Duffey	Johnson, Tex.	Mitchell
Cannon, Mo.	Duncan, Mo.	Johnson, W.Va.	Monaghan
Carden	Durgan, Ind.	Jones	Montet
Carley	Eagle	Kee	Moran
Carpenter, Nebr.	Eicher	Kelly, Ill.	Morehead
Cary	Ellzey, Miss.	Kemp	Murdock
Castellow	Faddis	Kennedy, N.Y.	Musselwhite
Celler	Farley	Kenney	Nesbit
Chapman	Fiesinger	Kloeb	Norton
Chavez	Fitzgibbons	Kniffin	O'Brien
O'Connell	Rayburn	Shallenberger	Underwood
O'Connor	Reece	Sirovich	Utterback
Oliver, Ala.	Reilly	Smith, Va.	Vinson, Ga.
Oliver, N.Y.	Richards	Smith, W.Va.	Vinson, Ky.
Owen	Richardson	Snyder	Wallgren
Parker, Ga.	Robertson	Somers, N.Y.	Walter
Parks	Robinson	Spence	Warren
Parsons	Rogers, N.H.	Steagall	Weaver
Patman	Rogers, Okla.	Strong, Tex.	Weideman
Peavey	Romjue	Stubbs	Werner
Peterson	Rudd	Studley	West
Pettengill	Ruffin	Sutphin	White
Peyser	Sabath	Swank	Whittington
Polk	Sadowski	Tarver	Wilcox
Pou	Sanders	Taylor, Colo.	Williams
Prall	Sandlin	Thom	Wilson
Ragon	Schaefer	Thomason, Tex.	Wood, Ga.
Ramsay	Schuetz	Thompson, Ill.	Woodrum
Ramspeck	Schulte	Truax	Young
Randolph	Sears	Turner	
Rankin	Secrest	Umstead	

NAYS—130

Allen	Dowell	Kelly, Pa.	Shannon
Andrew, Mass.	Dunn	Kinzer	Shoemaker
Arens	Eaton	Knutson	Sinclair
Bacharach	Edmonds	Kurtz	Smith, Wash.
Bacon	Eltse, Calif.	Kvale	Snell
Bakewell	Englebright	Lambertson	Stalker
Beedy	Evans	Lehlbach	Stokes
Blanchard	Fish	Lemke	Strong, Pa.
Boileau	Focht	Luce	Swick
Britten	Foss	Lundeen	Taber
Brown, Ky.	Frear	McCarthy	Taylor, S.C.
Burnham	Gibson	McFadden	Taylor, Tenn.
Cannon, Wis.	Gifford	McGugin	Terrell
Carpenter, Kans.	Gilchrist	McLean	Thurston
Carter, Calif.	Gillette	McLeod	Tinkham
Carter, Wyo.	Goodwin	McMillan	Tobey
Cavicchia	Goss	Mapes	Traeger
Chase	Griswold	Marshall	Treadway
Christianson	Hancock, N.Y.	Martin, Colo.	Turpin
Claiborne	Hartley	Martin, Mass.	Wadsworth
Clarke, N.Y.	Hess	Merritt	Watson
Collins, Calif.	Hildebrandt	Millard	Welch
Connolly	Hill, Knute	Mott	Whitley
Cooper, Ohio	Hoeppel	O'Malley	Wigglesworth
Crosser	Hollister	Parker, N.Y.	Withrow
Crowther	Holmes	Pierce	Wolcott
Darrow	Hooper	Powers	Wolfenden
De Priest	Hope	Ransley	Wolverton
Dirksen	Howard	Reed, N.Y.	Wood, Mo.
Ditter	Jenkins	Rich	Woodruff
Dobbins	Johnson, Minn.	Rogers, Mass.	Zioncheck
Dondero	Kahn	Scrugham	
Doutrich	Keller	Seger	

ANSWERED "PRESENT"—1

Palmisano

NOT VOTING—45

Almon	Connery	James	Reid, Ill.
Andrews, N.Y.	Culkin	Kennedy, Md.	Simpson
Bailey	Dickstein	Kerr	Sisson
Beck	Drewry	Kleberg	Sullivan
Bolton	Fernandez	Lewis, Colo.	Sumners, Tex.
Brand	Foulkes	McSwain	Sweeney
Brennan	Fulmer	Major	Waldron
Browning	Griffin	Meeks	Wearin
Brumm	Guyer	Montague	Williford
Buckbee	Hancock, N.C.	Moynihan	
Cartwright	Hart	Muldowney	
Cochran, Pa.	Higgins	Perkins	

So the previous question was ordered.

The Clerk announced the following pairs:

On the vote:

Mr. Brennan (for) with Mr. Bolton (against).
Mr. Meeks (for) with Mr. Culkin (against).
Mr. Fernandez (for) with Mr. Buckbee (against).
Mr. Almon (for) with Mr. Muldowney (against).
Mr. Drewry (for) with Mr. Simpson (against).
Mr. Kleberg (for) with Mr. Beck (against).
Mr. Sullivan (for) with Mr. Higgins (against).
Mr. Wearin (for) with Mr. Brumm (against).
Mr. Dickstein (for) with Mr. Perkins (against).
Mr. Sisson (for) with Mr. Reid of Illinois (against).

Until further notice:

Mr. Connery with Mr. Andrews of New York.
Mr. McSwain with Mr. Waldron.
Mr. Browning with Mr. James.
Mr. Sumners of Texas with Mr. Guyer.
Mr. Hancock of North Carolina with Mr. Cochran of Pennsylvania.
Mr. Griffin with Mr. Moynihan.
Mr. Bailey with Mr. Sweeney.
Mr. Major with Mr. Hart.
Mr. Kerr with Mr. Cartwright.
Mr. Brand with Mr. Kennedy of Maryland.
Mr. Montague with Mr. Foulkes.

Mr. CONNERY. Mr. Speaker, I arrived too late to answer to my name. If I had been present, I would have voted "aye."

Mr. JAMES. I am in the same position as the gentleman from Massachusetts. If I had been present, I would have voted "no."

Mr. McCORMACK. Mr. Speaker, the gentleman from Texas [Mr. KLEBERG] is absent on account of illness. If present, he would have voted "aye."

Mr. JACOBSEN. Mr. Speaker, my colleague, Mr. WEARIN, is absent on account of illness. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. DELANEY). The question now is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 178 ayes and 19 noes.

So the resolution was agreed to.

EMERGENCY FARM MORTGAGE ACT

Mr. JONES. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of H.R. 4795, to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. ARNOLD in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill, which the Clerk will report.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. BLANTON. With the understanding that the bill be printed in the RECORD, I will not object.

Mr. JONES. I will include that in my request.

The CHAIRMAN. Without objection, it is so ordered.

The bill is as follows:

Be it enacted, etc.—

TITLE I. AMENDMENTS TO FEDERAL FARM LOAN ACT

ISSUANCE OF BONDS BY LAND BANKS

SECTION 1. Section 32 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 991), is amended by adding at the end thereof the following new paragraph:

"Until such time as the Farm Loan Commissioner determines that Federal farm-loan bonds (other than those issued under this paragraph) are readily salable in the open market at a yield not in excess of 4 percent per annum, but in no case more than 2 years after this paragraph takes effect, Federal land banks may issue farm-loan bonds as authorized under this act for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as provided in paragraph 'Second' of section 13 of this act. The aggregate amount of the bonds issued under this paragraph shall not exceed $2,000,000,000, and such bonds shall be issued in such denominations as the Farm Loan Commissioner shall prescribe, shall bear interest at a rate not in excess of 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest by the United States, and such guaranty shall be expressed on the face thereof. In the event that the issuing bank or banks shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated. Upon the payment of such interest by the Secretary of the Treasury, the amount so paid shall become an obligation to the United States of the issuing bank or banks and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. After the expiration of 1 year from the date this paragraph takes effect, if in the opinion of the Farm Loan Commissioner any part of the proceeds of the bonds authorized to be issued under this paragraph is not required for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as herein provided, such bonds may be issued within the maximum limit herein specified for the purpose of refinancing any outstanding issues of Federal farm-loan bonds; but no such bonds shall be issued after 2 years from the date this paragraph takes effect for the purpose of such refinancing."

PURCHASE, REDUCTION, AND REFINANCING OF FARM MORTGAGES

SEC. 2. Section 13 of the Federal Farm Loan Act, as amended, is amended by adding after paragraph "Second" the following new paragraph:

"In order to reduce and/or refinance farm mortgages, to invest such funds as may be in its possession in the purchase of qualified first mortgages on farm lands situated within the Federal land-bank district within which it is organized or for which it is acting, or to exchange farm-loan bonds for any duly recorded first mortgages on farm lands executed prior to the date this paragraph takes effect, at a price which shall not exceed in each individual case the amount of the unpaid principal of the mortgage on the date of such purchase or exchange, or 50 percent of the value of the land mortgaged and 20 percent of the value of the permanent insured improvements thereon, as determined upon an appraisal made pursuant to this act, whichever is the smaller: *Provided*, That any mortgagor whose mortgage is acquired by a Federal land bank under this paragraph shall be entitled to have his farm-mortgage indebtedness refinanced in accordance with the provisions of sections 7 and 8 of this act on the basis of the amount paid by the bank for his mortgage."

EXTENSION OF LOANS

SEC. 3. Paragraph "tenth" of section 13 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 781), is amended by adding at the end thereof the following: "The terms of any such extension shall be such as will not defer the collection of any obligation due by any borrower which, after investigation by the bank of the situation of such borrower, is shown to be within his capacity to meet. In the case of any such extension made prior to the expiration of 5 years from the date this paragraph as amended takes effect, or in the case of any deferment of principal as provided in paragraph 'twelfth' of section 12 of this act, it shall be the duty of the Secretary of the Treasury, on behalf of the United States, upon the request of the Federal land bank making the extension, and with the approval of the Farm Loan Commissioner, to subscribe at such periods as the Commissioner shall determine, to the paid-in surplus of such bank an amount equal to the amount of all such extensions and deferments made by the bank during the preceding period. Such subscriptions shall be subject to call, in whole or in part, by the bank with the approval of the Commissioner upon 30 days' notice. To enable the Secretary of the Treasury to make such subscriptions to the paid-in surplus of the Federal land banks, there is hereby authorized to be appropriated the sum of $50,000,000, to be immediately available and remain available until expended. Upon payment to any Federal land bank of the amount of any such subscription, such bank shall execute and deliver a receipt therefor to the Secretary of the Treasury in form to be prescribed by the Farm Loan Commissioner. The amount of any subscriptions to the paid-in surplus of any such bank may be repaid in whole or in part at any time in the discretion of the bank and with the approval of the Farm Loan Commissioner, and the Commissioner may at any time require such subscriptions to be repaid in whole or in part if in his opinion the bank has resources available therefor."

REDUCTION OF INTEREST ON LOANS AND DEFERMENT OF PRINCIPAL

SEC. 4. Section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, secs. 771–772), is amended by adding at the end thereof the following new paragraph:

"Twelfth. Notwithstanding the provisions of paragraph second, the rate of interest on any loans on mortgage made through national farm-loan associations, or through agents as provided in section 15, by any Federal land bank, outstanding on the date of this paragraph takes effect or made within 2 years after such date, shall not exceed 4½ percent per annum for all interest payable on installment dates occurring within a period of 5 years commencing 60 days after the date this paragraph takes effect; and no payment of the principal portion of any installment of any such loan shall be required during such 5-year period if the borrower shall not be in default with respect to any other condition or covenant of his mortgage. The foregoing provisions shall apply to loans made by Federal land banks through branches, except that the rate of interest on such loans for such 5-year period shall be 5 percent in lieu of 4½ percent. The Secretary of the Treasury shall pay each Federal land bank, as soon as practicable after October 1, 1933, and after the end of each quarter thereafter, such amount as the Farm Loan Commissioner certifies to the Secretary of the Treasury is equal to the amount by which interest payments on mortgages held by such bank have been reduced, during the preceding quarter, by reason of this paragraph; but in any case in which the Farm Loan Commissioner finds that the amount of interest payable by such bank during any quarter has been reduced by reason of the refinancing of bonds under section 32 of this act, the amount of the reduction so found shall be deducted from the amount payable to such bank under this paragraph. No payments shall be made to a bank with respect to any period after June 30, 1938. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $15,000,000 for the purpose of enabling the Secretary of the Treasury to make payments to Federal land banks which accrue during the fiscal year ending June 30, 1934, and such additional amounts as may be necessary to make payments accruing during subsequent fiscal years."

INCREASE OF AMOUNT OF LOANS TO BORROWERS

SEC. 5. Paragraph "seventh" of section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 771) (relating to the limitations as to amount of loans), is amended by striking out "$25,000" and inserting "$50,000, but loans to any one borrower shall not exceed $25,000 unless approved by the Farm Loan Commissioner."

DIRECT LOANS

SEC. 6. Section 7 of the Federal Farm Loan Act, as amended, is amended by striking out the last paragraph and inserting in lieu thereof the following new paragraphs:

"Whenever it shall appear to the Farm Loan Commissioner that national farm-loan associations have not been formed in any locality in the continental United States, or that the farmers residing in the territory covered by the charter of a national farm-loan association are unable to apply to the Federal land bank of the district for loans on account of the inability of the bank to accept applications from such association, the Farm Loan Commissioner may, in his discretion, authorize said bank to make direct loans to borrowers secured by first mortgages on farm lands situated within any such locality or territory. Except as herein otherwise specifically provided, all provisions of this act applicable with respect to loans made through national farm-loan associations shall, insofar as practicable, apply with respect to such direct loans, and the Farm Loan Commissioner is authorized to make such rules and regulations as he may deem necessary with respect to such direct loans.

"The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 per centum per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations.

"Each borrower who obtains a direct loan from a Federal land bank shall subscribe and pay for stock in such bank in the sum of $5 for each $100 or fraction thereof borrowed. Such stock shall be held by such Federal land bank as collateral security for the loan of the borrower and shall participate in all dividends. Upon full payment of the loan such stock shall, if still outstanding, be canceled at par, or, in the event that such stock shall have become impaired, at the estimated value thereof as approved by the Farm Loan Commissioner, and the proceeds thereof shall be paid to the borrower.

"Each such borrower may covenant in his mortgage that, whenever there are 10 or more borrowers who have obtained from a Federal land bank direct loans under the provisions of this section aggregating not less than $20,000, and who reside in a locality which may, in the opinion of the Farm Loan Commissioner, be conveniently covered by the charter of and served by a national farm-loan association, he will unite with such other borrowers to form a national farm-loan association. Such borrowers shall organize the association subject to the requirements and the conditions specified in this section, so far as the same may be applicable, and in accordance with rules and regulations of the Farm Loan Commissioner. As soon as the organization of the association has been approved by the Farm Loan Commissioner the stock in the Federal land bank held by each of the members of such association shall be canceled at par, and in lieu thereof the bank shall issue in the name of the association an equal amount of stock in said bank, which stock shall be held by said bank as collateral security as provided in this section with respect to other loans through national farm-loan associations. Thereupon there shall be issued to each such member an amount of capital stock in the association equal to the amount which he previously held in said bank, which stock shall be held by said association as collateral security as provided in section 8 of this act. The board of directors of said association shall adopt a resolution authorizing and directing its secretary-treasurer on behalf of said association to endorse, and thereby become liable for the payment of, the mortgages taken from its charter members by the Federal land bank. When it shall appear to the satisfaction of the Farm Loan Commissioner that all the foregoing conditions have been complied with, and upon the granting of the charter by the Farm Loan Commissioner, the interest rate paid by each charter member of such association whose loan is in good standing shall, beginning with his next regular installment date, be reduced to the rate of interest paid by borrowers on new loans made through national farm-loan associations in the same Federal land bank district at the time the said loan was made to such charter member.

"Charges to be paid by applicants for direct loans from a Federal land bank shall not exceed amounts to be fixed by the Farm Loan Commissioner and shall in no case exceed the charges which may be made to applicants for loans and borrowers through national farm-loan associations under the provisions of sections 11 and 13 of this act."

LOANS TO RECEIVERS

SEC. 7. Any receiver appointed by the Federal Farm Loan Board pursuant to section 29 of the Federal Farm Loan Act, as amended, is authorized, for the purpose of paying taxes on farm real estate owned by the bank or securing the mortgages held by it, with the approval of the Farm Loan Commissioner, to borrow from the Reconstruction Finance Corporation and to issue receiver's certificates against the assets of such bank as security for any loan received from the Corporation under this section, and such certificates shall constitute a prior lien on such assets. The Reconstruction Finance Corporation is authorized to make loans to such receivers for the purposes of this section.

TITLE II. JOINT-STOCK LAND BANKS

LIMITATIONS ON ISSUE OF BONDS AND LENDING

SEC. 201. After the date of enactment of this act, no joint-stock land bank shall issue any tax-exempt bonds or make any farm loans except such as are necessary and incidental to the refinancing of existing loans or bond issues or to the sale of any real estate now owned or hereafter acquired by such bank.

LOANS TO JOINT-STOCK LAND BANKS TO PROVIDE FOR ORDERLY LIQUIDATION

SEC. 202. (a) The Reconstruction Finance Corporation is authorized and directed to make available to the Farm Loan Commissioner, out of the funds of the corporation, the sum of $100,000,000, to be used, for a period not exceeding 2 years from the date of enactment of this act, for the purpose of making loans to the joint-stock land banks organized and doing business under the Federal Farm Loan Act, as amended, at a rate of interest not to exceed 4 percent per annum, payable annually. Such loans shall be made upon application therefor by such banks and upon compliance with the requirements of this section. Such loans shall be made to aid the orderly liquidation of any such bank in accordance with such plan as may be approved by the Farm Loan Commissioner. Before any such plan is approved by the Commissioner he shall be satisfied that the plan carries out the purposes of this section and that such part of the proceeds of the loan as is devoted to settlements with bondholders will be used only to effect an equitable settlement with all bondholders. After the plan has been approved by the Commissioner he shall require the bank to mail a copy thereof to all its known bondholders and to publish a notice setting forth its provisions in at least three newspapers having general circulation. The amount which may be loaned hereunder to any such bank shall not exceed an amount having the same proportion to the said $100,000,000 as the unpaid principal of the mortgages held by such bank on the date of enactment of this act bears to the total amount of the unpaid principal of the mortgages held by all the joint-stock land banks on such date.

(b) Any joint-stock land bank applying for a loan under this section shall deliver to the Farm Loan Commissioner as collateral security therefor first mortgages or purchase-money mortgages on farm lands, first mortgages on farm real estate owned by the bank in fee simple, or such other collateral as may be available to said bank, including sales contracts and sheriff's certificates on farm lands. The real estate upon which such collateral is based shall be appraised by appraisers appointed under the Federal Farm Loan Act, as amended, and the borrowing bank shall be entitled to borrow not to exceed 60 percent of the value of such real estate as determined by such appraisal. Fees for such appraisals shall be paid by the applicant banks in such amounts as may be fixed by the Farm Loan Commissioner. No such loan shall be made until the applicant bank, under regulations to be prescribed by the Farm Loan Commissioner, (1) shall have agreed to grant to each borrower then indebted to the bank under the terms of a first mortgage a reduction to 5 percent per annum in the rate of interest specified in such mortgage, beginning at his next regular installment date occurring more than 60 days after the date of enactment of this act, and (2) shall have agreed to the satisfaction of the Commissioner that during a period of 2 years from the date of enactment of this act the bank will not proceed against the mortgagor on account of default in the payment of interest or principal due under the terms of its mortgage and will not foreclose its mortgage unless the property covered by such mortgage is abandoned by the mortgagor or unless, in the opinion of the Commissioner, such foreclosure is necessary for other reasons.

LOANS BY THE FARM LOAN COMMISSIONER TO JOINT-STOCK LAND BANKS FOR EMERGENCY PURPOSES

SEC. 203. (a) Out of the funds made available to him under section 202, the Farm Loan Commissioner is authorized to make loans, at a rate of interest not to exceed 4 percent per annum, to any joint-stock land bank for the purpose of securing the postponement for 2 years from the date of the enactment of this section of the foreclosure of first mortgages held by such banks on account of (1) default in the payment of interest and principal due under the terms of the mortgage, and (2) unpaid delinquent taxes, excluding interest and penalties, which may be secured by the lien of said mortgage: *Provided*, That during the period of postponement of foreclosure such bank shall charge the mortgagor interest at a rate not exceeding 4 percent per annum on the aggregate amount of such delinquent taxes and defaulted interest and principal with respect to which loans are made pursuant to this section. The amount loaned to any joint-stock land bank under this section shall be made without reappraisal: *Provided*, That the amount loaned with respect to any mortgage on account of unpaid principal shall not exceed 5 percent of the total unpaid principal of such mortgage, and the total amount loaned to any such land bank with respect to any mortgage shall not exceed 25 percent of the total unpaid principal of such mortgage.

(b) No such loan shall be made with respect to any mortgage unless the Farm Loan Commissioner is satisfied that the mortgagor, after exercising ordinary diligence to pay his accrued delinquent taxes and meet accrued interest and principal payments, has defaulted thereon; and unless the bank shall have agreed to the satisfaction of the Farm Loan Commissioner that during such 2-year period the bank will not foreclose such mortgage unless the property covered thereby is abandoned by the mortgagor or unless, in the opinion of the Farm Loan Commissioner, such foreclosure is necessary for other reasons.

(c) Each such loan shall be secured by an assignment to the Farm Loan Commissioner of the lien of the taxes and/or of the bank's mortgage with respect to which the loan is made: *Provided*, That the part of each such lien so assigned representing

the interest and principal due and unpaid in any such mortgage which has been assigned to the farm-loan registrar shall be subordinate to the existing lien of the bank for the balance of the indebtedness then or thereafter to become due under the terms of such mortgage; but the Farm Loan Commissioner may require the bank to furnish additional collateral as security for such loan if such collateral is available to the bank.

(d) The Farm Loan Commissioner is authorized to make such rules and regulations as may be necessary to carry out the purposes of this section and to make the relief contemplated immediately available.

TITLE III. LOANS TO FARMERS BY FARM LOAN COMMISSIONER

REDUCTION OF DEBTS AND REDEMPTION OF FORECLOSED FARMS

SEC. 301. The Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Farm Loan Commissioner the sum of $300,000,000, or so much thereof as may be necessary, to be used for the purpose of making loans as hereinafter provided to any farmer, secured by a first or second mortgage upon the whole or any part of the farm property, real or personal, including crops, of the farmer. The amount of the mortgage given by any farmer, together with all prior mortgages or other evidences of indebtedness secured by such farm property of the farmer, shall not exceed 75 percent of the value thereof, as determined upon an appraisal made pursuant to the Federal Farm Loan Act, as amended; nor shall a loan in excess of $5,000 be made to any one farmer. Every mortgage made under this section shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments, sufficient to cover (1) interest on unpaid principal at a rate not to exceed 5 percent per annum and (2) such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than 10 years from the date the first payment on principal is due: *Provided*, That during the first 3 years the loan is in effect payments of interest only may be required. No loan shall be made under this section unless the holder of any prior mortgage or instrument of indebtedness secured by such farm property arranges to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the farmer and such farm property for default in payment of principal. Loans under this section shall be made for the following purposes only: (1) Refinancing, either in connection with proceedings under chapter VIII of the Bankruptcy Act of July 1, 1898, as amended (relating to agricultural compositions and extensions), or otherwise, any indebtedness, secured or unsecured, of the farmer, (2) providing working capital for his farm operations, and (3) enabling any farmer to redeem and/or repurchase farm property owned by him and occupied by him as a home prior to the loss of such property by him by the passage of title under foreclosure sale, sale by trustee under a deed of trust, or voluntary alienation in satisfaction of a preexisting mortgage indebtedness, which has occurred within 2 years prior to the date of enactment of this act or which occurs on, or after, the date of enactment of this act. The provisions of paragraph "Ninth" of section 13 of the Federal Farm Loan Act, as amended (relating to charges to applicants for loans and borrowers from the Federal land banks), shall, so far as practicable, apply to loans made under this section. As used in this section, the term "farmer" means any individual who is bona fide engaged in farming operations, either personally or through an agent or tenant, or the principal part of whose income is derived from farming operations, and includes a personal representative of a deceased farmer.

REGULATIONS

SEC. 302. The Farm Loan Commissioner is authorized to make such rules and regulations and to appoint such agents as may be necessary to carry out the purposes of this act and to make the relief contemplated by this act immediately available.

FACILITIES OF FEDERAL LAND BANKS AND NATIONAL FARM-LOAN ASSOCIATIONS MADE AVAILABLE

SEC. 303. The Federal land banks and the national farm-loan associations are authorized, upon request of the Farm Loan Commissioner, to make available to him their services and facilities to aid in administering the provisions of this act.

PENALTIES

SEC. 304. Any person who shall knowingly make any material false representation for the purpose of obtaining any loan under this title, or in assisting in obtaining any such loan, shall, upon conviction thereof, be fined not more than $1,000, or imprisoned not more than 6 months, or both.

TITLE IV. REFINANCING OF AGRICULTURAL IMPROVEMENT DISTRICT INDEBTEDNESS FOR THE BENEFIT OF FARMERS

LOANS BY RECONSTRUCTION FINANCE CORPORATION

SEC. 401. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding $50,000,000, to drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, duly organized under the laws of any State, and to political subdivisions of States, which, prior to the date of enactment of this act, have completed projects devoted chiefly to the improvement of land for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such project, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by refunding bonds issued to the Corporation by the borrower which are a lien on the real property within the project or on the amount of the assessments levied on such property by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any bonds so secured except with the consent of the Corporation; (4) the borrower shall pay to the Corporation, until all bonds of the borrower held by the Corporation are retired, an amount equal to the amount by which the assessments against the real property within the project collected by the borrower exceed the costs of operation and maintenance of the project and interest on its outstanding obligations; and (5) the borrower shall agree to the satisfaction of the Corporation to reduce the outstanding indebtedness to the borrower of the landowners within such project by an amount corresponding to that by which the indebtedness of the borrower is reduced by reason of the operation of this section, to distribute the amount of such reduction among such landowners on a pro rata basis, to cancel and retire its outstanding bonds in an aggregate amount equal to the amount of the reduction so distributed, and to permit the Corporation, in the case of the payment of the bonds of the borrower or the liquidation of such project, to participate in such payment or in the proceeds of such liquidation on the basis of the face amount of the bonds so retired plus the face amount of the bonds held by the Corporation as security for the loan. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and the holders of its outstanding bonds under which the applicant will be able to purchase or refund such bonds at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6 months' period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant. This section shall not be construed or administered so as to make any land within any project of a borrower subject, without the consent of the landowner, to a lien for the payment of a greater proportion of the indebtedness of the borrower as compared with the other lands in the project than such land is subject to under existing law. As used in this section the term "State" includes Alaska, Hawaii, and Puerto Rico.

INCREASE OF LENDING POWER OF RECONSTRUCTION FINANCE CORPORATION

SEC. 402. In order to provide funds to carry out the purposes of this act, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time, is hereby increased by $300,000,000.

FUNCTIONS OF FARM LOAN COMMISSIONER UNDER EXECUTIVE ORDERS

SEC. 403. If and when any Executive order heretofore transmitted to the Congress pursuant to title IV of part II of the Legislative Appropriation Act of 1933, as amended, shall become effective, all functions, powers, authority, and duties conferred upon or vested in the Farm Loan Commissioner by this act shall be held and exercised by him subject to all the terms and conditions in any such Executive order the same as if such functions, powers, authority, and duties were specifically named in such Executive order or orders.

SHORT TITLE

SEC. 404. This act may be cited as the "Emergency Farm Mortgage Act of 1933."

The CHAIRMAN. The gentleman from Texas is recognized for 4 hours, and the gentleman from New York [Mr. CLARKE] is recognized for 4 hours.

Mr. JONES. Mr. Chairman and members of the Committee, this, it seems to me, is preeminently a time for action. This measure is but one of a series of steps which the administration has asked be taken in the struggle with this emergency. Standing alone it might not anything like accomplish the purpose that is desired. But I have every hope that with the other steps that have been and will be taken, we may find ourselves on the upswing. I am glad that we have a man in the White House who is unafraid [applause], who is willing to take responsibility, and who has a program. In this emergency I am not willing to block any of his steps on anything that does not involve fundamentals. I do not want the charmed circle to be broken; I want to give him every opportunity to work out of the condition that he has shown a disposition to go to the front upon. [Applause.]

It is probable that practically every Member of this House who has any farm section in his district has some ideas

about what a farm-mortgage bill should include. I have some of my own. I know a number of other Members who do. We could spend a year discussing the program and probably never get concerted action. As a matter of fact, for the past 2 or 3 years there has been enough discussion on the floor of this House to fill volumes. Now we are going to try to have action on a bill.

Let no one deceive you; this bill will do a tremendous amount of good. There are $8,500,000,000 of farm mortgages in the United States, speaking in round numbers, and $3,500,000,000 in other debts owed by the farmers. The average interest rate on farm mortgages in the United States is 6.1 percent. If that could be reduced 1 percent even over a period of 20 years, it would mean a saving to the farmers of $2,000,000,000. If it were reduced 1½ percent, they would be saved considerably more than that. If the principal also is reduced, that will be an additional great advantage.

I shall take up this bill now and discuss it section by section and undertake to tell you just what it proposes to do and what it undertakes to accomplish. Gentlemen who have copies of the bill may, if they wish, follow me in the discussion. Title I of the bill provides for the issuance of not to exceed $2,000,000,000 in bonds by the Federal land banks at a rate of interest not to exceed 4 percent, with the interest on those bonds unconditionally guaranteed by the United States Government. Those bonds are to be issued for the purpose of reducing the principal and interest, one or both, of outstanding mortgages, both in and out of the Federal Land Bank System.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. JONES. I prefer not to now. I want to finish the explanation, because I may during the discussion cover some of the things the gentleman or other gentlemen might want to inquire about. I shall ask the House to excuse me from interruption until I have finished a general explanation of the bill.

Section 1 of the bill provides that those bonds, when issued, may be sold upon the best terms possible. The money thus obtained is to be used, as provided in section 2, to reduce the principal or interest, or both, of outstanding mortgages, or those bonds may be traded for outstanding mortgages of all kinds and of every character, whether held by insurance companies or individuals. Twenty-three percent of those mortgages are held by insurance companies, 12 percent by the Federal land banks, 7 percent by the joint-stock land banks, 29 percent by individuals, 11 percent by commercial banks, and about 10 percent by mortgage companies. All of those mortgages will have a chance to come under the terms of this measure. In this particular title we use the Federal land bank as the method of approach. In some instances the principal can be reduced very greatly. The principal may be reduced as much as possible in a trade between the mortgagor and mortgagee and the representative of the bank. It is hoped that in many instances the principal of the mortgages may be very materially reduced and that the interest rates may also be reduced. There are other sections of the bill which deal in a different fashion with those things.

Section 3 provides for the handling of mortgages in cases in which the mortgage is well secured. Of course in a case of that kind there is no way to force a refinancing, by any sort of a bill that you might present. It is up to the mortgagee and there is no way to force him to do that. However, there are certain of those well-secured mortgages where there is a delinquency at the present time in taxes or in installments, principal or interest, or in all three. This particular section provides for granting an extension of payment to farm borrowers in the Federal land banks, and provides an appropriation of $50,000,000 to take care of the necessary expense incident to granting those extensions of payment of principal and interest, and in taking care of taxes. The extensions may be at any time within a period of 5 years.

Section 4 makes provision that the maximum rate of interest for a period of 5 years on all outstanding old and new mortgages in the Federal land banks shall be reduced to a rate not exceeding 4½ percent. I call attention to the fact that the measure uses the term "not exceeding." If we are able to sell any of those bonds which shall bear a rate of interest not to exceed 4 percent at a less rate of interest, that reduction must be carried forward into the loans and the borrower must get the benefit of it. Likewise, if the Federal land bank takes over a mortgage of $5,000 and pays only $3,000 for it, as it may be able to do in some instances, the farmer then must, under the terms of this bill, be given the benefit of having his mortgage reduced to a $3,000 basis. You may say that will not help. I believe it will.

Some complain of these rates of interest. We have to finance farms over a long period of time, and we must get the money from somewhere. The home owners in the cities must have a similar bill. If we are able to get an upswing and get better commodity prices, which I believe is a part of the program and which I believe will result—and God help us if it does not—then they will be able to pay the rates of interest provided in this bill even though the maximum rate should prevail. If we cannot carry through the program—and a wonderful amount of confidence has been instilled in the American people through the accomplishment of the present Chief of the United States—if the program is blocked, they could not even pay 2 percent. In fact, if we do not have an upturn for the better over what has happened in the last 2 years it would not make much difference what the rate of interest is. This must be part of a program that restores America. I personally have my own personal belief about many things. For instance, I believe in liberalizing the currency. [Applause.]

An adequate amount of currency on a sound basis, to use the expression of the President in his first message, would do much to give us restoration, but certainly if that should come, if that should be a part of the orderly program that is being worked out, then if we have a measure by means of which the farmer may get rid of the immediate pressing debt that threatens foreclosure upon him, he can work his way toward daylight. If we do not do something of this character, then some mortgage companies may use that as a means of foreclosing when they see the upswing coming.

You may say we ought to have a lower rate. You can throw a wreckage program into the machine; as for me I would rather get a bill which I believe will accomplish great good and relieve this condition than to fight for something better and get nothing.

Under the terms of this section the interest rate on all of the outstanding mortgages in the Federal Land Bank System is reduced to 4.5 percent for a 5-year period, and provision is made for paying the land banks the loss which they have on their outstanding bonds, about one half of 1 percent. The average outstanding land-bank bond draws 4½ percent. They range from 4 percent to around 5 percent. Under the terms of this section not only will that interest rate be reduced but no borrower in the system will be compelled to pay anything on the principal for a period of 5 years. I believe that would help. We certainly hope that conditions will get better during that period. All the borrower will be compelled to pay is his interest and his taxes. He will not have to pay anything on the principal during that period. It seems to me that would be of material assistance.

Section 5 provides that the maximum limit of Federal land-bank loans shall be raised from $25,000 to $50,000. You understand that this bill provides for liquidation of the joint-stock land banks which were permitted to loan up to $50,000. This rate is made discretionary, and must have the approval, in the individual case, of the Farm Loan Commissioner, but it enables the land banks to take that little field of loans, small in number but sometimes very important, which have been heretofore occupied by the joint-stock land banks in their ordinary set-up.

Section 6 provides for making direct loans to farmers rather than through farm-loan associations. It provides for making new loans as well as for the refinancing of the old loans. We made a change over the terms of the original

suggestion, which required that all borrowers join a farm-loan association. We changed that to make it permissive so that a borrower may join an association or remain on the outside and secure an individual loan. He pays one half of 1 percent higher on a direct loan than on a loan through an association. In some sections they would rather do that. At least, I believe the farmer will be better pleased if it is made voluntary if he wishes to go in on that character of an obligation.

Section 7 provides for loans to receivers by the Reconstruction Finance Corporation, in order to enable them to handle the orderly affairs of the banks which are in receiverships. There are three joint-stock banks in receiverships at the present time, and, of course, it is essential for some sort of a loan to pay taxes on their farm real estate. They are simply made eligible for loans in carrying that out.

Title II, page 12, of the bill provides for the orderly liquidation of the joint-stock land-bank system, and they are going out of business. Section 201 provides that the joint-stock land banks may not issue any more tax-exempt securities, and may make no more new loans, except such loans as are essential to the refinancing program of their own outstanding loans. In other words, it has stipulations that make liquidation necessary.

Under section 202 (a) the joint-stock banks are authorized to borrow $100,000,000 from the Reconstruction Finance Corporation on their outstanding mortgages, after appraisal, and at a rate not to exceed 60 per cent of the value of the land. This is to enable them to wind up their own affairs in an orderly way and in the best manner possible, and thus save themselves and their borrowers from as much loss as possible, as there will probably be losses to the stockholders as well as to the bondholders.

The committee put in an additional provision requiring the Farm Loan Commissioner to supervise and approve the plan of liquidation and see that these dealings are all fair to everyone involved, including the borrower, the bondholder, and the stock owner. Then it is required, as a condition to this loan, that all of the outstanding loans held by the joint-stock land banks shall be reduced to 5 percent. Their present rate of interest is 6 percent. Before they can get this loan from the Farm Loan Commissioner they must agree to reduce the interest on all of their outstanding loans to 5 percent for the life of the loan, and agree not to foreclose for a period of 2 years, except for abandonment or other unavoidable circumstances, to be passed upon by the Commissioner.

I am thoroughly convinced that that is better than to force them into receivership.

Section 203 (a), immediately following, provides that they may borrow a portion of this $100,000,000, without the necessity of appraisal. They may borrow for the purpose of taking care of immediate taxes, immediate delinquent installments of principal and interest on their borrowers' obligations. The limit, however, on what they may borrow for the outstanding principal is 5 percent, and the total they may borrow for all purposes under this section, without appraisement, is 25 percent of the unpaid principal of any mortgage. So it is figured that would be amply sufficient to provide security for the borrowings that may be made from the Farm Loan Commissioner.

Title III, in the thought of many, is a matter of tremendous importance. It provides for $300,000,000 appropriation to make first or second mortgage loans in sums not exceeding $5,000 for the purpose of taking up other mortgages, for the purpose of taking up, in some instances, outstanding minor indebtedness that might crimp the farmer in his operations, even though his farm mortgages were refinanced on a scaled-down basis.

It is hoped that the ones who are administering these loans will be able to get in touch with the mortgagor and the mortgagee or other holders of outstanding indebtedness, and say, "Now, if you here holding a $5,000 mortgage will reduce it to $4,000, and if you fellows on the outside will reduce the little running indebtedness that you have in several forms from $600 to $300, the Government will let you take this $4,000 mortgage provided you reduce the interest rate to 3 percent, 3½ percent, or 4 percent", whatever trade they are able to make, "and the Government will take a second mortgage of $500 or $1,000." So the original mortgage will be reduced to $3,000 or $3,500, as the case may be. Thus with a small amount of money we can refinance a tremendous amount of mortgages.

This provision was put in the bill largely because of the work which the unofficial group, as it is sometimes called here in the House, has done. It has made a study of this subject many times. The gentleman from Texas [Mr. BUCHANAN] presented a paper to the House which covered this feature. It is very interesting to take one of his analyses and follow it through. I shall ask that his analyses covering a $10,000 loan and a $5,000 loan, showing the saving to the farmer through the taking of a small second lien, be placed in the RECORD. We will take, for example, a $5,000——

Mr. BUCHANAN. Ten thousand dollars.

Mr. JONES. I am cutting yours in half for the purpose of the illustration. I shall put all this in the RECORD.

The $5,000 mortgage is cut to $4,000, with the interest rate cut from 6 percent to 4 percent. Of course, these figures would have to be changed a little under the terms of the bill, because the second mortgage would carry with it a 5-percent rate, but it would be a small amount.

The Government loans the farmer $1,000 to make a further reduction in principal from $4,000 to $3,000, charging the farmer 4 percent per annum on the loan and taking a second mortgage of $1,000.

The farmer agrees to amortization payment at the rate of 1 percent per annum to liquidate the Government loan of $1,000 and reduced principal of $3,000.

Result: Interest charge over period of 20 years on present mortgage of $5,000 at 6 percent per annum, $6,000. This is the interest charge based on the assumption for the purpose of illustration that it would be a 20-year loan.

Interest charge over a period of 20 years on reduced mortgage of $3,000 ("a" and "b" at 4 percent per annum), $2,400.

Interest charge over period of 20 years on Government loan of $1,000 at 4 percent per annum, $800, $3,200.

Saving to former in interest payments, $2,800.

As a matter of fact, I have every hope that when this bill is finally enacted into law the insurance companies and the mortgage companies will meet the interest rates and make a saving to the farmer and the Government. I do not know whether they will do it, but I hope they will. This action on their part would save the Government some of the refinancing.

Mr. COX. Mr. Chairman, has the gentleman reached that part in his discussion where it will be agreeable for a Member to propound a question?

Mr. JONES. I am not through with my explanation, but I will yield.

Mr. COX. Is not the gentleman impressed that this bill as written simply sells the mortgaged farmer into bondage to the money lender for all time to come?

Mr. JONES. No; I do not think so.

Mr. COX. That no farm loan financing legislation answers the farmers' needs which does not make certain that there will be drastic reduction of the mortgage debt.

Mr. JONES. We had an illustration before the committee of the operation of how section 2 of the bill would operate. A man said he had $10,000 against his farm; that the man who held it was willing to take $6,000. Under this section of the bill this bank could take up that mortgage and would be forced, under the loan provision of section 2, to give the farmer the benefit of the $4,000 reduction and the reduced interest rate as well. When this was explained to him he was perfectly happy.

Mr. COX. But did not the gentleman state in his explanation of the bill that it gave little promise of certainty of reduction of principal and interest?

Mr. JONES. Oh, no. I think it gives almost certain promise in the great stream of outstanding mortgages of a

reduction of principal, a material reduction of principal on the outstanding mortgages on a vast number of the mortgages held in this country, and on at least 80 percent a material reduction of principal as well as of interest.

I had not finished this illustration. It illustrates how the plan as worked out by the group could be handled. In addition to the $2,800 that would be saved on the $5,000 mortgage there would be, I read—

Plus saving on present amortization payment of 1 percent on $1,000 by which present mortgage is to be reduced, $200.

Mr. COX. That is the reduction in interest.

Mr. JONES. Let me finish.

Mr. COX. Is there in the bill something that makes reduction of principal and interest certain?

Mr. JONES. I cannot yield further at this time; I do not want this illustration to be interrupted. Plus saving in reduction of principal from $5,000 to $4,000 is $1,000. Total saving in principal, interest, and amortization, $4,000. Bear in mind that this is a saving on a $5,000 mortgage over a period of 20 years.

Now, if this is not worth something, I am deceived about the matter, and I may say to the gentleman that there is not anything in this measure that forces anybody to take advantage of its provisions or to come within its terms. It offers a haven of refuge for the distressed farmer who, through the last few years, has been forced from his home under foreclosure and trustee sale, or who has been forced to make a voluntary transference in order to avoid trustee sales.

Mr. HASTINGS. Would it interrupt the gentleman for one who is sympathetic with all the purposes of the bill to make an inquiry about this section?

Mr. JONES. I will be pleased to yield to the gentleman.

Mr. HASTINGS. I want to invite the gentleman's attention to subparagraph (2), at the bottom of page 17, with respect to loans that are to be made by the Farm Loan Commissioner out of the $300,000,000 fund, where it says that—

Such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than 10 years from the date the first payment on principal is due.

I should like for the gentleman and his committee to consider whether or not this ought not to be extended for a longer period. Remember that in the preceding lines an interest rate of 5 percent is charged and this amortization is to be within 10 years. So you would have to charge the borrower 10 percent a year amortization, which added to the 5 percent interest, would make 15 percent per annum he would have to pay, and I very much fear that the borrower would be unable to make so large an annual payment. Am I correct in my statement?

Mr. JONES. No. I may say to the gentleman that there has been discussion of whether that should be 10 years or longer. It is a frequent practice as to a second mortgage to have it become due before the first mortgage. The second mortgage is supposed to be very much smaller, and in the illustration which I gave, it would be a small mortgage for the purpose of inducing the original mortgage holder to reduce his principal and his interest on the first mortgage very materially. He could reduce both just as much as he wanted to.

Mr. HASTINGS. I did not read the provision as applying only to second mortgages. I read it as being the amount that could be advanced by the Farm Loan Commissioner on both first and second mortgages.

Mr. JONES. No; if he makes the first-mortgage loan it is 5 percent; but it is hoped that much of this will be handled through either the scaling-down of these outside debts or through the taking-over of a small second mortgage in order to beat down the principal and the interest on the original mortgage.

Mr. HASTINGS. Then the gentleman construes this amortization provision at the top of page 18 as applying only to the payment of loans secured by second mortgage?

Mr. JONES. It applies to both.

Mr. HASTINGS. And not to the first mortgages that may be made?

Mr. JONES. No; the first mortgage may be left at 40 years if it is held by the original holder. If the whole mortgage is taken up, it would have to be for 10 years. If the whole mortgage is taken up, it would have to come under another feature of the bill if the amount loaned was more than $5,000.

Mr. HASTINGS. The gentleman then construes section 301 to have that effect?

Mr. JONES. Yes. There is nothing to keep the original mortgage holder, if it is a private mortgage company or an individual, from extending it to any length of time he wants to.

Mr. TARVER and Mr. KNUTSON rose.

Mr. TARVER. I regret I did not hear the early part of the gentleman's discussion.

Mr. JONES. Will the gentleman allow me, then, to finish my statement?

Mr. TARVER. The question which I have in mind is one which is apropos at this point, if the gentleman will yield.

Mr. JONES. All right; I yield.

Mr. TARVER. I was interested in the gentleman's remarks concerning the possibility of reduction of the principal of mortgages. The gentleman has reference, of course, to the mortgages that are privately owned. As I understand the bill, and I have not had opportunity to study it carefully, there is no way by which the mortgagor, who has obtained a loan from the Federal land bank, could possibly obtain any reduction in the amount of principal owed by him.

Mr. JONES. There is no provision in the measure itself for a reduction of the principal on a Federal land-bank loan, but there is a provision for reducing the interest rate to not to exceed 4½ percent and that the principal shall not be required to be paid for a period of 5 years.

Mr. TARVER. Does the gentleman think it is fair, in effect, for the Government to go to private mortgagees and say, "You ought to sell your mortgages to the Government for 50 percent of the value of the land and 20 percent of the value of the improvements, and yet we are not going to allow reduced principal of Federal land-bank loans in cases where an equal percentage of values would be less than the mortgages"?

Mr. JONES. The gentleman may criticize the Federal system all he pleases——

Mr. TARVER. I am not criticizing.

Mr. JONES. But many mortgage companies in my country, after the establishment of the land-bank system, reduced the interest rate, and I suppose in the gentleman's country as well, from 8 percent to 6 percent.

Mr. TARVER. I am not speaking in a critical way at all.

Mr. JONES. Of course, most of the Federal land-bank mortgages are on a better basis, and this would reduce their rate of interest, and, surely, the gentleman would not object to some of these mortgages being scaled down.

Mr. TARVER. I am not antagonistic to the gentleman's bill. I am seeking information, and I trust the gentleman will be patient and will give me such information as he may have.

Mr. JONES. I wish I had the time, but I have promised practically every minute of my outstanding time, and I will explain the matter to the gentleman personally, if I may, after this is over.

Mr. TARVER. The gentleman has secured here a rule which prohibits the offering of amendment, and yet he will not talk to a Member, who is not antagonistic to the bill, about one of its most important provisions.

Mr. JONES. The gentleman surely would not expect me to go ahead when I have promised my time to others. There are 25 members of the committee, and I am sure they will be able to answer the gentleman's question, and I shall do so at a later time, if I may.

I will not have time to explain the provisions of title IV about improvement districts, but there are others who have had the privilege of studying this subject, and they are more familiar with it. It simply enables them to make loans for

a scale-down to enable the landowners within the district to come within the terms of this bill.

Now I want to say this: I believe that this bill will do a tremendous amount of good. I want to help break the shackles from the farmer who is in debt. I do not want to make credit easy. Credit has been too easy heretofore. I want to make the interest rate as low as possible. I believe we will be able to reduce it more in the future. And in the main I hope that the farmer may in the future cut down his indebtedness instead of increasing it. The only way to have a free people is to have a people who are as far as possible unencumbered. [Applause.]

Mr. HOEPPEL. Will the gentleman yield?

Mr. JONES. Yes.

Mr. HOEPPEL. Does the gentleman believe that we are helping the American farmer by providing for $2,000,000,000 in tax-exempt securities?

Mr. JONES. Personally, I feel that all tax-exempt securities should be abolished for all the future. But they have been issued for many other purposes, and so long as the system is in vogue I do not feel that we should discriminate against the farmer.

Mr. Chairman, I reserve the balance of my time.

Mr. CLARKE of New York. Mr. Chairman, I yield myself such time as I may need.

I think the chairman of the committee, Mr. JONES, has explained this bill and its general purposes as well as anybody can. I do not believe there is a single member of the Agricultural Committee, I do not believe there is a member of the farm experts board that inhabits the Department of Agriculture who helped draw this bill who is fully cognizant of and understands the full significance and full import of this bill.

If you will read the discussions in the Senate of only yesterday, you will find that Mordecai Ezekiel, one of the authors of this bill, has gone into the ramifications of higher mathematics in an effort to explain its philosophy, to the extent that it is absolutely impossible for those at the other end of this great institution we call the Congress of the United States to understand.

I intend to elaborate on only two features, one is on the mortgage feature of this bill and the other is on the development of American agriculture and legislation relating to American agriculture.

According to my theory the history of American agriculture can readily be classified into two great periods or epochs. One is ancient agriculture that is typified by individualism personified, if you please, independence glorified, isolation complete, except Sunday at church when neighbors would have time between two sermons for a brief visit. This ancient farmer plowed his fields in haughty contempt of his fellow men, pursued his lonely life, inflicted it upon his family, and lived it irrespective of everybody and everything.

Now as to modern agriculture, I love to think of the universally beloved Lincoln as the pioneer soul and the man of vision who laid the foundation for what I picture as modern agriculture.

If you will turn back in your history of agriculture, you will find that it was in 1862 that a department of government known as the Department of Agriculture was established under Abraham Lincoln. It was also at that time that President Lincoln signed the Hatch Acts, having to do with the great western domain, and resolving back the proceeds of sales of those millions of acres in the West, under a dedication of service to American agriculture through the Hatch Acts and the Morrill Acts and land-grant colleges that followed it, which were the groundwork in their foundation and development, and these colleges, in turn, have made their great national contribution to our American agriculture.

In the underlying evolution of that great Agriculture Department and of the land-grant colleges, along came the extension work itself; and this extension work, if you please, under the Smith-Lever Act and the Purnell Act and other acts, has now reached out so far in its ramifications that it touches practically and brings to every farm home of this country the benefits of investigation, the benefits of the agricultural facts of the whole world, to educate our farmers on world conditions in relation to what they produce. More than that, in the development of modern agriculture there has also come what we of the farm sections hold to be the greatest development of all, namely, the development of the farm home and the recognition of the farm home as a unit in the consideration of things in agriculture. I mean by that that the isolated independent farmer has largely disappeared, and in his place has come a recognition of the fact by the farmer and his Government that the farmer, his wife, and his children are all part and parcel of the great common enterprise that we call modern agriculture.

As the national picture of agriculture developed and grew and the usefulness of government enlarged, many agencies have been set up to help develop usefulness in the service of the Government of the United States through its efforts to bring equality, no more and no less, to agriculture.

What are some of these agencies? I shall point out only a few of them. There are the Federal land banks, the joint-stock land banks, the intermediate-credit banks, the warehouse system that provides for orderly assembling in many portions of the United States of products close to the source of production, in order that they may be orderly sent out into the markets when the markets need them, and the great marketing agencies that advise when those products of the farmers may be shipped. So I say there have been great developments in the picture of usefulness and service to agriculture of Government agencies, because, after all, we recognize that agriculture is a great fundamental industry affecting 6,000,000 of homes and a population of practically 30,000,000 people, and why should not our Government do its duty? However, a lot of abuses have crept up in the agencies in the development of this picture and in the Federal contribution sought to be made.

A great number of philosophies have sought to be developed and translated in law regarding modern agriculture and the duty that is imposed on the Congress of the Nation in giving equality, no more and no less, to agriculture. Do not forget, that is all that we on the great Agriculture Committee are demanding for agriculture—equality; no more and no less. What are these philosophies, and what are some of the theories they have sought to translate into law?

In the first place, we have the old "equalization-fee" theory, which is one of the first things that confronted me when I came to Congress 12 years ago. What is it the Congress sought to accomplish through that law? They sought in their way to make the benefits of the tariff reflect themselves back to the products and producers thereof, the exportable part of the products that our farmers produce in this country. That was all right in theory; but when you come down to the practical effect of the application of the "equalization fee", you found that the encouragement for farm production, the stimulation of that "equalization fee", was bound to create and pile up surpluses, surpluses, and surpluses; and that act was vetoed, though twice passed by the Congress of the United States, by President Coolidge.

Then we come to the second school of thought regarding what the Congress of the United States should do for agriculture in order to bring about agricultural equality, no more and no less, and I want to emphasize that. The theory underlying the export-debenture plan and the philosophy behind it was that it was a bounty in the form of a debenture on the commodity exported, the debenture to be used to pay the import duty on some other product coming in—a way to bring up farm-commodity prices; and again it was thought by those who were in control of legislation that through that very process you would again encourage overproduction and therefore ultimately break down the price fabric and structure of our agricultural commodities. That failed of being written into law.

The third great philosophy that was developed and which became the law of this country was known as the Agricultural Marketing Act. The first objective of that Marketing Act was to assist the cooperative movement in this country,

to enable the farmers of the country to have the benefits of all the information that could be assembled by the great Department of Agriculture, and the land-grant colleges, and give to the cooperatives their fair chance in competing in the markets not alone in this country but in the markets of the world where they had an exportable surplus.

Along with it was the so-called "stabilization plan." There is nobody who, in the light of experience, could stand up and defend the stabilization plan today, but for 10 years no great farm leader ever appeared before the Committee on Agriculture, urging a stabilization plan, who did not also impress upon the committee that if they could control and delay the marketing of the product from the time they began cutting and harvesting wheat, for instance, in Oklahoma and Texas, until it got up to the Canadian line, and not hurry the marketing of that product, 10 to 12 cents per bushel could be saved to the producers. Listening to plea after plea of these farm leaders, who have helped crucify this Cooperative Marketing Act today, we set up that power, Bill, Sam, and other farm leaders, if you want exact names, alleged friends of the farmer, claiming to be the pioneers and leaders in behalf of the farmers, yet crucifying them and destroying an agency of Government, and breaking down the good faith of the Government itself in trying to do this job of backing the cooperative effort.

So I say to those farm leaders, and I would make it stronger than parliamentary language will permit, "If you will get the hell out of this picture in this country of ours and leave the Congress and the Senate to do what it sensibly ought to do, we can help frame legislation that will help the farmer"; but as long as such unwise leaders are running around over the country, throwing the fear of God into a lot of people, going back into the districts and, through their influence, literally compelling some of the Representatives into doing what they know ought not to be done, such leaders are proving false to the great farmer himself who is paying them to represent him, and untrue to representative government itself.

Now, my friends, let us look into the cooperative movement. I claim to know something about that movement. For 7 years I have been director of the second largest cooperative in the United States. What is the theory behind the Federal Government's backing the cooperative movement? I will tell you. If the farmers themselves are unwilling to go into the cooperative organization on the commodity they produce, to help fight their own battle and to not lean upon the Federal Government any more than is necessary, what right have they to appeal to their Government?

I say if the farmer is not willing to go into his own cooperative organization on the commodity he produces, federate nationally, and help fight his own battle, how can he expect the Congress of the United States to take him by the seat of the pants and lift him into economic prosperity? The good Lord will not save those unwilling to do their part. Many of those leaders in the cooperative movement have been false; they have betrayed their trust. If you want, I will give you some examples of it.

I ask unanimous consent, Mr. Chairman, to extend my remarks. I want you to know something about what has been going on with a fund ($500,000,000 for Farm Board), that I hold was as sacred a fund as was ever created by the taxpayers' money and dedicated to the cause of giving equality to agriculture, no more and no less.

The CHAIRMAN. The gentleman from New York asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

There was no objection.

The matter referred to is as follows:

FEDERAL FARM BOARD,
Washington, March 30, 1933.

Hon. JOHN D. CLARKE,
House of Representatives.

DEAR MR. CLARKE: Complying with the request contained in your letter of March 29, there is given below a tabulation showing all loans made by the Federal Farm Board to cooperative associations in the State of New York, which tabulation shows total advances, total repayments, unpaid balances, and interest rates applicable thereto:

Names and addresses of associations	Total advances	Total repayments	Balance outstanding	Interest rate
Dairymens League Cooperative, Inc., New York, N.Y.	$3,600,000.00	----------	$3,600,000.00	2¾
Cooperative Grange League Federation Exchange, Ithaca, N.Y.	250,000.00	$100,000.00	150,000.00	1¾
Do	60,000.00	----------	60,000.00	⅝
Do	200,000.00	----------	200,000.00	1½
Total	510,000.00	100,000.00	410,000.00	--------
Chautauqua & Erie Grape Growers Association, Westfield, N.Y.	50,000.00	20,000.00	30,000.00	1¾
Do	50,000.00	20,367.48	29,632.52	3½
Do	150,000.00	90,600.00	59,400.00	1⅜
Do	60,000.00	----------	60,000.00	⅛
Do	75,000.00	75,000.00	----------	1⅜
Total	385,000.00	205,967.48	179,032.52	--------
Clintondale Fruit Growers Cooperative Association, Clintondale, N.Y.	175,000.00	----------	175,000.00	1⅜
Growers Cooperative Grape Juice, Westfield, N.Y.	19,200.00	9,600.00	9,600.00	1⅜
Long Island Duck Growers Marketing Association, Eastport, Long Island, N.Y.	150,000.00	150,000.00	----------	½
South Shore Cooperative Association, Silver Creek, N.Y.	8,000.00	683.48	7,316.52	½
Wayne Cooperative Cherry Growers Association, Sodus, N.Y.	14,299.78	----------	14,299.78	⅝
Grand total	4,861,499.78	466,250.96	4,395,248.82	--------

Trusting that the information contained herein is sufficient for your needs, I am,

Sincerely yours,

HENRY MORGENTHAU, Jr., *Chairman.*

Mr. CLARKE of New York. What happens? The minute those farm leaders came into the picture and had a chance to get hold of a lot of that cheap money at an unfair interest rate they utilized and abused it for selfish advantage; they plunged into the hog trough, hook, line, and sinker; and they have done an irrevocable wrong to the great farm movement and brought discredit on the Cooperative Marketing Act. I say they are more guilty than anybody else of crucifying it.

You want another example? Very well. Out in Chicago there is a farm organization known as the Farmers' National Grain Corporation, which saw this $500,000,000, and with somebody on the Farm Board cooperating, conspiring with them to defeat the high purpose of the holy fund that had been set up for national cooperative movement, what did they do? They borrowed $15,500,000 at one eighth of 1 percent and paid someone a salary of $50,000. Is that at all fair? Is that playing fair with the taxpayers? Is that playing fair with the cooperative movement? Is that playing fair with the fund that was created for this purpose by the taxpayers? I say to you that they are betrayers of a holy trust, and as far as I am concerned I should like to banish them all from the great farm picture.

I have received permission to put into the RECORD some of the doings of other cooperatives in my own State of New York, to show that they too have tried to get next to this fund, and to set up competition that is absolutely unfair, financed by money which was borrowed at less than they could borrow it in the ordinary course of business.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. CLARKE of New York. I yield.

Mr. COCHRAN of Missouri. Was not the Farmers Grain Corporation in Chicago set up by the Farm Board?

Mr. CLARKE of New York. That is it exactly. That is the conspiracy I am talking about. The Farm Board was in conspiracy with these alleged farm leaders to get that fund, and they tied it up for 10 years at one eighth of 1 percent.

Mr. COCHRAN of Missouri. And did not the Farm Board acquiesce in paying the head of that concern $75,000 a year when he had never earned $10,000 in his life before?

Mr. CLARKE of New York. Yes.

Now, I say that is only a part of the picture.

I have put into the RECORD a statement of what our cooperatives in the State of New York are doing. Some of that is wrong. After all, the Government is not called upon to finance any cooperative at a lower rate of interest than it is paying for its money elsewhere; and in the second place, they have been financing competition with legitimate business. That is a fundamental principle. If that is not sound, when I get through with my little story I shall be glad to answer any questions about it, but that is the experience we have had with this thing. So I say a lot of our farm leaders have helped crucify this cooperative movement.

Now, regarding the mortgage situation, this Roosevelt bill, as I call it—and that is what it is, my friends, no more and no less—seeks to alleviate, not cure, the farm situation by issuing $2,000,000,000 worth of 4 percent Federal bonds with the interest guaranteed to help lighten the burden of interest to these giving farm mortgages. It is going to do some good, but let me ask, Where is the farmer who cannot pay his taxes going to get any money to help pay interest? [Applause.]

Just how serious and to how many of our farm homes does this mortgage problem apply? According to testimony before our committee 58 percent of the farms in this country are not mortgaged. So we are seeking to apply the remedy to 42 percent of the farms, for this is the percentage of the farms that are mortgaged. Those of you who have not studied this problem will want to know how the mortgages are arranged geographically. The 12 North Central States, that means out in the Middle West, have 59½ percent of the total farm-mortgage debt of the United States; the North Atlantic States, 6.8 percent; the South Atlantic States, 5.5 percent; the South Central States, 13.7 percent; and the Western States, 14.5 percent. This makes up the 100 percent of the 42 percent—keep that in mind, 42 percent of the farms, the ones which have this mortgage debt.

Fifty-six percent of the 42 percent of this mortgage debt is on farms operated by owners; 40 percent of the 42 percent of this mortgage debt is on farms operated by tenants; 4 percent of the 42 percent of this mortgage debt is on farms operated by managers.

Who are the creditors? Because I do not want to tire you with figures I shall put in the RECORD a detailed statement of the classes of lenders and the debt.

Who are the creditors?

Classes of lenders	Per cent	Millions of dollars
Federal land banks	12.1	1,146
Joint-stock land banks	7.0	667
Commercial banks	10.8	1,020
Mortgage companies	10.4	988
Insurance companies	22.9	2,164
Retired farmers	10.6	1,006
Active farmers	3.6	339
Other individuals	15.4	1,453
Other agencies	7.2	685
Total	100.0	9,468

This one fact stands out, that there are in this country today 750,000 individual creditors in this farm-mortgage picture. Some of them are active farmers; some of them are retired farmers; others are widows; and many others have put their dollars into farm mortgages, believing, as we all believe, that, after all, a farm mortgage, a mortgage upon the real estate of this country, is the best security upon the face of God's earth, and these investors, thus believing, are looking to us for help. I am not one of the old-fashioned standpat farmers from the hills who believe the Lord is going to help us all. These people are looking to the Congress for help. They need it, and they need it now.

I believe there has been altogether too much credit given to too many people in this country. I believe this is responsible for at least half of the situation we find ourselves in now, whether we be farmers, independent investors, or others. Extravagant installment buying by farmers mostly helped make Henry Ford a billionaire and Raskob and his friends multimillionaires. In the first place, all of us had too much credit, and the result was when the breakdown came and the banks called on us, we were forced to liquidate at such prices as we could get. The banks were just as unscrupulous as any person who ever walked the streets of the hot spot below in seeking to force us all to liquidate, liquidate, liquidate.

Down in the Treasury the very agents and inspectors of the banks who for years had been looking into and checking up banks, both city banks and country banks in the little communities, were putting emphasis on liquidation. Their cry was liquidate! liquidate! liquidate! although time after time they had been in those very same banks and O.K.'d the identical securities they were now forcing those banks to get rid of at any old price. They, more than anybody else, have helped create the condition we are now in. [Applause.]

I think any fair-minded person in the world would go along with the objectives of this bill. I see over here Brother PIERCE. We call him "Governor" in the committee and love him. He comes from Oregon. He has had an awful time with his conscience, but it is not his conscience as much as it is the political promises he made that are hurting him. [Laughter.] Political promises are hurting a lot of the rest of you, because you have been promising to the farmers more than the farmer is entitled to. He is entitled to equality, no more, no less.

So I say that in the bill, as framed, there are a lot of things that are objectionable. They are objectionable to me in the first place because not a single man, not a single woman, or a single interest opposed to taking this bill as written has had 1 minute of time before the committee. Now, this is not the way sound legislation emanates, Mr. Chairman. It is not the way to write the best bill in the world. Let the other fellows come in, and if they can shoot your argument, or shoot your bill, full of holes, to the satisfaction of a majority of this Congress, what is wrong with giving them the opportunity to be heard and the Congress the right to vote upon their suggestions? [Applause.] So, I say, I do not like the atmosphere of the thing.

I will say this for that group, Mordecai Ezekiel did not present himself before our committee as an expert because he goes into higher mathematics and the rest of us cannot follow him, but the other people who came there from that group were a very fair-minded, able, outstanding group. I loved Secretary Wallace's father. He was my loyal friend, a guest at my farm and Mindale Farms, and my people loved him. His boy, the present Secretary, is proving a worthy son, keeping the high traditions of the Wallace family of Iowa.

To show that the policies of our Federal land banks are being materially changed I want to read this telegram from a boy who grew up in my home town. He is the president of the land bank up in Springfield, Mass., and is doing a mighty good job. Here is what he [Ed Thomson] says and you are entitled to the information because your conscience and your constituents are going to hold you responsible for whatever way you vote:

SPRINGFIELD, MASS.

In connection with consideration of farm-mortgage measure you may be interested to know the Federal Land Bank of Springfield last year approved all applications that met requirements and made new loans of over three and one-third million dollars.

This is a farm boy who grew up on a farm up in my hills.

Most of these loans were for refunding local indebtedness, especially mortgages held by local savings and commercial banks, as few farmers are borrowing to enlarge their business. Federal land bank about the only source where farmer can get mortgage loan. Considering present low prices for agricultural products, farmer borrowers with about 50 millions in loans are meeting their installments in splendid shape, over two thirds of loans being in good standing and remaining asking for only very short extensions. Immediately following passage Fletcher-Steagall measure last Congress the bank granted all its borrowers privilege of deferring.

He is a good, fair-minded farmer boy up there who is applying the law with a few heart throbs.

Principal part of installment for year beginning April 1, but over 50 percent of borrowers are voluntarily continuing to pay full installment. Foreclosures are very few and instituted only as last resort where property is abandoned or the borrower indifferent

and unwilling to work or had no possible chance of succeeding. Good demand for the few farms acquired with 53 sales in the last 6 weeks, which show little loss on bank's investment. As you know, the bank has endeavored to finance farmers here in the Northeastern States safely and constructively, with result that bank is rendering real service and is in good, sound condition today.

This is a Federal land bank, but if we turn the picture over a bit and if the Interstate Commerce Committee had the nerve and the times were right, the best job in the world that could be done with respect to some of these agencies—and I refer particularly to the joint-stock land banks—would be to take off the lid and show that some of these joint-stock land banks, with their high-pressure salesmen, falsely have been telling people that the Government was behind the securities they were issuing and in this way lent at least $400,000,000 and obtained money under false pretenses. The worst stinkpot you have is the joint-stock land bank proposition. [Applause.]

Now, as our chairman very fairly stated, this is not the bill that any of us, even on this committee, would draw for ourselves. It does not meet the situation of our country, as I view it, in a lot of ways, but so far as I am concerned it is the best we can get with the Democrats so overwhelmingly in the majority, so we cannot do any bargaining for better legislation. [Laughter.]

So I am going to go along. I am going to back the President and stand with my chairman and help him to perfect and pass this bill. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, I am glad indeed that we have before us today a bill the purpose of which is to relieve, in part at least, our agricultural lands from mortgage debts incurred during the days of prosperity. Our farm lands were mortgaged, and if commodity prices had continued as they were then, there would have been no trouble in paying it off. But when commodity prices dropped to about one fourth of what they were at the time the mortgage was made the farmer found himself in debt, with little hope of being able to even keep the interest paid, and sometimes could not do that, and his farm has been taken for the debt.

Forty-two percent of the agricultural lands are today under mortgage, and unless some relief can be given the lands will be lost to the farmer. When the farmer fails everything else fails. If you will put the farmers of the United States in a prosperous condition, you will solve every other problem. The wheels of industry would begin to turn, the railroads would have plenty to haul, railroad shops would be filled with working men, the banks would not be broke, and the merchant would again have business. The farmer could then take back some of the men who have left the farm and give them employment.

Today we have in the United States 15,000,000 men out of employment. The farm has in the past furnished 50 percent of the employment to men. It will not only do that again but will do more, if agriculture is taken care of. We have today 4,110,000 families, as shown by the records, receiving aid or some State agency relief. We must not let this condition continue. Nothing hurts the pride of the American citizen more than this, yet we know it has been brought about by a condition over which they had no control and by no fault of their own.

Counting the population of the United States at 120,000,000 people, and dividing the number of acres of land in the United States by this number, it will be a fraction over 15 acres per person. If this acreage is properly used, no one will ever suffer for bread.

We frequently hear it said that overproduction is our trouble. With the present methods of handling and marketing our farm products that may be true. But if the people had the buying power that they should have, I think it would soon be demonstrated that it was not so much overproduction as it was underconsumption.

This bill is not perfect, and it does not go far enough to give the entire relief needed. It provides relief up to $2,000,000,000. I hope the plan will work so well that relief will be given to all by a further advance under this plan. The lands now mortgaged to the joint-stock land banks and the Federal land banks can be refinanced under this bill and our valuable farm lands saved from foreclosure. This bill provides a plan, or, at least, holds out the hope that the mortgage debt may be scaled down to what is fair and just between the mortgagor and mortgagee.

The interest rate provided for is too high, but the rate of not exceeding 4½ percent will certainly help. I think 3 percent is high enough. I introduced a bill myself that I like better than this one; but it seems this is the best we can get now. The farm bill, if it accomplishes the purpose that we hope it will and believe it will, together with this act, should at least start the farmer back to normal conditions and to where farming will be profitable.

This act provides not only for refinancing mortgages now existing but also provides for new and better loans. We hope the day will soon come when it will not be necessary to mortgage the home at all. The happiest man in the world today is the man who is on a good farm that is free of debt.

Title 4 of this bill provides for relief to farmers living in agricultural improvement districts. This bill provides for refinancing them to the amount of $50,000,000. In my district, the Sixth District of Arkansas, this provision will be the saving of our very best agricultural lands.

The levy and drainage lands ought to be reduced to at least half of their face value before they are refinanced under this plan, and the landowners have the advantage of this reduction and are then given a period of 40 years to pay the other off.

When this is done, our farmers living in these districts will see the light of a new day. [Applause.]

Mr. CLARKE of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, three members of the committee have thus far spoken on this bill. The chairman of the committee, the distinguished gentleman from Texas [Mr. JONES], stated that in his mind we should have a bill with lower rates of interest, and he also stated that so far as he personally was concerned he believed in an expansion of the currency. The gentleman from New York [Mr. CLARKE], the ranking Republican member of the Agriculture Committee, said that in his mind this bill does not meet the problem; it does not have various provisions that he would like to see in the bill; and the distinguished gentleman from Arkansas [Mr. GLOVER] stated that he was not satisfied wholly with all of the provisions of the bill. I dare say that every man or woman who speaks in favor of this bill today must of necessity speak with some apology if he or she is honestly and seriously trying to do all that is possible for agriculture. [Applause.]

I am not going to make any apologies for this bill, because I say here now that so far as I am able in my humble, small way, I am going to resist the enactment of the bill, hoping that we shall be able to send the bill back to the committee, so that they may write a bill which will give some relief, some honest-to-goodness relief, to agriculture. [Applause.]

During the consideration of this bill before the committee I did all I possibly could to have the provisions of the so-called "Frazier bill" substituted for this bill and made the basis for our consideration in this refinancing legislation. I know there are a large number of Members of this House who believe in an expansion of the currency, such as is provided for in the Frazier bill. Many of you have been for a long time advocating a revaluation of the gold ounce, and others of you have been talking about monetizing silver. Some of you have expressed your preference for a bill that would pay public debts in Treasury notes or Federal Reserve notes. Others of you would provide for a general expansion of the currency with our present metallic base. Many Members of this House have different ideas as how the expansion of the currency should be brought about, and I think I can honestly say that a majority of the Members of the House at this time are in favor of some

kind of an expansion of currency. I submit to you that this is the best possible means that you can find to expand the currency; at least, it is the only possible bill that you will have up for consideration in which you could provide for a free distribution of this expanded currency.

The Frazier bill, as you all know, provides for the refinancing of farm mortgages and farm indebtedness of all kinds with a rate of interest of 1½ percent per year, and amortization payments upon the principal of 1½ percent per annum. Oh, I know that many of you have been going along with the idea that the 6 percent rate and the 5 percent rate are something sacred, and you will raise your hands in horror at the thought of interest rates at 1½ percent per annum, but I say to you, friends of agriculture, that the farmers of this country cannot pay more than that rate of interest on the present value of their farms and their present mortgage indebtedness. If we were to refinance these farm mortgages with interest rates at 1½ percent per annum, it would give the farmers a breathing spell; it would enable them to pay off their farm debts, and it would restore to them their purchasing power, because they would have some money left after they paid their interest. It would restore their purchasing power and in that way, and only in that way, by restoring the purchasing power to the farmer, will we have any material increase in business or industrial activity.

As I said before, the bill provides for the issuance of new currency, Federal Reserve notes, in its final analysis, for the purpose of refinancing these farm loans. The bill has a provision that not in excess of $75 per capita of currency shall be in circulation at any time. That means that there is a limitation under the provisions of the bill to an expansion of about two and a half to three billions of dollars. There can be no greater expansion of the currency under the provisions of the bill. The bill also provides that farm-loan bonds shall be issued and offered for sale bearing 1½ percent interest. We all know that there would not be many of those bonds sold in the open market, so the bill provides that such bonds as are not readily sold shall be turned over to the Federal Reserve Board, and they in turn will turn over to the Farm Loan Commissioner an equivalent amount of Federal Reserve notes for the purpose of refinancing these loans.

It is estimated conservatively, I believe, that only about two or two and a half billion dollars of new currency, used as a revolving fund, will be needed to refinance all of the farm indebtedness of this country. That would provide for an amortization of the indebtedness, and the entire debt would be paid at the end of about 47 years. I believe that at the end of that period the present farm indebtedness of the country would be entirely wiped out, and there would be a substantial return to the Treasury of the United States of over $6,000,000,000, which it would receive in interest. I know the Government is not in the banking business, and it does not desire to make any profit out of loaning money particularly, but I believe it can loan this money to the farmers in such a way that the currency will be expanded and that as a result there will be some prosperity in the country. As I said a few moments ago, many Members of Congress have different ideas as to how the expansion shall take place. When we passed the bonus bill last year in this House, I believe it passed the House because a majority of the Members of the Congress felt that an expansion of the currency was necessary, and I am satisfied that when the House passed the Goldsborough bill by an overwhelming majority last year, the Members of the House felt it would result in an expansion of the currency.

I am satisfied that the Members of the House believe that when we considered the Glass-Steagall bill last year, it would cause an expansion of the currency, and that is the reason it passed the House. It provided for an expansion of the currency, but not in the interest of the people of the country, but in the interest of the banks. I find no fault with that. I am willing to help the banks as far as I am able. I recognize them as a necessary part of our economic system, but I submit that the Glass-Steagall bill, which provided for an expansion of currency, did not, as a matter of fact, increase the amount of circulating medium among the people.

Then, again, last year we considered the Glass amendment to the home loan bank bill, which provided for an additional $900,000,000 of possible expansion of currency, and, depending on the promises made on this floor that that would expand the currency, we passed that bill, but that did not help the people of the country. That again was a bill that helped only the bankers. I find no fault with that.

Then, again, the other day the question was, What should be done with the President's message on refinancing farm loans? The House broke a precedent, I understand. The Speaker referred the matter to the House as to the disposition of that message. Men who have sat on this floor much longer than I, have stated both on the floor and to me privately, that it has been the custom on all such bills to refer them to the Committee on Banking and Currency, but the House of Representatives, by an overwhelming vote the other day, being dissatisfied with the system that has prevailed in the last few years in this Congress on monetary matters, realizing that this was an opportunity to give some real relief and get away from this damnable policy of issuing new bonds, referred this message to the Committee on Agriculture. I was hopeful that the Committee on Agriculture would report out a bill which would meet with the approval of a majority of the Members of this House. As far as I am able, during the time we are considering this bill, I am going to exert every effort I possibly can to get a vote on the Frazier bill as a substitute for this bill. [Applause.] I recognize, having made the motion, which I will offer if I am able to be recognized—and I believe the rules will permit me to get recognition, unless some unforeseen circumstance arises and some person holding greater rank on the committee than I obtains recognition with some amendment that thus far has not been advanced—unless something happens along that line to take me off my feet, I shall make a motion to recommit this bill to the committee with instructions to strike out all after the enacting clause and insert in lieu thereof the Frazier bill, word for word, as it is now written. [Applause.]

Mr. COX. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. COX. My thought on the pending legislation is that the bondholder gets the lion's share of the benefit that is promised.

Mr. BOILEAU. And I agree with the gentleman completely.

Mr. COX. If, then, through the adoption of this legislation the American farmer is sold into a state of economic slavery to the mortgage holder, what hope of relief is there for him except not only through expansion of the currency but inflation, and drastic inflation at that?

Mr. BOILEAU. I agree with the gentleman entirely, and I submit that this bill as it is written today should have been referred to the Committee on Banking and Currency—if we are going to leave it as it is written now—because it is a bankers' bill more than it is a farmers' bill, and it should be under their supervision.

I voted to refer it to the Committee on Agriculture, because I feel that a majority of the members of that committee—in fact, all of them—are anxious to do what they can do for the farmer, but we do not seem to be able to agree upon a plan that will give any relief.

I want to call attention to a few of the provisions of the so-called "farm relief bill". In the first place it provides for more bonds, and I believe it is about time we quit issuing bonds, at least until such time as we have used the resources of the Government sufficiently to expand the currency to the amount that is necessary to carry on the normal business of the country.

It provides for the issuance of 4-percent bonds, the interest to be guaranteed by the United States Government. When we start guaranteeing the interest on these bonds, we might as well admit we are back of the whole thing, because, after all, that is what it amounts to. These loans

are made over long periods of time, and if they can have the guaranty of the United States Government that that 4 percent interest will be paid, the Government might just as well take over the responsibility of backing up the principal as well.

Secondly, this bill provides that loans shall be made to farmers at the rate of 4½ percent per annum. Oh, yes; it provides "not in excess of 4½ per cent", but I will tell you that the experts testified before our committee that you cannot sell bonds in these days unless you sell them at 4 percent. And he also said if you are going to pay 4 percent it is necessary to get 4½ percent interest. I leave it to you whether or not the farmer is going to get any lower rate of interest.

Now, the Federal land-bank law, of which this bill is merely an expansion, provides that when a farmer obtains a loan he must buy 5 percent of the amount of his loan in the stock of some national loan association or land bank. In other words, if he gets a $10,000 mortgage he gets $9,500 in cash and $500 in the stock of a national loan association, and they have not paid interest on those loan-association stocks for the last 3 years, and they will pay interest on those stocks in the near future. So the farmer pays 4½ percent on the $10,000 when he only gets $9,500; so that boosts the interest rate a little. Then all of these charges that are made in connection with the investigation, and so forth, are all placed upon the shoulders of the farmer.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. PARSONS. Does the gentleman, from his experience, feel that these bonds can be sold for less than 4 percent interest?

Mr. BOILEAU. Not according to the testimony of the experts. They say you must have at least 4 percent. Bear this in mind also, that the very economic conditions that have brought about this terrible plight among the farmers is responsible for the high rate of interest on bonds, according to their statements.

Mr. PARSONS. Mr. Chairman, will the gentleman yield for another brief question?

Mr. BOILEAU. Certainly.

Mr. PARSONS. Is it not a fact that in recent flotations of Treasury issues they are taken at low interest rates? In fact, yesterday's paper indicated that an issue of Treasury notes was five times oversubscribed, and the rate of interest was only 1.75 percent?

Mr. BOILEAU. The gentleman is correct.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. TAYLOR of Tennessee. The proposed Muscle Shoals bill provides only 3 percent interest and also requires that the bonds be sold at par.

Mr. BOILEAU. Yes. The provisions in regard to Muscle Shoals are a little better than the provisions for the farmers. I am in favor of a low rate of interest, but in my opinion there is no possible chance of the interest rate to the farmers being lower than 4½ percent. I think every Member of the House will agree with me in this statement.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. O'MALLEY. The opinion has been advanced that this is the best bill that we can expect to be brought out during this session. Will the gentleman explain why this is so?

Mr. BOILEAU. I may say to the gentleman that if all the Members go along with the bill and pass it, it is the last chance we will have to do anything about it, and in that case will be the best bill we can get; but if we recommit the bill to the Committee on Agriculture with instructions to report out the Frazier bill we will have a much better bill. And I may say that if a motion to recommit with instructions to report out the Frazier bill fails I shall make a direct motion to recommit the bill to the committee with instructions to reconsider the bill, and then we will bring back a bill that really amounts to something.

This bill is merely a gesture. It is not a real effort to relieve agriculture. It provides that a farmer may not obtain a loan in excess of 50 percent of the value of his land plus 20 percent of the value of his permanent, insurable improvements thereon. I happen to live in a dairy district, and I am more conversant with conditions in the dairy districts than I am with conditions in other agricultural sections. Let me give you an illustration showing why I do not think this will be of any help to the dairy farmers, especially when they are getting 60 cents a hundred for milk that costs them $1.40 a hundred to produce.

Dairy farms are highly improved. A dairy farm must have a nice big barn with all modern equipment. A dairy farm has more permanent buildings and equipment for a small amount of land than any other type of farm. In my section of the country the value of the real estate and the improvements is divided almost evenly. Fifty percent of the value of the farm consists of land and 50 percent consists of improvements.

Now, if this be the situation, it means that dairy farmers can get only 35 percent of the value of their real estate in the form of a loan; and today, Mr. Chairman, these farms in many instances are mortgaged above the value of the real estate. How in the name of common sense can a farmer refinance his loan under such circumstances when he is only allowed a loan of 35 percent of the value of his farm? How can he refinance the indebtedness that exists on his farm under such circumstances?

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CLARKE of New York. Is it not also true that the boards of health of different cities in their inspection of milk-producing farms not only inspect the barns but test the cattle for tuberculosis, require that the milk-cooling vats be separate from the barns, and make other requirements to the extent that before the dairy farmer gets through with his investment the dairy farmer of necessity has a greater investment in equipment than any other type of farmer?

Mr. BOILEAU. The gentleman is entirely correct. This is the reason why the dairy farmers today are not going to get one iota of assistance under this bill.

What applies to the dairy farmer applies equally to that class of farmers who operate on a comparatively small acreage basis, because their permanent improvements in the form of barns and buildings are about equal to the value of the land. The man who has a 3,000-acre grain farm on the prairies has a little frame house and small outbuildings, which have no comparison in value to the improvements on the average dairy farm. He could get a loan of almost 50 percent of the value of his farm.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman from Wisconsin 5 additional minutes.

Mr. BOILEAU. Carrying out my thought with regard to these loans, it is argued on the part of the sponsors of this bill that although a farmer having a $10,000 mortgage on a farm worth $10,000 can only get $3,500 with which to refinance his loan, nevertheless this will bring about a voluntary scaling down of the mortgage on the part of the mortgagee. I submit for your consideration that the bill says the mortgage shall not be in excess of 50 percent of the value of the land and 20 percent of the value of the buildings. It speaks of value. This does not mean pre-war value; this does not mean 1920 value; this does not mean 1926 value. It means value at this time. Some say that those applying the provisions of the bill will give a liberal interpretation to this word "value." I hope they take this view of it and will interpret it liberally. But bear in mind that if this bill does result in the scaling down of any mortgages it will not be in the interest of anybody who is in bad condition at the present time.

If a farmer has a mortgage on his farm today equal to the full value of his farm, whether you consider it pre-war or present values, and there is only a small difference be-

tween pre-war values and values at the present time, because, according to the statistics of the Department of Agriculture, the present value of farm lands is about 80 percent of what it was in 1909–14 period.

Mrs. McCARTHY. Will the gentleman yield?

Mr. BOILEAU. Let me carry through this thought and then I will gladly yield to the gentlewoman from Kansas.

I may say that the mortgagee may scale down the mortgage a little bit, but do you expect him to scale down his $10,000 mortgage below $10,000 when the farm is supposed to be worth that amount? He might scale it down 10 percent or 20 percent, but he is not going to scale down a $10,000 mortgage on a $10,000 farm to $3,500. It would be poor business, and I have not seen any banker in the country or any insurance companies that have been so generous to the farmers in the past, and I do not believe they are going to be so generous to them in the future. It is impossible to conceive of a holder of any mortgage scaling down that mortgage to less than half of the value of the farm, because he would be foolish to do so, and I do not think there is much chance of that happening.

I now gladly yield to the gentlewoman from Kansas.

Mrs. McCARTHY. Is it not true that 19 different agricultural States have memorialized Congress to pass the Frazier bill?

Mr. BOILEAU. That is true, and I understand that within the last 2 days 2 more have come in, so there are 21 State legislatures that have memorialized the Congress to pass this Frazier bill, and I ask those of you who are from farming sections to remember this.

I want to say to you something that to my mind is more significant. At the present time there is a delegation here of 250 farmers from the leading farming States, particularly from the West, demanding farm relief, and I happened to be at a meeting the other night at which these men were in attendance, and the chairman asked that all those who were in favor of having this administration bill rather than nothing to please stand, and there was not a living soul among them who stood up; but every single one of them arose when the question was put that all who were opposed to the administration bill and would rather have nothing than have it should stand up. Every single one of them arose in response to that inquiry.

Mr. PARSONS. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. PARSONS. The gentleman stated a moment ago that the hearings show that these bonds must bear at least 4 percent and stated he did not think they could be sold without that high rate of interest. The Frazier bill, as I understand it, provides for an interest rate of one and a half percent as interest and one and a half percent as payment on the principal.

Mr. BOILEAU. Yes.

Mr. PARSONS. How, then, could the Frazier bill be put into operation if the bonds cannot be sold at less than 4 percent?

Mr. BOILEAU. That is the best part of it all. There will not be any bonds sold. The Federal Reserve Board will take these bonds and they will issue currency on the basis of the bonds and put the Federal Reserve notes into circulation. There will be no interest, no tax-exempt bonds, no United States Government guaranty of interest on 4-percent bonds. This means an expansion of the currency and the putting of more money in circulation.

Mrs. McCARTHY. Is it not true we are now on a suspended gold basis? In other words, we are on a paper standard, and what better paper security for an issue of currency can there be than farm mortgages?

Mr. BOILEAU. I thank the gentlewoman from Kansas for her very valuable suggestion.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman from Wisconsin 3 minutes.

Mr. BOILEAU. A year ago when we talked about expansion of currency many Members of the House would rise up and say that if something like that should happen we would go off the gold standard and they would draw all the gold out of the United States. You have seen what happens when the United States Government decides it is not going to have the gold withdrawn from the country, and there is no danger of our going any farther off the gold standard than we are right now, and I insist we need not have any fear on that score.

Mr. FOCHT. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. FOCHT. What will all this scaling down of bonds and all these complexities of refinancing amount to in the way of benefit to the farmer unless you provide a market for his product?

Mr. BOILEAU. I submit to the gentleman that at the present time the farmers in my district require about four times as much milk to pay off their debts as they did at the time they contracted these debts. If we cheapen the dollar and put more money in circulation, it will mean the farmer will get a higher price for his milk. It provides a basis for an increase of the commodity price level, and the other side of the scales is that when you cheapen the dollar you must necessarily increase commodity prices. This is the trouble in the country today. There is over $250,000,000,000 of debts in the country, and these debts for the most part were contracted at a time when the dollar was cheap, and we are now trying to pay those debts off with dear dollars, and this just cannot be done.

Mr. FOCHT. If I may go farther, did the gentleman notice that the Rural New Yorker, which is a leader in agricultural thought, has a current editorial advocating the thought which I have just expressed—that we must find a market and give our attention to selling farm produce instead of talking about financing debts which we can never pay.

Mr. BOILEAU. I do not know what the Rural New Yorker said, but I want to give you this caution: There are 3,000,000 farmers in the United States who are willing to lay down their implements on May 3 unless you pass some legislation of this kind. Do not forget that this national holiday movement is well organized. There are 182,000 farmers in Wisconsin, and 115,000 out of the 182,000 belong to the holiday movement and have pledged themselves to lay down their instruments and not produce anything and not bring anything to market on the 3d of May of this year unless relief of this kind is given. Farmers in other States are similarly organized. They are all opposed to the pending measure, so far as I have been able to learn, and I am sure that those who have not expressed themselves in opposition to this administration bill will certainly do so at the first opportunity.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. WEIDEMAN. It it not a fact that if you double the amount of money in circulation, you increase the price of goods and reduce the debt; whereas, if you divide your currency in circulation you decrease the price of goods and increase your debt, and is not that what is wrong now; and do we not need the expansion of currency provided in the Frazier bill to reduce debts and increase commodity prices?

Mr. BOILEAU. I think the gentleman has eloquently stated the matter in a very few words. That is the whole situation in a nutshell.

I hope you will remember the plight of the farmer and that those of you who have advocated an expansion of currency in one form or another will unite and get back of a bill and pass a bill that will provide for the issuance of currency and then later on we will work out something that will take care of providing a metallic base. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. HOIDALE].

Mr. HOIDALE. Mr. Chairman and members of the Committee, I have not addressed the Members of the House before, and I did not expect to address the House now. This is a surprise to me. I come, however, from an agricultural State, the State of Minnesota. I voted here today for

the rule that was proposed. I do not know that there is anything particularly wrong with that sort of a rule; it is the abuse of the rule that is wrong. As I have watched the proceedings of Congress in years gone by I have come to the conclusion that the Republicans enforced the rule for purposes of serving the Grundys of America, but we are invoking this rule for the purpose of serving the farmers and the common man. [Applause.] That is a proper use of the rule. When such a rule is invoked in an emergency for the purpose of serving the best interests of this country, then it is invoked for a proper purpose. But when it is invoked for the purpose of serving Grundys, it is invoked for an improper purpose.

The farmers have no patience to wait; they want action now, whether it is going to be by this bill or the Frazier bill, or some other bill. We want something done quickly, because men are losing their homes, not only on the farms but in the cities of the country.

Every hour of delay means more children out on the street without homes.

Mr. TERRELL. Will the gentleman yield?

Mr. HOIDALE. Yes.

Mr. TERRELL. I should like to ask the getleman if he will vote for this bill in preference to the Frazier bill?

Mr. HOIDALE. I favor going along in the unbroken chain. I have started out to serve the administration in the hope that it would accomplish the breaking of this depression. The chain that has been worked out, I think, has been scientifically planned so that it will accomplish the desired purpose. I am willing to go along with the program and permit no break, such as would throw the whole plan into confusion. I am in hopes that the men who designed this structure, those who have made the plans, have so planned that we can go on and finish an edifice which, when completed, will be symmetrical on a foundation that may endure, for the benefit of all.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. HOIDALE. Yes; I yield.

Mr. ROGERS of Oklahoma. Will the gentleman mention the men who framed this program? Is the gentleman sure that he knows who framed the program?

Mr. HOIDALE. I am informed that the program has been made by the administration. If the gentleman from Oklahoma has any information as to who else did this planning, he should divulge it.

Mr. ROGERS of Oklahoma. I am asking the gentleman a question; who made it?

Mr. HOIDALE. I am assuming that the administration made it.

Mr. HOEPPEL. Will the gentleman yield?

Mr. HOIDALE. I yield to the gentleman.

Mr. HOEPPEL. Does the gentleman know whether the administration is in favor of fixing on the American farmers a higher rate of interest than they receive on the European war debts?

Mr. HOIDALE. The administration intends to borrow the money as cheaply as it can be obtained. It is not bound to pay 4 percent or any other rate of interest. It will go into the market and get the money as cheaply as may be possible.

Mr. JOHNSON of Minnesota. Will the gentleman vote to substitute the Frazier bill for this bill?

Mr. HOIDALE. I will decide that question when it is reached.

Mr. JOHNSON of Minnesota. I want the gentleman to answer now.

Mr. HOIDALE. The gentleman from Minnesota is not in a position to dictate to this gentleman from Minnesota who is now addressing the House. I will decide that question after having heard all the arguments and after due consideration.

The purpose of this bill is to help the farmer, and I believe it will go far in that direction.

Years of neglect and unfair treatment have placed the farmer at the bottom of the pit. He needs and must have help to get out. I am here to help him to the full extent of my ability. It is only a question as to what is best to do. So many mistakes have been made in the past and so much abuse has been heaped upon agriculture that the country has in despair turned for leadership to a gallant champion of popular rights now in the White House. That leadership is established in the hearts of America's suffering multitudes. We believe in and we trust Roosevelt. To break the trust, to destroy the faith that our people have in that leadership, is to invite calamity.

With that confidence destroyed, where and to whom would we turn? Let us count the cost.

The administration is now engaged in forging, link by link, a chain long enough and strong enough to pull not only the farmer but all of us out of the ditch into which we have been dumped by those who have ruled in the past.

We are well on the way to that consummation. But if you weaken the chain, if you destroy the forward march of orderly and planned advance—and I say to you with all the earnestness I possess that if you now interrupt in any material way the program proposed you will have put in motion forces that destroy confidence—you will assassinate the trust and faith that now give us a sound basis for hope that a better day shall dawn. Are you willing to take the chance?

On this floor today has appeared evidence of a disposition to inject poison into the minds of the public. It may have been done unconsciously, but the effect is none the less real and destructive.

The gentleman from Oklahoma more than hinted that sinister influences are at work and in league with the President to harpoon the American people. This bill is placed upon this floor by trusted administration leaders in this body as an administration measure. The insinuation is now covertly made that the bill is in fact prepared by Wall Street, or some other selfish interest, for ulterior purposes. In the situation now existing in our distressed land this thrust into the side of a President, sorely beset by perplexing and perilous problems, calls for a rebuke from loyal and patriotic Members of this body.

And no less deserving of condemnation is the intimation made that the Members of the House are being held in line for the administration because the distribution of patronage is withheld. This is not only a false and unfounded reflection upon the Members, but nothing more unfair and untrue could be said about the President. Even the children of America understand that the President, and those who labor with him far into every night, has spent every waking hour in a determined effort to save us from a complete collapse. The administration has, in the interest of the common good, devoted its time to the orderly planning of legislative measures. In the meantime Republicans have continued to hold the offices. As grateful recompense for this self-sacrificing service, the Republicans are now charging that the President withholds patronage in order to employ delay as a weapon.

Fortunately for the President, he is not cast in the mold that employs methods such as attributed to him. In any event, let me remind the country that it is not necessary for the President to rely on patronage as a club. I realize that, to some extent, we must be partisans; but in this hour of agonizing trial and wide-spread distress let us at least be fair to the General who is leading the charge—a charge that we all should support until the hilltop is reached.

In closing, I want to say that there are Members of this House who have but a faint understanding of the farm problem and of the anguish and crushed hopes being suffered by our farm people.

Nothing cuts so deep and nothing hurts so much as the loss of a home that has been cherished as a haven of rest and a harbor of hope. Not only the farmer but the city dweller as well are having this cross thrust upon them.

To remedy the evil conditions that have put this blotch upon the fair face of our land, and to build in the place of these ruins of a grasping and greedy age, an enduring foundation of good will and good times is the purpose to which this administration and this Congress have dedicated themselves.

Mr. CLARKE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I guess everyone in this House is really interested in the farmer. Yet the fact remains that when the roll was called today on the rule, the postmaster drew first money and the farmers second money. When you Democrats sat here and voted for that rule today you were voting to keep yourselves in good patronage standing. That is what you were doing, and you know it.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Not now. So far as the Frazier bill is concerned, my good friend BOILEAU, of Wisconsin, has high hopes and aspirations that he is going to have a vote in this House on the Frazier bill. My good friend BOILEAU, forget that. The cards have already been stacked against you. That is the reason the rule was passed. That is the reason this bill was brought in here under a rule which would not permit amendments. That rule was brought in so there could not be a vote on the Frazier bill, and why? Too many of the Democrats who voted for that rule have written letters back to their constituents promising to vote for the Frazier bill, and they did not dare permit a situation in this House where there was a roll call on the Frazier bill; so, Mr. BOILEAU, you are not going to have an opportunity to get that roll call.

Mr. BOILEAU. I appreciate what the gentleman says, but the gentleman will recall that I said I should make every effort in my power to bring that about.

Mr. McGUGIN. Let us get to the bill now under consideration. Since when has it reached the point where in a piece of farm legislation this House of Representatives is willing to say to the country that it is wholly incompetent to pass a decision as between this bill and the Frazier bill or any other amendment, for that matter? I rather think that some day and sometime even the embattled farmers back home are going to be able to learn enough about the rules of this House so that they will know that the Members who sat here today and voted for this rule then and there voted against the Frazier bill.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. CARPENTER of Kansas. Does the gentleman think the farmer back home cares a snap of his fingers about the rules of this House?

Mr. McGUGIN. It is going to be very important and necessary that the farmer learn to care, because it is when these rules are voted that the farmer is holding the sack. I rather think the farmer is going to find out. I understand that John Simpson, the head of the Farmers' Union, on his next national radio hook-up broadcast is going to say to the farmers of the United States, "Don't you pay any attention to those letters you are getting from your Congressmen as to whether or not they are in favor of the Frazier bill." I understand that he is going to ask them to write to him, and he is going to write back and tell them how every Member of Congress voted on the rule today, and if they voted "yes" on the rule, of course that is tantamount to a vote against the Frazier bill. I say that whether the Frazier bill is good or bad, this Congress ought to stand up and meet the issue.

Mr. LEE of Missouri. Mr. Chairman, I should like to interrogate the gentleman from Kansas.

Mr. McGUGIN. I yield to the gentleman from Missouri.

Mr. LEE of Missouri. The gentleman has said that a man who voted for that rule voted against the Frazier bill. I voted for the rule and I am for the Frazier bill, and I am a Democrat. I voted for that rule because we have to have leadership, and we have to put through legislation—something the gentleman's party has not done in 12 years. [Applause and laughter.]

Mr. McGUGIN. If the gentleman from Missouri is for the Frazier bill, then let it be understood that when he voted "yea" on the rule, he voted to make it utterly impossible for him or any other Member of this House to vote for the Frazier bill.

Mr. LEE of Missouri. Oh, the gentleman is mistaken about that.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. JONES. If the Frazier bill or any other bill is in order, even if we did not have this rule, then it is in order on a motion to recommit, and this rule does not preclude a motion to recommit if the motion to recommit is germane.

Mr. McGUGIN. Will the chairman of the committee now make a pledge to this House that when Mr. BOILEAU offers his motion to recommit and substitute the Frazier bill for this bill neither he nor any other member of the Agriculture Committee will make the point of order against it?

Mr. JONES. I do not wish to make any commitments for myself until the proposition is presented; and, of course, I have no authority to commit other Members.

Mr. McGUGIN. That is what I thought.

Mr. JONES. At the proper time I shall explain my position.

Mr. McGUGIN. I make this prediction, that when Mr. BOILEAU offers his amendment to recommit, to substitute the Frazier bill for this bill, someone high in the councils of the leadership of this House on the Democratic side will make the point of order, and that it will be sustained by a Democrat sitting in the Chair. Until the gentleman from Texas interrogated me, I really expected that he would be the gentleman who would make the point of order.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. McCORMACK. I was interested in what the gentleman said about this man Simpson apparently becoming a dictator for all the farmers. Does the gentleman approve of any man undertaking to put himself in that position in this country?

Mr. McGUGIN. Oh, I cannot recognize a dictatorship.

Mr. McCORMACK. Does the gentleman approve of his policy if he intends to carry that policy out? I have not a farmer in my district. A man who undertakes to follow that policy is a public menace.

Mr. McGUGIN. If he is, then it is a menace to government for the people back home to find out how we vote and the true import and meaning of our votes.

Mr. RAGON. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. RAGON. I did not understand the gentleman to say that he spoke authoritatively for Mr. SIMPSON. I think the gentleman's expression rather bore out the suggestion of the gentleman from Massachusetts [Mr. McCORMACK]. He sort of held it as a threat.

Mr. McGUGIN. No. I will say I do not know whether he is or not, but I think he would be entirely justified in doing it, because the people of this country have a right to know who voted for this rule and what is the consequence of their vote.

Mr. RAGON. Personally, I do not have any objection to the people's knowing how I voted on it at all, but I should like to know when the Frazier bill was first suggested.

Mr. McGUGIN. First suggested here?

Mr. RAGON. Yes; in Congress—in either body.

Mr. McGUGIN. The bill has been in existence for 2 years.

Mr. RAGON. I should like to ask the gentleman, before he inveighs against the Democratic side of the House, why his party did not bring out a rule on that bill 2 years ago when it first came here?

Mr. McGUGIN. My party has not been in control of this House during that time.

Mr. RAGON. They were 2 years ago.

Mr. McGUGIN. Well, I mean during the last two sessions.

Mr. RAGON. But the gentleman knows the Senate was in control of the Republicans until 2 months ago.

Mr. McGUGIN. The gentleman's party has been in control of this House since December 1, 1931.

Mr. RAGON. But the gentleman knows his party was in control of the Senate. Why did the bill not pass in the Senate? You also had a man in the White House.

Mr. McGUGIN. I am not responsible for the leadership in the Senate, and I do not know that the Republican Party has been in control of the Senate for a great many years either.

Mr. RAGON. Well, it has been Republican in profession, in any event.

Mr. BOILEAU. The Frazier bill was first introduced in the House of Representatives in the Seventy-second Congress.

Mr. McGUGIN. Now I want to discuss this bill, if I may.

The mortgages of this country are divided up so that the Federal land banks hold 12 percent of them and the joint-stock land banks hold 7 percent. If I can read and understand this bill—and if I cannot understand it that is not really a reflection upon me, because I am not so certain that a Philadelphia lawyer can understand it, and it will be interesting when the farmers over the country try to obtain relief under this bill—it gives some direct relief to the farmer whose land is mortgaged to the Federal land bank.

To that man, whose farm is mortgaged to the Federal land bank, if I read the bill correctly, this is the relief which he receives: His interest rate is cut to 4½ percent and he is in a position to obtain virtually a 5-year moratorium. Under the present circumstances that is an improvement and is substantial relief.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. McGUGIN] has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 additional minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. That is substantial relief to the man who owes the Federal land bank. The man who owes the joint-stock land banks, if I read the bill correctly, will receive the following relief: He is assured that his interest will not be in excess of 5 percent, and he has a 2-year moratorium, provided the joint-stock land bank chooses to borrow any money from the Reconstruction Finance Corporation. Now, if you go beyond that I cannot see wherein any farmer receives any measurable relief from this bill. I think this bill will give relief to 19 percent of the mortgagors of the country. The man who owes the insurance company or the individual or some other agency, if he receives any relief, he must receive it under the section which provides that the holders of mortgages can turn their mortgages in and receive in lieu thereof these 4 percent bonds of the Federal land banks; but the limitation is 50 percent of the value of the real estate, 20 percent of the value of the improvements. If you put that into actual operation, there will not be a single mortgage turned over to the Federal land banks by any holder of a mortgage, except where the farm is not worth the mortgage and the farmer has nothing to be protected.

The only exception there can be to that is if these open rebellions out in the farming country go on, and by force of arms they are unable to foreclose, perhaps then the holders of the mortgages will be glad to trade their mortgages for Federal land-bank bonds. The truth of the thing is, the very enactment of this bill will be the moving force for rebellions such as we have not yet seen in the farming sections against foreclosures, because that will be about the only way you will ever get a mortgage holder to turn in his good mortgage for bonds and only receive 50 percent of the value of the land for his mortgage. Otherwise he will retain his mortgage.

Mr. TRUAX. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. TRUAX. What percentage of American farms today are worth the mortgages that are on them?

Mr. McGUGIN. Oh, that is a question, of course, that I cannot answer. I doubt if anyone this side of heaven can answer it. It may be the Lord can answer it. I cannot.

I am going to vote for this bill because I am not going to be in the position of saying that I will not give some relief to the 19 percent. Just because a bill has been brought in here which does not give substantial relief to 81 percent, and further because this bill is here under a rule which will not permit any amendment which will give relief to 81 percent, I am not going to stand here and vote against giving some relief to 19 percent.

The principal virtue I can see to this bill is that with the enactment of it, and with the failure that is sure to come, perhaps then with another failure we will at last come around to the point where the Congress will enact some legislation that will be uniform in its benefits, and benefit alike every property owner in the United States, whether farm or city, namely, reduce the value of the dollar that pays the debts. I choose to do it through the program advocated by the committee for the Nation which means a reduction in the gold content of the gold dollar. [Applause.]

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, I ask unanimous consent to insert in the RECORD a statement which I released to the press several days ago in relation to the arms embargo which is coming up for consideration next Thursday.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TINKHAM. Mr. Speaker, the present administration apparently wishes war in Asia with Japan, as its proposed policy leads only in that direction.

It has sent to Congress a resolution demanding that the President be given the right to declare an embargo against the shipment of arms or munitions of war to any country in the world he may elect.

This resolution is at this time aimed particularly at Japan and indicates that the present administration has adopted the whole foreign policy of the last administration, which was completely dominated by the British Foreign Office and alien interests. This foreign office and these alien interests have constantly and persistently sought to have the United States abandon for all times its traditional and salutary policy of neutrality.

Impartiality is the keynote of neutrality. An arms embargo violates neutrality, and in international law the country against which the embargo is placed can regard it as an unfriendly and hostile act and as a cause of war.

If an embargo were placed against Japan, Japan would have the right in international law to take measures of reprisals, which might involve the seizure of American ships, the occupation of the Philippines, and ultimately even the engagement of the American Fleet if it came within any region which Japan desired to conquer or to protect; in fact, the making of war.

It has been disclosed (1) that the British Foreign Office has taken up the question of an arms embargo against Japan with the Department of State; (2) that the committee of the League of Nations which is proceeding against Japan has taken up the question of an arms embargo against Japan with the Department of State. This committee of the League is considering the enforcement of article 16 of the Covenant of the League of Nations, which is the war article of the League. Among other things, this article makes provision for determining "what effective military, naval, or air forces the members of the League shall severally contribute for the armed forces to be used to protect the covenants of the League."

It was particularly article 16 of the Covenant of the League, its war clause, together with article 10, which guarantees the territory of the League members, which kept the United States out of the League. For the United States now to take part in the enforcement of article 10 or article 16 would be national dementia.

There is even more than this to the proposal. It takes away from Congress the power to impose an embargo. It gives the President the power to decide which nation is an aggressor nation. It makes the President a judge of foreign disputes. This means that the President can declare war.

In effect, Congress abdicates its power to declare war, the greatest of its powers for the protection of the welfare of the American people. Parliamentary government becomes a mere form. We have in reality a dictator.

The American people will not tolerate a dictator or fatuous policies like those adopted before the last European war—policies said to be policies of peace whereas they lead inevitably to war.

Mr. JONES. Mr. Chairman, I yield myself 3 minutes simply to make an explanation.

The gentleman from Kansas has been here long enough to know that his statement about the situation is wholly inaccurate. The adoption of this bill which will further a program which has been long delayed will not preclude the consideration of the Frazier bill or any other bill that is germane. If it might be offered as an amendment if we had no rule, it could certainly be offered on a motion to recommit.

The farmers are not as foolish as some people seem to think. Three members of the group to which the gentleman from Kansas referred and to which the gentleman from Wisconsin referred appeared before our committee. I talked to them after the hearings. They said they wanted the Frazier bill because they had been told it did certain things, but each one of them said, and said fairly, that he did not care whether it was the Frazier bill or some other bill as long as there was a proper expansion of the currency.

Order is Heaven's first law. What peculiar charm is there in having one wing of a program in a special bill? If this bill goes into effect and the other essential steps are taken, we will accomplish something for the country and accomplish it in an orderly way. [Applause.]

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I may say in reply to the statement made by the distinguished gentleman from Texas that the Committee on Agriculture has no jurisdiction over matters or bills relating to the expansion of the currency or the issuance of currency, that the Committee on Agriculture ordinarily has no jurisdiction over bond issues, either. This bill, the administration bill, is one which provides for the issuance of farm-loan bonds. The Frazier bill contains a similar provision except it requires that these bonds shall be placed with the Federal Reserve System as security for the issuance of currency. I submit if this committee has jurisdiction over the issuance of bonds it is not a very bad stretching of the imagination to assume it might have jurisdiction of some other method of financing.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Certainly.

Mr. MILLARD. Was not a banking and currency bill sent to the Committee on Agriculture the other day?

Mr. BOILEAU. This is the bill to which the gentleman refers. Many Members of the House were of the opinion that properly it should have been referred to the Committee on Banking and Currency. I voted to send it to the Committee on Agriculture because I believed the refinancing of farm loans was primarily an agricultural proposition.

Nothing was said in the President's message about additional revenue. The message in referring to the matter merely styled it the refinancing of farm-mortgage indebtedness. It did not say whether it should be done through the issuance of bonds or currency. The message was by this House sent to the Committee on Agriculture.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, I voted yea on this rule and I shall vote for the Frazier bill or any similar measure the moment that it is introduced on the floor of this House. I resent the accusation that any farm leader or any Member of this House can go back to my constituency in Ohio and say that my yea vote on this rule is a nay vote on the Frazier bill.

What we need in this country today is action and not words. The farmers of this country want relief and they want this relief now from the money lenders and Shylocks of this twentieth century.

I say to you that every time the sun rises and sets, 3,000 farmers and home owners are having their homes taken away by the money lenders, the insurance companies, the private money lenders, and the joint-stock land banks. They are in mortal fear of that mortgage. The word "mortgage", taken from the two French words "mort", meaning death, and "gage", meaning hand, means the hand of death that is strangling and taking the lifeblood out of them day by day.

I tell you men of this House that back in Ohio our farmers are paying 5½ and 6 and 7 and 8 percent on their mortgage loans, and the enactment of this bill will be a godsend and a savior to these people.

For 12 long years there have been attempts to agree on farm relief bills in this House, and each successive attempt has been abortive and costly to the taxpayers. There is not a man among you who is more opposed to increasing the stranglehold that the banking interests of this country have upon this people. There is none of you more opposed to the issuance of more bonds to restore the power of this discredited group and to place them once again upon their thrones of ill-gotten wealth; but it is not a question of what you want individually, it is not a question of what I desire individually. The question is, What bill can we pass, what measure of relief can we give these people who each night go to sleep with the fear that the next day will be their last upon their old farmstead?

So the question is, On which side will you be, upon the side of these grasping, marauding money lenders who relentlessly demand their pound of flesh, or will you be upon the side of the people who made this great Nation of ours?

I say to you that as for my efforts I propose to be on the side of the tillers of the soil. I say that instead of affording relief to 19 percent, this bill will afford relief to 50 percent. There are three and a quarter million American farmers who are looking today to this House and to the Senate to save them from the strangle hold of these modern Shylocks. [Applause.]

Fundamentally I am opposed to the principle of this bill since all such bond issues only place more power and more wealth in the hands of the discredited bankers, and less in the hands of the Government, which means less in the hands and pockets of all the people who are the Government. However, this is a plan that has been approved and submitted by the President of the United States. He expects Congress to enact this bill into law. Congress should and will enact it into law because it is a part of the President's emergency legislative program, because it offers immediate hope to 3,000,000 farmers who are at the mercy of the money lenders, and because it will reduce farm-mortgage interest rates from an average of 6 percent to 4½ percent, and finally because it insures salvation and peace of mind for these worthy people who stand face to face with the grim specter of foreclosure, bankruptcy, and the poorhouse.

In my judgment it is high time that Congress correct the monstrous injustice done the Government, and hence its people, during all of these years in permitting the bankers of the country to usurp and annex the constitutional right vested in Congress, the Representatives of the people, to print, issue, and circulate the currency of the United States of America. Yet, despite the loathing that further exploitation by the bankers inspires, I expect to vote for this bill.

The people have demanded a new deal. They expected that new deal to apply a stricter supervision of banking and the flotation of securities. They demand a complete separation of commercial and investment banking; they demand that the power and authority to issue and circulate money be taken away from the bankers and restored to the Government where it belongs. The people are opposed to bonding the country into years of burdensome debt to restore to power and throne of slimy gold the discredited, repudi-

ated, tottering money kings of Wall Street. The people thought they had clipped forever the claws and beaks of these vulgar buzzards of crooked finance. Notwithstanding the fact that I personally favor the refinancing of all farm mortgages at 3 percent interest by an expansion of the currency, I shall support this bill 100 percent, because the President believes in it, the people believe in him, and he has faith in our loyalty to him and the people to hold up his hands in any and all measures that he may present to this House.

Out of iron-shod despotism, out of slavery and servitude, justice, temporarily crushed to earth, inevitably rises again. One of the immedicable woes, one of the gaping wounds that led to political revolution last November, was the arrogance, the impudence, the greed, selfishness, and lust of a government of, by, and for the bankers. The revolution was fought and won. But the wound is unhealed. Today it is a festering sore, and if not cured soon will become a malignant cancer, whose creeping tentacles will not only destroy again their own institutions but the Goverment as well. Let us hope and pray that this courageous man in the White House, this Mayo in curing the ills of suffering humanity, will throttle once and for all time the evil, sinister influence of these captains of crooked finance, so aptly described on the floor of this House some time ago as "robbers of widows and orphans."

Even now these powerful banking groups, with the most insidious lobby of all—a lobby that has opposed farm relief, soldiers' bonus, veterans' disability allowance, mortgage moratoriums, and now the 6-hour day—brazenly attempt to dictate the terms of the President's bank deposit guaranty bill for their own selfishness and greed. I have here a letter from one of the big city bankers of Ohio, in which he says:

> The Glass bill, proposing to insure bank deposits, will prohibit the payment of interest on demand deposits. However, nothing is indicated as to establishing a maximum interest allowance on time and savings deposits. This appears to myself and other banker friends as being absolutely essential.
>
> The insurance of deposits, as you will readily see, removes any prestige of one bank over another in the solicitation of banking business, and due to this fact the Government should not allow in the proposed bill an opportunity for certain unethical bankers to solicit favorable business on a basis of payment of unsound interest rates on such funds which unethical procedure has in the past contributed in a large way.
>
> Assuming that such a bill passes and becomes law, it is our opinion further necessary that postal savings be disbanded.

Who are the ethical bankers? Who are the sound bankers? Who are the honest bankers? Who are the safe banks? What are sound interest rates?

Money cannot be loaned back into circulation, because of a lack of security under the present deflation. Nobody wants to borrow money to start in business with falling prices. The plutocratic city press oppose all inflation or expansion of the currency. If this policy is adopted, we can expect nothing else but confiscation, with its disastrous effects. Money should be fed into circulation by paying soldiers' claims in full legal tender—United States notes (prosperity notes)—and the same should be printed to balance the Budget and to refinance farm and home loans. Money should be loaned to farmers at not more than 3 per cent and the old robber mortgages destroyed.

Let us heed the warnings of our most illustrious statesmen:

> I believe that the banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the Government at defiance. The issuing power should be taken from the banks and restored to the Government and the people to whom it belongs. Let the banks exist but let them bank on Treasury notes. (Thomas Jefferson.)
>
> If Congress has the right under the Constitution to issue paper money, it was given it to be used by itself, not delegated to individuals or corporations. (Andrew Jackson.)
>
> If a government contracted a debt with a certain amount of money in circulation and then contracted the money volume before the debt is paid, it is the most heinous crime that a government could commit against the people. (Abraham Lincoln.)

James Eckles, Controller of the Currency under Grover Cleveland, said:

> We bankers do not propose to let business have money to carry on until we first get our rake-off. (Taken from the Dearborn Independent, Feb. 9, 1924.)

As Germany loosed the fetters which had bound her for decades to Prussian terrorism and Kaiserism, as Russia cast off the shackles of a despotism worse than slavery, let the United States of America rise up in her wrath and fury and haul down the black flag of the Wall Street money kings and money lenders. Let this Congress heed these warnings and apply the remedy. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, a few days ago we passed the farm allotment bill, intended to raise farm prices. This bill for relief on farm indebtedness is predicated on the assumption that the prices have been or will be greatly increased. Realization of that hope is too doubtful to be made a basis for a far-reaching law, rewriting millions of dollars in farm mortgages. The allotment bill was admittedly an experiment and a beginning. The supplementary legislation on farm financing was most eagerly awaited. Deep will be the disappointment in many a farm home when the terms of this proposed law are known.

The producers of the food of this country have been led to believe that they would be able to renew their mortgages at a much lower interest rate than that here provided. Interest has wrecked the farmer—usury, protected by legislative acts. It simply cannot be paid in such quantities. He must be put in a position to rent the use of money on terms which have some relation to other values. For more than a century the farmers of America have been the most patient producers of interest in the largest quantities ever known. Interest and the attempt to fix dividends for owners of public utilities have been among the major causes of the present debacle.

The farmer knows that he can give his note to a bank and the bank can take that note to the Federal Reserve and get Federal Reserve notes which will circulate as money. He cannot understand why he may not take his own note, backed by a mortgage on land, through his own organization, to that same Federal Reserve and get Federal Reserve notes which can be used to pay his debts and purchase the articles he needs. The Frazier bill, which makes such provision, meets with his approval.

In my own State of Oregon in many communities the banks have failed and the communities are issuing their own medium of exchange—printed on sheepskin, on wooden blocks, and paper—in an effort to substitute for a neglected function of government.

The farmers recognize that they are permanently outnumbered by the cities and that this trend toward centralization of population has placed them at a great disadvantage in legislative bodies. This bill well illustrates the tendency of such bodies to designate as "farm relief" a measure which is not acceptable to the farming population and is accepted only because the farmer is politically helpless.

The bill is in large part a bondholder's bill, of far more benefit to the mortgagee than the mortgagor. The rate of 4½ percent interest is unreasonably high. It cannot be paid unless there is a rapid advance in price of farm commodities. The prices of farm products are today about one third of what they were when the loans now to be renewed were made. It does seem, in all justice, that the money lender should assume part of the loss.

If the farmer could have had 2 percent for even 2 years it would have been a great encouragement to him. Just think what a benefit the fall in prices has been to the holder of mortgages if he can collect his interest and principal! Wallace's Farmer editorially, March 4, 1933, calls attention to the Grange finding that 4½ percent today is equal to 13½ percent on money loaned in 1925. There is no honest reason why all the enhanced value of the dollar should inure to the advantage of those who lend the money.

The Federal land banks and joint-stock land banks should have been compelled to pass on to the mortgagor part of the benefits that they will receive by reason of the enactment of the law. Lower interest rates should have been provided.

Land debts should have been scaled down. Decrees of foreclosures should have been legally allowed only when the mortgagees were willing to reduce the amount of judgments in proportion to the fall of commodity prices.

It is said this would nullify the sacredness of contracts. We farmers suggest equalization through taxation of the excess amount. Under the terms of this bill there may be some scaling down, but it is all voluntary upon the part of the mortgagee. Shylock can still exact his pound of flesh. There is no mercy to the borrower that the lender is compelled to extend. It is safe to say that on good loans on the best land there will be no scaling down of debts. When the security is doubtful and the risk is considered bad, then, of course, the banks may offer to scale down.

The debtor's situation in the matter of scaling down of debt is not improved by this bill.

Under section 301 loans on first and second mortgages may be made by the land banks up to $300,000,000. This is a very risky procedure and it is likely that most of the loans made under this section will be lost. A second mortgage is always a bad risk, especially at 75 percent of appraised value. The holder of the first mortgage should have been obliged to give the Government a first lien and to subordinate his lien to second place. By the provisions of the bill the Government virtually guarantees the first mortgage. Should the mortgagee not be able to pay the first mortgage, then the Government must protect the mortgagor or lose its lien. It will be to the interest of every holder of a doubtful mortgage to induce the mortgagor to secure a second loan from the Government, thereby making his loan that much more secure. [Applause.]

Mrs. McCARTHY. Will the gentleman yield?

Mr. PIERCE. I yield.

Mrs. McCARTHY. I believe the statement was made that the Frazier bill was not before the Committee on Agriculture. Is it not true that the bill (H.R. 2855) introduced by the gentleman from North Dakota [Mr. LEMKE] was introduced on March 10 and referred to the Committee on Agriculture, and is not that bill identical with the Frazier bill?

Mr. PIERCE. I think it was not referred to the Committee on Agriculture.

Mrs. McCARTHY. I have the printed bill before me.

Mr. PIERCE. I think the gentleman wanted it to go to the Committee on Agriculture, but it went to the Banking and Currency Committee.

The bonds to be issued are virtually Government bonds. It is true that the interest only is guaranteed by the Government, but that is in perpetuity. It is a well-known fact that debts are seldom paid, they are just renewed. A bond carrying the Government guaranty of interest forever is, in effect, a Government obligation. All the bondholder wants is his interest and tax exemption.

The liquidation of the joint-stock land banks is, perhaps, necessary, but they are certainly receiving an immense advantage in this bill—a loan of $100,000,000 cash from the Federal Treasury at this time will enable these banks to take many dollars in profit that they should pass on to those who gave the original farm mortgages. A loan of 75 percent of appraised value is really a sale of the property. In most cases the appraised value of a farm is at least 25 percent higher than cash value. Farms have today practically no cash value, and they will not have any until the prices of farm products advance materially.

This bill provides for 2,000 million dollars. It would give $2,000 each to 1,000,000 farmers. The money would go far to restore agriculture, if it were used in a different way.

Mr. McFARLANE. Will the gentleman explain what effect this bill is going to have on the holders of stock in the joint-stock land banks?

Mr. PIERCE. I do not think there is any question about it—they are liable to assessments of 100 percent on the stock. They got a hundred million out of the Treasury, and this will undoubtedly enable them to buy up a large quantity of bonds selling at a discount.

Mr. McFARLANE. And the stock is only worth 30 or 40 percent.

Mr. PIERCE. The stock is not worth anything, but the bonds are worth about 30 cents on the dollar, although some of the banks are in the hands of receivers.

Mr. PATMAN. Does the gentleman mean that they will be enabled to purchase bonds at 30 cents on the dollar and hold them for 100 cents on the dollar?

Mr. PIERCE. I know banks that hold options on them.

Mr. PATMAN. They will get the Government money and not give the farmers the benefit of it.

Mr. PIERCE. I do not think there is any doubt about it.

Most of the farmers have lost their life's savings raising and selling hogs, cattle, sheep, cotton, corn, and wheat at less than the cost of production. Should the holders of securities take over the farms and villages under their liens, they will find they will have little value as taxes and upkeep will absorb rent value. It is ridiculous to think prosperity can be brought back by giving farmers 4½ percent interest.

The farmer has ruined himself, his banker, his merchant, and his community trying to pay an average of 5½ percent. Can anyone believe that a reduction of 1 percent annually is going to save him? It will take more than this to keep the American farmer from tenantry and peasantry.

We are living in the age of repudiation brought on by no act of those who are obliged to do the repudiating. Our present economic despair is the result of man-made laws that have granted most of the bountiful things of this marvelous civilization to the favored few.

Notwithstanding all the faults of this bill, I shall vote for it. It provides a very thin slice of bread when the farmer expected a whole loaf. It does provide a breathing spell. The hand of foreclosure will be stayed.

When this bill becomes a law many a farmer will have time to collect his scattered resources. In the meantime he will have a roof for himself and his dependents. He can raise much of his own food. For a short time he can keep out of the bread line. It is the best and probably the only law that can be passed at this time.

In the rapidly moving events of this wonderful century, 2 years is quite an extension of time. The farmer must take what amounts to a pauper's oath to secure that extension. Other lending agencies will be affected by this legislation and become more lenient. In fact, in the Pacific Northwest it is freely stated that the insurance companies are more lenient with the borrowers than are the Federal land banks.

All legislation is largely a matter of compromise, and this seems to be the best now obtainable. It must be followed by far more sweeping and effective laws giving to the farmer lower interest rates and lower freight rates. There must be a far more equitable division of the rewards of human effort. [Applause.]

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman and members of the Committee, I suppose I ought to make the same confession that everybody here can honestly make after hearing the lengthy discussion on this matter, pro and con. I presume we are all going to be in the same position of the judge down in Missouri who, while officially sitting on the bench, was imbibing a little from a bottle of Missouri corn. Along about 4 o'clock in the afternoon he came out of the courthouse and started to throw the saddle onto his horse. He threw the saddle on backwards. There was a young attorney standing there, and he said, "Judge, I think you have that saddle on backwards." The judge looked at him and said, "Young man, how in the devil do you know in what direction I am going?" [Laughter] After we hear 8 hours of discussion on this bill we shall be in the same position as the judge—not know in which direction we are going.

Now, I want to make a confession. I am not a dirt farmer. I was raised on a paved street, and my diet was orange juice and calories. I do not want to represent myself to the members of this Committee that I am a practical dirt farmer. I am not going to be like the gentleman down in Kansas who was a candidate for Congress.

He told his constituents that he was a farmer, that he knew all about it, that he could do everything that was done

on a farm, and all that sort of thing. While he was in the midst of his peroration a little boy got up and said, "Mister, did you ever lay an egg?" Now, when you represent yourself as a dirt farmer it might develop some embarrassment.

But whether I am a dirt farmer or not, and whether the Members of this House are dirt farmers or not, we can all appreciate the plain, uncontrovertible arithmetic of the following illustration: If I have 160 acres of land in Illinois and set aside 40 acres for pasture and then seed 80 acres in corn that raises 60 bushels to the acre at 16 cents a bushel, and 20 acres in oats that raises 60 bushels to the acre at 9 cents per bushel——

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Not now.

Mr. DOBBINS. I want to call the gentleman's attention to the fact that since Mr. Roosevelt became President the price of corn has doubled.

Mr. GILCHRIST. But does the gentleman know that corn dropped 3½ cents last Friday?

Mr. DIRKSEN. It is true that the price of corn has raised some, but not sufficiently to destroy the illustration that I have in mind. If out of the 160 acres I also plant 20 acres in wheat at 35 or 40 cents per bushel, you will find that the income from the 160-acre farm that at one time was worth $250 an acre is but $1,200. Now strike off $1.50 or more per acre for taxation and $250 for seed, and then strike off for the mortgage that may exist on that farm; you will find that many Illinois farmers do not have the wherewithal to live, they have not sufficient money with which to pay the interest or retire any installment on the principal of that mortgage. That in a sense represents the condition that we are in out in Illinois at the present time. Someone asks how acute the problem is. I shall tell you. The Federal land banks on the 31st of December 1932 had 19,618 farms that they could say were theirs. The joint-stock land banks had 6,406 farms to which they had title. Then the 20 leading life-insurance companies of America had title to 22,000 farms. There is a total of 48,024 farms which became the property of the mortgagees, and that indicates in a sense how acute the condition is at the present time. Then, the incidental problem which goes with it is this.

It is represented in the millions of dollars of bonds that have been sold to people, who thought that a farm-mortgage bond was a gilt-edge security, something that really was worth while. These people are now suffering and in distress, because they cannot collect either the principal or the interest which is due them on these bonds. The farm distress, therefore, not only affects the country, but it affects the people in the municipalities all over America, as well. What is the reason for this distress? Precisely what I pointed out a moment ago—ruinous prices for agricultural commodities. What relief can be afforded? Either raise prices or lower the fixed charges against the farmer as is proposed in this bill. There are, however, some items in this bill that require mending. One in particular relates to joint-stock land banks, which, by the terms of this bill, are to be liquidated.

I want to fall in line with what the gentlemen here had to say about the joint-stock land banks. The fact is that on the 31st of December 1932 the joint-stock land banks had outstanding, in round numbers, $459,000,000 in mortgages and $427,000,000 in bonds. The net worth of the mortgages owned by the joint-stock land banks over the bonds issued by the joint-stock land banks was approximately $31,000,000. Under the terms of this bill, what is to prevent them from going to the Reconstruction Finance Corporation, taking a portion of the $100,000,000 that will be made available to them, and purchasing some of the bonds outstanding, so that ultimately they will have a mortgage set-up or a capital-structure set-up, without any outstanding indebtedness in the form of bonds?

The question was raised here as to what the quotations on the bonds are. Here is a quotation that comes from La Salle Street in Chicago, dated the 15th of March 1933. In Chicago those bonds are selling for 16, and in the defunct land bank in Minnesota they are selling for 7. The price range for all of these bonds issued by the 46 different banks runs from 7 to 60, and in most cases it is around 25 and 30. So that with the $100,000,000 made available under this bill to the joint-stock land banks it will invite and encourage speculation and make it possible for these banks to buy back their bonds and keep their mortgage structure intact, and thereby enrich the holders of the stock. Under such conditions, where does the poor farmer get off? He gets no particular benefit, provided his mortgage is being held by one of these banks.

While I should like to see some amendments incorporated in this bill, I am not insensible to the need for immediate action in behalf of the millions of distressed farmers of the Nation, and I therefore believe that I can follow the rest of the gentlemen who have talked here this afternoon and say that I am going to vote for this bill in the hope that it will do some good. I am afraid, however, that the section which relates to the orderly liquidation of joint-stock land banks will probably encourage speculation so far as joint-stock land bank bonds are concerned, and in that proportion diminish the benefit that might ultimately accrue to the American farmer. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman and members of the Committee, the district I represent in Congress has not a single farm in it and I do not know of a farmer who resides there. However, I am going to support this legislation, because I realize the sad predicament of the farmer. But I wish to call attention to a like situation confronting the home owner in our urban districts and the concommitant situation of the municipality in which he resides. This farm-mortgage assistance is but one chapter in the whole comprehensive plan, and it is but one step in the rehabilitation of home owners, urban and rural. Throughout these days of emergency legislation we have all had constantly before us the critical situation of the small-home owner and have been awaiting the day when we could have legislation designed to deal, swiftly and directly, with his immediate problems.

I am sure that we are all happily and agreeably gratified by the press notices of April 9 which assure us that our great President, struggling with the almost insoluble problems thrust upon him as a resultant outgrowth of this depression, in his wisdom and far-reaching vision, has brought forth a plan for the relief of the urban-home owner.

Briefly, this plan, according to press notices, is as follows: it is similar to the farm-mortgage relief plan. A corporation would be established to handle home mortgages with funds supplied by a $2,000,000,000 bond issue. This corporation will entertain applications for relief from small-home owners unable to meet their payments, either in principal or interest, and where the holders of mortgages are threatening foreclosure. The corporation will propose to the holder of the mortgage that it take over the mortgage from him at a proportional figure—which figure is yet to be determined. In exchange for his mortgage, the mortgage holder will receive a bond of the corporation in the amount of the revised mortgage, bearing interest at 4 percent, which interest will be guaranteed by the Government. It is believed that mortgage holders generally will be happy to liquidate their dubious mortgages at a considerable sacrifice rather than face the possibility of having the property thrown back on their hands. The reductions in principal effected will be passed on to the home owner and he will be given a moratorium of 3 years in which he will not be asked to reduce the principal but, of course, he must meet the interest payments. The amount of interest to be charged the mortgagee by the corporation has not as yet been settled, but it is predicted that it will be higher than the 4 percent paid by the corporation. This legislation, now in the process of formation, would differ from the farm plan in that it would cover only existing debts and would not be used for new finances. It is the President's aim, of course, to have the lowest possible rate of interest charged.

Such legislation will extend to the home owner sorely needed relief, and it is my hope that it will be enacted into law as swiftly as possible. But, in my opinion, it deals

with but one part of the problem. There still remains the delinquent-tax situation, which is imminent and which affects both the taxpayer and the structure of his local government.

Over 1,000 municipalities throughout the country (leaving only 7 States unaffected) are in default on municipal bonds. Two thousand more municipalities are facing default within the next year. In a circular received from the mayor of Coral Gables, Fla., the situation is epitomized in the following words:

Municipal default immediately starts a vicious circle of further and progressive impairment in market values (and, necessarily, in values for the purposes of taxation) of real estate in the defaulting community; stagnation and extinction of equities through continuing depreciation; a renewal of the flood of foreclosures; distressed owners, apprehensive of confiscatory taxation, "dumping" their holdings; concentration of ownership of real estate in the hands of mortgagees, and further competitive price-cutting, driving down the price level, and the elimination of the small-home owner. The result would be steadily decreasing property values, progressive attrition of the means of property owners; tremendous impairment in tax collectibility and in the security of the bondholder.

Many of our cities today have tax deficiencies as high as 40 and 50 percent and predictions are made that, by next year, unless a remedy is provided, the astounding proportions of from 60 to 80 percent may be reached. Taxes have increased to unthought-of figures and the strange anomaly has been presented of assessments generally increasing while real-estate values have been in decline (in many cases they have fallen to one half their values in 1928 or 1929). In my State of Massachusetts, in the last 10 years, taxes paid locally on real estate and tangible personal property have increased from 122 million to 205 million dollars. The cost of public welfare in Massachusetts has gone from $5,000,000 in 1930 to $30,000,000 in 1932.

Real-estate holdings are the true mainstay and backbone of municipal revenue. Today, in Massachusetts, real estate and other tangible personal property is paying about two thirds of all the taxes, although, in total, it makes up only one sixth of all the wealth in that State. In short, on the one hand, the income of the home owner has been tremendously reduced by declining wages and unemployment, and the value of his property has decreased; and, on the other hand, his assessments have not decreased, his tax rate has greatly increased, and the burden of taxation borne by him has increased by over 67 percent in the past decade. Such a condition can have no other effect than to work speedy and certain disaster on this class of people and, correlatively, upon the municipalities in which they reside, unless measures of relief are rapidly adopted.

The fate of the small-home owner is integrally related with the existence of the community. Present conditions have made inevitable a tremendous number of defaults in the payment of taxes. According to the figures of the Federal Home Loan Bank Board, real-estate foreclosures during 1932 were 274.9 percent higher than in 1926. And this figure bids fair to be even larger this year. As other sources of city income dry up, more and more of the burden of taxation is shifted onto the shoulders of the home owner. The condition of the city treasury is quickly affected when the income of the home owner is diminished. These home owners represent the blood stream of the community. Permit an embolism to occur in this blood stream and the very existence of the community is jeopardized.

In 1895 Nathan Matthews, then mayor of Boston, delivered a valedictory address in which he prophetically stated that the object of a municipality—

is not to make a pecuniary profit for its members, but to provide for their safety, health, and comfort, their education and pleasure, to relieve their poor and help their sick, and generally to do things that no business corporation was ever chartered to accomplish.

In this time of great distress and adversity it is absolutely essential that these communities go on performing their functions lest the hundreds of thousands who are now in need and want should be abandoned into a condition of utter desperation. Yet the burden of such service has been increased to such a staggering total that the existence of the community undertaking it is menaced unless the firm, helping hand of the Federal Government is extended to assist it.

This Nation owes its greatness to that sturdy class of small-home owners who have battled courageously and self-sacrificingly in order that the coming generation might grow up in surroundings and environment most conducive to the normal and healthy development of mind and body, an environment which would inculcate qualities of character and civic pride. The home represents the highest development of our family life. Here is preserved the family unit so necessary to our national existence. In any community the home owner is the valued citizen. He has built his castle there and is most interested, for the sake of those dearest to him, that orderly government obtain. He pays the bill to maintain the services of government in that community.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. HEALEY] has expired.

Mr. JONES. Mr. Chairman, I yield 5 additional minutes to the gentleman from Massachusetts.

Mr. HEALEY. In many instances his ownership of an equity in a home represents years of struggle and sacrifice, thrift and economy, industry and self-denial, to the end that a home may be owned in which those dear to him may dwell in the circle of the family to be nurtured in ideals which will make them worthy to become our Nation's citizens. Here are deposited the savings of a lifetime and here reside his fondest hopes and most cherished ideals. Our Nation owes him much. He should not be forgotten in this hour of adversity.

In order to meet the delinquent-tax phase of the situation a bill has been introduced by my distinguished and able colleague and esteemed friend, Mr. MCCORMACK, of Massachusetts. This bill has a kindred purpose of aiding the small-home owner. It, moreover, provides a method whereby States, counties, and local political units may receive revenue from taxation which is now incapable of collection except by tax sale. This bill, H.R. 4358, proposes that the Federal Home Loan Bank Board, or such other agency as the President may direct, be authorized to make loans to any home owner of not more than one family dwelling, if such dwelling is designed for the use of not more than three families, for the purpose of enabling him to pay taxes, including penalties, on such dwelling which are unpaid at the time of its enactment and to pay such taxes for a period of 2 years after the enactment of the bill. It further provides that the President be authorized, if he finds that continuing economic conditions require it, to extend the provisions of the bill for another year. Under section 3 thereof the bill proposes that loans shall be made only to those home owners who have made a diligent effort to meet such tax payments, but whose inability to meet the said tax payments is due to unemployment or other consequences of the depression. It provides that the loans shall be made for a term of not more than 2 years and shall bear interest of not exceeding 4 percent per annum. The loans shall not be paid directly to the borrower, but rather to the collector of taxes, or official charged with the duty, under the law, of receiving taxes. To provide funds for the carrying out of this legislation, the Reconstruction Finance Corporation shall allocate and make available to the Federal Home Loan Bank Board, or that agency which the President may direct, the sum of $500,000,000, or so much thereof as may be necessary. The Reconstruction Finance Corporation is authorized, under its terms, to raise this sum by the issue of bonds, notes, debentures, or other obligations.

Thus, we have two very meritorious propositions designed to relieve the present distress of the home owner. They are correlated and supplementary. The President's plan purposes to relieve the tension insofar as the payment of the principal and interest on the mortgages is concerned. The McCormack bill makes provisions for the tax-deficiency aspects of the situation. The problems of the municipality and those of the home owner are inseparably connected. Let us then face the situation in its entirety and pass such legislation as will render relief to both. For this reason I

would urge that the McCormack bill be considered simultaneously with the President's proposal and its features be incorporated into legislation following the President's proposal—to the end that family life may be preserved in our Nation and our municipalities strengthened by the revenue which will flow from the collection of delinquent taxes. [Applause.]

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARNOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 4795, the farm mortgage refinancing bill, had come to no resolution thereon.

EXTENSION OF REMARKS—FARM MORTGAGE REFINANCING BILL

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to extend their remarks on the pending bill.

Mr. GILCHRIST. And on the rule, also?

Mr. JONES. And on the rule.

The SPEAKER. Does the gentleman from Texas mean 5 days from the passage of the bill?

Mr. JONES. Five days after the passage of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

There was no objection.

Mr. HOIDALE. Mr. Speaker, considering that the whole farm-relief program will probably go to conference to be finally whipped into shape, I call attention to suggestions made by E. G. Quamme, of Minnesota, formerly president of the Federal land bank at St. Paul. The plan has found much support in the West, and I will set out briefly an outline of the proposal.

Loans would be made by the Federal land bank upon a fair appraisal of the real value ascertained by agreement between bank appraisers and local experts, such as county agents.

Against and upon these mortgages the bank would issue bonds.

These bonds would be pledged by the Federal loan bank with the Federal Reserve bank and used by the reserve bank as a foundation for a currency issue. The reserve bank would hold the bonds and pay for them by turning over to the Federal loan bank such new currency, dollar for dollar.

This currency would be used by the Federal Reserve bank to hand over to the farmers in exchange for the mortgages accepted.

It is suggested that the interest rate be made as low as 2 percent, one half of 1 percent to cover costs of operation and to establish an insurance fund against possible losses, one half of 1 percent to go to the Government as a source of revenue, and the remaining 1 percent to be placed into an amortization fund, which would provide for the automatic retirement of the currency.

This plan would afford a way of expanding the currency without the danger of continuing inflation. It would, in fact, provide for gradual cancelation of the new currency to the extent that farmers would be reducing their mortgage obligations by reducing the loan principal; that is to say, the currency would be reduced to the extent of the amortization principal paid.

The thought behind the plan is that it would serve a double purpose: Give the farmer a chance to get away from an interest loan that is crushing, and it would also, because of the currency expansion, raise prices on its products. The improved financial condition on the farms which would result would tremendously increase purchasing power and business activity.

This is a brief and rough outline which may well be considered and compared with the many other remedies now advanced for relief of interest burdens and as a medium for advancing prices on all products to a higher level. It is claimed that, with proper provisions to guard against abuses and dangerous extremes, this form of security as a basis for currency would be entirely sound and feasible, and there is now an increasing number of people who share this view.

Mr. SMITH of Washington. Mr. Speaker, the passage of this measure will mark another step in the administration program to revive agriculture, restore confidence, and bring back prosperity to the American people. This bill is not entirely satisfactory to the farming interests, who are disappointed in some of its provisions, but it is decidedly a step in the right direction and will do much good. It is far superior, in my opinion, to all the legislation of a similar nature enacted during the past 12 years. Indeed, it will extend financial aid in a beneficial manner and to an extent which has not heretofore been even attempted. I shall, therefore, be happy to give it my affirmative vote.

However, I should have much preferred to have this important bill considered under the 5-minute rule, with an opportunity to offer amendments. I voted against the resolution to consider it under suspension of the rules, with no privilege to amend. I have the highest regard for the able chairman and members of the Agricultural Committee, who reported the bill in its present form, but I am a strong believer in the fullest and freest consideration of all measures that come before this representative forum of the people. I am well aware of the fact that the Republicans in the past have, as a majority party, brought in their administration measures in the same parliamentary fashion as is being done by the Democratic majority now, so I have not been nor will the country be much impressed by their outbursts against a method of procedure which they have invariably followed when in power. What I contend for is that the Democratic Party, as the great, progressive, and liberal party of the Nation, should now pursue a truly Democratic course, regardless of the modus operandi of a reactionary political organization which has been repudiated by the electorate.

Ladies and gentlemen of the House, if this bill were subject to amendment, a lower interest rate would undoubtedly be proposed. I am fearful, judging from the expressions of the farmers in my part of the country, that they will be unable to pay 4½ percent plus amortization fees.

Furthermore, I believe that a proviso should have been incorporated to the effect that as part of the consideration passing for the benefits, privileges, and emoluments enjoyed by the Federal land banks and joint-stock land banks said banks be required to grant credit by way of offset and counterclaim for their bonds surrendered by the farmers on their mortgage indebtedness. This would have enabled the farmers to derive the benefit from the low market price of these bonds and thereby reduce their mortgage debts correspondingly, for the bonds are to be liquidated at par. I believe that such a stipulation predicated on the element of consideration would have been sustained and upheld by the court. However, the substantial relief and benefits which will accrue to the farmers by the refinancing, moratorium, and other meritorious features of this law will more than outweigh these omissions and its less desirable sections, which can be corrected in subsequent legislative acts of the Congress.

Mr. LEMKE. Mr. Speaker, we are fiddling while Rome is burning, blind to danger signals, drunk with power which is always blind to reality. So far we have passed no real legislation to relieve the depression. The so-called "relief measures" that have been passed are make-believe and not real. They have not checked unemployment—there are more unemployed today than there were on March 4. The farm relief bill and the refinancing of agricultural indebtedness bill—bills passed by the House—are simply muddying the water. The only relief in these bills is in the title. The substance is a stone in place of bread.

If, when this Congress opened, we had had the courage to pass the Frazier bill, the cost of production for that part of the farm products used within the United States, the Patman bill to pay the soldiers in cash, and the Wheeler bill to remonetize silver, and then adjourned and gone home, this Nation would have experienced the greatest

period of prosperity it ever witnessed. In place, we have been fiddling while Rome is burning. We are concerned with make-believe legislation but not with realities, and unless we get down to business and heed the danger signals all along the line, we will have a rude awakening. One hundred and twenty-five million people will not forever submit to the stupidity of a drifting and floundering government, when millions are starving in the midst of plenty.

I here quote from resolutions adopted by farm organizations which show that there is intelligent and constructive thinking going on throughout this Nation.

I quote from a resolution adopted by Dunn County Farmers' Union, Dunn Center, N.Dak., March 16, 1933:

* * * Whereas agriculture, the basic industry of the United States, has long been struggling to keep up an existence and getting nothing in the form of relief except political promises, until now this industry has reached a stage where farmers cannot go farther without the complete loss and sacrifice of their homes; * * *: Now, therefore, be it

Resolved by the Dunn County Farmers' Union, assembled in regular meeting at Dunn Center, N.Dak., on March 15, 1933, That we demand that our United States Congress, now in special session, immediately consider and enact far-relief legislation that will guarantee the farmer cost of production for that part of his products consumed in the United States.

Further, That farm indebtedness be refinanced such as provided for in the Frazier bill. * * *

I quote from another resolution adopted by an assembly of citizens of Redfield, S.Dak.:

Whereas the authors of the Bill of Rights, the Articles of Confederation, the Declaration of Independence, and the Constitution of the United States of America have provided for changes in the operation of laws and customs to conform to changing conditions and the requisite of the common welfare arising from such changed conditions; and

Whereas President Herbert Hoover and our President, Franklin D. Roosevelt have declared unequivocally that expansion of the currency circulating is primarily essential for the return of prosperity. President Hoover urged the enactment of the Reconstruction Finance Corporation on the ground that it would give the country "a potential currency inflation of $20,000,000,000", and that "the country has need of it for a revival of prosperity"; and

Whereas the United States Government has admitted a debt due the World War Veterans and evidenced same by granting them certificates payable in 1945 and * * *

Quoting again from a resolution adopted by Eureka Local No. 670 of the Farmers Union of Ward County, N.Dak.:

We, the 105 members of Eureka Local No. 670, of the Farmers Union of Ward County, N.Dak., assembled in special meeting, this 23d day of March 1933, do resolve that we are squarely behind the Frazier refinancing bill, as it was originally drawn, and we demand that the same be passed at this special session of Congress.

Quoting from another resolution adopted by Ward County Farmers Union convention:

We, the Ward County Farmers Union, in quarterly convention at Minot, N.Dak., this 22d day of March 1933, representing 2,000 farmers, do resolve that we are squarely behind the Frazier refinancing bill as it was originally drawn and demand that it be passed at this special session of Congress without delay.

And from another resolution adopted by Ellendale Farmers Union, of Ellendale, N.Dak., I quote:

Whereas the United States Government has made such liberal loans to the bankers, railroads, and insurance companies at a very low rate of interest to tide them over the present period of depression, and

Whereas agriculture has been repeatedly deflated every year since the end of the great World War, with the result that the agricultural industry is on the verge of utter bankruptcy; and

Whereas the prices for agricultural products have been depressed to such an extent that it will take at least three times the amount of agricultural products to pay a loan made a few years ago. In other words, it is equivalent to trebling the principal, interest, and taxes, and—

I also quote from a resolution adopted by Watford City Local, of the Farmers Education and Cooperative Union of America, at Watford City, N.Dak., April 1, 1933:

Whereas we believe that the present economic condition has become so grave that immediate action is necessary if our Government is to continue to exist and its people given a fair chance to recover from this unprecedented depression. Millions of our people have lost the savings of a lifetime and have been thrown on the mercy of society for support; all avenues of relief are becoming exhausted, and unless speedy action is brought about guaranteeing cost of production to the farmers, and employment at reasonable wages for the millions of unemployed the inevitable result cannot be in question. Now, therefore, be it

Resolved by the Watford City Local of the Farmers Educational and Cooperative Union of America in its regular meeting held at Watford City, N.Dak., April 1, 1933, That we most emphatically urge upon Congress and the President that the following bills be passed.

I quote from another resolution adopted by North Dakota Holiday Association of Sargent County, Forman, N.Dak., on March 25, 1933:

The North Dakota Holiday Association of Sargent County held a mass meeting in the courthouse at Forman, Saturday, March 25. The object of this meeting was to discuss the mortgage situation and elect a council of defense to prevent mortgage foreclosures, both real estate and chattel.

* * * * * * *

Resolved, That we are in favor of the immediate passage of the Frazier farm relief bill, or legislation along exactly similar lines, and are opposed to any patching up of the present farm-mortgage system, or any system that provides for higher interest rates on farm mortgages than the rates paid to the Government by the Federal Reserve System.

Resolved further, That a copy of these resolutions be sent to each of our Senators and Representatives in Congress.

I quote from another resolution adopted by North Dakota Holiday Association meeting at the courthouse in Crosby, N.Dak., April 8, 1933:

We urge Congress to immediately pass legislation for the refinancing of the farm indebtedness under the provisions of the Frazier bill, or similar legislation. In any event, the interest rate and amortized payments should not exceed 3-percent interest. The business of financing should come directly from the Government without the intervention of banking racketeers to add more to the farmers' interest rate.

I quote finally from a resolution adopted in Bottineau County at a holiday association meeting from eight counties where there were 4,500 farmers present, held April 10, 1933:

SECTION 1. We demand that the Federal Land Bank of St. Paul permit farmers now living on foreclosed land, or that may hereafter be foreclosed, to retain possession of the premises, whether foreclosed or not, and that those farmers be refinanced to repurchase said land. Any other course is certain to cause serious trouble and loss of life. These farmers have no place to go and cannot be removed without wide-spread disorder.

* * * * * * *

SEC. 5. We insist upon the cost of production being in any price-adjustment plan enacted by Congress.

SEC. 6. We insist that any plan of the Federal Government to finance the farmer be handled by the issuance of currency and not by a bond issue; and that the rate of interest to farmers shall not exceed 1½-percent interest and 1½-percent amortization.

Mr. JOHNSON of Minnesota. Mr. Speaker, in taking the floor today, I rise for the first time during this extraordinary session of Congress, a Congress that was called almost immediately to consider what we in the Middle West understood to be that of passing adequate and protective farm-relief legislation.

The administration bill that is now before us, is not what we can justifiably say "fills the bill." It does not do the things that are most needed by the farmer, and that is a low rate of interest on the refinancing of his loans.

It is needless for me to tell this House of Representatives the condition that our farmers are now in. His place is one almost of pitiful servitude; he is without purchasing power to buy the necessities of his household; he can feed but he cannot clothe his family properly or give his children adequate education for the lack of the essentials that are necessary. Many thousands have already lost their farms, have become tenant farmers, other thousands have heavy mortgage obligations, and are steeped in debt with delinquent taxes. The American farmer is almost beyond redemption. He needs sound governmental action.

I tell you the farmers of this country know what they want in the way of legislation. Farm delegations have spoken to me and many of us here and have expressed a desire for adequate financial legislation. They have appealed for the passing of the Frazier bill for refinancing farm mortgages at the rate of 1½ percent and 1½ percent principal on the amortization.

They ask for and need a low rate of interest. The rate embodied in this administration bill I feel is too high. It

is still oppressive, and the only redeeming feature is the 5-year breathing spell it offers. They asked to be placed on a parity that Government has given industry and manufacturing. They are but seeking governmental protection and say, "Congress, you have given 'big business' of this country billions of dollars. You have upheld private industry when they have appealed to you. You have gone to the rescue of the corporations and monopolies, and now we ask you to help us, the American farmer. We ask you to give us low rates of interest on our farm mortgages, and we ask you to set a cost of production so that we may be able to earn a little on our investment and enjoy some purchasing power."

The farmer has been the victim of campaign promises for more than 8 years. He was told by previous administrations that adequate legislation would be given him. These previous administrations have failed utterly and abysmally in this respect. They have sidetracked the farmer, and by a series of events he has been forced to sell his products at a low level never before reached in the history of this country. Now we have a "new deal" in the White House, and I honestly believe that the President is anxious to help the farmer. I really believe he is desirous of doing the right thing for agriculture.

I am going to vote for this bill, although I feel that the proper relief is not promised for the farmer. I believe that the interest rates in this bill will not give the average farmer the relief he needs, and I feel that the issuance of bonds instead of Federal Reserve notes is a mistake, and I would like sincerely to see the Frazier bill for refinancing substituted for this one.

The international bankers have led unthinking people to believe that if the Frazier bill were passed there would be too much money in circulation. Our present miserable condition is due entirely to the fact that there is not enough money in circulation to do the money-work. Economists tell us that there ought to be $50 per capita in circulation in the United States, but, as a matter of fact, there is not over $5 per capita in actual circulation among the people. We do not care how many billions a few racketeers may have locked up or hidden away. That is not in circulation. These unreasoning people, parrotlike, use the Wall Street expression and talk glibly about "soft money" and "flat money", when they have not the faintest conception of what money is and what its purposes and functions are. Parrotlike they repeat these words without knowing what they mean. There are still a few foolish enough to talk of a gold standard, but if they will go and take a Federal Reserve note to the United States Treasury and ask for gold, they will find that the United States is not on a gold standard and that this paper will not be redeemed in gold. In fact, the United States is so far off the gold standard that it is a crime for you to have gold in your possession. That is as it ought to be. Paper money representing services and the promise of our Government to redeem it in services and commodities is good enough for any intelligent man or woman. If these critics would stop and think and inform themselves on the subject of money, they would discover that our Government prints Federal Reserve notes and gives them to the Federal Reserve bank for the international banking clique at seven tenths of 1 cent per bill—the cost of printing. This bill may be for $1 or for $1,000, and all that the Federal Reserve bank pays Uncle Sam is seven tenths of 1 cent per bill, and it can be kept for 1 year or for 10 years.

They would discover that at present their Uncle Sam has, printed and outstanding, approximately four billion of this paper money, which the international bankers get through the Federal Reserve bank for the cost of printing—seven tenths of 1 cent per bill. They would discover that the larger portion of these Federal Reserve notes have been recently issued to a few large cities in the eastern part of the United States.

When these big boys get it it is not fiat or soft money. Just a few days ago we printed $2,000,000,000 to give to the big banks, but because we charged them one half of 1 percent tax per annum, and because they have no further paper securities, and because the poor devils who they have been charging usury rates of interest have no further securities or homes to mortgage, they all having been mortgaged heretofore, they refuse to take it. What would be the matter with loaning that $2,000,000,000 to the farmers through the Frazier bill? The farmers would be glad to pay one half of 1 percent tax on it, and they can give real security—first mortgages on their farms.

When the big boys get it it is not fiat or soft money, but when the farmers or the soldiers ask for two billion of Federal Reserve notes on the same terms and conditions that the international bankers get them, then these bankers and their unintelligent followers begin to yell "fiat money" and "soft money." It is sound money when your Government gives it to the banking clique for the cost of printing; and then when the Government gets four or five billion dollars in the red, borrows its own money back and pays 2- 3- and 4-percent interest on it, then it is sound money in the minds of the bankers and unreasoning people.

Again, the national-bank notes are based on debts and not on gold or silver. This, Wall Street never explains to its followers. The people think that these notes are based upon gold. The truth is that money is but a unit of exchange, a yardstick with which we do business and exchange goods and other commodities. There are not enough units or yardsticks to go around. That is why 90 percent of the homes and public buildings in this Nation need painting and repairs. If the owners of these buildings had money enough to buy the paint and hire the painters, the farmers' flax would go up to two or three dollars per bushel overnight. They would not be able to raise enough flax in the next 5 years to supply flax for linseed oil used in paints. This depression is due to the fact that we have not enough money with which to do business; therefore we in Minnesota are for the Frazier bill, which provides that the United States Government shall refinance existing farm indebtedness at 1½ percent interest and 1½ percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by first mortgages on farms, the best security on earth.

During the war the Government increased the money in circulation by giving to the people about $2,000,000,000 new money—Federal Reserve notes—to use as a revolving fund with which to buy billions of dollars of Liberty bonds. Then, in 1920 and 1921, it deflated and took $2,000,000,000 away from the people in the short time of 8 months and wrecked the prosperity of the Nation. That is when the deflation began. We farmers have been selling the things that we have been producing below the cost of production since 1921. We have lost all our equities and all our savings, and now the depression has reached the business people. When the Government gave us $2,000,000,000 to buy Liberty bonds it was not fiat or soft money, but when we now ask for $2,000,000,000 to use as a revolving fund with which to refinance 9½ billion dollars of farm indebtedness, then it becomes soft money in the minds of Wall Street and unthinking people.

I cannot understand how any person who is fairly well informed on what money is, and its functions, should be afraid that if the Frazier bill were passed that then there would be too much money in circulation, when, as a matter of fact, the average individual that parrotlike repeats the expression "fiat money" and "soft money" is generally a poor boob that has not $2.50 in his pocket or even enough to buy a meal. Just why he is so foolish as to use the Wall Street language I cannot understand.

If we would only open our eyes and look about and calmly view the wreckage—whole communities without banking facilities, 80 percent of the homes and buildings of this Nation unpainted and in sad need of repairs, millions without work and millions more starving, and all because we have not enough money, enough yardsticks, with which to do business and exchange our goods and services—then we would realize

that we must have an expansion of currency; that we must refinance the farm indebtedness; that we must have more money. The Frazier bill will do all these things.

We farm representatives are not satisfied with the so-called "administration bill." We believe it to be a bankers' bill. We do not believe that it meets the expectations and hopes given by the President's inaugural address. We feel that the President should consult with the real farm leaders, such as John Simpson, and with the farm representatives of agricultural States.

Mr. TURNER. Mr. Speaker, the provisions of this bill, modifying and supplementing as it does the farm loan bill of 1916, have been well designed for the purposes and ends in view. I believe that when the bill we have before us becomes a law it will be found sound and practical from a business standpoint—that the $2,000,000,000 of bonds which it authorizes will be readily taken by individuals and corporations all over the country who want safety as well as a reasonable income from their investment. These bonds will yield 4 percent interest, free from taxes, with interest payments guaranteed by the Government.

Thousands of farmers with burdens of mortgage and other debts too great to be borne longer will be encouraged to borrow or refinance mortgages under the provisions of the bill with the hope ultimately that they may work out and save their farms and gain for themselves a measure of peace—a feeling of security which they have not had for many years. Many will go forward inspired with hope of owning again, free from debt, the farms and homes whose ownership are now about to slip from their hands.

Mr. Speaker, it is cause for regret to me that a lower rate than 4½ per cent interest might not have been provided for the money loaned, because the mortgagor who cannot now pay 6 percent and 7 percent, as he is required to pay in many instances, cannot pay the rate provided of 4½ percent. I think the rate should have been fixed at from 2 to 3 percent. I am well aware, however, that bonds must be sold to get the money for loaning purposes—that a reasonable return in interest must be provided for those who buy the bonds. The Government is undertaking to provide for safety in operation of the farm-loan banks and the farm-loan association through which the money is to be loaned. Safe farm-loan banking cannot be done unless proper margins of safety are provided for the banks' operations. The farmer, as well as those who buy the bonds for investment, the public generally, will want to feel that there is proper security behind every loan and that the one half of 1 percent interest charged the farmer in excess of the interest on the bonds is to provide security for the banks. So, however much we may have wished for a lower rate of interest to the farmer, we will abide by and accept the judgment of the President and of the Secretary of Agriculture and of the great farmers' organizations who have given the measure their best thought. They and those who framed the bill have been deeply anxious to offer a measure which would furnish the largest amount of relief to the farmer consistent with good business policies, considering conditions of money markets and other factors entering into the whole proposition.

With a view of lightening the farmer's burden as much as possible until he shall be able to get better prices for his products, it is provided that he does not have to pay any part of the principal within a period of 5 years from the date of his borrowing or refinancing. Under the provisions of the Farm Act of 1916, he can borrow for or extend his loan for periods ranging from 5 to 40 years. If he cannot pay the interest on the mortgage at the rate provided, his case will, no doubt, prove hopeless and his farm will be lost. I wish to state that unless the prices of farm products are brought to a higher level than has obtained for the last 2 years there will be no hope for thousands who will borrow and refinance to ever pay out.

The bill provides that the rate of 4½ percent is open to none save members of farm associations. One may make a loan although not a member, but he must pay 5 percent for the money. It is provided, however, that when as many as 10 borrowers living in the same locality shall altogether be borrowers of as much as $20,000 they shall at once form an association and shall get the full benefit of the 4½ percent rate.

It is hardly possible within the limit of time and space permitted to give the full details of the plan. I have studied its provisions as closely as the short time since its introduction has permitted, and I believe it lays the foundation in its provision for thousands of farmers who are now utterly discouraged and confronted with ruin to commence to rehabilitate their ruined financial condition.

Mr. Speaker, I know my own district, its people, and their condition better than other sections. There are 12 counties in my district, which by the Federal census of 1930 had a population of 194,915. Since 1920 it has lost 10,078 people, or 4.9 percent. The State of Tennessee showed for the same period a gain in population of 11.9 percent. This district is almost wholly agricultural—only 15.75 percent of its population reside in its incorporated towns. There were, all told, 2,037 persons listed as being employed in industrial pursuits. Many of those classified as industrial workers were employees of garages in the capacity of mechanics, others were employed by railroads, telephone and electric companies, and a large percent of the whole in mills processing wheat, corn, timber, and lumber, while others were employed in plants for processing milk and tobacco. Practically the entire population depends directly or indirectly upon agriculture for a living.

In this district are 26,437 farms with a total acreage of 2,510,770 acres. Mortgages aggregating $6,458,206 rest on 4,151 farms operated by full owners, according to the census. This does not take into account the farms operated by tenants and part owners. It is reasonably safe to say that there are not less than 8,000 mortgaged farms in the district, the aggregate mortgage indebtedness being not less than $12,000,000. Hundreds of mortgages have been foreclosed during the last year and many former owners have sought residence away from the scene of their misfortune and humiliation, others have become tenants, and some are working on highways on money furnished by the Reconstruction Finance Corporation to relieve the distress consequent upon unemployment. Tenancy has grown in this district from 36.9 percent in 1920 to 44 percent in 1930. Loss in population, increase of mortgage indebtedness, of tenancy, depletion of savings accounts, the sale of breeding stock, worn-out machinery and equipment, used-up savings, borrowing or cancelation of life-insurance policies, inability to buy and pay for books for school children, to pay for medical and dental attention, to pay the increasing burden of taxes, all of these make up a part of the evil consequences that have befallen great numbers of a once happy, contented, and prosperous farming people. Many who only a few years ago were accounted highly prosperous and were classed as being rich are today greatly reduced in finances and confronted with ruin.

Mr. Speaker, these people of whom I speak lived in a section unusually favored by nature. Several of the counties in this district are known throughout the United States, have been made famous by the fertility of their soil, the beauty of the country with its rich bluegrass, for its famed strains of blue-blooded Jersey cattle, of pacing and trotting horses, and better known for an unsurpassed citizenship.

It is to be deplored that the best students of governmental affairs have no specific remedy to offer for the immediate relief of those adverse conditions.

The President offered the farm emergency relief bill, which has the approval of the Secretary of Agriculture, leaders of great farm organizations, of men capable of careful and well-considered thought, of those sincerely anxious to help the farmers. The House passed it after the President had frankly stated that he was asking us to follow "untrod paths" in an effort to serve agriculture, and, if possible, to save it. I voted for the bill as I will for any measure that gives promise of agricultural relief.

Mr. Speaker, this farm-mortgage measure is a companion bill of the farm relief bill. In the Senate they have been

combined into one bill. I believe the farm mortgage bill to be workable. I hope the untrod path we shall enter in carrying out the farm relief bill will lead us to better conditions. If it does not after due trial, the President has stated that he will be the first to say so.

The time was ripe for action—indeed, action in behalf of agriculture was long overdue. To act and fail is better than not to act at all.

Mr. Speaker, the conditions prevailing in my own district are not different from those of others all over the United States. From every section the conditions are represented as bad and the demand for relief is insistent. It is only now and then that a public man or newspaper gives utterance to expressions other than that of sympathy. Practically everyone realizes that until the farmers are again able to carry on and sell above the cost of production, business will not and cannot be restored.

A few days ago a once brilliantly edited New York paper, whose latter-day clientele is among the predatory international bankers and Wall Street speculators, carried this solemn warning to those seeking farmers' relief:

A solution could be formed more readily if agriculture could be induced to make up its mind that there is no way out except the one through which other forms of business must go—that of patience, thrift, labor, and economy, with the lopping off of unprofitable production and the elimination of enterprises which have become impaired beyond hope of recovery. No business can go on indefinitely by borrowing new money to pay old debts. Agriculture has no more right than any other industry to do 1933 business on a 1919 basis. If the farmers and their professional friends at Washington cannot be brought to realize this, care should be taken to make sure that in refinancing State and Federal aid shall be confined to sound undertakings for reducing interests and postponing maturities.

This newspaper, ever mindful of its international banking friends, of its Wall Street friends, of protected interests, voicing their sentiments and beliefs, would have the farmers practice patience—as if the farmers' whole life had not taught him that great virtue. He calmly waits for the proper season for plowing and preparing his lands for planting; he waits for the grain he plants to germinate, for its tiny shoots to break through the soil. He is patient in waiting for the rains and for the lands to dry out for cultivation. He, better than any other who labors, knows that he is powerless to hurry up the forces of nature. He waits with calmness and patience for the season of maturity—patience is ingrained in his very nature. This great editor says he must be thrifty. Out of the abundant wealth he has acquired from selling wheat at 50 cents per bushel, corn at 15 to 20 cents, cotton at 5 cents and 6 cents, he must save, he must invest, he must add to his wealth. Then, above all, he must be economical. When his worn-out shoes can no longer be worn he can save the price of a new pair by going barefooted—he and his family can cut out the use of coffee and sugar; but, above all, he must lop off all unprofitable production. That means, under present conditions, he should lop off the cultivation of wheat, corn, oats, rye, cotton, and all the farm crops—lop off his orchards, quit growing livestock, quit dairying; in fact, according to this great leader of international thought, he must lop off the farm itself as an enterprise which, with conditions continued as they are, is an enterprise beyond recovery.

Mr. Speaker, the farmer is not asking that his business in 1933 be put on a 1919 basis. He is asking that all restrictions be removed which prevent him from having an equal opportunity with industry, with bankers, and those engaged in other pursuits.

Those who brought forward the farm relief bill, and who have proposed this mortgage bill believe that farmers should have such relief as will permit them to receive the prices for their products in the period of 1909 to 1914. This period is chosen because farmers then could sell their products for reasonable prices, above the cost of production—they could take the money and buy equipment and the necessities of life at prices in near relation to the prices of their farm products.

Mr. Speaker, in my native county where I have my home and where I own and operate farm lands, there are great areas of wide-spread, rich bottom lands on the rivers which overflow annually, and, for that reason, are cultivated in corn. No cornlands of the West are more fertile or productive than these overflow lands. Last fall when corn could be sold at all, it sold for about 15 cents per bushel. Wheat sold, delivered to mill, at 50 cents per bushel. Eggs sold as low as 3 cents per dozen. Such prices are ruinous. Shall we stand idly by and see agriculture perish, see the farms of the country pass into the hands of insurance companies, and present farm owners turned into tenants, or shall we make an effort to rescue them from their perilous situation?

I believe that until the farmer is put in the way of recovery, normal business will not return. The idle wheels of industry will remain so. Transportation and commerce will languish and die. The paramount duty of this administration and of this Congress is to pass and put into effect laws for mortgage relief such as this bill offers; to put into operation the farmers' relief measure; to repeal and change every law and regulation that has helped other lines of business at the farmer's expense. In other words, to treat the great business of farming as basic, as lying at the very foundation of all that we call "prosperity"—foster it, relieve it of unjust burdens—aid it, and let the blessings that would come to agriculture from this course flow out into the channels of commerce and trade, whose veins and arteries are now clogged because of the lack of the lifeblood which the farmers cannot any longer supply without cooperation.

Mr. AYERS of Montana. Mr. Speaker, the very life of this Nation depends upon the issues involved in this bill. The most important of such issues are, first, the refinancing of existing farm mortgages; second, the extension of credit to the farmer who cannot otherwise secure credit; third, it is the first legislation ever to come before a Congress to aid the farmer in redeeming or repurchasing the lands taken from him on execution or foreclosure sale into which his and his family's very lifeblood has been given; and, fourth, it authorizes the Reconstruction Finance Corporation to loan to State irrigation districts with completed projects in order to reduce and refinance outstanding indebtedness. To this extent it sounds the chord and speaks the language the farmer understands.

MUST HAVE LOWER INTEREST RATE

To make this law effective we must have a long-range program and a low rate of interest. In the bill before us the range of time may be extended to 40 years; that feature is satisfactory, but the interest rate is highly unsatisfactory—in fact, it is prohibitive. My colleagues, I tell you that agriculture absolutely cannot live under a 5-percent interest rate; and if we can refinance financial institutions and transportation companies at a lesser rate, then certainly we can refinance the basic industry of this Nation at a lesser rate. The 5 percent rate written in this bill should be cut in two; indeed, it must be cut in two, and money can be had at half that rate, even if it has to be conscripted or commandeered. As a matter of fact, it is now being commandeered for centralization by the financial interests of the country. Why not the Government take a hand in that game and play that hand for the common good of all?

That the farmer have a price above the cost of production is absolutely necessary for his existence, and for that reason it is necessary that the principles of the Frazier bill be written in the agriculture bill over in the Senate, and I hope the Wheeler silver bill will also be attached to it. The Frazier bill takes the cost of production as the basis for price fixing, and the Wheeler bill is the only true system of inflation.

But my enthusiasm for these matters of legitimate relief has led me from my subject—lower interest rates. At this instant all the farmers and the ranchers of this Nation are looking for, demanding, and expecting a rate of interest which they can pay. They are honest, and they are anxious to pay—nothing pleases them any more than to pay their debts—but how can they pay when their products' price is less than the cost of production and, in addition to that,

they have an unbearable rate of interest written against them?

Now, Mr. Speaker, if news goes out to them that we have failed to fix a price on their products in excess of production costs, and if that news shows that we have written 5 percent interest against them, and if that news further shows that we have frowned on the silver bill and that we have failed of an inflation program, then I warn you that it will breed germs of rebellion in their hearts, and it will retard the confidence that has been manifest since March 4. On the other hand, if we fix their price, based on production cost, and if we adjust the currency so as to fix a true range of value, and if we write into this bill an interest rate which they can pay, then the great army of producers will "come back" with a strong heart and maintain their first-rank place in this Nation.

By this bill the Government is fostering a $2,000,000,000 bond issue for refinancing agriculture. The purpose is one of decentralization, and to replace the money in the afflicted communities and take as security self-liquidating, long-time, low-interest-rate mortgages from the farmers, ranchers, and allied industries.

Do not say this cannot be done, for it can be done and it must be done if prosperity is ever returned. And a low interest rate is not 5 percent. The farmer cannot pay that. It is too high. Half that amount is more in keeping with the spirit of the bill.

NATIONAL DEFENSE

Mr. HARTLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD to include a speech delivered by my colleague, Mr. Goss, on the subject of national defense.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. HARTLEY]?

There was no objection.

Mr. HARTLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

ADDRESS OF HON. EDWARD W. GOSS, OF CONNECTICUT, BEFORE THE VETERANS' ORGANIZATIONS AT HARTFORD, CONN., APRIL 6, 1933

Gentlemen, I am delighted at this opportunity to address the veterans' organizations of Connecticut on the subject of national defense. Before such an audience it is unnecessary to point out the importance of my subject. You gave conclusive proof of your convictions in this matter and your readiness to stand by them 16 years ago when you donned your country's uniform and offered your lives in her defense.

Go back with me for a moment to those fateful days of 1917. How many of us had any idea of what we were up against? I confess that when I enlisted I had very vague ideas of what was expected of me, and I knew still less of how I should go about meeting the situation. The same was true of us as a nation. We had been forced into a war with a world power. Though it seemed incredible that a nation like ours, whose aims and aspirations lay wholly along paths of peace, should find itself at swords' points with a European power, we suddenly found ourselves in that very situation.

I recall our early groping attempts to help the Allies. At first it seemed that in the absence of any considerable trained man power of our own, our activities must of necessity be restricted to supplying the sinews and munitions of war. Then suddenly German military successes made it imperative that allied armies be greatly augmented. What resources in trained man power did the United States have available? Including the Regular Army and all National Guardsmen who had seen Federal service along the Mexican border, our total trained man power numbered some 200,000 men. But in 1917 Great Britain alone had 10 times that number serving in her expeditionary forces, while a far greater number labored in Britain to sustain the effort on the front. Obviously, we were forced in this emergency to turn to our great reservoir of untrained man power. What plans had been made to raise, train, and equip large armies in the United States? None! In our great desire to maintain strict neutrality our military leaders had been forbidden to make any preparations against possible involvement of the United States. As a nation we had never visualized such a pressing necessity. These tremendous tasks had to be undertaken hastily, with improvised methods and all the tremendous losses incident to such methods.

In spite of lack of planned preparation, the accomplishments of those days were memorable. The United States, under stress of extraordinary circumstances, achieved results that had previously been considered impossible. But I insist that thousands of lives and countless treasure would have been saved if the Nation had been ready 16 years ago with adequate plans and preparations to meet its baptism of fire. The lives that were lost can never be replaced. The national debt, incurred when vast sums were of necessity recklessly expended, still weighs down the Nation with a depressing load of taxation.

In 1920 the Congress took steps to insure that our experiences in the war with Germany should never be repeated. It formulated and passed an amended National Defense Act designed to insure the safety of the United States from any armed aggression. This act reflected the seasoned judgment of the men who had just led our Nation through the greatest conflict in history. It was written in the blood of thousands of Americans who had fallen in defense of their country—written while the acrid smell of gunpowder was still in the air.

In providing for an adequate national defense, our Nation's leaders realized the basic importance of trained manpower. Uniforms, equipment, and weapons are the tools of the military trade, and of course no workman is efficient without good tools. But the first requisite is the trained worker—in this case, the trained soldier. Accordingly, the National Defense Act provided for an adequate nucleus of trained manpower and made provisions for expanding this nucleus to meet the requirements of any particular situation. The professional soldiers of the Regular Army and the civilian soldiers of the National Guard and the Organized Reserve were made the framework of our defensive structure.

This was a typically American solution to a very vexing problem. It was economical, and while it avoided building up a large professional military machine, it was admirably suited to our defensive needs. Such a system is not suitable for offensive purposes. An offensive force must be well prepared by long training and adequate equipment to deliver a powerful surprise attack at the very outbreak of war. Hence our system, depending so largely on civilian components and upon armies to be raised and trained only after emergency has arisen, does not engender fear in neighboring nations.

Provisions were also made for obtaining an adequate supply of the munitions of warfare. With the same clear vision displayed in attacking the problem of trained man power, the National Defense Act provided for an adequate mobilization of the industrial resources of the Nation. The need for this was great. I have spoken of the great amount of money we expended in our military effort in the World War. In that conflict contracts for munitions were placed promptly with all firms that appeared capable of manufacturing them. No expense was spared in rushing these orders to completion. But in spite of our best efforts no American-made 75's were firing on the battle front when the armistice was signed. We were still dependent on our Allies for artillery and ammunition and for many other items. So the National Defense Act provides not only for the prompt mobilization of our military man power but also for a reasonably prompt flow of munitions to our citizen armies in time of emergency. When this memorable piece of legislation was enacted the future safety of the Nation seemed assured.

Great thought was given to the size of the trained and partly trained components that our situation required. It was finally determined that our defensive needs would be adequately met by a Regular Army of 298,000 and a federally recognized National Guard of 490,000 if provision were made to expand this force promptly through the agency of the Organized Reserves. At that time we were not greatly concerned over our naval situation since the United States was then building the greatest fleet in existence.

That was our situation in 1920. Today, 13 years later, we find that great changes have occurred. On the one hand we have many ominous indications that the "war to end war" failed to accomplish its purpose. On the other hand our defensive strength has, for a number of reasons, greatly deteriorated from the standard determined upon in 1920 as essential to national safety. Our position as the world's greatest naval power was traded for a naval treaty. Our Regular Army has been repeatedly reduced in the name of economy so that today its strength is much less than one half the figure authorized in 1920. The National Guard has never reached the strength specified. Instead of 490,000, we have approximately 190,000 National Guardsmen. At the present time the United States, the wealthiest nation in the world, has a smaller military force than Greece or Belgium or Portugal. We actually stand seventeenth in point of organized strength among the nations of the world.

Tonight I say to you that it behooves us to pause and take stock of our ability to defend ourselves. The experience of 1917 must not be repeated. It was costly then; if repeated, it might well be fatal. The safety of the Nation is in our hands. The country looks to the veterans of the last conflict for counsel and guidance in matters of national defense. What shall we tell them?

Here is the message I would deliver: First, economy in national defense, when carried beyond the point of safety, is the most reckless form of extravagance. No amount of expenditure after the emergency is upon us can atone for pinch-penny savings in time of peace. We cannot pour gold into a hopper and grind it out immediately in the form of trained soldiers and needed equipment. Second, in spite of countless mechanical devices and chemical mixtures, the only sound basis for adequate defense is trained and disciplined man power. Finally, even in these times of economic stringency, the provisions of the National Defense Act should be departed from only after the possible consequences of such action have been most carefully weighed. Our national defense policy must never be measured primarily in terms of dollars and cents, but in terms of men.

Upon the veteran falls the task of molding public opinion on these important matters and bringing to the attention of his representatives in Congress the continuing necessity for a strong national defense. In the last great military emergency the public learned to look with confidence to you for protection against impending danger. Today in matters of national defense your counsel has an unchallenged authority. With that authority goes the responsibility that leadership entails. I call upon you to see that the security of America is safeguarded.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KLEBERG, for 1 day, on account of illness.

To Mr. HIGGINS, for several days, on account of illness in family.

To Mr. KEE, for 5 days, on account of important business.

THE DISCHARGE RULE—HOW LEADING MEMBERS OF THE HOUSE REGARDED IT 2 YEARS AGO

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein certain excerpts from speeches and addresses made by Members of the House at the opening of the Seventy-second Congress with reference to the discharge rule.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. KVALE]?

There was no objection.

Mr. KVALE. Mr. Speaker, persistent rumor has had it that an effort would be made to amend the present discharge rule so that a majority of the Membership of this body would be required in order to discharge any committee from the further consideration of any bill. The present number required is 145, and that rule has been in operation from the time it was adopted at the beginning of the last session.

So that the large number of incoming Representatives in the Seventy-third Congress may have the benefit of the advice of House leaders at the time the rule was considered and adopted, and so that they may not be misled into binding themselves irrevocably until they have possession of the full facts, I have secured permission to extend my remarks and to include therein portions of the addresses of my colleagues at that time. They may be found in their entirety by consulting the daily RECORD under date of Thursday, December 8, 1931.

Let me first add the observation that what was then true is now increasingly true. It is difficult to understand why the rule designed to insure liberal and fair and orderly procedure that would truly reflect the majority will, at the same time that it adequately protected the rights of any considerable minority, should be practically destroyed just now when the majority strength is so preponderant that it should have more than a safe margin of support for any measure that had even a semblance of merit, and should be able to resist any application of the rule unless there might be a clear effort to thwart expression upon a major issue.

Members who record themselves, if and when the test comes, in favor of a change in this rule such as has been proposed, should realize the gravity of their action and its far-reaching effect when judged by the excerpts from the addresses which I append.

Listen first to the remarks of our distinguished Chairman of the Committee on Rules, who also then presided over that powerful committee. I subscribe to them now, as I did then. He said, in his usual frank and forceful manner:

Mr. Speaker, 31 years ago I was a Member of this House under what I may term a 1-man oligarchy. For 10 years following my entrance into the House the House of Representatives had tied itself hand and foot and delivered itself to the Speaker. The House was under the control of a Committee on Rules, composed of three men—the Speaker, a gentleman from his side of the House, and one man from the minority side.

Time and again I have seen the Speaker call the majority member back of the Speaker's desk and decide upon a rule, and, after agreeing upon the rule, they would notify the minority member what was done, and the Republican member would read his rule, sometimes written in longhand on the back of an envelope, and the House would proceed to act.

I actually saw this, Mr. Speaker. It is hard to believe, but the records of the House will bear me out. I saw the two majority members of the Committee on Rules report a rule to this House for the consideration of a measure, and when the rule was adopted and the language of the rule was carefully examined, bless goodness, they found it not only provided for the consideration of the measure but actually passed the measure. [Laughter.]

There has been constant protest against this manner of considering legislation. The protest has continued all during the years. After 1910, when the Democrats came into power in this body, there was considerable liberalization of the rules, and now the Democratic caucus has agreed upon what is known as the Crisp discharge rule, and I was instructed to report that as an amendment to the rules of the House, which I took pleasure in doing.

This discharge rule provides for the discharge of committees, under certain circumstances. It even provides for the discharge of the Committee on Rules. I have no objection to that. As long as I am at the head of the Rules Committee there is not going to be any "sitting on the lid." [Applause.] I am willing at any time, if any gentleman thinks the Rules Committee is attempting to stifle legislation, to have you put your discharge rule into operation. This is also what the proposed change does with respect to other committees. I may say that this matter will be discussed in detail by the gentleman from Georgia [Mr. Crisp] and, perhaps, by other gentlemen on this side.

The Crisp discharge rule also provides, in another paragraph, for the calling together of committees where the chairman refuses to call the committee together. Surely, nobody objects to this.

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Another provision of the Crisp rule is that providing for action by the conferees when they refuse to act. Surely, nobody can object to that. These are the three high spots in the Crisp amendment to the rules of the House—the discharge of committees, the calling of committees together, and compelling the conferees to act.

Now, gentlemen, a good deal has been said about amendments to this Crisp amendment to the rules. We are willing to stand or fall by the action taken by the Democratic caucus. I believe an overwhelming majority of the House is in favor of the proposed liberalization of the rules. I will say that if the discharge rule is not workable then the Rules Committee will promptly give consideration to any amendment that may be deemed necessary to make the discharge rule workable. [Applause.]

Next came Judge Crisp, of Georgia, long recognized as one of the ablest of parliamentarians to sit in this Chamber, and at that time recognized as cherishing the desire and determination to make of the House a representative body, responsive to the will of the electorate. He said in opening his remarks:

Mr. Speaker and my colleagues, this is the day I long have looked forward to—a Democratic Speaker, this House under Democratic rule, carrying out the great principle of democracy that a majority shall rule, and the adoption of rules with sufficient authority and so adjusted that they shall be rules for the entire House, not to meet any political exigency of any party but to insure the fundamental right of democracy that a majority of the House may work its will under the terms of those rules. [Applause.]

Later, in amplification, he added this detailed explanation, which is worthy of preservation and which may profitably be considered now:

I propose another very vital fundamental change to insure the majority control which the Republican conference did not act upon, to wit, a rule making it possible to deal with recalcitrant conferees, and make them subject to and amenable to this House, that rule being that when conferees shall have been appointed for 20 days and shall not have made a report, it shall be a privileged motion to move to discharge them and to appoint new conferees and to instruct. The rule provides also that during the last 6 days of a session those rights to discharge and instruct and appoint new conferees can be made after the conferees have been appointed for 36 hours. You all recall how in Congresses past the conferees defied the House on the Norris "lame-duck" resolution, how they defied it on Muscle Shoals, and how they defied it during the last hours of the last session on the bill for the veterans' hospital. Under the old rules if nine tenths of the Members of this House desired to instruct conferees, they are impotent as babies to do so unless the Speaker would recognize them to move to suspend the rules or the Committee on Rules would bring in a resolution authorizing the House to deal with them. Is that democratic or is it consistent with the American form of government? No. Under the rule proposed today you have them absolutely within the control and authority of this House.

I come now to the remaining fundamental, the discharge rule, and it is, word for word, the rule that I proposed, to discharge committees, when I was in the minority last January. That rule has two separate, distinct methods of procedure to discharge the committee, not related to each other, absolutely divorced from each other, and a Member can proceed to discharge the committee under either one of those methods. The Republican conference adopted one of those methods, the weaker method for discharge. They liberalized as little as possible to meet their political exigencies. They adopted the old rule that I had the honor of drawing in the Sixty-eighth Congress under which the Howell-Barkley bill was discharged and which was filibustered in the House so

that we could never get action. Why? Because the Speaker and those in the chair entertained dilatory motions, would not bring the matter to a conclusion, permitted delays, and the bill could not be finally passed, and I then learned my lesson. I profited by that experience. I knew that history might repeat itself. I determined to evolve, to the very best of my ability, a rule that could not be filibustered, that could not be circumvented, giving the House a chance to discharge a committee and put a bill on its passage; and the second method in this rule which you have before you today will absolutely accomplish that purpose. The Republican conference even weakened that first method, because, while they say it shall be unfinished business, they have an innocent little clause in there saying it does not supervene the right to make a preferential motion, when it is up, to go into Committee of the Whole House on the state of the Union to consider appropriation or revenue bills. That weakness even is not in the first method proposed in the rule the Democrats present to you for consideration.

Subsequently he added this reminder:

Now, I would like especially to stress to my friends of the press that 145 does not discharge a committee. The opponents of this rule say that that 145 would permit "unbaked legislation." Such is not the case. The 145 is simply the number necessary to initiate the right for the House itself to vote twice a month as to whether or not it will discharge a committee. To discharge a committee it would be necessary to have a majority of the Membership of the House voting, a quorum being present. As this rule can only come up 2 days in a month, the motion to discharge will have to be on the calendar 7 days, and the Membership of the House will know it, will be here, and, in my judgment, it will always require 200 or more voting in the affirmative to discharge a committee, but it is within the power of the 145 to put the House on record.

And again:

There is one provision that the Republican rule does not affect The rules which I propose will also deal with this situation: Suppose a committee reports favorably to the House a public bill. It is not privileged, and you cannot get it up for consideration. This rule says you can file against the Rules Committee a special rule, making it in order to consider that bill favorably reported and on the calendar, which the responsible authorities will not allow to come up. It puts it in the power of the House to work its will. It puts it in the power of the minority to work out its program and have the House go on record, and it is the duty of the majority to take that responsibility.

I welcome the minority's program. I hope you will propose one. This rule gives you an opportunity to do so. If it is like your programs in the past, I am quite willing to vote against it, and our majority will vote against it, and yet you can have your record known to the country.

That is all these rules will do. They are democratic. They put it in the power of the majority of this House to carry out its will, whether that majority is made up of Democrats, Progressives, Republicans, or any other party. These rules are made in keeping with the spirit of democracy, in keeping with the spirit of the Constitution of the United States that the majority may rule; and with these rules there can be no hue and cry throughout the land that the House of Representatives is gagged by a triumvirate. [Applause.]

Let me now quote just a brief paragraph from the remarks of Major LaGuardia. He needs no eulogy here; even his political enemies freely confess that it is nothing short of a national calamity that the Nation has been deprived of his services in this Congress, of all Congresses. He stated:

Gentlemen, there is a great deal of misapprehension going through the country as to the discharge rule. I still believe that 100 is the logical number, but it is wrong to send out propaganda that 100 men can control the House. All that this rule does is to give 145 Members of the House power to offset anything that 13 members of a committee now have the power to do. This is all there is to it. In other words, under existing rules, 13 members of a committee may prevent this House from considering a bill, although a majority desires its consideration. This change provides the machinery whereby 145 men can move the 13 members of a committee and bring the bill before the House.

Next to testify was CANNON, in whom this House has learned to recognize a master of parliamentary procedure, and a gentleman of liberal thought as well. Twitting one of his colleagues across the aisle on a belated conversion to the belief in the desirability of, and need for, such a rule, Representative CANNON observed:

> "When the devil was sick, the devil a monk would be;
> When the devil was well, the devil a monk was he."

He then added:

* * * the need of some practical method of discharging committees refusing to report meritorious legislation has been the storm center about which parliamentary battles have been waged in practically every adoption of the rules for the last 2 decades.

In the pending resolution we have the solution of the problem. Here at last is a workable rule. Here is a provision under which recalcitrant committees, whether standing committees or committees of conference, may be discharged, and the House afforded an opportunity for the discussion of measures it desires to consider. It is a provision which conforms to every requirement of the ideal rule. It permits the majority to legislate when it desires to legislate. And it safeguards the rights of the minority. These two qualifications constitute the highest test to which a rule may be subjected. The resolution merits the support of Members on both sides of the aisle. It removes the last obstacle to the complete democratization of the rules of the House.

The debate was fittingly closed by the grand old man from Illinois, Judge SABATH, also a member of the Committee on Rules, who said in part:

When I entered the House Uncle Joe Cannon was its Speaker. At that time the rules of the House gave him full power not only to appoint the committees, but also complete power over what we like to point to with pride as the greatest legislative body in the world.

At that time the Speaker was the House; but in 1910, during the Sixty-first session of Congress, with the aid of the press and a few true progressives from Wisconsin, after a most determined fight, which was tantamount to a revolution of procedure, under the leadership of our then leader, Champ Clark, our present Speaker, John N. Garner, the present majority leader, Henry T. Rainey, Claude Kitchin, and Judge Shackleford, of Missouri, we succeeded in amending the rules and in freeing the Membership from the tyrannical rule and dictatorship of the then Speaker.

Today, after 22 years, thanks to the Democratic majority, we again have a chance and an opportunity to liberalize the rules and to relieve the Membership from the extremely restrictive and established rulings which have been in effect the last 10 years of Republican rule.

To me, who continually demanded the liberalization of these rules, it is a great satisfaction that we are about to protect the Members in their rights and privileges so long denied them. For not only was the House often at the mercy of the Speaker but also at the mercy of the conferees and of the various chairmen of the committees.

If the amendment offered by the gentleman from North Carolina will carry—and I know it will—the House can, yes, will secure action and the Members the right to vote on any bill or resolution. No longer will it be possible for the Chairman of the Rules Committee to walk about with pockets full of rules reported by the committee and refusing to call them up. Nor will it be possible for any chairman of any committee to willfully and deliberately refuse to call up a bill reported by that particular committee or to refuse to call a meeting, notwithstanding the fact that the majority of the members of that committee may desire to meet. Nor will the conferees deprive the House of the right to express itself on any proposition in disagreement.

Therefore I must repeat, it is amusing to me to hear some of you gentlemen demand a further liberalization of the rules.

As one who for nearly a quarter of a century has continually demanded such liberalization, I am in full accord with the rules which have been submitted, and I hope that every Member of this House who does believe in such liberalization and in complying with the wishes of the people of the country will vote for the rules as offered by the gentleman from North Carolina. [Applause.]

To the astute gentleman from Michigan, Mr. Michener, I desire to say that, regardless of his able efforts, he will not succeed in deceiving the country in the belief that he and his reactionary colleagues, who for years had it in their power to liberalize the rules, are now being deprived of any opportunity to express not only their views but also to vote upon the amendment, since he must and does know that his side, now the minority, has the right to vote down the previous question, and, although defeated in that, can move to recommit the resolution, and in that way give to him and to every Member of the House the right to vote twice on the subject matter before same can be adopted. Therefore no one is deprived or abridged in his rights under the Democratic majority, as was the case when his, the Republican Party, was in power.

The adoption of this rule, being the first legislative act of this new Congress, clearly demonstrates that the Democrats are ready and desirous not only that the majority should rule but also that the rights of the minority should be protected; and, above all, that we all stand ready and willing to carry out the wishes of the American people. [Applause.]

Mr. Speaker, the rule recommended was adopted. It has served notably in at least two instances during the last Congress. It has had a salutary effect on committee actions which has not appeared in the actual record of happenings. It will be needed in the future, not only as a spur to effective work by the committees in charge of important legislation and to proper recognition by House leaders of demands of sizable minorities but also, perhaps, to rescue legislation.

If and when this proposed amendment of the rule is brought in, it should be fought as determinedly as we know

how. This extension of remarks has been the only available way to present these facts to the House, and it is hoped that there will be ample opportunity to consider them maturely before Members are precipitated into ill-advised decisions, either in a party caucus or upon the floor.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p.m.) the House adjourned until tomorrow, April 12, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

16. Under clause 2 of rule XXIV, a letter from the Comptroller General of the United States, transmitting a report and recommendation concerning the claim of Korber Realty, Inc., was taken from the Speaker's table and referred to the Committee on Claims.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4850) granting an increase of pension to Sarah J. Lake; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H.R. 4583) granting a pension to Gertrude S. Sharpe; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McSWAIN: A bill (H.R. 4859) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. ALMON: A bill (H.R. 4860) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. HILL of Alabama: A bill (H.R. 4861) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoal properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. SMITH of Washington: A bill (H.R. 4862) to restore the 2-cent rate of postage on first-class mail matter; to the Committee on Ways and Means.

Also, a bill (H.R. 4863) to repeal the tax on checks, drafts, or orders for the payment of money; to the Committee on Ways and Means.

Also, a bill (H.R. 4864) to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash.; to the Committee on Indian Affairs.

By Mr. BUCK: A bill (H.R. 4865) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4866) amending the Shipping Act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H.R. 4867) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4868) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4869) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

By Mr. DIES: A bill (H.R. 4870) to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mr. McCORMACK: A bill (H.R. 4871) to amend the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. BERLIN: A bill (H.R. 4872) authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. HOEPPEL: A bill (H.R. 4873) to provide Government employment for the unemployed; to prevent nepotism and unneeded dual income in families; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H.R. 4874) to indemnify depositors in failed and defunct State and National banks and building and loan companies, associations, or groups, to restore confidence, to increase the purchasing power of the American people, and to protect the American public against wanton losses foreshadowed in foreign-debt negotiations or settlements; to the Committee on Banking and Currency.

By Mr. SMITH of Virginia: A bill (H.R. 4875) to provide for the acquisition of Choppawamsic Island, Va., for the use of the Navy Department; to the Committee on Naval Affairs.

By Mr. CROSSER: A bill (H.R. 4876) to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GLOVER: a bill (H.R. 4877) to amend section 71 of the Judicial Code, as amended; to the Committee on the Judiciary.

By Mr. GASQUE: A bill (H.R. 4878) to redistrict South Carolina and to divide said districts into divisions, and to amend paragraph 4n, section 1, Judicial Code (U.S.C., title 28, supp. III, 1929), and section 105, Judicial Code (U.S.C., title 28, par. 186, 1925), as amended, and section 105, Judicial Code, as amended (U.S.C., title 28, par. 186a, supp. III, 1929), and for other purposes; to the Committee on the Judiciary.

By Mr. MARTIN of Colorado: A bill (H.R. 4879) increasing cost of public building at Alamosa, Colo.; to the Committee on Public Buildings and Grounds.

By Mr. POLK: A bill (H.R. 4880) to provide Federal aid for the improvement of a portion of United States Highway No. 52 leading to a bridge across the Scioto River at Portsmouth, Ohio, and for other purposes; to the Committee on Roads.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 4881) to reduce and adjust the retired pay of World War emergency officers and of commissioned officers of the Army, Navy, Marine Corps, and Coast Guard, and for other purposes; to the Committee on Military Affairs.

By Mr. BRUNNER: A bill (H.R. 4882) to provide emergency relief to homeowners, to refinance home mortgages at lower rates of interest, and for other purposes; to the Committee on Banking and Currency.

By Mr. RANKIN: A bill (H.R. 4883) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley, to provide for the agricultural and industrial development of said valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at and

near Muscle Shoals, in the State of Alabama, and for other purposes; to the Committee on Military Affairs.

By Mr. PEYSER: A bill (H.R. 4884) to amend section 3702, Revised Statutes; to the Committee on Claims.

By Mr. McKEOWN (by request): A bill (H.R. 4885) to establish a laboratory for the study of the criminal, dependent, and defective classes; to the Committee on the Judiciary.

By Mr. DUNN: A bill (H.R. 4886) to pension the aged, widows, and others who are physically incapacitated; to the Committee on Labor.

Also, a bill (H.R. 4887) establishing an unemployment fund and providing for contributions thereto by employers and by the United States Government, providing for the management of such fund and for the payment from moneys therein to certain unemployed persons during periods of unemployment, imposing additional duties and powers upon the Department of Labor, imposing duties upon employers, providing penalties, and making an appropriation; to the Committee on Labor.

By Mr. SCRUGHAM: A bill (H.R. 4888) to amend the act entitled "An act for the relief of unemployment through the performance of useful public work, and for other purposes", approved March 31, 1933; to the Committee on Labor.

By Mr. PEAVEY: Resolution (H.Res. 104) authorizing the appointment of a committee, who are members of the Committee on Indian Affairs, to investigate and study the health, education, and social welfare of the Indians of the United States; to the Committee on Rules.

By Mr. KELLY of Pennsylvania: Joint resolution (H.J.Res. 148) authorizing the issuance of a special air mail stamp in memory of the U.S. Navy dirigible *Akron*; to the Committee on the Post Office and Post Roads.

By Mr. McREYNOLDS: Joint resolution (H.J.Res. 149) authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy; to the Committee on Foreign Affairs.

By Mr. KRAMER: Joint resolution (H.J.Res. 150) authorizing the President to present in the name of Congress a Medal of Honor to George Dewey Lyon; to the Committee on Naval Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to provide machinery for the loaning of money to needy financial institutions; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to reforestation in Wisconsin and other Lake States, as a part of the President's emergency program for providing employment; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H.R. 4889) for the relief of the Dixon Implement Co.; to the Committee on Claims.

By Mr. AYERS of Montana: A bill (H.R. 4890) to authorize the issuance of a patent in fee to Peter Left Hand; to the Committee on Indian Affairs.

Also, a bill (H.R. 4891) to authorize the issuance of a patent in fee to Eugene Long Ears; to the Committee on Indian Affairs.

By Mr. BOEHNE: A bill (H.R. 4892) for the relief of Henry D. Long; to the Committee on Claims.

Also, a bill (H.R. 4893) granting an increase of pension to Eunice T. Brown; to the Committee on Invalid Pensions.

By Mr. CARTER of California: A bill (H.R. 4894) for the relief of Herbert A. Mackey; to the Committee on Claims.

By Mr. CHRISTIANSON: A bill (H.R. 4895) for the relief of Edgar Stivers; to the Committee on the Post Office and Post Roads.

By Mr. CHURCH: A bill (H.R. 4896) granting a pension to Robert Badgley; to the Committee on Pensions.

By Mr. CLARKE of New York: A bill (H.R. 4897) granting a pension to Grace A. Walker; to the Committee on Invalid Pensions.

By Mr. COFFIN: A bill (H.R. 4898) for the relief of Robert Rayl; to the Committee on Indian Affairs.

By Mr. CONNERY: A bill (H.R. 4899) for the relief of Andrew J. Wendling; to the Committee on Military Affairs.

By Mr. EDMONDS: A bill (H.R. 4900) for the relief of Frank Hobson Colsher, Jr.; to the Committee on Naval Affairs.

Also, a bill (H.R. 4901) to authorize Ensign Howard F. Hozey, United States Naval Reserve, to accept certain decorations from the British Government; to the Committee on Naval Affairs.

Also, a bill (H.R. 4902) for the relief of James Hudson Mitchell; to the Committee on Naval Affairs.

By Mr. EVANS: A bill (H.R. 4903) for the relief of the Pasadena Building & Loan Association, of Pasadena, Calif.; to the Committee on Claims.

Also, a bill (H.R. 4904) for the relief of Fred C. Wasserman; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H.R. 4905) granting a pension to John I. Boyer; to the Committee on Pensions.

By Mr. GUYER: A bill (H.R. 4906) granting a pension to Emma Zane; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4907) for the relief of Samuel W. Carnes; to the Committee on Military Affairs.

Also, a bill (H.R. 4908) granting a pension to Nettie B. Protzman; to the Committee on Invalid Pensions.

By Mr. HANCOCK of New York: A bill (H.R. 4909) for the relief of Harriet DeLarm; to the Committee on Military Affairs.

Also, a bill (H.R. 4910) granting a pension to George W. Parker; to the Committee on Pensions.

By Mr. HEALEY: A bill (H.R. 4911) for the relief of James Francis McManus; to the Committee on Naval Affairs.

By Mr. HOEPPEL: A bill (H.R. 4912) to repeal pension laws granting exorbitantly high pensions to wealthy widows of nonveterans; to the Committee on Pensions.

By Mr. HOIDALE: A bill (H.R. 4913) for the relief of Pete Jelovac; to the Committee on Claims.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 4914) authorizing the appointment of William J. Schaal, Jr., as a captain, Field Artillery, United States Army; to the Committee on Military Affairs.

By Mr. JONES: A bill (H.R. 4915) for the relief of A. Zappone, disbursing clerk, United States Department of Agriculture; to the Committee on Agriculture.

By Mr. LEWIS of Maryland: A bill (H.R. 4916) for the relief of Virginia Houghton; to the Committee on Claims.

Also, a bill (H.R. 4917) for the relief of Mary V. Spear; to the Committee on Claims.

Also, a bill (H.R. 4918) for the relief of Alice E. Broas; to the Committee on Claims.

By Mr. PARKER of New York: A bill (H.R. 4919) granting an increase of pension to Flora M. Leake; to the Committee on Invalid Pensions.

By Mr. PEAVEY: A bill (H.R. 4920) providing for pensions for the widows and orphans of World War veterans; to the Committee on Pensions.

Also, a bill (H.R. 4921) providing for pension for widows of World War veterans; to the Committee on World War Veterans' Legislation.

By Mr. POLK: A bill (H.R. 4922) for the relief of Lacky N. Hatcher; to the Committee on Military Affairs.

By Mr. SMITH of West Virginia: A bill (H.R. 4923) for the relief of the Ansted National Bank, Ansted, W.Va.; to the Committee on Claims.

By Mr. SMITH of Washington: A bill (H.R. 4924) for the relief of Carl F. Hickman; to the Committee on Military Affairs.

Also, a bill (H.R. 4925) granting a pension to Albert L. McGoffin; to the Committee on Pensions.

Also, a bill (H.R. 4926) for the relief of H. D. Henion, Harry Wolfe, and R. W. McSorley; to the Committee on Claims.

By Mr. TAYLOR of South Carolina: A bill (H.R. 4927) for the relief of C. J. Holliday; to the Committee on Claims.

Also, a bill (H.R. 4928) for the relief of Palmetto Cotton Co.; to the Committee on Claims.

Also, a bill (H.R. 4929) for the relief of J. B. Trotter; to the Committee on Claims.

Also, a bill (H.R. 4930) for the relief of G. T. Fleming; to the Committee on Claims.

By Mr. WEST: A bill (H.R. 4931) granting an increase of pension to Mary G. Copper; to the Committee on Pensions.

Also, a bill (H.R. 4932) for the relief of Judd W. Hulbert; to the Committee on Claims.

By Mr. WHITLEY: A bill (H.R. 4933) for the relief of the Security Trust Co. of Rochester, Rochester, N.Y.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

445. By Mr. BOYLAN: Resolution adopted by the members of Navy Post, No. 16, of the American Legion, New York City, N.Y., pledging themselves anew to the loyal support of the President of the United States and the principles for which he stands; to the Committee on Naval Affairs.

446. By Mr. CARTER of California: Senate Joint Resolution No. 16 of the State of California, memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation project settlers to the United States; to the Committee on Irrigation and Reclamation.

447. By Mr. CONNERY: Resolution of the Commonwealth of Massachusetts, condemning the persecution of members of the Jewish faith in Germany; to the Committee on Foreign Affairs.

448. By Mr. CULLEN: Petition of Irish-American Independent Political Unit, Inc., Unit 6, at a regular meeting in Brooklyn, N.Y., on April 5, declaring themselves firmly opposed to the suggested adherence of the United States to the so-called "World Court" or "Permanent Court of International Justice", or kindred creations, and likewise opposing the suggested appointment of the United States to do what the World Court or League fails, refuses, or is afraid to do in the Japanese situation or any crisis; to the Committee on Foreign Affairs.

449. Also, petition of the State of New York, memorializing Congress to enact legislation whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps of the denomination of 3 cents, of such design and for such period as may be determined, in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

450. By Mr. DELANEY: Petition of the Senate of the State of New York, memorializing Congress to forbid, by appropriate laws, the sale in this country of the universal United States of America flag and/or all special United States of America flags and/or the flags of the various States, dependencies, or Territories manufactured abroad; to the Committee on Labor.

451. By Mr. DISNEY: Resolution of the House of Representatives of the Fourteenth Legislature of the State of Oklahoma, memorializing the President of the United States and the Congress to create a Cermak memorial, making appropriation for its operation, and defining the construction of the same, providing for the handling of the same, naming the agencies through which it shall be carried on, and providing its work; to the Committee on the Library.

452. By Mr. ENGLEBRIGHT: Petition of A. S. Fleming, clerk, Placer County Board of Supervisors, Auburn, Calif., endorsing California State Legislature Joint Resolution No. 17, relating to mining; to the Committee on Mines and Mining.

453. Also, petition of Arthur J. Koletzke, clerk, Eldorado County Board of Supervisors, Placerville, Calif., endorsing California State Legislature Joint Resolution No. 17, relating to mining; to the Committee on Mines and Mining.

454. By Mr. FITZGIBBONS: Resolution adopted by the Silk Association of America, Inc., favoring legislation to forbid the employment of any person in industry for more than 30 hours in 1 week; to the Committee on Labor.

455. By Mr. GIBSON: Petition of Vergennes Post, No. 14, American Legion, protesting removal of regional office of the Veterans' Administration at Burlington, Vt.; to the Committee on World War Veterans' Legislation.

456. By Mr. HOPE: Petition of Elizabeth Witman and 136 other citizens of Hodgeman County, Kans., urging the enactment of the Frazier bill, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Agriculture.

457. Also, petition of Barbara Birzer and 109 other citizens of Barton County, Kans., urging the enactment of the Frazier bill, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Agriculture.

458. Also, petition of Ray Henry and 21 other citizens of Stafford County, Kans., urging the enactment of the Frazier bill, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Agriculture.

459. By Mr. JOHNSON of Minnesota: Resolution by American Legion Post No. 43, Faribault, Minn., favoring the abolition of the position of first- and second-class postmasters as an act of economy; to the Committee on the Post Office and Post Roads.

460. Also, a resolution by the American Legion Bearcat Post of Minneapolis, to increase postal rates on newspapers, magazines, and periodicals; to the Committee on Ways and Means.

461. Also, petition of Chokio Shipping Association, of Chokio, Minn., favoring refinancing of farm mortgages at 3 percent; to the Committee on Banking and Currency.

462. Also, resolution by the Bearcat Post, American Legion, of Minneapolis, Minn., urging an investigation of certain companies receiving aid under the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

463. Also, resolution by the Yellow Medicine County (Minn.) Farm Bureau organization, favoring a rate of interest on refinanced farm mortgages at no more than 4 percent; to the Committee on Banking and Currency.

464. By Mr. KELLER: Resolution of Lodge 470, Brotherhood of Locomotive Firemen and Enginemen, Murphysboro, Ill., protesting reductions in appropriations for locomotive inspection; to the Committee on Labor.

465. Also, petition in the nature of Senate Joint Resolution No. 14 of the State of Illinois, favoring refinancing of home and farm mortgages; to the Committee on Banking and Currency.

466. Also, petition regarding House bill 4336, by Representative BEAM; to the Committee on Ways and Means.

467. By Mr. KVALE: Petition of Faribault (Minn.) American Legion Post No. 43, advocating the abolishment of position of postmaster in first- and second-class offices; to the Committee on the Post Office and Post Roads.

468. Also, petition of Chokio Livestock Shipping Association, Chokio, Minn., urging enactment of refinancing legislation at a low interest rate; to the Committee on Banking and Currency.

469. By Mr. LINDSAY: Petition of Cohen, Goldman & Co., Inc., clothing manufacturers, New York City, opposing the

30-hour week bill and favoring an amended bill for 36 hours a week; to the Committee on Labor.

470. Also, petition of the Jacobs Bros. Co., Inc., manufacturers of scales and store equipment, Brooklyn, N.Y., opposing the Black 6-hour day 5-day week bill; to the Committee on Labor.

471. Also, petition of International Photo-Engravers' Union of North America, New York City, approving the Black-Connery bill, but amended so as to include newspapers and periodicals and products of foreign manufacture in their provisions; to the Committee on Labor.

472. Also, petition of Atlantic Terra Cotta Co., New York City, favoring President Roosevelt's public-works program; to the Committee on Labor.

473. Also, petition of Towns & James, Inc., wholesale druggists, Brooklyn, N.Y., opposing House bill 4557; to the Committee on Labor.

474. Also, petition of National Association of American Worker's Association, North Tonawanda, N.Y., favoring the passage of the Black bill; to the Committee on Labor.

475. Also, petition of William F. Hagens, of Brooklyn, N.Y., favoring the 6-hour day 5-day week bill, if amended to include workers in the newspaper and periodical trades; to the Committee on Labor.

476. By Mr. MOTT: Petition of the Legislature of the State of Oregon, urging Congress to make immediate and adequate provision for the improvement of the Columbia-Snake River waterways for navigation; to the Committee on Rivers and Harbors.

477. By Mr. O'CONNOR: Resolution of the Legislature of the State of New York, memorializing Congress to forbid, by appropriate laws, the sale in this country of the universal American flag and/or all special United States of America flags and/or the flags of the various States, dependencies, or Territories manufactured abroad; to the Committee on Labor.

478. Also, resolution of the Legislature of the State of New York, memorializing the Congress to enact legislation directing the Postmaster General to issue special series of stamps in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

479. By Mr. PARKS: Petition protesting against the Black bill; to the Committee on Labor.

480. By Mr. REID of Illinois: Petition of Board of Supervisors of Du Page County, Ill., certified by county clerk, endorsing and urging the passage of the 6-hour 5-day week bill; to the Committee on Labor.

481. By Mr. RUDD: Petition of International Photo-Engravers' Union of North America, New York City, favoring the Black-Connery bills, S. 158 and H.R. 4557, but amended so as to include newspapers and periodicals and the products of foreign manufacture in their provisions; to the Committee on Labor.

482. Also, petition of Atlantic Terra Cotta Co., New York City, favoring the President's public-works program; to the Committee on Labor.

483. Also, petition of Great Lakes Dredge & Dock Co., New York City, favoring the passage of House bill 3348; to the Committee on Merchant Marine, Radio, and Fisheries.

484. By Mr. WATSON: Resolutions adopted by the American Legion, Department of Pennsylvania, requesting the Federal Government to insert in all contracts for Government work certain requirements; to the Committee on Public Buildings and Grounds.

485. By Mr. WELCH: Senate Joint Resolution No. 11 of California State Legislature, proposing issuance of postage stamps in honor of the California citrus industry; to the Committee on the Post Office and Post Roads.

486. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to promptly enact the administration farm relief bill; to the Committee on Agriculture.

487. Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to provide machinery for the loaning of money to needy financial institutions; to the Committee on Banking and Currency.

488. Also, memorial of the Legislature of the State of Wisconsin, relating to reforestation in Wisconsin and other Lake States, as a part of the President's emergency program for providing employment; to the Committee on Labor.

489. By the SPEAKER: Petition of Eduarda K. Baltuff (Harris), favoring a congressional investigation of the Zev conspiracy; to the Committee on the Judiciary.

SENATE

WEDNESDAY, APRIL 12, 1933

(Legislative day of Tuesday, Apr. 11, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Cutting	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Lonergan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	Overton	Walcott
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	

Mr. THOMAS of Utah. My colleague the senior Senator from Utah [Mr. KING] is not with us this morning because of a great sadness which has come into his life. I wish this announcement to stand for the day.

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is necessarily absent on account of illness.

Mr. FESS. I wish to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Vermont [Mr. DALE] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

REPORT OF THE NEAR EAST RELIEF

The VICE PRESIDENT laid before the Senate a letter from the executive secretary of the Near East Relief, submitting, pursuant to law, the report of the Near East Relief for the year ended December 31, 1932, which, with the accompanying report, was referred to the Committee on Printing.

FUNCTIONS OF THE OFFICE OF PUBLIC BUILDINGS AND PARKS AND ALLIED COMMISSIONS (S.DOC. NO. 22)

The VICE PRESIDENT laid before the Senate a letter from the Director of Public Buildings and Public Parks of the National Capital, reporting, pursuant to Senate Resolution 351, Seventy-second Congress, relative to the various functions, personnel, etc., of the Office of Public Buildings and Public Parks of the National Capital, the Public Buildings Commission, the Arlington Memorial Bridge Commission, and the National Capital Park and Planning Commission, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

Mr. KEAN presented a resolution adopted by the Most Worshipful Oriental Grand Lodge of Ancient Free and

Accepted Masons in the State of New Jersey, favoring the passage of legislation making provision for the moral as well as the physical care of massed workers engaged in the governmental reforestation program, which was referred to the Committee on Education and Labor.

Mr. TYDINGS presented the petition of the Congress of Parents and Teachers, the Home and School Association, and the Education Association, all of the District of Columbia, praying for the restoration in the District of Columbia appropriation bill of items affecting services rendered by the public schools, libraries, and playgrounds so as to maintain educational and recreational facilities in the District of Columbia, which was referred to the Committee on Appropriations.

He also presented the petition of members of the Middletown Lions Club, of Middletown, Md., praying for the prompt passage of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was ordered to lie on the table.

TARIFF ON IMPORTED FISH

Mr. WALSH. Mr. President, I present and ask that there be printed in the CONGRESSIONAL RECORD the body of a petition I have just received from fishermen of Dukes County, Mass., urging the enactment of a suitable and adequate tariff on imported fish.

There being no objection, the petition was referred to the Committee on Finance, and the body thereof was ordered to be printed in the RECORD without the attached signatures, as follows:

To the Honorable Senator DAVID I. WALSH:

The undersigned commercial fishermen of Dukes County respectfully petition for relief of the industry by the enactment of a suitable and adequate tariff on imported fish.

Imports of Canadian lobster and swordfish affect this locality in particular, the prevailing low prices paid for these commodities serving to reduce the income of domestic fishermen to a ruinous degree. For at least 2 years the Massachusetts fisheries, including those of Dukes County, have been losing ground in the fight against this manifestly unfair competition. Bankrupt fishermen, idle vessels, and failing local markets are the result. Another year like the last means even greater and more permanent ruin to this important industry.

Therefore, we request that as our Senator you act vigorously in the defense of the interests of your State and ours. That all proposed legislation relative to raising the tariff on imported fish receive your support. And that a sufficiently high tariff be insisted upon to equalize the prices of domestic and imported fish and seafoods.

It is our contention that the opening of Canadian ports to United States fishing vessels will not in any degree compensate New England fishermen for the losses involved in the marketing of their fish under present conditions, and we beg that you will not allow any consideration of this gesture by Canada to influence your attitude on the tariff question.

We are vessel and boat owners. Our communities depend upon the earnings of these crafts. We have elected you to office, confident that our interests would be entrusted to reliable hands. Do not betray that confidence.

PETITION OF WOMAN'S NATIONAL COMMITTEE FOR LAW ENFORCEMENT

Mr. ROBINSON of Indiana. Mr. President, I present a petition for redress of grievances presented by the Woman's National Committee for Law Enforcement, through Mrs. Henry W. Peabody, chairman, which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the petition was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

PETITION TO GOVERNMENT FOR REDRESS OF GRIEVANCES

The first amendment to the Constitution provides for religious freedom, free speech, a free press, and "the right of the people peaceably to assemble and petition the Government for redress of grievance."

Article VI of the Constitution declares "this Constitution and the laws of the United States which shall be made in pursuance thereof * * * shall be the supreme law of the land and the judges in every State shall be bound thereby, anything in the Constitution or laws of the State to the contrary notwithstanding."

1. The eighteenth amendment to the Constitution prohibits "the manufacture, sale, and transportation of intoxicating liquor for beverage purposes. The action of the Seventy-third Congress in passing a beer bill authorizing manufacture, sale, and transportation of intoxicating liquor is, therefore, illegal under the eighteenth amendment to the Constitution.

2. No State has power to act against the supreme law according to article VI of the Constitution which declares "judges in every State shall be bound thereby." Any State allowing this beer bill to become law is in defiance of the Constitution of the United States.

3. Every Member of Congress and official of this Government is solemnly sworn to support and defend the Constitution "without mental reservation or purpose of evasion", which pledge was broken by those who voted for the unconstitutional bill.

4. Intoxicating liquor is defined as a "habit-making narcotic drug." One half of 1 percent was the standard adopted by Congress in 1920, since it was the standard of brewers in the contest over soft drinks. The British legal standard for alcoholic content is 1 percent (2 percent proof spirits). Any beverage containing more than 1 percent alcohol is declared intoxicating.

Two and seventy-five one-hundredths percent beer, on which tests have been made by the highest scientific authorities in America, is declared intoxicating by Dr. Haven Emerson, college physician and surgeon, Columbia University, New York; Prof. Walter Miles, of Yale University (test made with students of 18 years of age); Prof. E. D. McCollum, of Johns Hopkins; Dr. Benedict, of Carnegie Institute; Dr. Howard A. Kelly, Johns Hopkins; and others. Three and two-tenths percent beer, 4 percent by volume, is intoxicating, as it was the content of alcohol in beer sold and taxed before prohibition under license as intoxicating liquor.

5. "Who are the people?" Two thirds of the people of the United States are women and children who suffer most from this evil, and are disregarded and unrepresented by Congress. Alcohol leads to vice, crime, and disease. Beer takes from childhood food, clothing, fuel, and necessaries of life. This Government has no right to barter the welfare of the people for revenue. (Decision Supreme Court on Louisiana lottery.)

6. The bill offers no protection against saloons, which both party platforms pledged should not return; no provision against advertising an illegal product by press and radio; no law against locating saloons in close proximity to schools, churches, or homes or advertising in school cafeterias; no limit to the hours or days on which this liquor may be sold—Sundays are included.

7. The lack of coordination shown by scientific tests indicates grave danger on the highway through driving by men and women who have used 3.2-percent beer. Driving under the influence of liquor leads to murder and death. Have we no right to protection? Is not this Government liable for these murders?

If railroads, steamships, the Navy, and transportation agencies prohibit this beer as intoxicating in the interest of safety, we demand that this Government also provide such safeguards for communities and highways.

IN VIEW OF THESE GRIEVANCES

We call upon the people of the United States to demand that Congress revoke this illegal bill passed in collusion with brewers, organized agents, and capitalists opposed to the eighteenth amendment without regard to the safety and welfare of women and children in whose interest we, the Woman's National Committee for Law Enforcement, are entitled to speak. To secure protection of our rights and safety under the Constitution we present this petition to the President of the United States and both Houses of Congress, as we are authorized to do by the Constitution, and beg their attention and immediate action.

In memory of Washington and Jefferson, who wrote the Constitution, and Lincoln, who preserved it, we come to this memorial on this anniversary of the passing of the great President at the hands of an assassin who fortified himself with liquor at the old Tenth Street saloon before committing the crime. On this 14th day of April 1933 we pledge again our allegiance to the Constitution and the Union. It is the day of betrayal of our Lord through a referendum and the martyrdom of the man who saved the Union. Here in the presence of Almighty God we challenge the right of this Government to sanction the betrayal of the Nation by the return of the manufacture, sale, and transportation of "intoxicating liquor" forbidden by the Constitution.

WOMAN'S NATIONAL COMMITTEE FOR LAW ENFORCEMENT
(Representing 10 great national organizations of women affected by this illegal bill).

FRIDAY, APRIL 14, 1933.

THE WORLD COURT

Mr. BARBOUR. Mr. President, I ask unanimous consent for the printing in the RECORD of a resolution I have received from the Kiwanis Club of Irvington, N.J., urging the ratification of the World Court protocols, and that it may be appropriately referred.

There being no objection, the resolution was ordered referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Resolution of the Irvington Kiwanis Club

Whereas since the First and Second Hague Conferences of 1899 and 1907 the United States has taken a leading part among the nations of the world in advocating the settlement of international disputes by judicial procedure; and

Whereas there came into existence in 1922 a World Court, established along the very lines advocated by American delegates in the two Hague Conferences; and

Whereas this Court has, in the 11 years of its existence, proved its practical value as an institution for peacefully settling inter-

national disputes by its successful settlement of 44 such disputes, many of which, had they been left unsettled, might have proved the cause of war; and

Whereas the United States Senate, by a vote of 76 to 17, in January 1928, declared that the United States should join the World Court if five conditions were met; and

Whereas in the view of the Department of State, the American Bar Association, and many other competent authorities these conditions are entirely met in the three World Court treaties now awaiting the Senate's action; and

Whereas these treaties have already been signed by the United States; and

Whereas in a world still suffering sharply from the tragic economic dislocations due primarily to the late war the clear endorsement by one of the greatest powers of the world of judicial settlement as one practicable substitute for war cannot fail to have a stabilizing effect; and

Whereas it seems to us a contradiction of sound legislative policy to allow a matter of such vital importance to remain unsettled for six years: Now, therefore, be it

Resolved by the Irvington Kiwanis Club, That we do hereby declare our belief that the United States should speedily complete its adherence to the World Court by the Senate's ratification, at the earliest practicable moment in the special session, of the three World Court treaties now on the Senate's Executive Calendar; and be it further

Resolved, That a copy of this resolution be sent both the New Jersey Senators, with a request to Senator BARBOUR that he have it printed in the CONGRESSIONAL RECORD.

CHECKING OF EROSION ON NEW JERSEY SHORES

Mr. BARBOUR. Mr. President, also I ask unanimous consent for printing in the RECORD of a resolution I have received from the Board of Chosen Freeholders of Cape May County, N.J., urging that a portion of the unemployment relief funds be spent in checking erosion of the shore line of New Jersey, and ask that it may be appropriately referred.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

BOARD OF CHOSEN FREEHOLDERS,
Cape May County, N.J.

Resolution (by Mr. Miller)

Whereas it is understood that the United States Government is about to spend considerable amounts of money for reforestation and reclamation plans, particularly for the relieving of the unemployment situation; and

Whereas a continual and serious erosion of the shore line of New Jersey has created a condition that threatens the very existence of the seashore resorts, if this erosion is not checked; and

Whereas the conditions have become so serious and the cost of measures needed to check this erosion and protect this shore line is so great that in the present financial conditions the various municipalities are unable to furnish sufficient funds for the prosecution of such work: Therefore be it

Resolved, That the attention of President Roosevelt be called to this condition, and that he be, and hereby is, petitioned to give careful consideration to this condition, and direct the expenditure of a portion of the unemployment relief funds to the purposes above mentioned, and that copies of this resolution be sent to our Congressman and two United States Senators.

STATE OF NEW JERSEY,
County of Cape May, ss:

I, A. J. Cafiero, clerk of the Board of Chosen Freeholders of County of Cape May, State of New Jersey, do hereby certify that the foregoing is a correct and true copy of a resolution adopted by the board at a meeting duly held on the 5th day of April 1933.

A. J. CAFIERO,
Clerk of the Board.

INSURANCE CORPORATIONS AND THE LITTLE FELLOW

Mr. WALCOTT presented a newspaper editorial, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

INSURANCE CORPORATIONS AND THE LITTLE FELLOW

In commenting on the plan for the refinancing of farm mortgages, Henry Morgenthau, Jr., Governor of the new Farm Credit Administration, said: "The little fellow—the farmer, the village banker, the forgotten man—will be taken care of first, the corporations afterwards." The corporations are the insurance companies, which hold about one third of the farm-mortgage indebtedness.

It is not necessary to quarrel with Mr. Morgenthau over this statement, but it does contain the taint of a superficial sort of public morality which gets a good deal of promotion these days. The insurance companies are heavily charged with the interests of the little fellow and, if we are still to remember him, of the forgotten man. There is probably no more vital interest in the country than the equities represented in these corporations. They contain the provision which men of small or moderate means have made against the future and for the security of their families. They contain the savings of a great mass of the indispensable part of the citizenship which seeks competence and guaranties in life by its own thrift and hard work.

A destruction of these equities and obligations and rights would be one of the hardest blows which hard times could hit the Nation. When the policyholders in a mass are referred to as a corporation, the intent seems to be, whether it is or not, to put them in a special category as to moral import. No such distinction can possibly be recognized.

It could even be said that these equities are of paramount importance over everything else when it comes to a question of obligation resting upon a custodial government. Both the farmer and the little man who went into debt and the village banker who extended the credit had something to do with the situation in which they find themselves. Their situation may be worthy of such aid as the Government can offer them, but that does not detract from the right of the policyholder to have his investment safeguarded in every way possible. Social philosophy is entirely too much disposed to dismiss the corporation as a thing without wide-spread human elements.

TENNESSEE VALLEY DEVELOPMENT—MUSCLE SHOALS PROJECT

Mr. NORRIS. From the Committee on Agriculture and Forestry I ask unanimous consent to report back favorably with amendments the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals, in the State of Alabama; and for other purposes, and to submit a unanimous report (No. 23) thereon.

The VICE PRESIDENT. Without objection, the report will be received and placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS:

A bill (S. 1291) for the relief of the E. J. Codd Co. of Baltimore City, Inc.; to the Committee on Claims.

A bill (S. 1292) to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties; to the Committee on the Judiciary.

A bill (S. 1293) authorizing the President to order Maj. E. P. Duval before a retiring board for a hearing of his case, and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his resignation; to the Committee on Military Affairs.

A bill (S. 1294) to provide for separate patents in case of any invention constructed in types or forms suitable for different uses; to the Committee on Patents.

A bill (S. 1295) granting a pension to Howard E. Tolson; to the Committee on Pensions.

By Mr. SMITH:

A bill (S. 1296) for the relief of A. Zappone, disbursing clerk, United States Department of Agriculture; to the Committee on Agriculture and Forestry.

By Mr. DILL:

A bill (S. 1297) authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport*; to the Committee on Naval Affairs.

By Mr. NORBECK:

A bill (S. 1298) for the relief of the Sioux Valley Hospital, Sioux Falls Clinic, and the McKenna Hospital, all of Sioux Falls, S.Dak.; and

A bill (S. 1299) for the relief of Mrs. Glenn J. Collier; to the Committee on Claims.

A bill (S. 1300) to provide for the payment of Sioux benefits to certain women of the Sioux Tribe of Indians; to the Committee on Indian Affairs.

A bill (S. 1301) to prohibit the transportation in the mails, or in interstate commerce, of machine guns or submachine guns; to the Committee on the Judiciary.

A bill (S. 1302) for the relief of Frank Fisher (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 1303) to provide for the acquisition of Chappawamsic Island, Va., for the use of the Navy Department; to the Committee on Naval Affairs.

A bill (S. 1304) granting a pension to Ben C. Ash (with accompanying papers);

A bill (S. 1305) granting a pension to Charles H. Carpenter (with accompanying papers);

A bill (S. 1306) granting a pension to David Dorian (with accompanying papers);

A bill (S. 1307) granting a pension to Mary J. Driscoll (with accompanying papers);

A bill (S. 1308) granting a pension to Charlie Kills-in-Sight or Kills In;

A bill (S. 1309) granting a pension to Walter L. Vercoe (with accompanying papers);

A bill (S. 1310) granting a pension to Augustine Whitebird (with accompanying papers);

A bill (S. 1311) granting an increase of pension to Mitchell Desersa (with accompanying papers);

A bill (S. 1312) granting an increase of pension to John A. Everett (with accompanying papers); and

A bill (S. 1313) granting an increase of pension to Hugh M. Jones (with accompanying papers); to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 1314) for the relief of Perry Randolph; to the Committee on Military Affairs.

A bill (S. 1315) granting an increase of pension to Mary C. Caplinger; to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 1316) to provide for the collection and publication of statistics of peanuts by the Department of Agriculture; to the Committee on Agriculture and Forestry.

CHANGE OF REFERENCE

On motion of Mr. BARBOUR, the Committee on the District of Columbia was discharged from the further consideration of the bill (S. 1066) relating to contracts for the erection or alteration of public buildings, and it was referred to the Committee on Public Buildings and Grounds.

BENEFITS TO THE WHALING INDUSTRY—AMENDMENT

Mr. MCNARY submitted an amendment intended to be proposed by him to the joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, which was ordered to lie on the table and to be printed.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. BARBOUR, Mr. FRAZIER, Mr. MCGILL, and Mr. THOMAS of Oklahoma each submitted an amendment, Mr. ROBINSON of Arkansas submitted 2 amendments, and Mr. CLARK submitted 5 amendments, intended to be proposed by them, respectively, to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which were severally ordered to lie on the table and to be printed.

Mr. SHIPSTEAD submitted four amendments intended to be proposed by him to the amendment intended to be proposed by Mr. WAGNER to title II, Agricultural Credits, of House bill 3835, the agricultural relief bill, which were ordered to lie on the table and to be printed.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting several nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

RELIEF OF AGRICULTURE—NOTICE OF RECONSIDERATION OF AN AMENDMENT

Mr. COPELAND. Mr. President, yesterday the Senate, without any consideration, agreed to the amendment on page 22 of the so-called "agricultural relief bill". I was not on the floor at the time. I have had a sheaf of telegrams relating to it, and I desire to have it recorded that I shall move, at a later time, to reconsider the vote whereby the amendment, on page 22, from lines 14 to 19, inclusive, was agreed to.

The VICE PRESIDENT. The notice of the Senator from New York will be entered.

FEDERAL ACCOUNTING, PURCHASING, AND DISBURSING SYSTEMS

Mr. WHEELER. Mr. President, I desire to make a unanimous-consent request with reference to two resolutions which I submitted, and which were adopted during the last session of the Congress. I think the request will lead to no debate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Montana is recognized.

Mr. WHEELER. Mr. President, late in the closing session of the last Congress, on February 8, 1933, there was adopted by the Senate, at my suggestion and with a view to securing facts necessary to an intelligent and safe reorganization of certain activities, Senate Resolution No. 350, requesting the Comptroller General to report to the Senate on or before April 15, 1933, the savings that might be secured through reorganization, centralization, consolidation, and/or elimination of accounting records, accounting and audit procedures, disbursing and collecting offices, and purchasing and warehousing activities of the Governments of the United States and the District of Columbia.

On the same day the Senate adopted, at my suggestion, Senate Resolution No. 351, calling upon the heads of all departments, independent establishments, and Government-owned and/or controlled corporations to submit to the President and to the Senate on or before April 15, 1933, a detailed report of all functions, including accounting, disbursing, collecting, purchasing, and personnel performed by said department, establishment, and corporations, together with the authority for the performance of each function and the annual cost thereof.

It now appearing that much of the information to be furnished by the heads of departments, establishments, and corporations pursuant to Senate Resolution No. 351 should be taken into consideration by the Comptroller General in reporting to the Senate pursuant to its Resolution No. 350 in order that this may be made possible, I ask the consent of the Senate that the date for reporting under Senate Resolution No. 350 be extended to May 6, 1933.

The VICE PRESIDENT. Is there objection?

Mr. MCNARY. Mr. President, I did not understand the nature of the request.

Mr. WHEELER. I have asked unanimous consent that the time for the Comptroller to report to the Senate may be extended from April 15 to May 6.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. WHEELER. I likewise ask that the time in which the various departments may report under Senate Resolution 351 shall be extended to May 1 in order to give them time to get their reports ready.

The VICE PRESIDENT. Is there objection? The Chair hears none.

ORDER OF BUSINESS

Mr. LEWIS. Mr. President, considering the disposition of business yesterday, I inquire what is the order of business this morning?

The VICE PRESIDENT. The question is on the amendment on page 25, commencing in line 7.

Mr. LEWIS. The amendment is to the pending bill?

The VICE PRESIDENT. It is to the pending bill.

Mr. LEWIS. Has the motion to reconsider the action in passing the bill known as the "30 hour bill", the bill of the honorable Senator from Alabama [Mr. BLACK], been noted for this morning?

The VICE PRESIDENT. No. The Senate took a recess last night, and therefore the pending business before the Senate is the agricultural relief bill.

Mr. LEWIS. And the pending amendment is to that bill?

The VICE PRESIDENT. That is correct.

Mr. LEWIS. I thank the Chair.

6-HOUR DAY AND 5-DAY WEEK—MOTION TO RECONSIDER

Mr. ROBINSON of Indiana obtained the floor.

Mr. BLACK. Mr. President, will the Senator from Indiana yield to me in order that I may ask for a unanimous-consent agreement?

Mr. ROBINSON of Indiana. I yield to the Senator if his request will lead to no discussion. I may say that I myself do not expect to consume more than from 15 to 20 minutes' time.

Mr. BLACK. I desire to ask unanimous consent that the pending business may be temporarily laid aside in order that the Senate may consider the motion to reconsider the vote whereby the so-called "30 hour bill" was passed. I have sought diligently to ascertain how many Senators wanted to speak on the motion. I have not been able to ascertain that many want to speak on it. There is certainly no reason why it should be held up. We had plenty of time to discuss the measure when it was before the Senate. The Senator from Florida [Mr. TRAMMELL], who made the motion to reconsider, is perfectly willing to proceed with it and desires to talk about 20 minutes. I desire to ask unanimous consent that the pending bill may be temporarily laid aside in order that the motion to reconsider may be taken up.

The VICE PRESIDENT. The Senator from Alabama asks unanimous consent that the pending business may be laid aside for the purpose of considering the motion of the Senator from Florida to reconsider the vote whereby the so-called "30-hour bill" was passed.

Mr. McNARY. Mr. President, yesterday, when this proposal was made, I objected to it because a time was set for its consideration in the way of an expression by vote. Today the proposal conforms to the usual parliamentary practice of temporarily setting aside the unfinished business in order to proceed to the consideration of the motion, under which proceeding any Member of the Senate may call for the regular order at any time. The Senator from West Virginia [Mr. HATFIELD] first offered the amendment which the Senator from Florida [Mr. TRAMMELL] now desires to reoffer. The Senator from West Virginia is intensely interested in this proposition, and, in his absence, I shall have to object.

Mr. BLACK. If the Senator will yield for a statement, I desire to state to the Senator that on yesterday when the Senator from West Virginia objected, I went over to his desk and asked him if he desired to make a speech or if his objection was personal to himself or was made for some other Senator. I stated then on the floor that I had been informed by the Senator from West Virginia that he was objecting for the Senator from Maine, and that he personally would not make the objection. Therefore I asked for a quorum.

Mr. McNARY. Mr. President, the Senator from West Virginia spoke to me during the day and stated that, in his opinion, several Senators representing border States wanted to be heard on this matter. The Senator from West Virginia is absent from the Chamber; I have sent for him; but, during his absence, I shall have to ask the Senator to withhold his request.

The VICE PRESIDENT. Objection is heard.

THE QUESTION OF RUSSIAN RECOGNITION

Mr. ROBINSON of Indiana. Mr. President, conditions prevail in the United States today which are unparalleled in the history of the Republic. Misery, want, suffering, and even starvation stalk throughout the length and breadth of the land. With the possible exception of China and India, I doubt whether economic conditions are worse at this moment in any other country on the face of the globe.

The American people are confronted with problems crying for solution which are positively staggering in their scope.

To the domestic issues that confront us, accordingly, the Government is giving its most earnest consideration.

In the midst of this momentous situation, the demand for immediate recognition of the Russian Government intrudes, and advocates of such a policy are insistent on their demands that it be given immediate attention, notwithstanding the fact that any cursory analysis of the situation is bound to reveal the fact that the Russian question is utterly remote and extraneous to solution of the problems which confront us.

Everybody knows that in normal times not more than 7 percent of our production is sold abroad, and a comparatively small part even of this 7 percent is sold to Russia. How any unprejudiced mind, therefore, could conceive that recognition of the Soviet Republics would in the slightest degree remedy our economic situation here is difficult, if not impossible, to understand. But propaganda is afloat on all sides, perhaps never more insistent than now, urging that we should go into immediate partnership with the Soviets at a moment when the most momentous problems that ever have confronted the American people cry out for the best thought and the promptest action the Government can provide.

Because of the renewed efforts to revive the Russian question at this perilous moment in our history, I deem it, therefore, advisable in the midst of consideration of the pending measure to take the time of the Senate to discuss this question.

The entire policy of the present Russian Government is subversive to the rest of the world. The Soviets have no regard for solemn treaties, frankly avowing that they will sign any pact that will further their interests with the unconcealed intention to violate it as soon as self-interest has been served.

Menjinsky, head of the OGPU., or secret police of Russia, and a power in the councils of the Soviet Government, and the Third International, which are precisely the same, made this deliberate statement:

> As long as there are idiots to take our signature seriously, and to put their trust in it, we must promise everything that is being asked, and as much as one likes, if we can only get something tangible in exchange.

On February 2, 1919, on the Princes Island proposal, Zinoviev, a power in Soviet councils, also said:

> We are willing to sign an unfavorable peace with the Allies. It would only mean that we should put no trust whatever in the piece of paper we should sign. We should use the breathing space so obtained to gather our strength in order that the mere continued existence of our Government would keep up the world-wide propaganda which Soviet Russia has been carrying on for more than a year.

Trotsky, now in exile, but in 1918 one of the Moscow masters—and the present rulers of Russia continue to follow the same policy—made the statement that—

> If in waiting the imminent proletarian flood in Europe, Russia should be compelled to conclude peace with the present-day governments of the central powers, it would be provisional, temporary, and transitory peace, with the revision of which the European revolution will have to concern itself in the first instance. Our whole policy is built upon the expectation of this revolution.

The child is father to the man and the Moscow Government is the father to the Third International. No one disputes that fact. It is admitted by the Moscow masters themselves, and the entire purpose of the Third Internationale is to destroy in any manner possible all other governments of the earth.

Great Britain recognized the Soviet Government and shortly afterward discovered in London the same sort of Soviet plottings that China unearthed in Harbin. Consequently, it became necessary to break off diplomatic relations.

Subsequently, another effort was made to get along with them and because of the high-handed disregard for international law which the Communistic Government displayed recently with reference to British subjects, the Ambassador of Great Britain to that country was recalled, and within the past 10 days the House of Commons, by a vote of 347 to 48, determined to impose an embargo on all Russian trade in reprisal for the arrest of British engineers in Russia. In other words, Great Britain found that trade with Russia was a positive handicap rather than an advantage.

France was forced to demand the recall of the Soviet Ambassador from Paris. Mexico and practically every other nation has had similar unhappy experiences with that benighted land.

It is a matter of common knowledge that Germany and Japan, as well as the United States, have been forced to deport communist conspirators acting in the name of organized tyranny that holds 150,000,000 Russians in virtual slavery today.

It is estimated that the total number of members of the Communist Party in that land is not to exceed 500,000, and in the most tyrannical fashion they wield the lash over the other 150,000,000.

In the face of these facts, it is passing strange that anyone in America should urge official recognition of that system.

At the present time, representatives of the Moscow masters are busily engaged all over this country in creating dissension and dissatisfaction among our people. They are violently opposed to our philosophy, and day and night are working industriously to overthrow our Government.

That is the situation under present conditions. What would it be if they were officially recognized? What would recognition mean?

Well, in the first place they would have an elaborate embassy located in Washington, fully staffed, entitled to many immunities, and this machinery would unquestionably be used as the central point for carrying on their admitted efforts to destroy the American Republic.

In the Soviet Embassy here, the seditious concoction would be brewed and from this embassy would emanate to all points of the United States the vicious propaganda calculated to poison American public opinion against our own institutions.

Dangerous as their activities are to our peace and welfare under present conditions, they would be infinitely worse if conducted under the official cloak of American recognition. That has been the experience of other lands. In other words, we would be simply placing a gun in their hands with which to shoot us.

I refuse to go into official partnership with any such concern, and I am not a little surprised that it would be seriously proposed. The fact is indisputable, that the Soviets have undertaken to abolish both religion and the family. Here again we may safely rely on the language of their own leaders.

So far as Russia is concerned, Lenin is the founder of the system, and since his death has been deified by the Communists and is worshiped practically as a god.

In 1923, speaking before the Department of Education in Russia, Lenin said:

> Give us the child for 8 years and it will be a Bolshevist forever. We have struck the kings from the earth * * * now let us strike the King from the skies.

He was referring, of course, to Almighty God.

> We must hate—hatred is the basis of communism. Children must be taught to hate their parents if they are not Communists. If they are, then the child need not respect them; need no longer worry about them.

These are not the words of antirecognition propagandists against bolshevism—they are the words of Lenin himself, the founder of the philosophy, or, in any event, the man who put it into practice on the largest scale the world has ever known.

Again, Lunacharsky said, at Moscow:

> We hate Christianity and Christians; even the best of them must be regarded as our worst enemies. They preach love of one's neighbor and mercy, which is contrary to our principles.
>
> Christian love is an obstacle to the development of the revolution. Down with the love of one's neighbors. What we need is hatred. We must know how to hate; only thus shall we conquer the universe.

Another quotation from Lenin:

> Religion must be abolished. The best country is a godless country. If religion will pass out quietly, our attitude will be one of benevolent tolerance. But if it resists we will hasten its exit by violence proportioned to its resistance.

Religious persecution is the order of the day there, nor is any religion immune. All are proscribed, and the effort to dignify atheism as a national religion for the Russian people is unconcealed.

The family as an institution has all but disappeared. Children are separated from parents; wives are separated from husbands; marriage is debauched and divorce is worse than a travesty.

They have undertaken to abolish God and have destroyed the family, and over these accomplishments the Moscow masters gloat with satisfaction and glee.

These two institutions, religion and the family, held sacred by Americans everywhere, have been trodden under foot and practically abolished.

Mr. President, who would wish to have the American people go into partnership, through the channels of diplomatic relations, with a system like that?

Free labor has been practically annihilated over there. In January 1931 an official ukase of the Soviet Government of Russia conscripted all labor needed in the railroad service. All departments, enterprises, and administrations were ordered to report the names of all persons having railway experience within 10 days, and to dismiss such employees with 2 weeks' pay and orders to report to the Soviet Railway Administration. Criminal proceedings, it was announced, would be taken against persons who tried to evade such service, and employers who assisted in such concealment. The entire mobilization had to be finished by March 1. This order is printed in the Soviet official press. Yet the Soviet authorities and their mouthpieces in the United States who persistently attempt to conceal the true character of the Moscow despotism by impudent lying will continue to deny that labor is conscripted in Soviet Russia.

Walter Duranty, formerly the Moscow correspondent of the London Times, now associated with the New York Times, sent a dispatch, subject to Sovnet censorship, to his publication, which placed the number of exiles at work in Russian concentration camps at 1,000,000, 200,000 of whom were in the northern timber camps. And he stated further that in addition to exiles in concentration camps, many others were forbidden to live in cities or other specified localities. In fact, the total number of people sentenced to some form of exile during the 2-year period was placed by him at 2,000,000. And according to the Soviet official press itself, political executions were recorded for the 2 months of October and November as follows:

Kulaks (property-owning peasants)	147
Enemies of the Soviet Government	39
Religious activity	32
Specialists and sabotageurs	25
Contrabandists and spies	3
Total	246

It is no wonder American labor opposes most vigorously any official recognition being extended by our Government.

Alvin E. Johnson, formerly Geneva correspondent of the New York World, I am informed, Mr. President, has conducted an exhaustive official inquiry which proves that the Soviet dictators are carrying forward an ambitious plan for world-wide dumping as a means of economic disturbance leading to revolution in non-Communist nations. I read from his statement:

> This is being pushed forward through constantly increasing enslavement of the workers and farmers, with wholesale conscription of labor, and unbelievable conditions prevailing in the timber camps and fisheries of eastern Russia. Here many scores of wretched men, half starving, are held in slavery and driven to their tasks insufficiently fed and clothed.

I read further from his statement:

> Wholesale seizures of people have been made on trumped-up charges, and they have been condemned to a living death as slaves of the dictatorship, because of inability to get free labor to submit to iron discipline imposed by the Moscow masters. The aristocrats, bourgeoisie, and kulaks, numbering millions, are disappearing from the face of Russia; where they have gone is a mystery, but it is apparent that most of them have been exterminated. The officials of the economic section call attention to the fact that enlightened statesmen in non-Communist countries have become aroused to the reality of the menace involved in the enslavement of millions of people to a ruthless political and industrial machine, inspired by hatred for the rest of the world, and moved by a fanatical purpose to destroy all non-Communist nations.

Some time ago Matthew Woll, vice president of the American Federation of Labor, summed it up in a brief statement which I am glad to quote:

ENSLAVE LABOR IN SOVIET RUSSIA

> America's wage earners are not frightened by the bombast of Soviet 5-year plan. But we are concerned at the enslavement as political convicts of countless thousands of Russian and Finnish peasants whose only offense is, that after a lifetime of hard labor, they have shown enough efficiency to own half a dozen cattle. These are the people that are being forced to cutting down the

timber, mining the coal, and producing the materials being shipped into and dumped upon our market now.

The method by which these innocent and hard-working agriculturalists are converted into convicts is very simple.

A decree forbidding all retail merchants to sell any goods in any part of the country to any individual not possessed of a collective card has been issued by the Soviet Government. But those cards are delivered only to farmers who have consented to abandon their lands and stocks of grain to the community.

Some farmers have tried, and try yet, to resist the compulsion and to live on the products of their farms. Then the "shock brigade" intervenes.

The stubborn village is surrounded by armed bands; the peasants are seized under the threat of guns; they are tied up, stripped, horsewhipped; 1 out of 10, if no more, is shot; the rest are deported to remote provinces and never heard of any more.

This process of enslavement of the peasants is being systematically and openly extended to Russia's entire agricultural population.

The system of state slavery applied to the industrial workers necessarily takes a somewhat different form.

On October 11, last, Soviet Russia issued a decree abolishing all relief whatever for their unemployed and forced them not only to work under orders or starve but to work under orders or be blacklisted by the Soviets who have a monopoly of employment. Here are the exact words of this newest law. I quote from the New York Times dispatch of Duranty, the most ardent and reliable of prosoviet correspondents.

"Unemployed persons must accept work, not only in accordance with their own specialty but also, if necessary, work requiring no special qualification.

"No reason for refusal of such proposed work will be accepted except illness supported by a medical certificate. Refusal to accept work will involve removal of such persons' names from labor-exchange files."

In other words, the unemployed must accept the work offered by the Government on its own terms or be officially blacklisted.

As the Soviet is the sole employer and does not permit its victims to leave the country, this new Soviet law can only mean that all Soviet labor has become forced labor, as defined by our law.

Again on January 30, 1933, William Green, president of the American Federation of Labor, had the following to say:

In order that there be no confused state of the public mind with reference to the position of the American Federation of Labor upon this question, it seems appropriate to restate, in positive terms, the uncompromising opposition of the American Federation of Labor to the recognition of the Soviet Government by the United States Government. * * * Labor will not compromise upon this principle. It originally declared its opposition to the recognition of the Soviet Government until the Soviet Government ceased its Communist activities in our own land and until it disavowed its declared purpose, made through the Third International, to promote world revolution and to force the acceptance of the Communist philosophy through force.

Mr. Green understands perfectly well that if we trade with Russia we must buy their goods.

That would mean—

Says Mr. Green—

that labor in the United States would suffer through the importation of goods produced and manufactured by Russian labor under intolerable conditions of employment and at an indefensible low rate of wages.

To support his contention, Mr. Green points out the example of demoralizing trade with Russia through shipments of anthracite coal to America selling for less money in New England and on the eastern seaboard than our own Pennsylvania miners can produce it.

In a folder issued by the American Federation of Labor, this statement appears:

Trade-unionism and communism are as opposite as the poles. The claim that the two movements have the same purpose but differ as to methods is the statement of a trickster and an ignoramus. Organized workers are not interested in the next century. They would improve the world in their time and depend upon future generations to do likewise. That is why they struggle for higher wages, shorter hours, sanitary shops, compensation for injury, death, and occupational diseases, etc. The object of the simon-pure Communist is revolution—not only industrial but an upheaval of morals, ethics, and every other right relation between men.

But notwithstanding all known facts to the contrary, some Americans insist on contending that recognition would be a good thing for us economically.

Well, in the first place, trade has been going on with Russia on quite a large scale for a number of years and it has brought no noticeable economic benefit to us. The truth is, when we do trade with that country, Russia demands cash from us on our purchases and long-time credit on what she buys. This, notwithstanding the fact that on former occasions she has deliberately repudiated her financial obligations to our people; and the present Soviet Government insists that a treaty is only a "scrap of paper", to be violated whenever her own self-interest suggests such action.

According to an Associated Press dispatch published in the Washington Star, Italy will call a halt on trade with the Soviets after 2 years. Her experiences with that country have been unhappy. Italy paid in cash, while Russia paid in credits running from 9 to 52 months.

Russia got the lion's share of the trading and thereby chalked up a balance heavily unfavorable to Italy.

The dispatch adds—

Russia got the lion's share of the trading and Italy is left holding the bag with a half billion lire in promissory notes.

Other countries have had similar experiences.

The truth is Russia owes every nation with whom she has dealt. Italy, England, France, Germany, the United States—all tell the same story.

And even granting for the sake of argument, though I do not admit its truth, that trade relations might be stimulated, how would we be advantaged if we pay out cash to them and extend credit for their purchases here? That they expect such an arrangement is admitted by their own leader.

For instance, John G. Ohsol, vice president of Amtorg, New York City, official Soviet agents, said on December 18, 1932:

Most of this business will go to other countries which have extended more favorable credit conditions and have not placed restrictions on Russian goods.

Peter A. Bogdanov, chairman of Amtorg, New York City, official Soviet agents, on May 26, 1932, had this to say:

The United States must buy as well as sell if it wants to enjoy a profitable business with Soviet Russia. It is obvious that the trade cannot be a one-sided affair.

And July 23, 1932, from the same source:

If America wishes to enjoy a profitable trade with Soviet Russia, she must arrange a liberal credit through which such business can be carried on.

In other words, Russia is willing to buy provided she is extended long-time credits and receives payment from us in cash.

When it is considered that she is only one of the many countries of the globe buying from us, and that our entire export is normally less than 7 percent of our production, it becomes perfectly apparent that no possible economic advantage can be gained by official recognition.

Of course, as I see it, recognition of the Soviet Government would be unwise from any standpoint; but its avowed purpose to destroy organized government everywhere, it seems to me, makes recognition unthinkable.

The Daily Worker, published in New York City, is the official organ in this country of the Communists. I quote from the issue of September 18, 1918, with reference to the growth of the Communist movement:

* * * American defenders of Soviet Russia attempt to differentiate in their public utterances between the Third International and the Soviet Government in their false claim that revolutionary agitation in the United States is not under the direction of the Soviet Government. The central editorial in the Daily Worker, official Russian Communist organ in the United States, is by Joseph Stalin, head of the Soviet Government and of the Third International. Stalin directs American Communists to read two books—Building Socialism in the Soviet Union, which presents working plans whereby the Communists in the United States may lay the groundwork for the Communist revolution here; second, The Trade Unions of the Union of Soviet Socialist Republics, suggesting ways in which the working trades of the United States may be subverted to Communist revolutionary purposes. It is fair to say that those who pretend there is a distinction between the Moscow Government and the Third Internationale know better. It is not ignorance but cunning which causes them to take this position.

The following paragraph is from the report of Comrade Kussinen at the tenth plenum of the executive committee of the Comintern, governing body of the Communists of the world, as printed in the Daily Worker:

> The world army of the active class fighters is growing at a tremendously rapid pace. The miners in the Ruhr and in Scotland, the textile workers in Poland and in France, the barricade fighters of Berlin, the Bombay strikers and demonstrators, the plantation strikers in Colombia, the rebellious negroes in the Congo, the striking agricultural laborers in Czechoslovakia and in Poland, the revolutionary trade unions and the peasant guerilla warriors in China, the rebellious tribes in Morocco, and hundreds of thousands of other fighting groups—this is a gigantic active army. It shows how the revolutionary movement is growing throughout the world. If it goes on at this rate, all will be well. Yet the Communist Internationale should and will bring together even greater masses of the millions for the fight against the world bourgeoisie and for the proletarian world revolution.

The above shows the movement to be world-wide in scope, and, at the same time, admits that the Moscow Government and the Third Internationale are one the same thing.

Citing the particular tasks of the Communist Party, the thesis of the twelfth plenum of the Communist Internationale at Moscow, November 1932, among other things, contains the following:

> The American party must mobilize the masses and concentrate chiefly for social insurance, etc., etc. * * * In regard to organization, carefully conceal the communistic nuclei in the factories, immediately proceed to form strictly secret nuclei in the military units and the militarized organization of the bourgeoisie in munition factories, on the railroads and in the ports and to take measures to insure that the party can promptly pass to an illegal basis in case of necessity.

And at the same time, Joseph Stalin, dictator of Russia and head of the Communist Party, made the following statement:

> I consider that the Communist Party in the U.S.A. is one of the few communist parties to which history has confided decisive tasks from the viewpoint of the world revolutionary movement. The revolutionary crisis has not yet arrived in the United States, but there are already numerous indications which lead us to believe that it is near.
>
> The Third International has enabled the Communist Party of America to reach a stage where it can actively prepare the masses for future revolution.
>
> American capitalism is thus moving relentlessly, not toward a technical or an industrial revolution, but toward a proletarian revolution.

Finally, I desire to quote to some extent from an article by Donald Day, published in the Chicago Daily Tribune of March 28, this year, with reference to Russian boasts of undermining world stability.

> The report opens by stating that events of the last 2 years have confirmed Stalin's thesis that capitalism, after having passed through an era of temporary stabilization, is ripe for more active revolutionary leadership from Moscow, and claims that Stalin's program to develop world revolution through cultivating strikes has been successful.
>
> Communists abroad, continues the report, have begun for the first time actively to organize the farmers of the United States, Germany, France, Holland, Spain, and Czechoslovakia with large success. * * * According to statistics of the comintern headquarters its agents abroad now number 1,276,690, an increase of one third since June 1932.

In summarizing the revolutionary activities in different parts of the world from the official report we see from Mr. Day's story the following:

Japan: Influential on students, workers, peasants, and soldiers. Much illegal literature is being distributed.

China: Party has grown from 192,000 to 280,000 in last 18 months; has supported boycott against Japan and is helping Chinese Red Army.

Spain: Few hundred Communists when Spanish Republic was declared; now has 17,500 and controls unions with membership of 200,000.

Poland: White Russians and Ukrainian branches cooperating with Communists to overthrow present regime.

Czechoslovakia: Growth in membership from 22,000 to 75,000.

Italy: Parading as Fascists, the Communists have organized strikes and uprisings.

England: Active part in textile strike and other industrial activities.

In short, Mr. President, I am unable to find one good reason for Russian recognition. On the contrary, all the evidence points in the other direction.

Up to this hour we have steadfastly turned our faces against recognition. Most of us have come to believe that attitude to be our settled policy. It was formulated in the latter part of Woodrow Wilson's administration. On August 10, 1920, the Secretary of State, Bainbridge Colby, stated this policy in a note to the Italian Ambassador. Mr. Colby said:

> In the view of this Government there cannot be any common ground upon which it can stand with a power whose conceptions of international relations are so entirely alien to our own, so utterly repugnant to its moral sense. There can be no mutual confidence or trust, no respect even, if pledges are to be given and agreements made with a cynical repudiation of their obligations already in the minds of one of the parties. We cannot recognize, hold official relations with, or give friendly reception to the agents of a government which is determined and bound to conspire against our institutions; whose diplomats will be agitators of dangerous revolt; whose spokesmen say that they sign agreements with no intention of keeping them.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. ASHURST. Would the Senator be so kind as to print at the conclusion of his remarks the letter or pronouncement of Mr. Colby, made when he was Secretary of State, to which the Senator has referred?

Mr. ROBINSON of Indiana. I shall be very happy to do so.

From that day to this the policy then enunciated has been followed by succeeding administrations.

Answering recognitionists, Charles Evans Hughes, when he was head of the State Department, spoke as follows:

> The American Government, as the President said in his message to Congress, is not proposing to barter away its principles. If the Soviet authorities are ready to restore confiscated property of American citizens or make effective compensation, they can do so. If the Soviet authorities are ready to repeal their decree repudiating Russia's obligations to this country and appropriately recognize them, they can do so * * *. Most serious is the continued propaganda to overthrow the institutions of this country. This Government can enter into no negotiations until these efforts directed from Moscow are abandoned.

In a message to Congress, President Calvin Coolidge said:

> I do not propose to barter away for the privilege of trade any of the cherished rights of humanity. I do not propose to make merchandise of any American principles. These rights and principles must go wherever the sanctions of our Government go.

Herbert Hoover adopted the same policy throughout his administration.

Now, in the course of events, Franklin D. Roosevelt is the Chief Executive of the Nation, and from all sides the propagandists are urging a change in this sound American policy.

Indeed, broad intimations are heard to the effect that President Roosevelt is not unfriendly to the proposed change.

It is fervently to be hoped that the rumors are not well founded. In the midst of all our troubles it is the devout wish of the American people that executive concentration be directed to the solution of our domestic difficulties.

But regardless of what may be in the Presidential mind, I shall personally, with whatever humble ability I may possess, do everything in my power to prevent Russian recognition.

I refuse to lend my sanction to a partnership with a group of conspirators who openly avow that one of their chief objectives is the destruction of the Government under which I live, and to which I owe my allegiance.

Mr. President, I ask unanimous consent to have printed in the RECORD, immediately following my address on this subject, the document alluded to by the Senator from Arizona [Mr. ASHURST], namely, the statement of Mr. Bainbridge Colby, in full.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

TEXT OF AMERICAN NOTE REFUSING TO RECOGNIZE SOVIET RUSSIA

NOTE OF SECRETARY OF STATE COLBY TO THE ITALIAN AMBASSADOR, AUGUST 10, 1920

(Department of State notes exchanged on the Russian-Polish situation by the United States, France, and Poland, International Conciliation Pamphlets, October 1920, no. 155, pp. 5–11)

DEPARTMENT OF STATE,
Washington, August 10, 1920.

EXCELLENCY: The agreeable intimation which you have conveyed to the State Department, that the Italian Government would welcome a statement of the views of this Government on the situation presented by the Russian advance into Poland, deserves a prompt response, and I will attempt without delay a definition of this Government's position not only as to the situation arising from Russian military pressure upon Poland but also as to certain cognate and inseparable phases of the Russian question viewed more broadly.

This Government believes in a united, free, and autonomous Polish State, and the people of the United States are earnestly solicitous for the maintenance of Poland's political independence and territorial integrity. From this attitude we will not depart, and the policy of this Government will be directed to the employment of all available means to render it effectual.

The Government, therefore, takes no exception to the effort apparently being made in some quarters to arrange an armistice between Poland and Russia, but it would not, at least for the present, participate in any plan for the expansion of the armistice negotiations into a general European conference, which would in all probability involve two results, from both of which this country strongly recoils, viz, the recognition of the Bolshevist regime and a settlement of the Russian problem almost inevitably upon the basis of a dismemberment of Russia.

From the beginning of the Russian revolution, in March 1917, to the present moment the Government and the people of the United States have followed its development with friendly solicitude and with profound sympathy for the efforts of the Russian people to reconstruct their national life upon the broad basis of popular self-government. The Government of the United States, reflecting the spirit of its people, has at all times desired to help the Russian people. In that spirit all its relations with Russia and with other nations in matters affecting the latter's interests have been conceived and governed.

The Government of the United States was the first Government to acknowledge the validity of the revolution and to give recognition of the provisional government of Russia. Almost immediately thereafter it became necessary for the United States to enter the war against Germany, and in that undertaking to become closely associated with the allied nations, including, of course, Russia. The war weariness of the masses of the Russian people was fully known to this Government and sympathetically comprehended. Prudence, self-interest, and loyalty to our associates made it desirable that we should give moral and material support to the provisional government, which was struggling to accomplish a twofold task—to carry on the war with vigor and, at the same time, to reorganize the life of the nation and establish a stable government based on popular sovereignty.

Quite independent of these motives, however, was the sincere friendship of the Government and the people of the United States for the great Russian nation. The friendship manifested by Russia toward this Nation in a time of trial and distress has left with us an imperishable sense of gratitude. It was as a grateful friend that we sent to Russia an expert commission to aid in bringing about such a reorganization of the railroad transportation system of the country as would reinvigorate the whole of its economic life and so add to the well-being of the Russian people.

While deeply regretting the withdrawal of Russia from the war at a critical time, and the disastrous surrender at Brest-Litovsk, the United States has fully understood that the people of Russia were in nowise responsible.

The United States maintains unimpaired its faith in the Russian people, in their high character, and their future. That they will overcome the existing anarchy, suffering, and destitution we do not entertain the slightest doubt. The distressing character of Russia's transition has many historical parallels, and the United States is confident that restored, free, and united Russia will again take a leading place in the world, joining with the other free nations in upholding peace and orderly justice.

Until that time shall arrive the United States feels that friendship and honor require that Russia's interests must be generously protected, and that, as far as possible, all decisions of vital importance to it, and especially those concerning its sovereignty over the territory of the former Russian Empire, be held in abeyance. By this feeling of friendship and honorable obligation to the great nation whose brave and heroic self-sacrifice contributed so much to the successful termination of the war, the Government of the United States was guided in its reply to the Lithuanian National Council, on October 15, 1919, and in its persistent refusal to recognize the Baltic States as separate nations independent of Russia. The same spirit was manifested in the note of this Government of March 24, 1920, in which it was stated, with reference to certain proposed settlements in the Near East, that no final decision should or can be made without the consent of Russia.

In line with these important declarations of policy the United States withheld its approval from the decision of the Supreme Council at Paris recognizing the independence of the so-called Republics of Georgia and Azerbaijan, and so instructed its representative in southern Russia, Rear Admiral Newton A. McCully.

Finally, while gladly giving recognition to the independence of Armenia, the Government of the United States has taken the position that final determination of its boundaries must not be made without Russia's cooperation and agreement. Not only is Russia concerned because a considerable part of the territory of the new State of Armenia, when it shall be defined, formerly belonged to the Russian Empire, equally important is the fact that Armenia must have the good will and protective friendship of Russia if it is to remain independent and free.

These illustrations show with what consistency the Government of the United States has been guided in its foreign policy by a loyal friendship for Russia. We are unwilling that while it is helpless in the grip of a nonrepresentative government, whose only sanction is brutal force, Russia shall be weakened still further by a policy of dismemberment conceived in other than Russian interests.

With the desire of the Allied Powers to bring about a peaceful solution of the existing difficulties in Europe this Government is, of course, in hearty accord, and will support any justifiable steps to that end. It is unable to perceive, however, that a recognition of the Soviet regime would promote, much less accomplish, this object, and it is therefore adverse to any dealings with the Soviet regime beyond the most narrow boundaries to which a discussion of an armistice can be confined.

That the present rulers of Russia do not rule by the will or the consent of any considerable proportion of the Russian people is an incontestable fact. Although nearly 2½ years have passed since they seized the machinery of government, promising to protect the Constituent Assembly against alleged conspiracies against it, they have not yet permitted anything in the way of a popular election. At the moment when the work of creating a popular representative government based upon universal suffrage was nearing completion the Bolsheviki, although in number an inconsiderable minority of the people, by force and cunning seized the powers and machinery of government, and have continued to use them with savage oppression to maintain themselves in power.

Without any desire to interfere in the internal affairs of the Russian people or to suggest what kind of government they should have, the Government of the United States does express the hope that they will soon find a way to set up a government representing their free will and purpose. When that time comes the United States will consider the measures of practical assistance which can be taken to promote the restoration of Russia, provided Russia has not taken itself wholly out of the pale of the friendly interest of other nations by the pillage and oppression of the Poles.

It is not possible for the Government of the United States to recognize the present rulers of Russia as a government with which the relations common to friendly governments can be maintained. This conviction has nothing to do with any particular political or social structure which the Russian people themselves may see fit to embrace. It rests upon a wholly different set of facts. These facts, which none disputes, have convinced the Government of the United States, against its will, that the existing regime in Russia is based upon the negation of every principle of honor and good faith and every usage and convention underlying the whole structure of international law—the negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or of individuals.

The responsible leaders of the regime have frequently and openly boasted that they are willing to sign agreements and undertakings with foreign powers while not having the slightest intention of observing such undertakings or carrying out such agreements. This attitude of disregard of obligations voluntarily entered into they base upon the theory that no compact or agreement made with a non-Bolshevist government can have any moral force for them. They have not only avowed this as a doctrine but have exemplified it in practice.

Indeed, upon numerous occasions the responsible spokesmen of this power and its official agencies have declared that it is their understanding that the very existence of bolshevism in Russia, the maintenance of their own rule, depends, and must continue to depend, upon the occurrence of revolutions in all other great civilized nations, including the United States, which will overthrow and destroy their governments and set up Bolshevist rule in their stead. They have made it quite plain that they intend to use every means, including, of course, diplomatic agencies, to promote such revolutionary movements in other countries.

It is true that they have in various ways expressed their willingness to give "assurances" and "guaranties" that they will not abuse the privileges and immunities of diplomatic agencies by using them for this purpose. In view of their own declarations, already referred to, such assurances and guaranties cannot be very seriously considered.

Moreover, it is within the knowledge of the Government of the United States that the bolshevist Government is itself subject to the control of a political faction with extensive international ramifications through the Third International, and that this body, which is heavily subsidized by the Bolshevist Government from the public revenues of Russia, has for its openly avowed aim the promotion of bolshevist revolutions throughout the world. The leaders of the Bolsheviki have boasted that their promises of noninterference with other nations would in no way bind the agents of this body.

There is no room for reasonable doubt that such agents would receive the support and protection of any diplomatic agencies the Bolsheviki might have in other countries. Inevitably, therefore, the diplomatic service of the Bolshevist Government would become a channel for intrigues and the propaganda of revolt against the institutions and laws of countries with which it was at peace, which would be an abuse of friendship to which enlightened governments cannot subject themselves.

In the view of this Government there cannot be any common ground upon which it can stand with a power whose conceptions of international relations are so entirely alien to its own, so utterly repugnant to its moral sense. There can be no mutual confidence or trust, no respect even, if pledges are to be given and agreements made with a cynical repudiation of their obligations already in the minds of one of the parties. We cannot recognize, hold official relations with, or give friendly reception to the agents of a government which is determined and bound to conspire against our institutions; whose diplomats will be the agitators of dangerous revolt; whose spokesmen say that they sign agreements with no intention of keeping them.

To summarize the position of this Government, I would say, therefore, in response to Your Excellency's inquiry, that it would regard with satisfaction a declaration by the Allied and Associated Powers that the territorial integrity and true boundaries of Russia shall be respected. These boundaries should properly include the whole of the former Russian Empire, with the exception of Finland proper, ethnic Poland, and such territory as may by agreement form a part of the Armenian State.

The aspirations of these nations are legitimate. Each was forcibly annexed, and their liberation from oppressive alien rule involves no aggression against Russia's territorial rights and has received the sanction of the public opinion of all free peoples. Such a declaration presupposes the withdrawal of all foreign troops from the territory embraced by these boundaries, and in the opinion of this Government should be accompanied by the announcement that no transgression by Poland, Finland, or any other power, of the line so drawn will be permitted.

Thus only can the Bolshevist regime be deprived of its false but effective appeal to Russian nationalism and compelled to meet the inevitable challenge of reason and self-respect which the Russian people, secure from invasion and territorial violation, are sure to address to a social philosophy that degrades them and a tyranny that oppresses them.

The policy herein outlined will command the support of this Government.

Accept, Excellency, the renewed assurance of my highest consideration.

BAINBRIDGE COLBY.

His Excellency, Baron CAMMILLO ROMANO AVEZZANO,
Ambassador of Italy.

Mr. BORAH. Mr. President, I do not intend to take the time of the Senate to discuss generally the question of the recognition of Russia. I have been an advocate of that policy for many years and have expressed myself on the subject so often that I could but reiterate what I have heretofore said. Perhaps it is a useless waste of energy to discuss the subject further at any time, but with the measure for farm relief pending I shall be brief on this occasion. I observe from the able speech of the Senator from Indiana that those who are opposing recognition are also reiterating what has heretofore often been said. I do not care to thresh over old arguments. But every once in a while there is an accession to the ranks of those who believe in the recognition of Russia, and with the advent of a new advocate often come new ideas, at least newly and more interestingly presented. So I shall content myself in the main with calling attention to the views of a distinguished person who has recently expressed his views on this subject.

No one has stated the proposition of the recognition of Russia more briefly and yet more comprehensively than ex-Governor Smith, of New York. In an editorial appearing in his magazine, the New Outlook, in the April number of 1933, he discusses the subject, as I say, briefly but convincingly. I read only one paragraph. The remainder I shall ask to have inserted in the RECORD in full.

Russian propaganda in this and other countries is also offered as a reason against recognition. I don't know how wide-spread Russian propaganda is, and I don't believe anyone else knows. In fact, there is considerable doubt as to whether the Russian Government actually is attempting to undermine other governments. If so, I am not afraid of what it will accomplish here.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Idaho yield right there?

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. I yield.

Mr. ROBINSON of Indiana. There should be no doubt about the Russian Government undermining other governments or attempting it. They admit it. I have just quoted from the thesis of the twelfth plenum of last November, the statement by both Joseph Stalin and the quotation of the thesis itself, showing that is what they are doing.

Mr. BORAH. I am aware, Mr. President, of the supposed statements referred to by the Senator from Indiana, but I express my belief, based upon as thorough investigation as I have been able to give to the subject, that there has never been since Mr. Stalin became dictator of the Russian Government any attempt whatever upon the part of the Soviet Republic to interfere with the governmental affairs of the United States or to seek by propaganda to interfere with the governmental affairs of this country. Mr. Stalin well said, the Russian people have their own task to perform, their own problem to solve, and the best way for them to demonstrate that communism is a success, to satisfy the remainder of the world, is to demonstrate that it is a success in Russia, and that they will give their entire attention and consideration to that matter. In my opinion, the charge that the Soviet Government is seeking to undermine or destroy our Government is an exploded and absurd proposition.

Mr. President, the fear as to the effect of propaganda in the United States is based upon the supposition that the intelligence, character, and patriotism of the people of the United States are matters of grave doubt. It is my belief that if you would empty the entire amount of propaganda which is supposed to be gathered upon the borders of the United States into the laps of the people of the United States it would not have the slightest effect upon the thought and purpose of the people of the United States or their loyalty to our Government. The people of the United States are perfectly capable of reading, reflecting, and thinking over the different propositions which are presented to the world in different ways and of determining for themselves what is wise and what is not.

If I did not believe in the intelligence and the patriotism of the people of the United States, I might be afraid that they would be misled by propaganda of that kind; but as I do believe in their intelligence and patriotism I have no such fear whatever. I am not willing to base our foreign policies upon the theory that our own people are weaklings susceptible to every intellectual wind that blows.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Idaho yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. I yield.

Mr. ROBINSON of Indiana. I suppose the Senator from Idaho thinks it would be a perfectly fine thing to have a Russian Embassy established in Washington, which could be used as a center for propaganda looking to the destruction of American institutions? If one would assume, for the sake of argument—trying to agree with the Senator from Idaho, though I do not agree with him at all—that the American people could take care of themselves, what possible advantage could come from having this propaganda constantly spread through the length and breadth of the land?

Mr. BORAH. Mr. President, the fact of having an embassy established here would not aid or facilitate the Russians spreading propaganda in the United States in any substantial respect whatever. One can purchase for 5 cents any information he desires about Russia. During the time that Trotsky was writing for the Saturday Evening Post one could buy all kinds of literature and the entire discussion of the subject for 5 cents. If the 5 cents was not to be had the literature could be had free at the public libraries. It was spread out to the people of the United States. No such literature is being denied the people of the United States. They know precisely what is going on in Russia; they know all that is going on so far as information can be carried by any kind of propaganda, pro or con. Mr. Stalin's biography has been written by friendly persons and circulated throughout the United States. There is constantly appearing in the

newspapers all news about Russia; there is constantly appearing the side presented by the Russian people themselves; the arguments, pro and con, upon the Russian question and communism are constantly presented throughout the United States. There is no attempt, in any way of which I know, to prevent the circulation of any facts or arguments as to the wisdom or unwisdom of the great experiment in Russia or any circumstances touching Russian life or conditions in Russia.

Mr. ROBINSON of Indiana. If the Senator will yield again, the frank purpose of the Soviet Government in Russia is to destroy, with others, the American system and the American form of government. If that be true—and they admit it is true; they admitted it no farther back than last November in the proceedings of the twelfth plenum and Mr. Stalin himself admitted it, and I think, again in January of this very year, 2 months ago, Stalin made a statement to the same effect, that their purpose is to destroy the American Government and the American system of government and American institutions—what possible reason is there for our going into official partnership with them? What do we get out of it? That is what I should like to know.

Mr. BORAH. I do not concede the Senator's contention, in the first place, that they have any intention of destroying the Government of the United States. Whatever else may be said of the leaders in Russia, they are far too wise to entertain any such thought.

Mr. ROBINSON of Indiana. They admit that they have. I have read it here from their own statements.

Mr. BORAH. They have no intention of destroying the Government of the United States and they know perfectly well that they could not destroy the Government of the United States if they should undertake to do so. How are they going to destroy it? Are they going to land an army or are they going to seduce our own people into their belief? One or the other must be chosen, I suppose. I fear neither; and neither will be undertaken.

I have no fear of their landing an army, even if their ambassador were here. And I have no fear of their propaganda though it come in carload lots.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. LONG. Is there not more danger of this country being destroyed by 1 percent of the people owning 80 percent of the wealth than there is of a Russian army destroying it?

Mr. BORAH. Mr. President, I do not want to get into a discussion of that question, because I do not wish, by discussing the Soviet question, to delay the consideration of the bill which is now before the Senate.

Mr. President, I was reading from Governor Smith—and I would much prefer to read from the Governor than to discuss the question myself. His article in the New Outlook continues:

> If so, I am not afraid of what it will accomplish here. There were orators spouting in Union Square when I was a boy, long before communism was heard of, and before socialism became respectable. At that time the fear was that the Socialists would overthrow the Government. As long as we stick to our fundamental principles of free speech and a free press, as a safety valve for the more excited and explosive elements in the community, we need have no fear of foreign propaganda. The Russians have plenty to do at home—

And so forth.

Mr. President, there was a time when we had more confidence in the character and loyalty of our own people and when we were more tolerant in permitting other peoples to work out their own problems and have whatever form of government they desired. It will be remembered—I think it was in April 1792, or 1793—that Washington sent word to his Cabinet to convene in Cabinet session. He advised them that he was going to consider the question of the recognition of the improvised revolutionary government of France. At the time that note was sent out the Government of France consisted of what was known as the Committee of Public Safety, at the head of which was, first, Danton, and afterward Robespierre. These men held in their control the life and property of every man, woman, and child in France. They were the legislative body; the judicial body; they were the executive body; they were the sole Government of France at the time Washington proposed to recognize the Government of France. A short time before, the King of France had been beheaded, and a short time thereafter the Queen of France, the beautiful Marie Antoinette, was beheaded. The guillotine was running red every morning, and from 25 to 50 people were being executed day after day on the guillotine. The revolutionary government had offered to come to the help of any people who wished to overthrow their government. Under these circumstances Washington called his Cabinet together to consider the question of recognizing the Government of France as it then existed.

At that table sat Alexander Hamilton, one of the most powerful intellects in the history of governments. At that table sat Thomas Jefferson, the greatest political philosopher in all the history of the world. Such was the Cabinet and such were the forces and influences with which they had to contend in passing upon the question before them. Yet after less than 1 hour of discussion the Cabinet determined to recognize the Committee of Public Safety, or the Government of France, as it then was. When President Washington was asked why he would recognize a government in whose principles he utterly disbelieved, he stated that it was a bloody road over which France was traveling to democracy, but it was the only road over which she could ever reach a democratic form of government. Neither Washington nor Hamilton nor Jefferson believed in the bloody tenets of the revolutionary leaders of France, but they believed in the great principles which those leaders dimly grasped.

What was happening in England? The great debate was going on day after day between William Pitt and Charles James Fox over the question of recognizing the revolutionary government of France. The argument was asserted day after day in the inimitable language of William Pitt that the Government of France was an organized system arrayed against all other governments. If you turn back and read the speech of William Pitt in February 1801 against the recognition of France, you will find there the same declarations that are now being made against Russia. It was said that France would not keep her treaty promises; that France had agreed to send her army to any people who wanted to overthrow their government; that they had dethroned order and law and ridiculed religion and disowned God.

When finally the time came, some years afterward, that England felt it necessary to recognize the Government of France, Charles James Fox called attention to the fact that they would have done better to have followed the great western leader, George Washington, and to have recognized the French Government years previously.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

Mr. BORAH. Yes.

Mr. VANDENBERG. Is there any further analogy in the fact that after the French Government was recognized and Citizen Genét became its Ambassador, he so embroiled himself and the American Republic in difficulties that he had to be dismissed because of that fact?

Mr. BORAH. He was recalled, but the recognition of his Government was not withdrawn. President Washington asked that another representative of the Government of France be sent in the place of Genét. There was no break in diplomatic relations.

Mr. ROBINSON of Indiana. Mr. President, if the Senator will yield, at that time it is quite true, perhaps—there is some difference of opinion—that the statement was made and the charge made that France would not keep her word. I do not think her word is any better today than it then was. She has not paid her debt to this country, but refuses to do so.

Mr. BORAH. I suppose the Senator, however, is not going to move that we sever diplomatic relations with France?

Mr. ROBINSON of Indiana. No; I am not going to move in that direction, but if France should get in the same situation that Russia is now in, should follow the same system, and undertake to direct from Paris and from her Embassy here, every activity possible to destroy the Government under which I live and to which I owe allegiance, then, of course, I would insist that her Ambassador be recalled and that we sever diplomatic relations.

Mr. LEWIS. Mr. President——

Mr. BORAH. I yield.

Mr. LEWIS. I make bold, with the consent of the able Senator from Idaho, to say that, while I do not now speak to the question of Russia, its acknowledgment, or recognition, I ask the Senator if he will not recall that Lord Palmerston, the Premier, following up the question as to France, in a communication and in a public address placed the theory of the recognition of France upon the idea that each country had a right to have its own kind of government and that the recognition of a people for the purpose of trade or any other relationship was not in itself an endorsement of their particular government or their methods; and he referred to the United States, as the able Senator will recall, as continuing its relationship with England, but in nowise endorsing its policies of government.

Mr. BORAH. Certainly, that is a very well-established principle.

Mr. LEWIS. I recall Lord Palmerston's position on that question, because it was specifically addressed to France.

Mr. BORAH. I do not recall the Lord Palmerston letter, but I do, of course, recognize the principle that by recognizing a government or a people we do not endorse either their form of government or the practices of their people. If we did, we would at this time withdraw recognition from several governments I could mention.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Colorado?

Mr. BORAH. I yield.

Mr. COSTIGAN. Is it not the judgment of the able Senator from Idaho, as a student of history, that, in the great debate to which the Senator has referred, Lord Chatham, the brilliant father of William Pitt, if he had been living, would not have stood with his distinguished son, but rather with Charles James Fox?

Mr. BORAH. I would judge from the elder Pitt's record with reference to the Colonies that that would be true.

Mr. President, we are told that a great many of the countries which have recognized Russia have had difficulties and that the recognition program has not been satisfactory. It reminds me to recall while we read of difficulties we also read that year after year they enlarge their trade agreement with Russia. Only lately have important treaties been concluded with France and Poland. I venture the opinion that the controversy which is now going on between Great Britain and Russia will finally result in an enlarged trade agreement between those countries.

Japan recognized Russia several years ago and in a public statement made the other day by her Premier said that the relationship of the two countries had been entirely satisfactory since the recognition.

There always will be disturbances in the relations between governments, whether there is a full recognition or partial recognition or no recognition; but the governments which have recognized Russia, with one single exception, have continued in that relationship.

However, suppose we put aside all the questions of immediate benefit and judge the situation from the world condition of affairs. We are now about to engage in a world economic conference. How are we going to adjust world economic affairs and leave out Russia? We now have going on intermittently in Geneva a disarmament conference. How are we going to disarm without taking into consideration Russia? How are we going to establish peace throughout the world with one sixth of the earth's surface outside of the family of nations? How are we going to establish an increased price of world commodities without taking into consideration the greatest natural wealth and productive power in the world today outside of the United States, and that is Russia? How can we adjust any of these questions, peace or armaments or economic recovery, without this great country which occupies one sixth of the earth's surface? How can we restore economic solidarity and adjust the problems which are driving the whole world to misery and ruin and leave out Russia?

It is not because Russia stands in such need of recognition and not of any particular advantage to the people of the United States that we need argue this, but I ask in all sincerity of the advocates of the World Court, of the League of Nations, those who hope something may come of the economic conference, of the disarmament program, how can you hope to achieve ultimate and final success without considering the Russian people and the Russian Government? How can you win world peace, how can you restore amity and confidence among the nations if you leave out 160,000,000 people in possession of one sixth of the earth, and of the greatest undeveloped wealth on the globe? You meet Russia at every move. You may ignore her, but at the disarmament conference, at the economic conference, at every gathering where men meet to solve the world's problems, there is Russia. We cannot avoid taking her into consideration. Why not, therefore, meet her as one of the family of nations, and by doing so greatly advance the solutions of the problems for which the world anxiously awaits?

I ask unanimous consent to have printed at this point in my remarks the editorial of ex-Governor Smith, to which I have referred.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New Outlook, April 1933]

RECOGNIZE RUSSIA

The Senate Finance Committee at Washington invited a number of people to appear and to offer their ideas as to recovery. In the course of my remarks I strongly advocated the recognition of Russia. This was no unconsidered recommendation. I had come to this conclusion for a number of reasons and after analyzing a great many objections.

One of the principal objections is that Russia owes us money because of debts contracted before we entered the war. As a matter of fact, it turns out that we sold considerable material to the Kerensky government on the supposition, which proved to be a poor guess, that Kerensky would last. It is common knowledge that a good deal of what we sent over never reached Kerensky. The amount involved is not great. It is true also that private property of American citizens was taken by the Soviet Government after the revolution. So was all other private property. As against this, we must not forget that we maintained armies in Russia and Siberia, which did considerable damage and cost the natives much money, at a time when we were not at war with Russia and had no possible excuse under international law for keeping troops on her territory. In any adjustment this army invasion must be balanced against whatever Russia owes us. When it is all boiled down, this argument against recognition does not amount to much.

Then we have the argument that we should not trade with Russia because she does not keep her agreements. The fact of the matter is that we are dealing with Russia every day under cover, and that Russia has in this country the so-called Amtorg Trading Corporation, an official body which is carrying on negotiations for exchange of goods every day, and which certainly should not be permitted to function on American soil if trade relations are forbidden. If, on the other hand, we are trading under cover, we might better trade in the open.

Another argument against Russian recognition is that we disapprove of their form and theories of government. This argument runs counter to every sound American tradition. Thomas Jefferson told us that if we did not like our own Government we should do away with it and build up a new one. We have no right to tell another nation how it shall govern itself.

Russian propaganda in this and other countries is also offered as a reason against recognition. I don't know how wide-spread Russian propaganda is, and I don't believe anyone else knows. In fact, there is considerable doubt as to whether the Russian Government actually is attempting to undermine other governments. If so, I am not afraid of what it will accomplish here. There were orators spouting in Union Square when I was a boy, long before communism was heard of, and before socialism became respectable. At that time the fear was that the socialists would overthrow the Government. As long as we stick to our fundamental principles of free speech and a free press, as a safety valve for the more excited and explosive elements in the community, we need have no fear of foreign propaganda. The Russians have plenty to do at home with their 5- and 10-year plans, and with the feeding of a population which has been taken away

from the soil and put to unaccustomed work in factories. They are much more likely to become conservative than we are to become radical.

We are not proposing to withdraw our diplomatic representatives from Germany because Hitler and his party have come into power, although there is much in their philosophy which does not appeal to Americans. If anything, they are more extreme than the Communists. Moreover, if the Communist Party in Germany were to succeed Hitler, I don't think we would refuse to recognize the new administration.

My impression is that we could reestablish relations with Russia on favorable terms to both countries if we made the right sort of gesture. I would like to see a commission sent to Russia to negotiate a diplomatic and trade agreement, composed of men like Newton D. Baker, Brig. Gen. William N. Haskell, who had charge of the relief work after the war in Russia and the Near East, Hugh Cooper, the engineer who built the great dam on the Dnieper River, Alexander Legge, the president of the International Harvester Co., and Senator Barkley, of Kentucky, who has made a first-hand study of Russian conditions. A commission of this kind should restore normal relations in short order.

Mr. BLACK obtained the floor.

Mr. ROBINSON of Indiana. Mr. President, will the Senator permit me to make just one observation in reply to the Senator from Idaho?

Mr. BLACK. I am going to submit a request in reference to a bill in which the Senator from Indiana is very much interested, and which request I have every reason to believe will be granted. I sincerely hope that if possible we may take up and dispose of the motion to reconsider. It is a most interesting debate in which the Senator from Idaho and the Senator from Indiana have engaged, but I would like to submit the request and if possible have the debate limited to the motion to reconsider. I am sure, from information coming to me, that it will not take very long.

Mr. ROBINSON of Indiana. Will the Senator permit me to make just a short statement in response to what was said by the Senator from Idaho with reference to France?

Mr. BLACK. Of course, if the Senator insists, I shall do so, but I shall greatly appreciate it if he will let us proceed with the motion to reconsider. I am sure he will do anything in his power to further the cause of the bill to which the motion refers.

Mr. ROBINSON of Indiana. I am very much in sympathy with the Senator's bill, and I expect to do anything I can to assist him.

Mr. BLACK. Very well.

The PRESIDING OFFICER. Does the Senator from Alabama yield for the purpose indicated?

Mr. BLACK. I yield.

Mr. ROBINSON of Indiana. Mr. President, there is no analogy, as I see it, at all between the French Revolution and the Russian situation today. The French Revolution ran its course for a few years. Napoleon appeared and took the matter in hand and the ideals of the French Revolution disappeared instantly. Napoleon set up his own ideals which were far more conservative than those of any country in Europe. He undertook to set up a most conservative throne and found a most conservative dynasty and did everything he could to get the good will of the leaders of the various governments all over the world. He did not deliberately attempt by radical philosophy to undermine other governments. Then, of course, followed recognition, and then followed a system of official intercourse with other nations. Diplomatic relations were reestablished.

When Russia gets to the point where she is willing to look after her own business and permit America to attend to hers, to have the kind of government she wants in her own country and permit America to enjoy the kind of government Americans desire here, then I shall be willing to recognize officially that Government; but until that is done I shall not be willing.

Mr. BORAH. Mr. President, I am glad to know that some time or other the Senator from Indiana will consider recognition of Russia. The Senator calls attention to the fact that the French Revolution ran its course and Napoleon succeeded and that recognition was had, and so forth. May I invite the Senator's attention to the fact that when the debate took place between Pitt and Fox, Napoleon was then in charge of affairs and was Emperor of France.

Mr. ROBINSON of Indiana. Yes; and may I suggest to the Senator from Idaho that practically all the nations of Europe at one time had refused to sustain diplomatic relations with the French Emperor, both when he became First Consul and after he became the Emperor and had had himself crowned. Even then he was considered by Heaven's anointed on the thrones of Europe more or less as a parvenu among royalty, and they refused to recognize him and at heart continued their refusal until they had destroyed him. But he controlled practically all of Europe by the force of his sword.

Mr. BORAH. I must have misunderstood the Senator. I understood the Senator to say that after Napoleon came to the throne, England and other governments recognized the Government of France.

Mr. ROBINSON of Indiana. Mr. President, I thank the Senator from Alabama for yielding to me.

6-HOUR DAY AND 5-DAY WEEK—MOTION TO RECONSIDER

Mr. BLACK. Mr. President, I ask unanimous consent that the unfinished business may be temporarily laid aside and that the Senate proceed to consider the motion of the Senator from Florida [Mr. TRAMMELL] to reconsider the vote by which the 6-hour day and 5-day week bill was passed.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

Mr. McNARY. Withholding decision in the matter for the moment, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Cutting	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Lonergan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	Overton	Walcott
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present. The question is the unanimous consent proposed by the Senator from Alabama [Mr. BLACK].

Mr. SMITH. Mr. President, I have made some inquiry, and I am informed that this motion would lead to such a lengthy debate and discussion that it would seriously delay the farm relief bill. Therefore——

Mr. BLACK. Mr. President, before the Senator makes that statement, may I ask him if he has learned who is going to indulge in any lengthy debate? I have been unable to do so. I should like to have the RECORD show the names of those who are against the 30 hour bill, and who are threatening, without letting it be known, to oppose it by long speeches.

Mr. TRAMMELL. Mr. President——

Mr. SMITH. I yield.

Mr. TRAMMELL. In view of the fact that I made the motion, I wish to repeat a statement that I made yesterday, in substance—that as far as I am concerned, there is not any great length of time desired, and I do not expect to speak more than 25 minutes longer on the motion.

Mr. BLACK. May I also say to the Senator from South Carolina that, in my judgment, there are two major relief measures that need to be passed. One of them is with reference to the agricultural situation and one of them is with reference to the industrial situation. I should like also to state that this afternoon, according to my information, the

Secretary of Labor is appearing before the Labor Committee of the House with reference to the particular bill referred to in the motion of the Senator from Florida. I have no reason to believe that it will not promptly receive consideration in the House. As a matter of fact, I have every reason to believe that it will. Realizing the fact that the farm relief bill can not possibly be passed for several days, it seems to me that it is of equal importance that this other bill, affecting the industrial workers, be passed upon. We can pass upon it and send it over to the House and obtain action.

Mr. SMITH. The Senator is going upon the assumption, I presume, that the chairman of the Agricultural Committee is not sympathetic with his bill.

Mr. BLACK. Oh, no; if the Senator will permit me——

Mr. SMITH. But I must insist that the farm bill has precedence in importance over every other. I hope that by tomorrow evening we can dispose of it. I hope so. I think every Senator here has practically made up his mind as to what he is going to do about the bill. So far as the labor proposition which the Senator from Alabama has in charge is concerned, it will not suffer greatly by a few days' delay, because it will pass again, as it passed before. Therefore I must insist that the regular order be carried out.

The PRESIDING OFFICER. Objection is made, and the regular order is demanded.

Mr. BLACK. Mr. President, I desire to make a few remarks with reference to the situation.

No one is more anxious than I am that we proceed with this farm-relief legislation. As a matter of fact, we have been here since 12 o'clock, and it has not received any discussion whatever. I agree fully with the Senator that when this motion for reconsideration is taken up the Senate will vote it down. I have no sort of question about that. I agree fully with the Senator that the speeches that are to be made, either by me or by anyone else, are not likely to have any effect with reference to the vote upon the matter. I think the Senate has its mind made up. It has developed that fact. I do think, however, that there is a deliberate undercover effort—not on the part of the Senator from Florida—to delay action upon this motion for reconsideration. Of course, while that is being done, 150 to 200 telegrams per day are reaching Members of the House. I do not anticipate that even that will have any effect. In my judgment, the day has passed when the small group that formerly determined the type of legislation for the people of America any longer control. They are not going to control the matter in the House; and it will be discovered when the vote is taken that all of this attempted pressure with reference to this particular legislation will accomplish nothing.

Mr. President, I want it distinctly understood that insofar as the senior Senator from South Carolina [Mr. SMITH] is concerned, he is in favor of the bill. I understand the importance of the agricultural measure and the duty which devolves upon him to use every possible method to obtain its passage. I regret exceedingly that the objection was not permitted to come from those who have left the impression with the Senator from South Carolina that there are a lot of Senators over there who are ready to debate against this bill. I regret that they did not make the objection. I do not believe that they are there.

Mr. NORBECK. Mr. President, will the Senator yield?

Mr. SMITH. I yield to the Senator.

Mr. NORBECK. I just want to say that I was on the floor for the purpose of objecting at the time. I was not reached, however, because the Senator from Oregon [Mr. MCNARY] did the objecting. I object solely to the setting aside of the agricultural bill. I should have no objection to voting on the Senator's bill if it could be done immediately; but I, for one, in my own name, want to object to displacing the agricultural bill.

Mr. BLACK. I understand that the Senator wants to object on that ground.

Mr. NORBECK. Yes.

Mr. BLACK. I fully appreciate that; but the regret I have is that the Senator does not leave the objection to be made by those who are not coming out in the open and making the objection, but who are against the bill, and who are not objecting on account of the fact that they favor, as does the Senator, the farm bill.

Mr. NORBECK. I have assumed that one objection is sufficient, and I have made my objection.

Mr. BLACK. The Senator is correct.

Mr. NORBECK. I have no objection to getting a vote on the Senator's bill if we can get it soon, but I do not want the agricultural bill displaced. It is the most important thing before the country, and it has been kicked around now for 12 years, and I want to get a vote on it.

Mr. BLACK. I fully appreciate that, just as I do the position of the Senator from South Carolina. The Senator wants to go ahead with the farm bill, which is perfectly natural; and by reason of his long interest in agriculture, along with those others here, it is perfectly natural that he should feel that he wants the farm bill to proceed.

Mr. President, I now ask unanimous consent when the Senate meets tomorrow at 12 o'clock, without going through the formality of making a motion to adjourn, the Senate take up the 30 hour bill; that the pending measure be temporarily laid aside to enable the Senate to take it up tomorrow at 12 o'clock, and that we vote on the bill at 2 o'clock, and that no Senator be permitted to speak more than once or longer than 25 minutes.

The PRESIDING OFFICER (Mr. COPELAND in the chair). Is there objection?

Mr. NORBECK. Mr. President, does the Senator make that proposal conditional on the farm bill having been passed in the meanwhile? If he does, I have no objection.

Mr. BLACK. I may state to the Senator that I am making the proposal on the theory that we could move to adjourn and have 2 hours to take up the 30 hour bill tomorrow morning.

Mr. NORBECK. No; I object.

The PRESIDING OFFICER. Objection has been made.

Mr. BLACK. Mr. President, if for any reason I am out of the Chamber when a motion to recess is made, I desire to request of those who are here that a quorum may be called, in order that I may be here to move that the Senate adjourn.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The PRESIDING OFFICER. The question is on the amendment on page 25 of the bill.

Mr. MCNARY. Is that Part 3, Cost of Production?

The PRESIDING OFFICER. Yes.

Mr. MCNARY. I think we should have a quorum, and I suggest the absence of one.

Mr. SMITH. I did not hear the statement of the Senator from Oregon.

Mr. MCNARY. When part 3 was reached last evening, on account of its importance and the time given to it by the committee, I suggested that it go over until today. There are a number of Senators who, I know, desire to be here. I therefore suggest the absence of a quorum.

Mr. SMITH. I concur in the suggestion.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Gore	McNary
Ashurst	Clark	Hale	Metcalf
Austin	Connally	Harrison	Murphy
Bachman	Coolidge	Hastings	Neely
Bailey	Copeland	Hatfield	Norbeck
Bankhead	Costigan	Hayden	Norris
Barbour	Couzens	Johnson	Nye
Barkley	Cutting	Kean	Overton
Black	Dickinson	Kendrick	Patterson
Bone	Dieterich	Keyes	Pittman
Borah	Dill	La Follette	Pope
Bratton	Duffy	Lewis	Reed
Brown	Erickson	Logan	Reynolds
Bulkley	Fess	Lonergan	Robinson, Ark.
Bulow	Fletcher	Long	Robinson, Ind.
Byrd	Frazier	McAdoo	Russell
Byrnes	George	McCarran	Schall
Capper	Glass	McGill	Sheppard
Caraway	Goldsborough	McKellar	Shipstead

Smith	Thomas, Utah	Vandenberg	Walsh
Steiwer	Townsend	Van Nuys	Wheeler
Stephens	Trammell	Wagner	White
Thomas, Okla.	Tydings	Walcott	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, there is a quorum present.

The question is on the amendment on page 25 of the bill.

Mr. GEORGE. Mr. President, as I understand it, we have reached part 3 of the bill.

Mr. SMITH. Part 3, on page 25.

Mr. GEORGE. I should like to ask the chairman of the committee this question: This committee amendment had its origin in the committee alone as a part of the general scheme of the bill, which has had the approval of the Secretary of Agriculture?

Mr. SMITH. This provision was incorporated in the bill by the committee alone, and I should like to have the senior Senator from Nebraska [Mr. NORRIS] explain the amendment to the Senate, as he really is the author of it. It was offered by him and accepted by the committee. So I should like to have the Senator from Nebraska explain the situation.

Mr. NORRIS. Mr. President, the principle involved in this amendment is not new. It has been one of the subjects of consideration and discussion in the Committee on Agriculture and Forestry and in the Senate on several occasions for quite a number of years.

The bill in its general purpose gives broad powers to the Secretary of Agriculture, providing that he shall have the authority to follow certain lines set out in the bill. Provision for a processing tax has been included in the bill, under which the Secretary of Agriculture and the Secretary of the Treasury would have control. The assessing of the tax is provided for, the tax to be levied upon the processor, with the idea of getting to the producer, the farmer, a price which, under existing conditions, would buy as much as the same amount of commodity would have purchased during the year that is set aside as the base period.

There is a great similarity between that provision and the one now under consideration, and the committee decided to add to the authority by setting up this plan, which the Secretary could use the same as he could the other. He could apply one plan to one commodity to which he thought it had particular application, and another plan to a different commodity. I presume he could apply a plan in one section of the country different from what he would use in another section of the country in relation to the same commodity. His authority would be almost unlimited.

Instead of trying to reach the base period by getting the price up to what it was in that period, so far as its ability to purchase commodities is concerned, it provides for the cost of production to the farmer who produces the article.

Suppose we apply it to wheat. The Secretary would ascertain the cost of production from the reports and statistics in his office and make an estimate as to the probable amount of domestic consumption of wheat. Having the figures as to the total amount produced, he would be able to deduct one from the other and find the amount that would have to be exported; in other words, the amount that could not be consumed in this country. This provision would give him authority to give to the farmer cost of production for that part of the product that is consumed in the United States.

Mr. President, briefly, that is the object of the whole thing. It can be carried out, in my judgment, by the employment of as small a number of men as under any other plan in the bill. The Secretary would carry out the provision, very likely, by licensing the dealers—using wheat again for an illustration, the elevator men. The elevator man would take the cost of production fixed by the Secretary of Agriculture in his proclamation for that part of the product brought to him that would be for home consumption. The balance would be sold just as it is now, controlled and handled, probably, in the same way it is controlled and handled now.

Let us say that the Secretary, in his estimate, found that the total production of wheat for the year under consideration would be 800,000,000 bushels, and that his estimate showed that there would be domestically consumed and kept for seed 600,000,000 bushels. That would mean that 200,000,000 bushels would have to be exported. If a man brought to the elevator a thousand bushels of wheat, the elevator would be required to pay him the cost of production, as it had been settled by the Secretary of Agriculture, for 750 bushels, and the balance they could settle among themselves. The price probably would be fixed by the world market price, just as it is now.

As to the machinery for carrying out the measure, the Secretary of Agriculture, as he would under all the other parts of the program, would have almost unlimited authority to arrange matters. I think that, in a nutshell, tells just what the object is.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. VANDENBERG. Would it be fair to say that both of these schemes are essentially price-fixing schemes, but that the formula to which the Senator now addresses himself goes straight to the mark, avoids all necessity for a taxing system in order to make it work, avoids all necessity for a complicated system of administration and supervision, and is a straight short cut to the objective which the other part of the bill pretends to reach?

Mr. NORRIS. Yes; I think that is a fair statement of it.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. GEORGE. Mr. President, I observe from a reading of the bill, and from the Senator's explanation, that the provisions in this part apply to local or intrastate purchases, as well as to interstate purchases.

Mr. NORRIS. My idea would be that he would take care of that with his regulations.

Mr. GEORGE. There seems to be no distinction made in the measure.

Mr. NORRIS. Probably not. I was here and listened to the inquiry propounded yesterday to the Senator from South Carolina by the Senator from Kentucky. It occurred to me that the difficulty, if it were a difficulty, would be easily handled by the Secretary of Agriculture. If the bill does need amendment in that respect, certainly it ought to be amended. I should not like to compel the Secretary in making his regulations to go as far as indicated in the illustration used by the Senator from Kentucky yesterday, so that if one farmer sold another one a plug of tobacco he might find himself liable for a penalty under this proposed law.

The suggestion was also made to me today by one of the Senators here that the penalty probably is too severe, and I was rather impressed with the suggestion that it ought to be a civil penalty, rather than a criminal penalty. As far as I am concerned, all I am interested in is having the power vested, and the penalty sufficiently strong so that it will bring about an acquiescence in the act.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. AUSTIN. I should like to ask if there is anything anywhere in this amendment which would exclude an international purchase. That is to say, suppose a processor of feed for cattle should purchase the raw material just north of the Canadian line, say a mile and a half or so from his plant. Must he also be held a criminal for entering into that contract, if he pays a smaller price than that fixed by the Secretary of Agriculture?

Mr. NORRIS. Mr. President, he may pay a larger price if he wants to, but he ought to pay at least the price fixed by the Secretary of Agriculture. If we are to make the bill effective we cannot put anything into it or anything in the regulations that would enable two men to contract for a lesser price for that part of the product that is to be consumed domestically. If we do that, we will have nullified the law.

I realize that it is a severe method of dealing with the situation. I realize that all of these plans are severe, and I can imagine hardships that would come here or there. I can imagine many difficulties that would come in the ad-

ministration of the law. Some of them, as to some commodities, would be insurmountable. After all, no man can tell how any of these plans, if put into effect on any particular commodity, is going to work.

We might just as well face the truth and realize that we are not dealing with certainties. We are to a great extent performing an experiment. We are confronted with the fact that the farmer is producing the food we eat and the products from which the clothes we wear are made at a financial loss to himself, and has been doing so for quite a number of years, and it is only recently that the rich and the poor alike, the man in the city as well as the man in the country, have begun to realize that that is true. They are confronted with the fact that we cannot go on indefinitely in this way and live. Our country must fail, our very civilization cannot exist, if the farmers of the country, who represent the foundation stone of our temple of prosperity, cannot get cost of production. We are all realizing that, and we are all anxious to give it to the farmer. Things have gone very far, however. Nobody has heeded the voices which have been crying out for 10 years calling attention to the fact that we are rapidly approaching that kind of a condition. Now we realize it. Everybody concedes it; and every man, whatever may be his walk in life, is anxious, I think, honestly and conscientiously anxious, to remedy the situation. We disagree about how we should go about it, and if we are fair in our hearts with ourselves we must realize that no man absolutely knows what to do. There is no mathematical demonstration that can be given. Yet we are confronted with the condition; and, as honest men, as conscientious men, we have to take our chances. It is necessary that we should delegate some powers to someone to deal with conditions as to which we cannot state in advance what they are going to be and as to which, therefore, we cannot legislate. We have got to do this in order to give to the producers of the food which we eat a price equal to the cost of production and so save our country and our civilization.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. NORRIS. I yield to the Senator from Ohio.

Mr. FESS. There is a practical difficulty about this particular section of the bill which I should like to have the Senator explain and to indicate. I desire to know how it may be surmounted. Nearly every agricultural commodity will be embraced in this legislation, and as to many such commodities there will be a first grade, a second grade, and a third grade. Take hogs. There will be in one litter high-grade pigs and also runts. It costs as much, if not more, to develop the second grade, the runts, as it does the first grade; indeed, I think it costs more. The difficulty arises when we consider whether the sale of the lower or more costly grade to produce can be made on the cost-of-production basis.

Mr. NORRIS. The Senator from Ohio has presented a question that is difficult to answer. In answer I am going to take something different from hogs.

Mr. FESS. The Senator from Nebraska may select anything else.

Mr. NORRIS. I want to say to the Senator that if I were Secretary of Agriculture and were called upon to put the proposed legislation into effect, I never would start with hogs. I was one member of the committee who wanted to strike out every basic agricultural product except wheat and cotton.

Mr. FESS. That ought to have been done.

Mr. NORRIS. I think it ought to have been done, but we were not able to do it. I was impressed with the desire of the Secretary of Agriculture to keep hogs and corn in; he wanted them kept in, and said so. I have no objection to keeping them in and letting the Secretary try it, though I doubt very much, I will say to the Senator from Ohio, whether in the case of hogs he could make this plan work. Personally I agree with the Senator and think he has presented a question that is very difficult to answer, and, so far as I am concerned, I cannot answer. However, if he were to select wheat, then I could answer it. There are different grades of wheat, as there are of hogs.

Mr. FESS. Very well; I should like to have the Senator from Nebraska answer my question in its application to wheat.

Mr. NORRIS. When we fixed the price of wheat during the World War, we fixed it for a certain grade at a certain market, all other grades bearing their certain relationship to the grade the price of which we fixed. Under this bill the Secretary of Agriculture would, by his regulations, I should think, fix the price for a certain grade of wheat, assuming that he is going to apply it to wheat. He does not have to apply it to anything, if he does not want to, nor does he have to apply it to hogs or to corn. He could pick out whatever commodities he desired to make the application to. If he should select, in the case of wheat, Hard No. 1 Northern or No. 2, all the wheat better than that or lower than that in grade would bear a certain fixed relation to the standard fixed. So the price would go below or above the standard fixed, as the case might be. I do not think there will be much difficulty about fixing that. We had to fix it during the war, and we fixed it by regulation which controlled the price of wheat. I concede that in the case of some of the other commodities it would seem to me it would be impossible to make the plan work; but if I were Secretary of Agriculture, I would try it on the commodities which I believed were the easiest to handle, because, God knows, it is going to be difficult to operate the plan as to any of them.

Mr. FESS. I desire to ask the Senator another question, if he will permit me. I cannot see how the Secretary could enforce that feature which makes the plan applicable only to that portion of commodities which are domestically consumed, though the Senator, I think, gave the illustration of that a moment ago. If a farmer raised 600 bushels of wheat and sold it to a miller, and we proceed on the assumption that there will be consumed 600,000,000 bushels and that there will be produced 800,000,000, we will consume three fourths of the domestic production at home.

Mr. NORRIS. Yes.

Mr. FESS. Then the miller would pay the tax on only three fourths of the 600 bushels, or on 450 bushels.

Mr. NORRIS. That is just as is now provided; there is no change made in that respect.

Mr. FESS. So that clears up the question as to just how that would operate.

Mr. NORRIS. I call the attention of the Senator to the fact that, as the Senator from Michigan has so well stated, that compared with the other plans, this provides quite a simple method of reaching the result.

Mr. FESS. It is the feature as to pricefixing which disturbs me, outside of the general opposition to the Government's going into this field.

Mr. NORRIS. It also disturbs me, but I will say to the Senator from Ohio that we shall, I think, have to give up some of the notions which we entertain; we shall have to surrender some of our cherished opinions. We are confronted with a predicament that never before confronted the world, and many of us have got to compromise with the ideas we have held during our entire lifetime and which have become a part of our make-up and our system. That is the reason, it seems to me, why we are justified in affording to the Secretary of Agriculture as many methods which he may try as can show any prospect of being successful. The Secretary of Agriculture can apply part 3 to wheat if he so wishes; he can take part 2 and apply it to hogs; and he can take another part and apply it to cotton if he so desires. He will find that some of the remedies proposed are more easily applied to some particular commodities than they are to others, and that to some they cannot be applied at all.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. To the best of my knowledge, the most serious objection to this provision of the bill comes from those who claim that it is impossible to find a basis upon which to determine the cost of production. They say that the cost of production cannot be ascertained. I

wish to call attention to the principle underlying the present tariff act and to all other tariff acts in the history of the American system of protection. The slogan has been the difference in cost of production at home and abroad. If we can determine the cost of production for the purposes of tariff making, which must be done if we are going to base the rate of duty on the difference in the cost of production at home and abroad, we must know the cost of production not only at home but also know the cost of production abroad; and I beg to submit that, if we can do that for the purpose of tariff making, we can do it also for the purpose of price fixing. I thank the Senator.

Mr. NORRIS. Mr. President, I thank the Senator from Minnesota. Perhaps I ought to say a word about the cost of production. Again we are confronting a field that we cannot define definitely or mathematically, and we might just as well reach that conclusion to begin with and not deceive ourselves. No man, no set of men, can hope to be mathematically correct when they undertake to fix the cost of production. I realize that of itself is a different thing. It will be necessary for compromises to be made, and when that is done the result will not be mathematically correct.

Mr. SMITH. Mr. President——

Mr. NORRIS. I will yield in just a moment. But we hope the Secretary of Agriculture, who we all know is moved by the highest and the best motives, will do the best he can under the very difficult situation. I now yield to the Senator from South Carolina.

Mr. SMITH. Mr. President, may I suggest to the Senator from Nebraska that if the farmer does not obtain the cost of production, and do it pretty soon, it will only postpone the inevitable ultimate bankruptcy and extinction of the farmer. That is axiomatic. If he gets less for what he produces and sells than it costs to produce it, his business, like every other business in the world, cannot live and exist under such conditions. I do not believe, if the Senator will allow me further, that there is any difficulty in ascertaining the average cost of production of our staple agricultural commodities, such as wheat, corn, and cotton. They are subject to a more reasonable approach to the cost of production than a great many manufactured articles which are produced more or less as byproducts in connection with the articles of principal manufacture. I do not think there is any difficulty here at all. I think the Senator from Minnesota [Mr. SHIPSTEAD] has suggested an idea that makes it absurd to think that we cannot determine the cost of production of wheat, for instance, when we have already put a tariff on wheat based on that determination. The tariff on wheat was adjusted to measure the difference between the cost of production at home and abroad, and it seems to me that it is imperatively necessary that the farmer should now obtain at least the cost of production.

Mr. NORRIS. I agree with the Senator that that is imperatively necessary. Yet, of course, even in tariff matters, it is impossible to determine mathematically to a cent the cost of producing any manufactured article. The cost varies in different parts of the country.

Mr. WALSH. Depending upon the efficiency of the producer.

Mr. NORRIS. Absolutely. It is necessary to take into consideration a number of items.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NORRIS. I will yield in just a moment. But we are confronting the fact here, as in the case the Senator mentioned, that we must approximate. We must not, Mr. President, expect perfection. If we do, we are going to be disappointed. We all ought to realize that the Secretary of Agriculture in executing this bill will be confronted with the most difficult task that has ever faced a public official and that he will undoubtedly make mistakes; he would not be human if he did not do so. He will do many things differently from how I would do them or from how the Senator from Michigan would do them, but we must permit him to do the best that he can and satisfy his own conscience and his own judgment. When he fixes, for instance—if he applies it to wheat—the cost of production of wheat, there will be some farmers for whom the cost of production thus fixed will be too high, and there will be others for whom it will be too low. It will be an arbitrary determination of an impossible situation. Somebody, however, must determine it; it must be determined, for everyone now concedes we cannot go on unless the farmer gets the cost of production. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, I want to make clear that I agree with the Senator from Nebraska as to the difficulty of mathematically and correctly determining the average cost of production of any given commodity. I want to make it clear that I agree with him as to that, but we have fixed the cost of production; we ascertained it for the purpose of tariff making in the case of wheat, for instance, in 1924. No one will claim that we found the actual mathematical cost of production, but we did find the cost of production for the purpose of tariff making. If we now take the position that we cannot find on the same basis the cost of production for the purpose of price fixing, then the foundation of our whole tariff structure, based upon the difference of cost of production at home and abroad, vanishes and has nothing on which to stand.

Mr. NORRIS. I thank the Senator.

Mr. VANDENBERG. Mr. President——

Mr. NORRIS. I yield to the Senator from Michigan.

Mr. VANDENBERG. And I think the Senator may add that any calculations respecting the cost of production under this section of the bill are relatively a kindergarten problem compared to the difficulties under the other sections of the bill; and therefore if there is a justification for the other sections, there certainly is for this section.

Mr. NORRIS. I agree with the Senator. This, in my opinion, would be the easiest plan laid out in the bill for the Secretary to follow. I realize when I say that, that other men, just as able and conscientious as I, have reached a different conclusion, but I have no hesitancy in saying that so far as simplicity is concerned this plan is away above and beyond any of the others so far as I am able to analyze it.

Mr. President, unless there are other questions, I have nothing more to say. I should like to hasten action on the bill as much as possible.

Mr. VANDENBERG. Mr. President, I want to make this supplementary observation to the remarks that have been submitted by the able Senator from Nebraska [Mr. NORRIS]: I am ready for new experiments to seek a way out of agriculture's troubles. I agree that agriculture's emancipation is prerequisite to America's recapture of prosperity. But we are warned by costly experience that it takes more than legislative sympathy and good will to produce actual farm aid. I have never been one of those who thought this problem could be settled by price fixing, and I do not think so now. I have never been able thus far to escape the conviction that price fixing has been a tragic failure in connection with cotton in Egypt, cattle in the Argentina, rubber in Brazil, nitrates in Chile, sugar in Cuba, coffee in Brazil, silk in Japan, and vegetables in Germany. I realize that in those instances an international situation usually was concerned, while here we are undertaking to deal with the problem within our own confines. But I have never been persuaded that we could accomplish this economic result by the formula of price fixing. I think it promises more harm than good. However, if an effort at price fixing is to be made, in spite of the opposition of those of us who do not believe in it, I know of no reason why it should not be made in the open and frankly as such.

It seems to me that the first sections of the bill under the Wallace-Tugwell-Ezekiel allotment formula constitute price-fixing and nothing else, only it is dressed up with much tortuous camouflage—I am not speaking invidiously—and it has within it the necessity for the collection of a far-flung sales tax and the necessity for a tremendous administrative system to operate it. It has within it many nebulous calculations as to what the mystifying factors are and what the net results are to be. But finally it appears to make a

dictator out of the Secretary of Agriculture and to license him to order restraints upon the liberty of action of millions of farmers and to order sales taxes upon the food and clothing of other millions of our citizens—all according to some abstruse calculations which defy present illumination.

I have sat here for 2 days and tried conscientiously to discover precisely how the plan works. I could only come to the conclusion that when we mix Ph.D.'s and R.F.D.'s we are in trouble. When we are all done, however, with the Wallace-Tugwell-Ezekiel parity formula we have fixed a price. I do not think any of us know precisely how it is to be done, nor what the actual net result is to be, nor what is to happen either to the farmer or the Treasury or the consumer as a result, but we have fixed a price. The consumer will pay a minimum of 1½ billions as a result.

I submit that if we are to proceed with price fixing, it would be infinitely better to proceed under the terms of this simpler and more direct part of the bill, because here there is no need for an enormous administrative machine by way of tax collecting. Here there is precious little uncertainty as to what the fixed price, which, by the way, will be an adequate price, is going to be and how it is going to be achieved. There is certainly less uncertainty in this section of the bill than there is in the other sections. I do not refer to the mortgage-relief sections which I heartily favor. I refer to the price-fixing sections. It seems to me if we are to undertake price fixing, the Simpson plan, or the Clair plan, or whatever we may call it, the plan in part 3 of the bill has a thousand times more persuasive credentials than the prior section of the bill.

The prior section of the bill appeals to me precisely as some of the prior farm legislative experiments evidently appealed to the present President of the United States when he made his famous Columbus speech last fall, his famous "Alice in Wonderland" speech, from which I recall a sentence in which he sarcastically referred to the fact that Alice had been "peering into the wonderful looking glass of new economies." I think that is exactly what Alice is peering into this afternoon. When she peers into the first section of this bill, she is peering into one of the strangest medleys of mathematics, necromancy, and logarithms of which I know. Nobody knows the definite answer.

Under part 3 of the bill, if we are going to undertake price fixing, here is a clean-cut, straight shot at the target. It hits the target and it wastes no time. It will kill or cure. There is no lost motion. There is no great and burdensome bureaucracy necessary as a by-product. It is simple and direct, and, furthermore, it is calculated to produce a more substantial farm advantage than any other previous section. If the bill is going to pass and if the administration is going to try price fixing, which I frankly say I regret, I am sincerely sorry that part III seems to be here only by sufferance and that, as the able Senator from Alabama [Mr. BANKHEAD] said to me the other day, the Secretary of Agriculture does not believe in it and has not wanted it in the bill and that, therefore, it probably means little or nothing even though it is in the bill. I regret that fact.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. VANDENBERG. Certainly.

Mr. NORRIS. May I suggest to the Senator that while I am not speaking with knowledge, yet in my opinion the statement is not warranted that the Secretary of Agriculture does not want this provision in the bill or is opposed to it. He has not said he wants it, but I do not believe the Secretary of Agriculture is opposed to this particular provision of the bill. He talked quite frankly about it.

Mr. SMITH. Mr. President, did the Senator from Nebraska get any impression from anything said before the committee that the Secretary is opposed to it?

Mr. NORRIS. I did not.

Mr. BANKHEAD. Mr. President, if the Senator from Michigan will yield, I shall be glad to send to the desk and have read a statement which Secretary Wallace has sent to me.

Mr. VANDENBERG. Let it be read, Mr. President.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

COST OF PRODUCTION AND FAIR EXCHANGE VALUE

I find there is much misunderstanding about the meaning of the terms "cost of production" and "fair exchange value" as used in this bill. Cost of production means so many different things to different people. There are some who today say that the cost of producing a bushel of wheat is $1.50, whereas others say that it is only 40 cents, and perhaps both are right.

The Department of Agriculture in June of 1932 published figures indicating that for the year 1931, the cost of producing a bushel of wheat in the United States was 81 cents. This figure was an average of 2,930 individual farm reports, and, undoubtedly, some of these farmers reported average costs of more than $2 a bushel, whereas others reported costs of less than 40 cents. The question I would raise is, "Is it fair to take the average cost?" If so, let us project this figure of 81 cents for 1931 into the present situation.

Land values and labor values today are both less than three fourths of what they were in 1931. If the yield this year were the same as in 1931, it is probable that the methods employed by the United States Department of Agriculture would give the cost of producing wheat in 1933 as very little more than 60 cents a bushel.

Figuring the cost of producing cotton in the same way, we get for the year 1933, assuming an average crop, a cost of around 8 cents a pound. In like manner with hogs—if we assume the cost of corn at 20 cents a bushel, man labor at 15 cents an hour, and horse labor at 10 cents an hour—we get a cost per hundredweight, according to competent authorities, of around $2.65 a hundred. These figures, as just cited, are cost of production according to the definition as hitherto customarily employed in the Department of Agriculture.

Frankly, I believe that cost of production, when used as a measuring stick under conditions as they exist today, might do a very real injustice to the farmer. Cost of production, in the sense in which it is ordinarily used, is likely to have written into it a terribly deflated land charge, man labor at 15 cents or less per hour, and horse labor based on unfairly low-priced corn, oats, and hay. The cost of producing hogs which I have given above illustrates what I mean. Everyone knows that if the farmer grows the corn which he feeds to his hogs, it is impossible to produce hogs at $2.65 a hundred. If the farmer buys his corn, however, it may be possible. How can you distinguish between the farmer who grows the corn which he feeds his hogs and the farmer who buys his corn?

Secretary Wallace in 1920, in his book, Agricultural Prices, wrote as follows concerning the theory of cost of production and ratio price:

"Those who have given the most thought to price fixing advocate as a guide 'cost of production plus a reasonable profit.' But what is cost of production? Even in industries so well controlled by man as coal mining, where the weather does not enter in, there are some mines that can produce a ton of coal for two or three dollars, while other mines cannot produce a ton of coal for less than six or seven dollars. The North Dakota wheat farmer, in a year of rust, may produce wheat at a cost of 4 or 5 dollars a bushel, whereas the Kansas farmer the same year may produce wheat at a cost of only a dollar or a dollar and a half per bushel. Shall both the Dakota farmer and the Kansas farmer be paid cost of production plus a reasonable profit for their wheat? From this standpoint we see that there is no such thing as a standard cost of production. A single producer may be able to determine his personal cost of production of a given quantity under a given set of conditions. But in the general sense, as it is commonly thought of, cost of production is a will-o'-the-wisp, a creature that seems to exist but really does not.

"Nevertheless, there is a rough-and-ready method of determining cost of production or just price as distinguished from laissez faire or supply-and-demand price. We refer to the ratio method of price determination. Over a long series of years, cost of production plus a reasonable profit is roughly expressed by the relationship which exists between a raw product and the finished product. In rough form it may be most easily grasped in the case of corn and hogs. Over any long period of years, hogs sell on the Chicago market at a price per hundredweight equal to the Chicago price of 11.5 bushels of corn. When hogs have sold for 14 bushels of corn, they have sold for more than cost of production plus a reasonable profit, while, on the other hand, when they have sold for 9 bushels of corn, they have sold for less than cost of production plus a reasonable profit. All this is not saying that certain producers have not been able to make a profit when hogs have sold for 9 bushels of corn. Neither is it saying that certain producers may not have been selling at a loss when hogs sold for as much as 14 bushels of corn. It is simply saying that it has required the pulling power of a price for hogs which is equal to the price of 11.5 bushels of corn to keep enough men in the hog business year in and year out to supply the demand of this country for hog products during the past 60 years. This is what we mean by the ratio method of price determination. It is the only practical method of determining cost of production in such a business as farming, where there are millions of producers working under a variety of conditions."

The ratio price as described by Secretary Wallace is similar in philosophy to "fair exchange value", as described in this bill. The difference is that fair exchange value concerns itself with a ratio between the price of certain basic agricultural products and the price of things which farmers buy. Secretary Wallace said in the statement which I have just quoted, "It has required the pulling power of a price for hogs which is equal to the price of 11.5 bushels of corn to keep enough men in the hog business year in and year out to supply the demand of this country for hog products during the past 60 years."

In like manner, I say that in the long run there must be paid a fair exchange value for farm products in order to result in the production of enough food to keep people from starving to death in this country. I make this statement advisedly, realizing that a whole generation of farmers may produce food for far less than a fair exchange value before they and their children finally give up in despair. We do not wish the answer of brute nature red in claw and fang. To avoid such an outcome, we want to get true cost of production to our farmers as rapidly as conditions will permit. That is the object of this bill. I believe the true "cost of production" is "fair exchange value" as defined in this bill. Frankly, I am afraid of the term "cost of production" as used in part 3 of this bill. It is too elusive; there are too many kinds of cost of production. It would be possible for a Secretary of Agriculture equipped with one set of prejudices to do a grave injustice in this part of the bill to the farmers, whereas another Secretary of Agriculture, with a different set of prejudices, might do a grave injustice to the consumers.

What we want is the conception of a just price which maintains an even balance between producers and consumers. Fair exchange value, as defined in part 2 of this bill, is a mathematical effort to define such just price. I am willing to admit, of course, that the price ratio between the things which farmers sold in the pre-war period and the things which farmers bought may not necessarily represent in all particulars a fair exchange value today. It may be said on the one hand that the use of combines today makes it possible to produce wheat for a somewhat lower price than fair exchange value calculated in this way would indicate. On the other hand, it may be said that the impoverishment of our soil which has taken place may render necessary an increased use of fertilizer which would cause the true fair exchange value to vary in the opposite direction.

These niceties of ratio-price determination cannot be gone into in a time of emergency like this. I believe that the fair exchange value as set forth in this bill approximates very closely to true cost of production and that it is essentially much closer to true cost of production than the figures printed annually by the United States Department of Agriculture. These figures, unfortunately, have written into them the depression in land values and hired farm labor of the year preceding. They have written into them the results of the unbalanced situation which has been with us so long. We are now striving for a state of true balance, and the concept of the fair exchange value will help us to realize that state.

Mr. VANDENBERG. Mr. President, may I inquire of the Senator from Alabama who is the author of this treatise which has just been read? No name was announced at the desk.

Mr. BANKHEAD. It is a statement that has been sent up, written by Secretary Wallace.

Mr. VANDENBERG. This is Secretary Wallace's statement?

Mr. BANKHEAD. Yes, sir.

Mr. VANDENBERG. Mr. President, I say sincerely that I have profound respect for Secretary Wallace and his good faith and his earnest dedication to this perplexing problem, and I am in no position—and it would be absurd to pretend to be—to discuss even the outside rim of the technicalities which he has submitted in this very interesting discussion. But so far as I am concerned the proposition continues to be complicated confusion and nothing else.

Mr. LONG. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Louisiana.

Mr. LONG. What has become of Mordecai in this matter?

Mr. VANDENBERG. Mr. President, Dr. Mordecai Ezekiel is the logarithms expert, and this discussion is a bit broader.

I submit that every reference in the letter just read at the desk to the difficulties and the complications involved in the application in the cost-of-production plan applies even more emphatically to the Wallace-Tugwell-Ezekiel formula, and that just as the cost-of-production formula appears to be inscrutible to the Secretary, so the Secretary and his medley of assistants have sent us a formula which is equally inscrutable to us. No Senator has yet reduced it to comprehensible terms.

Mr. BARKLEY. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Kentucky.

Mr. BARKLEY. Is there not this difference: In the previous sections of the bill there is a definite yardstick by which the Secretary may determine, in the base period of 1909–14, the average price of farm products and their relationship to purchasing power during the same period, and it is a rather simple mathematical process to determine the difference between the average of that period and the actual price brought to the farmer of any products covered in this bill, whereas in the amendment which has been put in the bill by the committee there is no yardstick. There is no period which is regarded as the base period. The cost of production to be arrived at by the Secretary of Agriculture, and thereafter proclaimed, must be a variable yardstick. It must apply to each crop each year, and to all types of each crop each year.

Is there not considerably more difficulty in arriving at an average cost of production, for instance, we will say, of tobacco, where there are some 45 or 50 different types, each of them bringing a different price, each of them depending upon different circumstances for its market, than in fixing a general average over a period of 4 or 5 years, and then using that as the yardstick for future calculations?

Mr. VANDENBERG. Mr. President, the Senator suggests that under the Wallace-Tugwell-Ezekiel formula there is a definite, dependable yardstick. Let us see. I submit to the Senator that this is the definition of his dependable yardstick—and I am now quoting the able chairman of the Senate committee, who described the sales tax which is to be applied to the food and clothing of the Nation under the so-called "dependable" yardstick to which the Senator refers. I am now quoting the able chairman of the committee as he submitted his report, and this is his definition of the tax:

> It shall be such a tax as shall raise farm prices to the average parity of farm prices between 1909 and 1914, but the tax shall apply only to that portion of the crop domestically consumed, and it will be so graduated as to find out just what the consumer will take at the advanced price, and just what effect the raise of the price on one commodity may have on something that would be substituted, and what the general consuming public would be able to take at the advanced price.

Is that a fixed and dependable yardstick?

Mr. BARKLEY. Well, it might be; but if we are going to draw an analogy between that and the section now under consideration, we ought to say, "And if anybody buys any of it at less than the average price, he will be put in the penitentiary or fined a thousand dollars."

Mr. NORRIS. Mr. President——

Mr. VANDENBERG. I yield to the Senator.

Mr. NORRIS. I should like to make a suggestion to the Senator from Kentucky. He is complaining about this yardstick's not being dependable. In my judgment, it is much more dependable and will come much nearer applying to any particular circumstances than any other portion of the bill.

Every year there will be an estimate made of the total production of wheat, for instance. Every year there will be an estimate made of the total amount that will be consumed domestically, and every year there will be an estimate made as to what it cost to produce it. Under the other system of your dependable yardstick you might have several years to take into consideration. It seems to me you will come nearer getting down to getting the cost of production at the particular time when the stuff is produced under this amendment than under any other section of the bill.

Mr. BARKLEY. Mr. President, if the Senator will yield further there——

Mr. VANDENBERG. Briefly.

Mr. BARKLEY. The first part of this bill has nothing to do with the cost of production. The average price for the period from 1909 to 1914 takes no account whatever of cost of production. The bill deals with that period as a basis from which to start, and that basis is the average price to the farmer during that 4- or 5-year period——

Mr. SHIPSTEAD. O Mr. President——

Mr. BARKLEY. Calculated in connection with its relative purchasing power during the same period. The question of cost of production does not enter into either one of those equations.

Mr. SMITH. Mr. President——

Mr. VANDENBERG. I think I shall reclaim the floor to conclude briefly these observations that I was submitting. I had no intention of a prolonged discussion of the matter.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. SMITH. Will the Senator allow me to say just one sentence right there?

Mr. VANDENBERG. I yield to the chairman of the committee for one sentence.

Mr. SMITH. The object of the allotment plan is to bring the purchasing power of farm products up to and equal to what it costs the farmer to buy, and that is fixing the price.

Mr. VANDENBERG. Mr. President, I say in conclusion, as I said in the beginning, that it seems to me that if we are to proceed into an adventure in price fixing—which, I repeat, has never persuaded me that it could or would succeed—if we are to proceed into it, I should prefer to proceed frankly under part 3 as submitted and explained by the able Senator from Nebraska, and the reasons are perfectly plain and simple.

The plan at least promises to be more favorable to the farmers in respect to the price to be fixed. The plan is shorn of all needless and costly machinery. It is direct action. It requires no army of inquisitors and tax gatherers and crystal gazers in order to find out what it means and then to administer it. Ultimately it involves no new-born bureaucracy with a lot of cornfield czars in order to make it work. I think it is the simple, direct formula for price fixing, if that is what this Congress is determined to do. I shall vote for a substitute and, I believe, better bill. But I certainly shall vote to keep this cost-of-production section in the present bill, if it is to become the farmer's price-fixing formula. Then, at least, agriculture will be less in need of Einstein to help it thread the maze, and Senators will not require a caucus in order to find the answer to a question or an interpretation.

Mr. LONG. Mr. President, the Senator from Michigan is in error about crystal gazing and various other formulas and theories and methods of arriving at this result. It has been computed by well-defined logarithms. They have been ordered printed in the RECORD; and if the Senator has not read them it is simply because he has not taken the time to acquaint himself with the subject matter.

This document that has just come in here, I understand, came from the Secretary of Agriculture. I think this document ought to be printed. It seems to set up a new form of calculation. In fact, it seems that we are getting a new calculus here every few minutes. They ought to be earmarked as to date and hour and minute, so that we will keep up with them; and in case new ideas flitter through the various and sundry gentlemen who are preparing these ingenious documents we will know from the point of time which we are to take and read first, or to regard as superior.

I want to make a suggestion, Mr. President. It is now getting close to Good Friday. Many of our Senators have expressed, so the Senator from Arkansas has informed us, a desire to go to the ball game. This latest—do I interrupt the Senator from Arkansas?

Mr. ROBINSON of Arkansas. No; I interrupt the Senator from Louisiana. All hope of recessing for a ball game was abandoned yesterday afternoon.

Mr. LONG. "All hope abandon, ye who enter here." [Laughter.]

Mr. ROBINSON of Arkansas. Yes; so far as entertainment is concerned, that is true. We must stay on the job.

Mr. LONG. I am going to stay right with the Senator.

Mr. ROBINSON of Arkansas. I am glad to hear that, because I did not want to have to send out to the ball park to get the Senator. [Laughter.]

Mr. LONG. That goes to show that I am one man whom the Senator from Arkansas wants around at all times. [Laughter.]

Mr. ROBINSON of Arkansas. Yes; the Senator understands that perfectly. [Laughter.]

Mr. LONG. Mr. President, after having read three and a half pages of this epistle, I see that the formula is changed by pages and by paragraphs. I think this document ought to be printed, and that Senators ought to be requested to give it some study before undertaking to proceed too far into this matter. I am told by a Senator sitting near me that it will be printed. That will be of some benefit.

The PRESIDING OFFICER. The Chair is advised that the document has been read into the record.

Mr. LONG. I want to state further, Mr. President, that I am advised by the Library of Congress that they have references and records there explaining in simple terms the mythical processes and logarithms of higher mathematics, so that whatever may have been furnished us for our consideration and illumination can be worked out by Senators upon reasonable application for the records to which I have referred, and I am hoping that Senators, in connection with this and other documents which have come and will come, will avail themselves of the material at hand to acquaint themselves with these logarithms so that they will understand the mysteries of the agricultural question, upon which we are now about ready to act.

Mr. BANKHEAD. Mr. President, in the remarks I am about to make I want to appeal to the reason of those who seriously are interested in the merits or the demerits of the pending bill.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Cutting	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Lonergan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	Overton	Walcott
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, there is a quorum present.

Mr. BANKHEAD. Mr. President, I am opposed to the adoption of the pending amendment. I stated my reasons for opposing it in the committee while the amendment was under consideration there, and reserved the right to oppose it when the bill came before the Senate for action.

I am convinced that the amendment does not and cannot serve any useful purpose, either in the administration of the proposed law or in aiding the financial condition of the farmer. My objection is not based upon any opposition to the farmer receiving the cost of production. I think he should receive more than the cost of production. I do not understand how any business venture can progress if its earnings are equal only to the cost of production. There must, of course, be in addition to the cost of production some

margin for other purposes which are not included in the factors which constitute the cost of production.

It is my understanding that the cost-of-production amendment as proposed here would bring to the farmer a much lower return than would the pre-war parity basis. It developed here, from the statement of the Secretary of Agriculture, that for years the Department of Agriculture has worked upon the problem of ascertaining the costs of production of various agricultural commodities. The formulas prepared for that purpose, the factors which enter into that program, are not those established by the present Secretary of Agriculture. They are the very ones which have been established by the Department of Agriculture, regardless of its political administration, over a period of years; and, under the factors included by the Department, and which will doubtless be included if this amendment is sought to be put into operation, the cotton farmer will get 8 cents a pound for his cotton on cost-of-production basis, the wheat farmer will get 60 cents a bushel for his wheat, the hog man will get only $2.60 a hundred for his hogs; whereas under the basis established by the pending bill for parity in the purchasing relations between agricultural and industrial commodities the prices of all of the basic commodities in this bill will be higher, much higher, than the figures at which the prices can be placed under the plan limiting it to cost of production.

Unfortunately, many confuse the subject of cost of production with a proper standard of living for the farmer. We are all interested in a higher standard of living for the tillers of the soil. They are entitled to it under all considerations. They work, as we know, around 16 hours a day during a very large part of the year. They work in the sunshine, they work under all sorts of weather and climatic conditions. They take greater risks, of necessity, than any other class of business men in the United States.

The result of their year's work depends in large measure upon the climate. They are affected not only by excessive rains and floods but at times by droughts. They have pests of various kinds to interfere with the result of their labors.

They raise, as we know, the food supply and the products out of which the clothes of all the commercial and industrial people of this country are made, and I say that they are entitled to as high a standard of living as are the people who work in the cities and towns of this country.

Mr. President, when gentlemen talk to me about a mere cost-of-production basis for the farmer being adequate, being sufficient, to give him a standard of living that we would all like to see him have, I submit that I can accept no such formula, no such doctrine, even if that cost of production would bring his price up as high as the pre-war basis provided in this plan.

Mr. President, why incorporate a provision of this sort, which no one can support on any basis of fact that would be helpful to the farmer, that would be better for him now than the other basis, when all of the elements entering into his cost of production are lower than they have been in the recollection of man? With the food for his family, the feed for his stock, the cost of labor, the price of horsepower labor, and all the principal factors entering into the cost of production lower than they have ever been, how can anyone conceive the thought that such a basis will be helpful and beneficial in raising the prices the farmer will receive for his commodities?

I do not care to go into the question of the difficulty and uncertainty in the matter of ascertaining the cost of production. While the cost of producing agricultural commodities of various kinds in different sections of America is one doubtless of extreme difficulty of ascertainment, and while it is much more difficult than ascertaining the cost of production under the tariff law involving articles produced by certain industries, still I can see that it is possible that some reasonable basis might be found for ascertaining the average cost of production of different commodities.

So, not basing my objection upon that administrative difficulty, I do assert, Mr. President, that a program like this left in the bill will result in a constant agitation throughout the country, a constant pressure upon the Department of Agriculture to give to the farmer a price which he is not authorized to receive under this plan if it shall be a cost-of-production plan rather than a standard-of-living plan.

Mr. President, I am not going into the subject of the constitutionality of this measure. My objections are based upon other and fundamental considerations which are clearly, to my mind, injurious to the best interests both of the administration of the bill and its effect upon the farmers themselves. I prefer merely to make it a matter of record that it does seem to me that there is no grant to Congress to fix prices of commodities, whether we consider the question from the standpoint of those moving in interstate commerce or those which are confined solely within the respective States. I am not going to elaborate upon that, but it is my clear conviction that this amendment clearly contravenes the Federal Constitution, is violative of the fifth amendment, and has no basis of authorization in the Federal Constitution.

Mr. President, this is not a price-fixing bill, as has been said by the Senator from Michigan. It does not fix the price of any commodity, but, on the contrary, simply gives power to the Secretary of Agriculture to raise from time to time as best he may, under prevailing marketing and consuming conditions, the price the farmer may get in the market by way of benefits for his commodities. Instead of being a price-fixing bill it is simply a price-raising bill. There is no minimum price suggested in the bill; there is no maximum price suggested in the bill. There is nothing suggested, except that, so far as possible consistent with the best interests of the consumers and the public at large, farm commodities shall bring a price commensurate with and measured by the exchange value of those commodities for the same amount of commodities produced in industry which the farmer must purchase.

I know the motives of the Senator from Nebraska in this matter are pure; I know he is interested in trying to help the farmer. We have worked together in the committee for 2 years. I am sure that every member of the Committee on Agriculture and Forestry has the same motive, the same purpose, the same anxiety to do everything in his power to aid the financial condition of the farmer. However, let me ask the Senator from Nebraska, in case he has not given it consideration—and I know he wants to give consideration to every angle of this problem—to consider, for instance, cotton. Under this amendment the domestic allotment of cotton for next year will be about 5,000,000 bales, for which the buyer, under the terms of the bill, must pay the cost of production. How will that work out? To begin with, Mr. President, we have a carry-over in America of more than 13,000,000 bales of cotton, almost all of it now resting in the warehouses and compresses of the country, out of the hands, in large part, of the producers. That excess or surplus of cotton is included in the amount that is covered by the domestic-allotment plan. Out of that 13,000,000 bales, plus another crop of 13,000,000 or 14,000,000 bales, only 5,000,000 bales can be sold at the cost of production, without other benefits to the cotton grower, for there are no advantages to him by way of an increased price growing out of other provisions of the bill on that part of the cotton which must be exported. There is no enhancement in price for the rest of the crop by reason of land rentals or reduction in production, thereby decreasing the surplus. There is no advantage by reason of benefits paid under the allotment plan, if it shall be put into operation, but merely a requirement that for 5,000,000 bales of that crop the buyer must pay the cost of production. For the purpose of this argument we will assume that the cost of production is higher than the standard fixed in this bill on a pre-war basis; but whether higher or lower—and if it is not higher it serves no purpose whatever—how much cotton will the cotton farmer sell next year? Not a bale, not a single pound of cotton for American consumption under the cost-of-production plan will he sell, because the cotton-mill people will go to warehouses and get their cotton. They can buy

it from them, I understand, but not from the producer. Certainly the producer will sell no cotton next year.

What about the second year? Mr. President, we have in this country enough cotton for practically 2 years' use, exempt from this proposed cost-of-production limitation upon the buyer. So that for another year, the second year, there would be no advantage of any sort under this plan to the cotton grower.

What about wheat, let me ask you Senators from the wheat section? There is a carry-over of 350,000,000 bushels of wheat; the average domestic consumption is 500,000,000 bushels. That is the quantity for which the buyer would be required to pay the cost of production. Before a wheat grower could sell a bushel of wheat under this plan, the 350,000,000 bushels of wheat in the warehouses, exempt from the plan, must have been bought and consumed, thereby leaving a sale from next year's crop of only 150,000,000 bushels of wheat out of a probable crop of 700,000,000 bushels. So I submit that, while the cost-of-production plan, especially if there could be added to it proper provisions which would elevate the standard of living of the farmer and would give him a good, fair margin—would represent a splendid and ideal theory, and I should like to see it put into execution as much as any man upon this floor of the Senate, yet, from the lights before me, I cannot see how it can operate in any way to the advantage of the farmer, either this year or next year in the case of cotton, and certainly not for this year in the case of wheat.

So, Mr. President, it seems to me that this provision really ought to be left out of the bill. There is the question of the uncertainty about buying commodities. If a prospective purchaser does not know whether the producer has sold his domestic allotment of hogs, for instance, he is always under an uncertainty, under an anxiety, about violating the law. If he buys a hog from his neighbor or from the butcher or in the market place, the buyer has got to take the risk of ascertaining the facts for himself as to anything he buys that is included in this bill as a basic commodity.

If the farmer goes to the cotton buyer with cotton or goes to a cotton mill with cotton, what will the buyer ask? "How much is your domestic allotment for this year? How much have you already sold?" And evidence satisfactory to the buyer upon that subject must be presented. Otherwise the purchaser buys at the risk of a substantial fine. I submit that when Senators talk about the uncertainty as to different grades growing out of changes in the amount of the excise tax, and that little uncertainty constitutes a factor serious enough to take nearly an entire day's time of the Senate, it is infinitesimal compared with the investigation that every buyer of any basic commodity must make in order to be sure when he enters into a contract, such as the Constitution authorizes him to make, that in doing so he is not buying some portion of a farmer's production which is not exempted from the domestic allotment allowed him.

It seems to me it will bring about all sorts of uncertainties, all sorts of confusion in the trade, and will retard trade. A situation of that sort is not helpful; and why create it if it is not necessary in order to raise the price of the farmer as high at least as it can be raised under other provisions of the bill to the price which gives a fair exchange value to the farmer for the things that he must buy? So I submit, Mr. President, in view of these suggestions, that this provision ought to be eliminated from the bill. I have heard of no one who advocates it.

I know that the suggestion of the cost of production is a worthy one. I fully agree with the theory. I know that those who propose it, like myself, want to go further than the cost of production; and if we accept the figures of our Government, if we use the facts within our knowledge about the cost of things that enter into the actual production, we must know that this formula cannot give the farmer what he ought to have. If the application of it does not help him, if the Secretary's construction of the application of it does not help the farmer, then why should we insist upon putting a doubtful provision in the bill which at some time, in the hands of some unfriendly Secretary of Agriculture, might result, not in advantage to the farmer, but in reduction of the disparity of the purchasing price down to the cost of actual production as is authorized here?

Mr. President, for these reasons, I hope the Senate will not adopt the amendment.

Mr. BARKLEY. Mr. President, we have from time to time during the consideration of the bill dealt in a good deal of "horseplay." We have attempted to ridicule the name bequeathed to a man who happens to hold an official position. We have tried to ridicule the measure out of the Senate because in the province of Almighty God there was handed down from one generation to another a name that someone here does not like. So far as I am concerned, I do not propose to allow my vote as a Member of the Senate to be swayed by any such trivial consideration. I have tried from the beginning of the consideration of the whole farm problem to look upon it and deal with it seriously. I have tried as best I could to picture the causes which have produced the farm situation which calls for legislation. I have tried as best I could to fathom the almost unfathomable problem of how by legislation we could lift the farmer out of the ditch in which he finds himself. We cannot do it by hilarity. We cannot do it by "horseplay." We cannot do it by playing on the name of some man. Neither can we do it by attempting to resort to the criminal law in our efforts to handicap the sale of farm products or to handicap the voluntary exchange of farm products in the markets of the world.

I do not know, and I dare say none of us here knows, whether the bill will solve the problem of the farmer. We considered the McNary-Haugen plan. We did not succeed in getting it enacted into law. We considered the equalization-fee plan, and we could not get that enacted into law. We tried the agricultural stabilization plan under the administration of Mr. Hoover. Notwithstanding the fact that that law operated in some respects beneficially, notwithstanding the fact that the Farm Board in some of its activities, especially in dealing with farm organizations and the encouragement of cooperative agricultural associations, rendered some very large benefit to the farmers of the country, on the whole the plan failed and the farmer was not substantially benefited by it.

I do not know that anybody in the United States is in possession of that amount of wisdom which will enable him to say that he has the last word on the subject of agricultural relief. Certainly I do not possess that wisdom. I know of no Member of this body who possesses it. I know of no Member of the other body of Congress who possesses it. I know of nobody in the United States or any combination of men in the United States who can say beyond peradventure of doubt that they know what may be the real remedy for the farmer's troubles. Therefore I do not know that the bill now under consideration is a solution for the farm problem. I do not understand that it is presented here either by the Secretary of Agriculture or by the President of the United States or by the Chairman of the Committee on Agriculture and Forestry or by the committee as a whole as a solution of the farm problem which can be handed to the farmers without any hesitation and without any doubt as to its workability.

The truth is that when it was sent down here, if it were sent, in its original form from the Department of Agriculture, following a message from the President, he announced that he did not know that it was the last word in agricultural relief, that it was untrodden ground. The ground we have covered has been untrodden ground, except the ground which we have trod in some of our laws which have had a good deal to do with keeping this burden on agriculture, has been trodden over and over again at the behest of certain groups of people in the United States who have always preyed upon agriculture and used the title of "the farmer" as a smoke screen behind which to secure legislative favors of its own in the form of tariff or tax laws enacted by the Congress of the United States.

We need not delude ourselves in the belief that this particular measure is going to do all that its authors or sponsors may hope that it will do, but I am going to vote for it in the belief that it is no worse than any others that have been brought forward in the past by the Senate, and it may be infinitely better, because it does fix responsibility upon somebody to deal in an official capacity with the troubles of agriculture and use the powers that are granted in the bill in an effort to remedy the condition of the farmer. Certainly we can do nothing to make that condition worse, and we may be able to do something that will make it better.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Louisiana?

Mr. BARKLEY. I yield.

Mr. LONG. I notice the Senator mentions in a rather derogatory manner the tariff. This bill extols the tariff feature very much, and finds it necessary in order to aid agriculture that we invoke the tariff. In other words, the Senator will be in line with us tariff people when he votes for the bill.

Mr. BARKLEY. No; I do not think I will be in line with "us tariff people" if the Senator from Louisiana classes himself among "us tariff people." If the Senator from Louisiana classes himself with the Fordneys, the McCumbers, the Smoots, and the Hawleys as being "us tariff people", then I take myself out of that class.

Mr. LONG. The Senator from Louisiana does not class himself with the Smoots, the Hawleys, the Fordneys, and the McCumbers. The Senator from Louisiana classes himself with the Washingtons, the Lincolns, and the Jeffersons on the tariff. [Laughter.]

Mr. BARKLEY. I am sorry I cannot consult them and ascertain their reaction to the last statement of the Senator from Louisiana.

Mr. LONG. It will be no trouble to find how they stood.

Mr. BARKLEY. I do not care to get into a tariff argument with the Senator from Louisiana or anybody else. So far as the tariff provisions of the bill are concerned, they represent merely an effort to put the farmer upon a parity with others who have enjoyed the tariff. That is no justification for the tariffs that have been heaped upon the farmer's back. That is no justification for the policy of iniquity, as I believe, which has worked the undoing of the farmer; but in view of the fact that the tariffs are on his back and that he must submit to them and live under them, then there is nothing unfair or inconsistent in an effort to make the farmer equal to those who have enjoyed them for a century, and that is all the bill undertakes to do. The fact that they are in the bill affords no reason whatever to criticize it or vote against it.

Mr. LONG. I agree with the Senator in all he has said. That is why we people who are raising sugar are entitled to just as much tariff as the man who is raising cotton or wheat. We cannot live without it. We have to trade in and buy on the tariff market.

Mr. BARKLEY. Mr. President, as I was trying to say when interrupted so pleasantly by the Senator from Louisiana—and I welcome all his interruptions and appreciate the Senator's situation, though I do not always approve his reaction to problems; but he and I will not fall out about methods, he will no doubt continue to pursue his and I shall pursue mine.

As I was about to say, unless some Member of the Senate or some Member of the other body of the Congress can offer a better solution for the problems of agriculture, can bring in here in clear understandable English a better bill than the one we have before us now, it does not lie in our mouths to criticize what somebody else has tried to work out. Unless I can in the quietude of my study, as a result of investigation, write a better bill than this and bring it in here and offer it as a substitute, I have no moral right to find fault with and criticize what somebody else has done, or to try to ridicule it out of the Senate of the United States.

We have the farm problem to deal with and we are compelled to deal with it. For years we have been trying to find a market for farm products. We have been complaining, in the last 3 or 4 years especially, because of artificial trade barriers erected by the nations of the world against international trade, a process which we ourselves inaugurated when we passed the Smoot-Hawley tariff bill in 1929 and thereby set an example for retaliation around the world, thereby set an example for the raising of artificial barriers which have reduced international trade in 3 years by more than 50 percent and reduced world trade last year by more than 24 percent. We must deal, therefore, with the question of surplus products of the farm because our own example and our own legislative processes have destroyed the markets of the world for the American farmer.

During the last 3 or 4 years we have been seeking some way to find a market for the products of the farmer. We have complained that our wheat has been piled up in the granaries, that our corn has been piled up in the corn bins, that our tobacco has been piled up in the tobacco barns and in warehouses, and that all other products of the farm have been frozen because of the inability of the farmer to sell and the inability of the purchaser to buy, and because of their inability to scale the walls of artificial trade restrictions that have been erected between the nations of the world so as to stagnate world business. There never has been and there never will be an era of prosperity, either to the farmer or to the manufacturer or to the laboring man or to the business man, until there has been a resumption of world trade in all of the exchangeable commodities that are produced in the world; yet in this very measure we have a provision that puts another handicap upon sale, that erects another artificial barrier against exchange; and we have gone to the extent of resorting to the criminal law to make it an offense for a man to buy any part of any commodity at a price lower than the Secretary of Agriculture in Washington shall have proclaimed as the cost of producing that product.

What is a basic agricultural product as contemplated in this bill?

Section 11, on page 16, says:

> As used in this title, the term "basic agricultural commodity" means wheat, cotton, field corn, hogs, rice, tobacco, and milk.

Keep those basic commodities in mind for just a moment.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. COUZENS. May I suggest that it says more than that. It says "and its products."

Mr. BARKLEY. Yes; any product of the things named.

Mr. COUZENS. That includes butter and numerous other products.

Mr. BARKLEY. Yes; butter, cheese, and it might include canned corn; it might include cigarettes; it might include smoking tobacco and chewing tobacco; it might even include bread, because bread is a product of wheat. There is no limitation to the number of products covered in that definition of "basic agricultural commodity."

In the section under discussion at this time we have this provision. We must read the two together in order to understand the effect:

> The Secretary of Agriculture, in addition to the powers granted by parts 2 and 3 of this title, is hereby authorized, with respect to any basic agricultural commodity—

It is with respect to any of these things that I read back in section 11—

> to estimate as nearly as practicable and proclaim from time to time—
>
> (1) The percentage of the domestic production of the commodity, including carry-over stocks for market during the next marketing period for the commodity, that will be needed for domestic consumption.

In other words, let us assume that a billion bushels of corn are produced in the United States in 1933. At some indefinite time, and from time to time, the Secretary of Agriculture is authorized to make a proclamation announcing how much of that billion bushels of corn will be consumed in the United States and how much of it, in all probability, will be exported to other countries. He is authorized at the

same time to proclaim the average cost of producing that billion bushels of corn—not a certain price in Kentucky, not another price in Missouri, not another one in Iowa or Minnesota, but an average cost of production for the United States of all the 1,000,000,000 bushels of corn produced in 1933 and the proportion of that billion bushels of corn that will be consumed in the United States.

Let us assume that the Secretary of Agriculture proclaims that 600,000,000 bushels of that corn will be consumed in the United States, and that the average cost of producing that corn has been 20 cents a bushel. Then it will be unlawful for anybody anywhere to buy any portion of that billion bushels of corn for less than 20 cents a bushel. Although the farmer may be willing to sell it for 15 cents a bushel; although his taxes, his debts, his children, his wife may need the amount of money that will be obtained by a sale at 15 cents a bushel; although there may be a mortgage suspended over that farm and there may be foreclosure proceedings to sell it from over his head, yet nobody can buy a single bushel of that corn for 15 cents a bushel without subjecting himself to a penalty of a year in prison or a fine of $1,000!

Let us take, for instance, tobacco. I have in my hand a pamphlet issued by the Department of Agriculture—Circular No. 249, issued in January 1933, on American Tobacco, Types and Uses and Markets, prepared by Dr. Charles E. Gage, senior marketing specialist in charge of the tobacco section, Bureau of Agricultural Economics. Within the pages of this little pamphlet there are 62 types of tobacco described, all of them grown under separate and different circumstances, all of them produced according to climate and soil, most of them with a different use, most of them with a different market.

It would be utterly impossible for the Secretary of Agriculture or a congregation of Secretaries of Agriculture to proclaim any average price for those 62 types of tobacco that would be fair to any single one of them, because not only are they produced in different sections of the country, in different types of soil, used for different purposes, and sold in different parts of the world, but the price likewise varies as much as the character of the soil or the type of tobacco. So the Secretary of Agriculture could not proclaim a general average as the cost of producing tobacco in the United States that would be a fair average for any particular crop, and I take it for granted that he could not take all 62 types and investigate with sufficient detail to proclaim a fair estimate of the cost of production for all 62 of these types. Yet if he proclaims an average price for all the tobacco grown in the United States, which average might be higher than is ever brought by certain types of tobacco, no farmer in Virginia or Kentucky or North or South Carolina or Ohio or Wisconsin or Pennsylvania or Connecticut could sell a single load of that tobacco at less than the average price proclaimed by the Secretary of Agriculture, because nobody would be willing to undergo the chances of being indicted in a Federal court for buying tobacco at a price lower than the average cost of production fixed by the Secretary of Agriculture.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Colorado?

Mr. BARKLEY. I do.

Mr. ADAMS. I should like to have the Senator from Kentucky give us his view of the constitutionality of the provision he is discussing, if it is within the intent of his discussion.

Mr. BARKLEY. I appreciate the compliment paid me by the Senator from Colorado. I do not know that my opinion of its constitutionality would be any more valuable than any other opinion; but, if I have time, I will touch on that phase of the matter before I conclude.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to his colleague?

Mr. BARKLEY. I yield to my colleague.

Mr. LOGAN. I should like to have the Senator or someone tell me what is meant by "cost of production"; that is, what elements would be taken into consideration in determining the cost of production. I cannot understand the argument made by my learned colleague or by the Senator from Alabama [Mr. BANKHEAD], who just preceded him, unless I first know what is meant by "cost of production." Then I can follow the argument much better.

Mr. BARKLEY. I will say to my colleague that I have no formula; and if my colleague heard read from the desk a while ago the statement or letter from the Secretary of Agriculture, he will recall that the Secretary of Agriculture makes the contention that it is impossible for him or anybody else to formulate a formula by which the cost of production of agricultural products can be ascertained to such a nicety as to justify him in proclaiming it as the price below which nobody can sell and nobody can buy the product upon which he proclaims what is the cost of production. I frankly say that I do not know myself how a formula can be arrived at covering all the agricultural products and all the types of any commodity, and the products that are produced from the raw material, that can justify any Secretary of Agriculture in proclaiming any figure as the absolute cost of production to be used in guiding the farmer in selling his commodity, or the purchaser in buying it.

Mr. LOGAN. I think it is absolutely impossible.

Mr. WHEELER. Mr. President——

Mr. BARKLEY. I agree with my colleague. It is so utterly impossible that it seems almost incongruous that when we have been for years trying to find a market for the surplus products of the farmer, now we are going to invoke the criminal law and impose a penalty upon anybody who buys any farm product unless he buys it at or above the price which has been designated by the Secretary of Agriculture as the cost of production.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Montana?

Mr. BARKLEY. I yield to the Senator.

Mr. WHEELER. I will say to the Senator that the Department of Agriculture has for years done the very thing that Senators say is impossible, and the Congress of the United States has been appropriating millions of dollars to enable the Department of Agriculture to do it. The Department has issued statements from time to time saying that the cost of production of wheat is such and such a figure.

My idea about the matter is this, if the Senator will pardon me: I agree that it is an extremely difficult thing to find out what the cost of production is on this piece of land and that piece of land; but the Department from time to time has said what the cost of production is. While I am going to support this bill, I say to the Senator that it is going to be an extremely difficult thing for the Agricultural Department or for any department of the Government of the United States to find out what the base price was between 1909 and 1914, and then to apply that base price to a figure in 1933, because there will be a continual fluctuation between the cost of production of wheat in 1905 and 1914 and 1933 and 1934, and the cost of production of wheat is going to vary from time to time. I frankly say to you, however, that I do not think it would be any more difficult for the Department of Agriculture to find the cost of production than it will be to find these other figures which they propose to make.

Mr. BANKHEAD. Mr. President, may I interrupt the Senator?

Mr. BARKLEY. I yield to the Senator from Alabama.

Mr. BANKHEAD. Was the Senator from Montana here when the statement of the Secretary was read?

Mr. WHEELER. I did not hear the statement.

Mr. BANKHEAD. Did the Senator get the fact that, according to the formula that has been referred to by the Senator, used by the Department of Agriculture, the cost of production of wheat is now 60 cents a bushel, and the cost of production of cotton is 8 cents a pound?

Mr. WHEELER. I did not hear that statement; but let me call attention to this fact: I do not know what formula the Department of Agriculture went on, and I do not know what formula it has taken. I heard the Secretary of Agriculture, or somebody, make the statement before the Agricultural Committee that if we took the cost of production as figured by the Department of Agriculture, it would be lower than the figures of the cost of production of wheat based upon the base price between 1909 and 1914; but on the one hand we are told that we cannot find the cost of production, and on the other hand we are told by the Department of Agriculture what the cost of production is, based upon certain formulas.

Mr. BARKLEY. Mr. President, the Secretary's letter, as I understood it, set forth that there was a variation in the estimation of the cost of producing wheat ranging all the way from 40 cents a bushel to $1.50 a bushel; and I understood that under certain formulas adopted by the Department of Agriculture, 81 cents had been arrived at as probably a fair average cost of production of wheat.

Mr. BANKHEAD. No, Mr. President; the Senator is mistaken about that. It was 60 cents.

Mr. BARKLEY. He mentioned 81 cents in that connection. Perhaps I got the relationship wrong; but let us assume that the cost of producing wheat in 1932 was 60 cents a bushel. Let us assume that it was 50 cents or 40 cents. We know that the farmers in the wheat fields of Kansas, Iowa, Missouri, and Kentucky sold their wheat for as low as 25 cents a bushel. Let us suppose that the Secretary of Agriculture, operating under this section, had issued a proclamation that out of 800,000,000 bushels of wheat grown in this country 600,000,000 were necessary for domestic consumption, and a farmer loaded his wagon with wheat at the thresher and took his wheat into the market and undertook to sell it for anything less than 40, or 50, or 60 cents—whatever figure may have been proclaimed by the Secretary of Agriculture. Does anybody suppose he would have had a sale for it? Would any wheat buyer buy it with that law staring him in the face, when, if he is taken into a Federal court, the only defense he has is that he did not buy any wheat? Regardless of the circumstances, if he bought the wheat from the farmer at 30 or 35 or 39 cents a bushel, although the farmer was there begging him to buy it because he needed the money, if he bought wheat at less than the price fixed by the Secretary of Agriculture the grand jury would indict him, and we know he would go to the penitentiary or pay a fine of a thousand dollars.

Mr. LOGAN. Mr. President, will my colleague yield to me?

Mr. BARKLEY. I yield.

Mr. LOGAN. I would like to know whether, in considering the cost of production, interest on the investment is to be considered; and if so, whether it is on the value of the farm at the present time or the purchase price of the farm; whether depletion and depreciation are to be considered; whether we are to include the work of the man's family and his own children, men and women and boys and girls. I would like to know how we reach a standard of cost of production. I have seen that statement, as suggested by the Senator from Montana, given out by the Department of Agriculture, but I do not know whether it is correct or not, because I do not know the different units which go to make it up. I am going to vote for the bill, but it is not because I know very much about it but because, as suggested a while ago, I do not know any better plan than has been offered. Therefore I am going to vote for this one.

Mr. BARKLEY. Of course, the Senator will understand that we are considering a section now put into the bill by the committee as an amendment, a section which was not in the original bill. Answering my colleague, I would assume that any fair estimate of the cost of production would take into consideration the value of the land, or its cost, interest on the investment, and the value of the labor of every human being that went into the production of the crop, whether it was the man, or his wife, or his children, because, assuming that their time is valuable—and it is unfair to assume anything else—we would have to estimate the value of their services to see what would be the cost of hiring similar services in order to produce the crop.

I cannot understand that the Secretary of Agriculture, or anybody else, in estimating the cost of production, would take into consideration the fact that a man owned the land already, that he and his wife and his whole family raised the crop, and did not pay out any money whatever for help; therefore that there was no cost of production. Certainly that would not be a fair criterion by which to proceed. We must first estimate the value of every man's services that went into the production of the crop and all the elements that go into the production of it, the ownership of the land, the taxes, all of which factors complicate the problem when we undertake to arrive at a cost of production for crops which have many different types.

We may assume some farmer in one section or another section of the country who raises his tobacco crop of 10 acres only by the labor of himself and his family. We may assume there was no cash outlay whatever. He might be able to say that the cost of producing that crop was 3 cents a pound. But the Secretary of Agriculture has proclaimed that it takes 10 cents a pound to produce an average crop of tobacco, and I dare say that that man never would find a market for that 10-acre crop of tobacco, because nobody would buy it.

Mr. LOGAN. Suppose a cropper or a tenant of the man, who gets a part of the crop for the cultivation, does not own anything, does not furnish the team, or the hay for old Dobbin, or any of those things; then his part of the cost of production would be one thing and the farmer's part would be another.

Mr. BARKLEY. Yes. We would have to use a different basis in arriving at the cost of production for that sort of a farmer.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. ROBINSON of Arkansas. Different methods have been employed by various agencies for ascertaining cost of production, but practically all methods recognize among other elements the cost of the land, the labor that enters into the preparation of the land, the cultivation of the crop, the harvesting of it, the marketing of it, the cost of the seed, and the cost of the fertilizer, if any be used.

Mr. BARKLEY. The cost of the machinery.

Mr. ROBINSON of Arkansas. Not the cost of the machinery but a reasonable value of the use of the machinery.

Mr. BARKLEY. The cost of it spread out over the term for which it would be useful.

Mr. ROBINSON of Arkansas. Yes. Most methods recognize the tax element as a fair one to be considered in making up the cost of production. Ascertainment of cost of production is more or less a scientific process, and there is general concurrence as to the items which enter into it.

The significant fact, though, with respect to the paragraph of which the Senator is speaking, is that it is easily demonstrable that the cost of production, if adopted as the method of farm relief, under this bill, would result in less benefits than the fair exchange value, for the reason, principally, that costs of production now are at the minimum. While all farm commodity prices are low, all the costs of production are exceedingly low, and the result is that if we ascertain a fair cost of production in accordance with the facts applicable at this time, we get the lowest standard that could be obtained within perhaps the lifetime of anyone who is attending these proceedings.

Mr. President, I doubt very much whether the figures contained in the letter of the Secretary of Agriculture are as low as the facts would warrant. I doubt whether an ascertainment of the cost of production of cotton would show it to be 8 cents a pound, and I am morally sure that the cost of production of wheat would not exceed 60 cents a pound.

When we take into consideration the fact that the cost-of-production benefits apply only to that part of the commodity which is held for domestic consumption—and in

the case of cotton I believe that is about 40 or 45 percent—we will find that the cost of production, if estimated at 8 cents a pound, would net the producer a much lower figure than 8 cents per pound on the whole crop. In other words, we would have to take into consideration the 60 percent or the 55 percent, whichever figure may be correct, in arriving at the amount of benefit which the farmer would actually receive; and, if we proceed on this cost-of-production basis, we will accomplish practically nothing insofar as some of the commodities included in the bill are concerned.

Mr. BARKLEY. Of course, we must keep in mind the difference between the process intended by this section and the process by which the previous section is to be worked out, so far as parity is concerned.

Mr. ROBINSON of Arkansas. Oh, yes; I am not speaking of the fair exchange value; I am speaking now of the cost-of-production plan.

Mr. BARKLEY. The Senator is undoubtedly right, because, if we take the present cost of production as the basis for any proclamation which might be issued by the Secretary of Agriculture, it will be unfair as to all commodities covered in this amendment.

Mr. WHEELER. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. WHEELER. Let me say to the Senator that I appreciate very much that this particular part of the bill, part 3, has defects in it, but I hope the Senator will not force me to point out the defects with reference to some of the other phases of the bill.

Mr. BARKLEY. I will say to the Senator that I am not engaged now in a comparison of defects. I am trying to engage in a comparison of benefits. We can find defects in all the legislation we pass here.

Mr. WHEELER. Of course. For instance, I have not the slightest doubt that the leasing plan provided in this bill would not apply to wheat in my section of the country. I do not think there is a chance for it to operate successfully as to wheat in my section of the country.

Mr. BARKLEY. The Senator is referring to the leasing plan?

Mr. WHEELER. Yes. I am extremely doubtful as to whether or not the farmers in my section would get any benefit out of the allotment plan because of the fact that it is so complicated and is going to require so much governmental control.

The wheat farmers in my section of the country have come to the Congress of the United States, through the largest farm organization in the United States, representing more farmers in my section than any and all of the other organizations put together, and they have asked that this plan be put into the bill. It was reported out by the Committee on Agriculture and Forestry. The Secretary of Agriculture would not have to put it into operation unless he wanted to put it into operation. He will not put it into operation on tobacco if it will not work. He will not put it into operation, I assume, on cotton if it will not work.

Mr. BANKHEAD. Mr. President, let me interrupt the Senator there. Does he construe this provision to mean that there is any option about what commodities would be put in under it?

Mr. WHEELER. Without a question of a doubt I think there is.

Mr. BANKHEAD. It does not give any option at all. If it applies to any, it applies to all of them.

Mr. BARKLEY. The language is that the Secretary is authorized to apply this yardstick to any basic agricultural commodity, and the definition of a basic agricultural commodity is set out in the bill.

Mr. WHEELER. Of course.

Mr. BARKLEY. I do not interpret that to mean that the Secretary has to apply it to all of them. He may apply it to any one of them or any number of them.

Mr. WHEELER. That is my understanding, that he can apply it to any one or all of them. The same thing is true with reference to the leasing plan. He can apply it to one or to all. He can apply the leasing plan, as a matter of fact, to certain territory with reference to wheat, or he can apply the allotment plan with reference to wheat in another section, or he can apply this plan to wheat in another section. Why the Secretary of Agriculture, why any administration, why anybody would want to say that we do not want this in the bill, even though we are not going to make it operate, I cannot understand. The farmers in my section of the country are overwhelmingly in favor of this particular section of the bill. If the tobacco growers did not want it, if the cotton growers did not want it, that, it seems to me, would be up to them.

I want to say this to the Senator: I do not know whether it is constitutional or not, but I have serious doubts as to whether or not the other provision of the bill, with reference to the allotment plan, is constitutional. I have serious doubt in my mind as to whether or not the Department of Agriculture can go out and put a tax upon some of these things which it is proposed it shall put the tax on. But I take the position that I am going to vote for the bill because of the fact that we have been fighting for agriculture here for 10 years, we have offered plans and they have been turned down, and consequently I am perfectly willing to experiment with this bill. But I do think that when the farmers of my section of the country, of the Northwest section, and of the country generally, have spoken as they have spoken, through their recognized organizations, representing more farmers, I repeat, in Montana, North and South Dakota, Minnesota, Iowa, and other sections, than any and all the rest of the farm organizations of the country, they ought to be given some consideration when this bill is being passed through the Congress of the United States.

Mr. BARKLEY. Mr. President, I wish to say that I have great respect for the wheat growers not only of the Senator's State but of the Northwest generally, and I have great respect for any wheat grower. As a boy I was almost reared in a wheat field, and I have done everything in connection with the production of wheat from the fallowing of the soil to the threshing of the wheat, to hauling it to market, to grinding it into flour. I have worked at almost every job that has anything to do with wheat, from the time it is produced until it is consumed. But, without regard to the source of any request for this or any other section of this bill, I feel it my duty, as a legislator, to inquire into its workability and its practicability and its soundness; and to inquire whether, admitting it may be beneficial if put into operation in some sections, it would work an injustice to farmers in other sections of the country who may not have come here en masse, if we include a criminal provision penalizing somebody who bought something from them at a price upon which they might agree.

Mr. WHEELER. Let me say to the Senator that, so far as I am concerned, I think the penal provision under which a man may be sent to the penitentiary or sent to jail should be taken out of the bill.

Mr. BARKLEY. That is the only way that sort of a provision can be enforced.

Mr. WHEELER. Let me say to the Senator, with reference to the allotment plan, that there are provisions in the bill to the effect that the Secretary of Agriculture may make rules and regulations; when he makes such rules and regulations they have the force and effect of law, and an offender can be prosecuted and sent to the penitentiary not only for a violation of the provisions of the law but he can be sent to the penitentiary for 3 years for a conspiracy to violate the rules and regulations made by the Department of Agriculture.

Mr. BARKLEY. The Department of Agriculture cannot go beyond the yardstick set down in the act itself in fixing those regulations, and that yardstick is the average cost not of the products but the average price to the farmer between the years 1909 and 1914—that is easy to ascertain—taken in relationship to the purchasing power of the farmer over the same period with respect to that commodity. All the regulations of the Department revolve around that very thing.

Mr. WHEELER. I beg to differ with the Senator. The Department has the right under this bill to fix the tax so that it can regulate the price at any point the Secretary of Agriculture wants it regulated.

Mr. BARKLEY. But the tax can never be greater than the difference between the average parity price for the 5-year period and the price received by the farmer. It may be less but it cannot be any greater.

Mr. WHEELER. No; it can be greater than that. Let me say to the Senator that under the provisions of this bill, as explained by the chairman of the committee, and if the argument of the Senator from Alabama [Mr. BANKHEAD] is correct, and the statements made before the committee are correct, then if the price of wheat tomorrow should be 50 cents and the Department levied a tax of 44 cents, that would make the parity price 94 cents; but if the next day the price of wheat went up to 60 cents, it would make the price which the people would have to pay $1.04.

Mr. BARKLEY. At any rate, it would always be regulated by the difference between the price obtained by the farmer today and the average parity price over the period from 1909 to 1914.

Mr. WHEELER. That would depend entirely upon whether one takes the construction placed upon it by the Senator from Alabama or the construction placed upon it by the Senator from South Carolina.

Mr. BARKLEY. I am taking my own construction of it, based upon a reading of the bill itself.

Mr. WHEELER. If the Senator takes that construction and can tell me from reading the bill how the Department of Agriculture is limited in the way it fixes that tax, then he will do better than anyone who has explained it upon the floor of the Senate.

Mr. BARKLEY. I will say to the Senator if there is anything wrong with that provision of the bill, the thing to do is to correct it. I am talking now about the penal provision put in the bill to compel a buyer to pay more than a certain price—a price fixed by the Department of Agriculture—and thereby interfere with the right of contract, the right of sale, by a man who has produced an article and desires to sell it at a certain price that may be less than the price set as the cost of production by the Department of Agriculture. I do not think there is any real relationship between this amendment and the original provisions of the bill with reference to the so-called "allotment plan", because the basis is different.

Mr. WHEELER. The basis is different, but, nevertheless, under the allotment plan the Department can fix the price lower than the cost of production under this bill if it sees fit to do so.

Now, with reference to violations, I do not feel that the law should establish a penalty under which a man may be sent to the penitentiary for a violation of a regulation. Nevertheless, let me call the attention of the Senator to the fact that the Secretary of Agriculture, under the so-called "allotment plan", is permitted to make rules and regulations; we are giving him carte blanche to make rules and regulations. Then let me call attention to the fact that if those rules and regulations are violated, the one violating them can be sent to the penitentiary, and if two men should violate those rules and regulations, those two men can be sent to the penitentiary for conspiracy to violate the rules and regulations laid down by the Department of Agriculture.

Mr. BARKLEY. I realize that if that is a fault, it is a fault that is found in many statutes on the books of the United States.

Mr. WHEELER. That is true.

Mr. BARKLEY. The Bureau of Chemistry, for instance, of the Department of Agriculture, has the right to make rules and regulations with respect to enforcement of the Pure Food Act, any violation of which subjects the violator to a penalty either of fine or imprisonment.

Mr. WHEELER. For that reason, while I do not like the provisions to which the Senator refers that gives the power to send a violator to the penitentiary, nevertheless when we are giving the Secretary of Agriculture the power to make rules and regulations and then have upon the statute books a conspiracy statute under which, if a man violates those rules and regulations, which have the effect of law, he can be sent to the penitentiary for 3 years, I do not think we should cry so very much because of the fact that there is a penalty in the bill under which a man may be sentenced to jail because he violates another provision.

Mr. BARKLEY. The rules and regulations to be made under the first part of the bill do not affect anybody's right to sell what is his, what he has produced by his own sweat and his own muscle; they are regulations made for the purpose of enabling the Department to carry out the provisions of the act itself, which revolve around the parity price fixed for a period of years as compared to the purchase price. That is the very heart of the allotment plan and the levying of the tax, which represents the difference between the average price for the 5 years and the price obtained by the farmer, if the price obtained now is lower. Of course, if the price obtained now by the farmer is higher than the average price from 1909 to 1914 there is no tax. It is only in such cases where the farmer sells for less than the price of that average period that there is a tax levied by the Government, which is ultimately intended to go to the farmer so that he may obtain a price at least as high as that represented by the 5-year period from 1909 to 1914. All these regulations are for the purpose of enabling the Secretary of Agriculture to carry out the provision with reference to that simple proposition.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. BARKLEY. I am yielding to the Senator from Montana, but I do not want to consume much more time.

Mr. WHEELER. I do not want to take much time, but I do want to call the Senator's attention to the fact that under the allotment plan the Department will make rules and regulations respecting the sale, as to how the farmer shall sell and how the processor shall buy, and if the Secretary makes a rule and that rule of the Department is violated, then the violator can be sent to jail for violation of that rule laid down by the Department, just the same as he can with reference to the violations of the provisions of this proposed law.

Mr. BARKLEY. I doubt that.

Mr. WHEELER. There can be no question of doubt about it to anybody who is familiar with it.

Mr. BARKLEY. Assuming that to be true——

Mr. BANKHEAD. I want to ask the Senator how he figures that out under any plan proposed by the bill?

The PRESIDING OFFICER. One Senator at a time, please.

Mr. REED. Mr. President, will the Senator yield to me for a question?

Mr. BARKLEY. I ask whether I still have the floor?

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

Mr. BARKLEY. Let me answer the Senator from Montana first and then I will yield to the Senator from Pennsylvania.

In the first place, as I have said a time or two, the regulations which may be issued and promulgated by the Secretary of Agriculture are based upon the fundamental proposition laid down by the law itself. They do not make any new law; they only emphasize the necessity of going into more detail than the Congress can go into in providing the method by which the law itself shall be carried out. There is nothing in the law that would justify a regulation saying to any farmer who produces corn or hogs or wheat or cotton or tobacco or rice or milk that he cannot sell his product to any buyer at any price upon which the two of them may agree. If that commodity has been sold at a price that may be lower than the average price from 1909 to 1914, then there is a tax levied that is in turn paid back to the farmer in order that he may get the average price of 1909 to 1914. This section, however, makes it a criminal

offense for one party to an agreement to sell or buy any commodity at a price lower than the cost of production fixed by the Secretary of Agriculture.

Now let us take milk; let us assume, for instance—and milk is in this equation—that the Secretary of Agriculture would proclaim that the average cost of producing a gallon of sweet milk is 30 cents. I do not know whether that is correct or not, but we will take that as an example. Under this section any farmer with one cow, who milks that cow every morning, who takes the milk into town and sells it for home consumption for less than 30 cents a gallon would involve the purchaser of that milk in the possibility of indictment and fine and imprisonment for 1 year for buying a gallon of milk at 25 cents a gallon, when the Secretary of Agriculture has proclaimed that the average cost of producing a gallon of milk is 30 cents. I say that will operate as a handicap for the sale of farm products and not enhance the chances of the farmer to dispose of his surplus. Now I yield to the Senator from Pennsylvania.

Mr. REED. If the Senator from Kentucky will yield, and if I may have the attention also of the Senator from Montana, let me say that it seems to me that both Senators who have just spoken have put their finger upon one of the vital defects in this bill. Obviously, the allotment plan cannot work if the only farmers to be restricted in production are those who grew the products last year. It is of no use to arrange a reduction of acreage for those who produced wheat last year if every other farmer is free to go in and plant an unlimited quantity of wheat. So everyone who has thought of that seems to agree that the Secretary must put in force a regulation prohibiting the nonwheat producers of last year from becoming unlimited wheat producers next year, and, as the Senator from Montana has pointed out, a farmer who violates that regulation by planting an acre in wheat may be sent to the penitentiary for a year under this bill.

Mr. BANKHEAD. Mr. President, I should like to have the Senator put his finger on any place in this bill that gives the Secretary of Agriculture any power to prevent a man from planting his own land.

Mr. REED. It is quite obvious.

Mr. BANKHEAD. I do not think there is anything in the bill from which such an inference can be drawn.

Mr. REED. If the Senator takes that position, then he admits in the beginning that the bill cannot succeed.

Mr. BANKHEAD. I do not admit that at all.

Mr. REED. The Senator must admit it.

Mr. BARKLEY. Regardless of any defects that may exist in the so-called "allotment plan", I admit freely that I recognize the possibility of serious defects; I recognize the possibility of its entire collapse, because it is an experiment; we cannot tell in advance how it will work; but I do not think that such defects as exist in the so-called "allotment plan" compare with the unworkability and almost the atrocity of this provision of the amendment which penalizes the man who is willing to buy something that a farmer has to sell.

Mr. REED. Mr. President, will the Senator yield for one more statement from me?

Mr. BARKLEY. I yield.

Mr. REED. I think the Senator is exactly right on that point. This bill would make it a penitentiary offense for the mother of a baby to buy a quart of milk for one cent less than the proclaimed cost of production, although she was frantically anxious to have the milk and although the owner of the milk was frantically anxious to sell it.

Mr. BARKLEY. And thereby the farmer might be required to take it back home and see it sour so that it would be unfit for human consumption because he could not sell it to that mother for one cent less than the proclaimed price of the Department of Agriculture.

Mr. REED. Exactly. Does the Senator believe that the people of this country generally realize that this bill contains such features as that?

Mr. BARKLEY. I do not; as a matter of fact, I did not realize it until the bill had been reported and I had read it.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Minnesota?

Mr. BARKLEY. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I wish to ask a question to ascertain whether or not I understand the remarks the Senator made some time ago. I may have misunderstood him, but as I understood the Senator he was arguing that one of the purposes of the bill is to raise the price of agricultural products up to the price paid for such products in the period from 1909 to 1914.

Mr. BARKLEY. Yes; that is in the first title of the bill; that is the provision which fixes the period from 1909 to 1914 as the base period for ascertaining the average price of farm products during that period, in order to bring farm products in the future up to a parity, considering not only the average price but the average purchasing power of the crop during the same period. Of course, that is a different proposition from the one we are discussing here with reference to this amendment.

Mr. SHIPSTEAD. I realize that.

Mr. BARKLEY. Of course, the object of the bill, as we all hope and as it unquestionably is, I believe, is to raise the price of farm products up to the pre-war period. If we limit it only to the average price, it might be out of line with the purchasing power, and they are linked up together. The basis for the tax is not the average price of the commodities for the 5 years as compared with the present price; but the word "parity" is used, which means a correlation of that price together with the amount of stuff that price would buy in 1914. Taking the two equations or—to use the language of the Senator from Michigan [Mr. VANDENBERG] quoting from the Assistant Secretary of Agriculture—using those two logarithms, we arrive at what would be a parity between the price of products now and in that 5-year period. But that is entirely different from the proposal here.

Mr. SHIPSTEAD. Yes; I realize that.

Mr. BARKLEY. Here there is an attempt to put it within the power of the Secretary of Agriculture to say what the cost of production of any of these articles is in any year and from time to time. It might be a different cost each year. If anybody buys any of them for less than that cost proclaimed by the Secretary, he incurs liability to a penalty of $1,000 or a year in prison.

Mr. SHIPSTEAD. If the Senator will indulge me further, I realize this is not involved in the question which the Senator is discussing, but he did make a statement in discussing the provision that led me to believe that he thought the price paid for agricultural products from 1909 to 1914 would have something to do with the price to be fixed now.

Mr. BARKLEY. It has.

Mr. SHIPSTEAD. That has also been said by others, and because of the future interpretation of the law, unless I am in error, I think it very important that we should bear in mind and the RECORD should show that the Congress, in enacting this piece of legislation, did not intend that the price for agricultural products from 1909 to 1914 has anything to do at all with the price that will be fixed under this bill, except as it is used to establish the parity of agricultural products for the purpose of exchange with the dollar of industry during that same period.

Mr. BARKLEY. Standing by themselves the prices for the commodities between 1909 and 1914 have no relation to the object of the bill.

Mr. SHIPSTEAD. That is right.

Mr. BARKLEY. Standing together with the purchasing power of the money derived from those prices in 1914 and linking the two together, it is the very heart of the bill.

Mr. SHIPSTEAD. That is true.

Mr. BARKLEY. Arriving at that parity price to me presents a complicated situation, but there are undoubtedly formulas and scientific bases which aid those who are skilled in that sort of thing in arriving at a parity of price. As a matter of fact, the Department of Agriculture have already figured out for us, who come from the tobacco section of

the country, what the parity of price on different types of tobacco will be based on those two equations. That is one of the objects of the passage of the bill.

Mr. President, I have occupied much more time than I intended.

Mr. CONNALLY. Mr. President, before the Senator concludes, will he yield briefly to me?

Mr. BARKLEY. Very well.

Mr. CONNALLY. The Senator is not complaining about the allotment section?

Mr. BARKLEY. No.

Mr. CONNALLY. But he is objecting, and he raises the fundamental question that here is a man who produces something and wants to sell it, but the Government says he cannot sell it.

Mr. BARKLEY. That is the objection I have to it, and my contention is that we cannot raise the prices of agricultural products or any other product by making it a penalty for a man to buy them.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Louisiana?

Mr. BARKLEY. I yield.

Mr. LONG. I thought I understood the provisions of the bill a great deal better than it seems that I do really understand them. Let me cite a case to the Senator from Kentucky. A woman grinds up a little sausage; a hog is killed and she takes a little sausage mill and grinds up a little sausage. Of course, that is "processing" under the bill, as I understand it. If she went to sell that sausage, she clearly would come within the provisions of the bill, whether the amendment is left in it or not, would she not? She would have to have a permit to sell the sausage and come under the provisions of the bill in order that she might get a fair price.

Mr. BARKLEY. No; I do not think so; but I would like to have the Senator from South Carolina [Mr. SMITH] answer that question. If I have a hog and kill that hog and take a little strip or two and grind it up into sausage and take that sausage to a grocer and sell it, I do not think I have to pay a tax on it.

Mr. LONG. That is the way I interpreted the bill. I think that the Senator has processed the hog when he kills him, he has processed the hog when he grinds him up, and he has processed the hog when he packs up the sausage.

Mr. BARKLEY. Of course, if we have to process him every time we touch him, we will soon process him out of existence. [Laughter.]

Mr. LONG. That is what I am afraid of. We are going to process him to the point where we cannot eat him. Processing is defined in the bill, of course.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Arkansas?

Mr. BARKLEY. Certainly.

Mr. ROBINSON of Arkansas. It is my impression that there is a provision in the bill which requires that a tax shall be levied on the first processing and shall not be levied on any subsequent processing.

Mr. BARKLEY. On page 19, subsection (b) it is provided:

> The Secretary of Agriculture may provide by regulations for exemption from the tax of commodities processed by the producer thereof or processed for the producer.

I do not think the sausage mill would bear a tax.

Mr. LONG. Here it is on page 13. There is a definition at the top of page 13 as follows:

> In the case of hogs, the term "processing" means the slaughter of hogs for market.

Mr. ROBINSON of Arkansas. And there is only one tax levied.

Mr. LONG. That is the tax about which I am talking. If there were such a thing done as a pig killed, then the woman who kills the pig comes under the terms of the bill. Whether we leave this provision in about which the Senator is talking or not, it is still going to mean there is authority in the Secretary of Agriculture to issue rules and regulations to carry out the provisions of the bill.

Mr. BARKLEY. The rules and regulations he would issue, under that section, are rules and regulations exempting from the tax the processing referred to in subsection (b) on page 19.

Mr. LONG. Not necessarily only those exemptions. He can issue whatever rules and regulations are necessary.

Mr. BARKLEY. If he is exempted by the terms of the bill, it would really need no further rule or regulation to exempt him again.

But coming back to the point I am discussing, if the woman killed her hog and ground some of it into sausage and carried that sausage to a grocer and sold it to the grocer for home consumption at a price lower than the average cost proclaimed by the Secretary of Agriculture, that grocer would be subject to imprisonment in the penitentiary or to a fine of $1,000. I submit that no grocer would buy sausage under those circumstances.

Mr. LONG. I understand, but the point I am worrying about is this: We have a provision that competing agricultural products will be subject to the provisions of the bill. We will finally get up to where potatoes will compete with rice. Then the peeling of potatoes will be processing.

Mr. BARKLEY. It might be by a professional potato peeler, but not by the grower of potatoes.

Mr. LONG. I do not know who a professional potato peeler would be.

Mr. BARKLEY. I suppose it might be in an institution that engages in peeling potatoes.

Mr. LONG. Then we will get to peanuts——

Mr. BARKLEY. Peanuts will be brought up later by the Senator from Virginia, and I do not want to get into that subject now.

Mr. LONG. Then the cracking of the hull on a peanut will be processing.

Mr. BARKLEY. Let us wait until we get to that subject at a later time.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BARKLEY. I have taken much more time than I intended because of interruptions. I want to quit, but I will yield to the Senator from Ohio.

Mr. FESS. My question is in a serious vein.

Mr. BARKLEY. I am glad to have one in that vein.

Mr. FESS. The Senator mentioned the case of a farmer making sausage. His butchering was for himself, but he sold his sausage. Would not that under the bill classify as processing, because it would be the product of the hog? Although the bill says processing in reference to hogs is the slaughtering for market, but in this case would not this be for the market?

Mr. BARKLEY. I doubt whether it would be within the meaning of this language. Of course, we cannot be technical about the use of the term "first process", or first actual operation, which might mean the shooting of the hog or knocking him in the head with an ax or dipping him in scalding water in order to scrape the hair off. I do not think all these different steps in preparing the hog for marketing constitute processing within the meaning of the bill or would require a tax. I think the way a farmer might treat a hog, whether it was made into sausage or cut into hams and shoulders and various sections of the hog in a manner which might be desirable by the consumer, would be such a processing as would require a tax.

Mr. BANKHEAD. Mr. President, for information on this point let me say that the question was fully considered in the committee as to the effect upon local killing of hogs and marketing them. The Senator from Nebraska and I, in this connection, worked out and there will be found in section 9 this provision:

> The Secretary of Agriculture may provide by regulations for exemption from the tax of commodities processed by the producer thereof or processed for the producer.

That is intended to give the administration power to make regulations to take care of these small things growing out of the killing of hogs by the raiser of the hogs.

Mr. NORRIS. Mr. President, I was about to invite the attention of the Senator from Ohio [Mr. FESS] to what the Senator from Alabama [Mr. BANKHEAD] has just read. I think that covers the point. I want to offer a similar amendment to the particular committee amendment that is pending which I think will clarify and meet the objections that have been made by several Senators.

Mr. FESS. Mr. President, before the Senator offers his amendment let me say that I am not yet clear about it, but the bill is intended to exempt the farmer who butchers for himself.

Mr. NORRIS. Yes.

Mr. FESS. Or for some neighbor.

Mr. NORRIS. Yes.

Mr. FESS. The question with me was that the bill takes in the term "product." Sausage would be a product of the hog. Would a farmer who is making sausage to sell at the store be exempted?

Mr. NORRIS. I think the provision authorizing exemptions under regulations to be issued by the Secretary will meet that situation.

Mr. SMITH. Mr. President, if the Senator from Nebraska will allow me——

Mr. NORRIS. Certainly.

Mr. SMITH. There was no particular language limiting the home-consumption idea. After the committee had considered it at length, they agreed that wherever a farmer processed his product himself he should not be limited, or where he got someone to process it for him. To illustrate, a farmer carrying his corn to the gristmill and having it converted into meal would not pay a tax; neither would there be a license required by the mill that processed it for his consumption. That was not in the first bill; the Senator from Nebraska brought it up. They finally agreed upon this language—I think the Senator from Nebraska drew this wording—

The Secretary of Agriculture may provide by regulations for exemption from the tax of commodities processed by the producer thereof or processed for the producer.

I admit that it is pretty broad, but it is in the bill.

Mr. NORRIS. That is all within the regulations.

Mr. SMITH. Yes; that is all within the regulations.

Mr. NORRIS. Of course, the Secretary could provide that it should not apply to a man who owned a million hogs, or a thousand hogs, and processed them.

Mr. BARKLEY. Mr. President, does the Senator from Nebraska want to present an amendment?

Mr. NORRIS. I want to offer an amendment when the Senator from Kentucky has finished.

Mr. BARKLEY. I have said all that I care to say about this amendment. As I have already said, I think it will operate to retard the sale of farm products. I think it will operate to create undue fear on the part of the purchasers of farm products, and will work a real hardship to the farmers. For that reason I shall vote for its rejection, and I hope the Senate will not agree to it.

Mr. NORRIS. Mr. President, I desire to offer an amendment similar to the one that appears in this part of the bill. My own idea was that that amendment would apply here.

Of course, there is not anybody on the committee or elsewhere, in my judgment, who wants to make this bill ridiculous. We do not want to get a ridiculous proposition into the law. If a farmer makes some sausage and takes it to town and sells it, nobody wants to compel him to take out a license or to pay a tax. That would make the bill ridiculous. It is not conceived that the bill is going to be administered by anybody who is insane but that the administrator of the bill is in good faith going to try to carry out the real purpose and intention of it.

In the case of the particular amendment that is pending—the committee amendment known as "Part 3", headed "Cost of production"—objections have been made; and I concede that many of these objections would be valid if the idea were to be carried clear down to the point to which it has been carried in the discussion.

For instance, the Senator from Kentucky said yesterday that under this provision, if one farmer sold another one a plug of tobacco, he would have to take out a license. Nobody wants to do that. That would make the bill ridiculous. Nobody wants such a tax; and in order to avoid any possibility of any such ridiculous thing being done, I desire to offer an amendment, on page 26, after line 3, to the part of section 20 which provides for the issuing of the proclamation by the Secretary of Agriculture putting any basic farm product that he wants to under this particular title. I offer this amendment:

Provided, That the Secretary of Agriculture, in his proclamation, may make such limitations and exceptions as to sales of the basic product as he may deem advisable in order to properly carry out the provisions of this section.

I do not think there will be any possible objection to that amendment.

Mr. BARKLEY. Where does that come in?

Mr. NORRIS. That comes in on page 26, after line 3.

Mr. BARKLEY. While I am on my feet I will say to the Senator that I do not think there is any objection to that, but I do not think it cures the fundamental difficulty.

Mr. NORRIS. If it does not, let us get an amendment that will.

Mr. President, all that I am trying to do is this: Whether Senators favor this amendment or not is up to them, of course. They must decide that. I shall not find any fault no matter what the decision may be; but in good faith all of us, whether we favor the amendment or not, if we are going to have it, ought to get it in workable shape if possible; and, to my mind, many of the provisions of this bill never can be worked out by writing a statute in advance that will meet all the thousands of conditions that may arise.

Mr. SMITH. Mr. President, will the Senator read his proposed amendment again?

Mr. NORRIS. It reads as follows:

Provided, That the Secretary of Agriculture, in his proclamation, may make such limitations and exceptions as to sales of the basic product as he may deem advisable in order to properly carry out the provisions of this section.

If that is not broad enough, I should like to make it broader. I should not like, however, to put in an amendment here that would say that the Secretary may make an exception as to sausage, or he may make an exception as to this or that, because when he comes to administer the law he will find that he will be up against all kinds of little, petty, technical, and perhaps well-founded objections to a general law or a general statute, and he will have to make them. I think, under that provision, he could exempt anything he wanted to.

Mr. BARKLEY. Of course, he can do that by never issuing a proclamation at all on anything.

Mr. NORRIS. Oh, yes; he does not have to issue a proclamation. He does not have to put this part of the bill into effect at all. I should like to get it in such shape, however, that if, after administering this law, he thinks it is wise to try this provision, he will be able to do it, and do it in a sensible, workmanlike way.

The PRESIDING OFFICER. Will the Senator please send his amendment to the desk?

Mr. NORRIS. Yes.

Mr. LONG. Mr. President——

Mr. NORRIS. Does the Senator from Louisiana oppose the amendment?

Mr. LONG. No sir; I do not even know what the amendment is.

Mr. NORRIS. If there is no opposition to the amendment, I should like to have it acted upon.

Mr. LONG. I simply wanted to ask whether amendments can be offered at this time.

The PRESIDING OFFICER. The committee amendment is open to amendment.

Mr. NORRIS. I am going to offer another one right after this.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Nebraska.

The LEGISLATIVE CLERK. The Senator from Nebraska proposes, on page 26, line 3, after the word "Agriculture", to insert:

Provided, That the Secretary of Agriculture, in his proclamation, may make such exceptions and limitations as to sales of the basic product as he may deem advisable in order to properly carry out the provisions of this section.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. NORRIS. Mr. President, I desire to offer another amendment, near the same provision, if I can retain the floor and do that.

A great deal of criticism has been made about the severity of the penalty. As I said before, I do not think any member of the committee desires to have any penalty that is unreasonably severe. It should be just as lenient as possible and still have enough effect and force so that the Secretary can properly enforce the law.

This penalty as written in the amendment is:

Any person violating the provisions of subsection (b)—

That is the one to which this amendment is offered—

Any person violating the provisions of subsection (b) shall, upon conviction thereof, be subject to a fine of not more than $1,000, or imprisonment for not more than 1 year, or both, for each such violation.

On page 26, after the numerals "$1,000", in line 6, I move to strike out the words "or imprisonment for not more than 1 year, or both, for each such violation", so that if the amendment is agreed to the penalty provided will be this:

shall, upon conviction thereof, be subject to a fine of not more than $1,000.

It might be 1 cent and all the way up to $1,000.

Mr. FRAZIER. Mr. President, I desire to ask the Senator from Nebraska if the last clause, "for each such violation", should not be left in the bill?

Mr. NORRIS. I think it should. I thank the Senator for that suggestion.

The PRESIDING OFFICER. Will the Senator state his amendment as modified?

Mr. NORRIS. I correct it, Mr. President. I struck out a little too much, and I am glad the Senator from North Dakota called my attention to it.

On page 26, line 6, after the numerals "$1,000", I move to strike out "or imprisonment for not more than 1 year, or both."

If the amendment is agreed to, the paragraph will then read as follows:

Any person violating the provisions of subsection (b) shall, upon conviction thereof, be subject to a fine of not more than $1,000 for each such violation.

Mr. McGILL. Mr. President——

Mr. NORRIS. I yield to the Senator from Kansas.

Mr. McGILL. Just a moment. The way the Senator has drawn his amendment it would still leave the language so that failure to comply literally with the statute would constitute a criminal offense.

I am wondering if the Senator would not be willing to draft his amendment so as to strike out the words "upon conviction thereof" and the word "fine" and insert the word "penalty" instead of the word "fine" and leave the amount $1,000——

Mr. NORRIS. I have no objection to that. I think that would be sufficiently severe to bring about the enforcement of the act.

Mr. McGILL. And provide that it may be collected by appropriate action brought in the name of the Secretary of Agriculture.

Mr. NORRIS. If the Senator has that proposition in writing, I should be glad to have it submitted.

Mr. McGILL. I have just drafted an amendment to that effect.

Mr. NORRIS. All right; I withdraw my amendment, and I am willing to accept that language. I think probably that is an improvement.

The PRESIDING OFFICER. If the Senator from Kansas will send forward his amendment, it will be stated by the clerk.

The LEGISLATIVE CLERK. The Senator from Kansas [Mr. McGILL] proposes the following modification of the amendment of the Senator from Nebraska:

On page 26, line 5, after the comma following the word "shall", strike out the words "upon conviction thereof", including the comma following the word "thereof."

In the same line, after the word "a", strike out the word "fine" and insert in lieu thereof the word "penalty."

And in line 6, beginning with the word "or", strike out the remainder of the paragraph and insert the following:

"Which may be collected by appropriate action in a court of competent jurisdiction, brought in the name of the Secretary of Agriculture."

Mr. NORRIS. That is all right.

Mr. SMITH. Mr. President, now may the clerk read the paragraph as proposed to be amended?

The PRESIDING OFFICER. The clerk will read the paragraph as proposed to be amended. The Chair understands that the Senator from Nebraska accepts the suggestion of the Senator from Kansas.

Mr. NORRIS. Mr. President, I can read it. It would read like this, as I understand the amendment:

Any person violating the provisions of subsection (b) shall be subject to a penalty of not more than $1,000 for each such violation—

And then follows the Senator's language, "to be collected in a suit by the Secretary of Agriculture" in substance. Is that right?

Mr. McGILL. That is correct. That is my thought about the matter.

Mr. BARKLEY. Mr. President, I understand that under that language, then, if a man took 10 bushels of wheat into town and sold it for 30 cents a bushel, when the Secretary of Agriculture had proclaimed that it cost 31 cents, it would be possible to bring a suit for the 10 cents in a court of competent jurisdiction in the name of the Secretary of Agriculture.

Mr. McGILL. It would be competent to bring a suit for $1,000 in the name of the Secretary of Agriculture.

Mr. BARKLEY. I suppose he could bring a suit for a thousand dollars; but if it revolved around a transaction of only 10 bushels of wheat, does the Senator think that any court would render judgment against an innocent purchaser of that wheat when the farmer wanted to sell it to him?

Mr. NORRIS. Mr. President, if I still have the floor, I should like to answer the question of the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Nebraska has the floor.

Mr. NORRIS. If we are going to enact a law that is effective, there must be a penalty or a fine of some kind to enforce it. I do not know any other way to do it. This particular provision undertakes to do it, if the amendment is agreed to, by assessing a penalty upon the purchaser. That purchaser is going to be licensed by the Secretary of Agriculture.

Mr. BARKLEY. Not under this section.

Mr. NORRIS. I think so.

Mr. BARKLEY. No.

Mr. NORRIS. I have no doubt but that he will be licensed. I will admit, however, for the sake of the argument, that he will not be licensed.

Mr. BARKLEY. The fact is that if any person buys any portion of that which is estimated to be——

Mr. NORRIS. Not any person who buys; the penalty is on the purchaser. If we are going to enforce this law, we must punish the purchaser who does not comply with the law. There is no vengeance intended. Nobody wants to injure the purchaser. But there is no escape from it. If we are going to take the cost of production and compel the

purchaser—who I think would be licensed, but whether he is or not—to pay the fixed price for the part of the product that is consumed at home, we must provide a penalty for violation of the law.

Mr. SMITH. Mr. President, will the Senator allow me to call attention to the fact that the same condition exists under the allotment plan, for this reason: Whenever the tax is laid upon any commodity, the individual who sells is not liable, nor is the first purchaser liable, but the processor who accepts that product at any less than the parity price fixed is subject to penalty.

Mr. NORRIS. Exactly.

Mr. SMITH. It is just a little further removed, but is inevitable and inflexible.

Mr. NORRIS. If we are to succeed in increasing the price the farmer gets for one of the basic commodities which is to be named in the proclamation, there must be some penalty for a violation.

Mr. BANKHEAD. Mr. President, will the Senator yield to me at that point, for I think there must be some misunderstanding about that matter?

Mr. NORRIS. I yield.

Mr. BANKHEAD. If the other Senators are right, I am clearly wrong.

I understood the Senator from South Carolina to say, and the Senator from Nebraska to agree with him, that under the allotment plan if a processor pays less than a fixed price he violates the law. My understanding is that there is no restriction upon the processor as to the price he pays. He pays the world price. The application of the allotment plan is that the producer gets a certificate payable from the Treasury in the fall when he harvests his crop, and of course there is no limitation upon the processor, as I understand it. The Government collects the amount from the processor to pay the allotment fee.

Mr. NORRIS. Very well. What difference does it make? In that case the Government collects the processing tax, and if the man does not pay it he is penalized.

Mr. BANKHEAD. He has to pay the tax, of course.

Mr. NORRIS. That is the same everywhere. There must be some provision in the proposed law under which the people who disobey it will be penalized. It may be perfectly arbitrary. It seems to me that it does in some respects become arbitrary. But I do not know how there can be any escape from it. There must be a penalty.

Mr. REED. Mr. President, will the Senator yield?

Mr. NORRIS. Just let me talk a little. There is no inhibition against a man paying more than the tax if he wants to. If the price of wheat goes up above the basic cost-of-production price fixed by the Secretary of Agriculture, anybody can pay it if he wants to; there is no question about that. It can go as high as a man wants to pay for it. But he is required to pay as much as the basic price fixed by the Secretary of Agriculture.

How are we to provide that the farmer shall receive a price equal to the cost of production? We all talk about it; we all say yes, we want him to have the cost of production; but we are opposed to any law that will give it to him.

Suppose we passed a law and said, "The basic price will be that fixed by the Secretary of Agriculture, but nobody on earth need pay any attention to it if he does not want to." Immediately the world price would control, as it does now.

What is the good of a law? That is one of the things we want to decide. If we think it is wrong to fix the price, of course we do not want the law; but if it is right, how silly we would be to say that it can be disregarded with impunity. If the Secretary of Agriculture fixes the cost price, puts it in his proclamation, with such limitations and exceptions as he wants to put in, and then a purchaser does not pay that price, he ought to be penalized. He does not need to buy if he does not want to, he need not be a purchaser if he does not want to; but if he is in the business of buying, he is required, under the proposed law, to pay at least the cost-of-production price to the producer for that part of his product which the Secretary of Agriculture says is going to be consumed in the United States.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. NORRIS. I was first interrupted by the Senator from Pennsylvania, and I yield to him.

Mr. REED. Mr. President, I wanted to ask the Senator this question: Obviously by putting the penalty upon the purchaser we pass a law which may be violated by a hundred percent of the population of the United States, many of whom are extremely unlikely to have actual knowledge of the proclaimed cost of production. The seller is the person who gets all of the benefit from the law, and the sellers constitute only about 40 percent of the population. Why not put the penalty on the person who sells for less than the proclaimed price, instead of on the person who buys the article?

Mr. NORRIS. Very well; perhaps that is the way to handle it. If the Senator thinks that is the way to do it, let him offer an amendment and see how we will vote on it. I am opposed to it myself. That would bring in a lot of complications which we avoid by this provision. I think this is much simpler.

As far as anybody not knowing what the law is is concerned, in the first place, if we want to be technical, the Senator could have his attention called to the fact that ignorance of the law excuses no one. In the next place, there will be no ignorance of the law. When the proclamation is issued applying to wheat, for instance, there will not be a dealer or producer of wheat anywhere in the United States who will not know about it within 5 hours after the proclamation is issued.

Mr. REED. Mr. President, will the Senator yield again?

Mr. NORRIS. I yield.

Mr. REED. I am not going to offer the amendment until I have received the advice of the Senator about the justice of my suggestion. I was speaking of actual knowledge on the part of the population and not that knowledge which the law presumes. The law presumes that every poor mother in the slums knows the proclaimed cost of production of milk, probably stated in terms of so many cents per hundred pounds. But will the Senator tell me how in the world some poor mother in the slums, who buys a quart of milk at a cost which figures out a cent or a fraction of a cent less than the proclaimed cost, is going to have actual knowledge of it?

Mr. NORRIS. If I were Secretary of Agriculture, it would be a very simple thing. I would not issue any proclamation putting milk or any of its products under the provisions of this proposed law.

Mr. REED. Then why does not the Senator offer an amendment to exempt them?

Mr. NORRIS. The Senator is anticipating me. I have already voted for such an amendment. I voted in the committee to strike that provision out. I will vote here to strike it out. But I will vote for the bill even if it is not stricken out.

Mr. SMITH and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. Let me answer the Senator from Pennsylvania a little further.

In the next place, the attempt is, it seems to me, by these questions, by these technical suggestions, to defeat a bill whose aim is to give to the farmers of the country the cost of production of their products. There is an electric-light corporation in the city of Washington, there are railroads all over the country, and we have practically been legislating for years for all public-utility corporations, to give them cost of production, to give them a profit. In a gas case which came from Baltimore, almost within sight of this Capitol, the Supreme Court set aside a finding of a commission over in Maryland because they found they did not allow the corporation 8 percent profit on the value of their gas concern. Now we are called on here to legislate to give to the farmer just the cost of production, and all kinds of questions are submitted, and impossible conditions, which, under regulations we have a right to assume will be intelligent and fair, to be issued by the Secretary of Agriculture, never will

arise, never in God's kingdom. But we are trying to build them up here to find some technical reason how it is possible some time, some place, by somebody, in some way, somewhere, to get a technical case that is going to be impossible to administer.

I believe that if the Secretary of Agriculture applied this law to all the basic products mentioned in the bill, in many of the cases it would fail, because I honestly think it would be impossible to administer it. I am assuming that the Secretary of Agriculture is going to act in good faith.

I yield now to the Senator from South Carolina.

Mr. SMITH. Mr. President, I just wanted to ask a question of the Senator. If all of us are agreed that agricultural products are now notoriously below the cost of production, how did we find it out? How do we find out that they are below the cost of production if we have not the ability to find out the cost of production? That is one of the problems before us now. We all admit that the prices are below the cost of production. How much? How far? How do we arrive at that? How do we know it?

If it be true that we all know that the prices are below the cost of production, why can we not find out what is the cost of production? I should like to hear someone explain that. It is common knowledge among us all, so we say, that the prices are below the cost of production. Now, we say, let us bring them up to the cost of production. It is said, "You cannot do that. You do not know anything about that."

How do we know, then, even now, that the prices are below the cost of production? The farmers are so prosperous they are paying off all their mortgages, they are in the lap of luxury. Why should we disturb them? The absurd proposition we have here is that we cannot figure the cost of production, and at the same time all of us declare that the farmers are being ruined because everything is selling for a price below the cost of production.

Mr. BARKLEY. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. The penalty provided applies whether it is in the nature of a criminal penalty, a fine or imprisonment, or a penalty to be imposed by a civil process. It applies to the purchaser as well as to the producer. It does not follow the commodity any further.

I want to submit this question to the Senator. We will say that the world price of wheat is 40 cents a bushel. The Secretary of Agriculture has issued a proclamation that the cost of producing American wheat is 50 cents a bushel. I come to the Senator to sell my wheat to him, and he is compelled to pay me 50 cents a bushel under this amendment. After he gets the wheat, what is going to happen to it? There is no penalty against the second purchaser of that wheat, there is no way we can compel anybody else to take it off his hands at above the market price, which, for all practical purposes, is the world price. Is the Senator expected, under this provision, just to hold that wheat? Is he expected to sell it for less than he paid me for it? What is going to happen to the second price after it has been purchased from the producer?

Mr. NORRIS. If I understand the Senator—and I am doubtful whether I do—he assumes that I am a purchaser of the wheat he produces, and I pay at least the price fixed by the Secretary of Agriculture as the cost of production. He asks me what I am going to do with it. Is that the question?

Mr. BARKLEY. Yes; I mean how can you compel the second purchaser who may want to take it from you to pay you what you have paid me, which is 10 cents above the world price?

Mr. NORRIS. All right; it cannot be done; but the second purchaser is going to buy that wheat; I will not sell it for less than it costs, and I will ask him for something in addition. Every other purchaser and dealer in wheat all over the United States will have to do the same thing; he will have to pay an increased price. If he sells it to the miller he will have to pay an increased price. In other words, as far as that is concerned, there will be no change from present conditions. The elevator man buys the wheat and pays a dollar a bushel for it, let us say, and the world market for wheat is only 50 cents a bushel, but he pays a dollar. Is he going to sell that to the mill for less than a dollar? He can if he wants to. If he can get a dollar a bushel he may get it; he is under no restriction, under no restraint, under no law to act any differently in regard to that wheat than he now does.

Mr. BARKLEY. But suppose the millers have a supply on hand sufficient to last, we will say, for 6 months or a year; or, in the case of cotton, suppose there is enough cotton to last 2 years, does the Senator believe that this provision will work out so as to bring any sort of pressure on the purchaser of cotton or of wheat beyond the first purchaser to compel him to pay more than the market price for it?

Mr. NORRIS. If there was a supply of cotton to last 2 or 3 years, perhaps it would not work at all. If I were the Secretary of Agriculture, I would not try to employ it in the case of cotton, if that is the condition. What would happen? Why the man would not buy it. If I were a producer of wheat and the Senator had to pay me a certain price, and he thought he could not resell it for that much, he would not buy it.

Mr. BARKLEY. And if the buyer knew in advance that he could not resell the wheat at the price he paid, why would he buy it?

Mr. NORRIS. He would not.

Mr. BARKLEY. Then there cannot be any sale for it; that is the very point.

Mr. NORRIS. No one would have to buy it.

Mr. BARKLEY. I suppose it would pile up in the field and not be sold to anybody.

Mr. NORRIS. A price would be fixed, and no purchaser in the United States could buy wheat unless he paid that price. Unless somebody did buy it, there would not be a mill in operation; there would not be any wheat ground. If we are going to have that kind of condition, it will take a proclamation of God Almighty to enforce it.

Mr. BARKLEY. I am not so sure but that it would take more than that.

Mr. NORRIS. The truth is, if there is not a demand for wheat or for cotton, it will never be sold; it will not be sold now. This proposal does not change the law of supply and demand; it does not make any change in it.

The Senator assumes that if we raise the price of wheat to give the farmer, whom we all love with such ardent fervor, the cost of production of the food we eat, if we do such a radical thing as that, nobody will buy it. If they do not buy it, they will not eat bread. Suppose, instead of this happening, and a price being fixed by the Government, that God took a hand and only allowed the farmers to produce one third of the crop of wheat they now produce, would it be said, "Why, God has interfered; he has raised the price of wheat; we will not buy it; we will not use it"?

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. NORRIS. Yes; I yield again.

Mr. BARKLEY. Would this penalty apply to a case where a man swapped his wheat for goods? If he took a load of wheat to a store and got a stove valued at $25, would that be regarded as a purchase within the meaning of this penalty? Frequently that happens. A man has no market for a commodity and takes it into town and exchanges it. Under the theory of barter and sale there is a value fixed upon the article.

Mr. NORRIS. That is not done where wheat is raised. Maybe it is done where they raise tobacco, but where wheat is raised they do not do that. If a farmer wants a stove and wishes to pay for it with wheat, he takes his wheat to the elevator, sells his wheat, and then buys the stove.

Mr. BARKLEY. Suppose there is no elevator and he wants to swap his wheat for a stove or suppose he wants to swap his wheat for a hog.

Mr. NORRIS. Let us take this case. Suppose there is not an elevator within a thousand miles of that farmer; where is that poor fellow going to sell his wheat?

Mr. BARKLEY. He sells it to a buyer at the railroad station who ships it 500 miles away to an elevator.

Mr. NORRIS. All right; the buyer at the railroad station would have to pay the price fixed. After the price is fixed there will not be any difference between the business operation then and that which takes place now—not a particle; there is not any new element in it. If by act of God the price of wheat went up on account of low production, then the man who bought the wheat would have to pay more for it; and he would be glad to get it, and pay more for it; he would pay the price.

Mr. REED. Mr. President——

Mr. NORRIS. I yield to the Senator from Pennsylvania.

Mr. REED. The Senator's illustration of a sale to a buyer at a railroad station leads me to suggest that this proposed act would be pretty nearly unenforceable; in such a case, at least, it would be perfectly easy to evade. The buyer would simply buy the wheat delivered at Chicago; he might pay only half the proclaimed cost of production, and yet would still be technically living up to the act, because the seller would have to pay the freight, and consequently that would bring the purchase price over the proclaimed cost. It is not going to help the farmer much if the law can be evaded as easily as that.

Mr. NORRIS. The Senator says it is not going to help the farmer, and then we talk about the various ways in which the farmer can avoid being helped. That is the argument. The farmer is going to evade this; he is going to sneak around in the dark and hunt a man who will buy his wheat and pay him less than the price. That is what Senators may think the farmer is going to do; but farmers are more intelligent than some Senators think they are. [Laughter.]

Mr. President, everywhere in this country there are elevators; there are dealers in wheat. They will be there when this bill is enacted and put into force; there will not then be any difference from the conditions which now prevail. The farmer will not be hunting around to find a man who will buy his wheat and pay less than the price fixed for cost of production.

Somebody ought to ask the question, "What are you going to do with the farmer who is insane?"—who has gone crazy, probably, because he has been toiling in the sun for years for you and me and has not gotten the cost of production, has not gotten the cost of the food that we are eating daily and are living on. Somebody ought to ask, "Well, what are you going to do with that kind of a farmer? When the Secretary fixes the price of wheat at a dollar, he is going to be sneaking around behind the elevator looking for some fellow who will buy his wheat for 80 cents." I just have to confess, Mr. President, that we cannot legislate for that kind of a farmer; we will just have to let him do it. Of course, if all the farmers are going to try to get as little as they can for their wheat or other products, they are not going to be helped by this bill, if they succeed, as they probably would, in violating the law.

Mr. WHEELER. Mr. President——

Mr. NORRIS. I yield.

Mr. WHEELER. I do not want the Senator to yield the floor, but merely wish to ask him a question. Under the allotment plan it is true that there are just as many chances for violation of the law on the part of the farmer as there are under the provision which the Senator was instrumental in having put in the bill.

Mr. NORRIS. I think there are more chances.

Mr. WHEELER. There are many more. For instance, take the farmer who was cited as an illustration a few moments ago, who takes his own pigs and sells the sausage, unless he is exempted from the law, unless the Secretary of Agriculture makes an exemption by rule of that farmer, the fellow who buys it has got to pay a tax on it.

Assuming, for instance, some farmer wanted to take a load of wheat to market to the miller or to the elevator, the elevator man might say to him, "I cannot afford to pay the tax, but if, instead of selling me that wheat for 60 cents and making me pay the tax on it, I will give you 70 cents, provided you do not make me give you any receipt for it." Thus there is plenty of opportunity for fraud and corruption to creep in under the allotment plan.

So with reference to the provision with respect to cutting down acreage, the farmer may say that he only produced so many acres last year, and under the allotment plan we are going either to have to employ a lot of detectives and inspectors to go out and check up on the farmers or else we will have to take the farmer's word for it; we will have to take his affidavit that he only produced so much wheat the year previous in order to get the benefit of the allotment plan. So the truth about the matter is that the section the Senator offered in the committee as an amendment is much more simple in operation than is the allotment plan, and not only much more simple but, in my humble judgment, will work much more effectively with reference to wheat than will the allotment plan or the leasing plan.

I have serious doubt, as I stated this afternoon, whether or not the allotment plan will work successfully. I know that the leasing plan, so far as wheat is concerned, will not work in my section of the country, because there are thousands of acres at the present time that have not been cultivated; and if the Government leases them; all the farmers could go up on the side of the mountain and sow a lot of wheat, using land that they do not use for production at the present time. So it really seems to me that the very simplest, the very best, way of operating under this bill would be under the provision which was added by the committee, which is known as part 3.

Mr. NORRIS. Mr. President, I do not believe I have anything further to say excepting this: I am not opposing any of the other provisions of this bill. I have reached the time, even though I myself do not see how it can work, when any honest, sensible man thinks a certain plan will work, I am willing to let him try it; I am anxious that it succeed. I only want to give to the Secretary of Agriculture an opportunity to try a plan which, in my judgment, is much simpler and which will cost much less money, which will involve comparatively few employees to carry it out. I would put it up to him and let him use it. If he takes another plan and it works out, let him go on with it and make it work. I will not try to dig a hole under his feet or try to tell him about some crazy man who may evade the law in some place, or remind him of some technical objection. Let him go on and succeed; and if the plan will work, so much the better. If he finds it will not work, or if in the case of some commodities, as I believe he should reach the conclusion to begin with, that he ought to apply only the plan provided in part 3 of the bill, and he should find when he does, for instance, if he should apply it to wheat, that the wheat farmers of America are anxious to get a better price for their wheat, he will not have any difficulty; it will not be necessary for him to hire a whole lot of detectives to go around and trail the farmers of America so as to prevent them from going somewhere and secretly selling their wheat at less than the price he shall have fixed.

Mr. LONG. Mr. President, I suppose the Senate is nearing adjourning time for the afternoon. I wish to take up less than perhaps a minute's time in calling the attention of the Senate to the fact that the press of today informs us that Mr. Eugene Meyer has tendered his resignation as the head of the Federal Reserve Board. The press states that Mr. Meyer tendered his resignation some days ago, perhaps 10 days ago. I am sorry, Mr. President, that Mr. Meyer did not tender his resignation more than 10 days ago, and I am also sorry that it was not accepted before the 10 days which have intervened. I wish to call the attention of the Senate to my remarks on March 15 regarding this man and the necessity for his resignation and his elimination from the head of the financial structure of this Nation.

However, Mr. President, the resignation of Mr. Meyer is not going to be enough. Mr. Meyer is only one. Every crook and crevice of the financial structure is today in the

hands of Mr. Meyer and his kind. They have planted their eggs and hatched them out through a long period of years until there is only one cackle that can be heard and only one kind of philosophy in the financial administration. Unless they are whipped out of every crook and crevice in the department, they have the power to designate what is to be the policy in handling the financial affairs and the banking structure of this country.

I hope that the resignation of Meyer is not only going to be accepted almost immediately and someone appointed who will carry out the ideas and decrees of the Democratic platform and the promises of us Democrats, but that it is going to mean that the Treasury Department and the Comptroller's office and sundry other organizations of the Democratic administration will breathe into the Congress legislation for a sound expansion of our currency, as it is called, either through remonetization of silver or through some depreciation in the value of the gold dollar.

Now that the chairman of the committee has announced in favor of it and the report of the committee seems to show that it is a necessary part of the bill that there be something done, I intend at the proper time to reoffer, as an amendment to this bill, the provision which I offered to remonetize silver in the last Congress, hoping that the elimination of Mr. Meyer from the Federal Reserve Board will be followed by other administrative changes as will give the people a chance for sound expansion.

Mr. President, I do not think we are going to do a great deal of good for the farmer with this bill. As I understand the bill, as explained by the Senator from Alabama [Mr. BANKHEAD] and the Senator from Kentucky [Mr. BARKLEY], it means that we are going to have to compel the farmer and the farmer's wife and the farmer's boy to take cognizance and to have knowledge of every ruling that is made by the various and sundry agencies through the Secretary of Agriculture.

Mr. BANKHEAD. O Mr. President, I do not want to be misinterpreted or misrepresented. I do not think the Senator wants to do so, but I certainly made no statement from which that inference could properly be drawn.

Mr. LONG. I do not think the Senator correctly understood me. I said that I gathered an understanding of the bill, from listening to the speeches of the Senator from Alabama and the Senator from Kentucky, that the rulings which are going to be made—and I believe the Senator will understand me better now—in the enforcement and carrying out of the provisions of the bill through the Department over the signature of the Secretary of Agriculture, must be taken note of by the farmers and the farmers' wives and the farmers' boys who will come under the provisions of the bill.

Mr. BANKHEAD. Let us not have any misunderstanding. There is nothing in the bill compulsory on the farmer or any member of his family—not a line in it directly or by implication.

Mr. LONG. I understand we have one provision that the farmer may not sell for less than cost.

Mr. BANKHEAD. That does not apply to the farmer. It applies to the buyer.

Mr. LONG. Then we have a provision that there cannot be any conspiracy to violate the law; and therefore if a farmer who wants to sell agrees with a man who wants to buy upon some transaction not within the purview of the law, they can be tried as having engaged in a conspiracy to subvert the terms of the law. The Senator from Alabama, being a very able lawyer, is bound to know now, upon any reasonable reflection, that everyone comes within the purview of the law.

Mr. President, there was something the Senator from Kentucky [Mr. BARKLEY] brought up this afternoon in questioning the Senator from Nebraska [Mr. NORRIS] that we have not thought about at all. How are we going to keep the man who wants to sell his hog to the processor from agreeing that he is going to sell him for something less than the value that has been fixed by the Secretary of Agriculture, including the tax? For instance, Mr. President, a friend of mine has a hog and he brings the hog to me to buy. I say, "All right, I will pay you 8 cents a pound. That is all I can afford to pay you today; but I am not going to give you a process certificate where I have to pay 12 more cents a pound to get the hog." I say to my friend who brings me the hog, "I am willing to give you 8 cents a pound to buy the 'dad-gummed' hog, provided you do not make me give you a process certificate so I will have to go back and pay 12 cents more for the hog to the Government. If you will sell me the hog for 8 cents or 10 cents, I will buy the hog; but I am not going to give you a process certificate so I will have to go back and mail the Government a check for 12 cents a pound more for the hog."

My friend says, "All right. I want to sell the hog. I have the hog and I have got to sell it because I do not need the hog and I do not want to feed the hog, but I want to get whatever money I can out of the hog." So in order to get rid of the hog he sells him to me for 8 or 10 cents a pound, which is 2 cents above the market price, but for which he should not sell the hog at all under the provisions of the bill. He does not require me to give him a process certificate in order that he can collect the other 10 cents out of the Government, because he wants to get rid of the hog and keep from feeding him that night. Then my friend and myself both are subject to be brought up for trial and sent to the penitentiary for 3 years because we have entered into a conspiracy to violate a ruling of the Secretary of Agriculture, because he got rid of the hog he did not want to feed and I got a hog I would only pay 10 cents to get.

That is the kind of bill we have here. If I have not stated it correctly I want to be corrected. That is the bill as I understand it. Angels of the Senate that we are, Mr. President, we are called upon to vote upon it. If in that way one little old hog is sold that cannot be sold in any other way to a man who is going to kill him and use him or sell him, then every man who engages in that nefarious undertaking is guilty of a penitentiary offense. If that is not what the bill provides I want the Senator from Alabama to correct me.

Mr. BANKHEAD. Does the Senator mean that is the provision under the amendment offered?

Mr. LONG. No; with the amendment stricken out.

Mr. BANKHEAD. No; there is no provision of that kind in the bill.

Mr. WHEELER. Mr. President, I beg to differ with the Senator from Alabama, and assure him that it is in the bill. He will have a ruling of the Department of Agriculture fixing the tax, and when the tax is fixed he will have to give a receipt for the hog. When the sells that hog, the Government will collect that tax under the rules and regulations of the Secretary of Agriculture.

Mr. BANKHEAD. From the processor.

Mr. WHEELER. But if the farmer helps the processor to get around that tax——

Mr. BANKHEAD. Oh, the Senator means if he enters into a conspiracy to evade the law? Why, of course, Mr. President, I misunderstood the Senator.

Mr. WHEELER. If he wants to sell that hog to the processor and the processor says, "I will give you 10 cents for the hog and I cannot take it unless you do that", then we will prevent the farmer from selling his hog or place him in the position of being charged with a conspiracy—just what the Senator said would happen under the other provision which we are discussing. There is no difference whatever with reference to the two provisions.

Mr. BANKHEAD. I am surprised to hear my friend argue that a mere refusal by a buyer to pay a big price constitutes a conspiracy between himself and the seller. I do not think the Senator would insist that the seller was entering into a conspiracy with the buyer under such circumstances.

Mr. WHEELER. It is perfectly apparent there may be innumerable cases where the man cannot sell his hog unless he makes some concession to the processor.

Mr. BANKHEAD. Mr. President, I think the Senator from Montana is friendly to the bill. I assume that he understands that one of the primary purposes is to prevent anyone from indulging in any such unfair practices.

Mr. WHEELER. I am friendly to the bill, but I am just as friendly to the other portions of the bill which the Senator wants to strike out because of the fact that the Department of Agriculture and a few professors up there, who sit around the office and never saw a bushel of wheat in their lives, see fit to send down to the Senate certain legislation and say to us, "Jump through the hoop and vote for this bill; do not cross a 't' or dot an 'i'", and ask that we shall give the Secretary of Agriculture the greatest amount of power that has ever been granted in any bill in the history of the United States, the power to fix rules and regulations of the kind we have been discussing. Then the Senator from Alabama contends, because of the fact that we want to have a provision that the Secretary of Agriculture may not want, that we are opposed to aiding the farmer. I am not going to be bound by any such statement as that.

Mr. BANKHEAD. The Senator from Alabama has never stated that he opposed the provision on the ground that the Secretary of Agriculture did not want it. I think the Senator from Montana knows that I opposed it from the very inception.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Louisiana yield to enable me to submit a request?

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. I ask unanimous consent that when the Senate concludes its labors today it take a recess until 12 o'clock noon tomorrow; that at not later than 12:30 o'clock tomorrow the Senate proceed to vote upon the pending amendment, and that beginning at 12 o'clock noon tomorrow no Senator shall speak more than once nor longer than 5 minutes on the pending amendment.

Mr. LONG. Mr. President, I cannot consent to that. My friend the Senator from Alabama [Mr. BLACK] has requested that he be called in case a motion should be made to recess, because he wishes to move an adjournment so that the 30-hour bill may be taken up in the morning hour tomorrow.

Mr. SMITH. Mr. President, the Senator from Louisiana certainly misunderstood the Senator from Alabama.

Mr. LONG. Possibly I did.

Mr. SMITH. He passed here a little while ago and said that he would offer no obstruction with reference to the pending measure, but that he would let its consideration proceed without any further effort to inject his matter, hoping that we would get through with the bill by tomorrow night.

Mr. LONG. Then I withdraw my objection.

Mr. SMITH. I want to join with the leader on our side in trying to get some agreement whereby we can finish consideration of the bill tomorrow if it be possible to do so. I hope we will reach an agreement before we take a recess by which we can at least hope that we see the end of the discussion on the bill.

Mr. LONG. I withdraw my objection to the request of the Senator from Arkansas.

Mr. NORRIS. Mr. President, I want to make a suggestion about the unanimous-consent agreement. As I heard it, the limitation would apply only to the pending amendment?

Mr. ROBINSON of Arkansas. That is true.

Mr. NORRIS. The pending amendment is the amendment offered by the Senator from Ohio to the committee amendment. I do not believe the Senator from Arkansas understood that.

Mr. ROBINSON of Arkansas. I did not understand that that is the case. I thank the Senator from Nebraska. My request, then, should apply to the pending committee amendment and all amendments that may be pending or offered thereto.

Mr. McNARY. I understand the purpose of the proposed agreement is to have a vote on the pending amendment, and all amendments pending thereto, at 1 o'clock tomorrow.

Mr. ROBINSON of Arkansas. I said 12:30.

Mr. McNARY. Twelve-thirty o'clock, with a limitation of 10 minutes on debate.

Mr. ROBINSON of Arkansas. Five minutes.

Mr. McNARY. The Senator from Arkansas knows that I want to cooperate in every way in an early disposition of the unfinished business; but this afternoon the hour is late, and a number of Senators are necessarily absent on account of business matters, and I do not think 30 minutes tomorrow on this amendment will be sufficient time for its discussion. Secondly, I do not think 5 minutes would be ample time on other amendments that may be offered, or that are pending, or on the bill.

I suggest to the Senator that we recess now until 12 o'clock tomorrow, or adjourn.

Mr. ROBINSON of Arkansas. Mr. President, unless we can get an agreement or a vote on this amendment, I shall not consent to a recess.

Mr. McNARY. Mr. President, I have not yet concluded, please.

I shall object to a unanimous-consent agreement now to vote on the pending amendment tomorrow at 12:30. If this matter comes up in an orderly manner, after sufficient debate, and when the subject has been exhausted tomorrow, I shall be glad to cooperate with the Senator on some proposal that might limit debate on future amendments; but this afternoon, at half past 5, with a number of Senators absent, and an important amendment before the Senate that involves the tax that will be laid on processors, the sums of money to be received from the processors, to limit debate tomorrow to 30 minutes would be unjust and unfair to those absent; and they are absent on both sides of the Chamber. If the Senator will withhold his proposition tonight, and move to recess or adjourn at this time——

Mr. ROBINSON of Arkansas. No, Mr. President.

Mr. McNARY. Very well; just a moment—and then, tomorrow, if he will offer a proposal after we dispose of this amendment, following legitimate discussion, I shall cooperate upon a reasonable unanimous-consent agreement.

Mr. ROBINSON of Arkansas. Mr. President, of course everyone understands that a single objection will prevent the agreement that I have asked; but we have consumed the entire day in the discussion of this one amendment, and all Senators have been present except 2 or 3. There are only 2 or 3 Senators absent. We shall never find a day when that number will not be found absent. Senators have remained here, and we have discussed this amendment all day. Now the Senator from Oregon says that he is unwilling to enter into any agreement to vote on this amendment. In that view of the matter, I think we ought to proceed and vote this afternoon.

Mr. LONG. I think so.

Mr. McNARY. Very well; I have no objection to that. I said that rather than enter into a unanimous-consent agreement I would prefer to vote this afternoon.

Mr. ROBINSON of Arkansas. Very well.

Mr. McNARY. I do not want to assume the responsibility of acquiescing in an agreement that I think is unfair to the absent Senators, and I shall not do so.

Mr. ROBINSON of Arkansas. Mr. President, the absent Senators have had no opportunity at all to discuss the amendment. We shall always have absentees. We shall never find the time when every Member of the Senate is present.

In view of the fact that we have taken this entire day in the discussion of one committee amendment, I feel justified in pressing for action; and I am going to withdraw my request and ask the Senate to proceed with its business.

Mr. SMITH. Mr. President, I think the Senate has discussed this amendment sufficiently for each and every one of us to understand it. I hope we may be able to reach a vote before we take a recess this afternoon, and get this amendment at least out of the way, so that the balance of the bill may be amended by Members on the floor who have amendments to offer.

The PRESIDING OFFICER. Does the Chair understand that the Senator from Oregon has interposed an objection?

Mr. McNARY. I have; yes.

Mr. ROBINSON of Arkansas. Mr. President, I should not object to extending the time until not later than 1 o'clock, and expanding the limitation of speeches to 10 minutes, but surely, in view of the fact that we have taken a whole day to consider this one amendment, the Senator from Oregon cannot object to that.

Mr. COUZENS. Mr. President, will the Senator yield to me? Does the Senator mean to include the mortgage amendment?

Mr. ROBINSON of Arkansas. No, no; I have reference only to the committee amendment, known as part 3, and the amendments that are pending and may be offered to that. It is the cost-of-production proposal in the bill.

Mr. COUZENS. Then no limit is proposed on debate with respect to the mortgage section?

Mr. ROBINSON of Arkansas. No; I have not asked for a limitation on the bill generally.

Mr. McNARY. Mr. President, I had thought of making a few remarks on the subject. They probably will not require more than 15 minutes. I should be willing to consent, so far as I am personally concerned, to a unanimous-consent agreement to vote not later than 2 o'clock tomorrow on the pending amendment, speeches being limited to 15 minutes.

Mr. ROBINSON of Arkansas. Mr. President, I will modify the request so that not later than 2 o'clock tomorrow the Senate will proceed to vote on the committee amendment and all amendments that may be pending or that may be offered thereto without further debate.

Mr. LONG. That is, all that may be offered to the committee amendment that is pending?

Mr. ROBINSON of Arkansas. Yes; and that upon reconvening tomorrow no Senator shall speak more than once or longer than 15 minutes on the amendment or on any amendment thereto.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, just a moment. That refers specifically to part 3?

Mr. ROBINSON of Arkansas. Yes; that is all.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the unanimous-consent agreement is entered into.

Mr. LONG. Mr. President, I just want to wind up this matter and have one understanding. I was in the midst of trying to get one point settled.

The PRESIDING OFFICER. Does the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. The Senator from Louisiana had the floor. I did not wish to take him off the floor. He very kindly yielded to me to submit the request, and he still has the floor.

Mr. LONG. I do not want to delay adjourning, but I do not want to speak again on this amendment tomorrow.

While the Senator from Alabama and the Senator from Kentucky are here, I do not want anyone to have any doubt about what he is voting for on this bill. Mr. President, title 3 is the most understandable part that there is in the bill. It is the least drastic part that there is in the bill; but I admit that however much less drastic it may be than the balance of this bill it is drastic itself. The sad part of the matter, however, is that every housewife, every farm boy, and every farmer must take note of every ruling that is made by the Secretary of Agriculture. Otherwise, regardless of what farm sale may take place between the producer and the processor that does not conform with the processing tax, he will be guilty of a conspiracy and subject to being put in jail by the court for 3 years. There may be 100 rulings of the Secretary or there may be 500 or 5,000 rulings, but they will have to take cognizance of them all.

Mr. ROBINSON of Arkansas. Mr. President, I present two amendments and ask to have them printed and lie on the table.

The PRESIDING OFFICER. That order will be made.

Mr. BARBOUR. Mr. President, before the recess is taken I should like to ask a question, if I may, of the Senator from South Carolina [Mr. SMITH]. It will take me only a moment.

The word "consumer" appears in section 16, page 21, line 20, referring to floor stocks. That section provides for a tax on inventories. I should like to address to the Senator from South Carolina, as chairman of the committee, a question to elicit his definition of whom the consumer might be.

For instance, take the manufacturer of a shoe who buys thread for the purpose of constructing a shoe. Is the manufacturer the consumer of the thread, or is the purchaser of the shoe, who wears the shoe, the consumer of the thread? I should think the bill undoubtedly means that the manufacturer who purchases the thread is the consumer.

Mr. SMITH. Mr. President, the very same question came up in reference to automobile tires, as to the processor who processed the material that went into the casing, and whether that tax would be carried on to the automobile-tire man when he processed his tire. The committee were of opinion that it is the man who processes the fabric in the first instance who is the consumer, and the bill so declares.

Mr. BARBOUR. In other words, the manufacturer in the case I speak of and in like cases, in the opinion of the Senator, the chairman of the committee, would be the consumer as the word is used in that section?

Mr. SMITH. Yes.

Mr. BARBOUR. I thank the Senator.

Mr. FRAZIER. I offer a proposed amendment to the pending amendment, part 3, and ask to have it printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. CLARK. I ask that sundry amendments which I intend to offer to this bill may be printed and lie on the table.

The PRESIDING OFFICER. That order will be made.

Mr. McGILL. I send forward an amendment, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

MINISTER TO DENMARK—RUTH BRYAN OWEN

The PRESIDING OFFICER. The Chair lays before the Senate a message from the President of the United States, which will be read.

The Chief Clerk read as follows:

THE WHITE HOUSE, *April 12, 1933.*

To the Senate of the United States:

I nominate Ruth Bryan Owen, of Florida, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Denmark and Iceland.

FRANKLIN D. ROOSEVELT.

Mr. FLETCHER. I ask unanimous consent for the immediate confirmation of this nomination.

The PRESIDING OFFICER. The Senator from Florida asks unanimous consent for the immediate confirmation of this nomination. Is there objection? The Chair hears none, and the nomination is confirmed.

Mr. FLETCHER. I ask unanimous consent that the President may be notified.

The PRESIDING OFFICER. Without objection, the President will be notified.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

THE CALENDAR

The PRESIDING OFFICER. Reports of committees are in order.

If there be no reports of committees, the calendar is in order.

THE JUDICIARY

The Chief Clerk read the nomination of Joseph W. Woodrough, of Nebraska, to be judge, eighth circuit, vice Arba S. Van Valkenburgh, retired.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE ARMY

The Chief Clerk proceeded to read the nominations of sundry officers in the Army.

Mr. REED. I ask unanimous consent that the Army nominations may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be confirmed en bloc; and, without objection, the President will be notified.

That completes the calendar.

Mr. ROBINSON of Arkansas. I ask that the President be notified of the confirmation of Judge Woodrough. There has been a vacancy in that district for some time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

The Senate resumed legislative session.

RECESS

Mr. SMITH. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to; and (at 5 o'clock and 44 minutes p.m.) the Senate took a recess until tomorrow, Thursday, April 13, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 12 (legislative day of Apr. 11), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

James Michael Curley, of Massachusetts, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Poland.

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Ruth Bryan Owen, of Florida, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Denmark and Iceland.

COMMISSIONER OF FISH AND FISHERIES

Frank T. Bell, of Washington, to be Commissioner of Fish and Fisheries, vice Henry O'Malley.

PROMOTIONS IN THE NAVY

MARINE CORPS

First Lt. Edgar G. Kirkpatrick to be a captain in the Marine Corps from the 8th day of April 1933.

Second Lt. Bernard H. Kirk to be a first lieutenant in the Marine Corps from the 8th day of April 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 12 (legislative day of Apr. 11), 1933

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Ruth Bryan Owen to be Envoy Extraordinary and Minister Plenipotentiary to Denmark and Iceland.

JUDGE OF THE EIGHTH CIRCUIT

Joseph W. Woodrough to be judge of the eighth circuit.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Second Lt. Donald Ralph Neil, to the Quartermaster Corps.

Second Lt. Robert Edwin Cron, Jr., to the Quartermaster Corps.

Second Lt. Harry Winston Candler, to the Cavalry.

First Lt. Robert Francis Carter, to the Quartermaster Corps.

PROMOTIONS IN THE REGULAR ARMY

Raymond Eugene Ingalls to be colonel, Dental Corps.

Joseph Richard Koch to be chaplain with the rank of captain.

John Thomas Harris to be lieutenant colonel, Quartermaster Corps.

Paul Hancock Brown to be major, Infantry.

William Stuart Eley to be major, Infantry.

Joseph Pescia Sullivan to be major, Quartermaster Corps.

Irving Compton to be captain, Infantry.

Rudolph William Broedlow to be captain, Infantry.

Albert Edmund Rothermich to be captain, Infantry.

Jeremiah Paul Holland to be first lieutenant, Field Artillery.

John Mills Sterling to be first lieutenant, Air Corps.

Edward James Francis Glavin to be first lieutenant, Infantry.

Mark Kincaid Lewis, Jr., to be first lieutenant, Air Corps.

MEDICAL CORPS

To be captains

William A. Dains Woolgar. Arthur Herman Corliss.
Joseph Steinberg. Jonathan Milton Rigdon.
Karl Rosenius Lundeberg.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 12, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who art all in all and from whom cometh the highest good in all the world, we praise Thee that the joy of our Lord is forever and ever. We need so many things to walk worthily with Thee. Heavenly Father, gather up our tendencies, our failures, and our weaknesses; harmonize them with Thy holy will and blend them in a volume of spiritual melody; steal into our hearts like the rhythm of unearthly peace. We pray that high hopes, peace, and contentment may hang over our country like a summer sun out of which come all life and blessing. We beseech Thee, dear Lord, to hear us in our prayer. Amen.

The Journal of the proceedings of yesterday was read and approved.

GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

The SPEAKER. A vacancy having been created upon the George Rogers Clark Sesquicentennial Commission by the death of the Honorable Will R. Wood, of Indiana, the Chair appoints to fill said vacancy the Honorable ROBERT LUCE, Representative from the State of Massachusetts.

PRESENTATION OF PICTURE TO THOMAS H. CULLEN

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOYLAN. Mr. Speaker, it is on very rare occasions that the Congress is accorded any commendation by the public for meritorious work well done. There are exceptional cases, however, and it is my pleasure this morning to recite one.

On yesterday the employees of the Brooklyn Navy Yard, in New York, and the Allied Metal Trade Industries, through Representative DELANEY, presented to our distinguished assistant leader, Hon. THOMAS H. CULLEN, the dean of the New York delegation, a magnificent oil painting of our distinguished President, Franklin Delano Roosevelt, in recognition of the services rendered by him in behalf of the employees of the Brooklyn Navy Yard and of the other navy yards of the country. So it is a pleasant interlude in the terrific grind here to pause and take this opportunity of recording

a commendation well deserved by our distinguished colleague, Representative CULLEN.

Mr. Speaker, I ask unanimous consent to insert in the RECORD the remarks of Congressman DELANEY in presenting the portrait and the response of our distinguished assistant leader, THOMAS H. CULLEN. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

REMARKS OF CONGRESSMAN JOHN J. DELANEY, REPRESENTING THE SEVENTH NEW YORK CONGRESSIONAL DISTRICT, DURING HIS PRESENTATION OF A PORTRAIT OF PRESIDENT FRANKLIN D. ROOSEVELT TO CONGRESSMAN THOMAS H. CULLEN IN BEHALF OF THE EMPLOYEES AND REPRESENTATIVES OF THE NAVY YARD AT BROOKLYN, N.Y.

Congressman CULLEN, on behalf of the employees of the Brooklyn Navy Yard and their representatives, as well as representatives of the various labor organizations assembled here this morning, I take pleasure in presenting to you a portrait of President Franklin Delano Roosevelt. This gift is made in appreciation of the services rendered by you in behalf of the workers of the Brooklyn Navy Yard. The employees of the yard have a keen realization of your untiring efforts in behalf of all matters affecting their welfare. You have always been in the vanguard in proposing legislation which would have for its purpose the expanding of the facilities in the Brooklyn Navy Yard and they are also most appreciative for your present efforts in the matter of collaborating with those who believe that we should build up our Navy to the strength provided for in the London Treaty.

RESPONSE OF CONGRESSMAN CULLEN

Congressman DELANEY, this is a very happy moment for me, having you and the representatives of the workers of the Brooklyn Navy Yard present me with this beautiful portrait of our great President, Franklin Delano Roosevelt. I can still vividly recall the first time I met him when he came to Albany as a member of the State senate in 1910, and where I cultivated a friendship with him that has been very dear and near to me ever since.

When Franklin Roosevelt resigned from the senate to come to Washington in 1913 to accept an appointment as Assistant Secretary of the Navy under President Wilson's administration, he immediately started out by proving himself a friend of the Navy and also took a special interest in the workers of the Brooklyn Navy Yard. In that connection I might rehearse a little story in conjunction with one of his visits to the navy yard in Brooklyn. Mr. Philip Engel, who is holding this picture, was at work in the yard on the occasion of this visit of Assistant Secretary Roosevelt. Mr. Roosevelt called him aside to discuss with him the different phases of work that were being performed by the men. Mr. Engel, in his working clothes, sat with him for the best part of an hour explaining and discussing the various projects carried on in the yard. Mr. Roosevelt in the course of that conversation manifested a keen and sincere interest in the welfare of our Navy. He had a splendid insight and profound understanding of the problems of the men, as well as a strong realization of the necessity of a strong Navy. As President of the United States today, Franklin D. Roosevelt is vitally interested in having our Navy kept up to the standard provided for by the London Naval Treaty.

He is contemplating including in his unemployment construction bill the program submitted by Chairman CARL VINSON, of the House Committee on Naval Affairs, dealing with the upbuilding of our Navy, which, in my opinion, is one of the most comprehensive naval-construction programs that has come to the attention of Congress in my time.

This beautiful portrait will hang on the wall of my office as long as I remain in Congress. Then I will bring it to my home, where I shall cherish it with many pleasant recollections of its presentation to me today. It will also be a constant reminder of my friendship and great admiration for President Roosevelt, a friendship that has ripened to an extent that even today, when I have occasion to call upon him at a time when he is so valiantly striving to overcome the many difficulties and problems facing our country in this great national crisis, despite his high position and multitudinous duties, he still calls me "Tom" and I call him "Frank."

I desire to extend my thanks to your delegation for your kindness, and through you I wish to express to the workers of the Brooklyn Navy Yard my sincere appreciation for their kind thought. You may rest assured that I shall continue to extend my whole-hearted cooperation in all matters pertaining to the welfare of our Navy and the workers of the Brooklyn Navy Yard.

Through Mr. Engel and Mr. McDonough and the other members of your delegation I desire to extend to Mr. Harry M. Jockers my sincere appreciation and congratulations upon his wonderful work in the painting of this beautiful portrait of President Franklin D. Roosevelt.

HAROLD E. HUGHES—FRANK P. GIBSON

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to withdraw all reports, evidence, and affidavits in the claims against the United States for the relief of Harold E. Hughes, H.R. 1974, Seventy-third Congress, and for the relief of the estate of Frank P. Gibson, H.R. 1975, Seventy-third Congress, referred to the Committee on Claims.

It is my intention to withdraw the bills on the ground the claimants have no status against the United States for relief.

I have the consent of the chairman of the committee to withdraw these bills.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. JONES. Mr. Speaker, I ask unanimous consent that Calendar Wednesday business, in order today, be dispensed with.

Mr. CLARKE of New York. Mr. Speaker, reserving the right to object, and I shall not object because I want to press on with the farm relief bill, it is not the intention of the gentleman from Texas to have a roll call upon this bill this afternoon, I understand?

Mr. BLANTON. Would a roll call interfere with anything the gentleman from New York desires to do this afternoon?

Mr. CLARKE of New York. It certainly would materially interfere with my plans for this afternoon.

Mr. JONES. I may state, Mr. Speaker, that the time left for general debate ranges between 5 and 6 hours, as I remember it, and I do not expect to have a roll call on this bill this afternoon.

Mr. BYRNS. Mr Speaker, I have been approached by a number of Members as to whether or not the House will adjourn tomorrow afternoon over until Monday. Of course, I am but one Member of the House. However, if we have any legislation, as I think we will, on Friday and Saturday, I think the House ought to stay here and attend to it. [Applause.] So far as I am concerned, if there is any legislation to be considered on Friday and Saturday I shall insist as strenuously as I can that we stay in session and dispose of it.

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BULWINKLE. Can the majority leader tell us what legislation will be here Friday and Saturday?

Mr. BYRNS. I have hopes; that is all I can say. I have communicated with all the chairmen who have these bills pending before their committees. I am hoping, for instance, that the Committee on Ways and Means may report the bill providing for an extension of the gasoline tax, and that possibly we might have that up on Friday. I do not know whether this will be done or not, but I believe we ought not to say we will adjourn until we are satisfied there will be nothing for us to do.

Mr. DOUGHTON. Mr. Speaker, if the gentleman will yield, I am unable to state definitely just when the Committee on Ways and Means will report out the bill extending the tax on gasoline; but I can say definitely that it will be in the immediate future. If not Friday and Saturday, certainly it will be not later than Monday.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Certainly.

Mr. BLANTON. I was wondering whether or not the Committee on Ways and Means is going to favorably report out a bill to take the 2-cent tax off bank checks. That tax ought to be repealed immediately. In my judgment, this is one of the most important matters to be considered.

Mr. DOUGHTON. I agree with what the gentleman states; but we doubt whether that will be reached now. At least it should be considered. I think it is very important.

Mr. BYRNS. I may say to the gentleman I understand the tax on bank checks is bringing in between $40,000,000 and $50,000,000 per year. If this be true, and we wish to balance the Budget, it is very essential that the tax be continued for the present, although, personally, I should like to see the time come when we can do away with it.

Mr. BLANTON. It is keeping more money in socks and under bed slats than anything else Congress has ever done.

Mr. BYRNS. I realize the force of the argument of the gentleman from Texas.

Mr. CLARKE of New York. Mr. Speaker, I demand the regular order. They are delaying consideration of the pending bill.

Mr. SNELL. Will the gentleman withhold that a moment? I want to ask the majority leader another question. As I understand the statement of the Chairman of the Ways and Means Committee, there is very little probability that the measure referred to will be ready for consideration this week. If this is the case, what else has the majority leader in mind?

Mr. BYRNS. I had hoped that possibly the Wagner bill might be reported, although I have no assurance to that effect.

Mr. SNELL. How far have they gone with it?

Mr. BYRNS. I think we can come nearer determining tomorrow just what will be ready than we can today.

Mr. SNELL. From all the information I can get, there will be nothing ready at that time; but, of course, I am not on the inside.

Mr. BYRNS. I think we will know more about it tomorrow than we do now.

Mr. FISH. Will the gentleman from Tennessee yield?

Mr. BYRNS. I yield.

Mr. FISH. Has the gentleman any program for tomorrow?

Mr. BYRNS. Yes; we expect to take up the embargo bill tomorrow.

Mr. FISH. That is what I wanted to know.

Mr. BYRNS. We expect to take that bill up at the conclusion of the consideration of the pending bill, which will probably take an hour or two tomorrow.

Mr. BOILEAU. Reserving the right to object, I should like to ask the gentleman from Texas [Mr. JONES] at what point he intends to have the Committee rise this afternoon. Will it be before general debate is concluded or not?

Mr. JONES. That matter has not been determined. We want to conclude most of the general debate today, and although we might not quite finish general debate, we hope to.

Mr. BOILEAU. The gentleman will realize that I am very much interested in a motion to recommit, and I am wondering if the House would be in session at the time that point would be in order today or not.

Mr. JONES. There will not be any roll call, because we will not more than finish general debate today, I may say to the gentleman.

Mr. BYRNS. I think we can agree that we will not have a roll call today.

Mr. JONES. I have already stated we would not have a roll call on the pending bill and that will take care of what the gentleman has in mind.

Mr. KVALE. Will the gentleman yield?

Mr. JONES. Yes.

Mr. KVALE. Can it be understood, definitely, that the proceedings will not reach the stage where a motion to recommit will be in order?

Mr. JONES. I practically made that statement.

Mr. KVALE. But the gentleman did not make the definite statement.

Mr. JONES. If it were made, it would not be disposed of, and we would not have a roll call. Is not that what the gentleman wanted to know?

Mr. KVALE. Then if the motion is made, it will not be put?

Mr. JONES. That is correct.

Mr. RAGON. Then it can be definitely understood that there will be no roll calls this afternoon.

Mr. JONES. We will not have time for a roll call because we have left over 5 hours of general debate.

The SPEAKER. Is there objection to the request of the gentleman from Texas to dispense with Calendar Wednesday business in order today?

There was no objection.

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 4795, with Mr. ARNOLD in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Chairman, on yesterday when our distinguished Chairman of the Committee on Agriculture occupied this floor, he explained in detail the provisions of this bill known as the "Emergency Farm Mortgage Act of 1933."

He stated however that he would not discuss title IV of this act and would expect other members of the Agriculture Committee to devote some time during this debate to a discussion of this title of the bill.

I am intensely interested in this bill as a whole. I full well realize that about 40 percent of the farms in this country are mortgaged, that our farm debts are staggering, that the farmers' interest rates are a crushing burden, that immediate farm relief through debt and tax relief is absolutely necessary for the restoration of permanent prosperity throughout the country. The purpose of this mortgage-relief legislation goes to the very roots of the present-day farm problem.

This measure is not intended as a dole or charity. Its purpose is not to transfer to the Government the whole mortgage burden, but it aims to stabilize the farm-mortgage market. If properly administered, it will give definite, direct help to distressed mortgage-burdened farmers and call a halt to foreclosures of farm properties.

It, then, of necessity must be legislation not alone in the interest of the farmer but also in the interest of the creditor.

The opponents of this bill have stressed many objectionable features and said it will prove a disappointment, all of which may be true, but they cannot deny that it does bring the farmer into the picture where heretofore he has been left out. It is the only measure of this character before us, and although many Members here no doubt feel they could improve the bill by amendments, they also must realize that it could be loaded down with amendments to such an extent that we would get no legislation at all, which would be a calamity.

Action is necessary. Dilatory tactics will not produce results. This administration has approved this measure as it is, and I am not going to endeavor to place any obstacles in the way of this measure's being enacted into a law.

Title IV of this act, when the bill was first considered, was not a part of its provisions. When it was incorporated in what is known as the "Robinscon bill" (Calendar No. 18) and referred to the Senate Committee on Banking and Currency and reported by that committee title IV was stricken out. But its great importance was stressed, and the House Committee on Agriculture, the committee to which this House referred the President's message, includes it as title IV in its bill H.R. 4795, known as the "Jones bill", and I want to say to you, my friends, it is a very important part of this legislation. It is not as complete and far-reaching as what is known as the "Glenn-Smith drainage bill" that some of us have worked for night and day, in season and out of season, but it does in a measure give farm relief through tax relief.

Briefly, title IV of this bill provides—

Refinancing of agricultural improvement, district indebtedness for the benefit of farmers.

Section 401: The Reconstruction Finance Corporation is authorized and empowered to make loans in an aggregate amount not exceeding $50,000,000 to drainage districts, levee

districts, levee and drainage districts, irrigation districts, and similar districts, duly organized under the laws of any State, and to political subdivisions of States, which projects are devoted chiefly to the improvement of land for agricultural purposes, for the purpose of enabling such districts to reduce and refinance their outstanding indebtedness incurred with respect to such project.

Loans shall be made subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended, except that loans under this section shall be subject to the following terms and conditions:

First. The term of any such loan shall not exceed 40 years.

Second. Such loans shall be secured by bonds issued by the borrower which are a lien on the real property within the district or on the assessment of benefits to such property by reason of the project.

Third. The borrower shall not issue any additional bonds so secured except with the consent of the Reconstruction Finance Corporation.

Fourth. Out of the assessments against the real property within the district the costs of operation and maintenance as well as interest on outstanding obligations are to be paid and the balance to be applied to the retirement of the bonds held by the Reconstruction Finance Corporation.

Fifth. The borrower shall reduce the indebtedness of the landowners within the district by an amount corresponding to the amount by which the indebtedness of the borrower is reduced by reason of the operation of the section—the landowners on a pro-rata basis to share in the benefits.

No loans shall be made until the Reconstruction Finance Corporation—

(a) Has caused an appraisal to be made of the property securing the bonds;

(b) Has considered the economic soundness of the project; and

(c) Has been satisfied that an agreement between the applicant and holders of bonds has been reached which is fair to purchase or refund the outstanding bonds considering the average market price of said bonds over a 6 months' period ending March 1, 1933, which will necessarily bring about a substantial reduction of the outstanding indebtedness of the district. The benefits will be passed on to the landowner, and the Reconstruction Finance Corporation will be paid out of reduced assessments. The benefits are extended to Alaska, Hawaii, and Puerto Rico.

The provision of this bill as set forth in title IV affects possibly 5,000,000 people, for the most part what are known as "small" farmers with large families, living in about 35 different States of this Union. It involves more than 325,000,000 acres of land situated within these districts.

It is a national problem and not merely a local one. This Congress is the place to deal with it. The necessity for this relief is more than urgent and demands quick action to avert a further calamity over which these distressed people have no control. Nature itself forced this additional burden upon them. I deem this a real opportunity to do something worth while, constructive, and truly beneficial.

Only a few days ago I stood here on the floor of this House and spoke in favor of the emergency farm relief bill, and in the course of my remarks I said in substance that whatever legislation we passed to stimulate prices of farm commodities would necessarily be artificial, but we should go further and enact laws to give the oppressed farmers relief through tax, debt, interest, and mortgage relief, and that such legislation would go to the very fundamentals of the matter.

That hour has struck. The time is at hand. The question before us is not whether or not we approve of all the provisions of this bill and would like to see some changes in it, but the proposition is, this being another step in the President's program, are we going with the administration or not? I am.

This type of legislation seeks to aid and bring relief to our substantial citizens who are the very backbone of our Nation and tide them safely over the turbulent waters that threaten to drown them. I am going to help them if I can. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, I do not desire to take any time to make a speech, but I want to ask a question of the chairman of the committee. Just what effect do you expect this bill to have on the present value of the farm-loan banks? For instance, if I own $10,000 in bonds in those banks, what will be the effect on the value of the bonds?

Mr. JONES. The gentleman means bonds of the Federal land banks?

Mr. SNELL. Yes.

Mr. JONES. I do not believe that they will be injuriously affected, and in my judgment the operation of the bill will further safeguard the banks.

Mr. SNELL. In what way? I desire the information, because I have been asked that question several times.

Mr. JONES. There is provision made in the bill for loaning to the Federal land banks the use of $50,000,000 as a part of the surplus which is to be paid back.

Mr. SNELL. Is it the intention to force the present holders of 4½-percent bonds to exchange them for the new 4-percent bonds?

Mr. JONES. No. There is no intention of that kind. Of course, all of these bonds have written into their face an option to refinance them after they have been out 10 years. Of course, that option would be available, regardless of the provisions of any bill.

Mr. SNELL. And in that way they could come to me as the owner and say to me, "Now, you will have to take 4 percent bonds, or we will pay you the face value for your present bonds"?

Mr. JONES. Yes. They could do that if the option period has arrived, but it would not interfere with their rights at all. It would leave their bonds as they are.

Mr. SNELL. That is what I was desirous to find out.

The CHAIRMAN. The time of the gentleman from New York [Mr. SNELL] has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I am in the same position as everyone else who has discussed this bill, in that I should like to see more done to relieve the farm-mortgage situation than this bill can possibly do, yet we must all realize that neither this bill nor any other mortgage-relief legislation can solve the entire farm problem. The mortgage situation is only one part. It is only one of many problems that are confronting the farmers of this country today. It is all right at this time to express our hope and desire to support some other legislation that we think would do the job better than this bill, yet the fact remains that this is the only bill before us at this time, and the House, by a large majority of its membership, has voted to consider it without amendment, thereby indicating that it desires to take this bill as it is. Since that is the situation, I am not going to take the time of the House this afternoon in indulging in any lamentations as to what I should like to do if I had my way about it, but I am going to discuss, as briefly as I can, some of the provisions of this bill.

It must be conceded at the outset that if we could wipe out, by legislation or any other way, the entire farm-mortgage debt of this country, we would solve but a small part of the farmers' problems. With prices of farm products as they have been for the past 2 years practically no farmer has been able to secure enough income to pay his current operating costs, to say nothing of overhead such as interest and taxes. Therefore, it is very obvious that as long as present prices continue we can only at best partially relieve the farmer by cutting down indebtedness or taxes.

Mr. BRIGGS. Will the gentleman yield for a question?

Mr. HOPE. Briefly; yes.

Mr. BRIGGS. This bill does not in itself provide for what is known as "a moratorium on debts", does it? I mean, generally, on mortgage indebtedness?

Mr. HOPE. Only to the extent that it provides for a 5-year moratorium on amortization payments.

Mr. BRIGGS. In other words, it dispenses with amortization for 5 years?

Mr. HOPE. On mortgages now held by Federal land banks, and also provides that under certain conditions, money may be loaned by the Reconstruction Finance Corporation to the joint-stock land banks on condition that they hold off foreclosures for 2 years on the mortgages which they hold.

Mr. BRIGGS. Its principal relief is intended by way of inducement, rather than by fiat or decree of moratorium?

Mr. HOPE. Yes.

Mr. BRIGGS. May I ask the gentleman a further question? Has the committee made any estimate of the savings that will be brought about by this legislation to the agricultural interests of the United States by reason of scaling down of mortgages and by the reduction in interest rates?

Mr. HOPE. I do not know of any figures that have been compiled, and I do not know how any figures could be compiled to cover the savings that might be expected to be made from a scaling down of indebtedness, because that is so problematical it would be pure speculation.

Mr. BRIGGS. I have heard some estimates made of between two and three billion dollars by reason of the changes in the interest rates without regard to any scaling down of the indebtedness.

Mr. HOPE. Well, that might be true over a long period of years. As far as interest rates are concerned, I might say that the present average interest rate on farm indebtedness is 6.1 percent for the entire country. This bill provides for, at least for the next 5 years, all mortgages which are refinanced under the terms of this bill, except certain direct loans by the Federal land banks, shall bear not to exceed 4½ percent interest. That, of course, will set an example which, to some extent, will be followed by other mortgage companies and lending agencies, so that if we were to assume that at least one half of the farm mortgages of this country would have a reduction in the average amount of interest paid from 6 percent to 4½ percent that in itself would be a considerable benefit and amount to a large sum over a period of years.

I want to point out how I think the present measure will operate, but before going into that phase of the situation I think it might be well to call attention to the general farm-mortgage situation. Contrary to what seems to be a prevalent impression, a majority in number at least of our farms are not incumbered by mortgage indebtedness. The figures which I am about to quote, unless otherwise indicated, are taken from House Document No. 9, being a report based on a study made by the Department of Agriculture pertaining to farm-mortgage indebtedness. This is by far the most accurate and complete survey of the farm-mortgage problem which I have had the opportunity to examine, and I feel that Congress is very much indebted to the Department for this splendid contribution to the available information on this subject.

These figures indicate that the farm-mortgage debt of the country rests upon only 40 percent of the farms. In other words, three fifths of the farms of this country are free of mortgage. Furthermore, in 1930 the farm-mortgage indebtedness of the country constituted only 20 percent of the value of all farms. While there has possibly been some change in this situation during the past 2 years due to a further decline in real-estate values, yet it must be recalled that the farm-mortgage indebtedness of the country has also declined about 10 percent in the same period of time, so that I think the figures above given are approximately correct as of today. There are certainly few, if any, other industries in the country which can show as small a proportion of mortgage indebtedness as is the case of agriculture. Of course, it must be recalled, also, that there is some $3,500,000,000 worth of agricultural indebtedness which is not included in the farm-mortgage debts; but to offset this, of course, there is the large amount of personal property used for agricultural purposes which in most cases is security for this floating indebtedness.

Mr. BLANCHARD. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. BLANCHARD. On what basis do they determine the valuation of the farm lands?

Mr. HOPE. The figures are compiled by the Department of Agriculture from the reports of the Bureau of the Census, and are included in House Document No. 9, to which I have heretofore referred. I cannot at this time, however, state what basis the Bureau of the Census used in determining the value.

If this 20 percent of mortgage indebtedness which is mentioned above were spread out equally over all the farms of the country, it would constitute much less of a problem than it does today. The great difficulty is that this indebtedness is concentrated on only a part of our farms, and even on this part the distribution is very unequal. The results of a special inquiry made by the Department of Agriculture as of January 1, 1932, indicate that 25 percent of the mortgaged farms of the country are indebted for 25 percent or less of their value; 38 percent were mortgaged for between 25 and 50 percent of their value; 21 percent were mortgaged for between 50 and 75 percent of their value; 11 percent were mortgaged for between 75 and 100 percent of their value; and 5 percent were mortgaged for more than 100 percent of their value. In the time which has intervened since these figures were compiled it is no doubt true there have been some changes in the debt ratio. Nevertheless it is no doubt still true that more than half of the mortgaged farms of the country are mortgaged for less than 50 percent of their value and that more than three fourths of them are mortgaged for less than 75 percent of their value. Any consideration of the ratio of mortgage debt to value would not be complete without pointing out that the proportion of farms with high debt ratios at the time these figures were compiled was largest in the west North Central States, where 8 percent of the mortgaged debtors reported mortgage debts in excess of their farm value, 22 percent in excess of 75 percent of their farm value, and 46 percent equal to more than half of their farm value. These figures further illustrate, of course, that it is the inequality, particularly of the distribution of the farm indebtedness, which makes it such a problem today.

As heretofore stated the average rate of interest on farm mortgages throughout the United States is 6.1 percent. The average rate of interest charged by Federal land banks throughout the United States is 5.5 percent and by joint-stock land banks 5.9 percent. These figures were taken for the year 1928 but are believed to be approximately correct for the present time. As of January 1, 1928, the percentage of farm-mortgage indebtedness held by the Federal land banks was 12½ percent and by the joint-stock land banks 7 percent. The percentage of joint-stock loans is probably somewhat lower at the present time.

The annual amount of interest paid in farm mortgages is now something over $500,000,000. For 1931 it was estimated at $520,000,000.

Now, with these particular figures in mind, I want to point out just what it is intended that this bill shall do. Of course, no one knows how any piece of legislation will work out in actual practice, and the only thing we can do at this time is to point out the theory of the bill and indicate what the results will be if it operates as intended. It is, of course, expected that the $2,000,000,000 in bonds to be issued, bearing 4 percent interest, which interest is guaranteed by the Government, can be sold at par. The bill provides that they shall not carry more than 4 percent interest. If they can be sold at par, carrying a lower interest rate, there is no doubt but that it will be done and the benefits passed on to the borrower. Now, getting down to just what the bill will do, let me first call attention to the fact that it provides that for the next 5 years interest on Federal land-bank loans, both old loans and those made under the provisions of this act, shall not exceed 4½ percent per annum.

Furthermore, that no payment of the principal shall be required during this 5-year period if the borrower is not in default on any of the provisions of the mortgage. This means a flat reduction of 1 percent to the average Federal land-bank borrower together with a moratorium for 5 years upon the amortization payments. Thus we can say for a certainty that the approximately 12 percent of the farm mortgage indebtedness of the country, which is held by the Federal land banks, will have the interest on it reduced on an average of 1 percent, and the borrower will have a 5-year moratorium on any payments of principal.

As far as joint-stock land-bank borrowers are concerned, it is assumed that they will benefit from the provision for loans from the Reconstruction Finance Corporation, which loans can only be made upon the agreement of the bank to reduce its interest rate to 5 percent and to agree not to foreclose for a 2-year period except in exceptional circumstances such as abandonment of the land by the owner. Thus, the owners of 6 or 7 percent of the farms in this country which are mortgaged to the joint-stock land banks will receive a reduction in interest of approximately 1 percent and will secure a 2-year moratorium against foreclosures. Therefore, irrespective of how the remainder of the act may work out, I think we can say that there are assured some very definite and concrete benefits which will go to borrowers from the Federal and joint-stock land banks.

However, those are not the borrowers who are in the most distress today, and this bill would be very incomplete indeed if it did not offer other and further relief. I believe that it does. Title I provides that Federal land banks may use the $2,000,000,000 which it is expected will be raised from the sale of bonds to reduce and refinance existing farm mortgages by exchanging bonds for these mortgages or using the proceeds of the bonds to buy outstanding farm mortgages on the best terms possible. When these mortgages are taken over, the land bank will give the borrower the benefit of whatever reduction has been secured in the way of principal and will make a new loan under the terms of the Federal Farm Loan Act at a rate which must not exceed 4½ percent for the first 5 years and with no payments required during that period on the principal. Where local farm-loan associations do not exist, loans may be made direct at a rate not to exceed 5 percent per annum, but the borrower is given the opportunity as soon as there are 10 or more borrowers in any vicinity to cooperate with other borrowers in organizing a farm-loan association, to have his interest reduced to not to exceed 4½ percent. It is the theory that it will be possible in many instances for the Federal land bank to take over mortgages at less than their face value, and in this way the owner will not only secure a reduction in the interest charges which he is paying but in the principal amount of the mortgage as well.

In my opinion, this bill will fall far short of being a success unless it is possible in many cases to scale down the amount of the mortgage indebtedness. Those who have made careful investigation of the matter assure us that in a considerable proportion of cases it will be possible to scale down this indebtedness to a substantial degree. A further and possibly more effective provision for scaling down existing mortgage indebtedness is contained in title 3, which provides for loans totaling $300,000,000 by the Reconstruction Finance Corporation through the Farm Loan Commissioner. These loans may be secured by a first or second mortgage upon the whole or any part of the farm property, both real and personal, including crops, and may be used for the refinancing of farm indebtedness, providing working capital, or to enable a farmer to repurchase or redeem farm property owned and occupied by him as a home and which has been lost through foreclosure within 2 years prior to the enactment of this act or within 2 years after the loss of such home. Loans under this section may be made up to 75 percent of the value of the property, but are limited to $5,000. It is my opinion that this section, if wisely administered, may be used very effectively in the scaling down of farm indebtedness and a refinancing of the same. To give a practical illustration, suppose the case of a farmer who has a farm worth $12,000 and a mortgage on it of $10,000. Under the provisions of the amendment to the Bankruptcy Act, which was passed in the last Congress, or by direct negotiations with the lender he may be able to get the lender to agree to scale down the amount of the mortgage. Under this section he could go to the lender and say, "If you are willing to scale down your $10,000 mortgage to $8,000, I think I can borrow enough through the Farm Loan Commissioner to pay you $2,000 cash and give you a new first mortgage for $6,000, at 4½ percent interest, which is the amount charged now by the Federal land banks. Then the borrower can go to the Farm Loan Commissioner, make application for his $2,000 loan; and inasmuch as this loan, together with the $6,000 first mortgage, will not exceed 75 percent of the value of the land, there is no reason why the Farm Loan Commissioner cannot make it, provided other requirements are met.

The Government will be protected under its second mortgage in these circumstances, because the mortgage holder, before getting this new mortgage for $6,000, must agree to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the farmer for default in payment of principal. Of course, that is not the only way in which the principal of the farm-mortgage indebtedness might be cut down. It could be done under the provisions of section 2 through a loan direct from the Federal land bank, but those loans are limited to 50 percent of the value of the land plus 20 percent of the value of the insured improvements so that in some cases those provisions would not be of value. Keeping in mind, however, as I heretofore stated, that approximately 63 percent of the mortgaged farms of this country were in 1932 mortgaged for less than 50 percent of the value and that 84 percent were mortgaged for less than 75 percent of their value, it can be seen that under the provisions of both title 1 and title 3 there is an abundant opportunity for a substantial scaling-down of farm indebtedness. In addition to this, the provisions of title 3 give a farmer an opportunity to provide working capital for his farming operations although, personally, I hope that provision of this measure will not be used to increase the long-time indebtedness of agriculture. Rather, I shall consider the bill a great failure if it does not have the effect of reducing the amount of long-time mortgage obligations.

Title 4 of the act provides for loans through the Reconstruction Finance Corporation to drainage, levee, irrigation, and similar districts. It might be thought that such a provision has no place in a bill of this kind, but in the opinion of those who have given consideration to the matter it has a direct connection in that in many cases where taxes and assessments for these districts are in default they constitute a prior lien against the land which makes impossible any refinancing. It is the thought that by the medium of these loans some districts may be able to reduce their indebtedness and refinance themselves in such a way as to permit farmers holding land in the districts to take advantage of the provisions of this act and refinance their own farms.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. BRIGGS. The basis that the gentleman is giving for loan value, as I understand it under this bill, is, however, based on reappraisal of the property as of the present time. Is not that correct?

Mr. HOPE. It is based on an appraisal at the time the loan is made.

Mr. BRIGGS. That is what I meant. It is not based with reference to a former mortgage indebtedness?

Mr. HOPE. No. It is on the basis of an appraisement which will be made at the time the loan is made.

Mr. SWICK. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. SWICK. Will the gentleman tell us how many of these farm mortgages are now in default?

Mr. HOPE. I cannot give the gentleman that information. As far as I know, there is no information upon it. The Federal land-bank mortgages and the joint-stock land-bank mortgages are about 50 percent in default, as I un-

derstand it at this time, and I imagine that the same percentage probably holds true of mortgages made by other lending agencies. I have no figure to support that, however.

Mr. SWICK. Has the gentleman any figures as to how many have been foreclosed?

Mr. HOPE. No; I have no figures as to that. In this document I refer to, there are some figures indicating the proportion per 1,000 farms that have been sold under forced sale for several years past. I cannot give those figures just now, but I should be glad to include them in an extension of my remarks.

Mr. SWICK. I understand the gentleman from Pennsylvania [Mr. STOKES] has those figures.

Mr. STOKES. I understand from the Department of Commerce that approximately 4 percent of the farm mortgages were foreclosed in 1931.

Mr. HOPE. That sounds like a reasonable figure. I think that is in line with the figures that I have here as to the proportion per 1,000 which have been sold under forced sale. The figures above referred to are taken from House Document No. 9 and are as follows:

TABLE 19.—*Number of farms per 1,000 changing ownership by various methods, by geographic divisions, 12 months ended Mar. 15, 1926–32*

Type of sale and year	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific	United States
Foreclosure of mortgage, bankruptcy, etc.:[1]										
1926	9.3	8.8	15.7	28.5	14.0	12.4	15.3	40.4	16.7	17.4
1927	8.6	8.8	16.6	26.7	14.1	15.9	16.1	35.8	15.6	18.2
1928	7.7	8.4	16.5	27.3	16.4	14.6	14.4	27.4	15.7	17.6
1929	7.3	8.4	15.8	22.3	14.0	11.2	12.0	18.3	13.6	14.8
1930	7.3	9.6	17.5	23.3	14.8	11.2	13.4	18.2	12.2	15.7
1931	6.3	9.2	19.3	25.8	19.4	15.9	16.3	22.6	19.6	18.7
1932	10.3	12.4	27.8	43.8	26.1	24.6	27.0	27.0	26.8	28.4
Total forced sales:										
1926	13.8	11.8	18.9	30.8	19.5	16.4	18.7	50.2	20.6	21.6
1927	12.4	11.8	20.4	32.0	21.0	21.7	19.9	45.3	20.1	23.3
1928	10.7	11.8	20.7	32.4	23.3	20.0	18.5	39.4	19.9	22.8
1929	10.9	12.0	19.1	25.9	23.0	15.2	15.2	29.1	17.5	19.5
1930	11.2	13.1	22.3	27.5	23.2	16.1	16.8	29.4	15.2	20.8
1931	9.7	13.8	24.0	31.3	32.2	25.9	22.4	36.4	25.0	26.1
1932	15.5	18.0	34.3	52.5	47.1	50.6	40.2	43.5	37.6	41.7

[1] Including loss of title by default of contract, sales to avoid foreclosure and surrender of title or other transfers to avoid foreclosure.

I may say that in the last 2 years the farm-mortgage indebtedness has been reduced approximately $1,000,000,000, mostly through foreclosure and forced sales or by a scaling-down of the amount of the indebtedness.

Mr. DURGAN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. DURGAN. The hope is that the scaling down will apply to past-due paper, principally?

Mr. HOPE. Yes; that is naturally where one would expect it to apply most generally, because the man who is paying interest on his mortgage and who has a large equity in his land has not much of a lever with which to get the holder of the mortgage to scale down the amount.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. JOHNSON of Texas. The gentleman is a member of the committee and therefore is familiar with the bill. Does he think the bill as framed will cause any considerable scaling down of farm indebtedness?

Mr. HOPE. I feel there is going to be considerable scaling down. I am basing this opinion very largely upon information that was given to the committee by those who prepared this bill and those who made some study of the farm-mortgage situation.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. PIERCE. Will the gentleman point out any provision of the bill that assures the mortgagor of any such scaling down? Is it not entirely voluntary upon the part of the mortgagee, and the situation is not altered in the least? If there is any provision in the bill by which the mortgagor could force a scaling down, I should be delighted to see it.

Mr. HOPE. If the gentleman means whether there is any provision which would force the mortgagee to scale down a mortgage, of course there is no such provision in the bill and this Congress cannot pass any such law.

Mr. PIERCE. Is there any provision anywhere to give the mortgagor any help when he comes to the court of arbitration to ask for a scaling down? If there is, I fail to find it.

Mr. HOPE. Can the gentleman suggest any legislation we could pass which would force a mortgagee to scale down his mortgage—I mean any legislation that would be constitutional?

Mr. PIERCE. I think it could have been done.

Mr. HOPE. Can the gentleman suggest how?

Mr. PIERCE. I think the bill could have been amended.

Mr. HOPE. I did not hear the gentleman offer any amendment in committee which he could have done as a member thereof.

Mr. DOXEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. DOXEY. I do not want to trespass upon the gentleman's time; but in answer to the inquiry of the gentleman from Oregon, title IV states that in the refinancing of these drainage bonds it will be necessary in the adjustment between the owner of the bond and the man who owes the debt that the average price for 6 months prior to March 1, 1933, shall be the basis of the adjustment. This prevents the owners of the bonds from hiking these bonds up, feeling that because the Government is interested they can get par, whereas they are now selling from 20 to 30 cents on the dollar. That is one of the provisions of the bill.

Mr. PIERCE. Mr. Chairman, will the gentleman yield further?

Mr. HOPE. I yield.

Mr. PIERCE. That is entirely a provision relating to irrigation districts, not to the joint-stock land banks or to the Federal land banks.

Mr. DOXEY. I was answering the gentleman's question as to the provisions of the bill.

Mr. PIERCE. I see no provision in the bill which will compel any material reducing of the debt.

Mr. HOPE. Let me say there is no provision in the bill that compels the holder of a mortgage to scale down the mortgagor's indebtedness. Any arrangements made along this line will have to be voluntarily arranged between debtor and creditor. In my judgment, Congress cannot pass any bill to compel a creditor to scale down the indebtedness. Of course, a debtor can always take bankruptcy if he wants to go to that extent.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. BRIGGS. As I understand, many of the lenders of money to the farming interests of the United States are rather desperately in need of money themselves now to meet their own obligations, and this bill offers a means, based upon present value, of their getting funds upon this basis. This will mean less, perhaps, than was originally loaned, and it will mean also that the agricultural interests will get the benefit of this reduction. Is this correct?

Mr. HOPE. That is correct, and that is the theory, at least, upon which the provisions of the bill were drawn.

[Here the gavel fell.]

Mr. HOPE. Will the gentleman from New York yield me 5 additional minutes?

Mr. CLARKE of New York. I yield the gentleman from Kansas 5 additional minutes.

Mr. DURGAN of Indiana. Will the gentleman kindly explain and interpret the phrase "normal price" as it appeared in the bill?

Mr. HOPE. The word "normal" is not in the bill at the present time. I think the gentleman saw a copy of the bill before it was amended in the committee.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Briefly.

Mr. MARTIN of Oregon. Has the gentleman any estimate of how much this scaling down of the debts will amount to, how much salvage there is going to be from the scaling down of these debts?

Mr. HOPE. I do not know how one can get any accurate figure on that because every debt is going to have to stand on its own basis. We had a man appear before the committee, a farmer from Michigan. He told the committee that the party who held a mortgage on his farm had offered to scale it down 40 percent for cash. I do not believe there are many cases where a debt can be scaled down this much, but I do know there must be thousands and thousands of cases where mortgage holders would be glad to get 70 or 80 percent of the amount of their mortgages if they could get it in the form of cash.

Mr. MARTIN of Oregon. I have heard estimates running as high as $1,000,000,000.

Mr. HOPE. I think that is probably within reason.

Mr. PIERCE. Mr. Chairman, will the gentleman yield for a further question?

Mr. HOPE. For a very brief question.

Mr. PIERCE. Is it not true that where the sum is not insufficient the mortgagee will take his pound of flesh?

Mr. HOPE. Naturally. The biggest inducement for the mortgagee to cut down the amount of his mortgage is his own self-interest. If he thinks that he can get more out of his mortgage by taking cash now, if he has more interest in getting cash now and does not want to get the land by letting it go to foreclosure or forced sale, he will naturally be more interested.

The man who, perhaps, has a mortgage which is worth 25 or 30 or even up to 50 percent of the value of the land is not going to be interested in scaling down that mortgage nearly as much as the man who has a mortgage that is worth 75 or 80 percent of the value of the land, and this is a feature which, of course, operates for the benefit of the distressed debtor, because the more distressed he is the more likely it is he can get some relief under the provisions of the bill, assuming he can come within the provisions of title 3, which says the loan must not exceed 75 percent of the value of the security.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from New York.

Mr. CLARKE of New York. Does not the gentleman think that if you dangle in front of that man real cash or Democratic promises, he will grab for the cash? [Laughter.]

Mr. HOPE. I think that is right. I would give almost anyone credit for having that much good judgment.

Mr. BRIGGS. Will the gentleman yield for another question?

Mr. HOPE. Yes; briefly.

Mr. BRIGGS. It is perfectly true now that throughout the country many of the holders of these mortgages are themselves seeking moratoriums at the hands of the States and others and that cash to them is far more vital than the acquisition of these farms or the operation of them, which would only give them a lot of frozen assets.

Mr. HOPE. I do not think there is any doubt about that.

Mr. BRIGGS. And this, in turn, would be an inducement to utilize this bill to scale down a great deal of the indebtedness in the farming communities.

Mr. HOPE. I do not think there is any question about that.

Now, as I said in the beginning, all of us would like to see more done toward the solving of farm-mortgage problems than can possibly be accomplished under this bill. That does not, however, detract from the fact that this bill has within it the possibilities of accomplishing some very substantial relief. I was very much impressed with the statements of Governor Morgenthau, Dr. Myer, Mr. Bestor, the Farm Loan Commissioner, and Mr. Evans, counsel for the Federal Farm Loan Board, before the Committee on Agriculture. These statements showed a most thorough and careful consideration of the entire farm-mortgage situation and indicated a desire on the part of those who will administer the act to do so in a helpful and sympathetic way. This act alone will not solve the farm problem, but I believe that if as much can be done along the line of reducing farm taxation, of reducing transportation costs, in increasing the price of farm commodities, and in securing a better market for farm products both at home and abroad as this measure may be expected to do in meeting the farm-mortgage situation, that we can well say that substantial progress has been made in agricultural rehabilitation.

I, therefore, see no reason why anyone should refuse to support this bill because it does not do all that he thinks it should do. Rather, I choose to support the bill because of the things I know it will do in solving the farm problem. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Chairman, I am going to support this bill because I think most of its provisions are in the interest of the farmers of this country.

I am indeed sorry that this bill contains section 202. In my opinion, section 202 of this bill is not legislation proposed for the benefit of the farmers of this country, but is purely a bankers' section inserted in this bill for the protection of the stockholders of the joint land banks. I want to give you a picture of just what I believe will happen under section 202 of this bill.

Under section 202 we propose to turn over to the joint land banks $100,000,000 of the taxpayers' money. For what purpose? For the purpose of liquidating the joint land banks. Now, how will this operate? The joint land banks can take $100,000,000 of the taxpayers' money and, in my opinion, buy $300,000,000 of their outstanding bonds; and when they do this we are enabling them to use the taxpayers' money to make a profit of at least $200,000,000.

Mr. HOIDALE. Will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. HOIDALE. Is it not true that the parties who will furnish this money have the right to prescribe the rules and regulations with respect to the use of it?

Mr. FLANNAGAN. I succeeded in getting that amendment added to the bill in committee, but I do not think it will take care of the situation.

Now, what is the situation? When we turn the money over to the joint land banks you will find that the market will be a restricted market. There will only be one purchaser for the joint land bank bonds, and that will be the joint land bank, because the people know these banks are going to be liquidated and no one is going to buy the bonds. You are permitting the joint land banks to hammer these bonds down to 25 cents or 30 cents on the dollar and to reap the profits.

What I think should be done is this: I believe that the farmers of this country should have the right to buy joint land bank bonds and offset these bonds against their paper that the joint land banks hold.

Mr. CLARKE of New York. Will the gentleman permit a question right there?

Mr. FLANNAGAN. Yes.

Mr. CLARKE of New York. Have not those bonds already advanced 10 points on the strength of this bill?

Mr. FLANNAGAN. These bonds, in view of this legislation, have gone up 10 points, but let me tell the gentleman that the joint-stock land banks of this country have made a profit of over $25,000,000 in the last 2 years by buying their own bonds.

Mr. McGUGIN. Will the gentleman yield?

Mr. FLANNAGAN. I yield to the gentleman from Kansas.

Mr. McGUGIN. I am in full accord with what the gentleman says, and I think it would be a most valuable amendment to this bill if there were a provision whereby the mortgagors could buy these bonds and turn them in against their indebtedness, but due to the abominable gag rule passed yesterday we cannot offer any such amendment, can we?

Mr. FLANNAGAN. We are unable to get an amendment offered on the floor.

Mr. PIERCE. Will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. PIERCE. On the constitutional question discussed by the gentleman from Kansas [Mr. HOPE] a moment ago, the gentleman stated there is no constitutional way by which we could provide that such a benefit could be passed on to the mortgagor. Could it not have been passed on by providing that the joint-stock land bank should not be supplied with money to purchase these bonds unless it passed the benefit on, the same as we provided that it had to cut its interest down, and would not that be constitutional?

Mr. FLANNAGAN. Let me say to the gentleman that the Banking and Currency Committee passed on that very question and reported that it could be done within constitutional limitations. Under the present law the joint-stock land banks can go out and buy these bonds.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CLARKE of New York. I yield the gentleman 5 minutes more.

Mr. FLANNAGAN. Under the present law the joint land banks can go out and buy their own bonds and substitute the bonds for any paper they choose held by the trustee in trust for the benefit of the bondholders. When you extend the right of substitution to the mortgagors over the country what are you doing? You are broadening the bond market, you are bringing into existence thousands of bond buyers, and under the present law you have only one buyer of the bonds of the joint land bank, and that is the bank itself.

Let me give you the picture of the present set-up of these joint land banks.

The joint land banks hold farmers' paper in the sum of about $460,000,000. Against that paper they have outstanding in bonds $430,000,000. This gives them an equity of $30,000,000. You turn over the $100,000,000 to them and then what will be the set-up? They will take the $100,000,000 and buy $300,000,000 of bonds, and their liability will then be $130,000,000 to the bondholders and $100,000,000 to the Government, and what will their assets be? They will still have $460,000,000 in the form of assets. So they have made a profit of $200,000,000, and that is only the first step. Let me give you the second step.

Mr. KNUTSON. Will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. KNUTSON. Was all this information which the gentleman is giving us available to the committee when it framed the bill?

Mr. FLANNAGAN. It was available, and I fought over this matter with the committee for several days.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. MARTIN of Colorado. Will the gentleman kindly state to us what provision he would add to the bill to give the mortgagors the advantages he speaks of?

Mr. FLANNAGAN. Before I do that let me give you the second set-up. They have a profit of $200,000,000. You will find that over 50 percent of this mortgage paper held by the joint land banks is good paper—that is, paper on which no default has been made on either the interest or installment payments. The presumption is that the paper is worth 100 cents on the dollar.

By this bill they can take half of the notes, which we all know to be good, take them to the Federal land bank and get $230,000,000 in cash. Then what will they do? They will take $100,000,000 of the money and pay off the Government loan and use the other $130,000,000 to buy up the balance of the bonds, and if they had to then pay dollar for dollar for the bonds they would have enough money.

After this is done the joint land banks would have left $230,000,000 in mortgage paper, which will give them a paper profit of $200,000,000.

Under this bill the farmers are not being benefited, the bondholders are being robbed out of their bonds, and the only beneficiary will be the stockholders in the joint-stock land banks. Let me tell you why, in my opinion, the effort is being made by the joint land banks to put this section through. There is a double liability on the stockholders in the joint-stock land banks, the same liability that exists under the national banking law, and this is an effort on behalf of the stockholders of the joint-stock land banks, and these banks are all insolvent, to not only save themselves harmless from loss but to make their stock worth over par.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 5 minutes outside of the time allotted for general debate. This is the most informative talk that I have heard on this bill.

Mr. JONES. Mr. Chairman, the time has been fixed by the House, and the Committee cannot change that. I yield the gentleman 2 additional minutes.

Mr. FLANNAGAN. Let me in that brief time try to answer the inquiry propounded as to how we can save the farmers of America. Here is the way you can do it. Give them the right to buy the bonds at 30 or 40 cents on the dollar, whatever the market price is, and then give them the right of substitution. Give them the right to take the bonds to the joint-stock land banks and get their paper in exchange. When you do this, you will help both the bondholders and farmers. What will be the result? You will then have an active bond market for these bonds, which will put the bonds up. You will have every farmer in America who has given a mortgage to the joint-stock land banks bidding on the bonds, and this will help the bondholders, and you will help the farmers by giving them the right to buy the bonds and exchange same for their mortgage notes.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. McGUGIN. That is just the ordinary law of counterclaim.

Mr. FLANNAGAN. Absolutely; and the law of counterclaim applies whether the claim is due or not due in the case of insolvency.

Mr. ROBERTSON. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. ROBERTSON. Is it not a fact that the attorneys of the land banks proposed this plan because they said as these bonds were not due the farmer who bid them in could not require the bank to accept them in discharge of his obligation?

Mr. FLANNAGAN. That is what they say, but the Supreme Court of the United States has held otherwise in case of insolvency. In case of insolvency you can set off a matured obligation against one that has not matured, and every one of these banks is insolvent, and the bill admits their insolvency and says that we are turning over the $100,000,000 to the banks in order that they may liquidate.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. PIERCE. In the bill we provide that before they take advantage, they have to give the mortgagor 1 percent reduction in his interest. Why could they not have been obliged to give the same reduction to the mortgagor that the market for the bonds or the stock they purchased would give?

Mr. FLANNAGAN. I say that section 202 is not a farmer's bill but is a banker's bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

Mr. JONES. Mr. Chairman, I yield myself 3 minutes. I was very much taken with the ideas suggested by the gentleman from Virginia [Mr. FLANNAGAN], because I would like to see that course of procedure adopted, but the legal counsel which the committee had available advised us that the courts had decided that you could not offset a nondue obligation against a due obligation, because in financing a bank or any other institution the purpose of its borrowing money is usually to get immediate operating funds. They advised us that the courts had uniformly held that those offsets could not be made. I then asked, as members of the com-

mittee will remember, whether we could not then require them to accept these bonds on deferred obligations or installments, and they again said that the bondholders having an interest in those banks had a right to prevent an offset of a nondue obligation against a due obligation. Here was the main purpose in giving it out. These banks are to be liquidated.

Regardless of what the gentleman from Virginia [Mr. FLANNAGAN] said, if he will take the present status of the banks into consideration, he will see that those stockholders are not going to make any money out of this. There does not seem to be a chance in the world for that, at least not unless there should be a great increase in the farm price level all along the line. Otherwise there is much more likelihood of an assessment.

Here is a danger in these matters. If farmers should go out and buy some of these bonds in the expectation that they could tender them, and then if it were knocked out by the courts, we would have a great deal of grief. These joint-stock land banks are going to be liquidated, and nobody is going to make any money out of them. I understand that one of the States undertook to pass just such a law, and some farmers and others anticipating, went out and got some of the bonds and were much disappointed when their hopes were not realized. It is hoped that this bill will be of great advantage to the farmers. It would not seem wise to take a chance on having an illegal provision in the bill. I wish it might be done. It might be written in as a condition to future issues, in which event it could be made effective.

Mr. FLANNAGAN. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. FLANNAGAN. Does the gentleman controvert the proposition that an obligation that has matured may be offset against one that has not matured in the case of insolvency?

Mr. JONES. I have not had a chance to look up those decisions, but they all tell me you could not do it in those cases. I do not know.

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has expired.

Mr. JONES. Mr. Chairman, I yield myself 1 additional minute.

Mr. DARDEN. Will the gentleman yield?

Mr. JONES. I yield.

Mr. DARDEN. Why is it necessary to include the $100,000,000 in this bill when it does not grant any relief to the farmers that is not given in the following section?

Mr. JONES. Oh, it states that they must reduce the interest for the life of the loan from 6 percent to 5 percent.

Mr. DARDEN. The bill says 2 years.

Mr. JONES. No. It is for the whole life of the loan. Then it also provides that they shall not foreclose for a period of 2 years.

Mr. McGUGIN. Will the gentleman yield?

Mr. JONES. I yield.

Mr. McGUGIN. Granting that under the ordinary rules of law you could not offer a nondue debt as a counterclaim for a due debt, yet we could put this provision in the bill that as a condition to their receiving this $100,000,000 they would have to agree to that.

Mr. JONES. Well, I took that particular question up, hoping that that might be done, and they still said that the banks borrow the money and any outstanding bondholder could object to that procedure and could bring an injunction proceeding to stop it. I did not want to complicate the bill. I would like to see it done myself, but I do not want to take a chance on having the bill declared unconstitutional.

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has again expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 15 minutes to the gentleman from "out where the tall corn grows" [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, I have supported practically all progressive and remedial legislation that has been offered in the last two sessions of this Congress. We have now come to the question of farm-mortgage relief, and something has been said about helping the home owners. Why should not the farmers help the home owners to save their homes? Of course they should. I want to help them as well. I have been voting for the whole agricultural program, for the tobacco fields and cotton fields of the South and the beet fields of the West and the potato fields of the North. Why not? The time has now come for us to help all of our people who are oppressed by farm mortgages, and we ought not to be sectional. We will go along with you and we want you to go along with us. This bill is not going to do as much good as I have tried to get and have hoped to get for the farmers of Iowa, and the cornfields of our State.

I regret exceedingly the adoption of the rule under which this bill must be considered whereby we cannot amend it in the slightest particular. My friends on the other side of the aisle have made a most serious mistake in refusing to allow amendments. The bill is not sacrosant. Although the bill has glaring defects, we cannot remedy it. Those of us who have been joining with you in farm-relief measures are not to be allowed to make a single change in the meaning or even the language of the bill. Cannot you trust the vast majority that you have here? There does not seem to be a single Member of this Congress who has spoken about the bill or who has talked about it either in committee or out of committee who thinks the bill is just exactly what it ought to be. Every one of us wants to amend it, and I am convinced that a majority is ready to agree upon some very helpful amendments if they could be allowed to do so. But the gag rule is on. Ever since I have been here I have tried to do away with gag rules. I want to liberalize the rules so that the Government will be returned to the people's representatives and not be left in the hands of an oligarchy. I have tried to get roll calls so that the people would know exactly what their representatives are doing. And now this piece of legislation comes on without a single chance to amend it or change it or rewrite it so that it would really repair the devastation that burdensome farm mortgages has wrought to the agricultural people of this country. I was one of those who signed and helped to write the minority report which points out glaring defects and suggests amendments to remedy them.

The bill will not do the good that it ought to do for my district and State. If it does some good, no matter how small it may be, I shall feel justified in voting for it. If it lightens their heavy load, even in a small degree, we should be for it. But now is the time and here is the place to grant real relief to our farmers, and you are not doing it. You are shirking your duty. The bill will probably permit a few crumbs or morsels to fall from Dives' table into the lap of our bankrupt farmers. But the bill will prove to be a great disappointment to our farm people, because they are asking for real help and you are not giving more than secondary assistance.

I want first to talk about the subject of offsets which has just been mentioned by the gentleman from Virginia [Mr. FLANNAGAN] and by the chairman of the committee [Mr. JONES]. As I have said, I was one of those who signed the minority report, and if you will read it you will discover that we discussed this very question. Ever since I have been here I have been receiving letters from farmers in distress saying, "Why do you not allow us to buy at cheap current prices the bonds of the Federal land banks and joint-stock land banks and then offset them against our debts?" I have uniformly replied, saying that I was for their proposition, but that there was doubt as to the constitutionality of such a measure, for the reasons pointed out by the chairman, and because a debt actually due cannot be offset with a nondue debt. When I sue you upon a debt that is due you cannot offset against me a debt that is not due for 20 years. That seems to be fundamental.

But, Mr. Chairman, section 2 of this bill provides for certain things to be done in the interest of the banks. It provides that they shall receive certain favors. If they want

to get these favors, they can be required to give what the lawyers call a "consideration" for them. There are already two propositions in the bill that they must comply with before they can get this $100,000,000 appropriation. Page 14 of the bill sets them out, and says that they must first grant to each borrower 5 percent interest per annum; and, secondly, they must agree to a moratorium for a period of 2 years. Now, I want to state the position of my chairman fairly. Let me say that he is a wonderful chairman and is most fair and courteous in his treatment to all of us, both on the floor and in the committee; but that does not mean that we must always agree with him. It is true that in the committee the general counsel for the Farm Loan Bureau was asked about this right of counterclaim or offset. He gave it as his opinion that Congress could not in an outright manner require the banks to grant that right. But he did not say that the banks cannot be required to do so as a consideration for the benefits and favors that are given to them. It is admitted that we can compel these banks to cut down the interest rate in order to get these favors. It is admitted that we can compel them to grant a moratorium against foreclosures for 2 years in order to get the benefits that we are awarding to them; and I assert without any fear of successful contradiction that for the same reasons we can lawfully and constitutionally require them to admit the right of offset or counterclaim in order to get the $100,000,000 appropriation so generously provided for them in the bill.

The distinguished gentleman from Virginia [Mr. FLANNAGAN] pointed out how under this bill enormous profits will be made by the joint-stock land-bank system. I firmly believe he is right, and that the bill favors the joint-stock land banks as much at least or more than it does our farmers. It is a bankers' bill.

The attorney before the committee did say that many of these mortgages are put up as collateral into the hands of a trustee whom he called a registrar, and that that registrar holds those mortgages for the payment of the joint-stock land-bank bonds; but, after all, the registrar is human by whatsoever name he may be called, and the banks can be given the choice of accepting or refusing the provisions of the bill. If the banks are in the hands of a receiver, the court will undoubtedly have the right to command the situation, and the court can say to his registrar or to his receiver that he must come in under the terms of this bill and accept the conditions on page 14, numbered 1 and 2. We can also put in a third condition. There does not seem to be anybody who cares to dispute that, so far as a court receivership is concerned, and without a court receivership, undoubtedly it can be done.

Believe me that these banks will be eager to sign up for the benefits and the appropriations. They will be glad to line up at the counter when the pie is distributed. Do not forget that! Now, our proposition is a simple one. They want the benefits—let them comply with the conditions. If they want the gift of a horse, let them not look the horse in the mouth. And in passing around these gifts why not let the farmer get some of them? Why not give him some of the benefits? Let us not lose this opportunity to benefit the man whose home is being sold by the sheriff. The chance will not come again. Let us seize it now and amend the bill accordingly.

These bonds of the joint-stock land system are worth 20 percent, 30 percent, and so on, and I shall not go over the matter again, except to call attention to the statements in the minority report, as follows:

Fourth. The bill renders many favors to the joint-stock land banks and Federal land banks and as consideration therefor they should be required to correct some abuses now prevalent. It is well known that the avarice and cupidity of some of these banks impel them to foreclose and secure title to the land and then sell it and invest the proceeds in their own bonds, which they can buy at a mere fraction of par. In this way they reduce their own indebtedness and make enormous profits out of their foreclosure to the serious disadvantage of the mortgagor. We think that provisions should be made to check this evil and to allow the mortgagors to present these same bonds, either in whole or in part, in payment of or as an offset or counter claim to the mortgage debt. Many well-advised persons say with reason that Congress heretofore has not had constitutional power to require this right of offset to be given to the mortgagor without the consent of the bank. This opinion is based upon the belief that Congress cannot require a person to accept his own obligation which is not yet due in payment of a debt to him which in fact is already due and matured. But now at the time of the passage of this bill the legal situation is changed and an opportunity is given Congress to enact an amendment wherein the right of offset would be specifically provided and whereby the banks would be required, within limitations and safeguards, to grant the right of offset as a consideration for the privileges and benefits contained in this bill. Such an amendment would be both proper and legal and constitutional, and the present opportunity to enact it ought not be lost.

I regret that the gag rule is on and that our friends consider the bill as sacrosant and will not allow us to amend it in other particulars. I should like to give the farmer much more than he really gets from this legislation. We all know that he needs it. In the past 2 years farm values throughout the whole United States have decreased $14,000,000,000. Last year farm values decreased $9,000,000,000. The farmers' income during the last 2 years has decreased from about $12,000,000,000 yearly to about $5,000,000,000 last year.

We should get the real facts regarding the farm-mortgage situation before us in order that we can apply existing conditions to this bill and learn to what extent it will benefit our people. Last year our agriculture college studied the agricultural emergency in Iowa, and in January 1933 it made a report on the Iowa farm-mortgage situation. I learn from this report that in October 1932 the farm-mortgage debt in my State stood at about $1,083,000,000. This debt had grown sevenfold during the 32 years of the present century. That report shows that in October last year 45 percent of the farms in the State were under mortgage. The estimated mortgage debt per acre stood at $71. I may say that this agrees very strikingly with a letter on the farm-debt problem transmitted about 2 weeks ago by our distinguished and beloved Secretary of Agriculture, himself a native Iowan, in response to House Resolution No. 79. I want to talk about the average farmer and the average loan in Iowa as based upon these figures. I want to discover just how much help the bill will give the Iowa farmer who has a mortgage of $71 per acre upon his land.

I believe the bill may help some of our farmers who do not stand in average relationship to the Iowa farm-mortgage situation. But it cannot do the good it ought to do for the vast number of them who owe these mortgages and who own 45 percent of the land. I insist on this because I want to lay the foundation for real honest-to-goodness farm-mortgage relief. Until about a year ago the farm-mortgage debt was $75 per acre and about 50 percent of all of the farms within the State were mortgaged. But the sheriff has been selling these lands at the front door of the courthouse, and the poor farmers have been giving quitclaim deeds to their homes and the figures have been cut down as I have indicated.

It is a woeful thing to have the sheriff sell your home. Through no fault of the farmer, a writ is issued and the sheriff is directed to dispossess and throw out into the highway the farmer and his wife and children. A sheriff's sale is a wicked thing, but a writ of eviction is worse. The old homestead is sold, and the folks can step out into the snows and ice and blizzards of an Iowa winter or else accept a new economic status. They can become peasants. They can become tenants with all of the evils of the landlord system dictating their position and their activities.

If this bill is to do the amount of good which I have hoped to get for a distracted people, then the rate of interest must be less than 4½ percent. That is the interest rate named in the bill, and the amortization payments on the principal are to be added on top of that. How pitiful the prospect must be for a farmer who has an acre of corn land in Iowa which grew him an average of 40 bushels of corn, which in many places was sold last year at the disgraceful figure of 8 cents a bushel. Think of it! This would give him an income of $3.20 per acre on his corn land.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. KVALE. In a neighboring town not far from where I live one of the poorer varieties of corn was quoted this winter at 2 cents per bushel, with an asterisk against the quotation, which meant that if it was on the cob the price would be 2 cents less.

Mr. GILCHRIST. Thanks. Did the farmer have to throw in a shoat or a dozen eggs as a premium? I have already told Congress the story about the man in my home county who shelled his mortgagee's corn in order to get the cobs. Why, they are burning corn in Iowa, yet the miners of Iowa and Illinois are going hungry for food. Well, suppose that my good farmer gets $3.20 per acre for his corn and that his mortgage is in the average sum of $71 per acre. Do you know how this figures out? The interest on the mortgage at the rate named in the bill figures at $3.19½ per acre, so that the corn farmer, thank the Lord, has a profit above his interest of one half of 1 cent per acre for his cornfield.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. BLANCHARD. Does the gentleman think many farmers having mortgages on their land will be able to get any benefit from this bill?

Mr. GILCHRIST. I am coming to that. I should like to discuss the rate of interest at the present time.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I cannot yield; my time is limited and I have many things to direct attention to. And while talking about interest remember that the bill provides that the farmer gets only $95 out of a $100 loan. He must invest the other $5 in a farm-loan association. This is a feature of the present law which is continued by the bill; but it should not be, because it is objectionable. The mortgagors do not understand the set-up. They misunderstand it. It is a source of discontent and is the basis of false hopes, false representations, and promises. If permitted, I would strike it out of the bill.

I would also amend the interest rates and make them much lower than the bill exacts. Under present condition 4½ percent as pure interest without amortization is too high. A bushel of wheat will pay the interest on less than $7. A bushel of corn at last winter's rates would have paid interest on $2 of principal only. There is not much relief in the interest rates which Uncle Sam is giving his boys in this bill. And the rate is very little less than the average rate now charged in Iowa. The report from the Iowa State Agricultural College above referred to shows that the average interest rate on farm mortgages in Iowa was about 5½ percent in 1920 and it was only 5.53 percent in 1930, and in many instances was as low as the rate named in this bill. Why should money rates be so high and rates for human toil so low? When we profess that we are giving cheap rates to destitute farmers who are trying to save their homes, we ought at least to make the rates as cheap as we do to some of the "big boys" in control of financial affairs.

The last 90-day certificates sold by the Treasury were vastly oversubscribed at seventy-seven one hundredths of 1 percent interest. Two percent interest has attracted hundreds of millions of dollars into the Postal Savings accounts of the Government. We give outright subsidies to some enterprises. We loan money to shipping interests engaged in foreign trade at rates running as low as 1¼ percent. And most of these rates are along about 2⅝ percent or 2⅞ percent. Some of the cooperatives pay only one eighth of 1 percent interest. Some grape growers get loans from the Government at one eighth of 1 percent. Duck growers pay as low as one half of 1 percent, while the cherry growers pay three eighths of 1 percent. I do not know why a cherry-grower should get his money so cheap, but I suppose we should have cheap maraschinoes for the cocktails that the "big boys" drink.

The Government cut down the debts of the foreign nations manyfold and then contracted to take very cheap rates of interest for the remainder. Italy was to pay 1.13 percent interest and France 2.16 percent interest, and they were to be paid over a period of 62 years and the principal itself was to be canceled. The foreign debts were to pay an average of only 2.62 percent. Here again is a matter for amendment. We ought to make a cheaper rate of interest available to farm-home owners.

Mr. Chairman, the amount fixed in the bill at which we are allowed to refinance these mortgages is entirely too small. This was pointed out in the minority report and by the virile, energetic, and eloquent gentleman from Wisconsin [Mr. BOILEAU]. Under the bill the most a farmer can get is 50 percent of the value of the land and 20 percent of the value of the improvements. This will nowhere equal $71 per acre, which is the average of the Iowa mortgage. The value of the good land and the improvements there will amount to at least $75 to $100 per acre. Figure it out on this basis and assume that the buildings are worth about one quarter of the land itself and you will find that the bill will raise only $42.50 per acre on $100 land and $31.87 on $75 land. Nobody is going to scale down his mortgage to that extent. What insurance company is going to take $42.50 for a piece of property that is worth $100? What bank will accept $32 instead of a mortgage for $75? You can take your slate and pencil and figure until doomsday and not be able to arrive at satisfactory figures on this point. Friends of the bill talk about scaling down the mortgages, but human nature is the same now as it always has been, and unless revolutionary methods are adopted—and we hope they never will be adopted—and unless the farmers are compelled to resort to force, intimidation, and even violence, which we hope they will not be compelled to do, the mortgages will never be scaled down in these cases where the land is worth more than the mortgage. They will never be scaled down in those cases where the personal liability of the mortgagor is ample even though the land is worth less than the mortgage. And in those cases where the land is worth less than the mortgage, and where also the personal liability is bad, the mortgagee will come to a composition with the mortgagor. If he does not, then chapter 8 of the new bankruptcy law, which we recently passed relating to agricultural compositions or extensions, will be brought into the situation and relief can then be given under that law. It is fair to say in this connection that there will probably be some cases, at least a few cases, where this bill will do some good. But I am appealing to you and begging that the bill be so changed as to help the average man and the average farmer in the communities covered by the study which our agricultural college made last year. Let me implore you to give these farmers the relief which they so sadly require.

Perhaps the bill will help some situations. Perhaps it will help some localities. But it ought to be made over so as to help the average man in the average condition who holds an average relationship to the farm-mortgage problem. [Applause.]

[Here the gavel fell.]

Mr .CLARKE of New York. Mr. Chairman, I yield 5 additional minutes to the gentleman from Iowa.

Mr ROGERS of Oklahoma. Mr. Chairman, will the gentleman yield for a question?

Mr. GILCHRIST. I cannot yield. I have not told half what I want to tell. It is not because I do not want to be courteous but because I have not the time.

I noticed in one of my home papers the other day that a mortgage went on record showing a loan of $2,100,000,000 from the Reconstruction Finance Corporation to the Lincoln Joint Stock Land Bank, covering farms which it had taken over. The article states that the property used as security consisted of real estate the Lincoln bank has gained possession of through foreclosures. It surely can make a killing with this $2,100,000,000 by going out and buying its own bonds at cheap prices, thereby retiring its own debts at face values and at little cost to the bank.

In another paper I read a news dispatch by the United Press published yesterday as follows:

WIDE-SPREAD REVOLT IS PREDICTED AMONG MIDWEST FARMERS

CHICAGO.—A wide-spread farm revolt in which rich milk will be poured into hog troughs and grain and produce will be stored in the fields while city markets clamor for food was predicted today.

The forecast was contained in a report to the League for Justice to Agriculture made by Arthur E. Holt and Carl R. Hutchinson after a trip through Wisconsin, Minnesota, and Iowa, during which they made a survey of farm-protest groups.

The league is an organization of clerics embracing all faiths. Holt is a theological professor.

In their report entitled "Emerging Agrarian Protest Movements in the Northwest", they listed several protest groups investigated and concluded that "we have in these spontaneous uprisings of various kinds an emerging class-conscious farmer revolt. It can be understood on no other basis."

Plans are outlined, they said, for a general "strike" to begin May 13 if farm legislation enacted by May 3 fails to guarantee "cost of production" to the agriculturist.

I want to say to you that the farmers ought to have cost of production. [Applause.] They ought to have cost of production just the same as there ought not to be any sweatshops where men and women for disgraceful pittance are engaged in making shirts. Human flesh and human labor and human blood ought not to be cheapened. Anybody who wants to eat ought to be willing to pay the cost of production. Furthermore you have no right to eat unless and until you pay the man who produces your food what it costs him to produce it. I am for any bill which will establish that principle. I believe that whoever works should be paid fairly for his labor, that the laborer is worthy of his hire, and that the farmer should have just recompense for the food that he lays upon the dinner tables of the United States of America. Why not? Is there anything wrong or immoral about that?

With respect to this matter I call attention to the fact that there are now in this city many men and women who are interested in the farm situation, who are begging that you will allow them, somehow or other, to get the cost of production. I believe they have the right to publish their plight to the country and to ask that justice be done to them as laborers in the fields and producers upon the farms, and to assert their right as free men and free women to an equal opportunity to live in America with their families in a condition commensurate with their labors and with their contributions to society.

I know full well that industry and banking and commerce must be taken care of. I am willing to go along in that respect. I want to see the factories made prosperous and the laborers given work, but the fundamental thing just now is for us to see to it that the homes and farms of our food-producers shall be saved to them and their families.

In one part of my State it is said that 1 farm out of every 7 has been foreclosed. In addition there are probably twice as many more where the claims of the mortgagee were settled by voluntary arrangement outside of court. There have been an unprecedented number of sheriff sales. However, the sheriffs are not doing this as much as they used to do for two reasons. One is that the mortgagee has found out that it does not do any good to take these farms and homes away from the people, because when he gets them he does not know what to do with them. Then again some of the lawyers for these mortgagees are not very enthusiastic just now about going out to these communities in order to attend foreclosure proceedings and to get the decrees and writs under which the sheriff can sell. A great deterrent has been administered to this bunch of lawyers. In an adjoining congressional district the irate farmers met such a lawyer recently on the steps at the front door of the courthouse and persuaded him—let us hope by fair means—not to go forward with the processes of eviction.

I may state here that I believe the farmers want to be law-abiding citizens and that they will be law-abiding, but in cases where they have been at no fault they will not stand to be thrown out of their homes without exhausting every means for protection. They are desperate. Let us give them hope and provide lawful means for the redress of pitiable conditions in the Corn Belt, as well as elsewhere in our fair land.

I wish the bill could be amended, but I will vote for it in the belief that it will do some good, that in certain localities it may do much good, that in all localities there may be instances where it will help some poor distressed farmer. I express these sentiments and criticisms in the hope that thereby those who administer the provisions of this bill will be brought to a more liberal interpretation of the act and give relief to those entitled to have relief.

The minority report is right. It points the way to better farm-mortgage relief. It shows that the present bill will not give adequate relief, that it will prove to be a disappointment, that it contains many objectionable features such as those already spoken of; it points out that we should not at this time issue more tax-exempt and interest-bearing bonds. We have need for more currency and more bank credit. But we will not come to a sound basis for a financial rehabilitation until we learn that there are four factors in price fixing and not two only, as is commonly supposed. We hear men talk about supply and demand as being the only two things that fix prices. As is stated by Prof. G. F. Warren, of Cornell University, we must come to believe that there are four factors in fixing the price of any commodity: The price of wheat, for example, is the ratio of the (1) supply of wheat and the (2) demand for it to the (3) supply of gold and the (4) demand for it.

I will conclude by saying that the farmer is now required to pay his mortgage with dollars that are altogether too high priced and that are wholly out of proportion with the dollars that he borrowed. He is required to give too much of his produce and his labor in order to pay that mortgage. He is just as honest, and just as industrious, and just as capable as he ever was, but he cannot meet his debts under present prices for his products. This leads him to despair. He sees his wife and his children suffering. Under present prospects he cannot even hope to give them those things which will allow them to live in common comfort and make them useful and respected members of society. Through no fault of his he realizes that want and suffering are about to engulf them. He feels the horrors of humiliation and disgrace that are to overwhelm him. He now makes this last appeal to Congress not as a mendicant begging for alms but as a proud American citizen he asks for justice so that he may be protected against a flood of circumstances which have engulfed him through no fault of his own but through unwise and unfair economic regulations, all of which must be brought into just relationship with the conditions that surround him. And here he will make his last stand politically, economically, and actually. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, no Member of the House is more deeply interested in legislation to refinance farm mortgages than I am. Born on a farm, I was, of course, in intimate touch with farm life until I grew to young manhood. Since that time I have unfortunately owned too much farm land and think I have kept in close and sympathetic touch with every phase of farm life and believe I have some practical knowledge of farm conditions. I represent an agricultural district. Everyone in my district is dependent upon farming, whether he lives in the country, a city, or town, and whether he is a farmer, merchant, laborer, banker, or professional man. Their prosperity depends upon the success of the farmers.

Everyone appreciates that the price of everything the farmer produces has fallen far below the cost of production. Wheat brought to the farmer around threshing time as low as 30 cents per bushel, oats around 12 cents per bushel, cotton 6 cents per pound, corn around 15 cents per bushel, and all other farm products, including livestock, far below the cost of production. The farmers cannot live and pay farm upkeep and taxes, and send their children to school at these prices. In the meantime the taxes on farm lands have increased. However, the State and local authorities are solely responsible for the ad valorem taxes on farm lands. These taxes should be lowered through finding other sources of taxation.

As a result of bad economic conditions the farmers have been unable to pay their taxes or their mortgage burdens, and as a result schools have been closed or their terms shortened.

The farmers have lost their purchasing power. These bad conditions have affected the economic life of the Nation and more severely every community where farming is the basic industry.

The farm problem has been discussed at every crossroads store, on the streets, in the press, and in every public forum, including the House of Representatives, for the past few years.

The recent bulletin prepared under the direction of the Secretary of Agriculture, dated March 7, 1933, estimates the farm-mortgage indebtedness at about $8,500,000,000, and the short-term indebtedness of the farmers at about $3,500,000,000. This bulletin states:

> The total farm indebtedness of all kinds probably amounts to over $12,000,000,000.

The bulletin states that somewhat more than 40 percent of the farms in this country are mortgaged. It further states:

> About 30 percent of the volume of outstanding farm mortgages is held by individuals, 23 percent by insurance companies, 19 percent by Federal and joint-stock land banks, 11 percent by commercial banks, 10 percent by mortgage companies, and 7 percent by other firms or agencies.

The annual interest charge on outstanding farm mortgages is estimated for 1932 at approximately $500,000,000. I think this estimate too conservative. The total annual interest charge against farmers on all classes of debts, including interest on mortgages on farms held by nonfarmers, is estimated to be approximately $900,000,000. The annual property tax on all farm property was estimated at about $777,000,000 in 1929. The gross farm income for 1919 was estimated at $17,000,000,000, whereas for 1932 this income had been reduced to about $5,000,000,000.

Mortgages have been foreclosed on farms at an alarming rate during the past few years, and these foreclosures are gradually increasing in numbers. In some counties and communities it is estimated that 65 percent of the farms are held in foreign ownership and are being occupied and cultivated by tenant farmers. Commercial banks in agricultural communities have failed in large numbers, and in the remaining banks deposits have been greatly reduced. The total number of bank failures since 1920 has reached the startling total of 11,000—all due to bad business conditions and largely to the distressed condition of the farmers.

Insurance companies have had heavy demands for loans from policyholders and have recently been forced to discourage the making of new farm loans.

In this connection I invite attention to a table, prepared under the direction of the Secretary of Agriculture, which gives an estimate of farm mortgages held January 1, 1928, by various institutions and companies and individuals:

Lending agencies	Percentage held by each agency	Amount held by each agency
	Percent	
Federal land banks	12.1	$1,146,000,000
Joint-stock land banks	7.0	667,000,000
Commercial banks	10.8	1,020,000,000
Mortgage companies	10.4	988,000,000
Insurance companies	22.9	2,164,000,000
Retired farmers	10.6	1,006,000,000
Active farmers	3.6	339,000,000
Other individuals	15.4	1,453,000,000
Other agencies	7.2	685,000,000
Total	100.0	9,468,000,000

In explanation of the figures in the above table, which was made up as of January 1, 1928, the Department of Agriculture insists that the amount of farm mortgages which have been paid off or foreclosed totals about $1,000,000,000, leaving, in round numbers, at present approximately $8,500,000,000 of indebtedness secured by farm mortgages outstanding.

Life-insurance companies, considered as a group, are the largest holders of farm mortgages, their holdings representing nearly 23 percent of the total. Federal land banks are second in importance, holding 12 percent of the total. Individuals are stated to hold about 30 percent of these farm mortgages.

The farmers are being driven from their homes, farm improvements are greatly depreciating in value, the soil is eroding, and everyone appreciates that the purchasing power of the farmers has been reduced to the vanishing point and that it is necessary to enact some legislation to refinance farm mortgages.

Having briefly stated but not having overdrawn the situation, we come now to a consideration of the pending bill.

No one can be more deeply in sympathy with the purposes of the bill than I am. Since I have been in the House, as to legislation affecting the farmers, every vote I have cast has been in their interest. I have given the best study of which I am capable to a careful analysis of this bill.

Let us analyze the bill in detail. It has four titles.

TITLE I

Title I provides for amending the Federal Farm Loan Act by authorizing the issuance of bonds by Federal land banks for the purpose of making loans or exchanging bonds for mortgages, as provided in paragraph second of section 13 of the act, in an amount not in excess of $2,000,000,000. The interest, which is to be guaranteed by the Government of the United States, is fixed at a rate not in excess of 4 percent per annum.

The principal, as well as the interest, should have been guaranteed, which would have resulted in their being sold at a lower rate of interest and resulting to the benefit of the farmers. In fact, I cannot see how we can guarantee the interest on long-term bonds without guaranteeing the principal.

Title I, of course, will be of material assistance to those farmers who have secured their loans through the Federal land banks and to those farmers to whom loans in the future may be made by these banks.

It will be noted that the Department of Agriculture reports outstanding mortgages held by Federal land banks in the sum of $1,146,000,000. It will therefore be seen that while the Federal land banks and the joint-stock land banks are jointly estimated to hold 19 percent of the farm mortgages outstanding, the Government guarantees the interest, under the terms of this bill, on $2,000,000,000 of Federal land-bank bonds.

In other words, the greatest, or major part of the benefit which this emergency bill confers will be largely through the Federal land banks. I think equal legislative consideration should be given all classes who are holders of real-estate mortgages, including individuals, commercial banks, mortgage companies, insurance companies, and other mortgage owners.

Section 2 of title I authorizes the refinancing, purchase, or exchange of bonds for outstanding first mortgages up to 50 percent of the normal value of the land mortgaged and appraised and 20 percent of the value of the permanent insured improvements. This is the existing law. This provision will give an outlet to mortgages held by agencies other than farm land banks through these banks.

Sympathetically administered, I think the various sections under title I would authorize the Federal land banks to refinance distressed mortgages outstanding, whether held by the Federal land banks or joint-stock land banks themselves, by commercial banks, mortgage companies, insurance companies, retired farmers, individuals, or other agencies; but the people whom I represent and the farmers generally who have mortgages upon their farm lands, by whomsoever held, want to be assured that through some provision of this bill, and particularly title I, they may be refinanced in cases where mortgages are due or in process of or threatened with foreclosure. They will immediately write every Member of Congress for information as to how to proceed. They will want a definite answer. I want to be able to give it to them.

Title I refers to Federal land banks exclusively, and provides for securing the funds through the sale of bonds—the interest on the bonds being guaranteed by the Government—to the extent of $2,000,000,000. Very well; this will insure a limited amount for the benefit of the Federal land banks. We must remember that these banks are largely owned by individual borrowers who have taken stock in them since

they were organized under the act of July 17, 1916. Under the report made by the Secretary of Agriculture Federal land banks have outstanding $1,146,000,000 in mortgage loans. How can we safely assure and guarantee to the distressed mortgagors who have made mortgages to these various other agencies and who are being pressed for payment and threatened with foreclosure that they can go to the Federal land banks and be assured of being refinanced by the Federal land banks, whose stock at present is held by individual borrowers, officered by directors elected by them?

For that reason in my study of the mortgage situation I prepared a bill, H.R. 3209, creating in the place of Federal land banks a new agency, Federal rural mortgage land banks, whose capital stock would be entirely subscribed by the Secretary of the Treasury and all of the officers appointed by the Government and therefore under the complete control of the Government. This bill which I prepared would give practically the same authority to Federal rural mortgage land banks as given in this bill to Federal land banks except that the funds would be adequate to refinance mortgages made by any individual, company, corporation, or other agency.

I do not feel safe in saying that the amount of bonds, the interest on which is guaranteed up to $2,000,000,000, will be adequate, but the hope is expressed in the bill that Federal land banks will thereafter be able to sell their 4-percent tax-exempt bonds at par and therefrom secure sufficient additional funds to make to all distressed mortgagors. This is the crux of the situation.

Title III affords relief to the amount of $300,000,000, administered through the Farm Loan Commissioner to distressed mortgagors, which I will discuss later.

Section 3 authorizes the Secretary of the Treasury, in the event of the extension of loans by the Federal land banks, to subscribe to the paid-in surplus of such banks an amount equal to the amount of all such extensions and deferments within 5 years made by the bank during the preceding period. This amount, however, is limited to the sum of $50,000,000.

Section 4 of title I regulates the interest which may be charged through national farm-loan associations and requires that it be reduced to not to exceed 4½ percent per annum, and the sum of $15,000,000 is authorized to be appropriated to be used by the Secretary of the Treasury to make payments to Federal land banks for interest payments accruing during subsequent fiscal years.

Section 5 regulates the amount that may be loaned to any one borrower and increases the amount from $25,000 to $50,000. Instead of increasing this amount it should have been decreased, so as to make sure that the larger farmers would not get too large a share of the benefits to the exclusion of the small farmers. The benefits of the bill should be extended to and spread over the small farmers. The larger farmers can secure credit through other agencies. The chairman of the committee explained this was to care for a few joint-stock land bank borrowers so that they may be refinanced.

Section 6 authorizes the making of direct loans where no local loan associations have been formed or are not functioning. I have been making a fight for legislation of this character for a number of years. However, I am not in sympathy with the requirement found in the paragraph which requires the borrowers to covenant to join local loan associations. The committee has proposed an amendment to make this optional. If not adopted it would discourage many farmers from making applications for loans, especially if they are compelled to guarantee the loans of each other. Why not require farmers of every community to guarantee their other indebtedness? Why not compel banks in certain groups or States to join and guarantee their deposits? The same principle will apply. Many farmers will be found who do not care to belong to associations which are required to guarantee loans to the less thrifty and improvident. This provision should be amended as recommended by the committee so as not to compel the farmers to join such associations unless they voluntarily agree to do so. This provision as originally drawn will add nothing to the bill, and it has caused thousands of farmers in the past not to take advantage of the provisions of the Rural Credit Act of July 17, 1916. I was a member of the committee that reported the rural credit bill in 1916 and urged that this provision be eliminated then. It would greatly popularize the law now to exclude the requirement by the adoption of the committee amendment making it optional.

Section 7 authorizes receivers appointed by the Federal Farm Loan Board to borrow money from the Reconstruction Finance Corporation for the payment of taxes on farm lands owned by the bank and to issue receiver's certificates against the assets as security.

TITLE II

Title II proposes legislation for the benefit of the joint-stock land banks.

Section 201 has reference to limitations against the issuance of bonds or making new loans by joint-stock land banks after the enactment of this legislation and anticipates their liquidation.

Section 202 authorizes the Reconstruction Finance Corporation to make available to the Farm Loan Commissioner for the use of joint-stock land banks $100,000,000 to be used for a period of not to exceed 2 years from the date of the approval of the act, charging said banks an interest rate of 4 percent per annum, and the joint-stock land banks are entitled to borrow not to exceed 60 percent of the normal value of farm real estate held.

The joint-stock land banks are required to reduce the interest rate to not to exceed 5 percent per annum, and to agree not to foreclose farm mortgages held, for a period of 2 years. Of course, these banks will be glad to do this, as they would prefer to receive 5 percent interest rather than no interest at all, and should farms be taken over under foreclosure, the procedure will be tedious and expensive, and the farms in the meantime will be held by agents or tenants and managed at a loss.

TITLE III

Title III makes provision for loans to farmers through the Farm Loan Commissioner for the following purposes only: (1) Refinancing, either in connection with proceedings under the recently amended Bankruptcy Act relating to agricultural compositions and extensions, or otherwise, any indebtedness, secured or unsecured, of the farmer; (2) providing working capital for his farm operations; and (3) enabling any farmer to redeem and/or repurchase farm property owned by him as a home prior to foreclosure, which has been foreclosed within 2 years prior to the enactment of this act or which is foreclosed after the enactment of this act.

Section 301 makes available to the Farm Loan Commissioner $300,000,000 to make loans to farmers for these purposes, secured by first and second mortgages.

This amount of $300,000,000, I fear, is totally inadequate. The interest on $2,000,000,000 of bonds under the control of the Federal land banks is to be guaranteed by the Government. The Federal land banks and the joint-stock land banks hold jointly about 19 percent of the farm indebtedness. It is true that the Federal land banks may make additional loans; but for the most part, let me warn the farmers of the country that I very much fear that this legislation guaranteeing the interest on bonds will be used to strengthen the Federal land banks which hold mortgages aggregating $1,146,000,000.

The last Congress appropriated $125,000,000 in aid of the Federal land banks, and the chairman of the Committee on Banking and Currency, in a speech, stated that after careful examination no new loans had been made. Recently the unexpended balance was reappropriated or authorized to be used in aid of these banks. What I want to make sure of is that the farmers may be able to secure loans to enable them to repossess themselves of or to retain their homes. We should be sure that this legislation, when enacted, does accomplish this purpose and is sympathetically administered to carry out the intent of Congress.

The table which I have inserted above shows that commercial banks hold farm mortgages aggregating $1,020,000,000, mortgage companies $988,000,000, insurance companies $2,164,000,000, retired farmers $1,006,000,000, active farmers $339,000,000, other individuals $1,453,000,000, and other agencies $685,000,000.

In other words, 81 percent of farm mortgages are held by other individuals, corporations, and agencies, and not by the Federal land banks or the joint-stock land banks. This section, 301, which only makes $300,000,000 available, is wholly inadequate and the amount should be greatly increased. It authorizes loans to be secured by first and second mortgages on farm lands which shall not exceed 75 percent of the normal value thereof after this value is ascertained upon appraisal made under the terms of the Federal Farm Loan Act.

I doubt the wisdom of permitting the taking of second mortgages. First-mortgage loans should be increased and made upon the normal value of the land, but if the Government permits the taking of a second mortgage the Farm Loan Commissioner ultimately, in order to protect the Government, will be forced to buy in the first mortgages. Thousands of holders of second mortgages have come to grief within the past 5 years and the Government should be protected against loss as well as the individual. Extend liberal credit of the Government on long terms at low rates of interest to the farmers, then legislate to restore to them the foreign markets so as to insure them the cost of production plus a reasonable profit, and finally expand the currency so as to increase the exchange value of their farm products.

Section 301 also provides that no loan in excess of $5,000 shall be made to any one farmer. This provision is inconsistent with section 5 under title I, which authorizes loans to be made by the Federal land banks up to the amount of $50,000. I favor the lower loans as I have already indicated.

This same section, 301, requires that an agreement be entered into to repay the indebtedness in installments, and that (1) the interest rate shall not exceed 5 percent, and (2) that the repayment of the loan shall be on the amortization plan so as to extinguish the loan within a period of 10 years.

Let us examine this provision a little more closely. This would require an amortization repayment of 10 percent on the loan annually, in addition to the interest of 5 percent per annum, which would require the farmer to make too large a repayment each year in addition to taxes and upkeep and other farm and family living expenses. Of course, no farmer can make such a large annual payment at the present prices of farm products. He cannot do it even at peak prices. The interest rate on the loans should be lower and the time for paying the principal should be extended over a period of at least 35 years when a payment of about 1 percent annually on the principal would extinguish the principal of the loan.

TITLE IV

Title IV authorizes the Reconstruction Finance Corporation to make loans in an amount not exceeding $5,000,000 to drainage districts, levee districts, irrigation districts, and similar districts organized under the laws of any State, and to political subdivisions of States, which have undertaken projects devoted chiefly to the improvement of land for agricultural purposes to enable such districts or political subdivisions to refinance their outstanding indebtedness.

This is an important provision, and will be of great aid to drainage districts throughout the country. I invite your attention to the fact that loans under this section may be made for a period not exceeding 40 years and contrast it with the requirement as to loans made to individuals under title III, to be repaid upon the amortization plan within 10 years.

The general purposes of the bill are sympathetic to the farmers; but, as I have pointed out, the larger benefits, as shown in titles I and II, are in the interest of the Federal farm land banks, which are authorized to issue $2,000,000,000 in bonds, the interest upon which is guaranteed by the Government, and joint-stock land banks, which is aided in the sum of $100,000,000. Let us extend proportionate relief to all classes who are the holders of mortgages, so as to be quite sure that all farmer mortgagees will be benefited.

Title III, which makes direct loans to farmers, is restricted to the sum of $300,000,000. This amount should be substantially increased and the provision for a second mortgage eliminated.

I have been making every effort possible to secure the consideration of legislation to refinance farm loans, and have introduced a bill (H.R. 3209) to create 12 Federal rural mortgage land banks, with a capital stock of from $25,000,000 to $40,000,000 each, to be subscribed by the Secretary of the Treasury, with money to be furnished by the Reconstruction Finance Corporation, as in the case of the home loan banks. These Federal rural mortgage land banks would be authorized to issue bonds in the sum of 20 times the amount of their capital stock, as was the case when the Farm Loan Act was passed on July 17, 1916, said bonds, both principal and interest, to be guaranteed by the Government, and said banks are directed to make loans to all classes of farmers up to 60 percent of the normal value of their lands and 20 percent of the insured permanent improvements. A rate of interest of 3 percent per annum is provided to be paid, repayable on the amortization plan, extending over a period of not to exceed 40 years.

Provision is made in the bill for the reduction of both principal and interest under the supervision of an adjustment committee where distressed mortgagees are refinanced. This bill would not discriminate in favor of or against the Federal land banks or the joint-stock land banks, but would apply to all mortgage holders, individuals, corporations, insurance companies, Federal land banks, joint-stock land banks, commercial banks, and all other agencies alike.

The amount of bonds authorized to be issued, in the aggregate, by the Federal rural mortgage land banks would be adequate to take care of all distressed mortgages.

In addition to borrowing money for the repayment of existing mortgages, principal, and interest, and other necessary farm expenses, the bill would also permit money to be borrowed by farmers to pay taxes on their farm lands.

The bill is more comprehensive in its terms than the bill now under consideration by the House. However, the situation is so distressing and desperate that I am giving my earnest support to the pending bill on the theory that it is better to assist in securing the benefits it gives to the farmers rather than to destroy the farmers by the enactment of no legislation.

I have insisted that any bill which provides for the refinancing of farm mortgages should contain—

First. The amount of money, from whatever source secured, should be adequate to care for all distressed mortgages, regardless of whether they are held by individuals, corporations, insurance companies, farm-land banks, or other agencies;

Second. The rate of interest should be low to enable the farmers to take new courage in meeting their mortgage indebtedness; and

Third. That such long-time mortgages should be extended to them, payable upon the amortization plan, so that it would not require more than 1 percent per annum.

Other legislation should be enacted for the benefit of the farmers, some of which is under consideration, which will insure the farmers a better price for farm products, bringing them at least the cost of production plus a reasonable profit; the tariff should be lowered and reciprocal agreements made so as to restore our foreign markets for farm products; and there should be such an expansion of the currency as will restore the exchange value of farm products. However, these measures are for separate legislation and perhaps cannot be embodied in this bill. I trust that the entire program will be studied and enacted into law before the adjournment of this extra session of Congress.

I voted to refer this bill to the Committee on Agriculture, first, because I felt that it dealt with matters of exclusive interest to the farmers; second, I believed that the Committee on Agriculture would be more sympathetic in the con-

sideration of the bill than has been shown by the Banking and Currency Committee during the last Congress; and, third, that it had a more intimate knowledge of the present distressed condition of the farmers.

I feel sure that a further study of the farm question after this legislation is enacted will lead to additional legislation in the further interest of the farmers of the country. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SNYDER].

Mr. SNYDER. Mr. Chairman, the Nation is prosperous only when the farmers of the Nation are prosperous. All the children of all the people are happy and contented only when the agricultural interests are prosperous. Our educational and religious institutions cannot function if the buying power of all the people is reduced below certain fundamental levels. The only real wealth of a nation comes from the soil, and whenever the purchasing power of the tillers of the soil is lowered below a certain point, we destroy the equilibrium of prosperity. The price of wheat today, for instance, has reached the lowest level since the days of Queen Elizabeth, 300 years ago. We might make similar comparisons as to corn and cotton and other staple products.

But suffice it to say that not only the Members of Congress but every citizen in the United States realizes that there must be something done—and done quickly—to stabilize our institutions and give relief to the farmer, the laborer, and the little-business man.

I am proud to say that I am a dirt farmer from among the hills of Somerset, and know about the hardships of the farmers and the combination of complex problems they are up against today.

It falls to my lot to come from a district in Pennsylvania where one of my counties is the home of coke and coal. A county where the discriminating freight rates set up by the Interstate Commerce Commission a few years ago shut down our mines and closed our factory doors. Today we find 52 percent of all the population of that county—198,000—lining up in the bread line every Friday morning and getting their provisions for the coming week. It is a sad reflection on our institutions when such conditions exist in our very midst.

Are we, my fellow colleagues, willing to admit that institutions have sprung up within our own borders that we are no longer able to control? Are we willing to stand idly by and see millions of bushels of wheat in our granaries unused, and yet millions of men, women, and children asking for bread? Are we willing to stand by and see hundreds of thousands of tons of leather stored in our factories and warehouses and at the same time see an innumerable army of children toddling down our streets without shoes? Are we going to close our mental eyes to the fact that 10,000 times 10,000 bales of cotton and thousands of sheets of wool are resting in our great storehouses, waiting for a market, and at the same time multitudes—yes; millions of children and grown folks, if you please—shivering in the cold?

It was Macaulay, I believe, that said, "Your Constitution is all sail and no anchor—when a society has entered on its downward process either civilization or liberty must perish. Either some Caesar or Napoleon will seize the reins of government with a strong hand or your Republic will be as fearfully plundered and laid waste by barbarians in the twentieth century as the Roman Empire was in the fifth, with this difference, that the Huns and Vandals who ravaged the Roman Empire came from without and that your Huns and Vandals will have been engendered within your own country by your own institutions."

My colleagues, there is not one of us ready to admit that institutions have sprung up within our borders to such gigantic proportions that they can no longer be controlled. We admit that our social and economic fabric is out of joint and not functioning, but we, the Seventy-third Congress, believe that our house can be put in order and that measures can be enacted by this body that within a decade will put every farmer, every laborer, and every little-business man back to work under conditions more favorable than since the days of the Civil War.

The bill before us, my friends (H.R. 4795) embodies in it so many fundamentals that must be in our economic procedure, if the rehabilitation of our country is to be brought about, that it behooves us to forget the few discrepancies in the bill and support it for the common good of humanity.

Many of my friends from the South and the Middle West look upon Pennsylvania as a manufacturing State, a mining State, a State where they make iron and steel for a living. I am sure that you will bear with me for a few minutes while I give you a few statistics relative to farm products in Pennsylvania. I believe that after I give you these statistics the Agriculture Committee will realize that Pennsylvania deserves attention when agriculture measures are being considered.

I hear someone ask me where Pennsylvania stands in the production of some of the staple farm products. Here is where we stand or rather where we stood. Our standing has made such a dangerous drop the last 3 years that I am to support this measure with whatever amendments the committee may offer. In 1931 and 1932 Pennsylvania produced, as follows:

	1931	1932
Hay.....tons..	3,154,000	2,005,115
Tobacco.....pounds..	57,659,218	43,362,817
Potatoes.....bushels..	26,669,214	21,450,585
Wheat.....do....	20,162,814	13,465,385
Corn.....do....	62,147,814	47,516,218
Oats.....do....	28,143,294	24,136,284

In other words, my fellow colleagues, the State that gave us the Declaration of Independence and the Liberty Bell ranks sixth in the production of hay, fifth in the production of tobacco, seventeenth in the production of potatoes, sixteenth in the production of wheat, and fifteenth in the production of oats.

Further evidence that there is something wrong with the machinery that governs our farm products is realized when we observe what has happened in the last 3 years in Pennsylvania to our cattle, sheep, and hog industry.

In 1931 Pennsylvania produced $97,315,000 worth of cattle, hogs, and sheep.

In 1932 Pennsylvania produced only $74,218,516 worth of cattle, hogs, and sheep.

In 1933 the estimate is way down to $52,116,427 worth of cattle, hogs, and sheep.

These and other facts convince us that something must be done to protect the farmer, the laborer, and the little business man. And I believe, ladies and gentlemen, this bill, when it is enacted into a law and given a chance to work out over a space of 5 or 10 years, will give us thousands and thousands of independent home owners as well as tens of thousands of prosperous farmers, laborers, and little business men. [Applause.]

Here is a telegram I received today, which tells of the conditions in one of the counties in my district:

UNIONTOWN, PA., *April 12, 1933.*

Hon. J. BUELL SNYDER,
House of Representatives:

Fayette County, Pa., has 22,000 families receiving flour relief; more than 15,000 families, approximately 65,000 people, receiving full grocery relief; unemployment condition bad; 25 out of 34 Fayette County banks closed; coal mines flat; very little work on highways; Reconstruction Finance Corporation money and Pennsylvania State funds have given adequate local relief with thanks to our Governments at Washington and Harrisburg; absolutely necessary that additional large amounts of money be appropriated for needy until work resumes.

FAYETTE COUNTY EMERGENCY BOARD,
EARL S. AREFORD.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. CARY].

Mr. CARY. Mr. Chairman, I am in complete accord with the splendid program of relief legislation that has been sent to this Congress by the President of the United States. I

have supported all of this legislation, believing in each and every instance that it would bring about some relief in this hour of distress. I think the legislation we have passed has met with the approval of the people, and a most wonderful response has been given to it by the people as a whole. We can see direct benefits resulting from the legislation that has been enacted into law during this short period of the special session of this Congress. I have all faith in the legislation that has been submitted to us and I believe the greatest service this Congress can do for the American people is to enact the President's program into law as speedily as possible. Our President has proven himself to be a great leader and has restored in the hearts of the American people that confidence in their Government which they had almost lost in the several years past.

The bill which we have before us today is for the purpose of providing emergency relief with respect to agricultural indebtedness by refinancing the mortgage debts of the American farmer. To my mind it is the most important measure that has come or will come before this Congress and goes farther toward giving relief to millions of American farmers who have borne the brunt of this horrible depression from its inception up to the present time. The importance of the question we are called upon today to consider cannot be overestimated nor the gravity of the situation be overstated. Long before the crash of the stock market and the collapse of business had spread their withering blight over this country the American farmer was being ruined because the price of his farm commodities was too low to permit him to carry the excessive rates of interest upon his indebtedness and discharge the ever-mounting tax bills that were piling up on him. He has been ground to death between the two stones of excessive interest rates and high taxes.

Although his pitiable condition has been known to everybody for years, and his failure has been disclosed in thousands of instances of mortgages being foreclosed and homes being sold from under their owners, up to this time very little has been offered in the way of legislation that would really relieve the farmer. This bill, I firmly believe, will bring to him a measure of the relief to which he has been entitled for many years. Farm mortgages have always borne an excessive rate of interest. Because of their very nature, they should have borne the lowest possible rate of interest in comparison with that of other business or industries. Strange to say, they have borne the highest rate of interest, and this fact has contributed largely to the complete collapse of agriculture and the destruction of homes from one end of our land to the other. There are many of us in this Congress who have contended for the past 2 years that the place to start the cure of our troubles is in the soil. We have believed, and still believe, that there can be no permanent prosperity in the commercial world until farming is put upon a stable and prosperous basis. Agriculture is the bedrock of our civilization, and until we can make the producers of farm commodities prosperous, we can never restore the purchasing power of the people of this Nation and bring about a complete business recovery.

For nearly 2 years Congress, attempting to fight this depression and put business back upon its feet, has worked at the wrong end of the problem. By legislative enactment, more than $2,000,000,000 have been spent through the Reconstruction Finance Corporation to aid the big interests, such as banks, railroads, insurance companies, and so forth. Notwithstanding the heavy drain made upon the Treasury in an attempt to bolster up the big business interests, we have seen our banking system completely collapse, every bank in America close, and insurance companies and railroad companies everywhere in the hands of receivers. Any attempt made by the followers of the principle that agriculture should receive aid from the Government has been met with opposition by those interested in big business who have put forth the propaganda that legislation attempting to refinance the farmer and place his heavy burden of debt where it could be carried would be class legislation. However, this idea of class legislation was not mentioned when the big bankers, the railroads, and the insurance companies called on the Treasury of the United States for financial aid at a low rate of interest, claiming it to be necessary to carry on the business of the country.

As a matter of fact, such legislation was merely refinancing the financier, and the great agricultural classes, which were most entitled to help, have been neglected until they have reached a stage of almost complete collapse. Now, big business and all others are realizing that something must be done to save the American farmer and his home, and every thinking person understands that the foundation of this Nation is agriculture, and on that foundation we must rebuild and rehabilitate the industrial and commercial world.

Mr. Chairman, this bill should become a law. The farm-mortgage indebtedness of this country should be refinanced at a lower rate of interest, and in many instances the debt itself should be scaled down, as can be done under the provisions of this bill. Personally I am of the opinion that the maximum rate of interest should be changed from 4½ to 3 percent, and I hope that this change will be made before this bill is finally enacted into law. I fully realize the necessity of putting this legislation through the House as quickly as possible under a rule which will not permit its passage to be long drawn out by subjecting it to amendments. If this bill is properly administered, with the aid of those who are in sympathy with it and the cause it represents, I think the farm indebtedness can and will be refinanced upon a 3 percent basis, which will bring a very great relief to the distressed farmer and enable him to carry on, protect, and perpetuate that greatest of all American institutions, the American home.

This bill will bring real relief to the distressed farmer who, by reason of conditions over which he has no control, is unable to meet the payments upon his mortgage debt. By the plan of refinancing as herein set out he will have his interest very materially reduced and all payments upon principal will be suspended for a period of 5 years; that is, during a period of 5 years he will have to pay only the interest upon his loan, and at a much reduced rate. This will stop foreclosures and save many farmers from losing their homes. In the 5-year period that the principal payments are suspended he will have an opportunity to get back on his feet. I firmly believe this measure, if enacted into law, will save American agriculture. It will instill new hope and courage in the American farmer and give him an opportunity to work out his own troubles and finally rehabilitate that great basic industry, which is absolutely essential to our national life.

This plan, of course, is going to cost the Federal Government some money; just how much no one can say, but I believe it will be small in comparison with the benefits that will be derived from it. Whatever the cost may be, we cannot fail to extend this relief and save our farmers from complete disaster which is now facing them. We have already spent much more out of the Federal Treasury to help banks, railroads, insurance companies, and other big business than this refinancing of farm mortgages would cost. Why not spend some to help the farmer? His land is the best security on earth, and the money invested in financing him will eventually be returned. Much of the other that has been furnished to the big-business interests will never be returned.

Mr. Chairman, it is inconceivable to me that Congress would fail to enact this sort of legislation. The idea has been advanced that it might cost the Government too much money and that we cannot afford to assume so great a responsibility. A few years ago, when the world was engulfed in the greatest war of all history, the American people did not hesitate to go to the relief of all mankind, to take a part in the fight to save humanity from imperialism, and to turn into a glorious victory what then seemed to be inevitable defeat for the Allies. We entered that conflict with but one determination in view, that of winning the war, regardless of what the cost might be to the Treasury of our Nation. No one then would have dared to suggest that the cost was too great and that the Govern-

ment could not afford to make through Congress the huge appropriations that were necessary to carry on that war to a successful conclusion. Our appropriations to win that war were approximately $27,000,000,000. In addition to that, we lent approximately $12,000,000,000 to the Allies, who were then prostrate and in dire distress. So magnanimous were we at that time that the interest rates on those loans were fixed at an average of about 2 percent. For the past 4 years we have been engaged in a warfare far greater in importance to our people than the World War ever was. We have been and are still waging a great war against an economic depression that has brought misery and woe to almost the entire population of America. No class of our people has suffered so much and so long in this depression as the American farmer. Can we now say that the expense of a few million dollars, if necessary, should not be incurred by the Government in order to save the farmers of America from ultimate bankruptcy and ruin?

Mr. Chairman, I know if we measure things by present values that the farm mortgages will in many instances exceed the value of the land. But there is no normal value now because there is no sale for land. I firmly believe that refinancing of mortgages at the low rate of interest set out in this bill will in itself be such a boon to the agricultural industry that the values of farm land will immediately begin to rise and that the Government will in the end lose nothing under this bill. It is an inconsistent thing in my mind to say that farm mortgages should not be refinanced on an interest rate around 3 percent when untold millions have been furnished by the Government to the shipping industries at interest rates below 2 percent. Aid and protection in the form of subsidies, low interest rates, and tariff benefits have been given by the Government to all classes of industry except farming. I am heartily in favor, not only of the refinancing of the heavy indebtedness of the farmer but of the refinancing of the small home owner which is proposed in a companion bill to the one we now have under consideration.

Mr. Chairman, ladies and gentlemen of the Committee, may I call your attention to the fact that this Government collects in taxes on one farm product, namely tobacco, which is grown in only a few States, more revenue per year than the cost per year of the entire interest charges upon the farm mortgages in the United States would be under this bill. For that reason alone, this Congress cannot fail to give this much-needed relief provided in the bill now before us. With the material reduction of overhead expense resulting from the passage of this bill and the benefits that we hope the farmer will receive from the legislation recently passed for the purpose of raising commodity prices, the time should not be far distant when the American farmer will be on the road to complete recovery. Then the purchasing power of our people will be restored, which will insure the return of prosperity. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, it is quite evident that, with the adoption of the rule which was adopted here yesterday, we are going to either pass this measure or none, dealing with the question of the refinancing of farm mortgages. I do not want to be an obstructionist; and as a member of the Committee on Agriculture, which has had the bill under consideration, I want very briefly to give one or two reasons why I think I am justified, as are other Members of Congress, in supporting the bill. One of those reasons appears in the first title. I am of the opinion that it will go a little way toward stabilizing the purchases of real estate. In other words, the interest rate is such that there will be some new capital put into real-estate purchases. Men will buy farms at the rate of interest provided here if they have a place where they can get the money. Today there is no such place. Another thing that is of interest to me, and which I think will benefit the farmer, is that in my county and in your county and all other counties in the United States there are creditors and debtors who can sit down around a table and agree on a reduction of the value of their mortgages, but that necessitates some source of getting hold of cash to enable them to bring about the consummation of their agreement. Under the provisions of this bill there is a source of revenue which they can tap and get the money to put into effect the terms of their compromise agreement. I feel that will grant considerable relief to many hard-pressed debtors in this country. There is another feature of the bill, and it seems to be the one which is troubling Members here quite a little, and I wish I had time to talk about it.

The gentleman from Virginia [Mr. FLANNAGAN] raised the question in regard to the joint-stock land banks. I do not hold any brief for the joint-stock land banks, but that very question that Mr. FLANNAGAN brought up was discussed fully in our committee. Most of the committee would be only too glad if the provision that he refers to could be written into the bill, but it seems that it could not be. Others took the position that we should strike the entire section out of the bill. I think the reason that was not done was because the members of the committee felt that without some relief to the joint-stock land banks, about 47 of them today, which is all of them, would be put in a position where they would be in danger of receiverships within the very near future. I think the members of the committee felt they did not want to assume the responsibility of refusing to grant some relief that would prevent such a situation as that occurring. Receiverships of these banks undoubtedly would bring about further depression in the value of every foot of real estate in the country, because of the immense amount of foreclosures that would be brought about.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. JENKINS. Does this bill contemplate any action that would absorb the joint-stock land banks, so that after the efficacy of this bill shall have been expended they will operate then more under the cloak of the Government than now?

Mr. MARSHALL. This bill provides for orderly liquidation of the joint-stock land banks, and they will gradually pass out of the picture under the provisions of this act. Section 203 of this bill also grants relief to the farmers. In other words, there is a lot of relief granted in this measure. It is not, in my opinion, going to bring about any millennium. I think, after all, that the ultimate relief to any farmer is in the opportunity on his part to sell his product at a price whereby he can live and pay his debts. The farmer is willing to pay his taxes and his interest. What he wants today is a demand for his product. If this bill and the other bills that are being submitted by the administration bring about an increase in farm prices, then the legislation will be worth-while, and if at the end of the period which this measure is supposed to carry us over, through which the farmer is provided a breathing spell, the situation has not been benefited, then I do not know of any prophet who can tell what is going to be the result in this country. I for one am endorsing this legislation with the hope and also with the belief that some real benefit will accrue to agriculture in this country. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman and members of the Committee, the amendment I have just submitted to the Committee on Agriculture, under the rule, provides that the Treasury Department shall issue Treasury notes or currency in the sum of $2,000,000,000, instead of issuing bonds in that amount, bearing a rate of interest at 4 percent per annum. The issuing of nontaxable, interest-bearing bonds by the Government of the United States should be stopped, and this is a good place and time to serve notice on the international bankers and kindred interests that they shall be permitted no longer to gather the cream of the land while so many of our people are suffering from lack of things to eat and wear. The great fortunes of the United States have been made almost wholly by the enactment of special legis-

lation such as nontaxable, interest-bearing bonds, tariff legislation, and other forms of relief for those who are not in need.

The total public debt of the United States, as shown by the reports from the Treasury Department January 31, 1933, amounts to the sum of $20,601,992,731.90. Nearly all of this enormous sum is in bonds. The United States pays interest each year on these bonds and other forms of Government indebtedness in the sum of $600,000,000. I claim that this interest is a gift to those who eat but do not produce. Treasury notes can be issued without interest to circulate as Federal Reserve notes, national-bank notes, or other currency, without paying interest to any person.

Instead of the $2,000,000,000 bond issue at 4 percent per annum, as provided in the first section of this bill, my amendment would provide that the Treasury Department issue $2,000,000,000 in Treasury notes or currency to circulate as other money. The annual interest on $2,000,000,000 at 4 percent is $80,000,000. If Treasury notes were issued, as provided in my amendment, and Congress should appropriate $80,000,000 per year and place this sum in a sinking fund, it would retire these notes in 25 years, or if $40,000,000 were appropriated each year they would be retired in 50 years. At the same rate, they would be retired, of course, in less time than this because they would be retired part at a time. Twenty-five-year bonds at 4 percent would cause the Government to pay $2,000,000,000 in interest in a period of 25 years, and the principal would still stand unpaid. The issuance of nontaxable bonds by the United States Government is unfair to our people. The Budget cannot be balanced by such legislation.

This bill is not just as I would have it, and probably does not conform to the ideas of each individual member of the Committee on Agriculture. I know this committee gave the bill fair consideration and deep study, but all legislation is somewhat of a compromise. I have always supported agricultural legislation, because I know that agriculture is the basis of all business and there can be no prosperity until it returns to the farm. The report of the Committee on Agriculture accompanying this bill shows that in 1933 farm mortgages of the United States amounted to $8,500,000,000, and personal or short-term farm indebtedness amounted to $3,500,000,000. This makes a total farm indebtedness of $12,000,000,000, and there must be relief enacted to relieve these conditions. While this bill is not as I would write it, yet I believe it will render relief to our agricultural interests. Mortgage foreclosures on the farms of our country are increasing all the time. Something must be done. I hope legislation will be enacted to provide for a scaling down of these mortgages. A mortgage for $1,000 made when wheat was $1 per bushel and cotton 20 cents per pound is the same now as a $4,000 mortgage with wheat at 25 cents per bushel and cotton at 5 cents per pound.

In my opinion, if this Congress would remonetize silver, provide for the issuance of certificates against silver bullion, place silver on a parity with gold, and then reduce the content of the gold dollar, this would scale down the indebtedness and raise commodity prices so the farmers could pay out of debt. On the 29th day of March 1933 I introduced a bill providing for an emergency relief program and a method of financing the same. That bill provides that the Treasury Department shall issue Treasury notes or currency in the sum of $500,000,000 instead of nontaxable interest-bearing bonds. The interest on $500,000,000 at 4 percent would amount to $20,000,000 per year. The bill provides that Congress shall appropriate this amount each year, place it in a sinking fund, and it will enable the whole currency issue to be paid off in 25 years. By retiring this indebtedness at intervals the time would be less than 25 years. One of the greatest relief measures that could be enacted into law by this Congress would be to put a stop to the issuance of nontaxable interest-bearing bonds. I wanted to submit this amendment for the consideration of the committee. [Applause.]

Page 2, line 6, after the word "effect", strike out the balance of line 6 and line 7 down to and including "act" and insert in lieu thereof the following: "The Treasury Department shall issue Treasury notes without interest."

Page 2, line 8, strike out the words "or exchanging bonds" down to and including the word "act", line 10.

Page 2, line 10, strike out the word "bonds" and insert in lieu thereof "Treasury notes."

Page 2, line 12, strike out the word "bonds" and insert in lieu thereof the words "Treasury notes."

Page 2, line 13, beginning with the word "shall", strike out the remainder of the section.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

DIRECT CREDITS FOR THE FARMER

Mr. PATMAN. Mr. Chairman, there is one feature of this bill that I am very much interested in, and that is the feature that relates to direct credits to the farmers. Never before have I had the opportunity to vote for this principle, contained in a bill in the House of Representatives. I believe that the issuance of currency and the handling of a large part of the credit is purely a governmental function, and should not be farmed out to private bankers. In title III of this bill the farmer is granted privileges that will really help every farmer, not just the 42 percent who have their homes encumbered by farm mortgages, but it will help the tenant farmers and the other farmers who have their homes paid for. It will help all the farmers. The farmer who is suffering most today is the farmer who owes several hundred dollars on his farm equipment, his livestock, and other property that he has to carry on his farming with, in addition to his farm mortgage. In addition to that, he owes unsecured debts. Under title III of this bill the Government agent steps in and says to that farmer, "You get your creditors to scale their debts down to where the debts will represent three quarters of the value of the property, and the Government will pay off the ceditors with Government money and you will have 10 years to pay the Government back, and during the next 3 years you will not have to pay one penny on the principal, but just pay the Government on the interest for the next 3 years."

FARMERS REFINANCED FOR CURRENT YEAR

In addition to that, the Government steps in and refinances the farmer for the current crop year. He needs money to make this year's crop, and the Government gives him a loan which is sufficient to enable him to make this crop. I consider that a great benefit extended to the farmers, for the reason that in the South, and I know in many sections of the West, the farmers are paying from 10 to 40 percent interest. They go to the banks in the early spring and make arrangements for small loans. The banker does not give the farmer the money he has borrowed all at one time, but he gives him so much each month, and almost by the time the banker has paid to the farmer the last installment the farmer has commenced repaying the loan. So when you figure it out you will discover that the banker is being paid from 10 to 40 percent interest on those farm loans. This bill reduces the farmer's interest rate to not to exceed 5 percent. If a creditor has security on the farmer's livestock and his farm machinery and he does not want to transfer it to the Government, the Government agent will say to him, "All right; you reduce your debt to three quarters of the value of this property", or if it does not represent more than three quarters of the value of the property, then the Government will take a second lien on that property and a first lien on the remainder of the other property that the farmer has, if any, and advance him the money to make a crop with this year. Title III of this bill makes a longer step in the right direction than any bill I have ever had the pleasure of voting for in the House of Representatives.

CREDIT OF GOVERNMENT SHOULD BE USED FOR GENERAL WELFARE

I believe the time is coming in this country, and this is one step in that direction, when the Government will use its credit for the benefit of the general welfare of the American people.

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. DOXEY. Mr. Chairman, I yield the gentleman from Texas 2 additional minutes.

POWERFUL BANKERS USE GOVERNMENT CREDIT FREE

Mr. PATMAN. The Federal Reserve Act was passed. It was nothing more than a law that permitted the bankers to use Government credit. These private banks, the Federal Reserve banks, have never paid the Government one penny for the use of that credit as provided in section 16 of the Federal Reserve Act. Section 16 of that act says that when Federal Reserve notes, which represent a mortgage on all the homes and all the property of all the people in the Nation, are delivered to the Federal Reserve banks, the Federal Reserve banks shall pay to the Government agent the rate of interest that is assessed by the Federal Reserve Board, and until this good day not one penny of interest has been paid by the private banking institutions for the use of billions and billions and billions of dollars of credit every year.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WEIDEMAN. Has the gentleman determined the amount that the Government of the United States would have due to it if the bankers had paid the amount they should have paid to the Government, and is it not a fact that if that had been paid, we would not have been compelled to penalize the veterans?

Mr. PATMAN. The gentleman is correct and I thank him for his contribution. If that law had been complied with as written—and it is still the law, not one word of it has been repealed—we would not have an unbalanced Budget. Neither would we have a deficit in the Treasury of the United States today. Many people will starve in this country because the powerful private bankers have been given special favors and used the credit of the Nation free of charge.

I hope the time will come in this country when the credit of this Nation will be used for the benefit of the producers and the wage earners as well as the big banks. Title II is a long step in that direction. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, recently there was conducted by the University of Minnesota a survey of farm income in the southeastern part of the State, the most prosperous section in Minnesota, a section which was affected little, if at all, by the land speculation of 14 years ago, a section where the dairy cow has long been a symbol of contented prosperity. The survey showed that 143 farmers, a fair cross section of southeastern Minnesota, in 1932 earned no labor income. On the contrary, they lacked, on the average, $768 of earning 5 percent interest on the fair value of their investment.

There is probably no part of this country better fitted for successful agriculture than this region; still the farmers tilling its soil, after giving their labor and that of their families without compensaton, lacked $5 an acre of making ends meet.

It should be evident from the results of this survey that loaning them money at 4½ percent interest will fall far short of saving the farmers of America. In Minnesota the farm-loan rate has been from 5 to 5½ percent during the very period when agriculture has sunk from the comparative affluence of 1919 to the desperate, hopeless poverty of 1933.

If, with an interest rate of 5 percent, we sank deeper and deeper into debt during the last 13 years, during much of which time the prices of farm products were three times what they are now, let me ask you upon what you base your hope that a one half percent reduction in the interest rate will accomplish our economic recovery?

Most of the present farm debt was created at a time when the products of agriculture brought from three to five times what they bring today. In 1920 it required 200 bushels of wheat to pay the interest on a $10,000 farm mortgage. Today it requires 1,200 bushels. A 5-percent note executed in 1926 draws 15 percent interest today on the basis of the amount of produce required to pay it, and if the note was executed in 1920 it draws 25 percent. There is no industry in the world that can have the burden of its debts increased fivefold in 13 years and survive.

I am aware that it will be argued that the solution of the problem lies in better prices. I realize that higher prices are needed, and I hope that the measure we passed the other day will bring them. Let me remind you, however, that prices might be doubled, and they still would be a third lower than they were in 1926 and less than half of what they were in 1920. Any reasonably anticipated increase in the price level must be accompanied by a substantial reduction in the interest burden if the relief given shall be sufficient to save agriculture from universal bankruptcy.

Let me add that it is extremely doubtful whether the price reaction in any event will come soon enough to head off disaster, unless the burden of the present indebtedness be radically reduced. There are crop surpluses on hand which will, for some considerable time, offset any reduction in acreage. Price adjustment will at best be slow. It would be almost convincing proof that miracles still happen if, in the face of the depressing influences against which the new devices will have to contend, price adjustment could be accomplished in time to head off catastrophe.

Interest rates must be reduced. They must be based upon present, or reasonably prospective, earning power; not upon what we may dream or imagine earning power will be some years hence. Prices have been deflated, and interest rates must be deflated accordingly, if we would reestablish the solvency of the Nation. Logically, the only alternative is inflation, and let me add parenthetically that I am for a reasonable amount of it.

The next question is, granted that the interest rate should be reduced, at what point it should be fixed. From the facts to which I have referred, the conclusion would be unescapable that, on the basis of his present capacity to pay, the farmer should be charged one third of the rate he paid in 1926, which would be about 1⅔ percent. If he paid 3 percent the farmer would be generous—he would be showing the same kind of generosity he exhibited during the long decades when, Lazarus-like, he was content to pick the crumbs which fell from the table where Dives dined on the rich viands of special privilege.

You ask, "Where will the money come from to refinance farm loans at so low a rate of interest?" I am aware of the fact that the last offering of Federal securities brought 4 and 4¼ percent. At first I was inclined to agree with those who saw in this the first sure sign of Democratic ineptitude, but I was forced to change my mind when I learned that the last issue under the late Republican administration was sold at a discount of 4.26. Then I concluded that the Democratic administration in equaling a Republican performance had exhibited statesmanship of high order.

However, I am not one of those who believe that it is necessary for the United States Government to pay 4 percent interest on its borrowings. What the Government has to do during a period of great uncertainty, when the banking system of the country is in utter collapse, when every bank is closed, and when confidence in the financial stability of the Government itself is shaken, is no criterion of what it should do under conditions more nearly normal. Not long ago, short-term offerings were over-subscribed at three fourths of 1 percent. Long-term securities will carry a higher rate, but there is every reason to believe that securities backed by the Government will command a premium.

From now on, with every industry overbuilt, every business overexpanded, every corporation overcapitalized, the investing public will experience increasing difficulty in finding places for prudent and safe investment. More and more the people will entrust their surplus capital to the Government. Two percent interest has attracted hundreds of millions of dollars into the postal savings banks. It is a mistake to write 4 percent into this legislation. It is an invitation to establish a rate which under present conditions is not only excessive but usurious. Leave "4 percent" in this bill, and we will pay 4 percent. It would

be better to place no limitation than to place one that is too high.

But we have a club with which to hold interest rates on Government borrowings down. Why do not we use it? The power to issue currency is that club.

You say that there must be adequate gold reserves to back the currency? We have a wide margin of safety. You say that currency must be kept instantly redeemable. Go to the Treasury with a $100 bill today, and see how much gold you get. You say we must stay on the gold standard? The essence of the gold standard is redemption. If that is true, then today we have the gold standard in reverse.

If the Government has some of your gold, and you hold the equivalent of a warehouse receipt to prove it, you cannot get your gold. If you have some of your own gold in possession, the Government not only demands that you surrender it, but enforces its demand with the penalty of imprisonment. I am no longer going to get excited when somebody warns me that doing thus and so will put us off the gold standard. Many things have happened lately to strengthen economic heretics in their heresies.

To say that we are on a gold basis is to juggle with words. We recently authorized the issuance of currency against commercial paper held by distressed banks. If the promissory notes of shaky business men, held by shaky banks, is good security against which to issue currency, then the objection to the issuance of currency against bonds secured by mortgages on the Nation's only permanent and imperishable wealth—land—loses its point.

So, by the logic of events, I have been forced from my ancient moorings. There was a time when I considered certain features of the Frazier bill absurdly unsound. But when I saw the Nation's faith and credit used to support tottering banks, embarrassed life-insurance companies, and railroads hopelessly in red, I changed my mind. If the most respectable economists and the most conservative business men could give their high approval to such a venture, then I concluded it was not economic heresy to expect and to ask a like solicitude for that industry upon the well-being of which depends the solvency of banks, insurance companies, and railroads.

Mr. Chairman, I regret that the majority found it necessary to adopt a rule against amendments. As a Member new to this body but somewhat experienced in legislative procedure elsewhere, I find it difficult to understand how a similar rule, enforced by another party at certain times in the past, justifies the present restriction. Certainly two wrongs do not make a right.

So lacking the opportunity to support amendments, I hope I shall have a chance to vote for a motion to recommit, to the end that there may be full consideration of facts and arguments which I feel the committee must have overlooked. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, the gentleman from Minnesota [Mr. CHRISTIANSON], in conjunction with others, complains that there is no opportunity to offer amendments. I am satisfied that if the gentleman from Minnesota or any other gentleman has any real, constructive amendments to offer to the bill and will submit them to the splendid Committee on Agriculture, which has devoted so much time to this legislation, the committee will give them favorable consideration.

I myself am one of these who believe that the House should have an opportunity at all times to consider legislation under the so-called "liberal 5-minute rule." But I have tried for many years to obtain legislation that would relieve the farming situation in this country and have voted for every farm bill that was brought before the House; yet the condition of the farmer has not grown better; in fact, has grown much worse. Now, here is a bill that offers real and immediate relief to the farmers. That it is not perfect no one will deny; but I leave you draw your own conclusions as to the kind of bill we would have if every Member were to have his particular amendment adopted and made a part of this bill.

In my estimation, the administration and the committee, which have considered this proposed legislation for many weeks, are in a better position than any individual Member or group of Members of this House to say to the House and to the country, "Here is the most feasible bill that can be passed"; and I, for one, believe we should have confidence in their judgment.

I know the President has devoted not only weeks but months to this proposition. He desires to be of real and immediate aid to the farmers, and in this way to the country. For this reason I question the wisdom of bringing in at this critical time a bill that is open to amendment, feeling that the herculean efforts of the administration and the committee to bring about speedy and practical relief would be abrogated by this provision.

I myself could suggest a dozen amendments to this bill that, in my own humble judgment, might improve it; but I am not going to set myself above the committee and the President and his advisers and say that my judgment is superior to theirs.

Therefore, although I am as desirous as anyone to offer amendments, I will, in deference to the judgment of the President and his advisers and of the Committee on Agriculture, withhold my views.

I have stated on this floor many times that if we could eliminate the speculation and gambling that is taking place on our exchanges, which is destructive to fair prices of farm commodities, the farmer would be aided and prices would be improved and increased. I believe that not until the purchasing power is restored to the farmers of this country can we expect the return of prosperity, and therefore I am willing to follow the President and the committee in any constructive legislation.

But this is merely a beginning. There will be other bills forthcoming, and we will have the opportunity in the near future to legislate for the farmers and for the wage earners and residents of the large centers who have suffered more perhaps than the farmers of the United States. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Chairman, in my opinion the farm is the backbone of our country. Without it, nothing else would be of value. Life is sustained by the farmer.

The farmer is the worst handicapped of any class. Price fixing of machinery, fertilizer, and so forth, and maintained at near-peak prices, which the farmer must pay, has ruined him. He takes his crop to market, and high handling costs leaves him little, sometimes nothing, and he must take what he is offered.

The trouble on the farm started in 1920, and not in 1929. His panic began 9 long years before the real panic. To pacify him, he was given a palliative—a farm mortgage—then a crop and seed loan. What he needed was a market, lower tax, an equal distribution of tax, lower interest; in other words, a fair, equitable deal.

Farm mortgages were made covering debts made when things were at highest-peak prices. The rates of interest were peak rates. Today the farmer receives less than half for what he sells than he received then, but his interest rate remains unchanged.

If agriculture is to be restored, one most important thing is a reduction of the interest rate commensurate with the price he receives for his products; and with the Federal Government lending aid, the rates can and should be greatly reduced.

A 3-percent rate of interest would be more in keeping with his returns today; 3-percent nontaxable bonds, gilt-edge securities replacing frozen loans—loans on which neither principal nor interest is being paid—would be a great step toward prosperity to the mortgaged farmer.

MONEY NOT TOUCHED

Almost everything and everybody has received the ax generously since this panic started—all labor, storekeepers,

property owners, and so forth. It is difficult to find anyone anywhere who is not reduced—many to poverty and complete loss of a life's savings. Even millions have lost all. Yet the money lenders of the big centers, the big bankers, are still getting, as Shylock did, their pound of flesh.

Our Government loans to shipping interests and others, I am informed, from one half of 1 percent up to 2 percent per annum. Why, then, should not our Government step in and give relief to our agriculturalists and compel a lowering of interest rates to a parity of prices received by them for their farm products.

Protection and subsidies are given to manufacturers, shipping interests, airplane interests, but the farmer has been caught between the two millstones.

The choice today is:

First. Reduce drastically the interest rate on all farm mortgages for a short period (5 years is necessary); or

Second. The liquidation of a few million farmers, who will lose their farms and be thrown on the towns and cities to join our present unemployed army of millions.

Here is an opportunity to aid millions at nominal cost to the Government by comparison.

I shall support this as a part of the great relief program of the President, which I believe to be worthy of the support of every Member of Congress. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I ask unanimous consent to incorporate in my remarks a farm bill.

The CHAIRMAN. Without objection, it is so ordered.

Mr. SHOEMAKER. Mr. Chairman and friends of this Congress, we are confronted here with very serious issues. For years and years this Congress or the United States Government has issued to private industry money at an exceptionally low rate of interest. I am asking today that the farmer be granted the same opportunity to borrow money at the same rate of interest that is paid by the Shipping Board, by the railroad corporations, and various other private interests.

To illustrate: The National Grain Corporation, which is nothing more than a political set-up, not long ago borrowed $15,500,000 from the Government at an interest rate of one eighth of 1 percent. I have been told that they turned right around and with that money bought United States Government bonds paying 4½ percent. They are paying salaries of fifteen to twenty-five thousand dollars out of that profit they are making from the Government.

With regard to this farm-mortgage proposition, in the State of Minnesota in 1923, we passed a rural credits bureau act, establishing a rural credit bureau to loan State money to farmers at 5¼ percent interest. That is 10 years ago, when farm prices were still fair. Money was loaned on 13,434 farms. Since that time 6,129 of those farms have become delinquent and 3,190 have been foreclosed, leaving less than 30 percent or 4,115 of those farms in good standing, and that with an interest rate of 5¼ percent. I ask in all fairness, What will it do with three fourths of 1 percent reduction under this bill? If they could not pay and save their farms at 5¼ percent 10 years ago, how can they pay their interest at the rate of 4½ percent now under conditions that we are confronted with today?

The records of the Department of Agriculture show that the average owner-operated farm in 1930 had a mortgage of $3,550 against it, while the average tenant-operated farm had a mortgage of $7,780. If we take the average owner-operated farm, and we cut the interest rate 2 percent on a $3,000 mortgage, it would constitute a saving of approximately $60 a year, and does this Congress feel that with $60 a year we are going to pull the average farmer out of the hole? Sixty dollars a year is just an aggravation when it comes to real benefits for the farmer.

The State legislatures of 21 States have memorialized Congress to refinance the farm debt of the United States by issue of Federal Reserve notes—carrying no interest burden on taxpayers.

These 21 States carry a farm-mortgage debt, as ascertained by the United States Department of Agriculture, amounting to $6,689,000,000, or 70 percent of the total farm-mortgage debt of the United States.

These memorials of 21 States to Congress represent the sentiment of both branches of the respective State legislatures, signed by their governors, lieutenant governors, and speakers.

In our representative system of government are the views of the legislative bodies of States carrying 70 percent of the farm debt of the United States—officially transmitted and recorded in the CONGRESSIONAL RECORD—worthy of consideration by a Congress engaged in framing a measure to refinance farm debt?

Among the State legislatures memorializing Congress to employ non-interest-bearing Federal Reserve notes to refinance the farm debt was the great State of Illinois, represented by the Speaker of this House.

Illinois, which carries $685,365,000 of farm-mortgage debt, the second largest of any State in the Union, was one of the first to memorialize Congress for the Federal Reserve note plan embodied in the Frazier bill. Illinois is presumed to be one of our safe and sound States—which is apparent in the fact that it gives us our venerated Speaker, the mainstay of the administration.

Shall we not listen to the great State of Illinois in legislative body duly assembled pursuant to the Illinois Constitution?

Among these 20 States were the Big Five which head the list in volume of farm-mortgage debt, which rank as follows:

Ranking State:	
Iowa	$1,402,178,000
Illinois	685,365,000
Nebraska	599,418,000
Minnesota	558,458,000
Wisconsin	529,992,000

The Big Five alone carry nearly 40 percent of the total farm-mortgage debt of the United States—a larger aggregate farm debt than that of all the 28 States which failed to memorialize Congress for the Frazier bill.

Following the Big Five came seven Middle West and Western States carrying farm debts ranging from $200,000,000 to $500,000,000 each, in order of rank as follows:

California	$460,511,000
Kansas	447,586,000
South Dakota	370,946,000
Indiana	277,269,000
Michigan	235,399,000
North Dakota	230,250,000
Oklahoma	228,513,000

The combined 12 States thus far listed for the Federal Reserve note plan of farm-debt financing have an aggregate farm-mortgage debt of over $6,000,000,000, or 63 per cent of the United States total.

Still, there are eight more States of the West and South, all supporting the plan of Illinois, which gave the House its Speaker:

Colorado	$144,464,000
Montana	104,852,000
Tennessee	96,711,000
South Carolina	77,214,000
Oregon	110,875,000
Idaho	100,033,000
Arizona	29,006,000
Nevada	13,997,000

The total of 20 farm-mortgaged States from which Congress has received legislative memorials for the Federal-note plan bring to us an aggregate farm debt of $6,689,000,000, 70 percent of the national total, to back their legislative judgment.

FARM MORTGAGES BY CLASS OF MORTGAGEES

The total farm-mortgage debt of $9,463,526,000 is classified by the United States Department of Agriculture according to percentage of holdings by the principal lending agencies, as follows:

	Percent
Insurance companies	22.9
Federal land banks	12.1
Joint-stock land banks	7.0
Commercial banks	10.8
Mortgage loan companies	10.4

	Percent
Retired farmers	10.6
Active farmers	3.6
Other individuals	15.4
Other agencies	7.2

Insurance companies, the largest class of mortgagees, hold nearly one fourth of the total farm-mortgage debt of the United States.

Testimony before congressional banking committees, House and Senate, shows that some of the larger insurance companies have divided their mortgages into two main classes, "good loans" and "bad loans." Their financial agents are instructed to settle "good loans" on offers of 50 percent of the face value of the mortgage, and to refuse no cash offer of any kind for settlement of "bad loans."

This indicates that the mortgages held by such insurance companies have a present cash value of 50 percent or less. If they can get Uncle Sam to hold the bag for full face value of the mortgage, the mortgagee companies stand good to "soak" the American taxpayer for a billion or so.

Nearly half of the farm mortgage debt is borne by the farms of the West North Central States—Minnesota, North and South Dakota, Iowa, Nebraska, Missouri, and Kansas—which carry an aggregate of $4,056,187,000, being 43 percent of the country's total.

In these West North Central States insurance companies hold 32.3 percent, or nearly one third of all farm mortgages, and mortgage companies 15.1 percent, with other agencies 5.8 percent—an aggregate of 53.2 percent in the hands of mortgage agencies, against only 7 percent Federal land banks.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. DOXEY. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. SHOEMAKER. In the five East North Central States—Wisconsin, Michigan, Illinois, Indiana, Ohio—insurance companies hold 19.4 percent, "other individuals" 17.2 percent, commercial banks 14 percent, retired farmers 14.1 percent, Federal land banks 8.2 percent.

In the aggregate of the 12 States of the so-called "Middle West" the farm-mortgage debt approximates $6,000,000,000, or 63 percent of the United States total, in which the principal holders are insurance companies and other mortgage agencies. These are the States that have memorialized Congress to enact the Frazier plan of issuing Reserve notes for settlement of mortgages at the appraised present cash value—in lieu of the mortgage-agency plan of bond issues to leave Uncle Sam and the taxpayer holding the bag for the face value of the mortgage with a fine profit of margin for a pool of speculators.

Refinancing by Reserve note issues at present cash value of mortgage after fair appraisement by the Government has three points in favor of public welfare:

First. It involves no interest burden to be met by the taxpayer.

Second. It gives no subsidy or graft to the mortgagee—no "dole" to a speculative pool.

Third. It keeps down the public debt and helps Uncle Sam to balance his Budget.

That is the way it looks to the State legislatures of the 21 great Commonwealths that carry 70 percent of the farm-mortgage debt of the United States—including the State that gives the present Congress the greatest Speaker since Muhlenberg, the Speaker of the first American Congress. [Applause.]

Mr. ARENS. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman has again expired.

Mr. DOXEY. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. ARENS. Mr. Chairman, will the gentleman yield?

Mr. SHOEMAKER. Yes.

Mr. ARENS. I have a telegram here which I have just received from the chairman of the Department of Rural Credits, which reads as follows:

Total mortgage loans made, 13,434; total delinquency, 6,129; total farms acquired, 3,190.

Out of 13,000 and odd farms that the State of Minnesota loaned money on, it will be seen that 6,129 are delinquent, and over 3,000 have been foreclosed. Four thousand and odd remain in good standing. The interest rate fixed when I was a member of the Senate of the State of Minnesota 10 years ago was 5¼ percent, plus 1 percent for amortization.

Mr. SHOEMAKER. Mr. Chairman, I shall support a motion to recommit this bill and send it back to the committee for reconsideration, and I trust that our Agricultural Committee will see fit to give this the consideration that I feel it is entitled to, so that we may issue against these farm mortgages a Federal bank currency which will do something toward bringing money into the country and helping and assisting the American farmer, and which will also have a tendency to raise the price of farm products. Until we do that they cannot pay the interest, even though it be 1 percent. [Applause.]

Under unanimous consent I append herewith H.R. 4799, which I introduced:

Be it enacted, etc., That it shall be the policy of the Government of the United States to issue to the producers of three basic and nonperishable farm products—wheat, cotton, and tobacco—under regulations and limitations to be prescribed by the Secretary of Agriculture, certificates of purchase which bear no interest and which shall be a legal tender for all debts, public and private.

SEC. 2. For the purpose of effecting the intention of this act the Secretary of Agriculture shall have power to license inspectors and graders and establish rules for their guidance and to determine what shall constitute approved storage upon the land of the producer or producers. It shall be the policy of the Government to pay no charges for storage in public warehouses.

SEC. 3. (a) For each 1,000 bushels of contract grade of wheat grown in the United States in the year 1933, inspected, stored, and insured in a manner approved by the Secretary of Agriculture and the title thereto delivered to him, the Secretary of Agriculture shall receive from the Secretary of the Treasury $1,000 in legal-tender certificates of such denominations as he, the Secretary of Agriculture, desires, and after deducting 3 percent as administration costs shall turn over to the seller, who provides suitable contract for the storage of the wheat free of charges on his premises until sold, the remaining 97 percent of the certificates so issued. The face value of certificates for other grades of wheat are to be regulated by prevailing custom, of which the Secretary of Agriculture shall be the sole judge.

(b) For each 1,000 pounds of cotton middling in grade and seven eighths inch in staple length grown in the United States in the year 1933, inspected, stored, and insured in a manner approved by the Secretary of Agriculture and the title thereto delivered to him, the Secretary of Agriculture shall receive from the Secretary of the Treasury $100 in legal-tender certificates in such denominations as he, the Secretary of Agriculture, desires, and after deducting 3 percent as administration costs he shall turn over to the seller, who provides suitable contract to store the cotton free of charge on his premises until sold, the remaining 97 percent of said certificates. The purchase value of other grades and staples of cotton shall be regulated by prevailing custom, of which the Secretary of Agriculture shall be the sole judge.

(c) Upon the application of the grower of tobacco the Secretary of Agriculture shall cause to be inspected and graded all kinds of tobaccos of which 100 tons or more are grown in the United States in 1933, and upon approval of inspection, storage, and insurance, and title thereto delivered to him, shall cause to be issued to him such values in legal-tender certificates by the Secretary of the Treasury as are consistent with a fair profit to the grower and financial prudence on the part of the Government; and the Secretary of Agriculture, after deducting estimated costs of administration, shall turn over to the seller, who provides suitable contract for the storage of the tobacco without charge on the premises until sold, the remaining part of the certificates. The Secretary of Agriculture is authorized to name the minimum amount of each grade of tobacco which shall be a basis of an issue of legal-tender certificates.

(d) The word "seller" as used in this act means any person, association of persons, partnership, or corporation engaged in the growth of tobacco, wheat, or cotton, the title to which is conveyed to the Secretary of Agriculture.

(e) In no case shall legal-tender certificates be paid by the Secretary of Agriculture to any person, association of persons, partnership, or corporation not the actual grower of the tobacco, wheat, or cotton for which the certificates are issued.

(f) It is the intent and purpose of this act that the Secretary of Agriculture shall purchase all wheat, cotton, and tobacco offered if grown in the year 1933 at the prices and under the conditions herein mentioned.

SEC. 4. Under such conditions as may be agreed upon by the Postmaster General and the Secretary of Agriculture, every mail carrier and postmaster throughout the United States shall be required without extra pay to handle samples of these three farm

products and have them tested and appraisals made and see that proper storage is provided for on farms covered by their respective mail routes or in a territory served by such postmasters or carriers, to fill out the applications to the Secretary of Agriculture for legal-tender certificates, and report to the Secretary of Agriculture for the United States.

SEC. 5. Any wheat, cotton, or tobacco of the growth and crop of 1933 may be sold by the Secretary of Agriculture to any miller, trader, processor, or exporter in return for the amount of legal-tender certificates issued against a like amount and quality of the commodity in storage sold and an additional amount of other currency to cover costs of administration, transportation, or profit. For this and other purposes the Secretary of Agriculture shall set a basic transportation rate on all wheat, cotton, and tobacco, with the same milling in transit, concentration, storage, or other special service incident to transportation provision as exists at the time of the sale, so that the cost of transporting the same freight shall be the same amount regardless of the distance it is hauled within the United States.

(b) In no case shall the Secretary of Agriculture sell wheat, cotton, or tobacco for less than the amount of certificates issued against the same amount and quality of the commodity sold plus the cost of administration and equalized transportation. If any profit should accrue to the Government from the operation of this act, it shall be kept in a separate fund to be administered as Congress shall further declare. The Reconstruction Finance Corporation is hereby authorized to lend to the Secretary of Agriculture such sums as may be reasonably necessary to the operation of this act.

(c) All legal-tender certificates received by the Secretary of Agriculture in payment for wheat, cotton, or tobacco shall be immediately retired by the Secretary of the Treasury.

(d) Any importer holding legal-tender certificates issued against wheat, cotton, or tobacco under the authority of this act, upon proper showing to the Secretary of the Treasury that currency of the United States backed by gold or silver is necessary for a transaction or transactions with aliens in a foreign state, the Secretary of the Treasury is authorized to receive such wheat, cotton, or tobacco certificates at par for currency of the United States.

SEC. 6. Any willful misrepresentation concerning or burning, stealing, or in any way willfully or with lack of ordinarily prudent care destroying value in wheat, cotton, or tobacco in the control of the Secretary of Agriculture under this act shall be punished by a fine of not more than $1,000 or imprisonment of not more than 5 years, or both.

SEC. 7. The authority of the Secretary of Agriculture under this act shall not extend to the wheat, cotton, or tobacco crops of 1934, 1935, or 1936 without the express order of the President of the United States, which express order may limit but not enlarge authority under this act. No authority under this act shall extend to any crops not grown and stored as approved by the Secretary of Agriculture before January 1, 1937.

SEC. 8. Acts and parts of acts inconsistent with the terms of this act are hereby suspended during the operation of this act insofar as they are inconsistent.

SEC. 9. Should part of the provisions of this act be declared void, all others operable shall remain in full force.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and incorporate therein a resolution which I have introduced and several excerpts.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, this bill introduced by our colleague, Mr. JONES, as chairman of the committee, was sent to us by the President of the United States. The President had it prepared by his experts. It is a part of his plans and policies in a program seeking economic recovery for the entire Nation. While the bill does not suit me, and while I would change many of its provisions, I am going to support it. I have made up my mind that during this crisis I am going to support every measure that the President sends us, and which he tells us that he needs, and which he says is a part of his plans and policies, save and except one subject, and only one, and that is intoxicating liquor, upon which I am definitely pledged to the people I have the honor to represent. I am not going with him on liquor but I am going along with him on every other subject.

As soon as the Seventy-second Congress met in December 1931, I then introduced a measure to stop foreclosures of farms during the depression and to provide for the redemption of farms already foreclosed. This bill, House Joint Resolution 79, was referred to the Committee on Banking and Currency on December 8, 1931. Other similar measures were sent to that committee. It held hearings and would have favorably reported the legislation if it had not been stopped by the Treasury Department.

The preamble of the measure I introduced recited the following:

Joint resolution authorizing and directing Federal land banks to suspend and withhold foreclosure of mortgages during the present depression, where farmers are unable to make payment of interest or principal due, and to provide for redemption of any such farm lands foreclosed since April 1, 1930

Whereas it was the intent and purpose of Congress when passing the Federal Farm Loan Act in July, 1916, to aid and protect farmers in times of distress and not to ruin and rob them of their farms; and

Whereas when creating Federal land banks Congress provided that if the initial $750,000 capital required for every Federal land bank was not subscribed within 30 days the Secretary of the Treasury should subscribe for it on behalf of the United States; that all salaries and expenses of the Federal Farm Loan Board supervising such banks be paid annually by the Government; that such banks be national depositaries; that the capital, reserve, surplus, and income of every Federal land bank be exempt from all taxes, Federal, State, municipal, and local; that the mortgages and bonds of said banks shall be deemed and held to be instrumentalities of the Government of the United States; that the bonds of said banks shall be a lawful investment for all fiduciary and trust funds, and may be accepted as security for all public deposits; and other subsidies were extended to said Federal land banks by the Government to enable them to grant special aid and protection to distressed farmers; and

Whereas certain portions of the agricultural sections of the United States have been inflicted with prolonged and continued droughts, and with unprecedented low prices for farm products, making it impossible for certain farmers who are borrowers from the Federal land banks to meet the interest and other maturities on their loans; and

Whereas the Federal land banks have harshly adopted the policy of granting no extensions regardless of circumstances, and illustrative of such policy, the Federal Land Bank of Houston, Tex., one of the 12 such banks authorized and created by Congress, in its booklet distributed in 1931 to its 56,767 farmers who had borrowed $151,600,000, entitled "Why the Federal Land Bank Can Grant No Extensions", cold-bloodedly announced:

"All borrowers should understand that it is a waste of time to ask for extensions. If one cannot pay, then he should sell his farm to one who can and will";

And asserting further in such booklet that the Federal land bank is not a Government institution; and

Whereas Congress alone can stop this wholesale foreclosure of farms, and without appropriate action these distressed farmers and their wives and little hungry children will be turned out into the cold and lose their homes: Therefore be it

Resolved—

And so forth. And, Mr. Chairman, in such measure I provided adequate machinery to stop all foreclosures of farms during this depression, where farmers were financially unable to pay, and to provide means of redeeming and recovering back the numerous farms which have been improvidently foreclosed since April 1, 1930.

I feel encouraged that my efforts have helped to bring this acute situation to the attention of the President, and I feel that my efforts have helped to influence him to send this remedial legislation before this Congress which we are now considering. I hope and pray that it may be sufficient to afford much-needed relief to the many distressed farmers of the United States.

This bill is in the nature of a fulfillment of a promise which our President made to the farmers when he was on the hustings seeking election. Naturally it does not suit all of the 435 Members of this House. It would be extremely hard to frame any bill that would suit all of us exactly. But because it does not suit some of us Democrats, is that any reason why we should deny to the President the right and opportunity to put his own plans into execution? If we stop any of his proposals, we will break the sequence of his plans and he will not have an opportunity to put his policies and program into effect. So I am going down the line with him, excepting the one subject of liquor, during this crisis.

When the time comes for us to reassert our constitutional powers after our country gets back to normalcy, then I am going to stop going along.

And in this Congress I am not going to support measures that do not appeal to me, when they are not specially

requested by the President. There will be plenty of such measures for us to stop.

For instance, are your farmers at home interested now in spending $48,500 on a junket trip over to Rome, Italy, every year, spent in the name of farmers?

Mr. PIERCE. No.

Mr. BLANTON. Not a bit. No. It is ridiculous.

Mr. PIERCE. It is nonsense.

Mr. BLANTON. Yes; it is nonsense. I hope that every new Member in this House will help stop that, because such a bill is soon to come before this House. The Committee on Foreign Affairs this morning favorably reported House Joint Resolution No. 149, the first part of which reads as follows:

Joint resolution authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy

Resolved, etc., That the sum of $48,500, or so much thereof as may be necessary, is hereby authorized to be appropriated annually for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State.

Note, if you please, that this is a $48,500 junket to Rome, Italy. Note, too, that it is to be an annual affair, and that after you pass this bill, there will be spent on such a junket $48,500 every year until Congress can pass another law to stop it. It could not be stopped without a law being passed to stop it. This has been going on for several years, and I have been making a fight each year to stop it. I succeed in knocking the appropriation out on a point of order, and then it is put back in the Senate. But when you pass this bill, it cannot be stopped on a point of order.

I want you to note another thing about this resolution. The main committeeman on this junket has been getting only $5,000 for his service each year. It is proposed to raise his salary to $7,500 plus his expenses. Note subdivision (2) of the resolution:

(2) Not to exceed $7,500 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.

We have reduced and cut $1,500 off of our own pay, and have cut an additional 2 months' pay off of our own term, and have reduced our mileage 25 percent, and have reduced our stationery allowance for office expenses 25 percent, and have reduced our allowance for clerical hire $750 per year, which reduction many of us bear out of our own pocket rather than reduce our employees who have dependents to support, and yet when we will do all that to ourselves, we are asked by this resolution to increase the pay of this useless junketeer from $5,000 to $7,500, when the whole junket ought to be abolished.

Note subdivision (3) of this resolution providing for the maintenance of quarters at Rome, Italy:

(3) Not to exceed $5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and necessary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture.

Mr. TABER. Will the gentleman yield?

Mr. BLANTON. In just a moment I shall be glad to yield. What farmer, or what Representative here specially looking after the interests of the farmers would expect a good farm measure to come from the Committee on Foreign Affairs? Incidentally, we want some home-affairs committee to handle the farmers' problems in this country. [Applause.]

Mr. BLOOM. Will the gentleman yield?

Mr. BLANTON. I knew I would get a rise out of my friend SOL BLOOM from New York, because this is one of his pets.

Mr. BLOOM. Will the gentleman, before he answers that, read the next paragraph, so as to show how this money is to be expended?

Mr. BLANTON. I have read all three paragraphs. None are good. I want to say to my friend Sol——

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Texas 2 additional minutes.

Mr. BLANTON. The gentleman from New York [Mr. BLOOM] did the finest work in the world on the George Washington Bicentennial Commission, and he ought not now spoil it. He got more of good for the people of the United States out of the money he expended than they have ever gotten before. He ought not spoil it by any such foolishness as this wasteful resolution.

Now, I want to call attention to something else. There is now pending on the calendar under a privileged rule another companion resolution, known as the Sirovich resolution——

Mr. BLOOM. Oh, no; not a companion resolution.

Mr. BLANTON. It is companion in the sense that it is unnecessary and will provide another useless, expensive junket. I want to tell Sol this, that before this special session adjourns you Members had better watch out for many of these junket-trip resolutions. [Applause.] I want to see, when they call up that Sirovich resolution, which is a waste of public money, which provides that they can employ lawyers without limitation and pay them salaries without limitation, that they can employ experts without limitation, just how many Members will vote for it, for it is nothing on God's earth but a foolish waste of money; and when that comes up under that rule I hope that every one of you new Members will be here and will help us to defeat it. If you will help, we will kill it. We ought to stop every one of them that comes up in this Congress. We ought to get back to normalcy, and we ought to quit spending money foolishly in the name of the farmers and the American taxpayer when it does not help any farmer at all. [Applause.]

This Sirovich resolution (H.Res. 95) proposes to create a special committee of seven Members of the House; and proposes that it, or any subcommittee of it, may sit at any time it desires, and may sit anywhere in the United States, or Europe, or the whole world for that matter, that it may desire, wholly without any limitation. And the taxpayers of the United States will have to pay the bill. Section 3 provides:

SEC. 3. The committee is empowered to subpena persons, records, documents, swear witnesses, and to secure such data and any or all other information as may be deemed necessary to aid the committee in the ascertainment—

And so forth. And the taxpayers of the United States will have to pay all of the witness fees and traveling expenses and cost of attendance by such witnesses wholly without any limitation being placed thereon by Congress.

Section 4 provides:

SEC. 4. The committee is authorized and empowered to employ such legal counsel, technical or other counsel, auditors, clerical, stenographic, and other assistants, to make such expenditures, including expenditures for actual travel and subsistence of members and employees, and for such other and further expenditure as are necessary for the efficient execution of its functions under this resolution, including transcription, printing, and binding of data and reports.

Note that this special committee may employ all of the lawyers that it wants. No limitation is placed on it as to the number of lawyers. Note that no limitation is placed on the committee as to the size of the legal fees it may agree to pay the lawyers. The committee may contract to pay any fee it desires to pay, and the people of the United States will have to foot the bill. No limitation is placed on the number of technical experts it may employ or the salaries it may pay them. No limitation is placed on the number of auditors, or stenographers, or clerks, or other assistants it may employ, or the salaries it may pay them. This resolution could cost the people a tremendous sum of money. No such resolution ought to be passed by this Congress. We ought to defeat it when it is called up.

Mr. LUNDEEN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. LUNDEEN. I want the gentleman to know that while both he and I are interested in baseball and football, the Farmer-Labor delegation is here listening to him this afternoon.

Mr. BLANTON. I never think about who else is listening to me besides my colleagues present before me.

Mr. LUNDEEN. I want the gentleman to know we are on the job.

Mr. BLANTON. That is good. You have to keep on the watch, all of you. At the last part of a session is when these things come up, and they always look very innocent. You have to look down between the lines and check them up. They are brought in here with 30 minutes' debate, and you must be on the watch for them to be able to stop them. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. DOXEY. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Mr. Chairman, I am very glad I have the opportunity to answer my friend the gentleman from Texas [Mr. BLANTON] and explain to you about this resolution. My only thought in rising at this time is not to allow the Members who listened to the gentleman from Texas to get the wrong idea and imagine that this is going to be a junket. It is nothing of the kind. This resolution is recommended and endorsed by the President of the United States; it is approved by the Secretary of State; and it is approved by the Secretary of Agriculture.

Mr. BLANTON. But it is not one of the President's bills, even though someone may have gotten it endorsed by Franklin D. Roosevelt, and the President is the man we are following. We are not following this, that, or the other department, but the President. [Applause.]

Mr. BLOOM. That is the time for the applause to come in. There is no question about that, but let me tell the gentleman from Texas, I said that this was endorsed by the President of the United States, so that means Franklin D. Roosevelt.

Mr. McGUGIN. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. McGUGIN. Is it endorsed by the Postmaster General?

Mr. BLOOM. I do not think that question is in order at this time. If the gentleman wishes to find out I should be glad to speak for the Postmaster General, but I do not think it is necessary. However, let me say this——

Mr. BLANCHARD. Will the gentleman yield?

Mr. BLOOM. I am sorry, but I do not have the time. if the gentleman will get me more time I shall be glad to yield.

Mr. DOXEY. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. This is nothing new. This Agricultural Institute in Rome has been in existence for years. We belong to it. By treaty we are a part of it, and we have been a part of it for many years. The only thing is that there is an increase of $2,500 in this salary item about which you heard the gentleman from Texas read. It is necessary that we send a man to represent the United States who is able to understand agriculture and at the same time is a linguist. He must understand French, because all the proceedings are held in French. Formerly the United States had a representative who paid money out of his own pocket. He was a man of means. This resolution says that the salary of the representative shall not exceed $7,500.

Furthermore, out of this salary allowance the representative must pay the rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 20, 1930, compensation for all subordinate employees without regard to classification, actual and necessary travel expense, and every contingent expense incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture. Out of this money he must pay all the expenses of running this office. This is no junket and this is nothing new.

Mr. BLANTON. It is worth nothing to our farmers. I have been trying to stop it for years.

Mr. BLOOM. That is right. The gentleman from Texas has been trying to stop it for years, but he cannot stop it. The Government of the United States is paying now about $44,000 a year to maintain this thing without a representative. We are obligated by treaty to do this, and as long as we are spending this money it is necessary that we should have an efficient representative. You gentlemen who represent farming districts get the benefit of all these reports from every part of the world. We are only asking for an additional $2,500 if necessary; and the representative must pay all the expenses of running this office. So I think the gentleman from Texas would be one of the first to support this resolution if he only understood exactly what it calls for.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. MARTIN of Oregon. Is not one of the most important matters carried on by this institute a study of world markets?

Mr. BLOOM. Absolutely.

Mr. MARTIN of Oregon. And are not we farmers vitally interested in it?

Mr. BLOOM. You farmers are vitally interested in it. I am not a farmer. The farmers from Forty-second Street and Broadway do not need this. There is no amount of money this Government spends for any purpose pertaining to farming from which as much benefit is derived as from this.

The only reason we ask for this increase is because the Secretary of State and the Secretary of Agriculture asked us to put this $7,500 in so we could get a person to represent us at a salary and not ask him to go down in his pocket and pay his own expenses.

Mr. BLANTON. I do not believe that our real dirt farmers are any more interested than the farmers of Wall Street, Forty-second Street, or Broadway are interested in thus wasting $48,500 annually at Rome, Italy. Tell me one dollar of benefit this $48,500 institute at Rome, Italy, has ever been to the farmers of America.

Mr. BLOOM. I shall be pleased to do so at the proper time. When this resolution is brought out I shall bring in the full report which will convince my farm friends that the results have been beneficial.

Mr. DOXEY. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. CHURCH].

Mr. CHURCH. Mr. Chairman, ladies and gentlemen of the Committee, I am supporting this bill because it is calculated to aid the farmers of this country. It does not seem to go quite as far as it might in that respect; however, it is an administration measure and I know it is good. I wish it could have been enacted into law the day after Roosevelt was inaugurated President of the United States.

Today the farmers are standing with outstretched hands calling to Washington for help. They are asking for relief from a condition that they had nothing to do with bringing on. Their troubles have come upon them while they were working, sweating, and doing the best they could. But pathetic as it is, in spite of their efforts, they have failed and are now losing their farms by hundreds of thousands each year. Farmers are generally brave men. They are too proud and independent to ask relief from their own mistakes. They are now asking relief from the crimes and blunders of others. The farmers of America have pitted their strength and courage against the adverse things of nature. Their muscles and brain they pit against the soil; against the cold and heat; against scale bugs, grasshoppers, rodents, and pests of every earthly kind. They realize that they have to fight everything on earth, under the earth, and above the earth. When they bravely roll up their sleeves, and go out on the farm to work, they assume the risk and take their chances against all of these things. But their Government they do not fear. They always stand with brown, broad hands, ready to protect it whenever it is necessary, and with childlike faith they believe their Government will, under all circumstances, protect them.

They likewise have faith in the people of America. They feed and clothe them—why should they not protect the

farmer? I think they have a right to think and reason as they do, for the farmer is doing the lion's share for the people of this country. Without the farmers, the rest of the people could not get along. They would simply starve to death; they are the benefactors of all the rest of the people. The great Commoner, Bryan, said:

> Burn down your cities and leave your farms, and others will spring up as if by magic; but destroy your farms and the grass will grow in the streets of every city of this Nation.

Yet it is a fact that while the farmers have toiled and sweat on their farms the very people whom they have fed and clothed have taken advantage of them; their farms and all the products of the farms have depreciated in value more than half. This, of course, has completely ruined the farmers financially. They find now that their farms will no longer provide them the necessities of life, much less supply the other people of America with food and clothing. Let us inquire why the farmers find themselves in bankruptcy as they do today.

It is simply because the dollar, the measuring stick of all commodities, has doubled in value in the last 3 years. Why has the dollar thus increased in value? Because dollars have become scarce. Why have dollars become scarce? Because those who own most of the dollars have called them home, shut them up in their vaults, and thus removed them from circulation. Why has money become more valuable? Because it has been made scarce. If you make any commodity, including money, scarce, you will make it valuable just in proportion as it is made scarce. Take away one half of the beef cattle of this country and you will double the price of meat, take away one half of the available coal of this country and you will double the price of coal, and take from circulation one half of the available money in this country and you will double the purchasing power of what remains. One half of the money is no longer available, therefore it is twice as valuable compared to other things; and for this reason, and this reason alone, the farmers' land, cattle, sheep, stock, his wheat, corn, cotton, chickens, and products of all kinds have depreciated in value. The question is, What is the Congress of the United States going to do about it? The value of the dollar must come down to the value it had when the bulk of the debts of this country were incurred. As long as the value of money is twice as high as it was when the debts were contracted the debts can never be paid. As long as the value of money is twice as high as it was when the mortgages were given the mortgages can never be paid. As long as the two hundred billion debts of this country have to be paid with $400,000,000,000 worth of effort they can never be paid.

The only way we will ever get out of our present depression is by expanding the currency, stabilizing the dollar, and fixing its price in comparison with what ought to be the price of commodities and labor. As it is, there is nothing more dishonest than a dollar. By its instability, it upsets the value of everything else on earth. We have fixed the weight of the dollar, and I can see no reason why we should not stabilize its value. Should we do this, I am sure that those who have artificially contracted the currency will start a cry that can be heard around the world. If we begin the reasonable expansion of the currency those who have contracted it, and now hold most of the money of this country in the hollow of their hands, will begin to loosen their grip by beginning again to make investments, and conditions will change for the better almost over night. The reason the moneyed powers of the country are so willing to talk against expansion is because when currency is expanded, their dollars decrease in purchasing power. If a person had placed in the ground $5,000,000 three years ago, and left it there, his $5,000,000 would be worth in purchasing power nearly fifteen million now. In other words, he could buy three times as much with the same amount of money as he could have done 3 years ago. No wonder people with vast fortunes are in favor of contracting instead of expanding the currency. Expansion is the great enemy of the extremely rich, but it is the only friend of the hundred million debtors and laborers in the United States in times such as we have now.

Another thing I want to call your attention to is that if we expect to restore the confidence of people in our banks, a law should be passed as soon as possible guaranteeing bank deposits, so that the person who puts money into a bank will have positive assurance that he will be able to take it out when he desires. Ten thousand banks have failed in the United States in the last 10 years and thereby about $1,800,000,000 have been lost to the depositors. Under such conditions, is it any wonder that people have so little confidence in banks that they are afraid to intrust their lifelong savings to the uncertainties of such institutions? It is little less than a disgrace to the Congress that it has not provided this necessary legislation many years ago.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Washington [Mr. ZIONCHECK] such time as he may desire.

Mr. ZIONCHECK. Mr. Chairman, I have a high personal regard for the members of the Committee on Agriculture. I feel satisfied they brought in the best bill that the regular rules and precedents on House committees would allow them to bring in, but I shall vote to recommit the bill to the Agricultural Committee with instructions to bring in an irregular bill—Frazier bill—which will afford real substantial relief to the farmers. If the bill is not recommitted, I shall vote for it, because it is better than no bill whatsoever.

The reason many of us Members voted to have this measure sent to the Agricultural Committee rather than the Banking and Currency Committee was our hope that the Agricultural Committee would not report a bill which would meet with the approval of the so-called "financial interests" of the country, and only today did we learn that the Agricultural Committee has no jurisdiction whatsoever on matters concerning the issuance of currency, particularly Treasury notes or Federal Reserve bank notes. But inasmuch as the House broke all precedents in sending this measure to the Agricultural Committee, I feel certain that if this measure is recommitted and the Agricultural Committee reports the Frazier bill that the House will sustain this irregular action; and we all know that the House is the final authority in such matters.

I was one of the few Democrats who voted against the gag resolution yesterday, which precluded any and every amendment to this bill or even an amendment to an amendment submitted by the Committee on Agriculture itself. I was sorry to learn that the Democratic opposition to the Republican gag rules was nothing more than a hypocritical pretense of opposing the rule, for I had heretofore labored under the illusion that the Democratic Party fundamentally believed in constitutional government and abhorred the gagging process used by our Republican friends when in power.

This bill appears to me to be a relief bill for the bankers, the farm-loan banks, and the bondholders of the joint-stock land banks, together with other mortgagees which comprise the creditor class; for in my judgment for every dollar of relief that is given to the farmer these other interests receive $10 in relief. I challenge any reasonable-minded person to deny that this bill is not primarily directed toward the relief of the financial interests of this country and not the farmers, for it specifically provides for refinancing mortgages only to the extent of 50 percent of the present valuation of the land, plus a 20 percent valuation of the permanent insured improvements thereon. My information is that the majority of the present mortgages upon farms far exceeds such valuation for the reason that the loans were made in more prosperous years when the valuation was much greater than it is now in 1933.

I object to the provision in the bill which provides for the issuance and circulation of additional tax-exempt bonds bearing interest at the rate of 4 percent, which interest is guaranteed by the Federal Government. This provision does not create more currency by way of inflation, which is one of the dire needs of the farmer today, for that is the only

legitimate way in which commodity prices to the farmer will be increased. This is not only desirable but an absolute necessity as a stimulant to restore economic stability. The present provision is deflationary. But, worst of all, the farmer will be required to pay a tribute to the financial interests of this country in the sum of $100,000,000 each year in interest on the bonds issued, and the bankers who get this interest will merely take these Government bonds and redeposit them with the United States Treasury or the Federal Reserve banks and receive currency, which they in turn will again loan at high rates of interest. This to me seems idiotic and almost suicidal.

Another reason why I do not favor the provisions of this bill is that the 4½ percent per annum interest to be charged to the farmer for refinancing of his loan is exorbitant under the present economic conditions. It is my opinion that the farmer, if charged any interest whatsoever, should not be forced to pay more than 1½ percent, together with a very long period in which to retire the principal indebtedness.

There is a further iniquity in this bill, and that is that the farmer is obliged to buy stock in the farm loan association equal to 5 percent of the loan. This amount is to be deducted from the loan the farmer makes and thus he would only receive 95 percent of the amount upon which he will be forced to pay interest.

There are many other objections to this bill which I will not take time to enumerate, inasmuch as they have been carefully covered in previous speeches by my able colleagues, and at this time I want to state that there is one phase of this bill which is a real step in the right direction, and that is the recognition of the principle of direct loan from the Government to the farmer without the intermediate tribute-exacting parasitic banker. Although only a small sum of money is provided for this purpose, nevertheless it may be termed a "toe hold" and is truly commendable.

To vote against this measure because it does not embody all the features which I would like, or which the farmer would like, would be to vote for no relief whatsoever at the present time, and, in my humble opinion, the urgency and need of the farmer are so great I will vote for this measure, even though it helps but a small percentage of the farmers of these great United States, and only hope that in the near future we will honestly tackle the problem which confronts us and pass a bill which will create real buying power in the backbone of our Nation, namely, the farmer, and bring real prosperity back to this land of plenty.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Florida [Mr. GREEN] such time as he may desire.

Mr. GREEN. Mr. Chairman, I rise in support of H.R. 4795, now under consideration, which provides for—

Emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

Frankly, I believe that this is the most important bill and the most necessary one that the Congress could now enact. It is probably the best piece of legislation which President Roosevelt has transmitted to the Congress.

Another measure which is of the highest importance and which I trust will be enacted by the Congress is one which will protect deposits in all banks in the United States. The American citizens have recently been commanded to bring out their savings and place them in banks—refusal to do so subjects them to severe penalty or punishment. My colleagues, if we are going to compel the American citizens to put their money in banks, it is only fair and just that we give them assurance that the Federal Treasury is behind their deposits and that they are safe and secure and are, in fact, guaranteed. No American citizen has ever doubted the security of deposits in post offices; then why not give the same security to bank deposits in the future as has been given to postal deposits in the past? At present such a measure would do more to reestablish confidence and hope in the minds of the American people than any other legislation which the Congress possibly could enact. [Applause.]

The bill now before us has for its purposes:

To enable the Federal land bank system to secure new capital and thereby to resume its functioning as an effective agricultural credit agency.

To reduce the burden of mortgage debt now oppressing the farmer and to lift the threat of imminent foreclosure.

To provide for liquidating in an orderly fashion the affairs of the joint-stock land banks.

To refinance the short-term indebtedness of the farmer, to provide him with working capital when necessary, and to help him redeem or repurchase his foreclosed farm home.

If there are doubts in the minds of my colleagues as to the imperativeness of these remedies as provided in the bill, then I would remind you of the tragic state in which agriculture now finds itself.

The amount of farm-mortgage indebtedness outstanding in 1933 is estimated at about $8,500,000,000.

The personal or short-term farm indebtedness is estimated at $3,500,000.

Approximately 42 percent of the farms of the United States are covered by mortgage.

The Federal land banks, as of November 30, 1932, held farm mortgages amounting to $1,121,000,000. The joint-stock land banks, as of the same date, held farm mortgages amounting to $415,000,000. Together the Federal land banks and the joint-stock land banks held 19 percent of the volume of outstanding farm mortgages, 23 percent was held by insurance companies, 11 percent by commercial banks, 10 percent by mortgage companies, 7 percent by other firms or agencies, and 30 percent by individuals.

In March 1932 farm-land values stood at 89 percent of 1912–14 value.

Gross farm income amounted in 1919 to $17,000,000,000; in 1923 to 1929 between $11,000,000,000 and $12,000,000,000; in 1930 to $9,347,000,000; in 1931, $6,920,000,000; in 1932, $5,000,000,000.

Forced sales numbered for the year ending March 1, 1931, 26.1 per thousand farms; for the year ending March 1, 1932, 41.7 per thousand farms.

These figures, it appears, are most authentic, and, frankly, they are astounding. No other industry except that of farming could have survived such burdens and reverses. No class of workers except farmers would have endured with such patience these adversities and hardships; but the farmers have ever been the backbone of our Nation, and they have instinctively borne up with courage under the heavy load, but even patience may cease to be a virtue; therefore, it is imperative that we promptly enact this bill and probably other measures which will relieve the situation. The farm bill recently passed by our body and now in the other legislative branch will, we believe, bring beneficial results; but the passage of the bill before us is very essential, because hundreds of thousands of farmers are now having their homes sold from under them through the foreclosure of mortgages. These mortgages were made, most of them, when money was easy to obtain and when the dollar purchased in some cases only one fourth or one third as much as it purchases today. It is impossible in many cases to pay these mortgages now, when money has such a large purchasing power and when it is almost unobtainable. Our farmers must have extension of time upon these mortgages. They must have the principal reduced and the rate of interest reduced. These are provisions of the bill before us.

The bill authorizes the Federal land banks to issue not exceeding $2,000,000,000 of farm-loan bonds at a rate of interest of not more than 4 percent, which shall be guaranteed, as to interest, by the United States. These bonds can be used in exchange for purchase of outstanding farm mortgages on terms best possible; also to make new loans on farm mortgages; also to refinance mortgages at lower interest. Thousands of holders of farm mortgages will discontinue them and trade them in for these bonds, the farmer receiving the benefit of the discount and also the lower rate of interest as borne in the bond. In turn, the party or parties disposing of such mortgages will be able to realize cash for these bonds if they should desire and this cash can be put back into circulation.

The bill also authorizes Federal land banks for 5 years to grant extensions to farm borrowers who, after investigation, are shown to be deserving. It also reduces, for a period of 5 years, the interest rate on all outstanding and new mortgages held by the Federal land banks to 4½ percent per annum and suspends the payment of the principal during the 5-year period. This moratorium on Federal land bank mortgages is sorely needed. It also authorizes the Federal land banks to make direct loans to farmers in localities where the national farm loan associations have not been organized, or where such associations are not now able to accept loan applications.

It prohibits joint-stock land banks from issuing tax-exempt bonds. It also authorizes and directs the Reconstruction Finance Corporation to make $300,000,000 available to the Farm Loan Commissioner to be used in making direct loans to farmers upon first or second mortgages, and it provides that the Reconstruction Finance Corporation may lend not more than $50,000,000 to refinance the indebtedness of drainage, levee, irrigation, and similar districts. This provision would enable loans to Florida drainage districts, and would be of great benefit not only to Florida but States with similar districts. Districts in my State probably have $16,000,000 indebtedness. It is true that some provisions of the bill are experimental, but with farmers in their present destitute plight I am willing to try almost anything with the hope for relief, because, frankly, they cannot survive much longer unless their debt burdens are lightened and the sale price of their produce raised. I trust my colleagues will vote for passage of the bill. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, what observations I have to make upon this bill I intend shall be blunt and to the point. I have tried to give the bill as careful, as thoughtful, and as sympathetic study as I could. I do not know what the real hopes of its sponsors may be, but I am convinced it will not do what they claim for it. It will not give to the depressed farmers of the country what they are entitled to and what, with one accord, they have demanded of this Congress in the way of Federal refinancing of their farm indebtedness.

I am quite aware, as has been so often suggested here, that this bill is better than nothing. But that, in my opinion, is the worst and most vulnerable argument that has been made for it. Of course it is better than nothing. But is that any reason why it should not be as good as it ought to be? Must we continually accept poor and ill-considered legislation just because it is a part of the President's program and is better than nothing? That is the principal argument that has been made for practically every bill which has been sent to us from the White House, and in most cases that was the only argument that could conscientiously be made for them.

Now, I am perfectly aware, Mr. Chairman, that debate upon this bill is futile. I realize that the gag rule under which it was brought in here effectively prevents us from amending it even in the slightest degree. We cannot, under the rule, propose any change or any improvement for it. We cannot substitute any other bill for it. We must take it or leave it just as it is.

I am also aware that under this gag rule all of us will vote for the bill in the end. And that, in my judgment, is the most objectionable feature of the majority leaders' manipulation of this bill. The rank and file of the Democrats as well as the Republicans know that this is entirely inadequate to meet the situation. The majority on both sides of the House would like to see a better bill substituted for it. But they know they cannot do that under the gag rule. They know that in the end they must accept the beggar's crumbs that are handed out to the farmer in this bill because the majority leaders will not permit them to vote upon any other bill upon the same subject at this session.

I say also that this procedure is just as objectionable to the rank and file of the majority as the rank and file of the minority. But the majority cannot help themselves. They owe their duty to the administration first and to the farmers afterward. I know, however, that some of them are straining under the bit their leaders have put into their mouths, because I have talked to them. I know they would like to revolt upon this particular bill if they dared. And some of them are going to dare.

And this, Mr. Chairman, leads me to express the hope, even if it is a bare hope, that at the close of this debate, when the distinguished gentleman from Wisconsin [Mr. BOILEAU] makes his motion to recommit, that motion, with the help of the more daring among the Democrats, may prevail. In that case we will be in position to do something for the farmer in spite of the administration's leaders in the House. For then the committee will at least have an opportunity to consider what 6,000,000 farm families of this country have said they wanted and what the people of 21 States, by joint resolution of their legislatures now filed in Congress, have said they wanted, and that is the inclusion of the Fraizer bill for the refinancing of farm mortgages as a part of any general farm-relief program which is to be enacted at this session.

The State of Oregon, a district of which I have the honor as well as the responsibility of representing here, by formal action of its legislature in extraordinary session assembled last month, memorialized Congress to pass the Frazier bill. The enactment of this measure was also a part of the platform upon which I based my own candidacy for election to Congress. I feel, therefore, a double responsibility to the people I represent to do whatever may be within my limited power, under these very difficult circumstances, to help them secure this legislation now.

And the fact, Mr. Chairman, that the fight we are making here for an opportunity to substitute the provisions of the Frazier bill for the pending bill will in all probability be a hopeless fight, makes no difference. We may be small in effective numbers. Under the gag rule we may have little chance to prevail. But we at least have the satisfaction of knowing that we represent the wishes and the desires of more people than have ever united in a demand for any legislation of a national scope. [Applause.]

It is admitted that gentlemen who control the majority here have the power to thwart the demands of the farmers—to deny them the legislation they expect this Congress to give them. And we expect they will exercise that power, just as they have already exercised it under similar circumstances upon every bill that has been considered here. They can prevent consideration of the Frazier bill upon the motion to recommit by the simple expedient of ruling that it is not germane. But I say to them, if they do that, they are deliberately setting up the judgment and desires of one sole man in the White House and his little group of bankers and college professors who drew this bill against not only the considered judgment and desires of 30,000,000 farmers, whom the bill most affects, but against the solemn declarations of the people expressed through the legislatures of nearly one half of the sovereign States of this Union.

Never has the demand for any legislation been so universal, so well considered, and so intelligent as the demand that Congress pass the Frazier bill now. Never before have the great leaders who have devoted their lives to the task of evolving a rational remedy for the ills which beset the farmer, and consequently the Nation, been so in accord upon the solution which, they all agree, lies embodied in the Frazier bill. And never before have the people of this country shown sufficient interest in any legislation to cause their legislatures in 21 States to demand of Congress its enactment.

The Frazier bill is no temporizing measure. It is no halfway solution, as this bill is. It is a complete, comprehensive, and permanent plan for lifting the agricultural population of this country out of bankruptcy through the refinancing of farm mortgages by the Federal Government upon the best security that can be given to any nation, the land of the nation itself. And it undertakes to do this at a rate of interest which the farmer can pay, namely, 1½ percent per

year and 1½ percent upon the principal. If you say that rate of interest is too low, we tell you that no farmer can pay a higher rate and meet his taxes and his costs of operation. That is the conclusion of every farm economist who has made a study of this relief proposal. We tell you further that the Government has already refinanced nearly every other major industry at a rate of interest no higher than this and upon security not half as good. And we also remind you that the Government has refinanced foreign countries by lending to them the people's money at even a lower rate and upon no security at all.

Under the Frazier bill the farmer not only can but he will repay all of his loan. That is the peculiar merit of the Frazier bill, and that is a feature that is exclusive in it. Few people believe the banks and the railroads and the other financial institutions which the Government has refinanced will repay all of their loans. As to our foreign loans, we have already trimmed the principal down to almost nothing and nobody seriously thinks we will get back even that.

The Frazier bill is not only the soundest plan for the Federal refinancing of farm indebtedness—and I dare say there is not a single Member of this House who does not agree that the Government must undertake this refinancing under some plan—but it is also the most honest proposal that has been made. There is no camouflage in it. Everybody can understand it. And that is more than can be said for the pending bill. The only people who can understand that bill are the bankers and the theorists who drew it, and they have succeeded so far in keeping their identity a secret.

Moreover, under the Frazier bill the refinancing of farm indebtedness by the issuance of Federal Reserve notes secured by the farm-loan bonds, which are held by the Government itself, will not cost the taxpayers of the country a single dollar. On the other hand, the Government must necessarily profit through the refinancing. But under the administration's bill the taxpayer will have saddled upon him a tax debt from which he may never escape. Hundreds of millions of dollars under that plan will be loaned by the Government through the same system which has already proved itself a failure and at a rate of interest which the farmer cannot pay. The pending bill proposes that these bonds be sold to the bankers and others and that the Government guarantee the interest. The bill should be called an act for the relief of the bankers and the bondholders, instead of the farmer. For who will pay that guaranteed interest when the farmer defaults under the interest load, as many of them have already defaulted on similar Government farm loans? The taxpayer will pay the interest, of course. And that is what the banker and the bondholder want.

Mr. Chairman, there is no room for serious argument as between the merits of the Frazier bill and this one. That is tacitly admitted by the majority here. In all the discussion which has taken place no one has attempted to advance a single argument either against the Frazier bill or as to why the administration's bill should be preferred to it. Not a gentleman present will contradict me when I say that there have been only two reasons advanced in favor of this bill. The first is that it is the administration's bill, and the second is that it will do some good and that it is better than nothing. And the only word that has been uttered against the substitution of the Frazier bill for this one is that the pending bill has the approval of the President and the Frazier bill has not.

In view of such an argument may I be so bold as to suggest that in my humble opinion the time has arrived when the Congress of the United States should do a little thinking and a little functioning as a legislative body on its own account. I think it is time for us to consider whether the combined thought of the farm leaders of the country, the declarations of the legislatures of 21 States of the Nation, and the views of the majority of gentlemen here who represent the agricultural communities may not be as sound upon a specific proposal for farm relief as the views of the President and his unknown advisers who drafted this bill.

I hope the motion to recommit may prevail and that the committee may decide to substitute the Frazier bill for the pending measure. If it does, we will then have given to the farmer what has been so long denied him—security and happiness for the present and renewed hope for the dawning of a better and a brighter day. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, until I heard the Blanton-Bloom controversy a moment ago I had not decided to avail myself of this time, but since that seems to be the order of the day I have reconsidered somewhat, and I take this opportunity to express my attitude on a particular thing that is going on in this country at this time.

We are discussing agricultural relief, and I will say to my friends that the other day I voted against the gag rule. It was not because I was against the bill, for I am going to vote for the bill. I think the bill can do some good. The only reason I had is that I personally would like to see all the vacant seats filled when you are discussing the bill. The minute a bill comes up under a gag rule everybody goes fishing or to a baseball game, and in fact I would like to be there myself. [Laughter.]

If we had not adopted this gag rule, we would be reading this bill line by line, paragraph by paragraph, and discussing and considering the measure.

Mr. HOEPPEL. And we would be earning our compensation.

Mr. BROWN of Kentucky. I will not admit that, for I do not know whether we would be earning our compensation or not.

What I started to say was this: This bill is susceptible of being a good measure. It depends upon the hands into which it happens to fall. If it falls into the same sort of hands into which our banking bill fell, which was the first measure we passed, then it is doomed to failure and we might as well step on it now. I got word yesterday from one of the best business men in my town calling attention to the fact that for the week ending April 5 the Federal Reserve System of this country had called during that week $200,000,000 of their outstanding loans.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. Yes.

Mr. PATMAN. Will not the gentleman admit that the outlook is more hopeful since the resignation of Eugene Meyer?

Mr. BROWN of Kentucky. Oh, I got up this morning with a hopeful feeling that he had really resigned, but I interviewed some newspaper correspondents, and they said that they had not been able to verify it yet. I have no hope until I know definitely that he is out of the way. Anyway, it makes no difference who takes his place, and unless that man and that body of men feel differently, you might as well seal up this thing and go back home and get ready for the collapse. You cannot bleed the country like the leech doctors used to bleed their patients and expect the country to recover. That was the old system. The leech doctor would suck the blood out of the weak patient and expect him to get well. The modern system is to give the patient a blood transfusion. We have been doctored by leech doctors, and when we wanted blood in our economic structure they simply attached their tentacles to the structure and in 1 week they sucked $200,000,000 out of the credit of the country at a time when everybody is broke. We will have the report on Friday of the next week and see how much they have sucked out during that time.

What we need is a high-class, modern surgeon who believes in blood transfusion, and we should get rid of these leech doctors who have been sucking the sustenance out of the country for quite a long time. [Applause.]

I will say to the gentleman from Texas [Mr. PATMAN], if the fellow to whom he refers and his associates have not resigned, I think we ought to organize a good old Kentucky

band of night riders and go out and induce them to believe that they must resign. I did not know until yesterday that they have over here in the Federal Treasury lying idle a gold reserve from which could be poured into the economic veins of this country $3,175,000,000 of money. You do not need to float any fiat money. The gold reserve is there. It is blood that could be transfused and poured into the veins of commerce, but it is not being done, because the men in charge of that Reserve System are not in sympathy with the bill that we passed here as the first act of this Congress.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, I am one of the many Members of this House who thought they were doing something constructive when they voted to permit this bill to be considered by the Agricultural Committee. The thought that came to me was that the Banking and Currency Committee was too closely connected with the bankers of America, and we were led to believe that if the Agricultural Committee could handle this bill, there would be some humane proposition advanced, which would be acceptable to all the farmers of America. The chairman of the committee reporting this bill, as late as yesterday, admitted that there were defects in this bill. He said that it is "the best that could be done." What does that mean? Does it mean that the members of this Agricultural Committee are unable to function? Does it mean that they are under certain coercive action which prevents them from bringing to us measures which are constructive and in the interest of the farmer? Why could they not also bring out to us the Frazier bill? Before I conclude I shall show you definitely and positively, if my time permits, that we can lend money to the American farmer at not to exceed 2½ percent interest without inflation of currency and without the flotation of bonds which are tax-exempt.

This present farm bill is, in a measure and to a limited extent, a semblance of relief to the farmer. It takes from one of his shoulders a mortgage debt on which he cannot now pay the interest and transfers that debt to the other shoulder with a little bit of soft packing and padding under the moratorium idea. But, nevertheless, he has to continue to carry that debt for years to come at approximately the same interest. To protect the bankers and insurance companies on their farm loans the Government in this bill guarantees interest payments to these money lenders at the expense of the taxpayers. This bill, if enacted, will be wonderful music to the bankers, and their plaudits will reach to the sky. Even at this very moment it is probable that the spirit of Lucifer is hovering over the Capitol and with his cohorts singing the praises of this bill, the refrain being echoed by the bankers and their representatives. The voice of Gabriel pleading for the distressed, impoverished citizen is silenced by their plutocratic song.

The farmers are opposed to this bill. I attended numerous meetings of farmers, and have had correspondence from all over the United States. I am not a farmer and do not represent a farming community, but I know this proposition is unfair; it does not reach far enough, even though it were justified. You are proposing to help only 20 percent of the men who are in debt, which is wrong.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. Yes.

Mr. McGUGIN. I observed that the gentleman did not vote for the rule yesterday which made amendments impossible. I take it the reason that he did not is because he wanted some chance to better the bill as he is suggesting today.

Mr. HOEPPEL. Absolutely. I am going to vote against this bill. I am here to represent my constituency. They sent me here with a definite idea. I am not going to follow any gag rule, regardless of who submits it. The bankers of America want more tax-exempt securities, to bear the people down with additional taxes. It is unfair, and we certainly should not subscribe to it.

There has not been one constructive measure, except, perhaps, the beer bill, that has been put through this session of Congress. We new men, especially, have been handed a kaleidoscope. All we have been seeing is colored promises—promises and more promises. The people of America have seen nothing but promises. What we want is a clear-vision telescope. We want to point our eyes to Wall Street and those international bankers, and we want to do something for the American people which is constructive. We have been given too much colored taffy. You know when you get too much of one thing you eventually tire of it. The American people are getting a little apprehensive about the "new deal." The "new deal", in my opinion, is taking on the character of a raw deal, the most peculiar deal which has ever been handed to the American people. I wish the gentleman from Illinois [Mr. SABATH] were here. He wanted a constructive amendment. I will give him one, and it is absolutely workable. It is working today.

The CHAIRMAN. The time of the gentleman from California [Mr. HOEPPEL] has expired.

Mr. DOXEY. I yield the gentleman from California 1 additional minute.

Mr. HOEPPEL. The bankers of America are today receiving $45,000,000 subsidy due to our postal savings laws. They have borrowed $1,000,000,000 from this Nation.

If the restriction on deposits were removed and the methods of withdrawal liberalized, we would have from $5,000,000,000 to $10,000,000,000 on deposit almost overnight; and with the funds thus at hand we could extend direct credit to the distressed citizens and home owners at a rate of interest not to exceed 2½ percent.

The bill under consideration, in my opinion, bears all the earmarks of entrenched finance and until our Congress recognizes the full and complete right of the farmer and home owner, I must decline to vote for this futile gesture of mortgage relief.

Stabilization of finance, under Government ownership or control, will bring confidence in place of the rising tide of despair.

I say liberalize the postal savings laws. This will bring all the money out of hoarding and there will be billions of dollars in the Post Office Department which can be loaned to the farmer and the home owners of America for 2½ percent. [Applause.] I only hope that this information is transmitted to the gentleman from Illinois [Mr. SABATH], who desired a constructive amendment to this bill.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. MARTIN of Oregon. I should like to ask the gentleman a question.

Mr. HOPE. I yield the gentleman from California 1 additional minute in order to answer the question of the gentleman from Oregon.

Mr. MARTIN of Oregon. Do I understand the gentleman does not approve of any of these emergency matters that have been passed, except the beer bill?

Mr. HOEPPEL. I voted against every measure presented here except one measure, which I considered an emergency, and that was the banking relief bill, which I still contend was engineered by Wall Street. It was submitted at the proper time, so that it would intimidate the new Members and some old Members.

Mr. MARTIN of Oregon. Then the gentleman disapproves of everything that has been done except the passage of the beer bill?

Mr. HOEPPEL. I voted for the beer bill. I am not going to vote for a halfway measure. If you will bring forward a farm bill which will give the American farmer a rate of interest which is proper and fair, I will vote for it, but I will not vote to let the bankers of America continue to turn the mortgage wheel and clip the interest coupons which all of us as taxpayers ultimately must pay. [Applause.]

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Chairman, I have noticed that in most of the addresses which come from the opposition or the minority a great deal of stress was laid on the fact that the newer Members of the House, particularly of the majority party, were restive under the present so-called "situation" whereby we are passing measures under what are known as "gag rules". The talk I have listened to on this bill has been principally rhetoric, and I think the farmer is entitled to a little more than that. He ought to get a little relief. Our opposition in the prior administration did relieve him of everything he had. He did not get relief, but he got relieved. They passed a so-called "bill to help the farmer", and we know what it did to him. It took his shirt.

A great many people have talked about what could be done if we were given an opportunity to amend the present bill. It would look like Jacob's coat of many colors if that had happened. Anyone who has a constructive amendment for this bill has been invited to present it to the Committee on Agriculture, and they have said they will give it consideration. I sincerely hope that anybody who has any kind of amendment will follow that course. It is all very well to get up here and discuss the Frazier bill. I think it is a very fine measure, but unfortunately we are not considering the Frazier bill. We are considering a measure that has been suggested by the President of the United States, and we are now here talking about that. So while the Frazier bill may have all the merits that its proponents claim for it, it is not the bill under consideration at the present time, and I believe it is our duty as Representatives to confine our remarks to the measure which we are at the present time debating.

Now, as far as this bill coming from the Committee on Agriculture is concerned, I voted to send it to the Committee on Banking and Currency because I thought that is where it belonged by the very nature of its make-up; but it was sent to the Committee on Agriculture, and I am happy to say I think they have made a fairly good job of it. If the farmers of the United States are given the benefit of 1½ percent on their interest charges it will amount to approximately $180,000,000 of relief. That is some measure of relief at this time. I for one am going to support it with my vote, and I hope that every Member of the majority and as many of the minority as can find it in themselves to do so will do likewise, and I shall not vote to recommit. [Applause.]

The CHAIRMAN. The time of the gentleman from California [Mr. FORD] has expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. DEEN].

Mr. DEEN. Mr. Chairman, I shall appreciate it if you will permit me to digress for a moment from the bill. Of course, I shall vote for the bill; I am for it.

The majority of us are here as representatives to consider the best interests of all the people. I feel that the majority of the Membership of this House is trying to do the best they can for the people.

Whether others agree with me or disagree there is, in my judgment, but one thing that will bring relief to the farmers of the Nation. I am a humble farmer. I am not a prophet nor the son of a prophet, but let me say that until both Houses of Congress go back to the Constitution and find the clause which states that Congress shall have the power to coin money and regulate the value thereof the farmers will not get relief. [Applause.]

In 117 speeches in the 20 counties of my district I declared to the people in that section of Georgia that I was informed from Washington that 89 percent of the wealth of this country was in the hands of 11 percent of the people, by title, deed, or otherwise.

I remember the statement of the historians that when the Roman Empire had reached its zenith in the year 73 A.D., and crumbled, 12 percent of the people of that great Empire owned and controlled at least 79 percent of the total assets under their system of land ownership.

I happen to be a humble newspaperman. Two years ago, without drastically criticizing the Congress of the United States, I stated in an editorial, and I now repeat it, that in my judgment when Congress passes temporary measures, such as this, it but places over a cancer a little plaster of salve.

Listen to me and mark my prediction. I am loyal to the flag for which I fought during the war, left the position to which I had been elected, left a good salary, left my wife and served for $30 a month. Under weight, I could not get in the Regular Army, but went as a Y.M.C.A. secretary and will do so again, but listen to me: The farmers of this Nation are not going to stand always what they are standing now. Abraham Lincoln abolished chattel slavery, but there has been forced upon the farmers who are the pride of our Nation a form of economic slavery and serfdom. They will not suffer always without rebellion.

I resent Wall Street, or any other street, undertaking to finance the farmers of the United States with the crumbs that trickle down from a well-spread table. The poor, poverty-stricken farmers of this country barely get the crumbs that fall from this table. [Applause.]

I have voted for all Mr. Roosevelt's measures except the beer bill. By a platform written 3 weeks before the national Democratic platform was written I was prevented from voting for that measure except by violation of my platform. I will vote for his measures. I am for the Commander in Chief of the Army, the leader in this great war; I am for Mr. Roosevelt; I am for the Democratic Party; and I am for the side of right in this battle we are fighting.

However important a part loyalty may play in the battle in which we are engaged today, mark this prediction: I am not a prophet, but unless Congress enacts some legislation that will put money in circulation, that will take care of the farmers' troubles, the farmers themselves will do it, and they will not be long about it.

I am cooperating and trying to do my part for my people and for your people in this economic war. Tragedy will mark our destiny if we fail to carry out the duty incumbent upon us. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, the gentleman who just spoke said he wanted to do something for the farmers of this Nation; that he wanted to get more money in circulation. Then why does he not help us pass the Frazier bill? [Applause.] He will then do something for the farmers of this Nation and he will get some money in circulation, not through Wall Street and the international bankers but through the Government by refinancing farm indebtedness and thus assisting the farmers.

The gentleman from Texas asked the farm representatives here whether they wished to take their farm relief from Italy. I shall answer most emphatically "No"; neither do we want to take our refinancing of farm indebtedness from the "Brain Trust" or from an overscholastic professor of New York, brought up and trained in the atmosphere of coupon clippers. That is where this so-called "farm refinance bill", here under discussion, was born. I know because I saw the original of it on January 10 last in New York.

Now let us come down to the issues. Nothing in this world is permanent but change. Our civilization is in a transition—from a world of plenty to a world of want—millions starving in the midst of plenty. And why? Because we have not enough money with which to do the Nation's business—with which to measure the muscular and brain energy of our people. Give the people enough money with which to do the business of the Nation and we ask no further farm relief. Then our farm products will rise in price overnight; on this proposition I am sure we all agree.

We have everything that is necessary to end this depression and bring about prosperity. We have too much to eat and yet millions are starving; we have too much raw material of every kind and have millions upon millions of human wants, and then we have millions out of employment that want to take this raw material and put it into

the finished products to satisfy those wants; and yet this great American machine is stalling. Why? Because we have not enough money with which to measure the muscular and brain energy of one another—a sufficient medium, unit, of exchange is all we need. Give us the Frazier bill, the Patman bill, and the Wheeler bill, and then let us adjourn and go home and then we will have prosperity.

We are becoming a nation of Indians, a nation of trade and barter. Over 2,000 cities in this Nation have tried, or are using, scrip or some other medium of exchange because the Government of the United States has not enough intelligence to give us a sufficient medium of exchange—sufficient money to do the Nation's business. In North Dakota a year ago we, in the eastern part, took all our old clothes and sent them to the people of western North Dakota and eastern Montana because there they had a complete crop failure, but unless something is done for agriculture we will have to ask those people to return those clothes to us. We need them, and we have no money with which to buy new. Yet the previous administration asked you cotton growers of the South to destroy every third row of cotton when nearly every man, woman, and child needed new clothes. Our difficulty is that we have not enough money with which to do business—not enough units of exchange, yardsticks, with which to measure the muscular and brain energy of our people.

How did this situation come about? It was brought about by doubling the money in actual circulation during the war. The Government printed about 2,000,000,000 new Federal Reserve notes. It did not give this to the international bankers, but to the local bankers throughout the Nation, who gave it to the people of this Nation with which to buy Liberty bonds. With this 2,000,000,000 as a revolving fund we bought 22,000,000 of Liberty bonds, and then Wall Street and the international bankers by skillful manipulation took the 15 billion that they had bet on the wrong horse over in Europe before we entered the War out of this 22,000,000,000. There is the beginning of this depression.

We have talked here about gag rule. I have discovered that the gag rule is a dangerous thing to play with. The Republicans, it was said yesterday, misused it and you Democrats said you were going to use it in the interest of the people. I hope you will, but you are not doing it with this monstrosity, the so-called "farm refinance bill", that you are trying to push down our throats without the right of amendment. You are not doing it in this case, and I am going to make this prediction—this gag rule will burn your fingers the same as it burned the Republicans' fingers, and you will throw back that gag rule to the Republicans in about 2 years from now. You cannot use that rule successfully unless you use it for the best interest of the people of this Nation, and so far you have used it not in doing something for the people but in doing something to them. That is all you have done with this rule during this session of Congress.

Let us now come to the remedy, the Frazier bill. The Frazier bill provides that the United States Government shall refinance existing farm indebtedness at 1½ percent interest and 1½ percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by the best securities on earth, first mortgages on farm lands, better security than gold or silver because you cannot eat gold or silver, but you can eat products that grow on the farm, therefore your life depends upon the farm—it is the best security on the face of the earth. If our Government has enough intelligence to do this, it will make a profit of $6,345,000,000 at 1½ percent interest in 47 years, the time required for amortization.

Let us compare the Frazier bill with the one under discussion, written in New York by a scholastic college professor who was brought up in the atmosphere of money changers. Under this bill, if all the farm indebtedness is refinanced, the farmers of this Nation will pay $12,492,500,000 in 39 years to the coupon clippers. The difference that the farmers will have to pay in interest between the Frazier bill in 47 years and under this bill in 39 years is $6,147,500,000. Under the Frazier bill the Government will make a profit of $6,345,000,000, and to that extent lessen the taxes that we will have to pay, while under this bill the coupon clippers will make a profit of $12,492,500,000.

In addition, if you pass this bill and if all the farmers of this Nation take advantage of it and refinance their farm indebtedness, they will have to pay $47,500,000 for stock in the Federal land bank. This, you propose to, by issuing additional tax-exempt bonds, when this Government already has 21,000,000,000 tax-exempt bonds and certificates of indebtedness outstanding. This is the price you are asking the farmers and the people of this Nation to pay in order to make the Federal land bank and the joint-stock land bank bonds good. This is the bill, with its scholastic birth in New York, that you ask us western farm representatives to take and close our eyes and say that it will help the farmers, but we know and you know that it will do nothing of the kind. It is not real, but make-believe legislation. It is the name, but not the substance, of the relief that we were given to understand we would get during the campaign. You are simply muddying the water.

Mr. BLANCHARD. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BLANCHARD. How many farmers in North Dakota with mortgages now on their farms does the gentleman think will be benefited by this measure?

Mr. LEMKE. About one half of the farmers of my State have already lost their farms and homes, and the other half will lose them under this bill, because it limits the loans to 50 percent of the value of the farms, when in my State and in other Western and Midwestern States the farms are now mortgaged up to 100 percent of their value. The Frazier bill permits loans to be made to an amount equal to the fair value of such farms and 50 percent of the insurable buildings and improvements thereon.

Mr. LUNDEEN. Is the gentleman voting against the bill?

Mr. LEMKE. We are going to try to send it back to the Committee on Agriculture and to help them make a real bill out of it. I know the gentlemen over here will help us to do this. The gentleman who spoke just before me said we should offer amendments to the committee. I will offer one. Strike out everything after the name of Mr. Jones and substitute the Frazier bill, and then you will have a real good amendment. [Laughter and applause.]

Mr. LUNDEEN. But in case the motion to recommit loses, will the gentleman vote for the bill?

Mr. LEMKE. I do not know yet. It is too early to say. I want to consider that. I may say that if I conclude that it will give us a toe hold so we can twist that toe until we get a strangle hold I may vote for it. [Laughter.]

But the Frazier bill will pass. This fearful depression must be brought to an abrupt end. If we have not the intelligence or the courage to save this Nation from destruction, then our successors will. I am satisfied that you will join with us in sending this bill back to the committee. I am satisfied you will do this, because you have said that you wanted to do something for the farmers, that you wanted to increase the money in circulation. The Frazier bill will do both. No one who has spoken in favor of the bill here under discussion has any confidence in it. The most that you have dared to say in its favor is that you think it will do some good. In other words, you are apologizing for yourselves so as to ease your conscience sufficiently to vote for it. This bill will do no substantial good; and if you pass it, there is grave danger that the farmers of this Nation will unite with the unemployed and hungry laboring men and go on a strike and starve this Congress and the executive department of this Nation into giving them something real and not make-believe. If they do this, we cannot blame them. They have been pounding away at our doors long enough—their patience is about exhausted.

Mr. ZIONCHECK. What is the use of giving the farmers a toe hold under this bill when the coupon clippers already have a scissors hold?

Mr. LEMKE. I hope they will cut their fingers in place of cutting billions in coupons out of the misery of millions.

Twenty-one States have petitioned Congress to pass the Frazier bill, and if you do not do this we will have to make it a part of the Constitution—we will get three fourths of the States in favor of it. Not only have 21 States asked you to pass the Frazier bill but the farm representatives of 21 States were here the other day and they unanimously rejected this bill. They voted unanimously that they had sooner have no bill than to take this monstrosity.

Oh, you say, "follow the leader." When I was a youngster I used to play "follow the leader", but I came to grief so often that later, when I got older and was asked to follow the leader, I asked, "Where to?" [Applause.]

I hope this House will rerefer this bill to the Committee on Agriculture with instruction to substitute the Frazier bill. The Frazier bill is now before this committee. I introduced it on March 10, and it has been before the Committee on Agriculture since that date. It is before that committee now—that committee is the appropriate committee. I am proud that I assisted in referring to the Committee on Agriculture the President's message dealing with this subject. I know that that committee is friendly to agriculture. We do not know what would have happened if the message had gone to the Committee on Banking and Currency. I am sure if we rerefer this bill to the Committee on Agriculture, that when it comes out again it will be a real bill.

You say, "follow the leader." I say, follow the leadership of the people of the United States of America. [Applause.] The people of this Nation are greater than any man that ever occupied the White House. Let us do that which is right. Let us protect our great leader from making a mistake. Let us break through the brain trust. I know that our President is sympathetic. I know he wants to do something for the farmers and all the people of this Nation, because he so stated in his speeches and in his inaugural address. Let us not be mere "yes" men, but rather lend him the assistance and guidance that the people of this Nation expect us to and that he is entitled to and should receive from us.

Mr. PATMAN. Will the gentleman yield?

Mr. LEMKE. I will.

Mr. PATMAN. Some suggestion was made yesterday that certain farm leaders were not working in the interest of the farmer. Something was said about Mr. Simpson. I wish the gentleman would give us his opinion as to Mr. Simpson's work in this matter.

Mr. LEMKE. John A. Simpson is one of the real farm leaders. He represents the hope and aspiration of at least 85 percent of all the farmers of this Nation and numbers his friends in the millions among the business and professional men and women of this Nation. His monthly radio addresses are eagerly awaited and listened to by 10 to 15 million each month. No other farm leader knows the farm problem as John Simpson. He does not belong to the high-salaried, silk-stocking, tax-eating brigade of so-called "farm leaders" and is not a "yes" man.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. GLOVER. I happen to be on the Agricultural Committee. We had the leaders you speak of before our committee, and I say to the gentleman that the farm organizations employed their own counsel. They had one man there to represent them in the agricultural bill that we passed. We passed the bill that they wanted, and it is over in the Senate now.

Mr. LEMKE. What you had was a Farm Bureau lawyer. The Farm Union withdrew, and my friend Simpson at one of those meetings said, "Gentlemen, the farmers may go to the hot place, but we refuse to take that route."

Mr. GLOVER. I do know that the statement was made to us that Mr. Lee, who was there as their counsel, was authorized to speak for the farm organization.

Mr. LEMKE. For some of them.

Mr. GLOVER. And they wrote the bill.

Mr. LEMKE. No; the bill was written in New York.

Mr. GLOVER. I know it was not all written there.

Mr. LEMKE. You mean the agricultural emergency bill was amended; that is true. It was also written in New York and rewritten by Mr. Lee, the attorney here, but the refinance bill that is under discussion here was written in Ithaca, N.Y. I know, because I and my friend Mr. Talbott, president of the Farmers' Union of North Dakota, saw it and read it in New York on January 10, and again here in Senator FRAZIER'S office on January 12 last. It has also been amended, because the language that we used when we discussed it with its author in Senator FRAZIER'S office you would not care to use in the CONGRESSIONAL RECORD, and since that time it has been somewhat improved. We talked direct to the author of the bill in Senator FRAZIER'S office, and if you want me to name him I will do so.

A MEMBER. Who was he?

Mr. LEMKE. Mr. Myer, of the Agricultural College at Ithaca, N.Y.—not Eugene Meyer.

Mr. GLOVER. I will say to the gentleman that in my whole life I never heard that man's name in connection with this bill.

Mr. LEMKE. We read the bill in New York on Tuesday, January 10, and met its author here in Senator FRAZIER'S office on Thursday, January 12 last; and I am informed that the gentleman appeared and testified before the Agricultural Committee of the House while this bill was under consideration.

Mr. GLOVER. I will say to the gentleman, further than that, that some of the farm representatives or those that are interested in this administration were there before us, and they advocated this and it is advocated by the administration. It is an administration bill.

Mr. LEMKE. I know it is advocated as an administration bill, as many other bills here have been advocated; but it does not represent the hopes and the aspirations of the farmers of this Nation. It does not give farm relief. It is make-believe, and I am confident that when the administration knows the truth concerning this legislation it will not insist upon it. The farmers of this Nation have a right to object to having New York professors writing the farm legislation.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. TRUAX. How much money will it take to refinance all of the farm mortgages in this country?

Mr. LEMKE. Under the Frazier bill——

Mr. TRUAX. No; how much money will it take?

Mr. LEMKE. By issuing bonds, about $9,500,000,000. This indebtedness has been scaled down by mortgage foreclosures to about $8,500,000,000, but under the provisions of the Frazier bill, those who have already lost their homes by mortgage foreclosures since 1919, are allowed to buy them back or to buy similar homes and get the benefit of the bill.

Mr. TRUAX. I read now from page 5 of the report, paragraph 3.

To enable the farmer to redeem or repurchase a farm home lost by him, through forced sale or voluntarily alienated to discharge mortgage indebtedness, within 2 years prior to the date of the enactment of the act or hereafter.

Mr. LEMKE. But the Frazier bill provides that anybody who lost his farm by mortgage foreclosure since 1919 should be helped.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. GLOVER. I will ask the gentleman how the Frazier bill or any other bill can take care of mortgages that have been foreclosed and bought in by other individuals and the title vested in them 13 years ago. How could you do that?

Mr. LEMKE. We say that he can buy his own farm back if he can get it; and if he cannot, then he can get a similar one.

Mr. GLOVER. The gentleman does not mean to say to this House that he can do that, or that any law could be passed under which he could do it and take it out of the hands of the purchaser?

Mr. LEMKE. Not unless the purchaser wants to get rid of it; and if he does not, then the farmer can buy a similar farm, and the Frazier bill will let him do that.

Mr. GLOVER. But the Frazier bill cannot reach that.

Mr. LEMKE. It does.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. TRUAX. The gentleman has stated it will take $9,000,000,000 of bonds.

Mr. LEMKE. Yes.

Mr. TRUAX. Yesterday I said I was for the Frazier bill. Would not the gentleman support a plan that would provide $2,000,000,000 and then pass the Frazier bill, or a similar bill, perhaps by some other name, that would provide $7,000,000,000 more by an expansion of the currency?

Mr. LEMKE. I absolutely agree with the gentleman, because we have not had money enough to do the business of this Nation for years. We have been check-kiters. We have kited checks and every once in a while they come back "not sufficient funds." That means not enough money. The bankers are better check-kiters than you or I, because they kite them so fast that with only $680,000,000 actual money in all the banks and trust companies of the United States——

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. LEMKE] has expired.

Mr. HOPE. Mr. Chairman, I yield 2 additional minutes to the gentleman from North Dakota.

Mr. LEMKE. They kited checks so fast that they had only $680,000,000 in all the banks and trust companies of the United States, and 42 billion on deposit. In other words, they could roll $1 around to do the work of $62, and a condition of that kind is not safe.

Now, in conclusion, if we will pass the Frazier bill, the Patman bill, and the Wheeler bill, and go home, then we will have no more unemployment. This Nation will again be prosperous. We will have met the hopes and aspirations of the people who are starving. That is what we can do and have real legislation. Let us not fail the people's expectations. The Hoover administration failed and a tornado hit the Republican Party on November 8. You on this side, should not repeat the mistake and also be hit by a tornado. I am with you. I will say the finest bunch of men that I have ever met anywhere in the United States are here in this Congress. Let us do something real. Let us meet the demands of the people of this Nation, and forget all about the coupon clippers and bondholders. [Applause.]

Mr. TRUAX. Will the gentleman yield further?

Mr. LEMKE. I yield.

Mr. TRUAX. An average of 3,000 farmers are losing their farms every day. Is it not wise to pass this bill immediately and get some of those farmers so that they can hold their farms? I am for the Patman and for the Frazier bills and for any reasonable expansion of the currency that can be brought onto this floor, but I want to do something now for those people who are losing their all, the savings of a lifetime.

Mr. LEMKE. So do I. Let us send this bill back to the committee and get it back here by Saturday. It is easy. The Frazier bill has been discussed so long there is no need of further discussion. It is a question of whether we are for it or against it. I am satisfied from my conversation with Members of this House that a majority are for it if they are free from restraint, and I say it is time that we considered the people of this great Nation rather than party lines. [Applause.]

The CHAIRMAN. The time of the gentleman from North Dakota has again expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Chairman, I think we can all agree on one thing—that there can be no restoration of prosperity until the farmer is taken care of. However, under our rules we are not permitted to participate in the necessary legislation.

If Cervantes had lived in this period instead of 400 years ago, he could have drawn his characters from this body instead of from characters of his period. Here he would have found his Don Quixotes and his Sancho Panzas in the flesh.

The rule we are operating under in passing this important measure to relieve agriculture even denies the Members of this House the privilege of offering amendments two degrees removed from the measure itself. The rule first provides that only the committee may offer an amendment, and it then goes farther and prohibits the individual Members from offering an amendment to the amendments offered by the committee. The committee took a week to consider the bill. It held some public hearings, but most of them were closed and private. It now brings the measure before the House under the nefarious rule I have spoken of.

If you will stop to think, you will realize that the committee is in absolute control of its own work. The committee should cease to function as a controlling body after it reports a bill to the entire Membership of the House meeting as a Committee of the Whole. But in the meantime a rule has been adopted which bars the individual Membership of this body from offering amendments of any kind and confers upon the Agricultural Committee the exclusive right of offering amendments.

We have many distinguished men in this body, educators, if you please, who might wish to amend the bill in a minor way, who might wish to suggest the placement of a comma or a period and improve its construction. But the rule is so drastic that even this cannot be done.

We become, all of us, Sancho Panzas, doing duty to our Don Quixote, the Committee on Agriculture. I insist that the illusions of the ancient Don Quixote, when he was shooting the windmills and Sancho Panza was applauding him for shooting down the enemy, were no greater than are our illusions if we feel that we are participating in the preparation of this bill. The speeches we are making here constitute windmill talk.

We should be ashamed to sit here, 435 Members sent here to represent the people of the United States, and permit this procedure, and then say this is a representative Government. [Applause.]

Alexander Hamilton did not trust the people. He said they were not fit to rule. We Jeffersonians do not even trust the chosen representatives of the people. We have an inner circle within the House organization that gives us measures to pass, and all they leave for us to do is to vote yes or no on them.

With much chagrin I listened yesterday to the statement, in defense of our conduct, that we are doing this because the Republicans did it for 10 years. That, of course, means that we want to cure a wrong by continuing to practice it. I want to say that the wrong is far greater, practiced by us at this time, after the years of our condemnation of it, than it was when practiced by the other side, for we have had notice and know wherein the evil lies.

The Constitution provides a function for this body. We at least ought to insist upon a semblance of conformity to its provisions.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman from Missouri 1 additional minute.

Mr. SHANNON. I once made a speech before the Missouri Legislature in which I jestingly said something about tumblebugs and Congressmen. Now I think I shall have to make another one and apologize to the tumblebugs for referring to them. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. MCFARLANE].

REAL FARM RELIEF BADLY NEEDED

Mr. McFARLANE. Mr. Chairman, I did not know until just a short while ago that I would be allowed any time on this bill.

I agree heartily with the sentiments expressed on the floor yesterday and today by most of the Members to the effect that we ought to bring out some real farm legislation at this session of Congress. We are all here for this purpose, but I

know, and you know, that the bill we are considering this afternoon does not give to the farmers of our country the relief they are entitled to receive.

HIGH INTEREST RATES

The interest rates are 4 percent plus amortization, inspection, and so forth, which will probably mean the farmer will pay 6 percent for his loan, and this he cannot do unless he receives more for his products. Farm mortgages should be refinanced at not to exceed 3-percent interest through controlled expansion of the currency and not through the bond feature of this bill, under which the Government guarantees the interest. Farm indebtedness now amounts to about $12,000,000,000 and the provisions of this bill are wholly inadequate to give the relief needed.

WHO DREW THE BILL?

Now, I do not know who is speaking for the administration or who the "brain trust" is that we have heard referred to so much on this floor this afternoon, but it seems that this bill is sent down by somebody. We hear rumors from first one and then another that three or four lawyers for the land banks have been instrumental in drawing this measure. The gentleman from Minnesota seems to think that Mr. Meyer, of New York, drew it. Regardless of who drew this measure, according to the sentiment expressed by the various Members who have spoken on it, it does not meet their ideas of correct farm-mortgage legislation. Read section 1 of the bill. What does it say? It says we are providing here for $2,000,000,000 for farm-loan bonds, with a maximum of 4-percent interest, which, of course, will be the minimum. We will be paying to the purchasers of these bonds $80,000,000 annually, and by this bill the interest is guaranteed by our Government. It would not be paid if it were not guaranteed. I know and you know, perhaps, very little of it would be paid, because certainly under present conditions if we cannot raise the commodity-price level, the farmers of the country cannot earn enough to pay the interest. If they cannot, how does this bill help them? How can the farmers be helped if we cannot raise prices so the farmer can live, pay his debts, taxes, and pay interest on his debts?

WILL FARMERS OR LAND BANKS BE BENEFITED

The farmer is not asking for any particular favors. He is asking merely for a chance to pull himself out and save his property. Does this bill do it? You heard the discussion of the distinguished Member from Virginia this afternoon. His statements have not been seriously questioned. If his diagnosis of the measure is true, this is a measure which certainly, in many of its particulars, is designed for the benefit of the land banks and will be worth millions of dollars to them in profits; yet we sit idly by knowing this is in the bill and say we can do nothing about it. What kind of a spell has hypnotized this Congress that we sit supinely by and enact legislation of this kind when we conscientiously in our own hearts and minds do not believe it meets the requirements it should meet?

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. McFADDEN. Does not the gentleman realize that rules such as have been brought in, in connection with these bills by the majority party, cause the break-down of constitutional government?

Mr. McFARLANE. Answering the gentleman from Pennsylvania, let me say that yesterday we heard the Alphonse-Gaston comedy being passed back and forth from each side of the aisle. We were told that for 12 years the Republican Party had brought in similar rules for the enactment of the legislation that has probably very largely placed us in the deplorable condition in which we now find ourselves. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

DIRECT CREDITS AUTHORIZED BY FARM BILL

Mr. WEIDEMAN. Mr. Chairman, while I cannot be classified as a farmer, I may say to the Members of the House and to the farmers of the Nation that title III of this bill, on page 17 of this print of the bill, providing for direct credits, is a move in the right direction for the relief of the farmer and toward the elimination of the private money lender.

While we can concede that this bill is not all that any of us want, the provisions which allow for the refinancing of either first or second mortgages directly by the Reconstruction Finance Corporation is the direction in which you Members from Minnesota and the Dakotas and all Progressives want to go. This is why I am going to vote for this bill. It gives nearly as much as the Frazier bill. True, it provides for a little higher interest charge, but at least it gets us started somewhere, and, having started, we do not want to stop in the middle of the road and argue.

I hope that the administration of this act will be different from the administration of the unemployment-relief measure, the Reforestation Act. In metropolitan cities they are recruiting armies of boys from 18 to 25 years of age, while the veterans of the Nation, the men who fought overseas, the men who served their country for 2 or 3 years in time of war, are denied the privilege of working for even $30 a month. It was not the intention of Congress when it passed the reforestation bill that any one class should be favored in its operation, but that the provisions of the bill be applied fairly and equitably among all needy and willing persons who should apply for work.

I say this should be brought to the attention of the administration, and I demand that it be fairly administered. The present method of apportioning work under this bill is an insult to the ex-service man and it is an insult to the married man. Boys 18 years old could not serve overseas or anywhere else years ago and now are given the exclusive right to work. The privilege should be given to all.

I hope the administration of the bill we are now considering will be more equitably worked out than the so-called "reforestation bill." I am suspicious of the recruiting of these boys from 18 to 25 years of age, leaving married men to starve to death, and leaving to starve men who were willing to sacrifice their lives on the altar of patriotism. Today these very same men are denied the privilege of even working for a measly $30 a month. I want to call this to the attention of the administrators of this bill.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. GLOVER. If the gentleman will read today's papers, he will find that the rule has been changed and that older men are being recruited if they have families or dependents.

Mr. WEIDEMAN. Yes. I just talked with Detroit over long-distance telephone 15 minutes ago. I talked to two men whom I know personally. They had just left the welfare department of the city of Detroit and had been denied the permission even to file for this work. This is more recent information than that of the gentleman from Arkansas, but I hope that he is correct. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, I want to appeal to the Members from the cities to not only support this bill, but any bill that has for its objective the improvement of agricultural conditions in this country. I disagree with some of the Members who feel this bill has not received at least reasonable consideration. This, of course, is an emergency session of Congress. We have many important committees of the House that are not holding meetings simply because they have no emergency legislation to consider, but some of the legislation we have so far considered of an emergency nature has not been considered as thoroughly as has this legislation. Let us, for example, compare the consideration given this bill with the consideration given the so-called "economy bill" which has been denounced and criticized by some Members who have preceded me.

The Economy Committee reported a bill which they themselves admitted was given very meager consideration. The bill was presented in the House on Friday, and at 10 o'clock the next morning a Democratic caucus was called, and only after the caucus was assembled were we given copies of the bill. Shortly after 12 o'clock we were called upon to vote on the bill, without even time to consider it. All the time that was given out was given out by those who were in favor of the bill, so that no detailed examination or discussion was permitted those who opposed the legislation, no hearings were held on the bill in the House, and only those who were in favor of the economy bill took part in the drafting of the measure.

Mr. McGUGIN. Will the gentleman yield for a correction of one statement?

Mr. MEAD. The gentleman can do that in his own time, or, if I get additional time, I shall be glad to yield.

I want to say to the Members of the House in connection with the pending bill the Secretary of Agriculture, the economists of the Agriculture Department, Mr. Morganthau, the Farm Administrator, who is an enthusiastic advocate of agricultural-relief legislation, and the Committees on Agriculture of the House and Senate were all called in and were given an opportunity to make suggestions and to help formulate the policy contained in this bill. Hearings were held by the Committee on Agriculture of the House to give those who represent the administration as well as others an opportunity to make suggestions and to offer amendments. Then the bill was brought in here with ample time for the Members to consider the legislation, with plenty of time to discuss it, and an opportunity given the committee to offer committee amendments when the bill is taken up under the 5-minute rule. I would have less objection to the economy bill if similar consideration had been given the Members of the House. If that bill, for example, which affects our war veterans had been referred to our Veterans' Committee and approved by them, I could not object, as I did. If that section of the bill that destroyed many helpful improvements in the working conditions of our postal employees had been considered by our Committee on the Post Office and Post Roads, or if our committee had even been given an opportunity to make suggestions, I would not have made the objections which I did to that bill.

In my judgment the economy bill was considered in a very inappropriate way. Little or no consideration was given to the general Membership of the House, and if that method or practice was continued I would not support this measure. I would object strenuously to the adoption of such rules as would hinder Members from being given an opportunity to express their views. But in this case I can say, and I am sure you will agree, this bill has received reasonable consideration. It has been brought to us by the friends of agriculture, and I hope the men who come from city districts will support this measure and every other helpful form of legislation for the relief of agriculture. [Applause.]

THE RELATION BETWEEN AGRICULTURE AND INDUSTRY

With more than 25 million people, over 20 percent of our population, living on the Nation's farms, we must realize the effect their economic condition is bound to have on the economic condition of the country as a whole.

When agriculture is impoverished as it is at present, there can be no lasting prosperity in the cities, and the wage-earner must suffer along with the farmer. The purchasing power of our farmers is one of the most necessary factors influencing our general economic trend, and it is vital that this purchasing power be restored to its former higher level. In this present depression the farm population has been most seriously affected. They have suffered severe losses in cash income as a result of the violent drop in commodity prices.

The farmer comparatively pays more for the goods he buys than he receives for the products he sells. At the same time his interest, taxes, and other fixed charges remain at their former high levels. This bill which we are now considering offers some relief insofar as these fixed charges are concerned. The cash income of the farmer has declined seriously since 1929 when it amounted to $10,134,000,000. For the year 1931 this income amounts to $5,400,000,000. The loss of so staggering a sum in the purchasing power of our farm population has been felt by nearly every industry in the country.

In any scheme for the revival of general prosperity agriculture must go hand in hand with commerce and industry. We cannot consider one to the neglect of the other. The broad, comprehensive, forward-looking plans outlined and sponsored by President Franklin D. Roosevelt, embracing as they do every major activity in the economic life of the Republic, will, in my judgment, contribute mightily toward a restoration of prosperity that will include commerce, industry, and agriculture.

Mr. KINZER. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, just to keep the record straight, I want to make a correction in the statement just made by the gentleman from New York [Mr. MEAD] pertaining to the consideration of the economy bill.

In the first place, if there was anything wrong with the rule on the economy bill, I will say to the gentleman that the rule was obtained from a Democratic Rules Committee by the Democratic membership of the Economy Committee.

When it came to allowing time, the gentleman from New York said no time was given to the opposition. Of the time which was delegated to the Republican side, there was time given to the opposition. Opposition time was given to the gentleman from Wisconsin, Mr. WITHROW, to the gentleman from Wisconsin, Mr. BOILEAU, the gentleman from Minnesota, Mr. LUNDEEN—not a member of the Republican Party, but a member of the Farmer-Labor Party, but who was given his time by the Republican Membership—the gentleman from North Dakota, Mr. LEMKE, and the gentleman from Texas, Mr. PATMAN, a Democrat, received a part of his time in opposition to the economy bill from the Republican side.

Mr. PATMAN. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. PATMAN. I should like to ask the gentleman if it is not a fact that on Friday, March 10, which was the second day of Congress and the day before that bill came up in the House, the Senate Finance Committee had a hearing on that bill and the members of the Economy Committee, including the gentleman from Kansas, attended that hearing?

Mr. McGUGIN. Yes.

Mr. PATMAN. And the hearings were printed and distributed to the Senators on Saturday morning before the bill was taken up in the House, in which it was shown by Mr. Douglas, the Director of the Budget, and by General Hines, exactly how these cuts were going to be made, and we were told that there had been no hearings, and that no copies of hearings were available and——

[Here the gavel fell.]

Mr. PATMAN. Will the gentleman from Mississippi yield the gentleman 1 additional minute?

Mr. DOXEY. Mr. Chairman, I yield the gentleman from Kansas 1 additional minute.

Mr. PATMAN. We were told there had been no hearings. Copies of the hearings were available to the Economy Committee members on Saturday morning, March 11. They were marked "Executive session—Confidential." These hearings disclosed that what has recently been done in the way of eliminating and reducing veterans' benefits was contemplated at the time of the bill's introduction into the House. Many Members would not have voted for that bill if they had seen the hearings. These printed hearings, which we did not know about for days after the passage of the act, disclosed that $200,000,000 would be taken from service-connected cases annually and also other discriminatory provisions.

Mr. McGUGIN. I am not aware who said there had been no hearings. I am quite certain I never said there had been no hearings, because there was a joint hearing of the Senate Finance Committee and the House Economy Committee, at which the bill was discussed for at least 2 hours.

As to what was stated before that committee about what would be the reductions, I may state there was no such proposition about what the reductions would be. There was a statement as to what they could be if the President chose to make them. It was made clear at all times that the reductions were to be made later by the President. No one undertook to speak for the President in advance as to what would be his regulations.

[Here the gavel fell.]

Mr. KINZER. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. THURSTON].

Mr. THURSTON. Mr. Chairman and members of the Committee, much has been said here today and in the preceding days of this session concerning the plight of the farmer. So I take it that we are either informed or agreed as to his plight or condition.

Therefore I want to direct my remarks to just one phase of this pending bill, and that relates to the interest rate.

The bill before us provides that the farmer shall pay 4½ percent interest. The older Members of the Chamber know that they enacted legislation to assist the shipping interests of this country by granting access to the Federal Treasury, and this industry was allowed to obtain funds at a rate of interest varying from 4½ percent down, possibly, to three eighths of 1 percent.

I shall ask unanimous consent to insert as a part of my remarks a statement received this date from the United States Shipping Board setting out a table of loans made to the respective shipping concerns and the rates of interest that these organizations pay.

The coastwise shipping-trade interests pay 4½ percent for money they obtain, but when we come to the ships in the foreign trade we find the rate of interest is as follows: 2⅞, 2⅜, 3½, 3, 2⅞, 2⅝, 2¾.

Some of the money has been used to construct tank ships to haul petroleum or crude oil from Central and South America to compete with our own oil fields and our own railroads.

We have loaned Federal money to ship trains so that they can load merchandise in cars in New York City and take it by sea to Habana, in competition with our railway system.

When you make a survey of the generosity of the Government to these organizations, surely no one will deny that the farmers of this country, the agricultural interests, are entitled to comparable rates.

So I hope that when the proper time comes we may have an opportunity to amend and reduce the rate of interest that is to be charged the farmer under the terms of this bill from 4½ percent to 3½ percent.

Now, not only do these great shipping interests have this cheap rate of interest but they receive substantial subsidies for every trip they make from America to foreign ports, and in the aggregate they receive very favorable terms from the Federal Treasury.

It was not my purpose to enter into a discussion of the general purposes of this bill, but simply to emphasize the fact that if we can obtain a rate of 3½ or possibly as low as 3 percent for the shipping interests of the country we should for this most essential of all industries, the agricultural industry, provide equal or like treatment.

Mr. SMITH of Washington. Will the gentleman yield?

Mr. THURSTON. I yield.

Mr. SMITH of Washington. Were these loans made by this administration or during a former administration?

Mr. THURSTON. They were made in the past and are currently being made to ships in the course of construction.

Mr. Chairman, I ask unanimous consent to include in my remarks a table that I received from the Shipping Board, giving precise information concerning loans made to shipping interests.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection, and the tables are as follows:

UNITED STATES SHIPPING BOARD,
Washington, April 11, 1933.

Hon. LLOYD THURSTON,
Room 248, House Office Building, Washington, D.C.

DEAR SIR: In accordance with your telephone request, I transmit herewith the following enclosures:

(1) Copy of Report B.R. No. 1105 showing all loans made from construction loan fund from inception to February 28, 1933.

(2) Copy of list showing actual amount of interest paid on each loan to December 31, 1932, and the effective rate of such interest.

(3) Copy of rules for determining the amount of interest payable on construction loans.

Under column headed "Name of vessel" in enclosure (1), I have inserted the foreign trade interest rate for each loan. The coastwise trade interest rate is 5¼ percent on all loans.

An examination of the rules set forth in enclosure (3), particularly of rule V, will reveal the methods used in determining the amounts of interest payable on the various loans as reflected in enclosure (2).

Should you desire additional information, please advise me.

Very truly yours,

BUREAU OF CONSTRUCTION AND FINANCE,
J. W. BARNETT, *Director.*

Status of vessel construction and reconditioning under the Merchant Marine Acts of 1920 and 1928 as of Feb. 28, 1933

SUMMARY

	Number	Gross tons	Deadweight tons	Authorized loan from C.L.F.
Under Merchant Marine Act of 1920	15	106,478	61,010	$18,629,500.00
Under Merchant Marine Act of 1928:				
New vessels, completed:				
Combination	29	325,722	227,669	91,420,191.90
Freighters	2	16,122	19,966	2,378,794.00
Tankers	9	80,740	124,800	11,437,987.50
Total	40	422,584	372,435	105,236,973.40
New vessels, not completed: Combination	2	35,500	19,150	10,946,264.00
Vessels reconditioning, completed:				
Combination	22	171,122	194,829	10,178,692.26
Freighters	16	82,290	122,148	2,142,436.50
Tankers	1	10,780	14,000	422,154.75
Total	39	264,192	330,977	12,743,283.51
Vessels reconditioning, not completed: Freighters	1	4,963	7,840	178,773.75
Total, 1928	82	727,239	730,402	129,105,294.66
Total, construction and reconditioning activities	97	833,717	791,412	147,734,794.66

Vessels constructed under the Merchant Marine Act of 1920

Owner of vessel	Name of vessel	Type	Gross tons	D.W. tons	Propulsion	Speed	Builder	Launched	Delivered to owners	Amount of loan
American Line S.S. Corp. and Atlantic Transport Co. of W. Va. (Panama Pacific Line).	California (4¼)[1]	Comb	20,325	15,300	Turbo el	18	Newport News S.B. & D.D. Co., Newport News, Va.	Oct. 1, 1927	Jan. 13, 1928	$2,866,500.00
Do	Virginia (4¼)[1]	do	20,773	15,500	do	18	do	Aug. 18, 1928	Nov. 26, 1928	3,309,000.00
Cherokee Seminole S.S. Corp. and Clyde S.S. Co.	Cherokee (4¼)[1]	do	5,896	2,930	Turbine	14½	do	Feb. 10, 1925	June 5, 1925	1,309,000.00
Do	Seminole (4¼)[1]	do	5,896	2,930	do	14½	do	Apr. 14, 1925	Aug. 18, 1925	1,309,000.00
Do	Algonquin (4¼)[1]	do	5,945	3,065	do	14½	do	Sept. 9, 1926	Dec. 10, 1926	952,500.00
Coamo S.S. Corp. and New York & Porto Rico S.S. Co.	Coamo (4¼)[1]	Comb. refriz	7,057	4,900	do	15½	do	July 22, 1925	Dec. 21, 1925	1,462,500.00
Eastern S.S. Lines, Inc.	Boston (4¼)[1]	Comb	4,989	800	do	19	Bethlehem S.B. Corp., Ltd., Sparrows Point, Md.	Oct. 27, 1923	May 27, 1924	912,500.00
Do	New York (4¼)[1]	do	4,989	800	do	19	do	Jan. 12, 1924	June 30, 1924	912,500.00
General Motorship Corp.[2]	Clevelander (4¼)[1]	Frt	1,460	2,325	Mot. El aft	10½	Great Lakes Engineering Works, Ashtabula, Ohio.	July 3, 1923	Sept. 10, 1923	200,000.00
Do	Detroiter (4¼)[1]	do	1,460	2,325	do	10½	do	July 31, 1923	Oct. 17, 1923	200,000.00
Robt. E. Lee S.S. Co. and Old Dominion S.S. Co.	Robert E. Lee (4¼)[1]	Comb	5,184	2,175	Turbine	16	Newport News S.B. & D.D. Co., Newport News, Va.	Oct. 16, 1924	Jan. 2, 1925	1,000,000.00
New York & Miami S.S. Corp. and Clyde S.S. Co.	Iroquois (4¼)[1]	do	6,209	3,000	do	18	do	Dec. 11, 1926	May 12, 1927	1,197,000.00
Do	Shawnee (4¼)[1]	do	6,209	3,100	do	18	do	Apr. 19, 1927	July 21, 1927	1,199,000.00
Nova Scotia S.S. Corp. and Eastern S.S. Lines, Inc.	Yarmouth (4¼)[1]	do	5,043	930	do	18	Wm. Cramp & Sons Ship & Engine Bldg. Co., Philadelphia, Pa.	Nov. 6, 1926	July 6, 1927	900,000.00
Do	Evangeline (4¼)[1]	do	5,043	930	do	18	do	Feb. 12, 1927	Oct. 3, 1927	900,000.00
Agwi Navigation Co. and Atlantic Gulf & West Indies S.S. Lines.	Morro Castle (2⅛)[1]	do	11,520	7,025	Turbo el	20	Newport News S.B. & D.D. Co., Newport News, Va.	Mar. 5, 1930	Aug. 15, 1930	3,422,181.90
Do	Oriente (2⅜)[1]	do	11,520	6,909	do	20	do	May 15, 1930	Nov. 21, 1930	3,431,840.00
American Diamond Lines, Inc.	Black Eagle (3½)[3]	Frt	5,060	7,825	Turbine	14	Federal S.B. & D.D. Co., Kearny, N.J.		June 14, 1932	127,328.00
Do	Black Hawk (3½)[3]	do	4,988	7,825	do	14	do		July 15, 1932	105,744.00
Do	Black Falcon (3½)[3]	do	5,049	7,825	do	14	do		Aug. 27, 1932	130,784.00
Do	Black Gull (3½)[3]	do	5,029	7,840	do	14	do		Sept. 20, 1932	122,848.00
Do	Black Heron (3½)[3]	do	4,926	7,825	do	14	do		Oct. 24, 1932	131,520.00
Do	Black Tern (3½)[3]	do	5,032	7,840	do	14	do		Dec. 17, 1932	133,912.00
American Line S.S. Corp. and Atlantic Transport Co. of W.Va. (Panama Pacific Line).	Pennsylvania (3⅜)[1]	Comb	20,526	18,000	Turbo el	18	Newport News S.B. & D.D. Co., Newport News, Va.	July 10, 1929	Oct. 10, 1929	4,768,000.00
American Scantic Line, Inc.	Scanpenn (3½)[3]	do	5,301	7,140	Turbine	14	New York S.B. Corp., Camden, N.J.		June 6, 1932	242,932.00
Do	Scanyork (3½)[3]	do	5,312	7,140	do	14	do		June 18, 1932	237,896.00
Do	Scanmail (3½)[3]	do	5,301	7,140	do	14	do		June 27, 1932	244,496.00
Do	Scanstates (3½)[3]	do	5,312	7,140	do	14	do		July 3, 1932	247,184.00
American South African Line.	City of New York (3⅞).[1]	do	8,272	9,400	Motor	14	Sun S.B. & D.D. Co., Chester, Pa.	Oct. 19, 1929	Jan. 16, 1930	1,350,000.00
American Tankers Corp.	Ulysses (2⅞)[3]	Tanker	10,780	14,000	Recip. aft	15	United Dry Docks, Inc., Mariners Harbor, Staten Island, N.Y.		Aug. 16, 1930	422,154.75
Baltimore Mail S.S. Co.	City of Baltimore (3).[3]	Comb	8,424	7,530	Turbine	16	Federal S.B. & D.D. Co., Kearny, N.J.		June 15, 1931	1,304,237.90
Do	City of Norfolk (3)[3]	do	8,424	7,530	do	16	do		July 28, 1931	1,304,468.35
Do	City of Hamburg (3).[3]	do	8,424	7,530	do	16	do		Sept. 17, 1931	1,304,000.00
Do	City of Havre (3)[3]	do	8,424	7,530	do	16	do		Oct. 19, 1931	1,304,000.00
Do	City of Newport News (3).[3]	do	8,424	7,530	do	16	do		Nov. 19, 1931	1,304,000.00
Bulk Transportation Corp. and DeBardeleben Coal Corp.	H. F. DeBardeleben.[3]	Frt	5,020	7,500	Recip. aft	10½	Jahncke Dry Dock & Ship Repair Co., Inc., New Orleans, La.		Nov. 7, 1930	396,750.00 [4] 13,150.00
Coamo S.S. Corp. and N.Y. & Porto Rico S.S. Co.	Borinquen (1¼)[3]	Comb. refrig.	7,114	4,500	Turbine	15½	Bethlehem S.B. Corp., Ltd. (Fore River), Quincy, Mass.	Sept. 24, 1930	Feb. 20, 1931	1,979,810.00
Colombian Mail S.S. Corp. and Colombian S.S. Co., Inc.	Colombia (3½)[3]	Comb	5,236	4,600	do	17½	Newport News S.B. & D.D. Co., Newport News, Va.	Aug. 6, 1932	Nov. 17, 1932	1,687,500.00
Do	Haiti (3½)[1]	do	5,236	4,600	do	17½	do	Sept. 17, 1932	Dec. 15, 1932	1,687,500.00
Dollar S.S. Lines, Inc., Ltd.	President Hoover (¼).[1]	do	21,936	15,000	Turbo el	21	do	Dec. 9, 1930	July 11, 1931	5,592,900.00
Do	President Coolidge (1).[1]	do	21,936	15,000	do	21	do	Feb. 21, 1931	Oct. 1, 1931	5,598,520.00
Do	President Garfield (3½).[3]	do	10,495	12,375	Recip	14	do		July 18, 1929	225,000.00
Do	President Adams (3⅝).[3]	do	10,516	12,375	do	14	Bethlehem S.B. Corp. Ltd. (West coast), San Francisco, Calif.		Aug. 7, 1929	300,000.00
Do	President Harrison (3⅝).[3]	do	10,504	12,375	do	14	Newport News S.B. & D.D. Co., Newport News, Va.		Aug. 20, 1929	225,000.00
Do	President Johnson (2⅛).[3]	do	15,543	14,500	do	16	do		Apr. 22, 1930	420,000.00
Do	President Fillmore (2⅝).[3]	do	15,575	14,500	do	16	do		May 6, 1930	580,000.00
Eastern S.S. Lines, Inc.	Saint John (3½)[1]	do	6,185	2,200	Turbine	20	do	Jan. 9, 1932	Apr. 22, 1932	2,312,000.00
Do	Acadia (3½)[1]	do	6,185	2,200	do	20	do	Feb. 13, 1932	June 7, 1932	2,316,000.00
Export S.S. Corp.	Excalibur (1½)[1]	do	9,359	9,495	do	16	New York S.B. Corp., Camden, N.J.	Aug. 5, 1930	Dec. 18, 1930	1,725,000.00
Do	Exochorda (¼)[1]	do	9,359	9,495	do	16	do	Oct. 18, 1930	Jan. 15, 1931	1,725,000.00
Do	Exeter (½)[1]	do	9,360	9,495	do	16	do	Apr. 4, 1931	June 4, 1931	1,725,000.00
Do	Excambion (⅝)[1]	do	9,360	9,495	do	16	do	May 28, 1931	Aug. 4, 1931	1,725,000.00
Do	Excelsior (3⅝)[3]	do	5,847	8,822	do	11	United Dry Docks, Inc., Fletcher plant, Hoboken, N.J.		Feb. 10, 1930	74,250.00
Do	Exarch (3⅛)[3]	do	5,839	8,822	do	11	do		Feb. 28, 1930	74,250.00
Do	Exilona (2¾)[3]	do	5,839	8,822	do	11	do		Apr. 4, 1930	74,250.00
Grace S.S. Co. and W. R. Grace & Co.	Santa Clara (2¾)[1]	do	9,502	7,000	Turbo El	18	New York S.B. Corp., Camden, N.J.	Nov. 14, 1929	Apr. 1, 1930	2,454,750.00
Grace S.S. Co.	Santa Lucia (⅛)[1]	do	10,500	7,150	Turbine	18½	Federal S.B. & D.D. Co., Kearny, N.J.	Oct. 3, 1932	Feb. 8, 1933	3,061,020.00
Do	Santa Elena (1)[5]	do	10,500	7,150	do	18½	do	Nov. 30, 1932	Mar. 23, 1933[4]	3,071,264.00

Footnotes at end of table.

Vessels constructed under the Merchant Marine Act of 1920—Continued

Owner of vessel	Name of vessel	Type	Gross tons	D.W. tons	Propulsion	Speed	Builder	Launched	Delivered to owners	Amount of loan
Gulf Pacific Mail Line, Ltd.	Point Ancha (3½) [3]	Frt	4,814	7,600	Recip	13½	Craig Shipbuilding Co., Long Beach, Calif.		Oct. 16, 1932	$98,288.00
Do	Point Lobos (3½) [3]	do	4,757	7,657	do	13½	do		Oct. 27, 1932	150,000.00
Mississippi Shipping Co	Delnorte (3½) [3]	Comb	4,982	7,440	Turbine	13	Jahncke Dry Dock & Ship Repair Co., Inc., New Orleans, La.		Aug. 29, 1931	150,000.00
Do	Delsud (3½) [3]	do	4,982	7,440	do	13	do		Sept. 19, 1931	150,000.00
Do	Delmundo (3½) [3]	do	5,032	7,104	do	13	Newport News S.B. & D.D. Co., Newport News, Va.		July 12, 1932	191,040.00
Do	Delvalle (3½) [3]	do	5,032	7,104	do	13	do		Aug. 11, 1932	190,928.00
Motor Tankship Corp	Pacific Sun (3½) [1]	Tanker	9,096	13,450	Motor aft	11	Sun S.B. & D.D. Co., Chester, Pa.	Dec. 2, 1929	Dec. 26, 1929	1,260,937.50
Do	Chester Sun (3½) [1]	do	9,096	13,450	do	11	do	Feb. 15, 1930	Feb. 27, 1930	1,260,937.50
Do	Western Sun (2⅞) [1]	do	9,100	13,450	do	11	do	May 10, 1930	May 16, 1930	1,260,937.50
Do	Eastern Sun (1⅞) [1]	do	9,100	13,450	do	11	do	May 15, 1930	June 13, 1930	1,260,937.50
Do	Northern Sun (⅞) [1]	do	8,864	14,700	do	11	do	Jan. 31, 1931	Feb. 11, 1931	1,260,937.50
Do	Southern Sun (3) [1]	do	8,893	14,700	do	11	do	Mar. 21, 1931	Apr. 2, 1931	1,265,625.00
Do	Mercury Sun (3) [1]	do	8,893	14,700	do	11	do	Dec. 8, 1931	Dec. 17, 1931	1,265,625.00
North Atlantic S.S. Corp. and United States Lines Co.	Manhattan (½) [1]	Comb	24,289	12,000	Turbine	20	New York S.B. Corp., Camden, N.J.	Dec. 5, 1931	July 27, 1932	7,687,380.00
Oceanic S.S. Co	Mariposa (2) [1]	do	18,017	11,000	do	21	Bethelhem S.B. Corp., Ltd. (Fore River) Quincy, Mass.	July 18, 1931	Dec. 14, 1931	5,850,000.00
Do	Monterey (⅜) [1]	do	18,017	11,000	do	21	do	Oct. 10, 1931	Apr. 29, 1932	5,827,500.00
Oceanic S.S. Co. and Matson Navigation Co.	Lurline (3½) [1]	do	18,021	11,000	do	21	do	July 18, 1932	Jan. 5, 1933	3,000,000.00
Panama Mail S.S Co	Santa Rosa (⅛) [1]	do	11,200	7,716	do	18½	Federal S.B. & D.D. Co., Kearny, N.J.	Mar. 24, 1932	Oct. 27, 1932	3,061,020.00
Do	Santa Paula (⅛) [1]	do	11,200	7,716	do	18½	do	June 11, 1932	Dec. 23, 1932	3,061,020.00
Seatrain Lines, Inc	Seatrain New York (3½) [1]	Frt	8,061	10,920	do	15½	Sun S.B. & D.D. Co., Chester, Pa.	Sept. 14, 1932	Sept. 29, 1932	1,189,397.00
Do	Seatrain Havana (3½). [1]	do	8,061	9,046	do	15½	do	Sept. 26, 1932	Oct. 5, 1932	1,189,397.00
Strachan's Southern S.S. Co. and Strachan Shipping Co.	Floridian (3½) [3]	do	4,697	6,520	Recip	11½	Todd Shipyards Corp., Tietjin & Lang Plant, Hoboken, N.J.		Feb. 4, 1929	124,115.00
Do	Georgian (3⅝) [3]	do	4,691	6,520	do	11½	do		Feb. 28, 1929	133,175.00
Tide Water Associated Transport Corp.	Tide Water (2⅝) [1]	Tanker	8,886	13,450	Motor aft	11	Sun S.B. & D.D. Co., Chester, Pa.	Aug. 9, 1930	Aug. 15, 1930	1,301,025.00
Do	Tide Water Associated (2⅝). [1]	do	8,812	13,450	do	11	do	Sept. 6, 1930	Sept. 15, 1930	1,301,025.00
Transatlantic S.S. Corp. and United States Lines Co.	Washington (½) [6]	Comb	25,000	12,000	Turbine	20	New York S.B. Corp., Camden, N.J.	Aug. 20, 1932	May 1, 1933	7,875,000.00
United Mail S.S. Co. and United Fruit Co.	Talamanca (3) [1]	Comb. refrig.	6,963	4,000	Turbo El	17½	Newport News S.B. & D.D. Co., Newport News, Va.	Aug. 15, 1931	Dec. 12, 1931	2,533,750.00
Do	Chiriqui (3) [1]	do	6,963	4,000	do	17½	do	Nov. 14, 1931	Mar. 18, 1932	2,533,750.00
Do	Antigua (3) [1]	do	6,982	4,428	do	17½	Bethlehem S.B. Corp., Ltd. (Fore River), Quincy, Mass.	Dec. 12, 1931	Apr. 1, 1932	2,533,750.00
Do	Quirigua (3) [1]	do	6,982	4,825	do	17½	do	Feb. 6, 1932	June 4, 1932	2,533,750.00
Do	Veragua (3) [1]	do	6,982	4,420	do	17½	do	Apr. 23, 1932	Aug. 5, 1932	2,533,750.00
Do	Peten (3½) [7]	do	7,000	4,000	do	17½	Newport News S.B. & D.D. Co., Newport News, Va.	Aug. 15, 1931	Feb. 26, 1933	1,808,750.00 [1] 1,893,750.00
United States Lines Company and American Lines Co.	American Traveler (3½). [3]	Frt	7,555	6,940	Turbine	15	Robins D.D. & Repair Co. (Todd plant), Brooklyn, N.Y.		May 7, 1932	56,099.00
Do	American Importer (3½). [3]	Comb	7,590	6,940	do	15	United Dry Docks, Inc., Fletcher plant, Hoboken, N.J.		May 28, 1932	30,760.00
Waterman S.S. Corp	Afoundria (3½) [3]	Frt	5,010	7,840	do	10.8	Alabama D.D. & S.B. Co., Mobile, Ala.		Dec. 2, 1931	58,544.00 [4] 96,273.75
Do	Topa Topa (3½) [3]	do	5,356	8,366	Recip	10.8	do		Dec. 3, 1931	54,544.00
Do	Maiden Creek (3½). [3]	do	5,031	7,625	Turbine	10.8	do		Dec. 9, 1931	58,544.00 [4] 96,273.75
Do	West Hika (3½) [3]	do	5,275	8,600	Recip	10.8	do		Dec. 18, 1931	54,544.00
Do	Kenowis (3½) [3]	do	4,963	7,840	Turbine	10¾	do			178,773.75

[1] New vessel, completed.
[2] Loan made to Minnesota Atlantic Transit Co.
[3] Reconditoned.
[4] Additional loan.
[5] Sunk Mar. 10, 1932.
[6] New vessel, not completed.
[7] Burned prior to completion as Segovia.

Construction loans—Effective rates of interest on all loans as at Dec. 31, 1932, excluding interest paid during construction

Company	Vessel	Amount interest paid	Effective rate	Effective rate each owner
Agwi Navigation Co	Mrro Castle	$183,122.56	2⅞	
Do	Mrro Castle, hotel equipment.	7,923.94	3	2¾
Do	Oriente	156,995.89	2½	
Do	Oriente, hotel equipment.	9,738.80	3½	
American Diamond Lines, Inc	Black Eagle	1,999.22	3½	3
American Line S.S. Corporation	California	602,156.51	5⅛	
Do	Pennsylvania	674,925.84	5	5
Do	Virginia	593,201.35	5⅛	
American Scantic Line, Inc	Scanmail	3,516.72	3½	
Do	Scanpenn	3,401.05	3½	3½
Do	Scanyork	3,307.73	3½	
American South African Line	City of New York	109,316.72	3⅜	3⅜
American Tankers Corporation	Ulysses	33,842.80	5¼	5¼
Baltimore Mail S.S. Co	City of Baltimore	56,862.00	3	
Do	City of Hamburg	37,844.65	3	
Do	City of Havre	37,849.57	3	
Do	City of Newport News.	39,192.66	3⅛	3
Do	City of Norfolk	38,106.89	3	

Construction loans—Effective rates of interest on all loans as at Dec. 31, 1932, excluding interest paid during construction—Con.

Company	Vessel	Amount interest paid	Effective rate	Effective rate each owner
Bulk Transportation Corporation	H. F. DeBardeleben.	$31,631.98	5¼	5¼
Cherokee Seminole S.S. Corporation.	Algonquin	248,759.95	5¼	
Do	Cherokee	323,042.73	4¼	4½
Do	Seminole	317,980.76	4¼	
Coamo Steamship Corporation	Borinquen	34,819.61	1¾	
Do	Borinquen, hotel equipment.	3,435.05	3½	4⅛
Do	Coamo	418,559.41	5⅛	
Dollar Steamship Line	President Adams	31,539.12	3¾	
Do	President Garfield	23,097.44	3⅝	
Do	President Harrison	23,506.19	3¾	
Dollar Steamship Line, Inc., Ltd	President Fillmore	48,094.99	3¾	
Do	President Johnson	39,387.52	4⅜	
Do	President Coolidge	105,187.65	2	2¾
Do	President Coolidge, hotel equipment.	11,957.17	3⅛	
Do	President Hoover	78,705.09	1¾	
Do	President Hoover, hotel equipment.	11,864.97	3¾	

Construction loans—Effective rates of interest on all loans as at Dec. 31, 1932, excluding interest paid during construction—Con.

Company	Vessel	Amount interest paid	Effective rate	Effective rate each owner
Eastern Steamship Lines, Inc.	Acadia	$49,524.33	4¼	
Do	Boston	241,887.28	5¼	5
Do	New York	241,887.29	5¼	
Do	St. John	40,127.45	3½	
Export Steamship Corporation	Excalibur	58,066.42	1⅝	
Do	Excambion	6,466.94	⅛	
Do	Exeter	14,244.20	½	
Do	Exochorda	39,303.80	1½	1¼
Do	Exarch	5,435.43	3⅛	
Do	Excelsior	5,859.93	3⅛	
Do	Exilona	4,806.48	2¾	
General Motorship Corporation	Clevelander	68,121.34	5	5
Do	Detroiter	68,121.34	5	
Grace Steamship Co	Santa Clara	165,420.57	2¾	2¾
Robert E. Lee S.S. Corporation	Robert E. Lee	249,149.37	4¼	4¼
Mississippi Shipping Co	Delnorte	4,894.91	3½	3½
Do	Delsud	4,948.44	3½	
Motor Tankship Corporation	Chester Sun	158,618.60	5¼	
Do	Eastern Sun	151,512.00	5	
Do	Mercury Sun	66,056.76	5¼	
Do	Northern Sun	88,409.67	4¾	5⅛
Do	Pacific Sun	181,511.42	5	
Do	Southern Sun	97,704.75	5¼	
Do	Western Sun	158,832.78	5¼	
New York & Miami S.S. Corporation.	Iroquois	273,553.83	5⅛	5
Do	Shawnee	263,927.49	5	
Nova Scotia S.S. Corporation	Evangeline	173,625.73	4¾	4½
Do	Yarmouth	168,018.50	4¼	
Oceanic Steamship Co	Mariposa	132,138.79	2¾	1¾
Do	Monterey	15,890.75	½	
Strachan's Southern S.S. Co	Floridian	13,790.18	3¾	3¾
Do	Georgian	15,640.24	3¾	
Tidewater Associated Transportation Corporation.	Tide Water	132,693.41	5¼	5
Do	Tide Water Associated.	117,528.53	4⅝	
United Mail S.S. Co	Antigua	38,009.59	3	
Do	Chiriqui	38,277.80	3	3
Do	Quirigua	38,007.39	3	
Do	Talamanca	76,402.95	3	
Waterman S.S. Corporation	Afoundria	979.60	3½	
Do	Maiden Creek	954.42	3½	3½
Do	Topa Topa	900.51	3½	
Do	West Hika	904.78	3½	
Total		8,017,030.52	4	

Mr. KINZER. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. ARENS].

Mr. ARENS. Mr. Chairman, I am taking the floor today to remind the Members of Congress of the promise given to the voters in the farming section, the promise of giving justice and equality to agriculture. It was this promise given to the farmers in the last campaign that brought about this enormous Democratic majority.

Equality in tariff and equality with other industries in extending help in refinancing agriculture by giving them loans on long terms at the same interest rates that other industries are receiving from the Government.

In 1928 the Republicans at their convention in Kansas City promised the farmer a fair and just tariff. On the strength of this promise the people elected a Republican Congress with a majority of over 100 Members. They did not keep their promise. The Smoot-Hawley tariff bill was a direct lie to agriculture. It destroyed the market for the surplus and because of their not keeping their promise this same agricultural section helped elect an overwhelming Democratic Congress.

Are you Democratic Members not going to learn by this sad experience of the Republican Party? I am going to say to you Democrats that the voters of the country are going to learn. They are going to learn that it is very unwise to give a large majority to any of the old parties. The Smoot-Hawley bill was forced through Congress by a rule that limited debate and limited amendment to those proposed by the Ways and Means Committee. The Democratic minority at that time emphatically objected to this gag rule. Today the Democratic majority brings in the same rule and the Republican minority takes the arguments used in 1928 by the then Democratic minority against this gag rule and throws it back at them. The voters will learn that their interests are served best if they send to this Congress a large block of safe and sane Farmer-Laborites that will hold the balance of power and see to it that the old parties both are going to keep their promises.

The bill before us is not giving equality to agriculture. It fixes the interest rate at 4½ percent without amortization, and by the time appraisal fees and recording fees and amortization are added it will cost the farmer close to 6 percent, which is 2, 3, 4, yes, 5 times higher than the interest paid to the same Government by other industries or foreign governments. The present price of agricultural products does not enable the farmer to meet these payments.

I was a member of the Minnesota Senate in 1923, when they passed the rural credit bureau bill. It provided an interest rate of 5¼ percent plus 1 percent for amortization. This was considered a low rate, according to conditions, much lower than the rate proposed in this bill. However, the farmers of Minnesota have not been able to keep up the payments on the loans under this bill. The report of the chairman of the Rural Credit Board of Minnesota shows that out of 13,434 loans made 3,190 have been foreclosed and are now in the possession of the State, 6,129 are delinquent in their taxes and interest, and only 4,115 farm loans are in good standing. The bill also provides the issuance of $2,000,000,000 of tax-exempt bonds. Taxes that should be paid by the holders of the $2,000,000,000 in wealth will have to be paid by those least able to pay. The bill should be financed by the Federal Reserve bank by issuing Treasury notes with farm mortgages as security, the same as is provided in the so-called "Frazier bill."

I am finding a lot of fault with the measure before the House. However, it has some merit. It will reduce the interest rate in Minnesota by about one half of 1 percent, and I am informed considerably more in some other States. It will establish one place where the farmer can get credit. He can receive credit after all other sources have been eliminated. It will start a way to refinance the farmer. Its mistakes will show up soon, and we may be in a position to correct them at our next regular session. I am going, therefore, to vote for the bill, because I do not deny even these small crumbs that this bill is offering in order to enable those farmers who are able to continue operating to wait for better times.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. ARENS. Yes.

Mr. BLANCHARD. Did the people of this country turn to the Democratic Party in expectation of any tariff relief?

Mr. ARENS. They did expect that President Roosevelt would bring about a relief in tariff, as he indicated. They did expect that the Democratic Party would give the farmers relief in refinancing their mortgages.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. ARENS. Yes.

Mr. LUNDEEN. I remind the gentleman that the Labor Party in the British Empire started with only one member, and that party today is in control of the Government and has had the Premier three different times.

Mr. ARENS. I am finding fault with the bill. It has some merits. It enables the farmers of Minnesota, if they choose, to come in under it to save one quarter to one half of 1 percent interest. I am told by Members from other States that it will save more to them, the interest rate in their States being higher. The interest rate in Minnesota was reduced considerably as soon as the State went to loaning money, and I am told by Members from some other States that it will save from 1½ to 2 percent to their farmers. Besides that, it creates a place where the farmer can receive credit after all other sources have been eliminated. There is no more credit for the farmer anywhere. This law will create at least one place where the farmer can refinance his loans.

What are we going to do? A good many will ask how we are going to vote. I am going to vote to recommit the bill. I am for the Frazier bill. I shall do all I can honorably to have this bill go back to the committee and have the Frazier bill substituted for it. I believe the method of financing in the Frazier bill is better than to issue another

$2,000,000,000 of tax-exempt securities. I probably will have to vote for the bill if we do not succeed in substituting the Frazier bill. I could not very well face the people and say that I would deny even those crumbs that are falling in this bill from the table of the Government. It may be the instrument of keeping a few of them alive until after this experiment, when we can amend the bill at the next regular session and make a real bill out of it. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentlewoman from Kansas [Mrs. McCARTHY].

Mrs. McCARTHY. Mr. Chairman, you would not expect any woman to be for any gag rule, much less one who has kissed the Blarney stone. So I am proud of the fact I voted against this rule. [Applause.]

Regardless of that fact, I would be against any rule which would prevent an amendment in the interest of the farmers. I feel that this bill is in need of many amendments, and I am going to tell you some of the things that are wrong with it. The thing most radically wrong is the rate of interest. In my district, representing 26 agricultural counties, one fourth of the State of Kansas, there is not a farm that has shown a profit of 5 percent. Under this bill, direct loans pay 5 percent interest.

If the loan is made through a Federal loaning agency, they pay 4½ percent. There is not a farm in my district that makes 4½ percent profit. How is this bill going to do any good to those farmers?

I am for the Frazier bill whole-heartedly, because of the 1½ percent interest rate and the amortization rate of 1½ percent. I will vote to recommit this bill; but I will say that if that motion to recommit and substitute the Frazier bill is defeated, I will be for the administration bill rather than to have nothing. I will tell you why I vote that way. There is a provision in this bill that 5 years is given for the payment of principal. In other words, it would give the farmer 5 more years with a roof over his head. So, even if he will lose his farm eventually, there is some merit in the bill. For that reason I will vote for it. But why take a poor compromise when we could get something that would really benefit our farmers? We have had people come here and say, "I do not have a farmer in my district, but I am for this bill." They are for this bill with a high interest rate, but they have not made any study of it and they do not know farm conditions. A year ago last fall we had the national corn-husking contest in my district. We grow a great deal of corn in that district. The State of Kansas not only grows the best wheat in the world but, according to the latest report of the Department of Agriculture, mills more flour than any other State in the Union and now passes Minnesota by some 7,000,000 bushels annually. Certainly I am entitled to speak for the farmers of Kansas and to register their protest against this excessively high interest rate.

Another serious objection to this bill is the fact that the profit goes to the bankers. We have had too much catering to international bankers and to special privilege. [Applause.] The very fact that we need this bill today is due to too much legislation in the interest of special industry. If we had not had the high protective-tariff rates which compelled the farmer to buy everything he used in a protected market and to sell everything he produced in a world market, he would not be in the condition he is today.

The fact has been repeatedly stated that one of the serious ills of the country is the maldistribution of wealth. The sentiment of this House is undoubtedly now for currency expansion and inflation. The Wheeler bill has been mentioned. Why do we need that? Because it would help bring about a redistribution of wealth. That is one reason I am for the Frazier bill, because of the provision for currency expansion that would put some of our money out in the agricultural districts where it belongs and take it away from Wall Street.

We will not consider a single measure during this session which is more important than that pending at this time, yet there is really only a handful of Members present. I wonder if some of their constituents will not say: "After the next election they will have plenty of time to go to ball games when they will not be receiving money from the Federal pay roll"?

There is just one thing more I want to take up, and that is the useless red tape heretofore required in order to get a Federal loan, and this plan for refinancing farm mortgages contains a provision for direct loans without going through several intermediaries. [Applause].

The CHAIRMAN. The time of the gentlewoman from Kansas has expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER of Kansas. Mr. Chairman, coming from a strictly agricultural district, as I do, I feel it is my duty to urge upon this Congress the adoption of what is known as the Frazier bill. I am glad that, being one of the new Democratic Members of this House from Kansas, along with my lady colleague, who has just addressed you, I am in accord with her on this matter as representing the farmers. And I believe all the rest of our colleagues in Kansas are also in accord. I am glad we are all here on the job this afternoon instead of going to the ball game.

Now, I favor the Frazier bill for the reason that it gives us a lower rate of interest; but primarily I am in favor of it because I think the greatest emergency legislation we could consider we have not had an opportunity to consider, and that is the expansion of the currency. To my mind that is the only way I can conceive of bringing back prosperity to this country in the near future. Not having an opportunity to get the Frazier bill, if we cannot get that, I say that next I am in favor of the present bill and will vote for it when the time comes. First, if we have an opportunity to vote to recommit the present bill, with instructions to the Agriculture Committee to amend by substituting the Frazier bill, I will vote to recommit it accordingly. If we have no such opportunity, or such a motion to recommit fails, then I will vote for the present bill, as I said, on the theory it is the only available mortgage relief. And, so far as I am concerned, do everything I can to make it a success.

The gentleman from Arkansas [Mr. GLOVER] called my attention to a bill which he had introduced, which in some respects may be better than the Frazier bill. I do not know. The gentleman stated it was before the Ways and Means Committee. I said, "Why do you not present it as an amendment before the Committee on Agriculture?" The gentleman said, "That committee would rule it out under the rule."

Yesterday when my colleague, Mr. McGUGIN, was speaking, trying to explain to the farmers the rules of the House and why we could not consider the Frazier bill, I asked him, "Do you think our farmers give a snap of their fingers for the rules of the House?" I wish to say that when there are such important matters as the Frazier bill pending and we are told that the rules of the House prevent our considering it, the farmers of Kansas and the farmers of the Nation do not give a damn for the rules of this House. [Applause.]

This is not all. They read the CONGRESSIONAL RECORD. They know what is going on. They know that when the reforestation bill was up before this House and ran into a snag that was about to prevent further consideration of it that it was saved by a special rule brought in by the Committee on Rules. They know that whenever the powers that be want to do something they can get a rule to do it. Now, we can find a rule, if necessary, to consider this Frazier bill, because it is of the utmost importance.

Let me call attention to an Associated Press dispatch which appeared in the Washington Star of last Friday, to the effect that the United States currency is now backed by 73 percent in metal security. I read:

A circulating currency that is backed by a 73-percent gold base is the answer Uncle Sam can give to any charges that this country has embarked on a program of issuing unsound money.

We hear much talk about expansion, but we are right on the verge of expanding the bond issues of the country. Is there objection? Of course there ought to be considerable objection to an expansion of the bond issues of the country. I prefer an expansion of the currency instead of an expansion of the bonded indebtedness of the country.

Let me call your attention further to this Associated Press dispatch:

> Only $15,930,000 of the new Federal Reserve bank notes, constituting the much discussed new money was in actual circulation. Thus far only 5 of the 12 regional banks have availed themselves of the new currency, which is backed by sound assets.

There is now $1,277,000,000 less money in circulation than there was during the bank crisis in this country early in March.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, I have listened most of the day to the presentation of this great question. Let me say to those who have spoken here, particularly to the Members from the West, that they have done it with great earnestness and ability. Had they been here with this same interest and ability when the Federal Reserve Act was passed, it would have amounted to something instead of being mostly all a lemon. I admire them for laying aside partisanship with a resolution to evolve out of this bill something worth while.

A moment ago the statement was made that many Members speaking from the well said that while they did not represent an agricultural district they were interested in the bill. It so happens that I do represent an agricultural district, one of eight counties in the heart of Pennsylvania. I knew the fathers of some of the younger Members from the Far West and can tell these Members where they came from. Among them is my good friend, MCCLINTIC, from Oklahoma. He came from one of the most fertile, luxuriant, hospitable, and prosperous valleys in all the world, with a name as long as its fame, Kishacoquillas Valley, Pa., where he returns to hunt in the mountains, where they make better schweitzer cheese than they make in Switzerland, Germany, Minnesota, or Wisconsin, from Belleville, Pa., where Brother MCCLINTIC was born.

I represent eight counties, I said, and a hundred fertile valleys that have been cultivated for more than 200 years; and I may say, Mr. Chairman, these farmers are just as eagerly and as anxiously watching the outcome of this measure as you of the West are. Your vote here for your farmers are votes for my farmers; and we ought to have brains enough to write a bill which will bring about some of the results so badly needed. It is a fact that we have been 10, 12, 14 years struggling along trying to get something to help the farmer.

I admit that many times we have tried to lift ourselves by our bootstraps; that we got away from the common sense of our fathers who understood the practical way of doing things; and right now I thank God that they wrote into the Constitution and our laws the checks, balances, and hindrances that make it impossible to railroad these bills through so speedily. We have seen bills introduced on the hurry-up order to be passed today and be operative next week, but they did not get through the Senate so suddenly, and they are not through the Senate yet.

Our Secretary of Agriculture, Hon. John McSparren, Pennsylvania, has advised me that he is for the bill, while the Rural New Yorker is opposed to it. Thus we have a divergence of opinion; but that should not deter support of something.

I hope and trust that when we get through with this program we will have something that will be of real benefit to the farmers.

Mr. Chairman, I wonder whether a little thought I have here, if practically applied with all the energy expended in this great debate, might not be of value.

Here is a farm 5 minutes' distance from my residence in Lewisburg. Five minutes from the time they have their milk at this farmhouse it could be on my table in Lewisburg. At the farm they pay 2 cents a quart for it. In my home I pay 10 cents a quart for it. What has happened while it is being transferred from this farm to my home that has caused this difference in price?

This is the question, Mr. Chairman, underlying this whole matter of agriculture—marketing. The people in the farmhouse do not get the price we pay for their products nor anything like it. Let us have courage enough to tackle this phase of the problem.

Mr. WEIDEMAN. I presume the gentleman will vote for this bill.

Mr. FOCHT. Certainly I will vote for the bill and will try to support the President throughout, although I could not register for him on the beer saloon, nor against the soldier, nor will I approve any tariff tinkering. All my life I have been trying to get something done here, and you are doing just exactly what I want done, but there must be cooperation to the end that the right thing may be accomplished. I will vote for any little scrap of thing that will start us in the right direction and trust to the intelligent administration of the law by the people that the ultimate result will mean something for the farmer.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. HUGHES].

Mr. HUGHES. Mr. Chairman, I recognize the plight of the farmer as identical throughout all sections of the Nation, in every State of the Union and in every division and branch of the industry, and I would take a few moments to discuss a particular division of this great business that the State of Wisconsin, which I have the privilege of serving, is particularly interested in and identified with.

Wisconsin, with its neighbor States of Minnesota, Iowa, Illinois, Michigan, Ohio, Indiana, and the great State of New York, leads in the dairy industry. It represents 20 percent of the total income of the American farmer. It calls upon a greater degree of investment in buildings and equipment and scientific management than any other branch of agriculture. In the State of Wisconsin we have maintained over the past 5 years a production in volume of about 11,000,000,000 pounds. In the peak year of 1929 this was valued at $236,000,000. In the year of 1932 the shrinkage that occurred was a matter of $104,000,000. This represents over 55 percent, and in the course of the past 4 or 5 years the farmers of Wisconsin have become encumbered with mortgages that total $750,000,000.

We recognize the need for aid and action now, and I personally want to state my opinion that the President of the United States is fully aware of the need of American agriculture and that the decision he has arrived at has come by seasoned knowledge and understanding and conference, seeking counsel with the best groups in the Nation. I have faith and confidence that the President of the United States is proposing this legislation because he knows it will register immediate aid to the American farmer.

I do not believe that this measure is a cure-all. I feel there are things that are left undone, but it is a step in the right direction, and after months, and, yes, years of delay, it is refreshing to have a leadership with the vision to see and the courage to act, and in supporting this legislation I believe we are supporting the program of President Roosevelt, who has captured the admiration and the respect of the American people; and they are more interested in the desires and plans of Roosevelt than the personal opinion of Congressmen. I thank you. [Applause.]

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARNOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 4795, had come to no resolution thereon.

THE "AKRON" DISASTER

The SPEAKER laid before the House the following communication:

SPEAKER OF THE HOUSE OF REPRESENTATIVES,
United States of America, Washington, D.C.:

The House of Representatives, in session on this date, resolved to express to the American people through their worthy Representatives our sincere sympathy in the deplorable catastrophe of the dirigible *Akron*.

RAFAEL GUAS INCLAN,
President of the House of Representatives,
Republic of Cuba.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DOUGLASS, for 5 days, on account of illness.

To Mr. REID of Illinois, indefinitely, on account of illness.

To Mr. ANDREW of Massachusetts, for several days, on account of illness.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 334. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933; to the Committee on Banking and Currency.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock p.m.) the House adjourned until tomorrow, Thursday, April 13, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

18. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment under the Architect of the Capitol for the fiscal year 1933 in the sum of $30,000; to the Committee on Appropriations.

19. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of Labor for the fiscal year 1933 in the sum of $1,500; to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 48. A bill to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.; without amendment (Rept. No. 37). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H.R. 1596. A bill to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.; with amendment (Rept. No. 38). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H.R. 4127. A bill to extend the time for the construction of a bridge across the Waccamaw River near Conway, S.C.; with amendment (Rept. No. 39). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 4225. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; without amendment (Rept. No. 40). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 4332. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at a point near the Forest-Venango County line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania; without amendment (Rept. No. 41). Referred to the House Calendar.

Mr. COOPER of Ohio: Committee on Interstate and Foreign Commerce. H.R. 4491. A bill granting the consent of Congress to the Board of County Commissioners of Mahoning County, Ohio, to construct a free overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio; with amendment (Rept. No. 42). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. House Joint Resolution 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes; without amendment (Rept. No. 43). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4430) granting an increase of pension to David R. Majors; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 4431) for the relief of Carl C. Baxter; Committee on Invalid Pensions discharged, and referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PIERCE: A bill (H.R. 4934) to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon; to the Committee on Agriculture.

By Mr. CARY: A bill (H.R. 4935) to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes; to the Committee on the Public Lands.

By Mr. FITZGIBBONS: A bill (H.R. 4936) to authorize the construction of barracks at Fort Ontario, Oswego, N.Y., and for other purposes; to the Committee on Military Affairs.

By Mr. GRISWOLD: A bill (H.R. 4937) to require contractors on public-building projects to name their subcontractors, material men, and supply men, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. EDMONDS: A bill (H.R. 4938) to amend section 28 of the Shipping Act, 1920; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. UTTERBACK: A bill (H.R. 4939) authorizing a preliminary examination and survey of Eastport Harbor, Maine; to the Committee on Rivers and Harbors.

By Mr. BRUNNER: A bill (H.R. 4940) to amend the act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes", approved February 28, 1925; to the Committee on the Post Office and Post Roads.

By Mr. THURSTON: A bill (H.R. 4941) to exempt educational institutions from the payment of the tax on checks, and for other purposes; to the Committee on Ways and Means.

By Mr. BLACK: A bill (H.R. 4942) to establish an Athletic Commission to regulate boxing, sparring, and wrestling exhibitions; to the Committee on the District of Columbia.

By Mr. PIERCE: A bill (H.R. 4943) to authorize the addition of certain lands to the Ochoco National Forest, Oreg.; to the Committee on the Public Lands.

By Mr. SMITH of Washington: A bill (H.R. 4944) authorizing the Secretary of the Navy to make available to the

municipality of Aberdeen, Wash., the U.S.S. *Newport;* to the Committee on Naval Affairs.

Also, a bill (H.R. 4945) to provide a preliminary examination of the Cowlitz River and its tributaries, in the State of Washington, with a view to the control of their floods; to the Committee on Flood Control.

By Mr. CELLER: Resolution (H.Res. 105) to investigate appointments and conduct of receivers and trustees in bankruptcy and equity causes in sundry United States district courts; to the Committee on Rules.

By Mr. ANDREW of Massachusetts: Joint Resolution (H.J.Res. 151) extending to the fishing industry certain benefits granted under section 11 of the Merchant Marine Act, 1920; to the Committee on Merchant Marine, Radio, and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H.R. 4946) for the relief of Margaret Helms; to the Committee on Claims.

Also, a bill (H.R. 4947) for the relief of Lars W. Larson; to the Committee on Claims.

By Mr. COLDEN: A bill (H.R. 4948) providing for the appointment of Chief Boatswain John J. Rochfort, with the rank of lieutenant, United States Navy, retired, to the office of lieutenant on the retired list of the Navy, and awarding him a Congressional Medal of Honor; to the Committee on Naval Affairs.

By Mr. CONNOLLY: A bill (H.R. 4949) for the relief of Israel Rickter; to the Committee on Claims.

Also, a bill (H.R. 4950) for the relief of Charles Pine; to the Committee on Claims.

By Mr. FOCHT: A bill (H.R. 4951) granting a pension to Mary C. VanZandt; to the Committee on Invalid Pensions.

By Mr. GAMBRILL: A bill (H.R. 4952) for the relief of Theodore W. Beland; to the Committee on Claims.

By Mr. GILCHRIST: A bill (H.R. 4953) for the relief of F. A. Robinson; to the Committee on Claims.

Also, a bill (H.R. 4954) for the relief of Charley F. Wood; to the Committee on Claims.

By Mr. KNUTE HILL: A bill (H.R. 4955) extending the provisions of the pension laws relating to Indian war veterans to Capt. H. M. Hodgis' company, and for other purposes; to the Committee on Pensions.

By Mr. HUDDLESTON: A bill (H.R. 4956) granting a pension to Daniel W. Tidmore; to the Committee on Invalid Pensions.

By Mr. KEE: A bill (H.R. 4957) for the relief of F. M. Peters and J. T. Akers; to the Committee on Claims.

By Mr. KENNEDY of Maryland: A bill (H.R. 4958) for the relief of Helena C. VonGroning and Stephan VonGroning; to the Committee on Claims.

By Mr. KLEBERG: A bill (H.R. 4959) for the relief of Mary Josephine Lobert; to the Committee on Claims.

Also, a bill (H.R. 4960) for the relief of Robinson W. Fullerton; to the Committee on Claims.

Also, a bill (H.R. 4961) for the relief of Otto Christian; to the Committee on Military Affairs.

By Mr. LUCE: A bill (H.R. 4962) for the relief of Joseph B. Lynch; to the Committee on Naval Affairs.

By Mr. McFADDEN: A bill (H.R. 4963) granting an increase of pension to Rachel A. Scott; to the Committee on Invalid Pensions.

By Mr. MARSHALL: A bill (H.R. 4964) for the relief of William A. Ray; to the Committee on Claims.

Also, a bill (H.R. 4965) granting an increase of pension to Sarah E. Ross; to the Committee on Invalid Pensions.

By Mr. PIERCE: A bill (H.R. 4966) for the relief of Wallace E. Ordway; to the Committee on Claims.

Also, a bill (H.R. 4967) for the relief of Fred Herrick; to the Committee on Agriculture.

By Mr. REECE: A bill (H.R. 4968) granting a pension to W. M. Sims; to the Committee on Invalid Pensions.

By Mr. SUMNERS of Texas: A bill (H.R. 4969) for the relief of James F. True; to the Committee on Military Affairs.

By Mr. TAYLOR of Tennessee: A bill (H.R. 4970) granting a pension to Belle Cannon; to the Committee on Pensions.

Also, a bill (H.R. 4971) granting a pension to John G. Elliott; to the Committee on Pensions.

By Mr. WEIDEMAN: A bill (H.R. 4972) for the relief of Alex Zegunia; to the Committee on Claims.

By Mr. WILLIAMS: A bill (H.R. 4973) for the relief of G. C. Vandover; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

490. By Mr. ARENS: Petition of the Duluth Chamber of Commerce, protesting against the transfer of the Hydrographic Office from Navy Department, and recommending that it remain under the administration of the Navy Department; to the Committee on Naval Affairs.

491. Also, petition of the Minneapolis Bearcat Post, No. 504, Minneapolis, Minn., concerning increase of postal rates on newspapers, magazines, and periodicals; to the Committee on Ways and Means.

492. Also, petition of Faribault Post, No. 43, American Legion, concerning the abolishment of all first- and second-class postmasters in the United States and that all postal appointments be strictly under civil service; to the Committee on the Post Office and Post Roads.

493. Also, petition of Peter Peterson, favoring the refinancing of farm mortgages at a reasonable rate of interest not to exceed 4 percent, thereby establishing a definite credit relief; to the Committee on Banking and Currency.

494. Also, petition of the City Council of Eveleth, Minn., signed by Victor E. Essling, mayor, and attested by Morris Levant, city clerk, approving President's reforestation project and recommending same, especially as it relates to the development of Superior National Forest; to the Committee on Labor.

495. Also, petition of the Minneapolis Bearcat Post, No. 504, Minneapolis, Minn., favoring an investigation of the recent Reconstruction Finance Corporation loan to the Pennsylvania Railroad and other inconsistent incidents; to the Committee on the Judiciary.

496. Also, petition of the Leo Carey Post, No. 56, American Legion, March 16, 1933, F. C. Marpe, commander, and L. J. Peterson, adjutant, Albert Lea, Minn., opposing the construction of the new post-office building in the city of Albert Lea, Minn., and that the postmastership of Albert Lea be discontinued, as well as postmasters in cities of the same class throughout the United States; to the Committee on Public Buildings and Grounds.

497. Also, petition of the House of Representatives and Senate of Minnesota, Mike Holm, secretary of state, petitioning the United States Department of Agriculture and Secretary to reduce yardage fees and fee charges at least 30 percent and commission fees and commission terms operating in the terminal markets in this State 15 percent; to the Committee on Agriculture.

498. Also, petition of farm-labor, passed unanimously at the Farmer-Labor Convention of the city of Redwing, March 31, 1933, William F. Witty, chairman, and H. R. Anderson, secretary, concerning unemployment insurance; to the Committee on Labor.

499. Also, petition that the second, third, and fourth district of the Minnesota Association assist and support the President of the United States in his undertaking; to the Committee on Ways and Means.

500. Also, petition of the Currency Study Club of Wilmar, Minn., Charles Nelson, O. S. Lasby, E. E. Lawson, and Ruben Lundquist, committee, urging careful study of principles involved in these measures, and strive to secure the passage of the Wheeler, Rankin-Thomas, Wright Patman, and the Frazier bills; to the Committee on Banking and Currency.

501. By Mr. BAKEWELL: Petition of sundry citizens of New Haven, West Haven, Winsted, Derby, Meriden, and Ansonia, all in the State of Connecticut, remonstrating against the passage of the Black-Connery bill to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day; to the Committee on Labor.

502. By Mr. CONDON: Petition of Providence Local No. 46, National Association of Special Delivery Messengers, requesting that the special-delivery messengers of the Postal Service be placed under a special classified service of the Postal Service with proper compensation and benefits such as do accrue to all Civil Service employees; to the Committee on the Civil Service.

503. By Mr. EDMONDS: Petition of Rittenhouse Astronomical Society, of Philadelphia, Pa., asking that the functions of the United States Naval Observatory be not curtailed through reduction in appropriations; to the Committee on Naval Affairs.

504. By Mr. GIBSON: Petition of Barre Post, No. 10, American Legion, opposing removal of regional office at Burlington, Vt.; to the Committee on World War Veterans' Legislation.

505. By Mr. GILCHRIST: Petition of the Woman's Missionary Society (M.E.) of Webster City, Iowa, signed by 15 members; to the Committee on Interstate and Foreign Commerce.

506. By Mr. KENNEY: Petition in the nature of a resolution of the Parent-Teacher Association of Teaneck High School, Teaneck, N.J., that the laws governing the Reconstruction Finance Corporation be changed so as to permit loans to boards of education for use in the construction and equipping of additions to schools and new schools where such construction has been authorized by the taxpayers; to the Committee on Banking and Currency.

507. By Mr. LINDSAY: Petition of the Great Lakes Dredge & Dock Co., New York City, opposing the passage of House bill 3348; to the Committee on Merchant Marine, Radio, and Fisheries.

508. Also, petition of New York Typographical Union, No. 6, New York City, through James J. Bambrick, organizer, representing 32,000 union printers of Greater New York, favoring the Black bill, but it must include newspaper and magazine printers; to the Committee on Labor.

509. By Mr. LUNDEEN: Petition of the House of Representatives of the Legislature of the State of Minnesota, urging Congress to enact legislation that will increase the issuance of money and establish the value thereof, loan money direct to the States on the security of the natural resources of each State, to liquidate all present national banks and establish in their stead Government-owned and controlled banks; to the Committee on Banking and Currency.

510. Also, petition of the Ramsey County Legislative Committee, St. Paul, Minn., opposing reduction in salaries of Federal employees and in appropriations for veterans' aid; to the Committee on Appropriations.

511. Also, petition of the Leo Carey Post, No. 56, American Legion, Albert Lea, Minn., urging delay in construction of the post-office building at Albert Lea, Minn., in the interest of economy; to the Committee on Public Buildings and Grounds.

512. Also, petition of the City Council of the City of Minneapolis, Minn., requesting Congress to increase Federal aid for public construction work; to the Committee on Appropriations.

513. Also, petition signed by numerous residents of Ghent, Minn., requesting legislation providing that all petroleum products used in internal-combustion engines shall be blended, 10 percent by volume, with ethyl alcohol made from agricultural products grown in the continental United States; to the Committee on Interstate and Foreign Commerce.

514. Also, petition of residents of the township of Mamre, Kandiyohi County, Minn., urging passage of the Frazier bill, providing for the refinancing of farm mortgages; to the Committee on Agriculture.

515. Also, petition of the Watonwan County (Minn.) Holiday Association, urging passage of the Frazier bill, providing for the refinancing of farm mortgages; to the Committee on Agriculture.

516. By Mr. REID of Illinois: Resolution of the Laverne T. Perrottet Post, No. 76, American Legion, Wheaton, Ill., protesting against the official recognition by the United States of America of the Union of Soviet Socialist Republics; to the Committee on Foreign Affairs.

517. By Mr. RUDD: Petition of the Jacobs Bros. Co., Inc., Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

518. By Mr. SMITH of West Virginia: Resolution of the Beckley Chamber of Commerce, Beckley, W.Va., favoring legislation providing that the first-class postage rate be returned to 2 cents; to the Committee on Ways and Means.

SENATE

THURSDAY, APRIL 13, 1933

(Legislative day of Tuesday, Apr. 11, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reed
Ashurst	Costigan	Kendrick	Reynolds
Austin	Couzens	Keyes	Robinson, Ark.
Bachman	Cutting	La Follette	Robinson, Ind.
Bailey	Dickinson	Lewis	Russell
Bankhead	Dieterich	Logan	Schall
Barbour	Dill	Lonergan	Sheppard
Barkley	Duffy	Long	Shipstead
Black	Erickson	McAdoo	Smith
Bone	Fess	McCarran	Steiwer
Borah	Fletcher	McGill	Stephens
Bratton	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Glass	Metcalf	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Hale	Norbeck	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Hebert	Pittman	Wheeler
Coolidge	Johnson	Pope	White

Mr. REED. I desire to announce that my colleague the junior Senator from Pennsylvania [Mr. DAVIS] is still necessarily absent because of illness. I ask that the announcement may stand for the day.

Mr. THOMAS of Utah. I wish to announce the necessary absence of my colleague the senior Senator from Utah [Mr. KING] because of a death in his family. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Ninety-two Senators having answered to their names, a quorum is present.

The Senate will receive a message from the President of the United States.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

FUNCTIONS OF THE DEPARTMENT OF JUSTICE (S.DOC. NO. 25)

The VICE PRESIDENT laid before the Senate a letter from the Attorney General, transmitting, in response to Senate Resolution 351, Seventy-second Congress, a report of all functions executed by the Department of Justice, together with reference to the statutory authorities for the execution of said functions and the annual cost thereof, which, with the accompanying papers, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE DEPARTMENT OF THE NAVY (S.DOC. NO. 24)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Navy, transmitting, in response

to Senate Resolution 351, Seventy-second Congress, a report of all the functions and the personnel of the Navy Department, together with the annual cost thereof, which, with the accompanying papers, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE VETERANS' ADMINISTRATION (S.DOC. NO. 23)

The VICE PRESIDENT laid before the Senate a letter from the Administrator of Veterans' Affairs, transmitting, in response to Senate Resolution 351, Seventy-second Congress, a report of the functions and activities conducted under the jurisdiction of the Veterans' Administration, the statutory authority therefor, and the total amounts appropriated for the fiscal year 1933, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PROTECTION OF SMALL-HOME OWNERS FROM FORECLOSURE (H.DOC. NO. 19)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

To the Congress:

As a further and urgently necessary step in the program to promote economic recovery, I ask the Congress for legislation to protect small-home owners from foreclosure and to relieve them of a portion of the burden of excessive interest and principal payments incurred during the period of higher values and higher earning power.

Implicit in the legislation which I am suggesting to you is a declaration of national policy. This policy is that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guaranty of social and economic stability, and that to protect home owners from inequitable enforced liquidation, in a time of general distress, is a proper concern of the Government.

The legislation I propose follows the general lines of the farm mortgage refinancing bill. The terms are such as to impose the least possible charge upon the National Treasury consistent with the objects sought. It provides machinery through which existing mortgage debts on small homes may be adjusted to a sound basis of values without injustice to investors, at substantially lower interest rates and with provision for postponing both interest and principal payments in cases of extreme need. The resources to be made available through a bond issue to be guaranteed as to interest only by the Treasury will, it is thought, be sufficient to meet the needs of those to whom other methods of financing are not available. At the same time the plan of settlement will provide a standard which should put an end to present uncertain and chaotic conditions that create fear and despair among both home owners and investors.

Legislation of this character is a subject that demands our most earnest, thoughtful, and prompt consideration.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 13, 1933.*

Mr. ROBINSON of Arkansas. I ask leave to introduce a bill to be known as "the Home Owners Loan Act", and I ask that it may be referred to the Committee on Banking and Currency.

The VICE PRESIDENT. Without objection, the bill will be received and so referred.

The bill (S. 1317) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

CHANGE IN DATE OF THE INAUGURATION

The VICE PRESIDENT laid before the Senate a joint resolution adopted by the Legislature of the State of Tennessee, ratifying the twentieth amendment of the Constitution, fixing the commencement of the terms of President and Vice President and Members of the Congress and fixing the time of the assembling of Congress, which was ordered to lie on the table, as follows:

STATE OF TENNESSEE,
DEPARTMENT OF STATE.

To all to whom these presents shall come, greeting:

I, Ernest N. Haston, secretary of state of the State of Tennessee, do hereby certify that the annexed is a true copy of Senate Joint Resolution No. 31, acts of 1933, the original of which is now on file and a matter of record in this office.

In testimony whereof I have hereunto subscribed my official signature and by order of the Governor affixed the great seal of the State of Tennessee at the department in the city of Nashville this 31st day of March A.D. 1933.

[SEAL] ERNEST N. HASTON,
Secretary of State.

Senate Joint Resolution 13 (Shelby delegation), relating to the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress

Whereas at the first session of the Seventy-second Congress of the United States of America it was—

Resolved by the Senate and House of Representatives of the United States in Congress assembled (two thirds of each House concurring therein), That the following article be proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three fourths of the several States, shall be valid to all intents and purposes as part of the Constitution, viz:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President-elect shall have died, the Vice President-elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President-elect shall have failed to qualify, then the Vice President-elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President-elect nor a Vice President-elect shall have qualified, declaring who shall then act as President or the manner in which one who is to act shall be elected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice may have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three fourths of the several States within 7 years from the date of its submission":

Therefore be it—

Resolved by the General Assembly of the State of Tennessee, That said proposed amendment to the Constitution of the United States of America be, and the same is, hereby ratified by the General Assembly of the State of Tennessee; be it further

Resolved, That certified copies of the foregoing preamble and joint resolution be forwarded by the Governor of the State of Tennessee to the President of the United States, to the Secretary of State of the United States at Washington, D.C., to the President of the Senate of the United States, and to the Speaker of the House of Representatives of the United States.

Adopted January 20, 1933.

A. F. OFFICER,
Speaker of the Senate.
FRANK W. MOORE,
Speaker of the House of Representatives.

Approved January 20, 1933.

HILL MCALISTER, *Governor.*

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Thirty-seventh State Conference of the Daughters of the American Revolution of Illinois, protesting against the recognition of the Soviet Government of Russia under present conditions, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a telegram and a letter from John M. Parker, of New Orleans, La., together with two petitions of citizens of the State of Louisiana, relating to alleged

acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on Privileges and Elections.

He also laid before the Senate a telegram from the president of the New Orleans (La.) Board of Trade, Ltd., embodying a resolution adopted by the board of directors of that board, endorsing the policies of the administration of President Roosevelt dealing with the reopening of the banks on a sound basis, the unemployment-relief program, and efforts for the reestablishment of confidence, etc., which was ordered to lie on the table.

He also laid before the Senate a letter in the nature of a petition from D. J. Melvin, of Titusville, Fla., praying for the passage of legislation to authorize the establishment of a Federal relief commission or administration, headed by the President of the United States, to supersede the relief work of the American Red Cross, etc., and also praying for the establishment of an old-age pension system, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by a meeting of citizens of Williamsburgh, Brooklyn, N.Y., protesting against alleged persecution of the Jews in Germany, and favoring the passage of legislation permitting entry into the United States of such persons of Jewish faith, which was referred to the Committee on Foreign Relations.

He also presented resolution adopted by the Brooklyn Civic Club and the Thirteenth Assembly District Regular Democratic Organization, both of Brooklyn, and the Edgemere Democratic Club, of Edgemere, all in the State of New York, protesting against the persecution of and alleged outrages committed against the Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Twin Ports Lodge, No. 12, International Shipmasters' Association of the Great Lakes, Kenmore, N.Y., protesting against the proposed transfer of the Hydrographic Office from the Navy Department to the Bureau of Coast and Geodetic Survey, which was referred to the Committee on Naval Affairs.

He also presented a resolution adopted by the Howard Beach Association, Inc., in the State of New York, favoring the repeal of wage-cut provisions of the so-called "Economy Act", which was ordered to lie on the table.

He also presented resolutions of the Maritime Association of the Port of New York, and the Propeller Club of the United States, both of New York City, N.Y., protesting against the ratification of the Great Lakes-St. Lawrence deep waterway treaty, which were ordered to lie on the table.

Mr. WHEELER presented a petition of sundry citizens of Comstock and vicinity, Custer County, Nebr., praying for the passage of Senate bill 70, known as the "Wheeler bill", providing for the remonetization of silver, which was referred to the Committee on Banking and Currency.

REMONETIZATION OF SILVER

Mr. WHEELER presented a resolution adopted by Local Union No. 197, United Brotherhood of Carpenters and Joiners of America, of Sherman, Tex., which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Whereas members of Carpenters' Local Union No. 197, United Brotherhood of Carpenters and Joiners of America, believe, after undergoing 4 years of unemployment and distress, that it is time relief measures of some kind be passed by our Government, and sincerely believe that the views of Senator B. K. WHEELER are very sound, indeed: Therefore be it

Resolved, That Local Union No. 197 of Carpenters and Joiners of America, Sherman, Tex., endorse the Wheeler bill, S. 70, and very respectfully request Congress to enact same as soon as possible.

LOCAL UNION No. 197,
Sherman, Tex.
W. A. BROWN, *President.*
C. A. FRENCH, *Secretary.*

CHECKING OF EROSION ON THE NEW JERSEY COAST

Mr. BARBOUR. Mr. President, I ask unanimous consent for the printing in the RECORD of a resolution I have received from the Board of Chosen Freeholders, County of Atlantic, N.J., urging that some of the funds to be spent for unemployment relief be spent in arresting the serious shore erosion along the New Jersey coast, and ask that it be appropriately referred.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Whereas the Federal Government is about to spend considerable money in reclaiming and protecting areas of the United States that demand such attention, which activity will relieve present unemployment to a considerable extent; and

Whereas the continual and destructive erosion of the shore line of New Jersey has always received attention of the affected municipalities up to the present time, when the condition of municipal finances has made it impossible for this necessary protective work to be further continued; and

Whereas there is no available source, other than Federal Government, for assistance in taking care of this situation, which is already developing deplorable results: Now, therefore, be it

Resolved, That the attention of the Federal Government be called to this situation and a petition for relief be and is hereby respectfully submitted to that agency of the Federal Government upon which responsibility is placed in the accomplishment of the purpose of the Federal Government above referred to; and be it further

Resolved, That certified copies of this resolution be submitted, by the clerk of this board, to Senators KEAN and BARBOUR and to Representative BACHARACH for their use in presenting this petition for relief and urging, upon the proper department of the Federal Government, a prompt investigation of the aforesaid need of Federal Government aid in coast protection.

Certified as a true copy of a resolution adopted by the Board of Chosen Freeholders, Atlantic County, N.J., on April 12, 1933.

F. W. WILLETT, *Clerk.*

Mr. BARBOUR. Mr. President, also I ask unanimous consent for the printing in the RECORD of a resolution I have received from the Chamber of Commerce of Brigantine, N.J., urging legislation for the protection of beach-front property from erosion by storms, and ask that it be appropriately referred.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

BRIGANTINE CHAMBER OF COMMERCE,
Brigantine, N.J., April 11, 1933.

Hon. W. WARREN BARBOUR,
Washington, D.C.

MY DEAR SIR: The Brigantine Chamber of Commerce has ordered that I forward to you the following resolution passed by the chamber Tuesday, April 10, 1933:

"Whereas the recent severe storms on the Atlantic Ocean have done considerable damage to the beach-front property in the city of Brigantine; and

"Whereas such damage caused a great loss in assessable property and is jeopardizing the city water and sewer system; and

"Whereas there has been considerable discussion concerning the proposed passage of a statute authorizing, as a means of unemployment relief, the protection of ocean-front property: Now, therefore,

"*The Brigantine Chamber of Commerce does resolve*, That the secretary be, and he hereby is, authorized and instructed to communicate with Senator W. WARREN BARBOUR and advise him concerning the critical condition of the beach-front property in the city of Brigantine and the immediate need for some beach protection, to the end that if some legislation is passed authorizing this type of work, the city of Brigantine be considered as applying for some such relief."

Respectfully submitted.

L. M. LINDSEY, *Secretary.*

Mr. BARBOUR. Mr. President, I also ask unanimous consent for the printing in the RECORD of a resolution I have received from the Board of Chosen Freeholders of the County of Ocean, N.J., urging that some of the funds spent for unemployment relief be spent in arresting the very serious shore erosion along the New Jersey coast, and ask that it be appropriately referred:

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Resolution, April 12, 1933 (by Mr. Applegate)

Whereas it is understood that the United States Government is about to spend considerable amounts of money for reforestation and reclamation plans, particularly for the relieving of the unemployment situation; and

Whereas a continual and serious erosion of the shore line of New Jersey has created a condition that threatens the very existence of the seashore resorts if this erosion is not checked; and

Whereas the conditions have become so serious and the cost of measures needed to check this erosion and protect this shore line

is so great that in the present financial conditions the various municipalities are unable to furnish sufficient funds for the prosecution of such work: Therefore be it

Resolved, That the attention of President Roosevelt be called to this condition and that he be, and hereby is, petitioned to give careful consideration to this condition and direct the expenditure of a portion of the unemployment-relief funds to the purposes above mentioned, and that copies of this resolution be sent to our Congressman and two United States Senators.

I, James K. Allardice, clerk of the Board of Chosen Freeholders of the County of Ocean, hereby certify that the above is a true copy of a resolution adopted by the said board on the 12th day of April 1933.

[SEAL] JAMES K. ALLARDICE, *Clerk*.

EUGENE MEYER

Mr. REED. Mr. President, out of order and by unanimous consent, I should like to offer an article for publication in the RECORD. During recent days very much bitter criticism has been expressed of Mr. Eugene Meyer by certain Senators in this body, and I think that it is only justice to Mr. Meyer and a fair recognition of the conspicuous public service he has rendered in the administrations of President Wilson, President Coolidge, and President Hoover that the article by Mr. Frank R. Kent appearing in this morning's Baltimore Sun should be published in the CONGRESSIONAL RECORD. So I ask unanimous consent that the article may be printed at this point and lie on the table.

There being no objection, the article was ordered to lie on the table and to be printed in the RECORD, as follows:

[From the Baltimore Sun, Apr. 13, 1933]

THE GREAT GAME OF POLITICS

By Frank R. Kent

HE SAID IT IN 1923

WASHINGTON, April 12.—It is a pity our politics are of such a kind that a new President cannot, without unpleasant political complications, retain the services of conspicuously fit men of the other party whom he finds in office. It would greatly promote the efficient working of our governmental machine if he could.

For example, not many aside from the professional denunciators of the rich, like the Brookharts and Longs, will fail to feel that the retirement of Mr. Eugene Meyer as head of the Federal Reserve Board is a loss to the country, and really to the administration. It is possible, of course, to find a Democrat who in character and ability measures up to this job, though the list in either party is a limited one. It is hardly possible, however, to find one with the training, experience, and detailed knowledge of the system possessed by Mr. Meyer. That is where the loss comes in.

With the passing of Mr. Meyer from public life it is timely to recall the outstanding features of his public career, which have become blurred by the passage of the years to people generally, but not to those posted on Federal financial history. Few men have had more to do with its making the last 15 years. There is space here only to recount them briefly. In 1918 he was named by Woodrow Wilson as a member of the great War Finance Board, and in 6 months became its dominant head, staying until its final liquidation. In 1927 Mr. Coolidge called on him to reorganize the Federal farm loan system, the affairs of which had gotten into bad shape.

Mr. Hoover made him the head of the Federal Reserve Board, and as such he became the first chairman of the Reconstruction Finance Corporation. The operating machine of this great governmental agency was set up by Mr. Meyer. Most of its key men were with him in the War Finance Board, and the chief reason the Reconstruction Finance Corporation was able to function as quickly and well as it has—because despite the attacks upon it, it has done both—was because of Mr. Meyer's experience in the War Finance Board and his ability to get the men trained in that work to come to Washington in subordinate positions for an emergency job laid down along similar lines.

Aside from these things, which it will be conceded equip a man with an uncommon experience in Federal finance, it is interesting, in the light of what has happened to the banks of the Nation, to recall Mr. Meyer's views on banks and bankers. As far back as 1923 he gave them before a Senate committee. At that time he strongly advocated a unified banking system under Federal supervision and with Federal inspection. He pictured to the committee exactly what the flood of State legislation on banking lines was doing, pointed out the danger to depositors, caustically commented upon the practices which competition between State banks and National banks, trust companies and saving banks, commercial banks and savings banks, was compelling bankers of all kinds to do. He graphically summed the whole banking situation up at that time by calling it a "competition in laxity."

It could hardly have been better described. The competition among the banks to get deposits was like the competition among some States to get corporations to locate in them. All sorts of inducements were offered—exemptions from taxes, subsidies in one form or another, the keys to the city. Banks have proceeded along the same lines—higher interest rates than their rivals, more conveniences, bigger buildings, greater facilities, etc. It has been a race, and to a lot of banks—and much more important, a lot of depositors—a ruinous one. It compelled banks to assume too many functions, to go into side lines, to become too "progressive."

It is worth noting that 10 years ago Mr. Meyer saw this and in plain words, which are a matter of record, told the Senate about it. Further, Mr. Meyer was opposed from the start to the "affiliates" which so many large banks organized to sell securities in the boom years, and expressed his belief to various banking heads that the practice was not only unsound but indefensible. Fundamentally, the Meyer idea about banks is that they are not purely private institutions but are semipublic, and that presidents of banks should recognize this as basic in their business.

The opportunity, the incentive, and the desire to make large profits should be taken away from banks and they should regard themselves as primarily trustees of the people's money and not as men whose first duty is to make money for their stockholders and themselves. After our recent experience, pretty nearly everybody, including bankers, will agree about these things. Those who know Mr. Meyer know that these have been his views for a good many years, and he has not hesitated to make them known. It is one reason he is not greatly beloved by certain heads—and former heads—of certain great New York banks. A man who tells you, personally, that you are paying yourself too much salary does not, as a rule, endear himself to you. That is exactly what Mr. Meyer told more than one of them.

STABILIZATION OF THE MEASURE OF VALUE

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD and appropriately referred an article by Professor Warren, of Cornell University, on Stabilization of the Measure of Value. This article has been released for publication by the Committee for the Nation and endorsed by outstanding leaders of finance, business, and education throughout the Nation.

Because of the widespread interest it has already aroused I am asking that it be printed to make it more available for those who may be better versed in matters of finance than I am.

We are all becoming more aware of the importance of gold and its movements in international finance. Last year France almost forced us off the gold standard when she withdrew her deposits in New York in anticipation of an embargo on gold. The history of the gold movements in the last few years is such as to lead us to one of two possible conclusions, either—

First. Establish an international gold pool through international agreement; or

Second. Attempt to establish a ratio of domestic gold to domestic goods through revaluation or embargo, or both.

Professor Warren presents a powerful argument in favor of maintaining a ratio of gold supply and demand to demand and supply of goods.

There being no objection, the article was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

STABILIZATION OF THE MEASURE OF VALUE

(G. F. Warren, professor of agricultural economics and farm management, Cornell University, Ithaca, N.Y.)

So little is known about the causes of the present depression that it is necessary to dispose of some popular illusions before starting a discussion of the subject. Correct diagnosis is the first step in medicine and economics. (A fuller discussion of this subject with extended statistical evidence is now available in the book on Prices, by G. F. Warren and F. A. Pearson.)

OVERPRODUCTION NOT THE TROUBLE

Throughout history a decline in prices due to monetary causes has always popularly been attributed to overproduction, without stopping to look at the facts. For 75 years before the war the production of food and feed crops in the United States increased at the compound rate of 3.02 percent per year. From 1915–29 it increased only 0.6 percent per year. If correction is made for the reduced number of horses and mules, the rate of increase is 1.17 percent per year. We have had surpluses and shortages of some crops owing to the weather, but there is no evidence of general overproduction.

Total production of all commodities per capita in the United States increased for 75 years before the war at the rate of 1.73 percent per year, but from 1915–29 increased only 0.64 percent.

For 75 years before the war world physical volume of production of all basic commodities rose 3.15 percent per year. Since 1915 the rate has been distinctly less. Instead of the phenomenal increase in output which is popularly imagined, the rate of increase in output has declined. Stocks are in some cases piling up because of unemployment, but these are results of the depression rather than its cause.

TOO MUCH EFFICIENCY NOT THE TROUBLE

Having accepted the erroneous idea that overproduction is the cause, many unemployed engineers have turned to economics with about the same success that economists would have in building bridges. They have been deluded by the apparent efficiency in factories into thinking that the needs of humanity can be supplied by a few hours of work per week. Division of labor leads to erroneous conclusions as to increases in efficiency, because only a part of the process is visible. A farmer with a tractor, tractor equipment, a combine, and a truck is able to grow and harvest much more wheat than was formerly grown per farmer. The increase in efficiency is far less than is assumed, because there has been a change in the residence of those whose time is required to produce the wheat. Many invisible persons are involved in the production of machinery and fuel that the farmer uses.

Statements are commonly made of the spectacular increase in the output of shoes per worker in the shoe factory. These are misleading. The labor on a pair of shoes includes a part of the time of the persons growing cattle and handling, marketing, and skinning them, labor involved in the handling, shipping, and tanning of hides, and labor involved in the handling and shipping of leather. Some workers must make the machinery used in these industries; others must make the buildings and the building materials involved in this endless process. Still others must finance the business. Back of these there is the mining of coal, the building of railroads and of electrical lines and electrical equipment, and the production of cotton and tanning materials. To complete the process the shoes must be shipped and sold at retail. This involves the time of more bank clerks, railroad employees, traveling salesmen, retail salesmen, delivery boys, store builders, and paper-box manufacturers, and further fuel and light. Finally the shoes are fitted to the buyer's foot. No mass production has done away with the consumer's desire to try on several pair. It is not probable that any sudden decrease in the time required has occurred in the complete process.

We have no indication of any sudden increase in total production of all commodities per capita at any time in history. There are sudden decreases, such as occurred in 1921 and 1931, when millions of workers were unemployed.

TOO MUCH DEMOCRACY NOT THE TROUBLE

By specialization each of us produces so much of something that each of us can have more of everything. The battery that keeps this modern machine running is the medium of exchange—money. When money is stable in value the machine works well. When inflation occurs it runs too fast. When deflation occurs it stalls. Since the exchange of goods is stopped unemployment occurs and there is starvation in the midst of plenty.

The millions of unemployed in cities would like to produce goods that the farmers want in exchange for food. The farmers would like to exchange food for things that these unemployed persons would gladly produce. But the medium of exchange has broken down. It has also broken down as between workers within the cities. The unemployed capenter would like to build a house for the unemployed textile worker, who, in turn, would like to make textiles in exchange for house rent. But since the exchange system has broken down both are unemployed. In some cases we have reversion to barter, but our civilization is too complex to allow this to go far.

Most of us believe in a society organized on the basis of individual initiative; that is, a capitalistic society. The operation of such a society depends on the medium of exchange. When the medium of exchange fails to function the organization of society that depends on this medium is attacked. If we cannot invent a stable measure of value there is danger of forcing some kind of a socialistic state that will attempt to regulate distribution by Government action.

When the battery of an automobile fails to function we should get a new battery rather than turn to a wheelbarrow. If we are to discard automobile transportation it should be on the merits of the automobile and not on the accident of a defective battery. If we are to adopt state capitalism, socialism, or communism, it should be on the relative merits of these systems rather than because of a failure of the medium of exchange to function properly. The thing to correct is not the organization of society but the tool that is not working properly.

NOT A BUSINESS CYCLE

The depression is not a business cycle, although several violent business cycles can occur before adjustment is made to the collapsed price structure.

WHAT IS PRICE?

Once upon a time a farmer found that he could get 23 hogs for 60 sheep. At a later time he found that it required 120 sheep. Why the change? If there were time to question you individually some of you would say that there were too many sheep at the second date. Others would say that there were too few hogs. Others would give the correct answer, that we do not know. There might have been too many sheep or a reduced demand for them; or there might have been too few hogs or a high demand for them. There are many other possibilities. There might have been a shortage of both sheep and hogs, but a greater shortage of hogs; or there might have been a surplus of both sheep and hogs but a greater surplus of sheep. The only way to determine the cause of the changed relation is to compare sheep and hogs with many other things. Suppose we find that hogs exchange for twice the former amount of innumerable things. Who would then be so foolish as to attempt to explain the changed ratio as due to the supply of sheep? But if we change the 23 head of hogs to 23.22 grains of gold and change the sheep to pounds of wheat, practically everyone says at once that there is an overproduction of wheat. If a bushel of wheat (60 pounds) exchanges for 23.22 grains of gold (otherwise named $1), and if at a later time it takes 2 bushels of wheat to get the dollar, we blissfully explain it as too much wheat.

There are four factors in price, not two as is commonly supposed. This error has been the cause of innumerable business failures and of much foolish legislation. The price of wheat is the ratio of the supply of wheat and demand for it to the supply of gold and the demand for it.

Our present measure of value is a given weight of a single commodity, the value of which changes with the supply of this commodity and the demand for it in precisely the same way as the value of any other commodity changes.

The "money illusion" is as thoroughly dominant in this generation as was the illusion of a flat earth about which the sun revolved in the time of Galileo. It is almost as dangerous for an economist to challenge the money illusion as it was for Galileo to threaten the foundations of civilization by saying that the earth revolved.

RELATIONSHIP OF GOLD TO PRICES

For 75 years before the war world monetary stocks of gold divided by total production of other things equaled prices in England. During the war prices on a gold basis doubled. How did this occur? For the very simple reason that most of the world abandoned the gold standard and stopped bidding for gold. Gold, therefore, moved to the few places where it was freely purchased. The low demand reduced its value, just as the demonetization of silver reduced its value.

When the various countries attempted to return to a gold basis, the increased demand raised the value of gold. France returned to a gold basis June 25, 1928; and the gold panic was soon on. Now 31 countries have given up the effort to maintain a fixed price on gold. But they are still bidding for the world's gold supply. It is possible that they will definitely demonetize gold and stop bidding for it and make it cheap again, but this is not probable. The value of gold is determined by world supply and world demand, not by location.

To keep pace with business the world gold stocks must increase as rapidly as the production of other commodities, or about 3.15 percent per year. But the increased use of gold in industry is about as rapid as the growth of business. In order to increase the world monetary stocks by 3.15 percent per year, it is necessary that the production be 5.6 percent of stocks, the additional amount being necessary for industrial uses. This would call for production of about 32,000,000 ounces this year. The actual production is about three fourths of this amount.

The present rate of gold production would result in a gradual decline in prices even if there had been no war. But our major difficulty results from changes in the demand for gold.

During the many years when there was a low demand for gold our debt, tax, and business structure became fairly well adjusted to a commodity price level about 50 percent above pre-war. We are, therefore, in the position of having a world gold supply of only about two thirds the amount required to support the price level to which business is adjusted, provided the former gold-using countries continue to bid for gold. This situation results in such a frantic demand to get gold that even the gold supply which we have is used inefficiently.

Recognizing that the low value of gold was due to low world demand which would probably be temporary, I have since 1918 been giving many lectures and writing many bulletins indicating the expectation that gold would return to its pre-war value or higher. This expectation still holds. If all the former gold-using countries return to the gold basis, and if the United States continues to maintain its present monetary standard, it is to be expected that commodity prices will average below pre-war for the next 10 years. Extremely violent price fluctuations will be expected as each country attempts to secure and maintain more than its pre-war share of the world's gold supply. Each country needs about 50 percent more than its pre-war share of the total.

DEBTS

In 1929 public and private debts in the United States amounted to about 203 billion dollars. The National Industrial Conference Board estimated the national wealth at that time as 362 billion dollars. Since then, public debts have steadily increased; but private debts have been reduced somewhat by bankruptcies and payment. The total is now estimated at about 174 billions, or nearly one half the value of the property in 1929. What the property is worth compared with 1929 most of you can guess. At the present price level the debts represent so close to the value of the property that a large part of them can never be paid.

DEFLATION OR REFLATION?

The price level must be raised to the debt level, or the debt level must be lowered to the price level. This is a matter of grim reality that cannot be cured by psychology, confidence, or Government lending.

We must choose between deflation and reflation. No country likes to change its monetary system, nor does any country like to go through wholesale bankruptcies and continue to have millions

of unemployed. Our choice is not between two desirable things. It is between two undesirable things. Merely raising the well-known objections to either procedure does not commend the other. The question is, Which is worse?

If we wish to go through with deflation, we may as well proceed with the bankruptcies, foreclosures, and public defaults and get them over with. Merely postponing by lending some money or attempting to hold up the price of this or that thing will accomplish very little.

DEFLATION

If deflation is completed, the following are some of the innumerable adjustments yet to be made.

At the new price levels, public and private debts are nearly equal to the national wealth. These debts will have to be reduced. The only plan thus far proposed for reducing them is bankruptcy and private adjustment. This will probably require 3 or 4 years for the major adjustment and a generation to complete the process. While the more serious part of this is taking place, bankrupt homes, farms, and other properties will always be for sale at less than new costs of construction, regardless of how low these costs may fall. Therefore, little building of any kind is to be expected. Consequently most of the basic industries will operate at low capacity and severe unemployment will be continuous. Business cycles in such a period will be suppressed cycles.

The vigorous efforts to reduce taxes will do well if they succeed in making cuts equal to the new taxes necessary to feed the unemployed. Some shifting from real estate to other forms of taxation may occur.

Public debts will increase and some of the Government units will find it impossible to meet their obligations. It will be years before taxpayers get these debts paid.

Adjusting a price level down requires much more time than adjusting it up. It is not difficult to adjust public and private debts to a higher price level, but it is very difficult to reduce them. To adjust debts up merely requires that the usual purchases be made at the new price level with the usual percentage of credit transactions. To adjust debts down means the slow process of bankruptcy. Bankruptcy acts like a house of cards—each bankruptcy starts another.

Bank deposits will decline because of the reduced amount of business and the lower prices at which business is done and the tendency to use cash rather than checks. This latter movement is encouraged by fear of banks, lack of banks, lower interest payments on deposits, charges for checks, taxes on checks, and high postage rates. Many further bank failures will occur.

Because of severe unemployment some workers are working for extremely low wages, but it is not to be expected that the general wage level will decline to the price level. The long-time tendency is for wages to rise as the output per worker increases. Whenever the debts are liquidated so that business can proceed wages will be far above pre-war.

Interest rates will be much below pre-war for safe securities, but a large part of the business will be on such a precarious basis that, for some years, rates for agriculture and industry may be high. Interest payments on bank deposits will be decidedly reduced. It will be impossible for life-insurance companies, universities, hospitals, and other institutions that depend on investments to keep up their incomes. Life-insurance rates will probably rise. The average size of policies will be reduced.

The size of fire-insurance policies will be reduced, losses will be increased, and rates probably will be raised.

Innumerable prices which have not declined will fall. Some of these are freight rates, telephone charges, price of newspapers, doctors' fees, dentists' fees, and telegraph charges.

Large numbers of corporations will disappear by bankruptcy or by combination to avoid bankruptcy.

Wholesale writing-down of the capital of industrial plants, farms, and city real estate will be necessary.

Costs of distribution will gradually decline so that prices paid to farmers will again come into adjustment with the prices which they pay. Much of this can be done in a half dozen years. Probably it can be completed in a generation.

Some basic commodity prices have fallen too low even for the conditions and will rise.

Innumerable measures will be tried in attempts to hold up prices of this or that thing. Tariffs, bounties, farm boards, domestic allotments, restrictions on trade between States under sanitary and other guises, pools, gentlemen's agreements, and many others will continue to be tried. Some of these may do a little good, but they will continue to result in disillusion and disappointment. Maintaining the present price of gold means bringing the whole debt and price structure down. To attempt to hold each individual thing up and yet bring down the whole is like sinking a ship but attempting to hold up each rivet and doorknob in it.

Nothing is gained by minimizing the gravity of the situation. Repeated confidence statements cannot change the facts. They discredit leadership and cause losses to innumerable individuals through false hopes. While the country has never before experienced as great deflation as we are now attempting, we have had experiences which indicate the probable length of the deflation disease. It usually takes 6 or 7 years to go far enough with the bankrupting process so that construction can begin, and it takes many more years fully to complete the process.

If we are going through with deflation, debt-adjustment commissions are desirable to operate for a number of years. The legal system of writing down debts works badly enough when only a few bankrupt properties are thrown on the market. It destroys values for both the creditors and lenders when applied in a wholesale way. A creditor often takes over a home or a farm, keeps it in hopes of a sale until the carrying charges eat up much of the value. In the meantime, the property depreciates. Finally in despair a shoestring sale is often made to a less desirable buyer than the dispossessed owner. Debt-adjustment commissions should study each case and make recommendations for settlement for all creditors. Such recommendations from a disinterested party would save many owners and help many lenders and would keep many of the cases out of the courts. If the Government lending agencies wish to lend more money they will do more good by taking up the safer part of the underlying mortgages in such cases than by direct loans to the lending corporations, which do not get at the root of the trouble.

While it is not the purpose of this discussion to consider what the individual can do for himself, I should like to insert one piece of advice to the millions of farmers and city home owners who are losing their homes and lifetime savings. If one has a good farm it seems to me that the best thing to do is to retain possession of it as long as possible in the hope that some temporary rise in prices, or possibly a monetary change, will enable him to keep the property. If he gives up, the savings are surely gone. He has little to lose from holding on as long as any slight chance remains.

The man who has failed in business or is out of work is blamed for it, and he often blames himself. This is adding insult to injury. Most of the failures are not due to unsound business but to unstable money, for which no individual is to blame. The farmer or business man who has failed should not be despondent or commit suicide. He should feel like a man who has just gone through a tornado, stripped of his property but escaped with his life. His family and friends should treat him accordingly.

It is not improbable that the high value of gold will result in discoveries of it so that a later generation will have inflation.

The general attitude of the public seems to be to prefer to write everything down in terms of gold rather than raise the price of gold. The strain on public credit to feed unemployed persons and the social confusion from such general bankruptcies may make it impossible to complete the process. No such violent deflation has yet been carried through by any modern nation.

If the process is carried through, a new generation can be prosperous—except as foolish laws remain to plague it. Any price level is satisfactory after business is adjusted to it.

REFLATION

The effect of rising prices is the same regardless of the cause. If for any reason the price level is restored, it does not mean that all prices will rise equally. Many prices have not declined or have declined little. Restoring the price level would relieve them of the necessity of declining. The major ones are debts and taxes. If commodity prices were raised, buying would begin, because rising prices cause buying. Jobs would be available. Houses would be in demand. The debts and taxes on the houses and farms could be paid and the debts would not have to be cut by bankruptcy.

The former amount of life insurance would be desired.

Many charges, such as freight rates, doctors' fees, telephone rates, and the like, are already adjusted to the price level that would be established. They would not rise but would be relieved from falling.

Costs of distribution would rise very little. Therefore prices paid to farmers and other producers would rise much more than retail prices. This would bring farm prices into adjustment with other prices. It is sometimes said that two steps are necessary—first, restore the price level; and second, restore the relationships of farm prices to other prices. If the first step is taken, the second follows automatically.

Prices of basic commodities, such as copper, corn, wheat, and cotton, would rise very decidedly, because they are so far below the price level that would be restored.

The declines in values of homes and farms would be stopped.

In general, the prices that have not yet declined would be relieved from declining, and those that have declined would be restored.

Probably nothing is more universally wished for than a rise in commodity prices. We are willing to have the Farm Board buy wheat and cotton, pile tariff on tariff, lend billions of Government money—all in the hope that commodity prices may rise. But when any proposal is put forward that will raise the whole price level it is commonly considered sacrilegious. There is probably no other subject on which so many people have formed positive convictions without scientific evidence. It is the responsibility of farm organizations to give consideration to the various possible methods of procedure.

When a city is on fire, there are only two ways to proceed. One is to let it burn itself out and get ready for the next generation to build a new city; the other is to attempt to put out the fire, even at the risk of some damage from water. Perhaps I should mention a third way of trying to dispose of it by saying that it does not exist.

Since the general level of commodity prices is the reciprocal of the value of money, there is no way to raise the price level except as the value of money declines or is lowered by law.

WHAT STABILIZATION MEANS

Stabilizing the commodity price level does not mean that any single commodity will be free from fluctuations in price due to

the supply of it or the demand for it. It does mean that commodity prices as a whole may be freed from being swept up or down as a mass due either to world supply of gold or frantic changes in the demand for it. There are many proposals for limited or complete stabilization.

CREDIT EXPANSION

A gradual and slow increase in the amount of monetary circulation plus bank deposits per dollar of gold in the United States has been taking place for many years. There is no indication that the Federal Reserve System has speeded up this normal growth of circulation plus credit per dollar of gold. Whenever the normal is much exceeded a reaction occurs.

Some persons believe that the Federal Reserve System is to blame for the decline in prices and that there is gold enough to maintain predeflation prices if credit were properly managed. The evidence indicates that a rise in the value of gold was inevitable with the return of the world-wide demand for it. Credit management might have prevented a part of the stock-market boom. No evidence has been found that credit management could have prevented a decline in commodity prices or that the 1929 commodity prices can be restored by credit management and still maintain the present price of gold.

By the management of credit it is possible to throw commodity prices out of line with gold by a limited amount. There is no indication that any permanent change in this relationship can be accomplished in this way. Overexpansion of credit brings on a reaction, and so does overcontraction of credit. The policy of the Federal Government in 1932 was based on the theory that prices could be raised by credit. The Reconstruction Finance Corporation lent money to many agencies in the expectation that credit expansion by the Reconstruction Finance Corporation and the Federal Reserve banks would raise prices and restore equities back of securities and start business activity. The policy did check contraction, at least temporarily; but only a rise in the price structure can stop bankruptcies and start employment. It is not possible to expand credit sufficiently to do this and still maintain the present price of gold.

CURRENCY EXPANSION

It is very easy to raise the price level by an expansion of the currency, but any expansion that is sufficient to restore the prices of commodities to the debt level would make it impossible to continue to redeem each of the paper dollars with 23.22 grains of gold. There is no way of printing paper money that will make it possible materially to change the relative values of gold and commodities.

REMONETIZATION OF SILVER

By adopting bimetallism or symmetallism it is possible to set any price level that is desired. If silver is remonetized, it should certainly be done by symmetalism, as proposed by the great English economist, Alfred Marshall. This proposal is now receiving considerable attention in England. It is very simple. Instead of having a dollar exchange for 23.22 grains of gold, it would exchange for some given weight of gold plus a given weight of silver. Since two commodities are more stable than one, and since silver production is less erratic than gold production, such a money would be more stable than gold. If once established, it would work in the same way in which the gold standard works, except for greater stability.

REVALUATION

Most of the Continent of Europe has reduced the weight of gold in the monetary unit. It is probable that England and the 30 other countries that have suspended the gold standard will do the same. If so, this will leave the United States as one of the very few countries that attempts to maintain the pre-war price of gold regardless of the supply of it or demand for it.

France reduced the weight of gold in the franc by four fifths, so that when our prices are 100 her price level is about 500. The present outlook is that England will probably reduce the amount of gold in the pound by 30–50 percent. The United States reduced the weight of gold in the dollar by 6.25 percent in 1834. By reducing the weight of gold in the dollar any desired price level can be established. The future course of prices would depend on future supply of gold and future demand for it.

MANAGED CURRENCY

Two proposals have been advanced to provide for a permanently stable measure of value. One of these proposes a managed currency to be controlled by central banks in such a way as to keep the average of commodity prices stable. To operate such a system requires willingness and intelligence in the bank management, and freedom from influence by politics or desire for profits.

At innumerable times in history, the gold standard has broken down and a managed currency has been substituted. After great revolutions such as the American Revolution, the French Revolution, and the German Revolution at attempts to pay reparations, nations were so completely bankrupt that their currencies were "not worth a continental."

At innumerable other times, after the failure of the gold standard, a managed currency has been operated with a considerable degree of success. England had such a currency from 1915 to 1925 and has had such a currency since September 1931. Prices in England since she left the gold standard have been more stable than prices here. Apparently, such a country as England could permanently operate such a currency successfully. The possibility of a managed currency should not be judged entirely by its success or failure when conditions are so bad that the gold standard has failed.

THE COMPENSATED DOLLAR

The compensated dollar is a proposal to establish by law a currency redeemable in gold, but the weight of gold for which the dollar would exchange would vary with the index number of wholesale prices of all commodities; that is, if prices rose 1 percent, the weight of gold for which the dollar would exchange would rise 1 percent. If prices fell 1 percent, the dollar would exchange for 1 percent less gold. The gold would be kept in bars in the Treasury and central banks. This would keep the dollar stable in buying power for the average of all commodities.

The dollar has to be rubber either as to weight or as to value. It cannot have a fixed weight and also have a fixed value. This proposal would give it a fixed value and a rubber weight. It raises the fundamental question as to whether a medium of exchange should be fixed in weight or fixed in value.

A scientific money is one with a contant buying power for all commodities rather than a fixed weight of one commodity. Our whole tax and debt structure rests on commodity prices. If this structure is to be kept sound either for the creditor or the debtor, it is commodity prices that need to be kept stable, not the weight of gold for which a dollar will exchange.

THE GOLD CLAUSE

A considerable number of bonds in the United States call for payment in a gold dollar of present weight and fineness. This does not apply to Federal land-bank bonds or mortgages, nor to most of the mortgages of joint-stock land banks and life-insurance companies. These agencies agree to pay their creditors in lawful money and are therefore protected if they collect lawful money from their debtors.

The problem today is not whether creditors will be paid in any particular brand of a dollar, but whether they will get anything. Sometimes they get less than nothing, for they get a non-income-paying property with delinquent taxes. If the dollar is revalued, Congress will probably invalidate such contracts or, if this is considered to be unconstitutional, can easily tax the profits derived from such a source by a sufficient amount to prevent collection.

If the price level were restored, business would proceed, jobs would be available, taxpayers would be relieved of feeding millions of unemployed, and it would be easier to pay one third more than the bond calls for than it now is to pay the present sum.

The gold clause is probably of little value to any creditor and even if enforced it is a minor matter when considering the innumerable effects of deflation. Ten million unemployed is a far more serious matter than the gold clause.

If we continue to allow our whole price and debt structure to be based on accidental discoveries of some one commodity or the accidents of demand for it, we should not be surprised to see the social system that depends on such an unstable medium of exchange seriously threatened. The present revolutions and political upheavals in the world are the direct and indirect results of a break-down in the medium of exchange. If such a monetary system continues, every investor, farmer, home owner, and business man should give first attention to the probable supplies of and demand for gold, before he considers the details of his business.

Committee for the Nation's summary of the "five next steps" sent with the entire text in proof form to the press of the United States and all agricultural papers on April 6, 1933:

SUMMARY

To Editors:

An embargo on gold exports and suspension of specie payments as first steps prerequisite to rebuilding the price level and restarting business were urged in February by the Committee for the Nation.

These two steps were among the first acts of the Roosevelt administration. The favorable effects, however, experienced in other countries of suspending specie payments have so far been thwarted in the United States through exchange restrictions. These have the mistaken purpose of keeping our dollar abroad up at gold parity, which acts to hold down our domestic price level.

The committee's recommendation to the President and Congress of five next steps to rebuild prices and restore purchasing power includes immediate discontinuance of such exchange restrictions.

The five steps, briefly summarized, are:

1. Reopening of maximum number of banks by a very liberal use of powers granted under the emergency banking legislation, and maintenance of confidence through protection of the banks reopened as sound.

2. Continuance of the embargo on gold export and suspension of specie payment. Consultation with Great Britain with a view to simultaneous return to the gold standard; each nation, however, to determine for itself a basis that will give it a satisfactory domestic price level.

3. Discontinuance of efforts to keep the dollar at its former gold parity. We must resume the free dealing in sterling and other foreign exchange. If this does not suffice, the United States should sell dollar exchange to depress the price so that foreign countries can acquire it at lower cost to pay their debts to us and use it in buying goods from American agriculture and industry.

4. Announcement that before lifting the gold embargo the United States Treasury will revalue gold; an arbitrary temporary increase of 75 percent—from $20.67 to $36.17 per ounce—is recommended as sufficient to restore prices to the level of 1926. This

would have the effect of reducing Europe's debt to us, in terms of gold, by more than 40 percent.

5. Creation of a nonpartisan board to stabilize the United States general wholesale price level at 100—where it stood in 1926—and to steady the dollar at a desirable level after allowing foreign currencies to rise in comparison with dollar exchange.

COMMITTEE FOR THE NATION,
205 East Forty-second Street, New York City, N.Y.

INVESTIGATION OF CAUSES OF DIRIGIBLE DISASTERS

Mr. TRAMMELL. Mr. President, on day before yesterday the House passed a concurrent resolution (H.Con.Res. 15) providing for an investigation of the wreck of the *Akron* and other dirigibles by a joint committee, consisting of five Members of the Senate and five Members of the House, the members of the joint committee to be appointed by the Presiding Officers of the respective Houses. This morning the Senate Committee on Naval Affairs met and unanimously directed a favorable report of the concurrent resolution. On behalf of the committee I now report the House concurrent resolution and ask unanimous consent to have 5 minutes in which to have it considered and passed.

The VICE PRESIDENT. The Senator from Florida asks unanimous consent for the present consideration of the resolution just reported by him.

Mr. McNARY. Mr. President, I am not advised as to the contents of the resolution.

Mr. TRAMMELL. I have just related the contents of it.

Mr. McNARY. I was unable to hear all the Senator said. I think I shall have to object to taking up any other business at this time until we dispose of the unfinished business, and particularly of the pending amendment. Entertaining that view, I will have to object.

The VICE PRESIDENT. Objection is made. The Chair is advised that under the rule the concurrent resolution should be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and, without objection, that reference will be made.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 1318) granting a pension to Mary L. Bryant (with accompanying papers); to the Committee on Pensions.

By Mr. DILL:

A bill (S. 1319) to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes; to the Committee on Commerce.

By Mr. BRATTON:

A bill (S. 1321) authorizing adjustment of the claim of Korber Realty, Inc.; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 1322) granting a pension to Fletcher M. Boso; and

A bill (S. 1323) granting a pension to Phoebe L. Ray; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 1324) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes;

A bill (S. 1325) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes;

A bill (S. 1326) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; and

A bill (S. 1327) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 1328) to provide for the donation of certain Army equipment to posts of the American Legion; to the Committee on Military Affairs.

A bill (S. 1329) granting a pension to Anna R. Robbins; to the Committee on Pensions.

By Mr. McGILL:

A bill (S. 1330) authorizing an appropriation for the continuation of certain hearings by the Interstate Commerce Commission; to the Committee on Interstate Commerce.

By Mr. REED:

A bill (S. 1331) for the relief of Elsie Segar, administratrix of C. M. A. Sorensen and of Holger E. Sorensen (with accompanying papers); to the Committee on Claims.

By Mr. McCARRAN:

A bill (S. 1332) to amend the act entitled "An act for the relief of unemployment through the performance of useful public work, and for other purposes", approved March 31, 1933; to the Committee on Education and Labor.

By Mr. GEORGE:

A joint resolution (S.J.Res. 41) to provide for the publication of certain transactions in cotton on boards of trade and exchanges; to the Committee on Agriculture and Forestry.

INTERSTATE WORKMEN'S COMPENSATION ACT

Mr. WAGNER. Mr. President, I ask unanimous consent to introduce a bill and have it referred to the Committee on Interstate Commerce, and also that the statement accompanying the bill may be printed in the RECORD and referred to the committee.

The bill (S. 1320) to provide compensation for disability or death resulting from injury to employees in interstate commerce, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

The statement presented by Mr. WAGNER to accompany the bill was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

FEDERAL WORKMEN'S COMPENSATION FOR INTERSTATE-COMMERCE EMPLOYEES

Twenty years ago a congressional committee reported voluminously in favor of a workmen's compensation act for railway employees injured in interstate commerce. There was substantial agreement between railroad employers and railroad workers in favor of compensation legislation, but the official commission bill, although passed in modified form by both Houses of Congress, was permitted to die.

Meanwhile workmen's compensation has been almost universally adopted in this country to replace the antiquated system of employers' liability suits for damages. Interstate-commerce employees comprise the most important group of workers remaining without this modern protection, which experience has demonstrated to be for the best interests of employers, employees, and the whole community.

In January 1932, at the joint meeting of representatives of railway operators and railway unions, steps were taken looking toward earnest consideration of action by Congress on a Federal workmen's compensation law for interstate-commerce employees.

On June 23, 1932, I introduced the proposed Federal Interstate Workmen's Compensation Act, drafted by the American Association for Labor Legislation in cooperation with representatives of the groups most directly affected and with the assistance of compensation administrators throughout the country. I did this in order that there might be a concrete plan available for consideration. This bill was again submitted to compensation administrators, representatives of the transportation unions, legal advisers, and others for criticism and suggestions. Following extensive correspondence and numerous conferences, approximately 25 improving amendments were made to the bill by the association, and it was reintroduced in revised form on February 27, 1933, as S. 5695. This revised draft was again referred for study to compensation experts and those directly affected, including representatives of railroad carriers and representatives of the unions. Final perfecting adjustments recommended as a result of this latest submission, were incorporated in the bill before its introduction at the present session of Congress.

This proposed act follows somewhat closely the well-tested Federal Longshoremen's Act of 1927 and is to be administered by the existing United States Employees' Compensation Commission, augmented by two additional commissioners, one to represent employers in interstate commerce and one to represent employees in interstate commerce. Costs of administration are prorated among insurance carriers, including self-insurers, as is done in New York and a number of other States including Delaware, Georgia, Kentucky, Maryland, Missouri, New Jersey, North Carolina, Texas, and Virginia.

From the general welfare viewpoint as well as a matter of simple justice to injured workers in interstate commerce and their employers, the time should be no longer delayed for the enactment of this modern scientific accident legislation.

MUSCLE SHOALS—AMENDMENT

Mr. BANKHEAD submitted an amendment intended to be proposed by him to Senate bill 1272, the Muscle Shoals bill, which was ordered to lie on the table and to be printed.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. VANDENBERG and Mr. HATFIELD each submitted an amendment and Mr. COSTIGAN submitted two amendments intended to be proposed by them, respectively, to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing purchasing power, which were severally ordered to lie on the table and to be printed.

INVESTIGATION OF CHANGES IN THE CURRENCY SYSTEM

Mr. BANKHEAD. Mr. President, I ask leave to submit a resolution, to have it read, printed, and lie on the table. At the first opportunity I shall call it up and ask for its consideration.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The resolution (S.Res. 61) was read and ordered to lie on the table, as follows:

Whereas it is the sense of the Senate that economic and financial conditions require a change in our currency system for the purpose of raising commodity prices and restoring normal debt-paying power: Now, therefore, be it

Resolved, That the Committee on Banking and Currency is hereby instructed to investigate the following methods of bringing about the objectives above stated:

First. Reducing the number of grains of gold in the dollar.

Second. Issuance of Federal Reserve bank notes or Federal Reserve notes.

Third. Retirement of Government bonds and the issuance of Treasury notes in payment for same.

Fourth. Remonetization of silver or other use of silver.

Fifth. Issuance of stamp money.

Sixth. Any other method or plan the committee may decide should be investigated.

The committee is instructed to report within 30 days its findings to the Senate and present a bill or bills which, in the judgment of the committee, will best accomplish the objectives stated in the preamble of this resolution.

TRENDS OF THE TIMES IN LEGISLATIVE REFORMS

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the Dayton Daily News entitled "Trends of the Times", relating to certain legislative reforms.

There being no objection, the editorial was ordered printed in the RECORD, as follows:

[From the Dayton (Ohio) Daily News]

TRENDS OF THE TIMES

Through the ether the well-known voice of Senator NORRIS, of Nebraska—the radio makes the voices of our leaders as familiar as their faces—telling what, in the light of his 30 years' experience as a legislator, a model State legislature would be like.

All of our States, copying from the forefathers, have tricameral legislatures. They think they have bicameral legislatures, but that is a mistake. Instead of two houses, Senator NORRIS points out, there are three.

There is the house of representatives, always the largest branch of the legislature. Then there is the more exclusive senate. Where does the third branch come in?

It comes in when house and senate have done their work. One of the two houses passes a bill. It goes to the other, where almost invariably amendments of various sorts are attached. The house has passed one bill; the senate another. The law must agree with itself. What is to be done?

The answer brings into being the third and, commonly, most important branch of all, the conference committee.

Each house appoints conferees. The conferees of the two houses make up the conference committee. This committee, usually in secret session, puts the two bills together, fixes up a bill of its own. The conference bill then goes back to house and senate. They must take it as it comes or throw it out as it comes. Usually they feel obliged to take it. The law as passed is then not the law as framed by the house and senate, but the law as framed by that powerful third branch of the legislature, the conference committee.

It is in conference frequently that the jokers attach themselves to the law.

There is also a fourth branch of the legislature, an unofficial branch. It is called the lobby. * * * Out of these 4-branch legislatures, the vast confusion which we know as lawmaking.

The Senator who wrote the twentieth amendment to the National Constitution, which the country now unanimously approves, would change this complicated legislative scene. It is in this jungle of a 3- or 4-branch law-making body that the political reptiles hide, he thinks. He would clear it up.

He would reduce the legislature of many branches to a legislature of one branch. Then he would make that branch small—small enough to be highly visible, highly responsible. He would pay them enough to permit them to give their time to their job.

In his own State of Nebraska he would have a 1-house legislature of about 20 members. He would elect them for 4 years. He would elect them without a party name or sign. What a State legislator believes about national affairs has nothing to do, Senator NORRIS says, with his fitness to direct a State. He would have his legislators elected on their own merits, not on the merits of their political ancestors.

These 20 legislators would be few enough to function effectively as a deliberative body. They would have time to familiarize themselves with affairs of the State. They would become too well informed to be easily fooled by the lobby folk whose trade is fooling legislators.

A hundred legislators are fooled into doing the wrong thing, the veteran Senator says, to one who is bought into doing the wrong thing. Most legislators are honest, but not all of them are smart; and the larger the legislative body, the less able the members are to know what is going on, the more certain they are to be fooled.

Our great-great-grandfathers, who threaded forest paths on horseback with a clean shirt and a plug of chewing tobacco in their saddle bags, found the 2-branch legislature of their great-great-grandparents good enough for them. We ride in airplanes, but the 2-branch legislature is with us yet.

When representative government took its beginning, the peoples were divided rigidly into castes. In the English-speaking world the people were divided, for political purposes, into humble commons and exalted lords. The lords could not think of sitting with the commoners. Besides, they had special privileges of their own to preserve.

So they had a legislative branch of their own, the House of Lords. And the commons had a house of their own, the House of Commons; and the two branches were independent of each other and, to keep the people from ruling too completely, the lords could veto the commons as the Senate can veto the House.

The time came to set up governments in free America. Here there were no castes, no lords and commoners; there were only people. And even as, to this day, the drinker of water from a jug pours out a little as a libation to the gods in which his ancestors believed, but of which he does not even know the name, so our fathers, though there were no lords and commoners to think about, framed their legislatures as if there were.

They quit sawing their lumber by hand. They turned from oxen to tractors. They gave up the stagecoach and adopted the railroad train. They tore away, with great pain, from the astronomy of Ptolemy and clove to that of Copernicus. They rejected Darwin and then accepted him. They permitted yellow fever to be changed from an act of God to a unnecessary visitation of a mosquito. But to their 2- 3- or 4-branch legislature they have clung. And when Senator NORRIS says to use our heads and get a legislature to match our other modern things, we say: "There goes that wild western radical again."

HOW TO RESTORE PROSPERITY

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD an article written by a farmer's wife in North Dakota entitled "How I Would Restore Prosperity to All."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW I WOULD RESTORE PROSPERITY TO ALL

Today all the earth is smiling in God's glorious sunshine and like unto the busy little ant, whose little ant hill, the only home nest which it has on earth, is turned over and disrupted by a thoughtless child—just so arises a sorrowful picture of disrupted and broken farm homes and frantic people running hither and yon, without knowing where they are to lay their weary souls and tired bodies. Next:

No recourse is left unto them but to perish, and thousands have already done that very thing. Thousands, perhaps millions, are staggering along, trying to hold on and save a portion of their beloved homes and farms, only to drop by the wayside from weakness and exhaustion.

No protection, no help or relief is found or offered to the tired, weary souls who have toiled and tilled the soil for countless generations and now stand, perhaps at the evening of their lives, forsaken and alone, perishing, perishing, for the want of a "cup" of loving kindness and understanding from the hands of their neighbor, Big Business.

This is the sad and depressing picture that is flashing on the screen of life for me today—broken-hearted farmers and their loved ones—my friends and neighbors. Broken homes and bleeding hearts are raising hands of supplication to the world, asking and pleading for mercy toward their loved ones. Pleading for true and individual personal help and relief, salvation and protection.

In this bitter and terrifying battle of the Armageddon which is being fought in the East (each individual human heart), my loved ones, my husband, myself, and our "homesteaded farm" stand out in the very center of the melee; on the battle front.

Peace must come quickly if any love of farm life is to be saved for the future and this woeful depression end. How can the world expect its young generation to follow in an industry that has become as weak and ill-paid as tilling the soil?

America's young generation has eyes and ears, its head, and entire body turned in the direction of big business.

Life is young, joyous, and free; as yet undeveloped enough mentally to see the vision of the development of big business,

from the humble tiller of the soil, whom God created in the beginning of the world.

God created money as a medium of exchange. Therefore money is good. The evil name which clings to money sometimes comes from the way this human family of God handles and dispenses His gracious medium of exchange.

Surely the farmer, tiller of the soil and true agriculturist, is entitled to a living wage paid to him in real money for the work he does for the rest of the human family. Also some joy, recreation, and comforts in life, for his life of faithful service to all mankind. Money, justly earned, faithfully worked for, and joyously shared and circulated within the great order of the fatherhood of God and the brotherhood of man here on earth, there is not another business in the world which would continue to operate below production costs and serve the human race with foodstuffs for years as the United States of America farmers have done for the past 11 years.

Great financial showers of relief are falling upon big business, wise and otherwise, but the drought-stricken farms and farmers—what about them?

Their suffering grows more intense and their burden heavier each day. Crops continue to grow and be grown at a loss to the producer, prices remain very low, but the crop of high interest rates on mortgages, delinquent taxes, private loans, and interest, doctor bills, and the children's school supplies continue to grow and flourish at a great rate. Farmers want to pay their bills, taxes, interest on loans, and all indebtedness; to help the rest of the world overcome the depression; but they are "broke", in debt, and helpless.

On the altar of the mind, Christ ministers to all mankind. Far be it from me to censure or criticize my brothers and sisters in spirit, and fellow sufferers in the present world-wide depression. All the world is trying to find a remedy and heal our present trouble and we are all doing the best we know how; so who can say or know whether my simple word picture may not have within it the seed for a real depression cure needed today?

Without the farmer, healthy, happy, and prosperous, the Government cannot function. Next to God stands our Government and we are all loyal to our God and our Government. So I say if I were the Government I would make an amortization loan to each individual farmer—not through a corporation—direct of the entire amount of each debtor's indebtedness plus all interest and a sufficiently large extra sum of ready money to carry on for a whole year, upon a low rate of interest, let us say 2 percent and 1 percent on principal. Amortization for 20 or 25 years or more if necessary to keep a perfect balance.

The borrower would have to be a genuine farmer, tilling the soil for a living, one in danger of losing his home, farm, or other personal property, or one who has already been foreclosed upon and still has a redemption period to lean upon.

I would ascertain the amount of each need from the farmer himself, verify it, at the tax office, mortgage, and bank loan registry, if necessary. Then I would issue a Government check for the entire amount of indebtedness recorded by the depressed debtor, plus a large enough sum of money to see him through to the finish of another growing season.

I would also designate the bank, preferably a local one, where Government check was to be deposited and annual installments paid in the future. I would register my faith in the farmer and borrower by allowing him to keep all redeemed papers in his own hands or in safe deposit at the bank where installments are being made.

Perhaps I, as the Government, would be called upon to have my faith shaken, knocked about, and badly bent in some instances, but not many. The farmers are too true, honest, and upright a people to stoop to cheating their Government; that would indeed be poor policy. It just is not done that way among true tillers of the soil.

This cup of loving kindness and true relief and help handed to friend farmer by his friend the Government would indeed take the crucified spirit of agriculture from the cross and allow its soul to rise again from the dead, much to the joy and glory of the entire world.

Here is a picture of the transfiguration, which would begin to take place immediately:

First, you will see a look of joy in the face of the farmer and his family. "Joy, oh joy", says he, "Thank God, I can now pay all my bills and hold my head up again."

Second, "Joy, oh joy", sing the many creditors. "Money, real money from Mr. Farmer at last. I was beginning to think I would never get it."

Third, fourth, and fifth step, "Joy, oh, joy," rings in the hearts of business, manufacture, and the home of the workingman; jobs are again open.

Sixth, closed banks begin to see hope, and joyfully prepare to help a good cause along. They did not go into business to withhold the depositors' money. Neither are they dishonest.

And seventh, our Government, which made all this joy possible by a bona fide Christian service and loan helps to swell the song of joy as it rings in the hearts of its people. And as praise and loving kindness again wells up in our sore hearts, "old man depression" will slip away and die from lack of attention.

Yours very truly,

I. C. M., *a Farmer's Wife.*

5-DAY WEEK AND 6-HOUR DAY

Mr. BLACK. Mr. President, I am going to send to the desk a letter dated the 11th of April. For obvious reasons, I have erased the name of the town from which this letter comes and I have also deleted the name of the writer. I have done that for his protection. This letter is in line with numerous other letters I have received and illustrates the reason why Senators are receiving letters from persons who work in factories purporting to be against the 30-hour week bill. This letter is but one of many letters I have received explaining why Senators are getting letters signed by workers. I could put in a great many more letters of similar import, but I am going only to ask that this letter be read at this time, and I invite the attention of Senators who have received letters from workers throughout the country to this letter.

The VICE PRESIDENT. Is there objection to the request of the Senator from Alabama? The Chair hears none, and the letter presented by him will be read.

The legislative clerk read as follows:

APRIL 11, 1933.

Mr. HUGO L. BLACK.

DEAR SENATOR: In regards to your 30-hour-week workday.

I understand that all or some of the mill officials are asking the employees to sign for a 10-hour workday, telling them that their wages would be cut to half if they work only 6 hours a day. I am a textile worker. The plant in which I work I work 13 hours per night 5 nights per week when we are on full time. I run four spinning frames for $12.50 per week. Now they have speeded the machines so I can't run but three. That cuts my wages one fourth and get the same production on 3 frames that I got on 4 at one fourth less wages.

It seems to me that the mill officials are taking the advantage of the working people because they have to work and ask them to sign such paper.

Yours truly,

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a joint resolution (H.J.Res. 152) to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress, in which it requested the concurrence of the Senate.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Kansas [Mr. McGILL] to the amendment reported by the committee.

Mr. McNARY. Mr. President, yesterday afternoon was almost entirely occupied in a discussion of the pending committee amendment, being part 3 of the unfinished business, which is a new prescription in the matter of farm legislation with regard to the fixing of prices. I think I can probably recall all the measures which have heretofore been advanced designed to raise the price level of agricultural commodities. I shall start with the old McNary-Haugen bill, which sought to provide what is known as the "equilization fee." Under that bill the measure of the price the farmer should receive for his products was the current price plus the tariff. In other words, the slogan was, "We are attempting to make the tariff effective as to all crops of which we have an exportable surplus." Of course, in its nature the bill was price fixing. About that I have no criticism at this time. Twice that measure was vetoed by the President.

Later on the Senate and the House passed and the President vetoed a bill embodying what is known as the "debenture plan." That also attempted to make the tariff effective by fixing the price to the farmer at the average current price plus the tariff, except that as to such commodities as cotton, on which there was no tariff, a specific sum was arbitrarily specified by the Congress as the measure of compensation.

In the allotment bill, which passed the House of Representatives the first of the present year, a fixed price was ascertained by what is called the "fair exchange value plus the current average price." That plan, Mr. President, is carried into the pending bill for the purpose of determining the tax to be assessed against the processor and the sum to be

paid the farmer for his products embraced in the basic commodities mentioned in the bill.

Part 3 is a new venture in the matter of the fixing of values for agricultural products. It was brought into this bill by the Committee on Agriculture and Forestry because it was stoutly insisted that it should be made a part of the bill by Mr. John A. Simpson, the very able and capable manager of the Farmers Union. That organization, Mr. President, for a number of years has pleaded with the Congress whenever it undertook to legislate on the question of farm relief to base such relief on what may be called the "cost of production."

I appreciate the very many difficulties necessarily encountered in arriving at a determination of the cost of production. They are also difficulties, as pointed out by the able Senator from Montana yesterday with respect to the application of other formulas in this bill; but they are not insuperable; nor do I claim that the difficulties in regard to part 3 are insurmountable.

What is the formula provided under that part of the bill was the question discussed yesterday, and to it I wish now very briefly to refer. The Department of Agriculture has never fixed any particular measure of compensation which should be paid to the growers measured by the cost of production. It has made estimates of the cost of production through the Bureau of Agricultural Economics, but no final and certain determination has been made by the Department. It is impossible to reach that point where we can say, as a rule, "this is the cost of production," on account of the many human elements involved, the varying conditions of soil and weather in the different sections of the country, and also the diverse methods of culture as applied to husbandry on the farm; but the Department of Agriculture has made an estimate which is fairly accurate in regard to the cost of production, including in its estimate the elements of interest on the investment of the farmer, operating costs, taxes, and other interest.

Those four are the major elements taken into consideration, but even a determination of those four elements leaves an uncertain base, because the human factor itself should probably be classified as the first one of the group of four. Consequently when we approach the subject it is extremely difficult, with the limited experience the Department has had, absolutely to fix the cost of production. I think that is obvious from the standpoint of anybody who will consider the question.

However, Mr. President, this great farm organization, the Farmers Union, has insisted, inasmuch as we have provided about $2,000,000 a year in order to study this particular problem, that we invoke the studies made by the Department and encourage it to go forward in order that it may ultimately reach what might be called a "basis of accuracy" with respect to the cost of production. The committee, I think, had that in mind, and, as an alternative plan, even though it would be difficult of operation, considered that it should be incorporated in the bill in order that the Secretary of Agriculture might employ it if he so desired.

Now, as to the question of fair exchange value, there has been some doubt expressed and there have also been some inaccuracies of statement. This bill, Mr. President, fixes a maximum price which farmers will receive for their products. That value is fixed upon the present current average price of the product plus the difference between that current average price and the pre-war exchange value during the base period from 1909 to 1914. It is true that as the current average price fluctuates from day to day so there is a fluctuation in the amount of the tax imposed upon the processors; of that there can be no doubt whatsoever.

Each day it will be essential and necessary for the Secretary of Agriculture to promulgate information setting forth the current exchange value of the various products on that day; and as the daily value of products sold in the open market varies, or as it increases, so will there be a decrease or a diminution in the tax paid by the processors; but that in no wise affects the price level, which is stationary and which is based upon the fair exchange value during the pre-war period of 1909 to 1914, plus the average current price. That introduces a feature about which I spoke the other day regarding the arbitrary power given to the Secretary from time to time to change the processing tax.

Mr. President, I appreciate the uncertainty in arriving at the cost of production; however, I shall go along with the committee, as I usually do, and support the optional formula specified herein. If it is indefinite, probably the Secretary of Agriculture will not employ it. It may be a prescription that finally, in use, may become something more certain than the estimates are today. In order, however—and that is really what I rose for—to get the expression of Mr. Simpson, who is the head of the Farmers Union, as to what he thought the specifications should be in respect to arriving at what he thought was the cost of production, I ask unanimous consent that the clerk read from the desk the part that I have marked on pages 123 and 124 of the testimony given before the Senate Committee on Agriculture and Forestry by Mr. John A. Simpson, president of the Farmers Union, at a hearing on March 27, 1933.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

Senator McGILL. Under your theory, Mr. Simpson, would you fix the price at the exact cost of production? Is that your idea?

Mr. SIMPSON. Including interest on investment. I might say, if we had our national secretary here, who is our expert in a plan for developing costs of farm crops, it would be most interesting to hear him. He is an expert on it. We have had him in places where there would be a hundred economists, and he would present his plan and they were unable to find any holes in it.

I can just in a word tell you how we set up costs. It is very different from the way the Agriculture Department does it. Take, for instance, a wheat farmer. We find out what is the average-sized wheat farmer. We find, say, that the average wheat farmer produces 200 acres; then we find out what the average production for a wheat farmer is that has 200 acres. Say it is 3,000 bushels. We then find out what average side lines of income a wheat farmer that produces 200 acres has. He sells so many eggs; he sells so much cream; he may have a few hogs. Then that is the income of the side lines. Then we build up his budget and we build up a budget on what he is entitled to as an American citizen. He has the average of 5 children. He has 1 in the grade schools, 1 in the high school, and 1 in the university, and we put in the budget the cost of sending 3 children to those different schools. We put that in the budget. His children are entitled to dental care. You know the average white farmer—I am not talking about negroes—the average white farmer, more than half of them do not give their children dental care, so we put what an average family of 5 children should have in the way of dental care per year, and put that in the budget. We provide that his wife can have hospital care. You know the average farm woman never was inside of a hospital in her life. Many times she has borne a dozen children and never had a doctor at confinement times. She is entitled to hospital care, and we put what the average expense is in there. They are entitled to some recreation, and we put in that expense. When we have built up the budget, of course, there is the expense of producing, but we have the expense of the family living in, too.

We deduct what is received for his eggs and his cream, and so forth, from the budget. Then his 3,000 bushels of wheat must bring a price that will equal that budget. That is the way we arrive at it, and in arriving at our basis of figuring we come out a little higher in what the estimated cost of an average bushel of wheat and the average pound of cotton is than the Department over here does. If we would ever get a law that allows us cost of production, we would be there when they are making up the figures, showing them where we are entitled to more. As long as the figures are just matters of record, of course, we do not go over and go to the expense of showing them that they are not including all the things they should.

Senator NORRIS. Can you give us the deductions, the conclusions, that you have reached in the average cost of wheat for different years on the plan you have outlined?

Mr. SIMPSON. In recent years our average cost of wheat will run up around $1.50 a bushel; and corn will run——

Senator McGILL (interposing). Is that based on the Chicago market?

Mr. SIMPSON. On the Chicago market. Corn will run about 90 cents. Cotton will run about 20 cents. The Department's figures over here for the last few years will show cotton about 17 and wheat, if you take in the last 5 or 6 years, wheat $1.25, and so on. We are higher than they are because we are demanding a standard of living for farmers that is equal to what other people have, and we are entitled to that, we feel.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. McGILL] to the amendment of the committee.

Mr. McGILL. Mr. President, a printed copy of the amendment is on each Senator's desk. I should like, however, on line 4 of the proposed amendment, after the figures "$1,000", to add the words "for each violation."

I send to the desk a perfected copy of the amendment.

The VICE PRESIDENT. The Senator modifies his amendment, as stated. The question is on the modified amendment of the Senator from Kansas to the amendment of the committee.

Mr. TRAMMELL. Mr. President, if we leave this remedy for enforcement as provided in the bill, I think it will certainly be a very severe and extraordinary procedure, and an extraordinary provision of law.

It is sought by the penalty as provided in the bill to punish every person who may purchase a commodity upon which a price has been fixed for a less price than that fixed upon the commodity.

A price of $1, we will say, has been fixed upon a particular article. Some person who may not be informed as to the price which has been fixed upon that particular commodity purchases it at a less price. Then, under the bill in its original form, he is subjected to a penalty of $1,000 and of 1 year's imprisonment, or both.

I very much commend the effort of the Senator from Kansas to modify and to lesson any such harsh penalty. Everybody in the country cannot know what the prices are that have been fixed upon every commodity that comes within the provisions of this bill; but if a perfectly innocent person goes in and makes a purchase at a sum less than the price fixed, unless we change the bill the man may be hauled up before the court and subjected to a penalty of 1 year's imprisonment or $1,000 fine for having purchased something at a less price than that fixed under the provisions of this law.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McKELLAR in the chair). Does the Senator from Florida yield to the Senator from Maryland?

Mr. TRAMMELL. I do.

Mr. TYDINGS. The other day, when we had before us the bill providing for a modification of the Volstead Act, many Senators were apprehensive lest we should violate the Constitution. I hope the Senator from Florida—who was not one of those, I may say—in the course of his remarks will point out where we have the constitutional authority to regulate a transaction by which a farmer in Harford County, Md., sells to a merchant in Harford County, Md., some farm commodity in violation of this law.

Mr. TRAMMELL. Personally, I do not think we have the constitutional authority; but I am arguing the matter more from the standpoint of common, ordinary, everyday justice.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. TRAMMELL. I yield.

Mr. TYDINGS. What I have not been able to understand—perhaps I have been a little dense about it—is how Senators could strain over this terrific gnat of amending the Volstead Act so that 3-percent beer could be sold who now have no hesitancy at all about violating the Constitution through the exercise of what I conceive to be a power which the Constitution does not even inferentially contain.

Mr. TRAMMELL. I fully agree with the statement of the Senator. His statement, in ordinary terms, is nothing more than that there is a total absence of consistency on the part of Congress in dealing with different kinds of legislation; and I think probably we are all more or less subject to that indictment. There is an absence of consistency in one day having to support a certain bill because it is called an administration measure and the next day having to oppose another bill because it is not an administration measure, and excuses and alibis of that character.

Mr. TYDINGS. Mr. President, will the Senator yield for one more question?

Mr. TRAMMELL. I yield.

Mr. TYDINGS. I appreciate the motive of those who are supporting this bill. I appreciate the necessity which actuates them to do it; but I hope that somebody, in the course of the debate, will point out what constitutional authority we have for making a crime of a transaction between two persons in the same county in the same State where a hog is the object which is bought and sold.

Mr. TRAMMELL. I doubt very much the constitutionality of it.

Mr. TYDINGS. I hope some Senator will do that.

Mr. TRAMMELL. I was just pleading a little more for the innocent person, the person who may offend without any knowledge that he is doing so, and, in consequence, may be brought into a criminal court and tried under the penalties provided in the bill. I like the plan proposed by the Senator from Kansas better.

Mr. TYDINGS. Mr. President, will the Senator yield for one more observation?

Mr. TRAMMELL. I will.

Mr. TYDINGS. The other day, in a very learned speech by the Senator from Idaho [Mr. BORAH], during the consideration of the 30-hour week, he pointed out that unless an article was actually deleterious or injurious to people as a whole we could not bar it from interstate commerce. Now, the transaction which I have instanced—namely, a transaction between two people in the same county of the same State in which a good, healthy hog changes hands for a certain sum—has nothing to do with interstate commerce; and I hope somebody will show us the constitutional authority for the passage of any such provision as is contained in this act. If we could debate here for 3 or 4 days whether or not the 30-hour week was constitutional on the grounds I have stated, I do not see how the present situation is even worthy of debate; and, as far as I am concerned, I shall vote with a great deal of pleasure against this bill in its present form.

Mr. McGILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Kansas?

Mr. TRAMMELL. I had not expected to make any extended remarks. Does the Senator wish to ask me a question?

Mr. McGILL. I simply wish to inquire if the Senator from Florida does not feel, as well as the Senator from Maryland, that constitutional questions are not involved as much in part 2 of this bill as they are in part 3?

Mr. TRAMMELL. I was not raising a constitutional question at all, Mr. President. I rose merely to give my support to the amendment which had been proposed by the Senator from Kansas. Under his amendment, this suit has to be instituted through the Secretary of Agriculture; and it gives the poor and probably ignorant offender some right of hearing and consideration in a civil tribunal before he is hauled before the criminal courts. I am in favor of that considerate and more reasonable and just method of dealing with persons who may offend under this statute.

Mr. TYDINGS. Mr. President, inasmuch as I am forced to be absent tomorrow, I should like for about 5 minutes to make known my position on this legislation.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Pennsylvania?

Mr. TYDINGS. Yes.

Mr. REED. Surely it is not the intention to keep the Senate in session tomorrow, on Good Friday.

Mr. TYDINGS. I am not certain but that I may be away Saturday as well and will not be able to return until Monday, and I did not want to have my pair announced without a brief sort of explanation.

Mr. President, I recognize as much as anyone does that the present emergency calls for unusual and drastic and at times apparently unreasonable treatment. I have the greatest sympathy with those who are seeking to bridge the economic chasm over which the Nation must pass if it wants to reach any comparative prosperity again.

Mr. President, I do think there should be some limitation upon our activities. I cannot, even in the face of the circumstances, support a measure under which where John

Smith sells to John Brown a perfectly healthy hog at a price mutually agreeable to them both, because he has violated some regulation of the Secretary of Agriculture, he is a criminal, liable to a fine of a thousand dollars and a year in the penitentiary. If there is any provision, directly or inferentially, in the Constitution, which permits that action by Congress, I am at a loss to know where that authority is. The case I cite is not interstate commerce, it is purely domestic commerce. True, the article may eventually move in interstate commerce, but it may originate and may be consumed within a compass of a hundred yards space.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. FRAZIER. I think that if the Senator would read the bill carefully he would not make a statement of that kind, because there is nothing of the kind in the bill.

Mr. TYDINGS. If the Secretary of Agriculture issues an order that a pig shall not be sold at less than so much a pound, and one farmer in my county sells a pig to another farmer, will not that violate the regulation of the Secretary of Agriculture?

Mr. FRAZIER. Mr. President, if the Senator will yield again, the bill takes care of cases of that kind. There is no penalty attached at all.

Mr. TYDINGS. Cases of what kind?

Mr. FRAZIER. Of the kind the Senator suggests, a sale from one farmer to another.

Mr. TYDINGS. Does the Senator mean that in that case the penalty would not attach?

Mr. FRAZIER. There would be no penalty, no violation.

Mr. BARKLEY. Mr. President, I would like to have the language of this amendment pointed out which exempts anybody, because it says any person who buys any part of any commodity that is supposed to go into domestic consumption is subject to the penalty.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. TYDINGS. I will yield in a moment. I may be wrong, and I hope I am. I confess that I have not read this provision very carefully, but I have read it, and my interpretation of it fits the case I have pictured. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, under the bill as originally drawn and reported I think in a technical sense the Senator would be right; but I want to point out, as I have tried to do before, both to the Senator from Maryland and to the Senator from Kentucky, who is very much worried about the man who wants to sell a plug of tobacco to his neighbor, that we have agreed to an amendment, and it is now in the bill, which provides that the Secretary of Agriculture can make such exceptions in all these sales by regulation if he wants to. I am trying to look at the matter in a practical sense. I would not have any objection, if an amendment could be framed that would apply to all these individual cases, to putting it into the measure, as we have tried to do in the main part of the bill, but I cannot conceive that when the Secretary issues his regulations he is going to permit such a case as that to which the Senator has called our attention to exist. It seems to me we ought to give him credit for having ordinary sense and excluding in his regulations all such cases. In addition to that, as far as I know, there is not a Senator here objecting to the amendment of the Senator from Kansas. If we are ever allowed to vote on it, the penalty provided will all go out of the bill, so that going to the penitentiary and paying a thousand dollar fine will be obliterated entirely.

Mr. TYDINGS. Mr. President, I confess that I myself would be very much shocked indeed if the Secretary of Agriculture, insofar as he were able, in the application of the terms of this provision, did not make the exceptions in the regulations he would promulgate. But may I point out in that connection that I am not quite willing to turn a power of that kind over to the Secretary of Agriculture, even though he would attempt to take care of the cases.

Mr. NORRIS. Mr. President, will the Senator yield again?

Mr. TYDINGS. I yield.

Mr. NORRIS. I do not want to take up the Senator's time, but in the committee an amendment which would apply to the other provisions of the bill, but would not apply to this one, was offered. I think the Senator is technically right in his statement, because this amendment was added to the bill after the other amendment was put in. Practically every member of the committee worked nearly one whole day trying to frame an amendment and put it into the measure that would exclude cases such as the one the Senator mentions. Nobody wants such a thing done, but, in trying to frame an amendment, we would get one worked out, and then somebody would cite another case to which it would not apply, and we would try to cover that. I doubt very much whether we would accomplish anything with our amendment. When I offered the amendment, which is now in the bill, thinking of the difficulties the committee had had in trying to frame an amendment, I provided for the giving of authority to the Secretary to eliminate anything he wanted to. It seems to me that, acting in the best of faith, the committee were up against a practical impossibility in attempting to frame a law that would apply to all these cases. For instance, we could cite another case where a man would make sausage out of a hog. Then the question was asked, Suppose he did not happen to have a grinding machine and took the meat across the road to a neighbor and that neighbor would grind it for him? We have not covered that instance. The Secretary could cover all such cases that might arise. I concede they might arise; and therefore we have tried to give to the Secretary the authority to eliminate them, because we found that, even doing our best, we could not cover every case. Perhaps the Senator could do better, perhaps the Senate itself could do better; and if so, God speed them. We found it a practical impossibility to frame a statute that would cover all the possible contingencies that might arise.

Mr. TYDINGS. Mr. President, I am very sorry that the criticism which I have to make of the bill has to be destructive criticism. I would much rather it could be constructive criticism, and I realize that it is easier to be critical than it is to be correct, and I do not want to have it appear that in my judgment the committee has not dealt as best it could with a very difficult problem.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BORAH. The Senator would concede that this provision would be all right if the Secretary of Agriculture always acted with wisdom and benevolence, would he not? And does not the Senator in these days of emergencies believe in a wise and benevolent dictator?

Mr. TYDINGS. Mr. President, I first of all would have to say that I do not know where we would get the constitutional authority even to deal with the subject.

Mr. BORAH. Does the Senator think that the constitutionality of this bill is any more doubtful than the constitutionality of the economy or bank bill or even the beer bill?

Mr. TYDINGS. Yes; I do.

I do, because in this case the Senator from Idaho very ably said the other day that Congress excluded articles in interstate commerce because they were either deleterious or, in some other fashion, were injurious to society as a whole. That does not apply here.

The question I am presenting is, suppose there is a perfectly healthy hog which the Senator from Idaho owns, and which I desire to buy, and we both live in the same county in the same State. The Senator from Nebraska has just said that he believes that in cases of that kind there would be exceptions, and I agree with his observation that, as far as it could be done, the Secretary would attempt to make exceptions. But under what constitutional authority has the Congress the right—and if Congress has not the right, how can the Secretary have the right—to prohibit me from selling a perfectly healthy hog to my neighbor 50 yards across the road?

Mr. BORAH. I do not think there is any such constitutional authority, any more than I thought there was any constitutional authority for prohibiting the shipment of

perfectly healthy nonintoxicating beer from one State into another.

Mr. TYDINGS. I mentioned that exact question before the Senator came in, and I observed in that connection that I did not see how men could strain at the gnat of modifying the Volstead Act to raise the alcoholic content a very small bit, saying it was unconstitutional, but who were ready to swallow a camel of unconstitutional authority and vote for a measure of this kind, with no power in the Constitution whatever.

Mr. BORAH. It depends entirely, I presume, on taste.

Mr. TYDINGS. Of course, assuming that the Volstead Act did violate the Constitution, as amended, the violation was small, but it was a violation, nevertheless, if my position was wrong, but I do not think it was; but in this case the violation is not small; it is complete, because no man in the whole Chamber can show any authority whatsoever for preventing me from selling a perfectly healthy hog to a man in my own county.

Mr. BORAH. I agree with that entirely. I do not dispute the constitutional question at all. I only regret that we did not start earlier upon this question of legislating according to the Constitution.

Mr. TYDINGS. Of course, the Senator did start upon it 2 or 3 days ago, and I am wondering now whether he is going to be consistent and vote against the pending bill because it, as conceived by him, is likewise without constitutional authority.

Mr. BORAH. I stated, Mr. President, that the only part of the bill which I approved, which I believed would be effective and within the Constitution, was the portion with reference to refinancing farm mortgages.

Mr. TYDINGS. Then is the Senator going to vote for the whole thing, a part of which is unconstitutional, because a part of it is pleasing to him?

Mr. BORAH. If it is not separated, I shall vote for the entire bill, but if I had my way of transacting the business I would vote for the latter proposition only and vote against the other. But I frankly say that I am voting for a portion of the bill which I think objectionable, because I feel the great and vital importance of the other portion.

Mr. TYDINGS. I would, too. I would much prefer that it were separated. But I go back to my original observation, that sometimes the constitutionality of a provision takes on great weight, and there are other times when the constitutionality of another provision which is even a more flagrant violation takes on less weight.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. LOGAN. I desire to ask the Senator whether, if we assume that Congress does have the power to pass such a law it may delegate that authority to an official who may adopt regulations a violation of which would make a man guilty of a criminal offense?

Mr. TYDINGS. Mr. President, to my way of thinking, there is absolutely only one answer. There is one power Congress has which it can never delegate to any person, Government official or otherwise, and that is the power to fix by regulation crimes and the punishment of them.

The PRESIDING OFFICER. The time of the Senator from Maryland has expired.

Mr. TYDINGS. Mr. President, I have not spoken on the bill. Have I any time on that? I want to speak only 5 minutes more. I should like to have this opportunity.

The PRESIDING OFFICER. Unfortunately, the Senator would have no time on the bill.

The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. McGILL] as modified.

The amendment was agreed to.

Mr. COPELAND. Mr. President, I desire to insert in the RECORD a letter written by one of my constituents, who seems to be in opposition to the bill.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the New York Sun, Apr. 7, 1933]

AN UNWORKABLE PLAN—WHAT A BUSINESS MAN THINKS OF FARM BOUNTIES

To the EDITOR OF THE SUN.

SIR: When the provisions of the farm bill were first suggested to Secretary Wallace he wanted the farm organizations to get together on some one plan; the plan finally suggested was that they give absolute power to the President or his representative to limit production and adjust prices. Various farm organizations appeared in favor of the bill. The middleman, the long-headed business man, the long-headed merchant, and the manufacturer, who are also patriotic, and would also like to see better prices for farm products, were permitted to appear, but in the hysterical condition of the public mind any criticism was discounted in advance and the universal opposition of all thinking business men was given practically no consideration.

It seems to me that a bill of this importance should be considered on its own merits without tagging onto it the $2,000,000,000 mortgage bill, either as a bait or log-rolling idea to get additional votes for the bill. I believe that bills already passed and moves already taken are sufficiently constructive to have immediate effect upon farm prices were it not that the business man is now told that the Government is going to take dictatorial power on farm products and change the laws of supply and demand. I believe that if tomorrow it were announced from Washington that the Government would keep its hands off business you would see an immediate revival of confidence and prices.

The $2,000,000,000 mortgage plan may be wise, but what I am referring to mainly is the farm bill, which limits production and thereby hopes to increase prices. In my opinion, and the opinion of many other people who handle raw commodities, the limiting of production by the farmers who raised certain crops last year will have the exact reverse effect of that intended if the bill goes through in time so that farmers may be signed up to limit their crops. In other words, only the farmers who raised crops last year would be signed up. Those who raised their normal crops last year might be willing to sign a pledge to reduce their acreage, that is, to raise small crops this year. Those who raised small crops last year would not be willing to sign because there would be a greater advantage in their raising a full crop, and those who didn't raise at all last year could not be limited except by night riders and would not be compelled to sign.

To put it concretely, suppose 3 farmers 2 years ago raised 10 acres each of tobacco. Last year farmer no. 1 raised 10 acres, farmer no. 2 raised 3 acres, and farmer no. 3, being far-sighted and foreseeing low prices, raised no tobacco. As soon as it is known that the farmers are signing up, farmer no. 1 will agree with the Government to raise only 7 acres and will receive remuneration in accordance. Farmer no. 2 will say, "Why should I limit my production, because I would only get compensation for half an acre, while if I raise a full crop of 10 acres I will be able to take advantage of the higher prices?" Farmer no. 3, who raised nothing last year, will raise his full 10 acres. Other farmers who raised no tobacco before will also raise tobacco, so that instead of having smaller acreage the production will be increased.

I have been dealing directly with farmers for 30 years in a very large way. I know the farmer's psychology, and the farmer is only interested in raising large crops when he thinks he will get good prices; when he knows the Government is working for that end and that large producers are cutting down their acreage, he will naturally raise all he can.

Another great objection to this plan is that the ordinary, prudent business man who invests in farm products, including the middleman and the manufacturer, will certainly not go ahead in a normal way and invest in crops when he is absolutely at the mercy of a dictator, who may or may not continue a certain policy. So that instead of the farmer being able in a normal way to raise his product and turn it over to the middleman or manufacturer for cash, so that he can raise his next crop, he will be compelled to carry his crop himself, whether as an individual or as a cooperative, and the normal orderly development of business will be curtailed until the business man is assured that there will be no further interference with normal business.

NATHAN I. BIJUR.

NEW YORK, *April 6*.

Mr. ROBINSON of Arkansas. Mr. President, inasmuch as it is not my intention to vote for the committee amendment embraced in part 3, I shall take just a few minutes, and, within the limitation fixed by agreement, express some of the reasons for my failure to support the amendment.

I think it is already understood that the amendment was adopted by the committee, and is not a part of what may be termed the administration bill. Of course, everyone also understands that the administration, through the Secretary of Agriculture and others, has expressed opposition to the amendment for the reasons which have gone into the RECORD.

Clearly and without question the committee has the right to offer the amendment and the Senate has the privilege of adopting it if it believes the adoption of the amendment will

improve the bill and aid in accomplishing the purposes of the legislation.

Some of the reasons I do not give support to the amendment include the fact that without doubt if a scientific method of arriving at cost of production is pursued the farmer will still produce at a loss insofar as his entire crop is concerned. The cost of production price applies only to the portion of the crop that is set aside for domestic consumption. As to the commodities which are embraced within the bill, the percentage which will be reserved for domestic consumption varies. In the case of cotton, for instance, it is about 40 or 45 percent of the entire crop. I do not see anything to be accomplished by adopting the cost of production plan insofar as the benefits to the farmer are concerned, because it will still require him to produce at a loss when we take into consideration his entire crop.

Another reason is found in the statement made by the Senator from Oregon [Mr. McNARY]. He referred to the fact that in different localities the cost of production varies greatly. I think that fact could be demonstrated to the satisfaction of everyone if one had the time and disposition to do so. True, the average cost of production is the basis incorporated in the amendment, but in some localities the cost of producing wheat is more than twice what it is in other localities. That is true of cotton and other staple products. The variation in the cost of production is affected by the difference in soil and by the difference in season. For illustration, in the State of Arkansas in 1923 the average production of cotton per acre was about 98 pounds. In 1921 the average production per acre was approximately 260 pounds, or almost three times the production of 1923. One can readily see that that affects the cost of production.

Then the cost varies also among different producers in the same locality. I do not believe it is necessary to make an elaborate argument to enforce that conclusion. We must make an average as to different producers in the same locality, an average as to different soils, and an average as to difference in communities or sections.

It has been said here that the West favors the cost-of-production plan. I remember that one Senator asserted yesterday that he did not believe it is a practicable plan, but nevertheless he is going to support it because the people in the section from which he comes have been led to believe that this is the best method of relieving the farmer.

Mr. President, do you know the reason that state of public opinion exists? It is the result of a confusion of thought as to what constitutes cost of production, as to what the prices of farm products will be when the Secretary of Agriculture finds the cost of production. That brings me to a brief discussion of the different plans of ascertaining the cost of production.

The Senator from Oregon read into the RECORD a statement by the head of one of the great farm organizations, Mr. Simpson, the statement appearing at page 123 of the hearings, in which he took the position that a proper finding as to the cost of production would include dental costs for the children of the farmer's family, hospital services for members of the family, and education for the members of the family. It is admitted that the Department of Agriculture has an entirely different basis for ascertaining cost of production.

If we pursue what may be termed the scientific method to ascertain the cost of production and limit it to the charges that may properly enter into the acquirement of the soil, the seed, the sowing, the cultivation, the harvesting, and the marketing, it will be found that the difference is more than 2 to 1.

If we adopt the so-called "Simpson plan" for estimating cost of production, we can make the cost of production anything we wish, but it will vary even more greatly than it would in the case of the adoption of the scientific method. I do not know that the term "scientific" is particularly applicable to the method that is employed by the Department of Agriculture. We realize that if the farmer has the misfortune to have illness in his family, hospital charges would accrue. If his family have occasion to secure dental services, those charges accrue. If he has no children, there is no cost of education. To come right down to bedrock, there is no reasonable basis for charging living expenses into the cost of production further than is recognized in the plan and method of the Department of Agriculture.

To illustrate a little further the point I am trying to make, the Secretary of Agriculture says the cost of production of wheat is 60 cents a bushel and the cost of production of cotton is 8 cents a pound. If we made that the price to be obtained by the farmers under the bill, we would not have accomplished any satisfactory result. If we adopt the plan which permits taking into account a higher standard of living than the farmers now enjoy, we would raise the price of wheat to $1.25 or $1.50 a bushel and the price of cotton to from 17 to 23 cents a pound, according to Mr. Simpson, I believe. There is no one who has had practical experience in the growing of cotton or wheat who would be satisfied with the declaration that it now costs 17 to 23 cents a pound to grow cotton or that it now costs $1.25 or $1.50 a bushel to grow wheat. The statement is out of all proportion to the actual facts.

The people in the West and in other parts of the country have been deceived into believing that the cost-of-production plan includes the incorporation in the expenses of production of higher standards of living, of anything that we might be willing or desirous of seeing the farmer and his family enjoy. But, of course, there is nothing in the amendment which authorizes or prescribes any new rule for the ascertainment of the cost of production. The method which will prevail if the amendment is adopted will be that which has been pursued by the Department of Agriculture heretofore.

We had just as well understand now and let the farmer understand that if we write this amendment into the bill we are not giving him the benefits that he has been led to believe will be derived from the amendment. We had just as well understand that the cost of production does not mean 23 cents a pound for cotton. It does not cost that much to produce cotton. Every Senator from a Southern State knows that it does not cost 23 cents a pound now to produce cotton nor anything like that amount, and it does not cost $1.25 or $1.50 to produce a bushel of wheat.

Something has been said about the unconstitutionality of the provision. I shall not go into that question at this time. We cannot send a man to prison, though I believe the penalty has been modified so that he may not be sent to prison under the terms of the bill, nor can he be fined.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from North Carolina?

Mr. ROBINSON of Arkansas. I yield.

Mr. BAILEY. I wish to suggest to the Senator from Arkansas, while he is discussing cost of production, that the cost of production is wholly determined by the cost per acre. The cost of production on a farm which yields 100 pounds of cotton to the acre is 20 cents or more. If it yields 300 pounds to the acre it will drop to 9 cents. Under the theory provided in the bill we could not possibly ascertain the cost of production on any cotton farm or any group of cotton farms.

Mr. ROBINSON of Arkansas. I have already made that point, if the Senator from North Carolina will pardon me. I cited an illustration where a certain State for the 1 year mentioned had an average production of cotton of 90 pounds per acre and just a few years earlier had an average production of 260 pounds per acre. I also emphasized the differences due to soil, locality, season, and the intelligence and diligence of the producer himself.

Everyone here admits that the cost of production is not an approximately accurate standard. At least I understand that to be the case. The variation between sections, between localities in the same section, between soils in the same community, and producers on the same soil, is so great as to make the rule of cost of production quite indefinite and the difficulty of making an average from it almost insurmountable.

Mr. President, I do not believe any practical benefit is to be accomplished by the adoption of this plan, and I will tell the Senate frankly why. If it is adopted, there will be intense pressure brought on the Secretary of Agriculture to employ this plan instead of the other plan embraced in the bill known as the fair-exchange-value method. If it is not adopted he will be harassed in the operation of the law. If it is adopted it will demonstrate its futility to contribute to the raising of prices to anything like what is expected of it.

Mr. President, I shall take no further time in discussion of the matter.

Mr. FRAZIER. Mr. President, I desire to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from North Dakota to the amendment of the committee will be stated.

The LEGISLATIVE CLERK. On page 25, line 17, after the word "production", insert "including therein a reasonable profit."

The PRESIDING OFFICER. The question is on the amendment of the Senator from North Dakota to the amendment of the committee.

Mr. FRAZIER. Mr. President, the section provides for average cost of production. This would include a reasonable profit. The average cost of production is to be determined by the Secretary of Agriculture. A reasonable profit would also be determined by the Secretary of Agriculture. As the Senator from Arkansas [Mr. ROBINSON] just stated, the average cost of production would be below the cost in some places and above the cost in other places. In order to even it up a little more and give the farmers a little profit, I want the committee amendment to include the term "including therein a reasonable profit." The title of the bill is "to relieve the existing national economic emergency by increasing agricultural purchasing power." Of course, if we can raise the prices a little higher for our basic commodities, the purchasing power of the farmer will be increased.

The declaration of policy in this bill, which is found at the beginning of section 2, on page 2, is as follows:

> It is hereby declared to be the policy of Congress—
> (1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period.

Mr. President, in order to establish this purchasing power, it seems to me the farmer must have the average cost of production as provided in the bill and a reasonable profit. No other business can succeed in any other way than by getting cost of production and a reasonable profit. As the Senator from Arkansas pointed out, the amount that will be paid on the basis of the cost of production under this provision will be only on that portion of a commodity which is used for home consumption; in case of wheat, from 70 to 80 percent, and in the case of cotton, from 45 to 50 percent. Therefore, in order to reestablish the purchasing power of the farmer, he should have a reasonable profit in addition to the cost of production.

Under the pre-war parity price, in my opinion, the farmer would not get cost of production. It might have been cost of production before the war, but conditions have greatly changed since that time. For instance, prices of farm products are less than half what they were in the pre-war period; taxes are more than twice as high as they were in the pre-war period, agricultural indebtedness is 150 percent more now than what it was in the pre-war period, and the farmers pay more than twice as much interest as they did in the pre-war period. Furthermore, freight rates on agricultural commodities have increased 55 percent; in other words, while in the pre-war period of 1909–14 in North Dakota we paid 10 cents a bushel to ship our wheat from where it was grown to the market at Minneapolis, under existing higher freight rates it costs 15½ cents per bushel. Therefore the parity price would not be adequate under present conditions of higher taxes, higher freight rates, higher interest, or more interest at least than we paid at that time; and so, in my opinion, the parity price will not restore the farmers' purchasing power. Farm products sold in January of this year at 40 percent below the pre-war price, while the commodities bought by the farmer were 5 percent above the pre-war price. Therefore the purchasing power of the farmer is today less than half what it was in the pre-war period.

More than that, conditions have changed a great deal since the pre-war period. Some of the things that we consider necessities today were practically unheard of in that period. It is, I believe, generally conceded that the farmer is entitled to an automobile, a radio, a telephone, and conveniences of that kind on his farm. An automobile is a necessity today, and the radio is also a necessity in order that the farmer may be informed as to the market condition of the various things that affect his crops and his prices. In 1909–14, the pre-war period, automobiles were not used by the farmer to any extent and radios were unheard of.

Furthermore, in the period of 1909–14 we had a fairly good export market; we sold all the commodities which we produced at that time at fair prices. Wheat, for instance, sold at 94 cents a bushel, not only that portion of the crop sold for home consumption but all which was produced sold for that price. The same thing was true of cotton; the price planters obtained for the portion consumed at home at that time was also paid for the portion that was exported. Today we have practically no export market. Therefore the pre-war parity prices will today not restore the farmer's purchasing power to where it was during the period before the war, because of the change in conditions; and anyone who thinks that the pre-war parity prices, under existing conditions, are going to restore the purchasing power of the farmer is, in my opinion, absolutely wrong. I think that theory is all "bunk."

If we can include in this amendment a reasonable profit as well as an average cost of production to the farmer it will, in my opinion, help materially. It will give the farmer an opportunity to obtain the average cost of production and a reasonable profit for that portion of his commodity used for home consumption in the United States.

We have got to readjust our farming on a basis of home consumption in the case of most of our farm products, because so many of such products today have practically no export market at all. That applies to wheat; it applies to meat products, and to almost everything, with the possible exception of cotton, and, even in the case of cotton, the export price is so low that we shall undoubtedly have to cut down acreage and production of cotton if the planters are going to make a profit of growing that crop in this country.

I had a letter yesterday from a farmer living in North Dakota which struck me as rather significant. He stated that the Wall Street bankers and capitalists were bleeding Uncle Sam to death while the farmers were "going broke." He said that if the administration and the Congress think that they can balance the Budget when the farmers are getting less than 50 percent of the cost of production for their products they are "plumb crazy."

Mr. President, I think that farmer is correct. It is an absolute impossibility to balance the Federal Budget and to keep it balanced with the food-producing element in this country, the farmers of this Nation, selling their products below cost of production and going broke by the thousands, yes, by the millions, all over the country, for, after all is said and done, agriculture is the one basic industry of the Nation upon which we must depend to produce the food with which to feed the Nation. The farmers are entitled to the average cost of production and a reasonable profit for at least that portion of their products which is used for home consumption in the United States.

No business organization of any kind can make a success in any other way than by obtaining cost of production and a reasonable profit; the farmers are no exception to the rule, and, Mr. President, unless the farmers can get cost of production and a reasonable profit they are going to continue to "go broke" and to go out of business. We know what has happened to nations in the past when their agricultural

interests have gone down and "gone broke." Those nations have "gone broke" along with their agriculture, as we are "going broke" now. The process started with the farmers; they were the ones who were first hit by the deflation that commenced back in 1920, and their condition has been going from bad to worse since that time. The prices of agricultural commodities have continued to go down, and the farmers are not getting anywhere near the cost of production. The so-called "pre-war parity price", I think, will help somewhat; but it does not go far enough to give the farmer cost of production, and he must have cost of production and a reasonable profit if he is going to win in his fight to continue as the owner of his land and his home and to feed the Nation, which he is called upon to do.

Mr. President, the farmers of America have been neglected too long. I have heard several Senators say, "It is all right to talk about assuring the farmers cost of production, but that cost cannot be determined." The cost of production of the farmers can be determined just as well as the costs of the merchant or the wholesaler or any other business. Some object because they say in the cost of production will be included interest on the capital investment. That is all right; but we have now many farmers in this country, substantially 50 percent of them, who have practically no capital investment; they have lost what little capital investment they had; they are today tenants or they are working by the day or by the month. They need a profit on all the commodities which they produce, and they should have it.

There are many business men who handle the products of the farmer who have also but little capital invested, and yet they succeed in making an exceedingly good profit. The senior Senator from New York [Mr. COPELAND], in discussing the amendment offered in regard to milk the other day, made the statement that a few years ago the farmers received seven and a half billion dollars for their products for the given year, while the consumers paid for those same products $22,000,000,000; in other words, it cost $15,000,000,000 to distribute the farm products during that year. The situation is about the same today. All new wealth comes from the soil; the farmers dig that wealth out of the soil. At the present time the farmer digs a dollar's worth of new wealth out of the soil. Some business concern gives him 30 cents for his dollar's worth of wealth, and, through their business organizations, they charge the consumers from a dollar and a half to $2 for that 30 cents which they pay for a dollar's worth of new wealth. Mr. President, that kind of distribution should not be allowed to continue; that kind of financing is not going to stand up; and the sooner we wake up to that fact in the United States Senate, the sooner we do something for agriculture that will put the farmers on a business basis and give them the average cost of production and a reasonable profit, the sooner the depression will end, and the sooner we will be on the upgrade to better times.

Mr. President, I hope that this amendment may be adopted, and that part 3 of the bill, known as the "cost-of-production plan", may also be retained in the bill.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment reported by the committee.

Mr. GEORGE. Mr. President, with regard to this particular amendment, I should like to say that I do not believe there is any insuperable difficulty in arriving at the average cost of production of a particular farm product. I realize, of course, the force of what has been said upon that point; and if that were the only ground of objection to this particular part of the bill I should be constrained to vote for it, because I think the cost of production can be ascertained with reasonable certainty, and the law does not require absolute certainty in any of its obligations.

Mr. President, I am troubled more about the other and far more serious questions involved in this proposal. I know that we have with a high degree of indifference passed many legislative acts that might have been subjected to very serious constitutional questioning. I also know that there is a disposition at times to raise constitutional questions simply because one does not favor a proposition. I am wholly unable, however, to see any ground upon which the validity of this particular part of the bill can possibly be sustained. In fact, I can imagine no provision of the Constitution and no power lodged in the Congress which would give to the Congress the authority which is sought to be conferred by part 3 upon the Secretary of Agriculture. But aside from that, Mr. President, we are attempting to do something that cannot be done by this Government or any other government, and that is to fix the minimum price of farm products without danger of disaster.

More than 16 centuries ago a famous Roman emperor undertook to fix the maximum price of farm products and other commodities in the interest of maintaining the military power of the Roman Empire. The scheme utterly collapsed. When part 3 of this bill was reached I asked whether it was a part of the administration measure as recommended by the Secretary of Agriculture, and the author of the bill advised me that it was not a part of the administration measure.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Illinois?

Mr. GEORGE. I yield to the Senator.

Mr. LEWIS. May I ask the able Senator from Georgia if I correctly understood his implication when he spoke of the provisions of the bill not being mandatory? Does the Senator assume that the penalties in the bill do not apply in a mandatory way to the provision to which he has been alluding?

Mr. GEORGE. No; I think the Senator from Illinois must have misunderstood what I said. I did not say they were not mandatory. I said they simply could not be executed by the Government.

Mr. LEWIS. I thank the Senator for correcting my misunderstanding.

Mr. GEORGE. Mr. President, if this be a part of the administration's bill, then the President of the United States was wholly mistaken when he warned us, when the bill came down, that we were setting our feet in an untrodden path, because this path, Mr. President, is as marked in the field of economic history as Napoleon's march from Moscow.

Mr. FRAZIER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from North Dakota?

Mr. GEORGE. I yield to the Senator.

Mr. FRAZIER. During the World War we fixed the price of wheat and other commodities, and it worked. We have a greater emergency today than we had in the World War time. I believe it will work now, and I think it should be tried out.

Mr. GEORGE. Mr. President, I can only say that it never has worked. During an actual emergency, such as war, the Government, of course, has the power to do some things for the purpose of winning the war. It has the power, of course, to adopt any appropriate remedy to carry into effect and successful execution its power to wage war; but I am not discussing the constitutional aspect of the matter. I know that we cannot fix the price.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Oklahoma?

Mr. GEORGE. I yield.

Mr. GORE. I do not wish it to stand in the RECORD here as if the food control bill succeeded during the war. I think it cost the wheat farmers a billion dollars. It cost the cotton farmers a half billion. It cost the farmers who raised hogs and cattle a billion or more; and no one has more ably reprobated that measure in the Senate and arraigned it for its injustices and its injuries to the farmers than the Senator from North Dakota [Mr. FRAZIER].

That measure, Mr. President, beat our farmers down to their knees. They have been staggering and stumbling to their fall from that day to this. It robbed the farmers of billions of dollars.

Mr. GEORGE. Mr. President, the Government can pay a bounty on production. That involves simply the revenue

of the Government, and its power to replenish that revenue. But the Government of the United States, whatever we may think about it, cannot fix and maintain the price of any product, because the price is controlled ultimately by the laws of economics, and not even this Government can do it. Governments have tried it. They have tried it, as I said before, for more than 2,000 years; and the path is clearly marked by ruins even as the route of any ruthless military leader in any time and in any country.

We can pay a bounty; and one part of this bill, which may be referred to as the allotment section, goes upon the theory that out of taxes raised, the price of the commodity on the market will be supplemented by a given amount. There is no insuperable economic objection to that proposal if the Government can live up to it; but so far as fixing and maintaining a price on any commodity is concerned, this Government can no more do it than any one of us, as individuals, can do it over any long period of time.

In recent years we have had the valorization of coffee. We have the story of rubber. I think, as I have already said, we can ascertain the cost of producing farm products. If that were the only objection to this part of the bill, I should be disposed to go along with it. I can find no authority whatever in the Constitution, of course, for this kind of legislation; but, aside from all that, I know that if the Government undertakes to fix prices we shall be no more successful than other governments have been. The same disastrous failure awaits the effort in the end, and the end is not very far off.

So far as I am concerned, Mr. President, I cannot vote for the third part of this bill, because I cannot bring myself to believe for a moment that its provisions could be actually executed if no legal obstacle stood in the way, and if there were no facts which the Secretary of Agriculture is required to find that could not be readily ascertained or determined. I do not mean to say that the Government may not, through special legislation, favor particular industries. It may do that; and I have already said that the Government may pay a bounty on the production of specific articles. It may do that. Such was the export-debenture plan. That is the philosophy of that plan, and the allotment plan in the measure is based upon the same theory.

So far as the Government is concerned, however, by the simple enactment of legislation fixing for any length of time whatever a price which must be controlled by factors that operate throughout the world, and on that commodity wherever produced and wherever sold, I am conscious that this Government cannot accomplish that undertaking even if it were willing to put its hands to the task, that is to say, in my opinion; and for that reason I cannot support the third part of this bill.

Mr. GORE. Mr. President, I agree entirely with the Senator from Georgia [Mr. GEORGE] in his statement of fact. He does state an economic fact and an economic truth when he says that it is impossible for this Government or any other government successfully to fix prices. That is true; but the inference which he draws I am hardly able to follow.

He urges that as a reason against the adoption of the pending amendment. The fact that it is impossible to execute this provision ought not to stand in our way. Indeed, it ought not seriously to be considered. It seems to me, however, that an amendment to this measure requiring somebody, somewhere, to prepare a scale of impossibilities, and to show the varying degrees of impossibilities, might be a public service.

This is not, as the Senator says, either a new or an untrod path. I do not intend to discuss the dreary history of price fixing in the past. I had intended to do so, but the unanimous-consent agreement has rendered that impossible. It is, however, the dreariest chapter in the history of economics—I might almost say, in human history.

I had intended to begin with the first attempt which I have been able to discover. It occurred during the fifth dynasty in ancient Egypt, in the year 2830, under a commissioner known as Henku. The attempt seems to have failed; but succeeding generations have learned nothing from that failure and from that experience. This is one department of economics and of human history where experience speaks in vain.

Hammurabi, in ancient Babylon, more than 2,000 years before Christ, attempted a price-fixing scheme. The fact that it did not succeed has not discouraged succeeding generations of optimists.

Lik'o attempted the scheme in China 1,222 years before Christ, the most successful attempt ever made in human history.

But yesterday I read a speech made by the great Grecian orator Lysias, 400 years before Christ, against the grain dealers. A death penalty was provided for the violation of the laws of Athens regulating the purchase and sale of wheat. It did not succeed. But we must not balk at impossibilities. It is a sort of reflection on our omnipotence.

As suggested by the Senator from Georgia, Diocletian attempted this in the year 301. Diocletian had all the power there was. His power was not only supreme; it was absolute.

I was reading but yesterday a history written by Lactantius, 13 years after Diocletian's scheme had been attempted and had failed. Lactantius said that Diocletian fixed a maximum price on all vendible articles. He was thoroughgoing. He hesitated at nothing. He regulated all prices from knitting needles to elephants; the death penalty was attached. Lactantius shrewdly observed that the people ceased to bring provisions to market. The law failed; the law was repealed. It was, however, attempted 60 years later by Julian, with no better success. The hopes of the optimists who attempt the impossible are always cheated.

England attempted this sort of manipulation of prices for more than 5 centuries. In 1915, after an elaborate report by a parliamentary committee, she abandoned the vain pursuit.

Our fathers endeavored, during the Revolutionary War, to achieve the impossible. Many States early in that conflict attempted price regulation. In November 1777 Congress adopted a resolution urging all the States to make a similar attempt. Seven months later, June 4, 1778, Congress adopted a resolution urging the Colonies to repeal their price-fixing legislation. John Adams said that if the measure was not repealed, it would ruin the country if it did not lead to civil war. They had attempted the impossible. They tried to achieve the impossible. They tried to resist the inevitable, but with indifferent success.

As already stated, we attempted this during the recent war, and it resulted in grief to our farmers. The Senator from North Dakota will verify what I say, that farmers in Oklahoma and in North Dakota were compelled to sell their wheat at $1.80 a bushel, when the peasant farmers of Europe were receiving from $3 to $4.18 a bushel.

I opposed the food control bill. I opposed it on the ground that it was unconstitutional. I opposed it on the ground that it was uneconomic. The Supreme Court held that it was unconstitutional. Two million farmers held last November that it was uneconomic.

Mr. President, I am willing to support any and every measure for farm relief which I believe is constitutional and which I believe will do more good than harm. That test is not unreasonable. Perhaps I have less faith than I should have in such schemes, in such dreams. I confess I am powderburnt.

Mr. President, let me say this: Someone said—I believe it was Walter Bagehot—that the United States is a great laboratory, where we continue to test and retest self-evident truths. I see no reason peculiar to this experiment why it should be excluded from this bill. The bill itself is an admitted experiment—and one experiment more or less cannot change the stars in their course. If we are to have a museum of experiments or a laboratory, why not try them all and try them again? Senators are too faint-hearted, who hesitate merely on account of the impossibility of the plan.

I wish to have read at this point an extract from one who I think is one of the greatest living economists. Senators seem to think that price fixing is a liberal movement.

Tinker with prices! Tamper with prices! I wish to cite a high authority to the contrary. Just as this country is reversing a policy, a policy of interfering with the daily concerns of daily life, when our people have revolted at such a policy, we are embarking upon a similar policy in a different direction. It will be doomed to the same fate.

I ask to have read the article which I send to the desk.

The PRESIDING OFFICER. Without objection, the clerk will read.

The legislative clerk read as follows:

[Extract from article by T. N. Carver, American Economic Review, March 1919, pp. 246–247]

Parallel with the path of progress from autocracy to democracy lies another path which leads from authority to liberty, from coercion to persuasion, from getting things done by appealing to fear to getting them done by appealing to hope, from a condition under which everyone does what he is commanded to do by someone in authority to a condition under which he does what he is persuaded voluntarily to do by some free citizen with no more authority than himself.

* * * * * * *

A general policy of price fixing, however democratic the government that adopts it, is an illiberal rather than a liberal policy. It involves an extension of the field of authority and compulsion and a restriction of the field of persuasion and voluntary agreement.

For centuries before 1776 medieval governments were trying to fix prices. Much of the economic discussion among the precursors of Adam Smith was concerned with the question of justum pretium or just price. What is a just price and how can it be determined, was a great economic problem of those times when governments were directing everybody in all the affairs of life.

The great liberal movement of the latter part of the eighteenth century and the early nineteenth century swept all these errors away, and aroused trust in the people so that they began to arrange these matters for themselves in the free atmosphere of the open market. This liberating of enterprise and industry from the hampering influence of groups of officeholders anxious to enlarge their authority was followed by the greatest burst of prosperity that the world has ever known. If we adopt a general, undiscriminating policy of price fixing as a part of a permanent peace program, we shall be going backward rather than forward; we shall be returning to a regime of authority and compulsion rather than going forward toward a regime of voluntary agreement among free citizens.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GORE. Mr. President, I ask to have another paragraph from Mr. Carver printed in the RECORD, and also a brief extract from Miss Mary G. Lacy, librarian in the Department of Agriculture.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From Principles of National Economy]

By Thomas Nixon Carver

What the liberalist believes. A liberalist in economics is one who believes in the freedom of the individual rather than in compulsion, either by the mass or by a despot. He relies mainly but not exclusively upon individual initiative. He believes that individuals will, without compulsion and under freedom of contract, do whatever is necessary to provide for the needs of the community. He believes that it is not necessary continually to impose upon the individual the authority either of a benevolent despot or of a well-meaning majority. In somewhat extreme cases, such as can be covered by the criminal law, laws for the enforcement of contracts and other obligations, and laws for the standardization of various aspects of business, compulsion is necessary and helpful. He believes that the interests of the public are expressed quite as accurately on the market and through the price lists as through the ballot box and the statute books. He believes even that poverty and most of the social ills can be eliminated under the system of voluntary agreement—freedom to accumulate, to own, and to operate private property—and without subjecting individuals to the necessity of becoming Government employees.

[From the Scientific Monthly, June 1923]

The history of government limitation of prices seems to teach one clear lesson: That in attempting to ease the burdens of the people in a time of high prices by artificially setting a limit to them, the people are not relieved but only exchange one set of ills for another which is greater. Among these ills are (1) the withholding of goods from the market; (2) the dividing of the community into two hostile camps, one only of which considers that the Government acts in its interest; (3) the practical difficulties of enforcing such limitation in prices which in the very nature of the case requires the cooperation of both producer and consumer to make it effective.

Egypt took entire control of the grain trade and saved the people from starvation, but took over the land in return.

China worked out a system of control of supply and demand which kept prices normal. She seems to have been the only country which recognized the whole price question as being a symptom and not the disease itself, and because she recognized this fact seems to have come nearer than any other country to solving the problem of supplying the people with the food they needed at a price they could pay.

Athens regulated the grain trade and set prices by legal enactment, but found herself unable to enforce them.

Rome made a colossal experiment in controlling prices by legal enactment, but it utterly failed.

Great Britain had on her statute books laws fixing the price of bread continuously for more than 500 years. The price of wheat, fish, and wine was also regulated, but all such laws were abrogated in 1815 because of their failure to accomplish the purpose for which they were designed.

The Dutch Republic was overthrown in 1585, and at least one historian of note declares that price-fixing legislation was largely responsible for its downfall.

India has learned in the hard school of experience that even in times of famine price fixing is a very dangerous expedient, because it removes one of the most powerful checks on consumption, namely, high prices.

The colonial United States tried the same experiment at various places and times but failed utterly to secure satisfactory results.

Revolutionary France tried the same measures, but the protagonists of the movement perished on the guillotine. The dreary story of France's efforts to limit prices is distinguished from that of the other countries we have noted because of the proposal of Barbaroux to enlist the aid of both producer and consumer in the effort of the Government to control the food supply in the interest of the people's welfare. This proposition was not carried out, but it furnished the first indication of the goal of cooperation toward which we are still pressing.

Mr. NORRIS. Mr. President, in the very few minutes left to me I want first to express my sorrow that the Senator from North Dakota has offered his amendment. It is an amendment which every friend of the farmer, of course, would like to see put into law, but we are confronted here with a combined opposition, led on this side by the Republican leader and on the other side by the Democratic leader, against the committee amendment. If we add the Senator's amendment to the committee amendment, we are only putting another monkeywrench into the machinery that is confronting us now.

We discussed the amendment of the Senator from North Dakota in the committee, and agreed, I think, with the exception of the Senator himself, unanimously, that as a matter of strategy it was unwise to put that amendment into the bill, because we knew the terrible opposition with which we would be confronted on the floor of the Senate, and we did not want to do anything to the committee amendment which might give additional reasons for voting against it. That is the reason why we left it out. That is the reason why the committee amendment came into the Senate without anything being said about a reasonable profit.

Everybody can see what we are confronted with—a combined opposition here, which, under any ordinary circumstances would be sufficient to overturn any movement, and if we add the amendment of the Senator from North Dakota, we will only be adding to the means by which we shall go down to defeat on the committee amendment.

Mr. President, the Senator from Oklahoma told us about the terrible thing that happened when they tried to fix prices 1,000 years before Christ. His next argument was dated 400 years before Christ, and the next one was just a few years after the birth of Christ. The attempt did not work then, and the next argument is that it has never worked, except in time of war.

I want to call the Senator's attention to the fact that we have lived several centuries since that time, that the old standpat theories of a thousand years before Christ should not apply to this modern age, of which we boast, and which we call the civilized age of modern times.

Mr. President, it is worse than a time of war. I would not be for this amendment under any ordinary conditions. This whole bill would not be here under normal conditions. Nothing that went so far as this would probably be necessary even in time of war.

During the great World War there never was a moment when anybody doubted but that our Government was going

to survive, and that the war was not going to extinguish us as a nation. But our entire civilization is at stake in this war. We have more than the World War confronting us. The life of our Nation here is at stake 10,000 times more than it ever was during the World War, or during any other war in which we have ever been engaged. Yet those who want to save our civilization, those who want to save our country by protecting the foundation stone both of our country and of our civilization, are ridiculed; we are called foolish and silly, and the argument is made that this amendment is unconstitutional. Perhaps it is. I think under ordinary conditions a court would hold it unconstitutional, but in these times the court is going farther, if it is moved by motives which ought to move a court under these conditions of stress, than it ever went to uphold an act in time of war, because we are in more danger than we ever were in war.

Mr. President, it seems to me to be foolish to confine the constitutional argument to this amendment. Apply it to every other provision in the bill. Apply it to the other two parts of the bill. If this amendment is unconstitutional, I say that there is not a hope on earth for the other provisions based on constitutional grounds.

I am willing, as I said before, to try the experiment. The whole bill is an experiment, and wise men, patriotic men of all kinds, have been trying to meet the emergency, and the first part of the bill is a part of the results of their deliberations.

Mr. GORE rose.

Mr. NORRIS. I have only 2 minutes left, and necessarily I cannot yield.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. NORRIS. No one knows what the outcome is going to be, but we are like a drowning man grasping at a straw. The farmers of this Nation are not going to be peasants, they are not going to be bound down as slaves, they are not going to submit to what the farmers in the days 1,100 years before Christ, about which the Senator has been telling us, submitted. We are living in a different age. We have come to the time now when the life of our Nation and of our people depends upon something being done to save these struggling, honest, patriotic mortals from destruction. The reverse of the proposition is slavery for our people, for our farmers.

I do not mean that the bill will bring complete relief. It will not bring permanent relief. We will have to do something besides this. This is only a step, and I think it is only a short step. If Senators will read the report of the committee, they will find there that the committee unanimously stated, in substance, that this bill in its entirety would not cure the evils which confront agriculture, that it would only help, that it would be only a palliative, that we have to have some other fundamental financial legislation in order to make it possible for the farmers of the United States as well as the 12,000,000 unemployed to live and get jobs.

Mr. President, we must reach other avenues of legislation. We must reduce the value of the dollar, so that the men in debt will be able to pay what they owe, and in that way we will raise the prices of commodities.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the question recurs on the amendment of the Senator from North Dakota [Mr. FRAZIER] to the amendment of the committee.

Mr. BANKHEAD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Borah	Clark	Duffy
Ashurst	Bratton	Connally	Erickson
Austin	Brown	Coolidge	Fess
Bachman	Bulkley	Copeland	Fletcher
Bailey	Bulow	Costigan	Frazier
Bankhead	Byrd	Couzens	George
Barbour	Byrnes	Cutting	Goldsborough
Barkley	Capper	Dickinson	Gore
Black	Caraway	Dieterich	Hale
Bone	Carey	Dill	Hastings
Hatfield	McCarran	Pope	Thomas, Utah
Hayden	McGill	Reed	Townsend
Hebert	McKellar	Reynolds	Trammell
Johnson	McNary	Robinson, Ark.	Tydings
Kean	Metcalf	Robinson, Ind.	Vandenberg
Kendrick	Murphy	Russell	Van Nuys
Keyes	Neely	Schall	Wagner
La Follette	Norbeck	Sheppard	Walcott
Lewis	Norris	Shipstead	Walsh
Logan	Nye	Smith	Wheeler
Lonergan	Overton	Steiwer	White
Long	Patterson	Stephens	
McAdoo	Pittman	Thomas, Okla.	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

The question recurs upon the amendment of the Senator from North Dakota to the amendment of the committee.

Mr. SHIPSTEAD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SHIPSTEAD. I should like to know when the agreement was entered into to vote on the committee amendment at this time without further debate.

The PRESIDING OFFICER. The agreement was made late yesterday afternoon.

Mr. SHIPSTEAD. Was it agreed to after a quorum call?

The PRESIDING OFFICER. There was no quorum call.

Mr. SHIPSTEAD. Why was there no quorum call?

The PRESIDING OFFICER. The rule did not require it under the wording of the agreement.

Mr. SHIPSTEAD. I want to register my objection to entering into any agreement regarding limitation of debate without the calling of a quorum.

The PRESIDING OFFICER. There can be no debate at this time. The question is on the amendment of the Senator from North Dakota [Mr. FRAZIER] to the amendment of the committee.

Mr. FRAZIER. Mr. President, may we have the amendment stated?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to amend the amendment of the committee, on page 25, line 17, after the word "production," by inserting the words "including therein a reasonable profit," so as to read:

> The average domestic cost of production, including therein a reasonable profit, for the commodity.

The amendment to the amendment was agreed to.

Mr. McGILL. Mr. President, I offer the amendment which I send forward to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Kansas offers the following amendment to the amendment of the committee: On page 25, line 20, after the word "person", insert the words "engaged in the business of buying and selling a commodity or commodities as a dealer therein", so as to read:

> After such date as shall be specified in the proclamation it shall be unlawful for any person engaged in the business of buying and selling a commodity or commodities as a dealer therein to purchase any amount of the commodity from the producer or any association of producers at a price, for the domestic-consumption percentage thereof, that is less than the proclaimed cost of production for the commodity.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Kansas to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. Are there further amendments? If not, the question recurs upon the adoption of the committee amendment as amended, set forth on page 25, being "Part 3. Cost of Production."

Mr. BARKLEY. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. Being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. FESS (when his name was called). On this amendment I have a general pair with the junior Senator from

Utah [Mr. THOMAS], who is unavoidably absent from the Chamber attending a funeral. Therefore, I withhold my vote.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. I transfer that pair to the senior Senator from Utah [Mr. KING] and vote "nay."

The roll call was concluded.

Mr. LEWIS. I desire to announce that the Senator from Arizona [Mr. ASHURST] is necessarily detained from the Senate on official business.

Mr. HARRISON (after having voted in the negative). Mr. President, I wish to change my vote from "nay" to "yea."

The result was announced—yeas 47, nays 41, as follows:

YEAS—47

Bachman	Dill	McCarran	Robinson, Ind.
Bone	Duffy	McGill	Russell
Borah	Erickson	McNary	Schall
Bratton	Frazier	Murphy	Shipstead
Bulow	Gore	Neely	Smith
Capper	Harrison	Norbeck	Steiwer
Caraway	Hatfield	Norris	Thomas, Okla.
Clark	Johnson	Nye	Townsend
Costigan	Kendrick	Overton	Vandenberg
Couzens	La Follette	Pittman	Van Nuys
Cutting	Long	Pope	Wheeler
Dickinson	McAdoo	Reynolds	

NAYS—41

Adams	Connally	Hebert	Sheppard
Austin	Coolidge	Kean	Stephens
Bailey	Copeland	Keyes	Trammell
Barbour	Dieterich	Lewis	Tydings
Barkley	Fletcher	Logan	Wagner
Black	George	Lonergan	Walcott
Brown	Glass	McKellar	Walsh
Bulkley	Goldsborough	Metcalf	White
Byrd	Hale	Patterson	
Byrnes	Hastings	Reed	
Carey	Hayden	Robinson, Ark.	

NOT VOTING—7

Ashurst	Dale	Fess	Thomas, Utah
Bankhead	Davis	King	

So the committee amendment as amended was agreed to.

Mr. HARRISON. Mr. President, I wish to enter a motion to reconsider the vote by which the amendment just agreed to was adopted.

Mr. NORRIS. I move to lay that motion on the table.

Mr. HARRISON. I have not made the motion as yet.

Mr. NORRIS. Well, Mr. President, I make the motion to reconsider and then I move to lay that motion on the table.

Mr. LA FOLLETTE. On that I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on the motion of the Senator from Nebraska, on which the yeas and nays are demanded.

The yeas and nays were ordered.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. What is the question pending?

The PRESIDING OFFICER. The question is on the motion of the Senator from Nebraska to lay on the table the motion to reconsider.

Mr. BONE. Mr. President, a parlimantary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BONE. Is a vote in the affirmative a vote to table the motion to reconsider?

The PRESIDING OFFICER. It is.

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FESS. As I understood, the Senator from Nebraska made a motion to reconsider and to table that motion at the same time.

The PRESIDING OFFICER. He did.

Mr. FESS. The question is whether that is in order.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. As I understand, the Senator from Mississippi [Mr. HARRISON] asked leave to spread on the minutes a motion to reconsider.

The PRESIDING OFFICER. He did.

Mr. CONNALLY. May the Senator from Nebraska call that up of his own motion, or is it not subject to the control of the Senator from Mississippi?

The PRESIDING OFFICER. The Senator from Nebraska himself made the motion to reconsider, and then moved to lay his own motion on the table, and the Parliamentarian advises the Chair that that is in order.

Mr. LA FOLLETTE. Regular order!

Mr. CONNALLY. There is a motion to reconsider, made by the Senator from Mississippi, already spread on the record.

Mr. HARRISON. I merely said that I would enter the motion.

Mr. LA FOLLETTE. Regular order!

Mr. HARRISON. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. I have not quite finished my inquiry of the Chair.

Mr. HARRISON. Very well.

Mr. CONNALLY. The Senator from Mississippi gave notice that he entered the motion on the record. Can the Chair now entertain a different motion to reconsider? Does not the motion of the Senator from Mississippi take precedence?

The PRESIDING OFFICER. In the one case the actual motion was not made, while in the other case it was made, and the Chair had to take into consideration what was actually done. The Chair was advised by the Parliamentarian that it was in order for the Senator from Nebraska to make the motion to reconsider and then to move to lay it on the table; that course is being pursued, and the roll is being called.

Mr. LA FOLLETTE. Regular order!

Mr. HARRISON. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRISON. If the nays prevail, then a motion to reconsider the vote is in order?

The PRESIDING OFFICER. It is in order; that would be the next question.

Mr. LONG. If the yeas prevail, then we will vote as we did before. [Laughter.]

The PRESIDING OFFICER. If the yeas prevail, the amendment is adopted.

Mr. NORRIS. If the yeas prevail, it is simply completing what we did when we previously voted on the amendment.

The PRESIDING OFFICER. If the yeas prevail, the amendment as amended is agreed to.

The Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. I transfer that pair to the senior Senator from Arizona [Mr. ASHURST], and will vote. I vote "nay."

The roll call was concluded.

Mr. AUSTIN (after having voted in the negative). I announce my general pair with the senior Senator from Virginia [Mr. GLASS], who is temporarily absent from the Senate. I feel at liberty, however, to let my vote stand.

Mr. HEBERT. I wish to announce that the Senator from Ohio [Mr. FESS] has a general pair with the Senator from Utah [Mr. THOMAS].

Mr. LEWIS. I desire to announce that the Senator from Arizona [Mr. ASHURST] is necessarily detained from the Senate on official business.

I also desire to announce that the Senator from Utah [Mr. KING] is necessarily detained from the Senate.

I further desire to announce the general pair on this question of the Senator from Kentucky [Mr. LOGAN] with the Senator from Pennsylvania [Mr. DAVIS].

The result was announced—yeas 46, nays 41, as follows:

YEAS—46

Adams	Caraway	Erickson	Long
Bachman	Clark	Frazier	McAdoo
Bone	Costigan	Gore	McCarran
Borah	Cutting	Hatfield	McGill
Bratton	Dickinson	Johnson	McNary
Bulow	Dill	Kendrick	Murphy
Capper	Duffy	La Follette	Neely

Norbeck	Pope	Shipstead	Vandenberg
Norris	Reynolds	Smith	Van Nuys
Nye	Robinson, Ind.	Steiwer	Wheeler
Overton	Russell	Thomas, Okla.	
Pittman	Schall	Townsend	

NAYS—41

Austin	Connally	Hayden	Sheppard
Bailey	Coolidge	Hebert	Stephens
Bankhead	Copeland	Kean	Trammell
Barbour	Couzens	Keyes	Tydings
Barkley	Dieterich	Lewis	Wagner
Black	Fletcher	Lonergan	Walcott
Brown	George	McKellar	Walsh
Bulkley	Goldsborough	Metcalf	White
Byrd	Hale	Patterson	
Byrnes	Harrison	Reed	
Carey	Hastings	Robinson, Ark.	

NOT VOTING—8

Ashurst	Davis	Glass	Logan
Dale	Fess	King	Thomas, Utah

So the motion to reconsider the vote by which the amendment of the committee was agreed to was laid on the table.

Mr. PITTMAN. Mr. President, I address the Chair for the purpose of asking a unanimous-consent agreement. It is with regard to taking up H.R. 4220, Order of Business No. 22. It is a bill to protect public records, and prevent the exposure of diplomatic communications obtained by those in the employment of our Government.

I think it is an emergency matter. It has been so presented to us by the State Department. I do not believe it will take more than a very few minutes to act upon it. I understand that the senior Senator from California [Mr. JOHNSON] has some remarks to make with regard to it, and also the Senator from Indiana [Mr. ROBINSON].

I ask to have the substitute for the bill read before making the request for unanimous consent.

The PRESIDING OFFICER. Is there objection to the reading of the substitute?

Mr. McNARY. Mr. President, I think the consideration of this bill can be expedited by my simply stating that I think it is in the interest of expedition and progress to go ahead with the unfinished business, and I shall object.

The PRESIDING OFFICER. Objection is heard.

Mr. REED. Mr. President, I desire to speak for a few minutes upon the pending bill as a whole.

I sincerely believe that it offers the most serious threat to the welfare of the workingmen of America that has been presented to them in those decades in which I have had any knowledge of the American Government; and I believe that in the guise of offering relief to the farmers of the country, in reality this bill would impose upon them a slavery which they would find to be utterly intolerable.

Both of those propositions I shall try, as well as I may, to develop.

I think I am safe in saying that there are not half a dozen Senators in this Chamber who sincerely believe that the bill is constitutional. I know that many Senators will vote for it on the theory that a matter of constitutionality is, in the last analysis, to be decided by the Supreme Court, and that they will in effect shrug their shoulders and pass the responsibility over to that great tribunal.

I hope to be able to show briefly that there are five distinct reasons why the bill cannot be sustained by that court; but I realize from sad experience that we who make long, exhaustive constitutional arguments in this Chamber are really but wasting the time of our colleagues and of ourselves. So I shall not devote any lengthy argument to the matter of constitutionality, merely calling attention to the reasons why I think the bill is unconstitutional, and citing the most recent cases that lay down the principles that I know will apply as well as anyone can know a future event, and then passing on to a discussion of the bill on the theory that it is entirely constitutional, and discussing it only from the standpoint of its fairness and workability.

To begin with, the bill is based upon a false premise—a premise that the farmers of the United States are in a worse case than are the industrial workers in the more concentrated communities.

I know full well that the price of farm products has sunk to a smaller percentage of its predepression level than has the price of most manufactured products, but that is only a part of the picture. If we will consider it from the standpoint of the income of the citizen, we will realize that the farmer is getting approximately 50 percent of his predepression prices for his entire crop, and that nature is working for him just as it was before the depression; and his output is a full output, on which he gets a 50-percent price. Then consider, on the other hand, the situation of the worker in industry, and we realize that he has suffered a very substantial diminution of his prices; and, besides that, an additional diminution in his output. The combination of those factors—diminished prices and diminished output—means that the income of the average urban worker today is a lower percentage of his predepression income than is the farmer's present-day income.

That is to say, to sum it up in a word, the farmer has suffered from a shrinkage in prices, it is true, but he has not had a shrinkage in output. The city worker, on the other hand, has suffered a shrinkage in both respects; so that today the average city worker's income is a smaller proportion of his predepression income than is the income of the farmer. That thesis needs no elaboration to make its veracity plain; and yet this bill proceeds upon the premise that the factory worker, the industrial worker, is in better case than the farmer, and therefore we should exercise our taxing power to lift from the worker in industry a part of his earnings and give it bodily to the worker on the farm.

That is the essential premise of the bill; and I submit to you, Mr. President, that it is a false premise.

The bill comes to us as an administration measure. It comes to us with a statement that the whole theory of the bill is itself experimental, and that the President, who recommends its passage, does not himself know whether the bill will be workable or whether it will not. That used to be an argument against a bill, Mr. President. To call it experimental was to denounce it; and yet here in the President's message we have that epithet applied to it as if it were a term of commendation for the legislation which he sends us.

Experiment? Why, he is experimenting with the vital necessities of all the population of the United States—an experiment that cannot possibly benefit the 60 percent of our population that is not engaged in agriculture; an experiment that goes to the very vitals of a sick nation. What a time for an experiment and what a subject for an experiment that is!

The term "experiment" is a disclaimer of all of the confident assurance that President Roosevelt gave us during his campaign when he told us repeatedly that he had a remedy for the farm troubles which was practical and workable, and he used those adjectives over and over again; and now, when he submits it to us, he announces that instead of being practical and workable it is an experiment. What a poor fulfillment of a promise that gave high hope to needy Americans!

He told us not long ago, in the last short session of the Congress, that he was "horrified" at our proposal to balance the Budget by putting a 2-percent sales tax on all articles of commerce other than food and clothing. He was horrified at that, and yet that tax was for the general purposes of government. It was not to be given to a particular class. It carefully exempted the essential necessities of life. It would not have applied to rent, to food, to clothing, to medicines. This bill at which he is not horrified will put a sales tax of more than 100 percent upon the essentials of living of the poorest people in America.

It seems to me that his horror is very ill-regulated if it bursts into flame at the proposal of a 2-percent sales tax on nonnecessities, and yet lies dormant at this horrible sales tax on the very articles that are needed to keep body and soul together in this depression.

Mr. President, in times of prosperity the Department of Labor has determined that the average workingman spends about 32 percent of his income for the food of himself and his family. Inevitably, as income shrinks that proportion increases, so that men who are working but half-time—as so many of us are these days—find themselves spending all

their income for shelter and for food. Precious little of it goes for clothing. Nothing of it goes for the other purposes for which the workingman was able to spend in times of prosperity. Consequently, if by this law we double the cost of foodstuffs to the poorest elements of our population, we are doubling the cost not of that 32 percent but probably of 60 or 70 percent of the spending of the average workman of America.

Think of it, Mr. President! The money is not there to double the spending. It cannot be. Inevitably, what we are doing is cutting his consumption in half. He will spend for the food of his family and himself the same amount that he is spending now, but he is not getting an adequate food supply in millions of homes at the present time; and we propose by this bill to cut that food supply in half. That is practically what we are doing.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from Pennsylvania yield to the Senator from Michigan?

Mr. REED. Yes; I yield.

Mr. VANDENBERG. Has the Senator seen a statement that has been prepared indicating the allocation of costs to the various States, offsetting the allocation of benefits to the farmers in the various States?

Mr. REED. I have, and it is shocking. For example, the State of Rhode Island will pay into fund from 75 to 100 times as much as it will get back from the fund. The farmers of Rhode Island themselves will pay into the fund approximately as much as they get out of it, and the city population of Rhode Island pays about seven and a half millions and gets nothing out of it.

Mr. VANDENBERG. I was wondering if the Senator would permit me to insert in the RECORD at this point the table to which we are both referring.

Mr. REED. Yes; I should be glad to have that done.

The PRESIDING OFFICER. Without objection, the table will be printed in the RECORD.

The table is as follows:

Estimated sales tax versus estimated bonus, proposed National Emergency Act

[Domestic allotment farm-relief plan]

States	Per State			Sales tax paid by farmers	Per farm	
	Sales tax		Bonus received		Sales tax	Bonus received
	Total (in thousands)	Per family	Total (in thousands)	Total (in thousands)		
United States, total	$1,341,234	$44.85	$1,319,306	$332,596	$52.89	$209.79
New England	89,212	45.02	8,943	6,262	50.13	71.59
Maine	8,712	44.04	1,453	1,868	47.89	37.25
New Hampshire	5,084	42.60	792	687	46.09	53.13
Vermont	3,929	44.05	2,501	1,232	49.48	100.44
Massachusetts	46,423	45.46	2,382	1,346	52.58	93.05
Rhode Island	7,511	45.43	282	181	54.49	84.89
Connecticut	17,553	45.16	1,533	948	55.13	89.15
Middle Atlantic	286,881	45.01	35,584	18,655	52.17	99.51
New York	137,516	43.61	15,659	7,865	49.22	91.73
New Jersey	44,149	44.79	2,140	1,432	56.43	84.33
Pennsylvania	105,216	47.06	18,785	9,358	54.27	108.95
East North Central	276,354	43.43	240,107	49,038	50.74	248.43
Ohio	72,611	42.76	48,263	11,069	50.48	220.08
Indiana	35,378	41.96	55,673	8,882	48.92	306.62
Illinois	83,359	43.20	79,049	10,915	50.89	368.53
Michigan	52,899	44.81	19,183	8,548	50.47	113.26
Wisconsin	32,107	45.10	37,939	9,624	52.95	208.72
West North Central	145,260	43.78	544,157	55,367	49.76	489.02
Minnesota	28,010	46.18	64,802	9,782	52.80	349.80
Iowa	26,991	42.46	139,644	10,683	49.71	649.72
Missouri	39,650	42.20	61,918	12,175	47.57	241.92
North Dakota	7,438	51.29	23,551	4,339	55.65	302.03
South Dakota	7,569	47.01	42,396	4,263	51.26	509.83
Nebraska	15,054	43.89	87,673	6,398	49.42	677.23
Kansas	20,548	42.18	124,173	7,727	46.54	747.84

Estimated sales tax versus estimated bonus, proposed National Emergency Act—Continued

States	Per State			Sales tax paid by farmers	Per farm	
	Sales tax		Bonus received		Sales tax	Bonus received
	Total (in thousands)	Per family	Total (in thousands)	Total (in thousands)		
South Atlantic	$172,534	$49.13	$106,152	$64,435	$60.88	$100.29
Delaware	2,605	44.08	1,189	508	52.33	122.49
Maryland	17,823	46.27	6,052	2,594	60.04	140.08
District of Columbia	5,319	42.36				
Virginia	26,458	50.01	14,824	10,388	60.89	86.89
West Virginia	18,890	50.52	3,102	4,908	59.39	37.54
North Carolina	34,633	53.78	27,300	17,479	62.49	97.60
South Carolina	18,995	51.94	14,788	10,013	63.40	93.64
Georgia	31,774	48.67	32,821	15,497	60.63	128.41
Florida	16,037	42.60	6,076	3,048	51.69	103.04
East South Central	108,011	47.51	81,177	55,661	52.40	76.41
Kentucky	28,562	46.87	15,656	12,853	52.14	63.51
Tennessee	28,586	47.59	16,951	13,278	54.05	69.00
Alabama	28,908	48.86	25,027	14,641	56.88	97.23
Mississippi	21,955	46.54	23,543	14,889	47.62	75.30
West South Central	133,024	46.38	209,833	58,188	52.75	190.22
Arkansas	20,259	46.19	30,741	12,228	50.46	126.85
Louisiana	22,959	47.30	20,938	9,073	56.20	129.69
Oklahoma	26,176	46.40	54,356	11,188	54.88	238.84
Texas	63,630	46.11	103,798	25,699	51.87	209.49
Mountain	40,440	44.23	44,048	12,440	51.55	182.53
Montana	5,873	43.12	11,455	2,240	47.16	241.18
Idaho	4,862	45.00	8,102	2,053	49.26	194.41
Wyoming	2,464	43.31	2,194	799	49.90	137.03
Colorado	11,314	42.32	12,877	3,091	51.55	214.77
New Mexico	4,625	46.93	3,788	1,733	55.18	120.62
Arizona	4,759	44.90	2,064	1,082	76.34	145.03
Utah	5,548	47.85	3,059	1,263	46.50	112.63
Nevada	995	39.07	509	179	52.00	147.88
Pacific	89,518	38.92	49,305	12,550	47.95	188.38
Washington	17,079	40.30	19,213	3,330	46.96	270.97
Oregon	10,420	39.12	10,581	2,443	44.29	191.85
California	62,019	38.52	19,511	6,777	49.95	143.81

Mr. BORAH. Mr. President, may I ask who made up the table?

Mr. VANDENBERG. I can answer that so far as my information goes. I have sought figures from all possible sources and have been able to get them only from the National Millers' Association, and it is my understanding that the computations come from that source.

Mr. REED. That is the source from which my table came.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. I yield this time, but I am not going to yield after this time. I am glad to yield to the Senator.

Mr. ROBINSON of Arkansas. I am only asking the Senator to yield this time, and he is very good to yield. I will not ask him any more, in view of his announcement.

It would be interesting to know how the figures which have been inserted in the RECORD by the Senator from Michigan were prepared, and the basis of them; how it is known what will be consumed in any State; how it is known how much will be consumed in a given State; and how much the cost will be, since there has been no announcement of the alleged increased purchasing power contemplated by the bill.

Mr. VANDENBERG. Mr. President, may I make just one observation in reply, and then I will subside?

Mr. ROBINSON of Arkansas. I must thank the Senator from Pennsylvania for yielding to me.

Mr. REED. I am glad to have yielded.

Mr. VANDENBERG. I will say to the Senator from Arkansas that it would be amazingly interesting to know how the figures were prepared, because the whole formula has been so utterly inscrutable to me that I cannot contemplate how they were made. Nevertheless, they are submitted as the minimum probabilities.

Mr. REED. I have not heard them contradicted myself, but I have no knowledge of their accuracy.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a further statement?

Mr. REED. Yes.

Mr. ROBINSON of Arkansas. It is astonishing that the Senator would make that statement as an implied assertion of the accuracy of the figures. It can have no other effect. There has been no opportunity to study them, so far as I know. They have not been published, as far as my information goes, until just this minute.

Mr. REED. They were sent to me about 2 weeks ago, and I have not heard them challenged. I admit that is scant proof of their authenticity.

Mr. ROBINSON of Arkansas. Did the Senator publish them?

Mr. REED. No; I did not; but they were sent in printed form, and I assumed that every Senator had received them. However, be that wrong or right, it does not matter to me for my present purposes. The figures I gave about the proportion of the family budget that goes for food in prosperous times are those of the Department of Labor, and I think we all assume that they are correct.

Mr. President, back in the days of Louis the Sixteenth, under one of the most unfair systems of government that ever disgraced this earth, the peasants of France were being taxed about 55 percent on their expenditures for food and clothing. Taking into account the salt taxes and the other cruel impositions that were put upon the backs of those people, the tax totaled, in all, about 55 percent on the expenditures of the people for living purposes, practically all for food and clothing, as I have said. Most of them lived in houses of their own. The unfairness of taxing that group of lowest income earners, a tax which, in effect, was a 55-percent income tax, led to one of the most bitter revolutions in the world's history.

Mr. President, how do Senators suppose the population of our cities, undernourished as they are in these dreadful times, are going to submit to a tax of over 100 percent on their cereals, on their meats, on their textiles, because all of them are going to be taxed under one section or another of this bill. How long are they going to submit to that? How long can we successfully explain to them that they are being subjected to a burden so cruel, not for the general purposes of their Government, but so that a particular group of farmers, most of them in the upper Mississippi Valley and in Texas, are to be given these vast sums as a bounty on their production?

How are we to explain to a city worker who has been evicted for nonpayment of rent, and is living on a four and a half dollar food order for his family for a week, that we are cutting in half the value of that food order for the benefit of a fellow countryman in the Middle West, who has his home, who has a roof over his head, who raises a large part of his necessary food, that we are taking from the poorer to give to the citizen who is better off?

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. REED. For a question; yes.

Mr. FRAZIER. The Senator mentioned raising the price of cereals. I hope any little increase in this bill would not increase the price of cereals. At the present prices of cereals they figure $10 or $15 a bushel for the grain they are made of.

Mr. REED. I am talking of grains generally. A tax on wheat, which in Chicago has been selling for around 45 to 50 cents, is now to be put on to the tune of 60 cents, a tax of 120 percent, approximately. Explain that, if you can, to the man in the bread line, when he finds that his food order brings him in only half as much, that his family has to live on the same amount of food that today could be bought for $2.25. Tell him that he is going to have to live on half as much food, that his children will get half as much milk, and see how he takes it. I think I know without trying to experiment how he will take it.

Our Supreme Court has said over and over again that in industries not affected by a public interest, as they describe it, such as railroads and public utilities and grain elevators, it is not within the power of the legislature to fix prices. They have said that in several recent cases, to which I will presently call the attention of the Senate. Unless they throw all of those decisions out the window, this bill is necessarily invalid.

The bill's principal motive is price fixing, and its advocates admit that. The bill delegates to the Secretary of Agriculture broader power than the American Congress ever gave to any official, the President or any other official, in peace time. It delegates to him the power to fix prices. It delegates to him the power to tax. It delegates to him the power to license or refuse to license the operation of a lawful business which is not, by any stretch of the imagination, a public utility. That is the power, in essence, which is given to the Secretary of Agriculture.

If he exercises it—and every bureaucrat exercises all the power we give him—it means that we are vesting in Secretary Wallace the control of approximately one half of the industry of the United States, that he can license or refuse to license particular establishments, that he can attach conditions to the license, on breach of which the license will be revoked. It makes him absolute czar over American industry, and when we look to see his qualifications for that powerful position, we find that he could not even keep his own business out of receivership, but that last fall his Wallace Homestead Co., which is the business to which he has devoted his life, itself went into receivership.

Does that bode well for the future of American industry, to give that gentleman absolute, despotic power over the processing of any textile or any food product in the United States? Can we look forward with confidence to his administration of American industry in gross, when he could not do better than that in detail?

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. BARKLEY. It just occurs to me that, in view of the large number of concerns which have gone into receivership during the last 3 or 4 years, and the large number of others which would have landed there but for the credit of the Government's being brought to their assistance, it is hardly a fair criterion of a man's ability to refer to the fact that his particular business went into the hands of receivers.

Mr. REED. I do not refer to it as being any disgrace to him.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. REED. Let me finish the sentence. I do say that Secretary Wallace is quite unknown to most of us, and when we look for his business history, look for his business experience, that is what we find. I yield to the Senator from South Carolina.

Mr. BYRNES. Would the Senator say that in every case in his knowledge where a business has not prospered in the last 3 years it shows lack of intelligence on the part of those in charge of the business?

Mr. REED. Not at all. I did not mean to imply that.

Mr. BYRNES. What did the Senator mean to imply by the statement, then, that this business of the Secretary of Agriculture was not prosperous within the last few years? The Senator certainly implied that he feared that he would not be able intelligently to administer this proposed law.

Mr. REED. Not a bit of it. I was looking for encouragement. I hoped that I would find something in this gentleman's record that would testify to his unusual skill to carry on these unusual responsibilities, and I am telling the Senate what I found.

Mr. BYRNES. Would the Senator say that in every case where, in his own acquaintance, and among his friends, a corporation has not been successful in the last 2 years, he finds no encouragement, then, in passing upon their intelligence?

Mr. REED. The Senator does not understand me. I can only hope that the President and the other Senators will understand me better.

Mr. LONG. Mr. President, will the Senator yield?

Mr. REED. I yield for a question.

Mr. LONG. I simply wanted to ask the Senator why we could not have been that fair to the little country banks that were put to death because they failed? If nothing is to be held against Secretary Wallace because he failed, why did we break the little banks because they failed?

Mr. REED. I thank the Senator. One feature of this bill has not been referred to very much on the floor, and that is an amendment which was put into the bill by the House, scrapping completely the Civil Service law so far as it relates to the great organization to be built up under the bill.

There are something over 3,000 counties in the United States. In every one of those counties there must be inspectors, examiners, and accountants, inspectors to see whether the farmers are living up to their agreements to restrict their acreage and cut down their production, examiners to find out what kind of agreements are to be made with the farmers for the coming year, accountants because the Secretary of Agriculture has power to prescribe the way everybody is to have to keep his books, just the way the Interstate Commerce Commission lays down the law for the railroads. All that great body of employees are to be appointed by the Secretary of Agriculture without regard, says the bill, to the present civil service laws.

This emergency, which we say justifies the passage of the bill, is to last until the President says it is over. I am made cynical by experience, I suppose, but I doubt whether the emergency will be decreed to be over until after the election of 1936. Think what a political sword that places in the hands of the Secretary of Agriculture; and I would say the same if the bill came from a Republican President. It is destruction to the civil service law, which has been won for the United States after so many decades of effort. It is indefensible, when our civil-service rosters are jammed to overflowing, to say that in a selection of these employees those rosters and eligible lists are to be ignored; and that is just what this bill does say.

In the long run, the bill means the ruination of agriculture, and to realize that we need to give only a moment's thought to the way it will work out. Let us suppose that in a farming region it is desired to limit the production of wheat. The examiners and inspectors, or whatever they may be called, go to that county. They find that 78 farmers in the county last year were raising wheat. They had so many acres sown in wheat. The bill provides that agreements shall be made with those farmers to sow only a given proportion of that acreage in wheat this year. All right; so far so good. If they do that they get paid a bounty, and the net result of it is to put up the price of wheat to around 90 cents. That is all very simple as regards those farmers.

But here is John Smith on the next farm who last year had his land sowed in some other crop, or perhaps a part of it was fallow. There is nothing in the bill that is going to authorize him to make an agreement to cut down his proportion of the previous year because he did not have any production in the previous year. Consequently the agreement with the wheat producers of this year does not at all bar an enormous wheat production from being called out by the high price on all the lands on which wheat was not grown last year. All the farmers who did not grow wheat last year at once see a premium in planting their land in wheat this year, and they will do it unless they are prevented. How can they be prevented? We look to the bill to see, because if they are not prevented the whole plan goes to smash. We look to the bill to see how John Jones, who did not plant wheat last year, is going to be prevented from planting it this year. By regulation of the Secretary of Agriculture, John Jones is going to be told that he has to keep himself out of this picture and not upset the smooth working of the bill. The Secretary of Agriculture says, "Jones, no wheat from you."

What is Jones going to think about it? Perhaps he will be told the same thing about other crops to which he would like to transfer, crops that are carrying bounties under the bill. Every way he turns to get the advantages of the high prices he is met by a fiat from Washington, "Jones, you cannot plant that." How long is John Jones, the typical American farmer, going to continue taking orders from a political county agent appointed from Washington about what he shall sow and what he shall not sow on the land that he owns? I do not think he would keep it up very long. He will say, "You are making a slave out of me. I am an American and I am not a slave. I will not take your orders, but I will plant what I please." Then either the measure breaks down or we have to go out and arrest John Jones for producing a desirable harmless article on his own property by his own labor. What a situation to have prevailing in the farming country in the United States. Meanwhile the city population is writhing under a 100 percent sales tax to make such a system possible in the country districts.

Mr. President, another thing. The immediate effect of the bill is going to be to increase the cost of all products manufactured from basic agricultural products. With an agricultural price double that of the world market, how in the world can the manufactured products of American agriculture hope to compete in the markets of the world with those from other countries? How can an American packing plant, paying 100 percent more for its raw material, compete with a British packing plant, to which the bill provides we shall sell at the world level and not at the pegged price? It means the immediate extinction of American exports in products manufactured from the basic products of agriculture.

Then again we dream of shipping wheat and other raw agricultural products to foreign countries. We provide that when that is done—and it is in the bill—the processing tax shall be refunded to the exporter. Does anyone suppose that the other countries of the world will be slow in applying their antidumping legislation to that situation? Are they going to let Americans sell wheat at 90 cents in America and at 45 cents in Liverpool? I venture to think they will not, any more than we would submit to that kind of dumping if any other country tried it on us. Not only will our manufactured products be barred from entry because of their high cost but our raw products will be barred from entry because they plainly will violate the antidumping clauses of the laws of these foreign countries. It means utter devastation to the export trade of America in agricultural products and articles manufactured from agricultural products.

Furthermore, we talk of raising the farmer's income. I should like to ask the Senate to consider for a moment whether the amount by which we raise the farmer's income is comparable at all with the amount by which we diminish the standard of living of the city worker. Obviously, a 100 percent sales tax means we are cutting in half the standard of living in the city dwellers. That is self-evident. What are we doing to the farmer? Are we doubling his income? If we were, there might seem to be a rough sort of compensation in this bill for the injury we are doing to the man in the city. But we are not doubling the farmer's income. We are doubling the price of his products, I grant you, but we are cutting down the volume of his products if the plan works. We are saying to the farmer, "Yes; we will double the price of your wheat, but you must not grow more than three fifths of what you are growing this year." Therefore, instead of the farmer getting $100, we will say, for his wheat, he is getting twice as much per unit for three fifths of the amount of wheat. In other words, he is getting six fifths of this year's income in return for next year's wheat. We will raise his income 20 per cent at a cost to the consumer of 100 per cent. The arithmetic of it works out very simply that way.

I do not know that I have stated it clearly. The farmer, we will say, is getting $1,000 for this year's wheat. If he gets the same price next year on three fifths of the production, he would only be getting $600; but we are doubling his price, so he will get $1,200 for next year's wheat by producing three fifths as much. We have raised him in

his income from $1,000 to $1,200, a 20 per cent raise for him, and yet the wheat to the consumer is raised 100 per cent in cost; so that the benefits to those who receive the bounties under the bill are very much less than the hardships to those who have to bear the burden. I think the arithmetic of that is plain.

Mr. President, I have said that I am not going to weary the Senate with a long discussion on constitutional points, but I want the RECORD to show that those points were raised, that we who are sworn to respect the Constitution, to uphold and defend it, had our attention called to the points while the matter was still open for us to reach a different conclusion. The oath that we take to uphold and support the Constitution of this country is not limited to times when no emergencies exist. It applies at all times. It is not limited to measures that do not come from the White House. It applies to all measures. If the oath is binding on us at any time, it is binding upon us now.

First, the bill is utterly unconstitutional because there has been conferred upon Congress no power in itself to fix prices of articles that are not of public use. For authority upon that point and for a case which cites many other preceding cases I refer to *Williams* v. *The Standard Oil Co.* (278 U.S. 235), decided January 2, 1929. That opinion held that it was not within the power of the Legislature of Louisiana to fix the price at which gasoline might be sold in that State. In spite of the fact that gasoline was an article of commerce in which the entire population was interested, in spite of the fact that the whole community was interested in the maintenance of a reasonable price, the court held that it was not within the legislative power to fix the price of gasoline and that it did not make any difference that the act declared that the price of gasoline was imbued with a public interest and that it should therefore be regulated by law. That case, now 4 years old, has not been overruled or qualified by any decision, so far as I know.

Then we have a clearly established principle that it is not within the power of Congress or of the legislature to tax one citizen in order to give the proceeds to another. I should like to cite 2 or 3 cases on that point. But before I do that I had better add another citation on the other point because it comes very close home. In the case of *Fairmont Creamery Co.* v. *Minnesota* (274 U.S. 1) the Supreme Court of the United States decided that it was not within the legislative power of the State of Minnesota to fix the price to be paid for cream within that State. If that is not in point, it is difficult to find a case that is, because it dealt with the price to be paid for an agricultural product. The legislature endeavored to establish a uniform price throughout the State and it made it a penal offense to pay a price lesser or greater—I forget which—for that particular agricultural product. In a decision rendered April 11, 1927, the Supreme Court of the United States held the statute unconstitutional and void.

Coming now to the next point, the power to tax one citizen in order to pay to another, that is an old principle. Bearing upon it I find such cases as *Savings and Loan Association* v. *Topeka* (87 U.S. 65).

What the Court said there was, in part:

> To lay with one hand the power of the Government on the property of the citizen and with the other to bestow it upon favored individuals to aid private enterprises and build up private fortunes is none the less a robbery because it is done under the forms of law and is called taxation.

I do not believe that the Supreme Court is going to forget that it said that when this bill comes before it.

In *Parkersburg* v. *Brown* (105 U.S. 487) the Supreme Court condemned the use of the taxing power to take one person's property for the private use of another. The city had issued certain bonds which were loaned to persons engaging in manufacturing. The Court said in part:

> Taxation to pay the bonds in question is not taxation for a public object. It is taxation which takes the private property of one person for the private use of another person.

And they struck down the statute as unconstitutional and void.

In *Cole* v. *Lagrange* (113 U.S. 1) the Court said in part:

> Nor can the legislature authorize counties, cities, or towns to contract for private objects debts which must be paid by taxes. It cannot, therefore, authorize them to issue bonds to assist merchants or manufacturers, whether natural persons or corporations, in their private business. These limits of the legislative power are now too firmly established by judicial decisions to require extended argument upon the subject.

The bill before us proposes to tax the consumers of agricultural products for the sole and only purpose of giving the proceeds of such tax to the producers of those products. I cannot believe the Supreme Court will forget what it has said in the cases I have cited.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Alabama?

Mr. REED. I yield to the Senator.

Mr. BLACK. Does the Senator not think that that is exactly the theory on which we enact the tariff?

Mr. REED. No; I do not.

Mr. BLACK. Is not tariff enacted for the purpose of increasing the price of commodities that are sold?

Mr. REED. It is for the purpose of giving the American market to the American workman.

Mr. BLACK. It is, however, a tax for the benefit of the American manufacturer, is it not?

Mr. REED. No; I do not think so.

Mr. BLACK. But, of course, the Senator agrees that the tariff is a tax?

Mr. REED. Of course.

Mr. BLACK. Then, is it for the benefit of the foreign manufacturer?

Mr. REED. The tax is for the benefit of the Federal Treasury; it goes into the Federal Treasury and is kept there and is spent for general public purposes.

Mr. BLACK. The Senator, then, does not concede that it is for the benefit of the American manufacturer?

Mr. REED. I concede that the American manufacturers would go out of business if that tax policy were not adopted.

Mr. BLACK. Then the American manufacturer gets a direct benefit; it permits him to remain in business, and it is a tax.

Mr. REED. But that is an incidental result of the tax. The tax itself goes into the Public Treasury; but this proposed tax will not. There is the distinction.

Mr. BLACK. May I ask the Senator from Pennsylvania one other question in line with the opinion of the Supreme Court? The money that goes to the Reconstruction Finance Corporation is raised by taxes, is it not?

Mr. REED. It is raised by public borrowing, which will have to be paid by taxes.

Mr. BLACK. Is not that for the benefit of private business?

Mr. REED. The Senator from Alabama need not wave the Reconstruction Finance Corporation at me. I doubt very gravely whether we have the power to tax the American people for the purpose of loaning money to banks, insurance companies, and railroads.

Mr. BLACK. I so stated during the time the bill was under consideration, but, as I recall, I could not persuade the Senator from Pennsylvania to vote with me.

Mr. REED. I regret to say that I voted for the bill as an emergency measure. I have been very sorry since that I did, and I have repeatedly said so publicly.

Mr. BLACK. The Senator does believe, though, that it comes squarely within the case which he has just cited?

Mr. REED. I am inclined to think it does; and I wish someone would test it out in the Court.

Mr. BLACK. I think the Senator is correct.

Mr. GEORGE. Mr. President, may I make an inquiry of the Senator from Pennsylvania?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Georgia?

Mr. REED. I yield.

Mr. GEORGE. In reference to the proposition laid down in the first two cases cited by the Senator, did the court

lay any stress upon the inhibitions of State constitutions against the impairment of contracts or price fixing?

Mr. REED. No. Wherever that question has arisen in these cases it has been discussed on the basis of the fourteenth amendment of the Federal Constitution as impairing the freedom of contract, a prohibition which applies as well to Congress as it does to the State legislatures.

Mr. GEORGE. But there is no mention in the two cases cited of the prohibition in State constitutions against the impairment of contracts?

Mr. REED. No. My recollection is that neither of those cases does so.

Now, Mr. President, I pass to the third ground on which I think this proposed legislation is clearly in violation of the Constitution. I refer to the power which the bill pretends to give to the Secretary of Agriculture to license or refuse to license the processors of agricultural products. As recently as last year it has been held by the Supreme Court in the case of *New State Ice Co.* v. *Liebmann* (285 U.S. 262), a case decided March 21, 1932, that it was not within the power of the Legislature of Oklahoma to declare the business of manufacturing ice to be affected with a public use; that it was not affected with a public interest in the sense that a railroad is, and therefore was not subject to regulation or license by the authorities of that State. The Court said in part:

> It may be quite true that in Oklahoma ice is not only an article of prime necessity but indispensable; but certainly not more so than food or clothing or the shelter of a home. And this Court has definitely said that the production or sale of food or clothing cannot be subjected to legislative regulation on the basis of a public use.

I hope Senators heard that last sentence, which was uttered by the Supreme Court only last year. I repeat it:

> This Court has definitely said that the production or sale of food or clothing cannot be subjected to legislative regulation on the basis of a public use.

Yet, with that statement ringing in our ears, we are proposing to pass a bill here which will give to a single Cabinet officer, without appeal, the right to forbid the manufacture of clothing or the manufacture of food, to regulate their sale and their production, and even to forbid their production. We might as well toss our law books out of the window; there never is any use in printing a decision of the Supreme Court if opinions so solemnly rendered as that are going to be ignored within 12 or 15 months after they were rendered by the very Court that rendered them.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. COUZENS. What was the vote in deciding that case?

Mr. REED. Does the Senator refer to the Ice Co. case?

Mr. COUZENS. Yes.

Mr. REED. My recollection is that the vote was 6 to 2. Mr. Justice Cardozo did not participate in the decision, and Mr. Justice Brandeis and Mr. Justice Stone dissented. Six justices concurred in the majority opinion.

Mr. BLACK. Mr. President, will the Senator yield for a question?

Mr. REED. I yield.

Mr. BLACK. Does the Senator understand that this bill is drawn or is sought to be rested upon the theory that was declared to be unsound in that case?

Mr. REED. Precisely.

Mr. BLACK. I do not so understand.

Mr. REED. This bill undertakes to regulate the production and sale of food and clothing, a matter which in the case decided last year, the Ice Co. case, the Supreme Court said was beyond the legislative power.

Mr. BLACK. Of course, the Senator understands that the phrase "subject to a public use" involves a great deal of confusion. The Senator may have read an article recently published in the Harvard Law Review as to the uncertainty of that phrase. I do not understand that this bill was sought to be rested upon that theory which does appear in a number of cases as being touched by a public interest.

Mr. REED. It is difficult to say how the regulation established here could be valid unless the industry which it is proposed to regulate was touched by a public interest.

Mr. President, there are many interesting cases in which the Supreme Court has discussed that question; indeed, even in the Ice Co. case, from which I have just read, the Supreme Court said as part of the same opinion, speaking of the ice business:

> It is a business as essentially private in its nature as the business of the grocer, the dairyman—

And the business of the dairyman is one of those that we are undertaking to regulate by this bill—

> the butcher—

Another business to be regulated by this bill—

> the baker—

Still another—

> the shoemaker, or the tailor, each of whom performs a service which, to a greater or less extent, the community is dependent upon and is interested in having maintained, but which bears no such relation to the public as to warrant its inclusion in the category of businesses charged with a public use.

Clearly, if that opinion stands this bill cannot stand.

Mr. President, I have stated three reasons why I think this bill is clearly unconstitutional. A fourth one occurs in the delegation of the taxing power to the Secretary of Agriculture. It is only right that all of us and the country, too, should realize the breadth of the power that is attempted to be delegated by this bill. It gives to the Secretary of Agriculture, in his uncontrolled discretion, the right to say upon what products a sales tax shall be imposed, and it gives to him the uncontrolled discretion to fix the amount of that sales tax anywhere from zero to infinity. There is no limitation on the amount of the tax he may impose; and there is no limitation upon the categories of articles upon which he may impose it, because, not only by the earlier sections is he given the power to tax the basic agricultural products which are named, but in a subsequent section, shortly thereafter, there is given him power to find that any other commodity is competitive with the basic commodities and upon such competitive commodity he may levy a sales tax as well.

Mr. COUZENS. Mr. President, will the Senator yield there?

Mr. REED. I yield.

Mr. COUZENS. May I ask the Senator how he interprets the instructions to maintain parity, and whether that could be interpreted as involving discretion to fix a tax between zero to infinity?

Mr. REED. I think so.

Mr. COUZENS. I do not see how parity can be maintained if the Secretary of Agriculture has that latitude.

Mr. REED. It is because the latitude is so broad and because the Secretary is not instructed to fix a tax at the exact amount, for after he has first fixed it, regardless of the 1914 pre-war period of which the Senator speaks, if he finds the tax is interfering with the general sale of the commodity that is taxed he has authority to cut it in half or reduce it as far as the discretion indicates. So if it be said that the 1914 level fixes a rule which he is to apply, the subsequent section destroys the rule and gives him the right to fix the tax up or down within that level, according to his discretion, and not as dictated by the needs of the Government, not as dictated by the interest of the taxing power; not at all; but as he finds may be necessary to maintain the flow of commerce in those articles for the benefit of the producers.

To call that a rule of taxation is simply to misuse the word "rule." A rule is something that is fixed. "Regular" is the adjective that we get from the old Latin word that means "rule." It must be something regular; and yet this is irregular, according to the capricious discretion of the Secretary of Agriculture.

But that is not the worst of it, Mr. President. The Secretary is not to impose all these taxes at once. He is not to

impose them all on a particular date. He is to levy these taxes when he thinks best and take them off when he thinks best. That is the way we delegate taxing power to this gentleman; and the Senator from Arkansas [Mr. ROBINSON], in his eloquent address in favor of this bill—I think it was he—stated that he expected that this taxing power would not be exercised all at once, but that the Secretary would start gently, so to speak. He is not going to kill his lobster by dropping it in hot water; he is going to bring it slowly to a boil! That is the way this act is to be administered.

Think of the discretion we are attempting to delegate by such an act as that! The amount of tax, the articles to be taxed, the time when they are to be taxed, and the time when they are to cease to be taxed are all left to the discretion of a Cabinet officer, without appeal to anybody, and without any more of a rule than the pious wish with which the bill begins, that we will put the farmer on the same happy basis that he was on in 1909–14.

Why, if that is a rule which justifies our delegation of the taxing power, Mr. President, we could pass an act giving the President the power to impose such taxes on such articles at such times as he needed in order to pay the current expenses of the Government; and, having done that, we could adjourn and go home, like the German Reichstag, for the next 4 years.

The rule I suggest, that the taxes should amount to enough to pay the Government's expenses, is just as much of a rule as the vague wish with which this bill begins. If this is valid, that would be valid; and if that is valid, the purse strings are permanently cut, and Congress might just as well go home.

Finally, a fifth reason why the bill is unconstitutional lies in part 3 of title I of the bill, the committee amendment which an hour or so ago we voted into the bill.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Illinois?

Mr. REED. I yield to the Senator from Illinois.

Mr. LEWIS. Permit me to say that I cannot say whether or not I am in concurrence with the deductions drawn by the Senator, as I have been occupied a moment outside of the Chamber and came in just in time to hear the Senator advert to the suggestion of what was a rule touching the law.

Perhaps the Senator might forgive me if I revive him back to his student days and recall that in the first chapter of Chitty we had to learn the definition that the law is a rule of action, and so forth; and then, proceeding, that it is a rule because it must be something that is uniform, permanent, and universal. It is not, and could not be, an order, "Thou shalt not steal."

I thought possibly I might recall to the Senator the definition of the real meaning of a rule which doubtless was in his mind at the time he began the study in which he has so splendidly amplified his abilities as a great lawyer.

Mr. REED. I thank the Senator. The lack of regularity in a law which leaves to an administrative official the selection of the subjects of the tax, the time of the incidence of the tax, and the rate of the tax is so evident that I do not think I need to dwell upon it any longer.

Coming now to part 3, which we find beginning on page 25 of the bill, I must confess that I approach its study with a good deal of sympathy, because I had just been visited by a delegation of Pennsylvania farmers who had been persuaded by Mr. Simpson that that was the promised land, and that therein lay their salvation, and I told them then that I would study it with the earnest hope that I would be able to agree to it. But, Mr. President, when I found that it made a penitentiary offense the purchase of a single quart of milk by a mother from her next-door neighbor—not across a State line, but across the fence—she could not buy a quart of milk for that hungry baby without having first determined what the Secretary of Agriculture had pronounced to be a fair price for milk, the cost of production, and if she paid for that quart of milk 1 cent less than that proclaimed cost of production to the penitentiary she would go——

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WHEELER. The Senator understands that the provision is out now, does he not?

Mr. REED. I understand that this morning the penitentiary part was stricken out, and that the mother is only to pay a fine of $1,000, for which the Secretary of Agriculture will sue her. That is the way the bill now stands, and if she buys another quart of milk the next day that is another offense, and the words that were added to the amendment make her liable for another $1,000.

Mr. WHEELER. My understanding was that an amendment was added this morning also by which that provision would apply only to dealers. I understood that the Senator from Kansas [Mr. MCGILL] offered that amendment, and it was adopted.

Mr. REED. If that was adopted, that is much better.

Mr. WHEELER. That is my understanding of the matter.

Mr. REED. I am glad to hear it. I did not know it. I am criticizing the bill in the form in which the committee reported it.

Mr. President, the only purchaser who is punished, I am told by my colleagues, is the dealer who happens to purchase. That is, a private citizen can commit this offense without being punished, but a dealer cannot. Perhaps that is "the equal protection of the laws" and perhaps it is not, but we will pass that over.

Mr. WHEELER. Mr. President, will the Senator yield further?

Mr. REED. I yield.

Mr. WHEELER. I think that provision of the law applying to dealers would not vary very much from the provisions of the other sections of the law.

Mr. REED. No; it is in harmony with the rest of the bill.

Mr. WHEELER. I am sure the Senator does not see anything more unconstitutional about this provision than about the other provisions of the bill.

Mr. REED. Yes; I am just coming to it. I have stated four reasons why the whole business is unconstitutional, but there is a fifth reason why this is particularly so.

The only power we have in Congress to attempt to do the fantastic thing that is attempted by this bill is the power to regulate interstate commerce; but part 3 of title I has forgotten even that. It applies to one farmer over here in Arlington County, Va., who sells to his next-door neighbor, who happens to be a dealer in milk or hogs or whatnot. It does not even limit its application to interstate commerce, but it pretends to apply to every transaction by which any farmer or any owner, for that matter, of an agricultural product sells his article either in intrastate or interstate commerce to a dealer. Could anything be a more preposterous stretching of the powers that were delegated to Congress by the States of the Union when they met in the Constitutional Convention in 1787?

Mr. AUSTIN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Vermont?

Mr. REED. I yield.

Mr. AUSTIN. I should like to ask the distinguished Senator from Pennsylvania if it is not still more preposterous that this bill should frankly and expressly violate clause 5 of section 9 of article I of the Constitution, prohibiting the imposition by Congress of any tax or duty upon articles exported from any State? I call the Senator's attention to the two sections on pages 22 and 23, expressly headed "Exportations", and which seemingly make it necessary for a man to give his bond for fidelity to the terms of this bill in order to exempt him from paying this tax if he is about to export his product.

Mr. REED. I thank the Senator, because that is a sixth ground, which I had not thought to add to the list which I gave. Clearly, this is a tax upon exportations from a State, because the second part of title I of the bill relates only

to agricultural products intended for exportation from one State into another.

I have finished, Mr. President. If the party lash can pass this bill, there is not much use in speaking in the Senate.

During the delivery of Mr. REED's speech,

Mr. WALSH. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER (Mr. NEELY in the chair). Let us have order.

Mr. LEWIS. Mr. President, in that connection I ask that the occupants of the galleries be considerate, as their voices descend into the Chamber and greatly disturb the speaker in the expression of his own thoughts and in having his colleagues hear what he has to say.

Mr. WALSH. Some of the disorder is right in the Chamber.

The PRESIDING OFFICER. The admonition of the Chair is to those in the galleries just the same as it is to those on the floor of the Senate. The occupants of the galleries are here by the courtesy of the Senate, and they are expected to conduct themselves in such a way that the proceedings of the Senate will not be interfered with in any manner whatsoever.

After the conclusion of Mr. REED's speech,

Mr. CONNALLY obtained the floor.

PAYMENT OF PAGES

Mr. GLASS. Mr. President, will the Senator yield to me, since I have to leave the Chamber, to call up House Joint Resolution 152, providing for the payment of pages of the Senate and of the House of Representatives for the balance of the session, in order to move to concur in the joint resolution?

Mr. CONNALLY. I yield.

The PRESIDING OFFICER. The Chair lays before the Senate a joint resolution from the House of Representatives, which will be read.

The joint resolution (H.J.Res. 152) to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress was read the first time by title, and the second time at length, as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the payment of pages from April 1, 1933, until the end of the first session of the Seventy-third Congress, as follows:

For 21 pages for the Senate Chamber at the rate of pay provided by law, so much as may be necessary.

For 41 pages for the House of Representatives, including 10 pages for duty at the entrance to the Hall of the House, at the rate of pay provided by law, so much as may be necessary.

Mr. GLASS. I ask unanimous consent for the immediate consideration of the joint resolution.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Virginia? The Chair hears none.

The Senate proceeded to consider the joint resolution, which was ordered to a third reading, read the third time, and passed.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. COSTIGAN. Mr. President——

Mr. CONNALLY. I yield to the Senator from Colorado.

Mr. COSTIGAN. I send to the desk, and ask to have printed and lie on the table, two amendments to the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONNALLY. Mr. President, the Senator from Pennsylvania [Mr. REED], in concluding his very interesting and able address, made some reference to the use of the party lash in whipping this bill through.

It is quite amusing to hear the Senator from Pennsylvania talk about someone using the party lash, when up to the 4th day of last March the Senator from Pennsylvania was one of the chief wielders of the late-lamented party lash which now has been removed, I hope permanently, from the woodshed and will not be used at least during the next 4 years.

Think of the Senator from Pennsylvania talking about "the party lash", when we know that during the last administration, whenever the White House would cough the chest of the Senator from Pennsylvania would go through a violent convulsion, and when every act of the administration was sponsored here on the floor of the Senate by the Senator from Pennsylvania, probably with the exception of the farm bill.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. CONNALLY. I do.

Mr. REED. As I recall, one of the things that made me feel so extremely friendly to the Senator from Texas was the fine way in which he stood back of me when I was fighting for President Hoover on the immigration bill right after he took office. Does not the Senator remember that?

Mr. CONNALLY. That was just after he took office. He did not stay that way more than a short time.

Mr. REED. That was not any "party lash", was it?

Mr. CONNALLY. No.

Mr. REED. Does the Senator remember how he and I fought together for a tariff on oil, much to the displeasure of President Hoover?

Mr. CONNALLY. I remember how the Senator from Texas got the very reluctant assistance of the Senator from Pennsylvania on an excise tax on oil.

Mr. REED. Reluctant? [Laughter.] Mr. President, that is not a very grateful recognition of the loyal assistance that I gave the Senator.

Mr. CONNALLY. I shall say that the Senator from Texas smiled when he said that.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I do.

Mr. BARKLEY. I merely want to suggest that if the Senator from Pennsylvania gave his reluctant support to the tariff on oil, that is the only reluctance he showed during the whole consideration of the tariff bill.

Mr. CONNALLY. The Senator from Texas will say, in all kindness and fairness, that the Senator from Pennsylvania did support the excise tariff on oil; but that is not at all remarkable, because the Senator from Pennsylvania believes in a tariff, and his sense of equity and justice naturally impelled him, if he were going to protect everything else, to put a duty on oil; and he was consistent in that.

Mr. LEWIS. My interruption is not particularly worthy of the heavy debate in which the eminent Senator seems to be indulging. I was about to ask whether the eminent Senator from Pennsylvania supporting the tariff on oil, in conjunction with the Senator from Texas, was another evidence of the smooth proceeding under which both Senators succeeded in having that tariff on oil remain in the bill?

Mr. CONNALLY. Mr. President, the Senator from Texas will observe, in response to the suggestion of the Senator from Illinois about his contribution to the impending debate, that the Senator illuminates in rather colorful fashion any debate in which he sees fit to inject any remarks.

Mr. President, the Senator from Pennsylvania began his opposition to this measure by contrasting the industrial workers of the country as against the farmers. He began his chief argument against the bill by the statement that if we raise the prices of agricultural commodities, we shall increase the cost of living of the industrial worker. Of course that is true, in a measure. But let me suggest to the Senator from Pennsylvania that, through the leadership of himself and others who have gone before him in erecting tariffs supposedly in behalf of the industrial workers, under the pretext that they were for the benefit of the industrial workers, but largely in behalf of the manufacturers and the

owners of great corporate properties, the farmer has been placed in the condition from which we hope by this measure in some degree to extricate him.

Let me suggest to the Senator from Pennsylvania today that, with the thousands and perhaps millions of unemployed industrial workers in his own State, if the purchasing power of the farmer were restored, even in a measurable fashion, if the farmer could receive even a slight increase in the price of his products over the price he is now receiving, thousands of those industrial workers might be restored to their employment, and might receive wages which they would earn, instead of walking the streets, and perhaps receiving doles from the Federal Treasury. The whole country knows that, the farmers know it, and we know it.

Mr. President, if the farmer's buying power could be increased at all, unemployment would be decreased, and the condition of the wage earners in this Republic would be improved; and the Senator from Pennsylvania ought to know that.

The Senator from Pennsylvania makes some criticism of President Roosevelt's statement that the pending bill is an experiment, and he seems to chide the President for having claimed in the campaign that he had a program along the line of agricultural relief, and that now he has modified that by admitting that this is an experimental program. It is to the credit of President Roosevelt that he frankly admits that this measure is experimental. We all know it is experimental. For myself, I do not know whether it will be an entire success or not. No one in this Chamber knows whether it will be an entire success. But President Roosevelt at least has offered a program. He is offering a plan, and he is entitled to have that plan have its place in the sun. He has a right to give it a chance, and this is the only plan which has been submitted. The committee has worked on it for weeks, and I submit that the administration has the right to have an opportunity to redeem its pledges.

I might remind the Senator from Pennsylvania that his administration undertook the relief of agriculture, we know with what disastrous results. Those of us on this side of the Chamber supported that administration's plan on final passage. We offered amendments. We undertook to place the debenture provision on that administration program. We failed, and then we supported the program. But today the Republican side of this Chamber has aided in engrafting on the pending bill part 3, which the administration does not desire, containing a grant of powers which the Secretary of Agriculture says he does not want conferred upon him. Yet the Senator from Pennsylvania denounces part 3 of the bill, when its incorporation in the bill was brought about in part by his side of the Chamber.

I am not challenging the sincerity of Senators on the other side, but I am asking the Senator from Pennsylvania to consult his own leader. The Senator from Oregon [Mr. McNARY], for years the Chairman of the Committee on Agriculture and Forestry of the Senate, the Senator who reported the farm bill here under the last administration, voted to incorporate into the pending bill part 3, known as the "Simpson plan", when the Senator from Arkansas stated here on the floor that the administration did not desire that amendment, that it is not a part of the plan of the administration; yet, under the leadership of the Senator from Oregon, Senators on the other side are forcing into the bill something which the administration does not desire.

Mr. President, when the Senator from Pennsylvania criticizes President Roosevelt for his course with reference to this bill, it may be said that the President at least has a program. We have at last leadership in the White House. Instead of 4 years of drifting and shifting and indecision and inaction, we have at least action in the White House, and today one of the reasons why President Roosevelt has such an appeal to the people of the country is not so much because of the details of the measures which he is sponsoring, for the people do not know about the details, but it is because the people of the country feel that at least there is someone in the White House who has a program.

He may make mistakes; of course, he may make mistakes. The Senator from Pennsylvania avows that he himself has made mistakes. He avowed that he had voted for the Reconstruction Finance Corporation bill and that he has regretted that vote ever since. I am glad to know that at least the Senator from Pennsylvania and I agree on one subject. I voted against the Reconstruction Finance Corporation bill and have been glad that I so voted ever since that bill passed this body.

We now have aggressive leadership in the White House. There may be mistakes made under this bill. The Secretary of Agriculture may probably make mistakes in administering the law. But at least the administration is seeking to redeem its platform pledges to the country, pledges which both parties made.

If I mistake not, the Senator from Pennsylvania was in the Republican National Convention last year. If he denies that, I shall be glad to accept his denial.

Mr. REED. Mr. President, I was a delegate, but I was kept here in the Senate.

Mr. CONNALLY. I knew that the Senator ought to have been a delegate. Let me read what the Republican Party platform promised. Both parties are guilty. Both parties have been telling the American farmer for 12 years that by some sort of legislative legerdemain we are going to do something for him. Both parties have been telling him that we are going to put him on an economic equality with industry. Both parties have been telling him that we were going to give him a chance to get a fair price for agricultural products. Both parties, Republican and Democratic, have been telling him that. I can understand the attitude of the Senator from Pennsylvania when I read the Republican platform of 1932. Speaking of agriculture, after telling about farm distress and all that kind of thing, which I will not read because of its length, the platform said:

> Almost the first official act of President Hoover was the calling of a special session of Congress to redeem these party pledges.

And then it concludes:

> They have been redeemed.

Of course, if the Senator from Pennsylvania feels that the old Farm Board, and that the actions of the last administration, have redeemed their pledges to agriculture and to the farmer, if those pledges have been redeemed, of course, the obligation is settled, the debt is acquitted; and, of course, the Senator from Pennsylvania is eminently correct in not doing anything more for the farmer.

Mr. President, I do not speak as one who has always spoken loudly on this floor in behalf of farm relief. I have not voted for all farm-relief measures offered here. In the old days of the McNary-Haugen bill I did not support that measure at any stage of the proceedings because I believed that it was impractical, and would be hurtful and harmful to the farmer, and that the exercise of the power conferred in that measure would harm him rather than benefit him. I voted for the farm bill under the Republican administration of Mr. Hoover, not because I approved of portions of the bill or all of the bill. There was little in it that I did approve. We sought to amend it by incorporating the debenture provision, which I did approve. But when we failed in that, I accepted the bill and voted for it, because both of the parties had been promising farm relief. I deferred to the wishes of the administration. I accepted the leadership of Mr. Hoover. I do not believe the Senator from Pennsylvania went along with him on the Farm Board bill, as I recall it.

Mr. REED. Yes; I did.

Mr. CONNALLY. The Senator from Pennsylvania went along with Mr. Hoover on that bill, and I was following humbly their leadership. They were carrying the flags and blowing the horns and I was coming along like a faithful private in the ranks.

If the Senator from Pennsylvania labors under the delusion that that law has solved all the farmer's troubles and that the Republican Party has paid its debt to the farmer,

well and good; but I cannot agree with the Senator from Pennsylvania that the Farm Board law has paid the debt. I believe that the farmer today is in just as dire extremity as he was, perhaps worse than when we passed the Farm Board Act.

I do not agree with all of the pending bill. There is much in the bill that I do not approve. We know that if the Senate undertook to frame a farm relief bill, and gave each Senator a chance to write a farm relief bill, instead of having 1 bill, we should probably have 40 bills. Probably every Senator has a different plan. Within the past year I have had submitted to me by correspondence I suppose a hundred different plans for farm relief. We cannot have more than one plan. We have to accommodate our views. We have to compromise our contentions. We cannot pass 40 farm relief bills. It is this bill or nothing.

The Committee on Agriculture and Forestry has been working for weeks on this measure. Republicans and Democrats alike have agreed upon it. The leader on the other side of the Senate in agricultural matters, the Senator from Oregon [Mr. McNARY], as I understand, voted to report the bill. It is a compromise measure, in a fashion.

After all, it is a plan of the administration. The administration has proposed this plan and frankly avowed that it is an experiment. The President has gone further and said that if it is a failure, he will be the first to admit that it is a failure and to cease operations under it.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I shall be glad to.

Mr. REED. The Senator agrees, does he not, that very great power of regulation over commodity prices is given the Secretary of Agriculture?

Mr. CONNALLY. I do.

Mr. REED. Did the Senator see in the newspapers a day or two ago that a seat on the Chicago Board of Trade had just been purchased by the President's son-in-law, Mr. Dall?

Mr. CONNALLY. I did not see it. If the Senator says it was in the paper, I accept his statement.

Mr. REED. I have had information to that effect from 2 or 3 sources. I did not want to mention it unless the Senator could assure me that it is correct.

Mr. CONNALLY. I do not know anything about it.

Mr. REED. If it is correct, that is a queer way to "drive the money changers out of the temple."

Mr. CONNALLY. The Senator from Pennsylvania is not responsible for anything a son-in-law of the President does or any other individual except himself. I do not know anything about the newspaper report which the Senator says he saw. I accept the Senator's statement that it was in the paper. The President's son-in-law to me is no more than anybody else's son-in-law. If he violates the laws or the proprieties, he is subject to the condemnation of the Senator from Texas and all other men of like mind to the same extent as anybody else's son-in-law.

Mr. President, the Senator from Pennsylvania complains about and is quarreling with the civil service law. Why should the Senator from Pennsylvania drag in a political issue like the civil service law in connection with the administration of the provisions of the pending bill? Does the Senator from Pennsylvania believe from a practical standpoint that he could go to the Civil Service Commission list of eligibles and find individuals in any large degree who were capable of administering the provisions of this bill? Of course, he could not. Of course, he knows he could not. If I were the Senator from Pennsylvania, one of the spokesmen of the late administration, I should never mention the civil service and its administration. Those of us on this side of the Chamber know that the administration of President Hoover with relation to the civil service was a farce.

What did they do in my State? When they wanted a man appointed rural carrier or postmaster, they advised the Civil Service, through the Post Office Department, as to what individual they wanted appointed, and that individual finally landed on the eligible list. If he could not make the grade on the first examination, they would order a new examination and give him a second trial. If he did not get on the list that time, they would keep on having new examinations until the particular individual they desired to appoint got a place on the eligible list. If I were the Senator from Pennsylvania, I would not speak about the administration of the civil service law when the recollection of the late administration's method of handling that law is so fresh in the minds of those of us who received such treatment by the Civil Service Commission and the Post Office Department in our areas of the country.

Mr. President, the Senator from Pennsylvania says the bill is unconstitutional. It may be. I do not know what the Supreme Court is going to decide on the question. I do not believe anybody else knows. Frequently the court itself does not know. Usually the court divides on such questions. In some of the decisions which the Senator read and submitted to the Senate there were dissenting opinions. In the Oklahoma case, as I recall it, Mr. Justice Brandeis wrote a strong dissenting opinion.

But the Senator from Pennsylvania mistakes the basis upon which this bill has its foundation. It is not based upon the same powers that were discussed in the cases to which the Senator adverted. Most of those cases were State cases. Most of those cases involved questions of local control of prices and regulation. This bill is based upon the interstate commerce clause of the Constitution, the regulation of commerce between the States. Of course, if the Court does find that an effort has been made to reach articles not in interstate commerce, those powers will fall.

The Senator from Pennsylvania pointed out six grounds upon which he says the bill will be found unconstitutional. The Senator need not have worried about the last five grounds. If he can convince the Court of the first one, that is sufficient. There is no reason on earth why the Senator should have labored and toiled to get six reasons why the bill is unconstitutional. All he needs is one good reason that the court can understand.

The Senator from Pennsylvania is naturally interested in industrial workers in his State, and properly so. But, Mr. President, there is no enmity and there ought not to be any enmity between the industrial workers and the agricultural workers. Their welfare is all bound up together. If the farmers do not receive a fair return for their labor, the industrial workers will not secure the measure of employment that they would otherwise. Unless the industrial workers receive a living wage, the farmer will not receive an adequate market for his products. There is no reason for drawing any lines of contrast or enmity between these particular groups.

But the Senator from Pennsylvania must admit that every piece of tariff legislation that has been enacted in the United States for the past 50 years has been based on the plea that it was in behalf of American industrial labor, the man in the shop, the man in the factory. The tariff exactions on the farmer were extorted from him on the pretext that he must let labor in the factories get a larger wage, shorter working hours, better living conditions, at the expense of the American farmer. All of us know that the tariff bears more heavily upon agriculture than upon any other industry. All of us know that the tariff benefits for agriculture are infinitesimal. We know we cannot give to agriculture generally, except in a few of its branches, any substantial benefits by tariff legislation, particularly in the case of those commodities which are exportable. No tariff will aid agricultural commodities of which we produce an exportable surplus because the surplus which is sold abroad controls the price of the domestic market here at home. If it is fair for us to enact legislation for 75 years in behalf of the industrial workers, why can we not now at least make a genuine effort, a respectable effort, toward a program in behalf of agricultural labor?

Mr. President, the Senator from Pennsylvania is greatly exercised about the transfer to the Secretary of Agriculture of the taxing power. That question did not bother the Senator when he was voting for the flexible tariff provision.

We had a bill here, as Senators will remember, giving the President power to raise and lower tariffs, making them flexible, without the consent of Congress except as that consent was obtained in advance by the enactment of the law. The Senator from Pennsylvania made an able argument on the constitutionality of that law. It was fair for Congress to give the President power to raise the tariff if it would aid the industrial workers of Pennsylvania, but it is now unconstitutional to give any power to anybody to raise the prices of agricultural commodities.

I hope I am not unfair in that argument. I think Senators will recall the very extended, exhaustive, and able arguments of the Senator from Pennsylvania in behalf of the flexible tariff. If flexibility is good in the tariff, why should it not be good for those who have been paying the tariff burdens all these years?

Mr. President, the Senator from Pennsylvania says the bill will prevent exports, that it will prevent us from selling our goods in foreign markets. One of the troubles with agriculture has been the falling off of our foreign markets and our foreign trade. How the Senator from Pennsylvania can argue that this bill will hurt the exportation of those goods, when the purpose of the act is to raise the domestic price and thereby lower the foreign price, I cannot understand. He says it will be dumping and that foreign countries will enact antidumping laws. What about manufactured articles? It is frequently claimed that steel rails manufactured in Pennsylvania are sold for less abroad than in the United States. I do not know whether that is true today or not; but if it is true, it presents the same situation this bill would present. I know of no foreign government preventing the importation of American steel rails by prohibitive rates.

The Senator from Pennsylvania says we cannot tax one man and give the benefits to another. The Senator from Alabama [Mr. BLACK] quite properly suggested to the Senator from Pennsylvania that that is exactly what the tariff has been doing all these years. It is taxing the farmer, it is taxing the consumer, and thereby indirectly conferring a benefit upon the manufacturer and upon the industrial worker. Of course, it is not exactly a parallel, but the same principle is involved.

The bill also carries a provision for refinancing farm mortgages. It seems to me that is perhaps the most admirable part of the measure. It may not be 100 percent perfect. It no doubt has deficiencies and defects in it, but it at least offers a program to the American farmer to save his home, to get reduced interest rates. In this period of depression and deflation if the farms are foreclosed and farmers lose their homesteads, we are then faced with the prospect of the United States becoming a country of land barons and peasants. That is the prospect. No government ought to look upon that prospect with indifference. It is a prospect that no free people can contemplate without grave concern. This bill does offer a plan for refinancing farm mortgages in order to extend and amortize loans at lower rates of interest and thereby give substantial relief to the farm owners of America.

Mr. President, in conclusion, let me say that I do not pretend to say that, were I writing the bill, I would write it as it is written. There is much in it to which I do not agree. There is much in it which I accept with doubt and with uncertainty. But, Mr. President, who has offered a better plan? Why does not the Senator from Pennsylvania, if he is concerned with agriculture, offer a better plan? Why does not the Senator from Oregon [Mr. MCNARY], long the champion of farm legislation, bring into this Chamber something better? It is easy to criticize. It is easy for a shrewd lawyer with a keen mind like that of the Senator from Pennsylvania to go into his library in the quiet of the evening and pick constitutional flaws and technical defects in any piece of legislation. I dare say that the Senator from Pennsylvania can take any bill now on the Vice President's desk, and, given 24 hours in his study, would be able to come back and show the Senate, according to his own ideas and standards, that we could not by any possible means uphold the constitutionality of the particular bill. It is easy to criticize. It is difficult to construct.

Mr. President, this is the administration plan to redeem its platform pledges as to agriculture. It is the administration plan to meet its promises to the American people. It is the plan of the Committee on Agriculture and Forestry, composed of Republicans and Democrats alike. It is the plan of the President, who frankly admits it is an experiment and who states that if it is not a success he will be the first to admit it is a failure and frankly tell the American people and the Congress in order that we may adopt some other plan.

The President has a program; he has a plan. The country has faith in the President's leadership. Now is the time to go forward and give the President's plan a chance, an opportunity to demonstrate either its success or its failure.

I voted against section 3 of the bill, which is known as the Simpson amendment, because the President and the Secretary of Agriculture do not want that amendment; that it is not a part of their plan. They regard it as impracticable, and I regard it as impracticable. I do not believe that it is workable.

Mr. President, let us give this administration bill a chance. Let us give the farmer a chance; let us see whether or not the bill can accomplish the result that it offers to the American people; but let us not quibble and criticize. We can have only 1 plan; we cannot have 40 plans. This plan is offered; it has the backing of the administration and of this side of the Chamber, and I appeal to Members on the other side of the aisle to do as we did in voting for the Farm Board bill under Mr. Hoover. Let us give the present administration a chance to redeem its promises and to keep faith with the people of the United States.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from North Carolina?

Mr. CONNALLY. I yield.

Mr. BAILEY. The Senator from Texas, I take it, invites the Senators on the other side of the Chamber to do as he did and vote for the pending farm relief bill and suffer the same fate?

Mr. CONNALLY. Mr. President, the Senator from North Carolina anticipates that this bill will be the failure that the Farm Board bill was. Perhaps it will be; I do not know. I voted for the Farm Board bill, however, hoping that it would do some good, trusting that it would do some good, and I submit now to the Senator from North Carolina that an honest effort to do something in any good cause is worth more than failure and negation and sitting still and undertaking to do nothing.

How are we to know with certainty as to anything that may happen? Mr. President, is not the field of invention, the field of science, and every pathway which the world has ever trod a field of experiment? We do not know until we try. Except for experiment it would not be known that the big mosquitoes that come in from the sea and breed along the marshes in North Carolina were transmitting yellow fever and by a bite would carry that deadly germ into the human body. Except for experiment, America, which has given us life and nourishment and an opportunity to live, would still be inhabited by the red man. Christopher Columbus did a little experimenting. He started out to find India; he did not know he was going to find America. How could he know it? He had a dream; he had a vision that over yonder somewhere were the East Indies, that the earth was round, and that by going westward he would arrive at the East Indies. He did not arrive in the East Indies. No; but he arrived in another Indies, in another land which, compared to the Indies, with 400 years added in advancement, is greater in riches, in resources, in the marvels of this day than any Indies of old.

Mr. President, of course this is an experiment. How did the scientist yonder in the laboratory learn the causes of diseases of the human body and ascertain how to cure them? How does the physician advance his science except by experiment?

If we try one plan for the farmers and, after a trial, they say it does not work, I shall not be sorry that I tried; I would be sorry if I had not tried. Failure, if it comes, will be failure in a good cause, I shall say to the Senator from South Carolina.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from North Carolina?

Mr. CONNALLY. I retract the reference to the Senator. I know he is rising to suggest that he is from North Carolina instead of South Carolina. I retract and correct my statement. I intended to say "the Senator from North Carolina", and I am not going to make any reference to what the Governor of North Carolina said to the Governor of South Carolina. [Laughter.]

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from North Carolina?

Mr. CONNALLY. I yield.

Mr. BAILEY. Mr. President, I understand that the Senator from Texas argues——

Mr. CONNALLY. No; the Senator from Texas does not argue; he just states his reasons.

Mr. BAILEY. All right; I will accept his characterization. The Senator states that it is a wise policy to expose the farmer not to one bite of the mosquitoes but to a thousand bites. I think the argument would be good if we should expose the Senators rather than the farmers to the bites.

Mr. CONNALLY. I shall say to the Senator that I had rather be stung by a mosquito, as Walter Reed and some of his associates were, in order to try to solve the problem, even though I suffered some inconvenience and some discomfort, than simply to do nothing and not try to solve it. It is easy to vote against anything and everything, but it takes courage to try an experiment. If we try the experiment and it fails, of course the farmers will blame us; they will say, "You voted for a plan that did not work." But, Mr. President, I had rather try and fail than not try at all.

I know the Senator from North Carolina is entirely sincere and may fear this bill, if enacted, may not work. He may be correct; but unless we shall pass the bill we shall never know whether he was correct or not. However, if we do enact the measure and it is in any degree a success, blessed will be our action and improved will be the weal of the farmer.

Mr. President, I want to say frankly that I do not believe this bill will realize all the hopes that have been aroused in the farmer's breast. I am frank to say that I do not believe any bill looking toward farm relief will make every farmer prosperous and happy; that is impossible; it cannot be done; but if this bill does anything toward equalizing his economic condition with that of industry and with that of other lines of business in the United States, it will have made some progress; we shall have accomplished something; we shall not have simply been advocates of negation, inaction, indecision, doubt, and all kindred processes of do nothing.

I know there is an old saying, "When in doubt, do nothing." Well, Mr. President, a great many people are in doubt all the time, and if the doctrine "when in doubt, do nothing" is good, the world would still be back over yonder on the banks of the Nile with the Egyptians. It takes daring spirits, it takes enterprise; it takes those who are willing to take the risk of blame; it takes those who are willing to take the hazard of condemnation if their efforts fail to blaze new paths and to accomplish new things. Old Christopher Columbus, to whom I adverted a little while ago, when he got half way over to America, had a mutiny in his fleet; his sailors rose up and challenged his authority. What did Christopher Columbus do? Did he say, "I am afraid to go on; somebody may criticize me; I may not get to the Indies; I am afraid; I shall not go farther; I shall stop; I shall not do anything, and anyway, it may be unconstitutional to go over there, and I shall not go; I shall not try." But had he turned around and gone back to Spain, the forebears of the Senator from North Carolina might still be over in England or possibly in Ireland or some of the other European countries even until this day, and the Senator would not be bothered with questions in the American Senate, but would be sitting in the councils of the king.

Mr. President, I want to admit that this bill is an experiment; I want to admit that it will not give to the farmer all the things that he is hoping for; I want to admit that it may be in some aspect a failure; but it is at least an effort; it is action instead of inaction; it is a program instead of sitting still and doing nothing. It is a charted course, instead of the course of Mr. Hoover, of dillydallying, sidestepping issues, turning them over to commissions. We have leadership in the White House, and, as a Democrat and an American, I propose to follow the leadership of the President unless to do so is contrary to my own judgment and my own convictions.

We all know that all farm legislation is experimental. We had the McNary-Haugen bill, we had the debenture plan, we had the Farm Board, and now me have this measure. Suppose it fails. We shall admit its failure and take some other course, adopt some other program; but, Mr. President, we at least have here a program and a plan, and I, for one, representing a great agricultural State, propose to vote for the bill and give the administration's plan a chance and the administration itself an opportunity to redeem its pledges to the American people.

THE PRESIDENT AND THE FARMER

Mr. OVERTON. Mr. President, I have listened with a great deal of interest to the argument presented by the Senator from Pennsylvania [Mr. REED] against the enactment of this bill, in which he attacked it on the ground of the difficulty of its practical administration and on the ground of its constitutionality, and wherein he has assailed the very purpose of the measure itself. I have also listened with a great deal of admiration and entertainment to the very able argument made by the Senator from Texas [Mr. CONNALLY] in refutation of that advanced by the Senator from Pennsylvania. I have, too, listened with a great deal of interest to and have gained much information from the arguments which for the last 3 or 4 days have been presented in the Senate in connection with this bill. Those arguments, Mr. President, have convinced me that the impression I entertained at the time of the introduction of the bill, and have, in fact, entertained for some time, is correct—namely, that we have a very difficult problem with which to deal. Still, Mr. President, we have a problem, and that problem is confronting us today as it has been confronting us for some 12 years, and it has been growing more and more and more acute. It is inviting legislative attention and, if possible, legislative enactment successfully to deal with it and relieve the distressing situation which faces the agricultural industry of the United States.

As I listened to the debate of the very able and distinguished Senators upon this floor, I was driven inescapably to the conclusion that there cannot be enacted by the Congress of the United States any statute that would undertake, in detailed provisions, to regulate this industry and to solve this great problem. So complex is it, so infinite in its variety, dealing with different commodities, dealing with different sections of the country, dealing with the constant changes in the swiftly moving panorama of economic events passing before our view, that I have come to the conclusion that detailed regulations in respect to our agricultural industry that would be undertaken by statutory enactment today would be obsolete perhaps in a few months; that what would be practical and good and sound to incorporate in a statute now may later on prove to be ineffective; and that regulations that we would think today would be justified might, on experiment, prove to be faulty.

Therefore, I have come to the conclusion, Mr. President, that if we are going to undertake to deal with this problem, if we are going to undertake to provide the ways and means by which it is to be solved, we shall have to vest somewhere the authority to prescribe regulations looking toward the solution of this problem rather than to undertake ourselves to prescribe them by an enactment of Congress.

Mr. President, I am reenforced in that conclusion when I realize that for some 12 years—or perhaps not quite that

long, but at least for a number of years—our national legislative body has had this problem up for consideration, and to date has failed to solve it.

You know, and we know, and the country knows, that various plans have been proposed in the House of Representatives and in the Senate of the United States, and they have never fructified into legislation.

There was presented the equalization-fee plan, which passed both Houses and which met its death under a Presidential veto.

There was the export-debenture plan, which, according to my recollection, never survived the parturition pains of forensic discussion.

The domestic-allotment plan, which in the House, where I was last session, was incorporated into a bill and with enthusiasm sent to this Chamber for enactment, never became law.

According to my understanding, the only major measure or plan that has been enacted into law by the Congress of the United States dealing with farm relief has been the creation of the Federal Farm Board; and when a few days ago an Executive order destroyed the existence of that Board that order was received with cheers in the House of Representatives and with dignified satisfaction in the Senate of the United States.

Mr. President, what are we going to do about this problem?

Every Senator who has taken the floor and discussed this bill has recognized the existence of the problem. They have recognized the acuteness of it. They have recognized the complexity of it. They have recognized the long duration of it. They have recognized the growing seriousness of it. Under an administration called into being by an overwhelming vote of the United States to bring about farm relief among other relief measures, shall we, the representatives of the people, go back to our farmer friends and say that under the request and at the behest of the man who was placed in power to preside over the destinies of this Nation to do something to bring about farm relief after Congress had failed for some 12 years successfully to cope with this problem, once more we have failed, that we are unable to solve the problem, that it is beyond the power and the ability and the comprehension of the Senate of the United States of America? No, Mr. President, I do not think we can afford to do that.

For my part, it appears to me that there is only one course that I can pursue. We may all differ, and we do differ, as to what is the best plan of farm relief to be adopted; and if we unite on any one particular plan, we differ as to the details of that plan; but there is one fact that stands out boldly in the recent political history of this country.

When Mr. Roosevelt accepted the nomination of the Democratic Party, he did so upon a platform which declared—and I quote in part from it—

> We favor the restoration of agriculture, the Nation's basic industry; better financing of farm mortgages through recognized farm bank agencies at low rates of interest on an amortization plan, giving preference to credits for the redemption of farms and homes sold under foreclosure; * * * effective control of crop surpluses so that our farmers may have the full benefit of the domestic market.
>
> The enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

Mr. Roosevelt ran upon that platform. He was elected President of the United States with that issue as one of the major issues of the campaign—failure on the part of Republican administration after Republican administration to bring about any farm relief—and he was sent into the power of the White House under the mandate and under the commission of an overwhelming majority of the American people to effect that which previous administrations had failed to do.

Acting under that mandate, commissioned as it were by the American people, he has sent to Congress this bill and has asked that it be enacted into law. It has passed the House of Representatives. It has been reported favorably by the Committee on Agriculture and Forestry. It has been debated here for a number of days. There is no one who, either in a separate bill or in debate, has suggested a better plan for us to adopt to carry out the pledges that were made by this administration and by the great majority of the Members of the Senate and of the House of Representatives in reference to this program of farm relief.

Mr. President, I know that the Senate is jealous of its powers and its prerogatives. I know that unwillingly and reluctantly it will surrender those powers and prerogatives to any executive or to any other agency. But, Mr. President, we are confronted not so much with a theory; we are confronted with a fact, and we are confronted with a situation which cries out for something to be done. I feel that although this bill does vest drastic and extraordinary powers in the Secretary of Agriculture and in the executive officers who are going to administer it, yet it is a bill that, in consonance with the platform of the Democratic Party, is in harmony, I am sure, with what the Republican Party itself desires; and I am going to support the bill.

Mr. President, I think there should be placed in the RECORD a few statistics showing the details of the great problem which confronts us.

I take this information from the Crop Reporting Board of the Bureau of Agricultural Economics of the Department of Agriculture.

According to these figures, the March 1933 farm prices for cotton were 6.1 cents per pound as against 12.4 cents per pound during the 5-year pre-war period, being the basic period of the proposed act.

Wheat is selling at 34½ cents per bushel as against 88.4 cents per bushel during the pre-war period.

Corn is selling for 20.6 cents per bushel as against 64.2 cents per bushel during the pre-war period.

Hogs are selling at 3.22 cents per pound as against 7.24 cents per pound during the pre-war period.

Cattle are selling at 3.42 cents per pound as against 5.2 cents per pound during the pre-war period.

Cotton today is selling for 49 percent of the prices of the pre-war period, corn 32 percent, wheat 39 percent, and hogs 44 percent.

The prices that are being paid by the farmer today for the commodities that he purchases are 3½ percent higher than the prices of the basic pre-war period referred to in this act. The prices received by the farmer are 50 percent lower than those of the pre-war period.

Mr. President, in the year 1919 the gross farm income, including income from crops and income from livestock and livestock products, was $16,935,000,000.

In 1929 it had gone down to $11,937,010,000.

In 1930, one year later, it had gone down still further to $9,396,039,000.

One year later, in 1931, this gross farm income had shrunk to $6,945,201,000.

It is estimated that in 1932 the gross farm income was approximately only $5,240,000,000.

Farm income has dropped from 22 percent of our national wealth, in 1920, to 7 percent, in 1932.

Mr. President, what about farm mortgages? In 1910 the farm-mortgage debt was $3,320,000,000. In 1928 the farm-mortgage debt had trebled and was $9,468,000,000. I am advised that it has decreased in 1933 to some $8,500,000,000. But it has not decreased by reason of any retirement of the principal. It has decreased by reason of the liquidation of farm-mortgage debts through foreclosures.

This increase of the farm-mortgage debt, so alarming even in its bare narration, has not been the result of improvements on the farms; it has not been the result of extension of agricultural activities, but it has been the result of the gradual accumulation of operative losses in the conduct of farming operations.

Mr. President, couple these statistics with the fact that 6½ million families, or 22½ percent of our population, actually live on our farms, and that 50 million of our people, all told, are dependent on agriculture, and then look upon the other side of the picture. While the prices of farm

commodities have been going down and down, as the price levels of farm commodities have been receding on a downward scale from the price levels of the things he has to buy, yet the fixed costs and the fixed charges which operate against the farmer have continued in unabated fury, and at times with increased fury.

State, local, and Federal taxes have not gone down during this period of grief to the farmer, covering some 13 years. They have doubled and trebled. Freight rates, telegraph, telephone, electric, and water rates have not gone down. The interest charges still remain high, and the amortized payments on the principal of the debts are still to be met. Have the costs of farming implements and machinery gone down? Has there been a drop in the prices of the things with which the farmer conducts his operations, the tools and implements of his industry? No; they have increased by some 53 percent over what they were during the pre-war period.

Mr. President, I look beyond the debate going on in this Chamber. I look beyond this scene, where the distinguished legislators in this body talk about the practical workings and the administration of the bill under consideration, about its constitutionality; about what would happen if some farmer were to go to his community store and undertake to exchange a few bushels of wheat for a pair of socks or a pair of shoes; about the processing of the shoat of some sow into pork by some farmer with a view of disposing of that product, and urge various objections to the actual workings and operations of the plans proposed by this bill. I say I look beyond this Chamber. I look down to our southern fields and our western plains, and I lose sight of the captious objections urged here to this measure, and I see mounting higher and higher the accumulation year by year of the great surplus of millions of bales of cotton and millions of bushels of wheat.

Mr. President, what I see today is the farmer standing out yonder in his field. He is going about his accustomed, his ancient, his primordial task of providing the clothing and the food for the teeming millions of this great country. He is not idling, he is not in the bread lines, he is not walking the streets of our cities looking for employment or asking for alms. I make no criticism of those poor industrial laborers who are driven to that extremity, but the fact remains that the farmer is going about his work of producing the food and the clothing for this great country of ours. He is awaiting a solution of his great problem. "Still bowed with the weight of centuries", he leans today upon his hoe, looks with expectant hope to his Nation's Capital, while yet "upon his back rests the burden of the world."

I see another figure, Mr. President. I look from those fields in our rural districts; I look beyond this Senate Chamber and I see another figure at the other end of Pennsylvania Avenue, his face lit with the kindly grace of Abraham Lincoln, yet strong with the stern resolution of our martyred President. For my part I propose, when the roll is called on this bill, to vote for the farmer and for our President.

Mr. HASTINGS obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Gore	McKellar
Ashurst	Clark	Hale	McNary
Austin	Connally	Harrison	Metcalf
Bachman	Coolidge	Hastings	Murphy
Bailey	Copeland	Hatfield	Neely
Bankhead	Costigan	Hayden	Norbeck
Barbour	Couzens	Hebert	Norris
Barkley	Cutting	Johnson	Nye
Black	Dickinson	Kean	Overton
Bone	Dieterich	Kendrick	Patterson
Borah	Dill	Keyes	Pittman
Bratton	Duffy	La Follette	Pope
Brown	Erickson	Lewis	Reed
Bulkley	Fess	Logan	Reynolds
Bulow	Fletcher	Lonergan	Robinson, Ark.
Byrd	Frazier	Long	Robinson, Ind.
Byrnes	George	McAdoo	Russell
Capper	Glass	McCarran	Schall
Caraway	Goldsborough	McGill	Sheppard
Shipstead	Thomas, Okla.	Vandenberg	Walsh
Smith	Townsend	Van Nuys	Wheeler
Steiwer	Trammell	Wagner	White
Stephens	Tydings	Walcott	

Mr. LEWIS. I desire to announce that the Senator from Utah [Mr. THOMAS] is necessarily detained from the Senate.

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present.

Mr. VANDENBERG. Mr. President, I tender an amendment to be offered subsequently to the bill, which I ask may be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. HEBERT. Mr. President, I ask to have inserted in the RECORD at this point an article containing an interview given by my colleague the senior Senator from Rhode Island [Mr. METCALF], appearing in the Providence Bulletin, regarding the bill now before the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the Providence (R.I.) Bulletin]

Following a study of the probable effect of the proposed farm relief bill on his State, Senator JESSE H. METCALF today declared that the super sales tax proposed in the bill would cost the people of Rhode Island 75 times as much as could be reaped in benefit by Rhode Island farmers.

"The bill would cost Rhode Island consumers an estimated $7,500,000 per year in the form of taxes on the necessities of life", said the Senator. "At the same time, the Rhode Island farmers could not possibly benefit to an extent greater than $282,000, while paying a tax themselves of $181,000. Thus the people of Rhode Island would be paying $7,500,000 in taxes in order that Rhode Island farmers might benefit by $100,000."

"Such a proposal is obviously a rank discrimination against my State", said Senator METCALF, "and I shall most certainly oppose any measure which would result in such unfair taxation."

"The gross value of agricultural products of Rhode Island is something in excess of $10,000,000. I cannot see how the farmers of the State can be benefited by an increased value of less than 1 percent, especially when the purchasing power of Rhode Island consumers is decreased by 75 times that much."

Mr. HASTINGS. Mr. President, I think it is rather surprising that the Senator from Texas [Mr. CONNALLY], who addressed the Senate a few moments ago, should have blamed the Republicans of the Senate for the first defeat of the Democratic administration in the Senate. I have before me that particular vote. The Senator complains that the administration did not want the cost-of-production amendment which was adopted this afternoon and that the Republicans were responsible for its adoption. I desire to call attention to the fact that the record shows there were 28 Democrats voting for the amendment and 27 Democrats voting against it, while 18 Republicans voted for it and 14 Republicans voted against it. I think if there be any particular blame to be attached to anyone, the Senator from Texas owes an apology to somebody because of the remark he made with respect to that particular amendment. However, in view of the fact that I shall have some other things to say about what the Senator from Texas has said, I shall not ask him to reply immediately.

Mr. President, it is true I am not a member of the committee that has passed upon this bill and I have not given as much study to it as many other Senators have given. One does not have to give much study to it, however, to realize its very great importance and the tremendous effect that it may have upon the country.

The President in recommending the bill to the Congress stated frankly that it was an experiment, and further stated that if it did not work well he would be the first to admit it and be ready to abandon it. I assume the bill is to be passed substantially as it was reported by the committee and I sincerely hope that it may accomplish the purposes intended by those who conceived and framed it.

About one fourth of the population of the Nation are living on the farms and depending on the products of the farm for a livelihood. The total products for the farm for the year 1931 were $6,955,000,000. The bill places the whole of that population and the whole of this huge business, approximating $7,000,000,000 annually, in the hands of a single individual, the Secretary of Agriculture.

I do not overlook the fact, as pointed out by the sponsors of the bill, that nothing in the bill undertakes to force any farmer to come within its terms. Our attention has been called to the fact that the agreements that are to be made between the farmer and the Secretary of Agriculture are voluntary agreements and any farmer that disagrees with the proposal of the Government need not accept any proposed contract or any other benefits of this act.

Mr. President, while this is technically true, it is no answer at all to the charge that every farmer in the land is placed under the control of the Government and a single administrative officer of the Government. The bill creates one of the most gigantic trusts that ever was conceived. No such thing as this has ever before been proposed in a land where the people were free and could make their own rules and regulations to govern and control themselves.

No farmer and no group of farmers dare to refuse to come within the terms of the bill and put himself under the control of the Government. The very essentials and necessaries of life of the whole Nation are bound tightly within the four corners of this legislation. There are no checks and balances for the production of any individual under its terms. The whole Nation shall hereafter be dependent upon the good sense and fairness of a single individual. There are no appeals from his decisions, no relief from an arbitrary finding of facts; no way to get rid of an unfair regulation. Full power is given to shift farm prices back and forth as rapidly as the days come and go. No stability in prices is left anywhere.

Crop reports will be of no service in the future. They will not be a guide to persons dealing in these commodities after the passage of this act. Those persons who desire to make a budget for the purchase of farm commodities in the future can no longer speculate upon the weather, but they will be compelled to speculate upon the mind of a single individual and, in my judgment, the frailties of the mind of man are entirely too weak for such responsibilities.

Mr. President, it is contended by the Secretary of Agriculture that if he is to properly carry out the purposes of the bill it becomes necessary for the Congress to give him the very extraordinary powers about which I am complaining. I am not at all certain that that is not in the main true. It seems to me, however, that in considering legislation there are two important things to be considered. If it be believed by the Congress that the object of the legislation is a worthy one, the next question that arises is whether it can be so framed that it can be successfully administered. We sometimes conceive of legislation that we believe would be helpful to the people of the Nation, but when we come to prepare the necessary act involving its administration, we find the thing wholly impracticable. To my mind, this bill ought to be considered from that viewpoint. In other words, it seems to me that if we admit that this bill would benefit the whole people of the Nation, but are at the same time compelled to admit that it could not be administered except by giving this tremendous power to a single individual, I should feel justified in opposing it. I can think of no condition, unless it be the threatened invasion by the country of a foreign foe, that would justify the American Congress in turning over to a single individual the power to tax the consumers of the Nation for the benefit of the producers of farm products. I can think of hardly any emergency that would justify putting in the hands of one man the power to license or refuse license to the various processors of farm products. I can think of nothing more shocking than giving to such an individual the right to prohibit or control the kind of a contract that a producer proposes to make with a processor.

Mr. President, the farther away we get from the human element in the administration of any law the safer that law becomes, and the more nearly uniform its administration becomes. Certainly this bill has enough of that element in it to cause alarm, and I say this without any disrespect or reflection upon those who may be called upon to administer it.

Let us see what the Secretary of Agriculture says with respect to certain portions of the bill. It appears in the RECORD at page 1551. I quote:

> It would be possible for a Secretary of Agriculture equipped with one set of prejudices to do a grave injustice in this part of the bill to the farmers, whereas another Secretary of Agriculture, with a different set of prejudices, might do a grave injustice to the consumers.

No one will contend that it is possible to administer the bill without prejudices and without making very serious mistakes. No one will contend that it is possible with the great army of employees that will be necessary to enforce it that fraud and favoritism can possibly be avoided.

In this connection I call attention to paragraph (e) of section 10, which reads as follows:

> The action of any officer, employee, or agent in determining the amount of and in making any rental or benefit payment shall not be subject to review by any officer of the Government other than the Secretary of Agriculture or the Secretary of the Treasury.

It will be observed that in the bill we have entirely abandoned the one thing of which the Government has always boasted, its accounting department. Employees of the Government everywhere, however small the amounts of Government funds that pass through their hands, have always been subject to the careful scrutiny of the auditing department of the Government. This bill not only abandons that but there is no provision in it anywhere providing for a system of auditing of any kind. It is assumed, I suppose, that this will be done by regulation, but, so far as Congress is concerned, it is leaving that entirely to an administrative officer of the Government.

There are 3,072 counties in the country. It will be necessary for employees of the Government under the bill to be spread over all of those counties. How many it would take I do not know. Mr. John A. Simpson, president of the National Farmers Union, in his testimony, estimated that it would take 200,000 people to administer the provisions of the bill and at the same time he placed the cost at $600,000,000. I certainly hope his estimate of the number of people and the cost is greatly exaggerated.

It must be remembered, however, that the processing plants which would need supervision are many thousands, and I do not see how it is possible for any person to approximate the number of people that may be required to administer the bill.

But, Mr. President, there is another matter to which I desire to direct the attention of the Senate. The bill at the very outset makes a declaration of an emergency, refers to the disparity between the prices of agricultural and other commodities, "which disparity has largely destroyed the purchasing power of farmers for industrial products."

In the declaration of policy contained in section 2 the following language is used:

> To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period.

In paragraph C of section 9 it is stated that—

> The fair exchange value of a commodity shall be the price therefor that will give the commodity the same purchasing power, with respect to articles farmers buy, as such commodity had during the base period.

From the language which I have quoted it would appear that the object of this portion of the bill is to increase the purchasing power of the farmer for industrial products, to give the agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period. As I understand this portion of the bill, it is based upon the theory that an inequality exists because that which the farmer sells today has a price index of about 50, while that which he buys at the present time has an index price of about 104.

The distinguished Senator from Arkansas [Mr. ROBINSON], who discussed this bill so thoroughly, made reference several times in his speech to this condition, stating that—

> Either industrial prices must be brought down or farm prices must be raised. By some means they must be brought closer to parity.

And again he said:

> For the sake of our economic health we must restore that parity between the prices of the things the farmer sells and the prices of the things he buys.
>
> To call this choice of a base period arbitrary, or to go a step further—

Says the Democratic leader—

> and call the commodity price index meaningless, as some have, is to betray a singular ignorance of the relations between agriculture and industry throughout the years. To anyone who appreciates these relationships the commodity price index is full of meaning. It indicates now that while the farmer continues to labor and produce the buying power of his products has dropped to an undeniably low level in terms of the commodities for which he ordinarily exchanges his products.

I do not propose, Mr. President, to enter into any controversy about the desirability of increasing the price of farm commodities; it would undoubtedly add to the prosperity of the Nation, but I do think it is important to make it perfectly clear that this drastic legislation is founded upon the theory that that which the farmer buys has greatly increased in cost while that which he produces has greatly decreased in value.

This bill is based upon the false presumption that the farmer expends all of his income for industrial products. The language of the bill itself, as well as the language of those who are supporting and advocating it, is apparently all based upon this presumption.

I realize that statistics relating to the farmer's income and his expenses are depressing things to consider. The figures I shall quote clearly indicate that the farmer is in distress, but it is important that in our effort to assist him we should not base the legislation upon false theories.

A survey by the Department of Agriculture over a period of years, covering 7,437 farms, located in all parts of the United States, gives the average receipts for the year 1931 for each farm as $1,549. The same survey shows that $1,287 of that income was expended by the farmer in the operation of the farm in the following manner:

Hired labor	$304
Livestock bought	102
Taxes	183
Interest	196
Feed	184
Fertilizer	55
Seed	34
Machinery and tools	62
Miscellaneous items	167

It seems to me that it is of some importance to call attention to the fact that industrial products constituted but a small portion of this expense. Certainly there must be eliminated hired labor, taxes, and interest. I think feed ought also to be excluded, because the cost of feed is so directly connected with the price of the farm products. And certainly livestock bought ought to be eliminated. I assume that seed is also a farm product and might be eliminated, although I suppose it is true that those who make a specialty of producing seed may not always be classed as farmers. But if we eliminate the items I have mentioned we have left fertilizer, machinery and tools, and the miscellaneous items, the total of which amounts to $284. It will thus appear that only 11.8 percent of that which is used by the farmer in the operation of his farm can be classed as industrial products. And yet we stand here today insisting to the country that it is necessary to increase the price of the farmer's products so that he may have an opportunity to buy industrial products and thus increase their value.

According to the Agricultural Yearbook for 1932, on page 907, the 1930 census shows 30,157,000, or 24.6 percent of the people of the Nation, living on the farms. The total population is 122,775,000, and if we deduct the number living on the farm, we have left 92,628,000, who will be compelled to bear the burden of the cost of this proposed legislation.

The Secretary of Agriculture estimates that it will increase the cost to the consumer $800,000,000. Others have estimated that it will certainly cost a billion dollars and perhaps much more than that.

If we assume that the 92 million people who do not live on the farm will have to bear this tax, and we estimate the tax at $15 per person, we get a total cost to the consumer of $1,380,000,000. As nearly as I have been able to make the computation, the cost will be at least that much. Thus it means a tax on every family of five in the United States of $75 annually.

If it be desired to speculate a little, it seems to me that the unemployed and their families probably represent at least one third of the people of the country who do not live on the farm. If that be true, and it be assumed, as it must be assumed, that such unemployed cannot bear the burden of this increased price, the burden is immediately shifted to the other two thirds and their per capita tax of $15 is increased to $22.50 per person, or from $75 per family of five to $112.50.

I am wondering how anybody can justify any such performance as this. We have heard some complaint on the floor of the Senate about taking some $500,000,000 from the soldiers and Government employees. We have undertaken to justify that because of the condition of the Federal Treasury.

Our attention has been called to the fact that immediately after doing that we appropriated some $250,000,000 to pay the men working in the national forests and we donated $500,000,000 to the States to assist them in caring for the unemployed, and it has been undertaken to justify these acts upon the ground that they were necessary in order to enable many people to live. But what justification can there be for taxing three fourths of the people, at least one third of whom are now living on charity, the sum of $10 or $15 per person annually in order to put farm products on a parity with industrial products? All of this is to be done, it will be remembered, in order that farm products may be on a parity with industrial products, which constitute but 11.8 percent of the annual cost of operating a farm.

Mr. President, it is impossible for me to forget in this connection some of the arguments I have heard upon the floor of the Senate with respect to the principles of the Republican tariff advocated by the Republican Party. The Republicans have been charged in season and out of season with imposing a great tax burden upon the American people by reason of the high protective tariff which that party has advocated. Many Members of the Senate on the other side of the Chamber have time and again figured the entire tariff as a tax upon the American people. We have insisted that the tariff did not always increase the price of the article upon which it was laid, but that it merely protected it for the home industries and the wage earners in those industries. In addition to that, the tariff constitutes an important part of the revenue and thus helps to bear the expenses of the Federal Government. In view of this fact, is it not rather surprising to find the Democratic Party advocating an outright tax on the consumers of the Nation in order to benefit certain producers of the Nation? Of course, the answer to this suggestion is the same as it has always been, that the Republican protective tariff was enacted in behalf of the special and big interests of the Nation, while the tax proposed by the pending bill is for the benefit of an entirely different and a very worthy class. However much merit one may think there is in that answer, those who advocate this bill can never stand forth again as the champions of the consuming public. They can never again successfully argue that there is no merit in the sales tax, because this bill places upon the consuming public a sales tax greater than the advocates of any sales tax ever dreamed of imposing.

Mr. President, I desire to call attention to paragraph (e) of section 15, which reads as follows:

> During any period for which a processing tax is in effect with respect to any commodity there shall be levied, assessed, collected, and paid upon any article processed or manufactured wholly or

in chief value from such commodity and imported into the United States or any possession thereof to which this title applies, from any foreign country or from any possession of the United States to which this title does not apply, a compensating tax equal to the amount of the processing tax in effect with respect to domestic processing at the time of importation. Such tax shall be paid prior to the release of the article from customs custody or control.

I think it rather remarkable that the present administration should be willing to write this paragraph into any law, in view of the attitude of the Democratic Party with respect to the flexible provisions of the Tariff Act. I suppose the answer to this is the same as that made to any other criticism offered on the floor of the Senate with respect to recent legislation, namely, that an emergency exists. But when one takes a casual glance at the arguments made in opposition to the flexible provision of the Republican tariff act it is difficult for him to conceive of an emergency that would overcome such arguments.

I first desire to quote from a speech made by the former distinguished Senator from Missouri, Mr. Hawes, who this year voluntarily retired from the Senate. I quote from the RECORD his remarks of September 30, 1929, page 4081:

Mr. President, the proposal by the majority members of the Finance Committee seems to me to be unfortunate. It is in effect the reassertion of the divine right of the king—that "the king can do no wrong."

I shall not occupy time now in a discussion of the historical background where this power to regulate taxation has been taken away from the ruler of every civilized country in the world, or that republics have been set up and monarchies have been destroyed that the representatives of the people might control this particular power in governmental affairs. Today in every country in the world the taxing power is deposited with the legislative branch of the government.

Where formerly the voice of one man decided everything we have advanced to the thought that the majority shall decide through their chosen representatives.

Not only is the tariff a tempting agency for the acquisition of power which can be used in the distribution of favors, or a power that might be used as a threat, or even the destruction of an opponent in our domestic affairs, but there also enters into it international questions entirely disassociated from our immediate domestic problems.

I desire to follow that quotation by a speech made on October 1, 1930, upon the same subject by the junior Senator from New York [Mr. WAGNER], pages 4093 and 4094 of the CONGRESSIONAL RECORD:

Mr. President, one of the most disquieting facts about this controversy is the frequency with which the advocates of this transfer of legislative power to the Executive have pointed to precedents. Precedents do not make a thing right. They may only prove that we have been wrong before. At the present time we are on the crest of the wave of Presidential encroachments upon legislative territory. What at first seemed like a harmless delegation of an inconsequential power has, through accretion and addition, so multiplied the power and authority of one individual of this Government that the system of a functional balance among the three great divisions of government is wellnigh upset.

The time is ripe to reject the question, Have we done it before? and, instead, to inquire, Have we not gone far enough, indeed too far, in the direction of centralization? This year the campaign of those who are impatient with the methods of our representative democracy had planned to write into the law "competitive conditions" as the standard of comparisons which was to guide the President in writing his tariff laws. That campaign was successful in the House. It was for a time successful in the Finance Committee. Let us hope that it will not be successful in this body.

I now pass to the next day, to a speech of Senator Swanson, the present distinguished Secretary of the Navy, which appears on pages 4133 and 4134 of the CONGRESSIONAL RECORD. This was his idea about keeping the power of the Government with the Congress:

Here we have protected liberty, until now, when it is sought to make an abject surrender of the popular rights of the people which our forefathers would not have thought possible in the great Republic which they founded. This is the issue and it cannot be evaded.

What does it mean when the President is given the power to impose customs duties or tariff taxes on 120,000,000 people? First, that taxes are imposed on the American people by the Executive, and, second, that there is bestowed on the Executive without limit and without stint the power practically of granting monopolies and conferring favors upon anyone according to his own will.

What was the great curse of monarchy? It was the power on the part of the king to grant monopolies to a few to trade in England or in France or in Spain, as the case might be. One of the greatest curses of government until America was settled was the power given to monarchs to show favoritism, to bestow favors upon their particular friends and adherents, to make men rich or poor as the will of the monarch might dictate. In England privileges were given to favorites which resulted in monopolies in the woolen trade, the sugar trade, the cotton industry, and similar favors were bestowed in France and Spain. Court favorites were made rich by the monarchs who had it in their power to bestow such favors. That was one of the abuses denounced in our Declaration of Independence; it was one of the main grievances which resulted in the wresting of the Magna Carta from King John, for the King could bestow favors to the enrichment of his favorites.

Mr. President, what does the flexible provision propose? It proposes to give the President power to create monopolies in America if he shall so desire, and to create them for the benefit of favorite interests; it proposes to give the President the power to determine how 120,000,000 people shall trade. Of all the power ever bestowed in the history of time, none exceeds the power given the President under this flexible provision of the pending bill to bestow favors and monopolies and benefits on individuals, industries, and corporations according to his own will and desire.

I am opposed to that. When a Senator votes for the flexible provision of the pending bill he votes—and he cannot evade the issue—to give that power, that opportunity to the President without stint and without limit, except that the President cannot raise or lower a tariff duty in excess of 58 percent of the rate fixed by the bill. Those who think that such a power as belonged to the kings and potentates of the world in former times should be bestowed upon the President and that the opportunity for favoritism should thus be afforded will vote for the flexible provision of the tariff bill. That is what it means.

In addition to giving to the President this unlimited power of enriching favorites, as he may desire, it confers upon the President the right to impose taxes. I am opposed to that. I think it is contrary to the Constitution. I do not care one iota for the decision which was rendered upholding the flexible provision of the tariff. What did that decision hold? It held that if Congress sees proper to abdicate its power under the Constitution and turn that power over to the President, and if in the opinion of Congress the provisions of the law do not leave any discretion in the President, then the provision is legal. I believe the decision is wrong. From time immemorial it has been held that legislative power cannot be taken away from the Parliament or the Congress when any discretion is left in the exercise of the power on the part of the Executive. That is a fundamental principle. The decision was based on a subterfuge that the flexible provision left no discretion in the President because he was bound by the conditions fixed in the law, but anyone may read the provision and see that it is not specific. It gives the President the discretion to raise tariff duties to the extent of 50 percent of the rates provided in the bill. We should vote according to our idea of the Constitution, regardless of any decision of the Supreme Court.

But, Mr. President, in order that I may bring the Democratic Party a little more up to date upon this subject, let me quote a few extracts from literature sent out by the Democratic committee in the very next campaign, in the year 1930. I shall first quote from the new Ambassador to Spain, the Honorable Claude G. Bowers:

But there is in this provision (the flexibility clause) something more vicious far—it transfers the right to tax from the legislative department to a single man. Now it is axiomatic with our race that the power of the purse shall never rest with the executive department. It was in support of that policy that Charles the First was ushered through the window at Whitehall to the scaffold. Had the Constitution when submitted contained that flexibility clause it would have failed of ratification by a single State. Whenever you entrust to a single man the command of the Army and the control of the purse you pave the way for a centralization of power that ultimately makes for tyranny and oppression.

With this power a President can punish or reward a section; he can penalize or enrich an industry; and, if unscrupulous, with this power he can raise the most enormous slush fund in human history to continue himself in office. We submit that this is too much power to entrust to any man, and we stand on the wise traditions of our race and for the safeguards of the constitutional intent.

Now let me quote from a radio speech of the junior Senator from Texas [Mr. CONNALLY] over a Nation-wide hook-up on September 2, 1930. I beg Senators to listen to the charming qualities of an extract from this patriotic speech.

Under this doctrine of centralization of power in the hands of one man the constitutional prerogative of Congress to fix the amount of tariff taxes levied upon the people of the United States was in a large manner handed over to the President. This invasion of the wise provision of the Constitution regarding the balance of power between the three branches of the Government constitutes an assault upon the very fundamentals of the wise system of the founders of the Republic.

Mr. President, can you not hear the Senator from Texas say that now?

Mr. CONNALLY rose.

Mr. HASTINGS (reading):

> Anglo-Saxon liberty had its birth and won its greatest triumphs in its struggle to secure for the representatives of the people the right and the exclusive right to control taxation and to hold the purse strings of the people. This scheme to divest Congress of that power and hand it over to the Executive is but a symptom of the bureaucratic and centralizing policies of the Republican Party.

I am going to make this speech. The Senator from Texas can sit down for a minute. I will let him interrupt me directly.

Mr. CONNALLY. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. The Senator from Delaware has no right to refer to the Senator from Texas. I have not addressed the Chair. I have not sought to interrupt the Senator.

Mr. HASTINGS. I beg the Senator's pardon.

The PRESIDING OFFICER. The Chair thinks the point of order is well taken.

Mr. HASTINGS. I beg the Senator's pardon. Is there anything more I can do?

Mr. CONNALLY. I think the Senator has done enough. [Laughter.]

Mr. HASTINGS. I thought the Senator was about to interrupt me, and I was certain this speech would be so interesting to him that I did not want to spoil it by being interrupted in the midst of it. I apologize for being out of order in assuming that the Senator was about to do what he usually does—interrupt somebody when he is making a good speech. [Laughter.] The Senator from Texas said further:

> It will build up at Washington a giant bureaucracy, gradually absorbing the powers of the States, and now by the device of the flexible tariff depriving the Congress, chosen directly by the people themselves, of its constitutional rights and transferring them to the President of the United States, already the most powerful ruler on this revolving globe.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Texas?

Mr. HASTINGS. I yield.

Mr. CONNALLY. In view of the freedom with which the Senator is using the name of the Senator from Texas, does he agree that what the Senator said in that speech was sound doctrine?

Mr. HASTINGS. This doctrine?

Mr. CONNALLY. What the Senator has just read as coming from the Senator from Texas.

Mr. HASTINGS. Well, I do not often agree with the Senator from Texas, and I should not like to answer that question without sleeping on it. [Laughter.]

On May 23, 1930, the present distinguished chairman of the Finance Committee [Mr. HARRISON] took a little fling at this matter through the Democratic national committee. Here is what he said:

> Through the action of the conference in depriving Congress of the right of levying taxes on the people, they have given greater powers to the President and made another assault upon the fundamental principles of our Government. * * * The Senate proposal preserved the constitutional power of taxation in the Congress.

This is the view of the senior Senator from Alabama [Mr. BLACK], issued also through the Democratic national committee on April 22, 1930:

> The founders of this Government granted the power to levy a tariff tax to their representatives in the Congress, selected from every section of the Nation. This furnishes some safeguard to every locality and section. The Republican bosses now propose to substitute the will of one man for the deliberate judgment of many. It is a scheme to wrest tariff taxing power from the law-making body selected by the people and transfer it into the hands of a party President. * * *
>
> It would be as justifiable to authorize the President to fix income and inheritance taxes. If executive officers are to fix tariff rates, sheriffs might impose county taxes upon cows, horses, and automobiles, while Governors would fix State taxes for homes and farms. Executives, including the President, are sworn to "enforce the law", not to "enact the law." * * * This bold effort of the Republicans to give the President the power of life or death over every community in America is but a part of a vast scheme to take power from the hands of the people and their representatives and concentrate it in the hands of one man, selected by a political party.
>
> Freedom-loving people have long since learned that too much power is dangerous in the hands of any group, be it social, economic, religious, or political. Concentration of any governmental power in one individual is a constant menace to the peace and security of any people.

This was followed by the senior Senator from New Mexico [Mr. BRATTON], who spoke as follows:

> I regard the provision as unconstitutional. It is the most revolutionary proposal ever advanced. It is the widest departure from the plain intent of the Constitution—that the taxing power shall be exercised exclusively by the Congress.

I desire also to quote from a statement of the present Secretary of State, a great student of the tariff, and who, on May 14, 1931, through the Democratic National Committee, commented upon two meetings of business men—one in Washington and one in Atlantic City—in which he called attention to the fact that these business men were apprehensive lest they incur the displeasure of the Hoover administration if they should undertake a serious discussion of the real problems confronting the country and expressing conclusions embodying practical remedies. Here is what he said:

> In view of this state of awe or fear or hope of reward, that seemed to permeate these two recent meetings, an additional and most powerful reason is furnished for the repeal of the present flexible tariff provision, and the substitution of a measure which will restore to Congress, where it belongs constitutionally, the whole authority and responsibility of tariff making.
>
> The President, or any other official, of course, did not remotely contemplate the intimidation of business leaders for political or any other purpose. The fact, however, that this was not in the slightest degree necessary renders all the more dangerous the mere existence of a flexible tariff agency, which gives the President virtually unlimited power to grant or to withhold almost invaluable favors from many groups of individuals and industries.

Mr. President, I know all of us believe that in the present condition of the country it is important to lay aside all political considerations in discussing these emergency measures which have been submitted for consideration by the President. That is certainly true with respect to the leaders on both sides of this Chamber, but if it be expected by those who are advocating these measures that partisan criticism shall not be heard in the Congress, it seems to me they ought to be reasonable enough to see to it that the measures themselves are free as nearly as may be of any tinge of partisanship. It is impossible for me to read the first paragraph of section 10 without reaching the conclusion that the persons framing this bill at least did not overlook the opportunity it gives them to take care of a great many deserving Democrats. It seems to me that this section is about the boldest thing I have seen written into any law since I have been a Member of this distinguished body. It may be that there is some other explanation for it; but if there be such explanation, I respectfully submit that it ought to be made and be made promptly, and ought to be more specific than that given by the Senator from Texas a little while ago. I desire to read that section in order that the RECORD may show that the attention of the Senate was at least called to it. It reads as follows:

> The Secretary of Agriculture may appoint such officers and employees, subject to the provisions of the Classification Act of 1923 and acts amendatory thereof, and such experts as are necessary to execute the functions vested in him by this title; and the Secretary may make such appointments without regard to the Civil Service laws or regulations: *Provided*, That no salary in excess of $10,000 per annum shall be paid to any officer, employee, or expert of the emergency agricultural adjustment administration which the Secretary shall establish in the Department of Agriculture for the administration of the functions vested in him by this title.

It will be observed that in this paragraph, unlike many other sections and paragraphs of the bill, there is a limitation placed upon the Secretary of Agriculture. I congratulate the committee on seeing to it that a limitation of $10,000 per annum per person was placed upon the Secretary of Agriculture in the selection of the army of employees that is to operate this act. Of course, it is to be hoped that,

with the millions of people out of employment, and with the cities, States, and the Federal Government being stretched to the utmost to furnish food, clothes, and shelter, it will be possible to get many employees for very much less sums of money than $10,000 per annum. We have just passed an act authorizing the President to reduce the salaries of all Government employees by 15 percent, and this applies to the persons receiving $1,000, as well as to those receiving larger sums. The Members of Congress have reduced their own salaries to $8,500 per year, but under this proposed act the Secretary of Agriculture is authorized, in his discretion and without limit, to place as many men and women on his pay roll as he chooses, provided that none of them shall receive more than $10,000 per year. Of course, I know the answer is that the Secretary of Agriculture will not abuse this authority; that the President of the United States, with his determination to reduce the expense of the Government, will not permit too large salaries to be paid. But I am pointing out that, so far as the Congress is concerned, the authority passes out of its hands immediately upon the passage of this bill.

In addition to that, as I understand the provisions of the bill, its administration costs the Government nothing; the cost is all paid by the consumers of the Nation, and not only the tax, but the whole expense of administering the law, is to be entirely at the expense of the consumer.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. ROBINSON of Arkansas. The Senator has complained bitterly that the pending measure gives the Secretary of Agriculture the power to select employees without regard to the Civil Service law. I wonder whether it would be of any interest to the Senator from Delaware to point out that the same thing was done when, during the last administration, the Congress passed the Reconstruction Finance Corporation Act.

Mr. HASTINGS. I shall be very glad to have the Senator point that out.

Mr. ROBINSON of Arkansas. The Senator did not exhaust his physical resources in denouncing the Hoover administration for passing a measure almost identical in language, insofar as the selection of employees is concerned, with that now under consideration. I thought that perhaps it would be interesting to the Senator to have his attention called to that.

Mr. HASTINGS. I thank the Senator for his interruption, and I may say, with respect to my physical exhaustion, that I do not know of anybody in the Senate who comes nearer competing with me in that regard than the senior Senator from Arkansas, the Democratic leader.

Mr. ROBINSON of Arkansas. I am honored by the recognition which the Senator from Delaware accords me.

Mr. HASTINGS. I repeat, as I understand the provisions of the bill, its administration costs the Government nothing; the cost is all paid by the consumers of the Nation, and not only the tax, but the whole of the expenses of administering this proposed law, is to be entirely at the expense of the consumer.

A great opportunity is here offered to pay large salaries without it in any way affecting the expenses of the Federal Government.

I am calling the attention of the Senate to this section for an entirely different reason. I am asking why it is necessary to specifically provide in the bill that the Secretary of Agriculture may make such appointments without regard to the Civil Service laws or regulations. Does that conform to the principles established by the Democratic Party? In order that we may know the position of that party with respect to the civil-service laws, I desire to call attention to the planks in their various political platforms, beginning with the year 1904. It seems to me that is long enough to establish a well-known principle. I shall read briefly from those platform pledges.

In the year 1904, under the title "The Civil Service", the party platform declared:

> The Democratic Party stands committed to the principles of Civil Service reform, and we demand their honest, just, and impartial enforcement.

Then it proceeds with about 10 or 12 lines denouncing the Republicans.

In 1908, under the title "Civil Service", the Democratic platform said:

> The law pertaining to the civil service should be honestly and rigidly enforced to the end that merit and ability shall be the standard of appointment and promotion rather than services rendered to a political party.

In 1912 we find this:

> The law pertaining to the civil service should be honestly and rigidly enforced to the end that merit and ability shall be the standard of appointment and promotion rather than the service rendered to a political party; and we favor a reorganization of the Civil Service, with adequate compensation commensurate with the class of work performed for all officers and employees.

I turn now to the platform of 1916, and, calling attention to this, I want to show how short it is and, at the same time, to remember that at the time this was adopted the Democrats had been in power for a period of 4 years. It consists of two lines, under "Civil Service", and the declaration is:

> We reaffirm our declarations for the rigid enforcement of the Civil Service laws.

That was in 1916, after the Democratic Party had been in power 4 years. After they had been in power 8 years, and came to the platform of 1920, they erased the two lines entirely, and made no reference at all to the Civil Service. So we do not find them interested in the Civil Service again until they had been out 4 years, in 1924, and by that time they had become very much interested in it again. They have nearly half a page devoted to it by that time. I will not read their denunciation of the Republican administration; it might worry me some, and I will just read what they promised the people they were going to do:

> We pledge the Democratic Party faithfully to comply with the spirit as well as the regulation of civil service; to extend its provisions to Internal Revenue officers and to other employees of the Government not in executive positions, and to secure to ex-service men preference in such appointments.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. ROBINSON of Arkansas. Of course, the Senator knows that the pending measure limits its existence to 2 years, and that the President may terminate the employment of those engaged under it by declaring the end of the emergency at any time. Does not the Senator recognize that as the same reason which prompted the provision in the Reconstruction Finance Corporation Act disregarding the civil service? If a large number of employees were needed to carry out the statute, and they should be made to acquire the civil-service status, it would be hard to secure for them the recognition which the Civil Service laws contemplate. That is the reason, I take it, why under the administration sponsored by the Senator from Delaware the Civil Service law was not applied to employees of the Reconstruction Finance Corporation, although the indications are that that organization, or at least a portion of it, will last for a number of years. We hope that the organization to be set up for the enforcement of the pending measure will be eliminated within a comparatively short period. I realize that the Senator may reply that he has no such hope, but I think we are justified in entertaining that belief.

Mr. HASTINGS. Mr. President, I have not forgotten the question which the Senator asked me a moment ago, and I shall reply to both his questions presently.

I want to follow this examination of the platforms to 1928, when the platform read:

> Grover Cleveland made the extension of the merit system a tenet of our political faith. We shall preserve and maintain the civil service.

Mr. President, that was in 1928. I have carefully gone over the Democratic platform of 1932 and can find no reference in it with respect to the civil service. In view of the fact that the Democratic Party is insisting so carefully on

carrying out the President's proclamation and the promises made in that platform, I was wondering, after I discovered this fact, whether that was deemed sufficient excuse for putting this particular provision in the pending bill; in other words, there not having been made any pledge to the contrary, that the persons preparing the pending bill concluded that it might very well be done.

As I understand the history of this legislation, the bill was prepared by the administration, and was sent to the House. The administration had made a study of it. The Secretary of Agriculture made a study of it, and probably knew more about its operations than any other person knew. It was not until the bill reached the House, where it got into the hands of a Democratic committee, that it was changed and this particular provision inserted in it.

I desire to answer the Senator from Arkansas with respect to the Reconstruction Finance Corporation provision. If it were a parallel, I would not undertake to defend it, but it is not in any sense a parallel. In the first place the Reconstruction Finance Corporation is a corporation. It is controlled by a board of directors, and in that sense that act is very different from the provision here, which gives to one man the whole and entire right to name all of the employees to carry out the particular administrative features of the bill. But if the fact that the Reconstruction Finance Corporation is a corporation, and controlled by a board of directors instead of by a single individual, be not a sufficient answer, then I say that there is one thing that robs it of any possibility of being charged as a partisanship measure or being operated as a partisanship measure.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Arkansas?

Mr. HASTINGS. I yield.

Mr. ROBINSON of Arkansas. I think I made the statement a few moments ago that there was in the pending measure a limitation of 2 years, subject to the right of the President to terminate the measure at any time. That was in a former draft of the bill. The provision in the bill now is that—

> this title shall cease to be in effect whenever the President finds and proclaims that the national economic emergency in relation to agriculture has been ended, and pending such time the President shall by proclamation—

And so forth. I thought I ought to make that correction in my statement.

Mr. HASTINGS. I thank the Senator. I should like the attention of the Senator from Arkansas when I am responding to the question he asked me as to what excuse I would give for such a provision being in the Reconstruction Finance Corporation Act and not being in the present bill. I had called attention to the fact that it is, in the first place, a corporation; that it is being operated by a board of directors——

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield further to the Senator from Arkansas?

Mr. HASTINGS. I yield.

Mr. ROBINSON of Arkansas. It is a Government corporation. The salaries are to be paid under the authority of the act. The employment is made and made only under authority of the act, so there is no distinction, either moral or legal, that the Senator can apply.

Mr. HASTINGS. There is a distinction, I respectfully submit to the distinguished Senator from Arkansas, in this respect: While it is a governmental function operating through a corporation controlled by the Government, the particular point to which I called attention and the particular thing upon which I insist is that that corporation is absolutely controlled and operated by its board of directors, which is entirely different from other organizations of the Government. But that is not the chief reason. Of course the very purpose of the Civil Service Act is to prevent good people from being turned out for political reasons. That was the object of the act. That was the thing to be secured; and if it be true, as has been said, that Grover Cleveland was the man who brought it about—though I am not certain that it is true but I will assume that it is—it was in order to do away with the spoils system. That was the purpose of the Civil Service Act, and it is the spoils system we try to avoid by living up to the Civil Service rules. That is the reason why it was put in the platform of the Democratic Party, because the Senator and his party wanted the people of the country to believe that that was to happen.

What is the difference between the Reconstruction Finance Corporation Act and the provision in this bill? It is that the Reconstruction Finance Corporation in its very terms is a nonpartisan organization. It is distinctly provided in the act that there shall not be more than a certain number of one political party appointed on the board. As a matter of fact President Hoover appointed on the board a sufficient number of Democrats to make it a Democratic organization, but they did not undertake to do anything that would change any rule of the Civil Service or in any way cause anybody to complain.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Arkansas?

Mr. HASTINGS. I yield.

Mr. ROBINSON of Arkansas. The Senator from Delaware has referred to the fact that President Hoover appointed a majority of the members of the Reconstruction Finance Corporation Board from among Democrats. Of course, the reason he did it was to assure an honest and efficient administration. It cannot be assumed that the Republican President appointed a majority of the board of directors of the Reconstruction Finance Corporation from among Democrats for partisan purposes. The only reason he could have had was to assure that there would be an honest and an efficient administration of the Reconstruction Finance Corporation. Will not the Senator please give the President credit for that? [Laughter.]

Mr. HASTINGS. I am a little surprised that the Senator should interrupt me with that kind of a remark.

Mr. ROBINSON of Arkansas. What is the Senator's answer? Does he claim that President Hoover was moved by partisan considerations to appoint a majority of Democrats on the board of the Reconstruction Finance Corporation, or does he believe that the President thought that in selecting a majority of Democrats he would get a better administration of the act and so the country would know it would be an honest administration?

Mr. HASTINGS. I am wondering whether the Senator from Arkansas is actually interested in having my answer to his question. I undertake to answer his question, and I hardly get a sentence out of my mouth before he interrupts me by asking another question. I believe the Senator from Arkansas has reached the conclusion that in asking the question about the Reconstruction Finance Corporation and in undertaking to compare that act with the pending bill, he made a mistake, and is using that as an excuse to interrupt me further. That is the only reason why I can conclude that the senior Senator from Arkansas is interrupting me.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator will pardon me——

Mr. HASTINGS. Just a moment, please.

Mr. ROBINSON of Arkansas. The Senator is challenging my opinion.

Mr. HASTINGS. Have I the floor, or shall I yield the floor to the Senator from Arkansas?

Mr. ROBINSON of Arkansas. The Senator has the floor; but if he insists upon challenging my opinion and refusing to permit me to express my own opinion, I shall have to submit.

Mr. HASTINGS. I wish the Senator would submit long enough to enable me to answer his question. [Laughter.]

The PRESIDING OFFICER. The Senator from Delaware has the floor.

Mr. HASTINGS. If the Senator from Arkansas will just keep still a moment, will just keep quiet a moment——

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Delaware yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Arkansas?

Mr. HASTINGS. I am going to yield every time the Senator asks me to do so.

Mr. ROBINSON of Arkansas. That is kind of the Senator from Delaware. The Senator undertook to lecture the Senator from Texas [Mr. CONNALLY] on the assumption that the Senator from Texas was going to do something to interrupt him when he had no intention of doing it and when he did not interrupt. Now the Senator from Delaware undertakes to lecture me for interrupting him and for asking a question, and he undertakes to define my viewpoint as to the manner in which he has answered the question. I respectfully submit to the Senator that I cannot permit him to do that. I think he has totally failed to give me a sound answer to any question I have propounded to him.

Mr. HASTINGS. The Senator from Arkansas has not given me time to answer his question.

Mr. ROBINSON of Arkansas. How much time does the Senator require?

Mr. HASTINGS. I require long enough to utter one sentence without being interrupted further by the Senator from Arkansas. I am able to answer the Senator's question in one or two sentences if he will not interrupt me. I made the mistake with the Senator from Texas [Mr. CONNALLY], and I have apologized to him, and he has very graciously forgiven me. If the Senator from Arkansas will just wait on me a little bit, if it is necessary to apologize to the Senator from Arkansas I will do that also. I have plenty of time, and I am in no hurry, but I should like to answer the Senator's question.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Arkansas?

Mr. HASTINGS. I yield.

Mr. ROBINSON of Arkansas. I have not indicated any offense. I am entirely satisfied with the performance of the Senator from Delaware.

Mr. HASTINGS. I am not trying to put on a performance. I am trying to make a speech, and if the Senator from Arkansas will give me time I will succeed; and if he will give me time, I will answer the questions he has asked me. What I am complaining of is that whenever I start to answer the Senator's question he interrupts me. That is all. I wonder if the Senator knows now what my answer is?

Mr. ROBINSON of Arkansas. No; and I do not believe the Senator from Delaware knows.

Mr. HASTINGS. Very well; I will answer again in order that the Senator may get the point.

In the first place, the Senator asked what the difference is between the provisions of the Reconstruction Finance Corporation Act with respect to the Civil Service law and the provisions in the pending bill. I called the Senator's attention to the fact that the distinction is to be found in this fact. In the first place, the Reconstruction Finance Corporation is a corporation. It is controlled by a board of directors. It is controlled by a nonpartisan board of directors so that the evils growing out of the spoils system are not apt to enter into that sort of situation.

I called attention to the fact in passing that the President of the United States, at the time the Reconstruction Finance Corporation was created, did not hold a sufficient partisan view to warrant him in seeing to it that that corporation was controlled by Republicans. From my point of view he generously turned it over to the Democrats. The distinguished Senator from Arkansas says that he did that because he could find more honest Democrats and more capable Democrats. I have no complaint to make about that suggestion. All of us have found recently that there are more Democrats of one kind or another than we had hoped were in existence. That was true on election day just as it is true today. But that is the difference between the Reconstruction Finance Corporation Act and the pending bill, and I think that is a sufficient answer with respect to it.

Mr. President, I shall not detain the Senate longer, but——

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Oklahoma?

Mr. HASTINGS. I yield.

Mr. GORE. It has been remarked in the course of the debate that a Republican President appointed a majority of Democrats on the board of directors of the Reconstruction Finance Corporation. I think the Democratic President has reciprocated that courtesy by appointing a Republican as Secretary of Agriculture. The Democrats have shown their trust in him by offering in the pending measure to allow him the privilege of appointing employees at the generous salaries provided.

Mr. HASTINGS. In reply to the suggestion of the Senator from Oklahoma, I want to say that I would not consider it any particular compliment to the Republican Party if the Secretary of Agriculture should pick the same kind of Republicans as he is to fill all of the jobs to carry out the provisions of the bill which is now before us. I say that without any reflection on the Secretary of Agriculture, too, because while I do not know him personally I know by reputation that he is a very high-class man.

Mr. President, I do not propose to detain the Senate longer, but I do want to make some response to the Senator from Texas [Mr. CONNALLY] who, in his speech upon this subject, insisted that we have had action. He stated that we are getting action, that we have leadership, and that we are going to get somewhere. Well, Mr. President, I cannot get much satisfaction out of that kind of argument. I think it important that we know where we are going and where we are being led. I do not say that in any way of criticism; but I say that I do not know whether we are being led in the right direction or whether we are not. I say that the great leader of the Democratic Party himself admits that he does not know what will be the effect of this particular bill; he states frankly that it is an experiment and he does not know where it will lead.

I say, Mr. President, that this proposed legislation establishes a principle under which, if enacted, there will be placed upon the backs of the American people a tax which ought not to be placed there unless we know when we do it that we are bringing some real honest-to-God results to somebody in the country, at least to some particular class of people in the country. As this particular bill confronts us today, many farmers themselves are opposed to it and do not know that it is going to help them. While it is designed specifically to help them—and while it seems to me, if it will do any good to anybody at all, it must be of some assistance to them—it takes into consideration not at all what shall happen to 92,000,000 of the people of the country who must bear the burden of the tax which we are about to impose upon them, and impose them how and by whom? By the Congress? Oh, no!

The distinguished Senator from Texas asked me a question a little while ago as to whether or not I agreed with him about his statement in reference to the flexible provisions of the tariff act. I said I would think it over and tell him later. I say to him now that there is no comparison between the authority we are proposing under this bill to give to one man over 30,000,000 of the best kind of people in the Nation, who are producing from seven to ten billions of products a year, and the authority which was bestowed under the flexible provision of the tariff law.

In the first place, the flexible provisions of the tariff are administered by a nonpartisan board and then by the President, who is limited to changes of 50 percent up or down, one way or the other. Do Senators mean to say that we have given the President any such authority under the flexible provision of the tariff as is proposed to be given under this particular bill whereby the Secretary of Agriculture can say today that the price of wheat shall be so much and tomorrow he can say it shall be less or it shall be more? He can say what the price of corn shall be this week; he can change it next week.

The President himself has stated that there are features in this bill which if administered by a Secretary who has prejudices in favor of the farmer will result in one set of figures confronting the country, and if administered by a Secretary of Agriculture who has the consumers' interest at heart will result in an entirely different set of figures confronting the country. That is what is proposed to be done. I say there is no comparison. I say to those Senators on the other side of the aisle who have been preaching to us that we must hold on to the authority granted to Congress by the Constitution, who have been preaching to us that as Members of the Senate we must not give to the Executive power greater than that which is given to him in the Constitution, that they had better find out where we are being led. They had better find out before they vote for some of these propositions whether they are going to be to our good and to the good of the country. They had better not rely upon the claim that we are faced with an emergency, that something must be done, and that we had better be "up and doing" so as to give confidence to the people of the country; that we had better be "up and doing" and make the people of the country believe that we are doing something, whether we know what we are doing or whether we do not know.

O Mr. President, in the case of this particular measure there is a course of procedure which we have seen repeatedly followed since the 4th of March. A proposal is something sent here one day that appeals to the conservative people of the Nation, and we hear them praising the President of the United States. As soon as it is rushed through Congress, he comes along then with something that appeals to the radicals of the country, to the liberals of the country, and he pushes that through. He pleases that element, and then he undertakes to please the other side by suggesting some other particular measure. In this proposed legislation he has done two things at once and we have got to swallow them both or not get the good out of either. In this instance I have particular reference to the proposal to help the farmers improve their condition by reducing the interest rate on their mortgages and adjusting the debts on their farms. We find such a provision in this bill. Why was that put into the bill when Senators in the majority know that many of us who would like to vote for it do not dare to vote for the other provisions of the bill, because we do not want to surrender to the Executive all the power that has been given to us by the Constitution?

I apologize to the Senator from Arkansas for getting so excited and to the Senate for keeping it so late.

5-DAY WEEK AND 6-HOUR DAY—MOTION TO RECONSIDER

Mr. TRAMMELL. Mr. President, I desire to suggest a unanimous-consent agreement for the purpose of making disposition of a motion which I have heretofore made to reconsider the vote by which Senate bill 158, the so-called "30-hour bill", was passed. I will state the suggested agreement. I ask unanimous consent that the pending bill may be temporarily laid aside at 12:15 o'clock p.m. on April 14, which is tomorrow, thereupon the motion to reconsider the vote whereby Senate bill 158 was passed shall be taken up for consideration, and a vote upon said motion shall be had at 1:45 o'clock p.m. on said day. No Senator shall speak more than once or more than 15 minutes, except the senior Senator from West Virginia [Mr. HATFIELD], who may be allowed to speak as long as 30 minutes. I make that exception because the Senator from West Virginia said he wanted that much time, but I do not know of anyone else who wants more than 10 or 15 minutes.

I do not know whether such an agreement will be satisfactory to Senators, but the motion to reconsider has been pending for 3 or 4 days, and I am heartily in accord with the idea of disposing of it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida?

Mr. SMITH. Mr. President, I think the matter should go over until the morning, and the Senator should take it up then, because, if he insists upon it now, it will necessitate a roll call, and the hour is late.

The PRESIDING OFFICER. May the Chair inform the Senate that it will not require a roll call to enter into a proposed unanimous-consent agreement for the limitation of debate on a motion to reconsider a bill which has been passed. Does the Senator from South Carolina object?

Mr. SMITH. Mr. President, I should prefer that the Senator limit the time to 1 hour rather than to allow the debate to run until 1:45 o'clock.

Mr. TRAMMELL. Only an hour and a half is allowed for debate—from 12:15 to 1:45.

Mr. FESS. Mr. President, I very much dislike to object, but I wish the Senator would let the request go over until tomorrow.

Mr. TRAMMELL. Mr. President, I merely desire to try to get this matter disposed of. Of course, if my request is held up, meanwhile the motion cannot be considered. I did not have any idea of delaying the question longer than 1 or 2 days when I made the motion to reconsider.

The PRESIDING OFFICER. Is there objection?

Mr. FESS. I shall have to object.

The PRESIDING OFFICER. Objection is made.

Mr. BLACK. Mr. President, may I ask who objected?

The PRESIDING OFFICER. Objection was made by the Senator from Ohio [Mr. FESS].

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. GEORGE, from the Committee on Finance, reported favorably the nomination of Lawrence Wood Robert, Jr., of Georgia, to be Assistant Secretary of the Treasury, in place of Ferry K. Heath, resigned.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Frank Murphy, of Michigan, to be Governor General of the Philippine Islands.

Mr. STEPHENS. From the Committee on Commerce I report favorably the nomination of Frank T. Bell, of Washington, to be Commissioner of Fish and Fisheries, vice Henry O'Malley, and I ask unanimous consent for the present consideration of the nomination.

The PRESIDING OFFICER. Is there objection?

Mr. CAREY. I object.

The PRESIDING OFFICER. Objection is made, and the nomination will be placed on the calendar.

ASSISTANT SECRETARY OF COMMERCE

Mr. STEPHENS. From the Committee on Commerce I report favorably the nomination of John Dickinson, of Pennsylvania, to be Assistant Secretary of Commerce, vice Julius Klein, resigned.

The PRESIDING OFFICER. The nomination will be placed on the calendar.

UNITED STATES ATTORNEY, SOUTHERN DISTRICT OF CALIFORNIA

Mr. BLACK. From the Committee on the Judiciary I report favorably the nomination of Peirson M. Hall, of California, to be United States attorney, southern district of California. This nomination has the endorsement of both Senators from California, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The Senator from Alabama asks unanimous consent for the immediate consideration of the nomination just reported by him. Is there objection?

Mr. FESS. Let it be reported at the desk.

The Chief Clerk read as follows:

Peirson M. Hall, of California, to be United States attorney, southern district of California, to succeed John R. Layng, appointed by the court.

Mr. FESS. Mr. President, neither Senator from California is present.

Mr. BLACK. I just stated that both Senators approve the appointment.

Mr. FESS. Very well; I have no objection.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BLACK. I ask that the President may be notified.

The PRESIDING OFFICER. Without objection, the President will be notified.

COLLECTOR OF CUSTOMS AT SAN ANTONIO, TEX.

Mr. CONNALLY. From the Committee on Finance I report favorably the nomination of Harry L. Sexton, of Brownsville, Tex., to be collector of customs for customs collection district no. 23, with headquarters at San Antonio, Tex., and I ask unanimous consent for the present consideration of the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, without objection, the nomination is confirmed; and, without objection, the President will be notified.

ASSISTANT SECRETARY OF THE TREASURY

Mr. HARRISON. Mr. President, the Senator from Georgia [Mr. GEORGE] has reported favorably, from the Committee on Finance, the nomination of Lawrence Wood Robert, Jr., of Georgia, to be Assistant Secretary of the Treasury in place of Ferry K. Heath, resigned. I ask unanimous consent that the nomination may be confirmed at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the nomination is confirmed.

Mr. HARRISON. I ask that the President may be notified.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

RECESS

Mr. SMITH. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 28 minutes p.m.) the Senate, as in legislative session, took a recess until tomorrow, Friday, April 14, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 13 (legislative day of Apr. 11), 1933

ASSISTANT SECRETARY OF THE TREASURY

Lawrence Wood Robert, Jr., to be Assistant Secretary of the Treasury.

UNITED STATES ATTORNEY

Peirson M. Hall to be United States attorney, southern district of California.

COLLECTOR OF CUSTOMS

Harry L. Sexton to be collector of customs for customs collection district no. 23.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 13, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O God, the eternal and universal Father, Thy holy name be praised for the length, the breadth, and the intensity of divine love seen in our Savior's holy passion. We pray in humbleness of heart, make us worthy, forgive us our sins, and make us stronger wherein we have failed. Create in us more and more the blessed virtues, showing pity where pity is needed, patience where patience is required, gentleness and forbearance where they will encourage. O may we love where the temptation is to hate, and at all times bear one another's burdens. Teach us, dear Lord, these living qualities of life, and let them lodge in the inner courts of our souls. Brood over our President, our Speaker, and all Members of this Chamber, and help us all to bring forth the morning light of promise to our fellow men that they may have a sweet release from their pressing problems. May Thy kingdom come throughout the world, subduing racial prejudice, hateful dissensions, arrogance, dominating pride, and grasping selfishness, and may the Golden Rule of our gracious Heavenly Father be seen among all peoples. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate, sitting as a Court of Impeachment, has adopted an order relative to the answer of Harold Louderback, United States district judge for the northern district of California, to the articles of impeachment exhibited against him by the House of Representatives, an attested copy of which, together with an attested copy of said answer, by direction of the Senate was presented to the House.

PAYMENT OF THE PAGES OF THE SENATE AND HOUSE

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent for the present consideration of the following resolution.

The Clerk read as follows:

House Joint Resolution 152

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the payment of pages from April 1, 1933, until the end of the first session of the Seventy-third Congress, as follows:

For 21 pages for the Senate Chamber at the rate of pay provided by law, so much as may be necessary.

For 41 pages for the House of Representatives, including 10 pages for duty at the entrances to the Hall of the House, at the rate of pay provided by law, so much as may be necessary.

The SPEAKER. Is there objection?

Mr. SNELL. Reserving the right to object, I did not know that we had to have a special resolution for the payment of the pages. I thought they came under regular appropriations.

Mr. BUCHANAN. They do, but we have to provide for the special session.

Mr. SNELL. Is this the exact number we had previous to this time?

Mr. BUCHANAN. The exact number and the same amount of pay.

Mr. SNELL. It is necessary, then, because we do not have the appropriation for it under the legislative bill.

Mr. BUCHANAN. Yes.

The SPEAKER. Is there objection?

There was no objection.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

ELECTION TO STANDING COMMITTEES OF THE HOUSE

Mr. DOUGHTON. Mr. Speaker, I present the following privileged resolution.

The Clerk read as follows:

House Resolution 106

Resolved, That the following Members be, and they are hereby, elected members of the following standing committees of the House of Representatives, to wit:

Flood Control: ROBERT T. SECREST, Ohio;

Merchant Marine, Radio, and Fisheries: FRANCIS E. WALTER, Pennsylvania.

The resolution was agreed to.

EMERGENCY FARM MORTGAGE ACT OF 1933

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal

Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. ARNOLD in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Chairman, ladies and gentlemen of the Committee, I think it might be a little refreshing this morning, in view of the wide range of debate that took place yesterday, to recall exactly what this bill is. It does not propose to solve all the problems of agriculture; it offers help only to farm mortgagees.

I come to you from California as an actual farmer myself, representing one of the highly specialized agricultural districts in the State.

I am a member of the Committee on Agriculture for that reason, no doubt. There are a great many things that the Committee on Agriculture and this House cannot consider in connection with any farm problem. Take the matter of local taxes, which must be handled by the State and the counties themselves. Nor could our committee consider the great question of transportation costs, which to my mind—perhaps I am prejudiced because I live far from the centers of distribution, and transportation costs bear so heavily on our farmers—form one great factor that has depressed the farmer's income during the last 12 years.

There is the question of raising commodity prices. This House has taken action in an effort to raise them by passing the first agricultural bill now before the Senate. And the House and Senate both passed, and the President signed, an act which will at least restore the value of two of our great commodities, rice and hops.

I am hopeful that before this Congress is over another agricultural industry of my State, the grape-growing industry, will receive similar recognition and benefit at the hands of the Congress. But, gentlemen, you did not present to us in this bill a question of raising commodity prices or of cutting transportation costs or any other factor except the factor of relief of farm mortgages, and whatever additional benefits any of you may say could be obtained by any other bill, this bill presents at least certain concrete advantages that should earn the support of every Representative in the House who actually wants to benefit the "dirt" farmer.

In the first place, admitting that only 19 percent of the present farm mortgages are held by the Federal farm-land banks and the joint-stock land banks, even those who oppose the bill agree that that 19 percent will be benefited. But I want you to look further and examine the other provisions of the bill. Authority is given to the Federal land banks to purchase and exchange the new bonds that will be issued for first mortgages now held by banks, life-insurance companies, and every form of private lender under provisions which will result in the scaling down of both principal and interest. What has been quite overlooked in this debate, I think, is the fact that the plight of the lender today is almost as severe as that of the borrower.

We had testimony before our committee to the effect that lenders in a certain community were willing to scale down mortgages as much as 40 percent. Is it not reasonable to expect that these lenders will be just as willing to come under the operation of this act as the borrowers? There will be benefit to both, the lender securing a guaranty of the interest on his reduced obligation, the borrower the benefit of the reduction of both interest and principal. I believe that this provision will be so utilized that it will benefit over 50 percent of the mortgages now in existence.

Moreover, for the first time, as far as I know, there is contained in a provision of an act of Congress authority for direct loans to farmers, and I know of no more valuable provision than in title III of this bill. A man who now has a small loan at the bank, who needs money to finance his crops or who has a second mortgage that is practically unpayable, can arrange by adjustments with those to whom he owes money to secure a loan directly from the Federal farm organization. That provision alone would justify the enactment of this bill.

Nor can I bring myself to join some of the gentlemen in shuddering at the provisions of title II for the liquidation of joint-stock land banks. We are all agreed that they should be done away with and liquidated as soon as possible. It is only a question of method. We have written into the bill provisions that any money lent them must be in accordance with a plan approved by the Farm Loan Commissioner. We have gone as far as possible in extending the benefits of this act to borrowers from these banks who may not desire or be able to refinance with the Federal farm-loan banks. The only alternative to assisting the joint-stock land banks to liquidate in an orderly manner is to force them into receivership, and such receiverships would be costly and wasteful and produce no benefit whatever to the present borrowers from these banks. The chief consideration the committee has had has been to put these borrowers in a position where they can be refinanced at advantageous rates and with a reduction of the amount of the principal sums that they owe.

Finally, there are the provisions in title IV, which permit the refinancing of irrigation districts, levee districts, and drainage districts, which are in financial straits, for whom there is no relief now through any governmental agency. I believe that in the western country particularly the provisions of this title will be of vast benefit to the property holders whose land is under a lien of bonds issued by such districts. So, with a realization of these concrete benefits, which are in the bill, and a remembrance that this is only one of a series of bills aimed to restore agriculture, I hope the Membership of the House will pass the bill with a decisive majority. [Applause.]

Mr. JONES. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, I think I am not only entitled to 2 minutes, but I believe I am entitled to at least a service stripe for sitting here in the front benches every minute since this debate started, without even the protection of a gas mask. I did not vote for the rule under which the bill is being considered, but I do not want any of my good friends to become alarmed, fearing that I may run amuck. I have not seen anything in the so-called "consideration of the bill" to make me doubt the soundness of my judgment in voting against the rule.

I was present in this Chamber throughout the historic scene so graphically described last night by our distinguished leader when we overthrew Cannonism. I have a rather distinct recollection that in the ensuing Congress the precedents of Cannonism were not cited in support of a rule of action by Democrats under the Speakership of Champ Clark. So I am not very much persuaded by the citation of such precedents in the guidance of our action in the consideration of legislation.

I want to direct attention for a moment to title II, at section 202, authorizing a loan of $100,000,000 to joint-stock land banks.

One of the most informative discussions I have heard during the debate was upon and against this feature of the bill by the gentleman from West Virginia [Mr. FLANNAGAN]. If what he had to say on this section could have been said under the 5-minute rule for amendments, something would have happened to section 202, and something ought to happen to it.

This section appropriates $100,000,000 to this class of banks to enable them to refinance existing farm loans and to liquidate their affairs and go out of business. The gentleman pointed out—and it will pay you to read his remarks in the RECORD of yesterday, at page 1579—that these banks have outstanding bonds in the sum of $430,000,000, which are down to 25 and 30 cents on the dollar, and that these banks may speculate with this Government money by buying in their own bonds to the extent of $300,000,000, and make out of the transaction a profit of at least $200,000,000. He wanted the mortgagors, the landowners, to be given the

privilege of buying these bonds and offsetting them against their mortgages.

The answer from the Committee on Agriculture is that it was given legal advice that this would be unlawful; that a debt past due, such as the mortgage was, could not be offset against a debt not yet due, such as the bond was.

It was pointed out in reply that in order to get this $100,000,000 from the Reconstruction Finance Corporation the Federal land banks must agree to scale down the mortgage interest of the farmer to 5 percent per annum and must agree not to foreclose for a period of 2 years for any default in the payment of interest or principal, and that if the Government could impose these conditions, it could impose others. A sufficient argument should be that this is a loan to these insolvent banks and that they must accept the lender's terms or leave it alone. At least, if the mortgagors cannot buy the bonds, the banks ought to be prohibited from speculating in them to their own profit. If the bill was subject to amendment under the rule, it would be at least worth discussing and considering a third condition, as follows: That they, the banks—

Shall agree that no part of the funds hereby made available shall be used by said banks for the purpose of speculating in the bonds thereof.

We had enough speculating with Government farm-relief funds by the Federal Farm Board, and we know the results. It would be better to safeguard this large loan now against any possible diversion from its legitimate ends than to come back here at the next session of Congress and investigate what had been done with the money.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

EMERGENCY FARM MORTGAGE ACT OF 1933

Mr. WHITTINGTON. Mr. Chairman, the legislation under consideration is a part of the program of the administration for farm relief. There is no single solution of the agricultural problem. The pending act deals with farm mortgages. It is an emergency act. The bill provides for refinancing farm mortgages at lower rates of interest, for the liquidation of joint-stock land banks, for refinancing the short-term indebtedness of the farmer to enable him to secure working capital when necessary, and to enable him to redeem or repurchase his foreclosed farm home. The bill further provides for refinancing drainage, levee, and irrigation projects.

Farm mortgages constitute one of the major difficulties confronting not only the farmers themselves but the American people. Banks, insurance companies, and personal investors in mortgage bonds are vitally affected. Another and more potent difficulty is the violent decline in the price of farm commodities. The House has already passed House bill 3835, to increase the agricultural purchasing power, and thus restore reasonable commodity prices. The bill is now pending in the Senate.

I call attention to some important matters that have not been mentioned in the course of the debate. The bill is constructive. Two billion dollars are provided for extending and refinancing farm mortgages. The interest will be reduced and guaranteed by the Government. Unlike other relief legislation, no new bureau is established. President Roosevelt has already consolidated all of the agencies for farm loans. The act will be administered by existing agencies. There will thus be economy in administration.

Fifty million dollars are authorized for refinancing drainage, levee, and irrigation districts. This feature of the bill has been almost entirely overlooked in the debate. It is for the benefit of the land owners and not the holders of bonds. It provides emergency relief for worthwhile districts in the depression. It will aid in the reduction of taxes. The cost of production will thus be decreased. Worthwhile improvement projects for the benefit of land owners will thus be greatly aided by extending the time for payment and reducing the rate of interest.

I have no patience with those who criticize farmers because of their inability to discharge their obligations in the depression. The decline in commodity prices is responsible for their plight. When banks, insurance companies, and railway companies find themselves in financial difficulties and ask relief at the hands of the Government, the farmers of the Nation are not to be criticized for asking for similar aid. Many worthy farmers have lost their homes. A most constructive feature of the legislation is that $300,000,000 are made available for the reduction of the debts of farmers and for the redemption of mortgages that have been foreclosed within 2 years.

TERMS

The Federal land-bank system is strengthened and utilized for the emergency relief. The joint-stock land banks are to be liquidated orderly. Moreover, it is intended that they shall be liquidated for the benefit of borrowers as well as bondholders.

Two billion dollars in bonds with interest not to exceed 4 percent are authorized to reduce or extend the principal of farm mortgages and to guarantee the interest during the emergency. These bonds may be sold or exchanged for outstanding farm mortgages and the interest rate is to be reduced so that it shall not exceed 4½ percent per annum. While no provision is made for the reduction of the principal of the indebtedness to Federal land banks, nevertheless aid is stipulated. Installments on the payment of the principal may be extended for 5 years. The principal is thus deferred. The interest is reduced, as stated. Interest is an important item in the cost of production. Much aid will be provided by relieving landowners from the payment of the principal by the reduction of interest.

The outstanding feature of the legislation is funds for new loans. The need of agriculture and of commerce is credit. Many worthy farmers are unable to borrow at all. The bill provides for loans either through local associations or for direct loans by the Federal land banks themselves. The limitation for maximum loans is liberalized. The limit is fixed from $25,000 to $50,000. Personally, I wish there were no limitation at all, but I recognize that the Federal Government will not be called upon to refinance all farm mortgages. Forty-two percent of the farms in the United States are mortgaged. The Federal land banks hold 12 percent while the life-insurance companies hold 23 percent of the outstanding farm mortgages. Personally, I wish that provision were made for reducing the principal of the loans where the property for any reason is not worth at present the amount of the loan by the Federal land banks. I realize that some agency must administer the emergency relief. Postal savings and other Government funds are invested in Federal land bank bonds.

Unable to reduce the principal because of inability to impair contracts, provision is made for extending the principal and reducing the rate of interest. Provision is made for refinancing existing indebtedness held by other mortgagees, and funds for new loans are provided. The Farm Loan Commissioner is vested with large discretion, and I believe that the Commissioner will exercise the discretion to make adjustments in Federal land-bank loans where there was overvaluation at the time of the loan or where the value of the property has depreciated from any cause whatsoever so that the reasonable value of the property is now less than the principal amount of the loan. While the act is intended to give the Federal Farm Loan Commissioner the power to reduce the amount due on the loan, if the loan is greater than the reappraisal value by Federal land appraisers I have urged the committee to offer the following amendment, which I would offer on the floor if permitted under the rule:

AMENDMENTS

Page 11, after line 24, insert:

SEC. 8. Section 13 of the Federal Farm Loan Act, as amended, is amended by adding at the end thereof the following new paragraph:

"Fourteenth. At any time within 2 years after this paragraph takes effect, upon application of any borrower who has obtained a loan from a Federal land bank if the unpaid principal of the loan is shown, upon reappraisal by land-bank appraisers, to be greater than the value of the property mortgaged, to reduce the amount due on the loan to the amount of such value and to refinance the mortgage on the basis of such amount."

I have recommended to the committee and would also offer a like amendment in connection with joint-stock land banks. However, I am sure that under the law the joint-stock land banks have the power now, and I understand the power has been exercised in many cases, to make settlements and adjustments in cases where it develops the value of the property is less than the amount of the loan.

Again, the bonds of joint-stock land banks are now worth less than par. I want to aid these banks, but I want to aid them so that the banks can aid their borrowers as well as their creditors. I want to be fair both to creditor and debtor. The borrower knows he is being discriminated against when the joint-stock land banks can discharge their obligations by paying from one third to one half the face value of their obligations, whereas the borrower is required to pay the full value of his obligations. In many cases worthy borrowers have been foreclosed and the banks have resold the property and have profited by the transactions. Such was never the intention of the law. I do not believe that the Farm Loan Commissioner will permit such a practice in the further administration of the law. However, I have urged the committee to propose, and if I were permitted I would offer on the floor the following clarifying amendments:

Page 14, line 12, strike out "and."

Page 14, line 20, before the period, insert: "and (3) shall have agreed that in any case in which the proceeds of any loan made under this section are used for the purchase of outstanding bonds issued by the bank at a price less than the par value of such bonds, the bank shall make a reduction in the unpaid principal of all mortgage loans held by such bank equal to the difference between the total amount so paid and the total face value of the bonds so purchased, and the reduction made in the unpaid principal of each such mortgage loan shall be an amount which bears the same proportion to the amount of such difference as the unpaid principal of such mortgage loan bears to the unpaid principal of all mortgage loans held by the bank."

Joint-stock land banks are to be liquidated and are not permitted to make new loans. The liquidation is to be orderly. There are to be no foreclosures within 2 years. The interest is to be reduced to 5 percent per annum. Loans are authorized by the Farm Loan Commissioner to joint-stock land banks to prevent foreclosures and to provide for reduction in interest.

With many others I condemn most emphatically the policy of some joint-stock land banks in foreclosing worthy borrowers who are endeavoring to carry on and in reselling the property with profit to the banks themselves. The Farm Loan Commissioner has broad discretion. The emergency loans to the joint-stock land banks for orderly liquidation are primarily for the benefit of the borrowers. The Farm Loan Commissioner will exercise the discretion to prevent further injustices to borrowers. It is not just, it is not right, that borrowers should be expected to repay in full loans contracted on the basis of 20-cent cotton with cotton at 5 cents a pound when the joint-stock land banks can purchase their obligations at 40 cents on the dollar. The debtors and the creditors, the mortgagors and the mortgagees, the farmers and the bondholders should all participate in the losses and in the benefits of the loans for orderly liquidation of these banks. I should like, as I have stated, to see an affirmative provision in the bill that would authorize adjustments with landowners where mortgages to the joint-stock land banks are for excessive amounts. These banks should make adjustments with borrowers in the case of excessive loans or in the case of loans where there has been a deterioration so that the borrowers can repay the values of the lands. The Federal Farm Loan Commissioner, in the exercise of the discretion under the terms of the act, will give both debtor and creditor the square deal authorized under the discretion vested in him under the terms of the act.

THE RULE

There has been criticism of the rule under which the bill is being considered. It will be kept in mind that the bill deals largely with contractual rights. Ill-considered or hasty amendments might affect the validity of the entire bill. The committee considered the act most carefully. While amendments are limited, they are not prohibited. Any Member of Congress can secure consideration of any proposed amendment. It will be considered by the committee just as the bill itself was considered and reported by the committee.

During the course of the general debate substantially no other constructive amendments have been proposed. A substitute has been suggested. This substitute may be offered under the motion to recommit.

OBJECTIONS

The minority report favors the so-called "Frazier bill" to provide for the refinancing of all farm mortgages at a rate of 1½ percent. Provision would be made not only for refinancing the farm-mortgage indebtedness of 1933, estimated at $8,500,000,000, but for repurchase of farms foreclosed in the past 12 years. Personally, I wish that the rate of interest might be less than 4½ per cent provided by the bill. I know of no way for the Government to secure money either for itself or for the farmers except to pay for it. The rate of interest in the bill is not to be in excess of 4½ percent. It may be less. The rate of interest is determined by the amount that the Government has to pay as interest on long-time bonds. It is untenable to assert that the Government can issue Federal Reserve notes bearing 1½ percent interest to discharge its obligations or to provide for farm loans when Government bonds are now bringing from 3½ percent to 4 percent. Again, the Government cannot be expected to finance all farm mortgages. There would be discrimination against individuals and against institutions. Government aid in farm mortgages is to assist and not to take the place of private agencies. Loans by private agencies should be encouraged. Government aid is to prevent abuses by private agencies.

The farmers are in difficult plight. Their situation is made worse by misleading statements. All laws are imperfect; all laws have their defects, but Congress, by and large, has made provision for loans to farmers at as small rates of interest as have been extended to other borrowers.

MERCHANT MARINE

It has been said that under the Merchant Marine Act of 1920 and the Merchant Marine Act of 1928 the United States provided loans for shipping for less than the rate of interest provided for farm loans in the pending bill. The rates under the Merchant Marine Act of 1920, which aggregated about $18,000,000, were substantially the same as the rates under the pending emergency bill. Under the Merchant Marine Act of 1928, loans aggregating $130,000,000 have been made and the rates of interest at first were very small. The Merchant Marine Act of 1928 provided that the loans for foreign shipping should be made at a rate of interest comparable to what the Government was paying for loans at the time. The low rate of interest on the initial loans made under the act of 1928 was never contemplated. In 1931, when the situation was brought to the attention of Congress, the act was amended to provide that the rate should not be less than 3½ percent for foreign vessels and 5¼ percent for coastwise vessels. It will be kept in mind that the purpose of the Merchant Marine Act is to promote foreign commerce and to provide for the national defense. Under all the loans the vessels are constructed in accordance with the requirements of the Government and may be taken over at cost in the event of war. We remember that enormous sums of money, millions upon millions, were expended for building ships in the World War. The Merchant Marine Act will thus provide for foreign trade and for national defense.

FOREIGN DEBTS

Those who would mislead the farmer into believing that Congress is deliberately discriminating against him argue that the debts of our former Allies in the World War bear a rate of interest less than the rate of interest provided for mortgages in the pending bill and that therefore the rate of interest should be reduced. The answer is twofold. The rate in the act may be reduced, and in the second place the two cases are not analogous. It will always be remembered

that the rate of interest on the foreign debts was not on loans made or money advanced at the time of the transaction. These debts were war debts. They were contracted as war measures. The advances were almost wholly used in the United States in the purchase of wheat, cotton, and other commodities and materials. The money was expended in the United States in the case of both war and postwar loans. The rate of interest in the funding agreements was not on advances made or loans contracted at the time the rates were fixed. The foreign-debt settlements were made in an effort to collect obligations due the United States. Even with the reduction of interest, several nations are in default. They have not paid with the smaller rates of interest. Some statesmen assert that the United States should follow the course of Andrew Jackson in forcing the collection of foreign debts. The amount of the French indebtedness to the United States during the Jackson administration was approximately $5,000,000. It was finally paid. The facts of the indebtedness in the Jackson era and the facts of the indebtedness growing out of the World War are altogether different. It was not a case of allies or common cause.

What is the alternative if our former Allies refuse to pay? Who would advocate another war to collect the debts? Foreign-debt settlements were an effort to collect obligations already incurred for the relief of the American taxpayers.

FARM LOANS

It is not fair to say that Congress has deliberately discriminated against farmers in the matter of rates of interest. Under the Agricultural Marketing Act of 1929 a revolving fund of $500,000,000 was authorized and the full amount was appropriated. The rates of interest on the loans were substantially the provision originally incorporated in the Merchant Marine Act of 1928. It stipulated that in no case should the rate exceed 4 percent. Under the law money was advanced for agricultural relief by the Federal farm loan at rates of interest from one eighth of 1 percent to 3⅝ percent. The aggregate loans under the Agricultural Marketing Act amounted to $1,118,445,788.32, from the adoption of the act to April 1, 1933.

Whatever may be said of the rule under which the bill is being considered, the only substantial objection has been by the advocates of the Frazier bill. There is no gag rule in their case. A motion to recommit will permit a vote on the Frazier bill. A substitute of the Frazier bill would mean no legislation at all in the emergency that confronts the farmers of the Nation. They need refinancing. Ill-considered and uneconomic refinancing would be worse than no refinancing at all.

The arguments with respect to interest on merchant marine loans and on foreign-debt settlements are without merit. I agree that a mistake was made and that too small a rate was charged in some of the merchant marine loans, but when the Government has made a mistake, when a wrong policy has been pursued, the remedy is not to repeat the mistake but to correct it. If the rate of interest in other cases has been too small, the remedy is to correct it in future legislation.

We have heard too much in advocacy of appropriations from the Federal Treasury by those who urged the appropriations because previous unfair and unjust appropriations have been made. Every appropriation should stand on its own merits. All legislation should stand or fall on its own merits. The Government cannot lend money for less than it can borrow it. The mere issue of Treasury certificates or Federal Reserve notes will not suffice. There must be sound financing by the Government. Of course, there is room for the expansion of the currency. Such expansion must be sound. The present administration has made provision for expanding the currency in excess of $2,000,000,000. If such expansion does not do the job, there will be further sound expansion of the currency.

The emergency act is a further step in the right direction. It is constructive, will benefit farm owners, and should promote the return of normal conditions.

EMERGENCY FARM RELIEF

In further extending my remarks, I call attention again to the fact that the House has already passed the administration measure, H.R. 3835, to increase the agricultural purchasing power. The purpose is that the purchasing power with respect to articles bought by the farmers be equivalent to the purchasing power of agricultural commodities in the pre-war period from August 1909 to July 1914. The bill is intended to maintain a balance between production and consumption. Since 1928 the prices of farm products have dropped an average of 60 percent, while the decrease in farm purchases or articles purchased by the farmers has been only 29 percent. The price level of farm commodities is only 50 percent of the pre-war level, while the prices paid by farmers for things bought by them is 102 percent of the pre-war level. Farm taxes are more than 2½ times as much as they were prior to the World War. Such a condition is intolerable. There are 6,000,000 farmers in the Nation. The purchasing power of 30,000,000 people has been substantially eliminated. Manufacturing is adversely affected. Transportation has been crippled. Banking has been paralyzed. There can be no prosperity for industry unless there is prosperity for agriculture.

I have no patience with those who say that legislation cannot aid the farmer. Manufacturing has profited from high tariffs. The railways have increased their rates as a result of congressional action. Loans have been made to banks and insurance companies. Farmers are entitled to the equivalent of the relief extended to manufacturing and commerce. The administration seeks to relieve agriculture. The emergency farm relief bill heretofore passed by the House, as I have stated, is now pending in the Senate. The purpose is to increase the price of cotton and other major agricultural commodities to at least the pre-war level. There can be no economic recovery from the existing depression without reasonable increases in commodity prices. The measure was proposed by President Roosevelt. It is the emergency farm-relief plan of the administration. The redeeming feature is the statement of President Roosevelt that he will be the first to acknowledge and to advise Congress if the act does not produce the desired results. In his message recommending the passage of the bill the President frankly stated that the legislation was a new and untrod path. He emphasized, however, that unprecedented conditions called for new and unprecedented remedies.

Another redeeming feature of the legislation is that the President may terminate by proclamation the provisions of the act with respect to any commodity after the emergency has ended. It is also provided that any of the powers conferred upon the Secretary, or any other provision of the bill, may be terminated by the President if he ascertains that they are not necessary to carry out the declared policy of the act.

THE OBJECT

The object is to restore the pre-war purchasing power of cotton and other basic agricultural commodities. For instance, on February 15, 1933, cotton was selling at 5½ cents per pound. The aim of the bill would be to raise the price of cotton to the pre-war level of 13 cents per pound. The goal will not be immediately reached. The demands of the domestic and foreign markets will be considered. The consumers are to be kept in mind. The bill provides that in the readjustment no larger percentage of the consumer's dollar shall be expended for agricultural commodities than was returned to the farmer in the pre-war period.

BROAD POWERS

To accomplish the declared policy of the Farm Relief Act broad powers are conferred upon the Secretary of Agriculture. While they are broad, they are flexible. While they are broad, they are limited. There must be no increase in price to the consumer. The Secretary is authorized to provide for reduction in acreage or production, to enter into marketing agreements, to license processors, to use the Smith cotton-option contract to reduce acreage, and to impose excise and process taxes on agricultural commodities.

Marginal lands may be rented. All agreements are to protect the public interest. They are to be made only for the purpose of effectuating the return of the pre-war purchasing power of agricultural commodities. They are to promote gradual establishing and maintaining the balance between production and consumption. Unfair practices by processors and other agencies are provided against.

It is intended to aid the grower, but the manufacturer or consumer is to be protected. The domestic manufacturer is especially protected. There are imposed taxes upon imports to protect domestic manufacturers. They are safeguarded against foreign competition. Both consumer and producer are protected against substitutes. The compensating tax will prevent a substitute.

The act will be self-supporting. There is no price fixing in the bill as passed by the House. There is to be no Government subsidy. Domestic markets are encouraged and foreign markets are promoted. Cotton and manufactured products will move in export just as they do now, free from any tax.

The vice in previous agricultural legislation was that similar relief was provided for all commodities. In the administration bill the powers are flexible. Different methods may be applied to different commodities. In fact, different methods may be applied to the same commodity. The act is intended to give to wheat, cotton, and other products of which we produce a surplus the equivalent benefit of the tariff. The tariff reserves to the American manufacturer the domestic market. The bill would increase the domestic price of cotton just as the tariff increases the domestic price of manufactured articles.

SMITH COTTON OPTION

The Smith cotton option plan is incorporated in the act. It provides for reducing cotton acreage substantially 30 percent. It will take from the market the cotton now controlled by the Federal Farm Board and the Secretary of Agriculture. By decreasing production there is to be an increase in the price of cotton.

It is my thought that the Smith plan will be the only part of the bill to be incorporated certainly for the next year with respect to cotton. Frankly, I have grave doubts as to the so-called "allotment plan." I do not believe it to be applicable to cotton. The features of the plan in the pending bill have been very materially liberalized. The provisions are flexible and the plan is voluntary.

CONSUMERS

Consumers are protected. Wages are safeguarded. The consumers do not receive the benefits of reduced prices in agricultural products, anyway. The whole purpose of agricultural relief is to reduce the cost of distribution. The taxes provided by the bill will only slightly affect the retail price. Bread prices are the same as in 1913, but wheat was twice as high in 1913 as it is in 1933. Doubling the price of cotton would increase the price of a cotton shirt selling for a dollar by 2 cents. In the case of cotton goods only a small percentage of the retail price goes to the farmer. There can be no prosperity for the manufacturer unless the farmer is able to produce the necessities of life.

ADMINISTRATIVE COSTS

The costs of administration have been safeguarded. It has been said that the employees are to be exempt from the civil service and classification acts. The legislation is needed immediately. There is no time for civil service examinations. A similar provision was incorporated in the legislation authorizing the establishment of the Reconstruction Finance Corporation. In the pending bill, however, no salary of any employee, officer, or expert will be in excess of $10,000.

VOLUNTARY AND SELF-SUSTAINING

The legislation is self-sustaining. Subsidies are not contemplated. Bureaucracy is discouraged. No great administrative force is needed. Existing agencies are to be utilized. There will be no further stabilization operations. In the reorganization of the farm-loan agencies of the Government, President Roosevelt by Executive order eliminated the provision for stabilization contained in the Agricultural Marketing Act of 1929. Public funds will not be used for private purposes. The sooner the Government gets out of all business, the better.

After all, the success or failure of farm relief depends upon administration. The present administration has demonstrated that it is determined to aid agriculture. The provisions of the bill are flexible. The powers are broad. The act will be terminated when the existing emergency has ended.

Under the leadership of President Roosevelt, the House is about to take another step to restore normal agricultural conditions. It has passed the emergency farm bill. It will now shortly pass the Emergency Farm Mortgage Act. Agriculture will thus be given not only a new but a square deal.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. WHITTINGTON] has expired.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Chairman, it was not my intention or desire to speak upon this bill, but I am constrained to take the floor to explain my vote and position upon this legislation.

It is the desire and wish of all good citizens that their country should be right, just, and fair toward all men and other peoples and nations. And yet there comes a time in the affairs of citizenship, men, and nations when men must stand by their country, wrong or right, in order to safeguard the institutions of civil life and to maintain peace and order under the forms of government and law.

While political parties were in no wise provided for in the Federal Constitution or by any statutory law under the Constitution, political parties have become necessary to organize the voters, to enable them to express their will and wish at the polls in the exercise of the right of franchise on election day. For every voter to undertake to nominate candidates, elect public officials, or declare policies of government, each acting separately for himself, without party organization or cooperation under a political party, would bring about greater confusion at the ballot box than the confusion of tongues at the Tower of Babel.

Political parties have come as vital necessities in the administration of government and the direction of public affairs. They are today a part of our governmental agencies as fully, completely, and effectively as if originally provided for in the organic law creating Government, State, and Nation. Under this system of political parties which has grown up under custom and usage the political party in power and directing public affairs becomes the Government itself. And when the time comes under a great emergency or crisis for men to be with their Government, they must be with their party, wrong or right, to be with the country, wrong or right. We are now in a state of economic siege or industrial warfare, under which Congress has seen fit to confer extraordinary powers to meet and deal with the crisis as in an armed conflict, to cope with a formidable foe.

I have not determined to support this bill on its merits as a farm-relief measure. I am supporting this bill more to maintain the prestige of the party administration and directing the Government, more for psychological effect, more to maintain and stabilize the wavering, swaying public minds, the unrest of the people brought about by want, suffering, and distress in the midst of plenty and great abundance. I have determined to support this measure until legislation can be considered and enacted affording substantial and practical relief.

If I believed this measure was all that was to come, all that could be looked to for farm relief, I would despair of hope for farming and agriculture. I would leave this hall of inanimated flags and statuary and seek seclusion and solitude in fasting and prayer. I would appeal to Almighty God as the last resort for the rescue of agriculture from the blight of this scourge or depression, and from the menace threatening a system of landlord and tenant in America.

There are some parts of this bill beyond understanding, or at least none of which the proponents of the bill have

undertaken to explain. But there are many problems of life which are impossible of solution—the problems of birth, life, and death, the problems of time, space, and eternity, all beyond the powers and comprehension of men to solve. We must accept all these without solution and live on.

But there are other provisions of this bill which might be explained and should be explained before the roll is called. It should be explained to the Members of this House how the laboring man today who cannot buy enough milk for his children at the present price, can buy more milk at a higher price, without his wages being raised to meet the increased price of milk. It should be explained here how we can levy and collect a tax upon the consumer of farm food to raise the price to the producers of farm food without correspondingly increasing the consumer's earnings and income to meet the increased price. It ought to be explained, also, to the farmer themselves, how the farmer can raise less and have more.

It ought also to be explained how the Government can finance and make loans mounting in the myriad millions to the banks of the country, to the railroads of the country, to the insurance companies of the country, and assume the debts, obligations, and losses of widespread failing and defunct industries while at the same time supporting 14,000,000 people in enforced idleness and assuming the obligation of $2,000,000,000 more to take up farm mortgages in default and national insolvency and bankruptcy. It ought to be further explained and made certain as to whether this $2,000,000,000 obligation assumed in the name of farm relief is all for the farmers or for the relief of money lenders and mortgage holders now unable to collect interest or principal on their debt. Even under the most advantageous administration of the operations provided for, the farmers will still owe the debts, will still be obligated for the interest, and with no provision under which to increase their earnings and income with which to pay and satisfy the liens against their land. The Government is to guarantee the payment of the interest coming due to the debt holders, but without a guaranty or without an opportunity afforded to the farmers of the means and ability to pay to save their farm homes for themselves and for their children.

The most earnest and insistent friends of this bill will only say that it is an experiment which they hope will afford some relief, sometime, now or in the far-distant, hazy future. They further assert, and this with positive assurance, that the bill can make conditions no worse. This is the one claim and theory of the bill with which I am in full agreement and accord, that is, that if it fails of relief it can make conditions no worse, as under present conditions it would appear that conditions could not be worse. Upon this claim of the bill I will take my stand. Upon this rock I will build my castle of justification, here I will make my defense for support of the bill. My position will be impregnable on the grounds of merit of the measure to meet the crisis at hand.

But here is a remarkable departure from emergency measures. The house is on fire. The fire department has arrived. The hose is connected with the hydrant. All is ready to throw the water and stop the blaze. The water or, in this case, the currency supply is full and ample and ready to be made available for the emergency but the fire engines are stopped to experiment with a new and unknown chemical without knowledge or assurance of the effect as to whether it will add to the flame or extinguish the fire. Such is the role assumed by the ultraconservatism of the day.

But this bill will not remedy the cause of this farm crisis, even directly or remotely. This farm panic or depression was brought upon the country by a fall of values, or the price level, taking away from the farmers their earnings and income, destroying their taxpaying power, their interest-, debt-, and mortgage-paying power, and leaving them without surplus means, without buying and consuming power to provide the necessaries of life, and live. This fall of values and the price level was caused by the secret contraction of money and credits by international financiers and manipulating bankers deliberately to double, triple, and multiply the value of their property, their money, and certain war-debt claims and bonds.

Under this secret contraction of money and credits the relative value of money and the price level was deliberately and criminally changed to take from the people their substance and property—calling for double, triple, and fivefold the farmer's corn, wheat, his farm crops, and stock to pay and satisfy the same taxes, interest, debts, and mortgages. This bill leaves this multiplied and crushing debt burden still weighing down upon farming and agriculture, and under which the farmers will remain powerless to pay and live.

There can be no relief from this panic until there is a rise of farm values and the price level, a restoration of farm earnings and income. And there can be no substantial or permanent rise of values and the price level until there is a restoration of money and credits secretly contracted and withdrawn from circulation. Until there is a restoration of money and credits the farmers of the country will remain without hope. And unless there is such a restoration promptly and without delay the farmers' cause is lost. And we are left face to face with a landlord and tenant system in America with the former farm-home owners as tenants, with their children to inherit their servitude and to work under the lash of farm-corporation taskmasters.

The remedy to avert this crisis and disaster does not call for so-called "inflation." This remedy does not even call for expansion of the currency. It calls for a restoration of money and credit, secretly contracted and withdrawn from circulation under a financial conspiracy deliberately entered into and carried out under the veil of a gentlemen's agreement. This bill will not restore the volume and supply of money necessary to raise values and the price level and give back to the farmers their tax-, interest-, debt-, and mortgage-paying power even without the means or surplus necessary and required to provide the necessaries of life, and live.

Mr. JONES. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. STRONG].

Mr. STRONG of Texas. Mr. Chairman, I favor this bill because I believe it will bring relief to the farmers of this country; but I believe the relief will only be temporary, for if this bill is passed the same manipulators who have been in control of the financial system of this country for the past 12 years will still be in control and can create such depression as is now prevailing throughout the Nation at any time they so desire. Therefore this bill can only bring temporary relief.

What the country needs is a system of finances which will keep sufficient money in circulation at all times to properly conduct all the commercial affairs of the Nation. Under our present system this policy cannot be carried through, as a few manipulators who are now controlling the circulation of money desire otherwise. The Constitution plainly commands that Congress shall issue money and regulate the value thereof, and until Congress performs that plain, simple command of the Constitution we may expect such depressions as the one now prevailing throughout the country. The object of this bill is to aid farmers who are unable to pay the principal and interest on farm mortgages which are now held against their farms. Bonds are to be issued by the Government bearing interest upon which money is to be secured in aiding the farmers to pay the mortgages against their lands, the Government guaranteeing the interest payment upon such bonds. It is estimated this interest will amount to about $80,000,000 annually. Instead of creating this vast indebtedness by bond issues, why not the Government issue currency, which would place plenty of money in circulation to carry on the business of the country? This would enable the farmers to sell their products at a profit, thereby enabling them to pay the interest and also the principal of the mortgages against their farms, and with a system which would keep sufficient money in circulation at all times—would prevent the return of such depression from which the country is now suffering. But unless this is done, as I have already said, the relief brought

about by this bill will be temporary, and such depressions will return at any time the few financial manipulators who are now controlling the circulation of money in the country cease to allow proper circulation of same.

If Congress will obey the plain mandate of the Constitution in regard to issuing money and not farm out this principal function of government to a few malicious manipulators, all business, including the farming interests, will be relieved, and such depressions as the one now afflicting this Nation would be made impossible. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. TERRELL].

Mr. TERRELL. Mr. Chairman, I wish to discuss this bill in connection with the agricultural relief bill already passed and now pending in the Senate, as it is a companion measure in carrying out the present agricultural relief plans. The Senate Committee on Agriculture has added this farm mortgage bill and some other material amendments to the farm bill, and I desire to discuss them all together, discussing first the price relief bill and, second, the farm mortgage bill. This double-barrel bill in the Senate reminds me of the Negro's fish-trap—it is set to "ketch em gwine and cummin." It contains the "allotment plan", the "buy-a-bale plan", the "cost-price plan", the "processor's-tax plan", the "farm mortgage relief plan", the "drainage levee and irrigation district relief plan", and, finally, a plan to bankrupt the Government of the United States by excessive bond issues and high interest rates.

No man can lift himself up by his boot-straps and no government or individual can get out of debt and remain out of debt by borrowing money at a high rate of interest.

There is not a Representative in this House whose district will not be affected by some phase of this "omnibus bill", and the prospect of borrowing money from the Government to liquidate debts appeals to many people and brings pressure upon Congress to enact this kind of legislation.

These various propositions are embodied in this bill by amendment in the Senate, to gain votes from various sections of the country affected by its provisions. I believe in every tub standing on its own bottom, and every proposition standing on its own merits, if it has any merits; and if it has none, let it fall by its own weight and not tack it on to something else to bolster it up; and I believe further, that every measure of such vast importance to the people should be carefully considered and not passed under gag rule with no opportunity to amend it, as is now being done.

I am a practical farmer with many years of experience at the plow and with 10 years' experience as commissioner of agriculture of the greatest agricultural State in the Union, and I have close contact with every phase of agriculture, and I believe that I know what the farmers want and what they need.

The real "dirt farmers" would not favor this bill if it were properly explained to them, but they are suffering from high taxes and low prices, and like the drowning man, they will "catch at a straw." Some of the farm leaders favor this bill because they hope to get a good job with the Government in assisting in the administration of the law. All the experiments with farm-relief legislation, like the Marketing Act and Farm Board, have failed with tremendous loss to the Government, so why repeat these great losses by taxing the people another billion dollars to try a new experiment when a practical remedy is in sight? The farmers are tired of being fooled. They ask for bread and you give them a stone in the form of more bond issues and more taxes.

If you are going to try to raise the prices of farm products by legislation—and they must be raised for the stability and safety of all industry—there are but two ways to do it. First, and the sensible way, is to adopt a sound and honest money system controlled by the Government in accordance with the mandate of the Constitution, with the dollar stabilized at a fair exchange price for the products of the farm and factory, with ample money to supply purchasing power. This will raise the level of prices and we will not need this kind of legislation. Second, if we are going to try to raise prices by experimental and artificial means, it would be better and less costly to let the Secretary of Agriculture estimate the amount of staple farm products named in this bill needed for world consumption and make voluntary contracts with the farmers to grow that amount and guarantee a price to cover the average cost of production and a reasonable profit similar to the Simpson amendment embodied in the Senate amendment, which leaves out any profit to the grower.

The growers will voluntarily sign such a contract and comply with it when guaranteed a profitable price, but not otherwise, and this contract can be signed in 30 days through existing agencies. If perchance a surplus is grown, the farmer must carry the surplus, and it would be taken into consideration in estimating the next year's allotment to be grown.

Not a man in this House understands or can explain the agricultural relief bill. To prove this, I quote from statements in the Senate discussion of the bill as follows:

Senator LOGAN. I should like to ask the chairman of the committee [Senator SMITH] if he is entirely sure that he can explain so we can understand them the different principles in this bill?

Senator SMITH. No, sir; I am going to read the bill and tell what it makes an assault with intent to do. [Laughter.]

It strikes down our constitutional safeguards and surrenders the powers of Congress by giving dictatorial powers to one man to do everything and accomplish nothing for the people.

It is my opinion that when prices are stabilized on a basis of proper supply that the trade will fall in line with the Government and purchase the products at the price named by the Government without license or an excessive processing fee and without the threat of a $1,000 per day fine for doing business without a license, because they will be protected against violent fluctuations in prices and can deal safely in these products just like they did in wheat when the price was fixed by the Government and no loss was incurred. There has never been a permanent surplus of agricultural products, and would be no surplus now if the people had the money to supply their needs, and they will never have the money until they are paid a profitable price and idle laborers are employed and given purchasing power.

If perchance the trade did not take the products at the price named by the Government, it would be cheaper and easier for the Government to pay the growers the difference between the market price and the Government price rather than continue with experiments like those of the Farm Board and processing taxes embodied in the farm relief bill, where heavy losses have been incurred under the Farm Board and are almost sure to be incurred under this bill. Besides this, the licensing of dealers and processors and the collection of a processing tax amounting to probably a billion dollars will cost the consumers more money than it would require to pay the difference between the market price and the Government price, and the policy of this processing tax with heavy penalties would shake the foundations of the business structure of the country, built upon a century of successful business experience.

The Government can easily go too far when it undertakes to control by law the operations of farmers and business institutions, except to protect the public against unfair business transactions which rob the people of the fruits of their toil. Such measures as this are contrary to the genius of a free people and were never contemplated by the framers of the Constitution and are not authorized by that once sacred document.

FARM MORTGAGE BILL

The farm mortgage relief bill is a little "sop" tacked onto the agricultural bill to grease it so it can be more easily swallowed. I should be glad to support a measure offering some real relief for the farm-mortgage indebtedness, to reduce the interest rate and stop foreclosures; but this bill provides for a bond issue of $2,000,000,000 with an interest rate to the farmers of 4½ percent, which is not much relief

compared with the low price of his products, the only means through which the debt can be paid. I am for the Frazier bill, with some changes, which provides for the issuance of bonds to take up these mortgages at the rate of 1½ percent interest and 1½ percent on the principal on the amortization plan, and am not for this subterfuge which continues to make the Government subservient to the bankers by guaranteeing the interest and establishes the bankers permanently with their hands in the Public Treasury. Under the rule adopted, we are not permitted to offer the Frazier bill as an amendment.

I want to cut loose from bankers' control of the money of this country and drive the moneychangers from the temple of the Treasury of the United States, and this is the best time to do it and make them do business on their own money and permit the Government to resume control of the money in the interest of all the people. Why should the Government delegate its credit to a few people to control the credit of all the people?

Every banker who has United States bonds eligible to the circulation privilege can get interest on $2 for every dollar he owns. If the Government would pay me $2 for every dollar's worth of products I make on the farm, as it pays the banks for their bonds, my farm would be self-supporting.

The banks have had this Government by the throat long enough, and they have demonstrated already that they cannot be trusted to handle the Government funds and deposits of the people unless these deposits are guaranteed. Do not take my word for this statement, but take the inaugural address of the President delivered March 4 of this year and see what he says. I quote:

> Our distress comes from no failure of substance. We are stricken by no plague of locusts. Compared with the perils which our forefathers conquered because they believed and were not afraid, we have still much to be thankful for. Nature still offers her bounty and human efforts have multiplied it. Plenty is at our doorstep, but a generous use of it languishes in the very sight of the supply. Primarily this is because the rulers of exchange of mankind's goods have failed, through their stubbornness and their own incompetence, have admitted their failure, and abdicated. Practices of the unscrupulous moneychangers stand indicted in the court of public opinion, rejected by the hearts and minds of men.

This country must have more money upon which to do business without issuing bonds and borrowing it from the bankers. We now owe about $21,000,000,000, and this bill proposes the issuance of two billions more, with various projects, adding about five billions more of bonded debt without any way of paying the debt except to borrow more money and pay more interest. Under such a system the property of the people is mortgaged for generations to come.

We must either issue Treasury notes without interest to pay for these projects or we must increase the metallic base for the issuance of more money by the free coinage of silver. This latter plan would enable us to trade with the silver-using countries of the world on more equal terms than is possible under the gold standard alone. The whole country is overbonded and industry is overcapitalized with fictitious stocks and bonds, upon which the people are paying exorbitant charges. We must squeeze the water out of these overcapitalized industries and scale them down to a fair cost value so they can earn a fair interest on the actual cash value of the investment.

If Government bonds drawing interest are a safe basis for issuing money—and the bankers say it is, and it is the method now used by the Government to increase the amount of money—why is not a Treasury note bearing no interest, printed on the same press that prints the bank note, just as good as the bank note, when it has the strength of the Government and all the taxpayers behind it? I should like for some "bloated bondholder" to answer this question: "What will be used as a basis for currency when the bonds are all redeemed, if that ever happens?"

The question of the soundness of money and the proper supply of money can and should be regulated by the Government, regardless of what basis is used, as it is purely and solely a Government function.

This question of money has caused trouble before, and it has been said that money is the root of all evil. I am sure that the lack of money has caused much suffering.

Andrew Jackson met the money power during his administration by vetoing the bank bill, and Congress could not pass it over his veto, so the Government was divorced from domination by the banks until it was gripped in a great Civil War, and the banks got control again and established the national banking system, and they have had their hands in the Public Treasury ever since, and secured a death grip on the Government during the World War.

Abe Lincoln checked them for a time when they tried to hold the Government up for an exorbitant interest rate, and he issued his greenbacks and told them the Government was able to finance itself and would do so, unless the banks would lend the money at a reasonable rate. He carried his point and preserved the Union.

To emphasize my position I insert quotations from the Senate Agricultural Committee in reporting out the agricultural relief bill, as follows:

> In reporting this favorably we feel that we should advise the Senate that, in our opinion, the bill will not alone afford the relief which the farmer must have to enable him to survive economically.
>
> Prior to the bank holiday some 12,000 banks failed, resulting in the destruction of some 20 billions of bank credit or deposit money. With the ending of the holiday, additional thousands of banks failed to open, resulting in the temporary if not permanent destruction of additional billions of what we call and use for money.
>
> During the past 3 weeks the Federal Reserve System has disposed of bills and United States Government securities in the total sum of over $1,000,000,000, Reserve-bank credit has been contracted in the sum of $956,000,000, and the money in circulation has been deflated in the total sum of $1,185,000,000.
>
> We report these facts and state that no substantial relief is possible for agriculture until the policy of deflation is not only checked but reversed, and a substantial sum of actual money is admitted and, if need be, forced into circulation.
>
> Agriculture demands an adequate supply of honest and sound money and at this time we have neither.
>
> Agriculture does not demand a 50-cent dollar or an unsound dollar, but does protest the retention of a 200-cent dollar. A dollar which fluctuates in purchasing power from 50 cents in 1920 to 200 cents in 1933 is neither a sound nor an honest dollar. Dollars so scarce as to be obscure, thereby forcing into existence systems of barter, trade, and scrip, are not adequate.
>
> Agriculture demands that the farmer should have a 100-cent dollar; that the purchasing power of the dollar should be fixed and established at the point to serve the best interests of the people, trade, commerce, and industry; and that when such value is once fixed, it should be stabilized at such value.
>
> We report further that no just, substantial, reliable, or permanent relief can be provided agriculture or any other industry until the money question is considered and adjusted.

We are not permitted under the rule to offer amendments to the bill. If there is any relief in it, the holders of bad mortgages will get the relief.

Where the property securing the mortgage is worth the money, the holder of the mortgage is not going to scale the debt or accept a lower rate of interest, and this law does not and cannot make him do so. Then only the holders of bad mortgages, where the property is not worth the money, will take advantage of it and exchange their almost worthless mortgages for good bonds, with the Government guaranteeing the interest at 4½ percent.

This is a mortgage holders' relief bill, and the only way we can protect the farmers' interest is to recommit this bill with instructions to bring in a bill similar to the Frazier bill, bearing interest not exceeding 3 percent, including interest and sinking-fund retirement upon the amortization plan.

It is claimed by those supporting this bill that the bankers will not buy these bonds unless the interest is 4 percent. If they refuse to buy them, then the Frazier amendment proposes that the Federal Reserve banks shall buy them and issue money on them, just as the Government issues money on the bonds for the bankers, and increase the volume of money in circulation and let the farmers have it at this low rate of interest until we have $75 per capita and raise the price level of all farm products. There is a provision in the Frazier bill to retire some of this money when

the proper price level is reached, and this is a scientific method of controlling the issuance of currency.

The Government is now lending billions of dollars through the Reconstruction Finance Corporation to banks, railroads, and insurance companies at about half the interest rates charged the farmers under this bill, and the farmers, as well as the taxpayers, must make all losses good. So why not give the farmers as low interest rates as are given the banks, railroads, and insurance companies, when they are as much entitled to cheap money as anybody? This is a clear discrimination between the farmers and the other classes.

My only hope for any relief for the farmers under this bill and the farm relief bill already passed the House is for the Senate to amend them in such manner as to offer some substantial relief to the farmers, because they take time to deliberate and offer amendments, and the House denies the right of any Member to offer amendments to secure any real relief.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, in the brief time allotted for debate no man can properly discuss the merits of this bill. We listened to the chairman of the committee [Mr. JONES], who gave his explanation of the bill, and I wish to compliment him by saying he has the high respect of both Republicans and Democrats, because they know he acts with the utmost sincerity. I am sure he has tried to get as good a bill as would be permitted to pass, but I am satisfied he would like to get one much stronger than that here presented. This is true equally of the gentleman from New York [Mr. CLARKE], the leading Republican on the committee, who has always been a champion of agriculture and has great interests in his own State, as I have in my own State, the first dairy State in the Union, with New York and Minnesota closely following.

I shall not speak on the drastic rule because those in the majority carry responsibility for the fact no amendment can be permitted on this bill under the rule. They must accept that responsibility with the rule, as adopted.

I was a member, Mr. Chairman, of the Committee on Ways and Means when we settled the World War debts over a decade ago, and when we gave authorization for their settlement I had something to do with drafting of the amended resolution. Let me say, from our committee, Mr. Crisp was placed on the Commission. So was Mr. Burton, from the House, and others in Congress. From that resolution eventually was drafted an agreement with France that France would pay her $4,000,000,000 debt, of which $1,650,000,000 occurred after the armistice, at 1.62 percent interest. The face of the loan was cut cash value about 50 percent. We settled with Italy for 25 cents on the dollar for over $2,000,000,000, also running 62 years at 1⅛ percent, based on ability to pay. That was our generous treatment with these debtors. I can show you hundreds of good farmers in my district who, on the basis of ability to pay, cannot pay 1 percent of interest because of heavy taxes they have to meet. They are certain to lose their farms unless able to obtain the cost of production and a reduced interest rate.

I believe in the merits of what is known as the "Frazier bill" for reasons briefly to be outlined. I do not know that you are going to permit it to be offered as a substitute or as an amendment to the bill. I do not know that it is going to be submitted under the iron-clad rule you have on a motion to recommit; but I say to you, if not, the responsibility is on your side. The principles of the Frazier bill ought to be adopted. Our American farmers should be treated as fairly as we treated the foreign countries named, and their ability to pay must be taken into consideration as was done with great European governments, or our people are liable to lose their farms. [Applause.]

In St. Paul last summer I talked with the president of the Federal land bank. I asked him how many of his mortgages were subject to foreclosure. He said over 50 percent were in default. This is the situation confronting the country at this time. I want to give further reasons why lower rates of interest should be adopted at this time and shall offer definite data of other Government loans. [Applause.]

Mr. Chairman, at this time let me say I have voted for every agricultural aid bill reported by the Agricultural Committee and believe the President would extend needed aid to the farmers of the country if possible to get his advisers to agree, but this bill to refinance farm mortgages fails to give material aid to those most in need beyond a 5-year moratorium to those who have ample security to offer.

Agriculture is in greater distress than ever before in all history, and between taxes and interest burdens this bill gives little relief; but on the contrary it carries slight hope to the great army of farm owners in the country. It has been described as a nibbling bill by those who are most deeply in need of help—a bill that helps banks and insurance company mortgage holders, but not the man who pays.

Last campaign generous promises were made for farm relief, and complying with those promises the farmers of my State and of the West generally swung over to the Democratic column. Only once before in a half century has my State been carried by my friends across the aisle. In 1928 President Hoover received 98,000 majority in Wisconsin. In 1932 President Roosevelt received 360,000 majority, or a turnover of more than 450,000 votes in our State. Wisconsin, for example, is a typical agricultural State. It leads all States in production of dairy products, and in its wonderful agricultural development, fine farm homes, and advantages of education is among the first, with sister States of New York, Minnesota, and Iowa of like agricultural interests.

The great political swing to President Roosevelt by the farmers of the country came from a belief he understood their problem and their needs. The allotment bill now in the Senate seeks to give some aid to the cost of production on a limited list of farm products. This bill seeks to reach the other side of the ledger by cutting down farm costs.

Twenty-one States have asked for the Frazier bill through their legislatures. That bill is now being urged in the Senate by Senator FRAZIER. It provides for an annual 3-percent payment by the farmer on his mortgage, of which one half is to be for annual interest and the remainder for amortization of the mortgage debt. Confronted with heavy tax burdens, that payment seems about all he can pay under present conditions, and is only about one half the annual return proportionately received from France and Italy by our Government.

The bill before us, with its stock contribution, reaches 5 percent, with many hurdles for the farmer to jump before he can get that slight reduction in interest rates.

With that picture before him the American farmer, over 50 percent of whose mortgages were in default last summer in the Federal land bank at St. Paul, asks what consideration does he get either in ability to pay or reduction of interest rates compared with European debtors whom we helped to win a war to save the world for democracies, largely turned into dictatorships.

I have supported practically every effort of this administration to bring us out of the slough of business despond. Every economist admits that the buying power and prosperity of agriculture, our greatest industry, is needed before any genuine permanent relief can be had. What then is the prospect offered?

For many campaigns I have supported my party organization and 11 of these have been in Congress. It has been a precept with us that when the needs of the people were not recognized or cared for by our party that it was the duty of the official to act first for those he represented, irrespective of party policy.

Here we are confronted with an iron-clad rule by the Democratic House majority which prevents any amendments to the bill. We ask for interest rates recommended in the Frazier bill. Our State legislature has memorialized Congress to that same end. All the 435 Members of the House are permitted to do is to talk and beat their heads against

a wall. Possibly little more can be expected from the Senate. What then will the farmers do? The responsibility is with those who made campaign promises 6 months ago when looking for votes. To expect farmers to quietly take their beating after receiving those promises and ignoring memorials from 21 State legislatures is for the Democratic majority of the House to explain.

Bill H.R. 4795 is this long-heralded measure to refinance agricultural indebtedness and at low rates of interests, as was expected by the bill. Every Member of the House, I assume, is anxious to give adequate aid to agriculture, if afforded a chance to vote on amendments that could be offered but for the rule. Never before in all history has agriculture been subject to so many disadvantages and disastrous results as an industry. That relates also to the all-important necessity of receiving cost of production, which long ago has vanished from the picture, not due so much to overproduction as to underconsumption now affecting both domestic and world markets.

Agriculture also faces the highest taxes every imposed in its history. State, county, town, gas, and other taxes present a problem to every farmer under the most favorable circumstances, but practically 50 percent of the farmers of the grain- and dairy-producing sections of the country are facing mortgage indebtedness in addition to other financial obligations.

These mortgages and taxation of the farmer's property are not based on equitable grounds, for he is required to pay taxes on the entire farm property, although his equity after deducting mortgage indebtedness may not reach 25 percent of the value of the farm. This is not an unusual situation. Unable to earn cost of production for his crops or to pay taxes levied by a local assessor who visualizes everything the farmer owns, the debtor faces interest rates upon his debts, whether placed with Government agencies or at local banks, that absolutely prohibit any hope of recovery.

Business disaster has come to a large portion of people in every industry, but the farmer now finds his home and little property accumulated to protect himself and family in later years subject to complete loss through the situation that confronts him.

This administration, overwhelmingly returned by the people with both branches of Congress supporting the President, is able to grant needed relief. The bill before us, H.R. 4795, affords no adequate relief.

It provides for the refinancing of mortgages held by the Federal land banks if the value of the farm land to be mortgaged equals 50 percent in excess of the amount to be reloaned. In addition 20 percent of the value of improvements will be taken into consideration in fixing the total amount to be loaned.

At present farm values in my State and practically every other agricultural State, farm property could not be sold in many cases in open market for the value of improvements placed upon it. In other words, the reloaning value provided in the bill fails to give adequate relief to the great majority of farm borrowers.

The bill before us fixes an interest rate of 4½ percent, providing stock is purchased under the provisions of existing law, or an average interest rate of about 5 percent. While this is a slight reduction over existing interest rates, it is far in excess of rates compared with what the Government has fixed with other debtors in past years.

As stated, a 5-year moratorium to prevent foreclosures is of benefit to those who can get by under present conditions.

Mr. Chairman, agriculture is faced with the problem of "ability to pay" recognized by the French settlement, and if agriculture is afforded a loan of $1,650,000,000 at 1.64 percent annual French interest rates, which is less in fact than terms proposed by the Frazier Senate bill, then 6,000,000 farmers will at once face prosperity promised during the last campaign. Every citizen connected with any industry must desire that farm aid in order to secure a part of the prosperity sure to be reflected in business generally.

The principal amount loaned by the American Government to European governments is not certain to be repaid, and settlements long ago arrived at by mutual agreement are now urged for cancelation by great financial interests of this country.

The average farmer is just as intelligent and with equal understanding as the man found in Wall Street or in the average legislative body. He may not have the same means of expressing his needs, but never before in American history have hundreds of thousands of honest, law-abiding farmers in this country engaged in opposing court decrees for foreclosure proceedings and preventing their execution, never before have thousands of these law-abiding farmers in desperation destroyed their own farm products in order to bring attention to their distress and force buyers to pay cost of production. The allotment bill passed by the House, now in the Senate, seeks to aid in returning cost of production, but heavy farm debts are also a factor in every case.

The bill before us contains provisions which may be helpful to farmers not reduced to extremities, and one of these provisions as stated is set forth in the 5-year period exemption during which interest accumulations, though defaults, cannot be prosecuted through foreclosure proceedings. Other provisions of the bill are helpful to a limited number, but with opportunity for granting adequate aid the bill before us is disappointing and should be amended in either the House or the Senate to meet the agricultural situation. That can only be had with the aid of the overwhelming Democratic majority in both branches of Congress.

The average American citizen will not be able to understand that 435 Members of the House under a rule voted by the majority are tied hand and foot without privilege to offer any amendment to the bill as presented by the committee. It must be swallowed whole or rejected. One motion to recommit back to the committee alone is permitted. It is significant that this long bill of 23 pages can only be voted up or down by the House today. Significant I say, because the figure "23" relates to the farm problem where over 50 percent of mortgaged farms are in default subject to foreclosure and sale.

I am in favor of the minority report, and am glad it was my privilege and opportunity to have placed on the Agricultural Committee my colleague, Mr. BOILEAU, of Wisconsin, who so ably presents in that minority report the inadequacy of this bill. As he well says, he strove in committee to have it liberalized so as to better meet agricultural needs. If subject to amendment, it would be vastly improved from the farmers' viewpoint.

Members of the House who are glad to help even in a small way to bring aid to the farmers will agree with the minority statement that those signing that report desire the bill be amended as recommended, but make no commitments with regard to their final votes in the absence of such amendments. In other words, rather than lose legislation helpful to a limited number they will not vote against a bill that fails to meet the necessities of the great majority.

In the Senate opportunity for proposed amendments will be given through more liberal rules governing that body; and the Frazier bill will be offered, I am advised, as an amendment and given a fair test by those who understand the problem now lying at the base of business recovery. If given like opportunities in the House, the terms of the Frazier bill or supporting that principle would in my judgment pass this body. Instead of the two-million tax-free bond issue proposed in the bill, I believe the House, if given opportunity by amendment, would substitute an issuance of currency by the Government similar to that advocated for payment of the soldiers' bonus, without additional bonds. A party majority of nearly 200 Members has passed the House rule that prevents any amendment. The Senate is free to act.

Personally, I am familiar with efforts of leading officials of agricultural organizations throughout the country to bring about adequate relief to agriculture. My own State and my own district, ordinarily prosperous and outstanding in its wonderful dairying industry, is suffering from the general depression. It is not agriculture alone that asks for relief, but whatever assistance can be granted to 6,000,000 farmers of this country together with approximately 30,000,-

000 members of farmers' families will by reason of increased buying power give general relief to every other industry in the country. If this bill is not amended as urged by the minority report of the Agricultural Committee, then a new measure should be introduced and passed at the earliest possible day. The President through his advisers has thus far exercised large influence in passing helpful legislation. Promises made to the farmers during the last campaign should be kept. Those of the minority can only point out the failure of this bill to meet such promises in the manner I have briefly indicated. Relief should be extended by this Congress.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, I shall vote for this bill because it is the best bill we could possibly get to refinance farm mortgages under present conditions and circumstances.

Do not understand me to say it is the best bill that could have been written, because there is nothing so good it can not be improved.

If the $2,000,000,000 worth of bonds to be issued by the Federal Land Bank, the interest being guaranteed by the Government, can be sold for cash, then this bill will succeed absolutely and unqualifiedly, because it will give the administration the cash with which to make a real composition of farm-mortgage debts and bring them down within the ability of the farmer to pay off his mortgage and retain his farm and not lose the earnings of a lifetime during this temporary but tragic depression.

Passing from this, I am specially interested and specially enthusiastic about section 301 of this bill, with the amendment that is going to be offered by the committee. Why am I enthusiastic? Because this section absolutely procures the cash money in the amount of $300,000,000 to refinance farm mortgages, with a real composition of the principal and the interest, or both. This $300,000,000, if properly administered, will refinance $1,500,000,000 of farm mortgages. Let us see how it will do this. Let me give you a simple illustration:

Suppose a man has a mortgage on his farm of $10,000. The security is not extra good because the value of farms has gone down 81 percent since 1920 and 36 percent since 1928. The Government says to the mortgage holder, "If you will knock off $2,000 and reduce your interest rate from 6 percent to 4 percent, the Government will lend the farmer $2,000 more as a credit on your reduced principal."

Now, what will be the result? On the $10,000 mortgage, as it now exists, bearing 6 percent interest, the farmer would have to pay in interest alone over a period of 20 years $12,000. Under the refinancing proposition provided by this section, what will he have to pay? The interest charge for a period of 20 years on the reduced mortgage of $6,000 would be $4,800 and the interest charge over a period of 20 years on the Government loan of $2,000, at 4 percent, would be $1,600. Adding this together you have $5,600, which the farmer has saved on his mortgage over a period of 20 years under the refinancing composition plan.

What else does he save? He saves an amortization fee on the reduced amount, which would be $400, and he saves $2,000, which is the amount of the reduced principal, and adding the $400 and the $2,000 and the $5,600, the farmer secures a saving on the $10,000, under his present mortgage, of $8,000.

Thus over a period of 20 years the farmer would have to pay $12,000 interest on the mortgage as now outstanding, while under the refinanced composition he would have to pay only $4,000, all of which will more clearly appear from the following figures and fact:

REFINANCING FARM MORTGAGES—FINANCIAL BENEFIT TO FARMER ON THE BASIS OF A $10,000 MORTGAGE THROUGH REDUCTION OF PRINCIPAL AND INTEREST

Refinance plan

(a) Mortgagee reduces principal from $10,000 to $8,000 and interest rate from 6 percent to 4 percent per annum.

(b) Government loans farmer $2,000 to make a further reduction in principal from $8,000 to $6,000, charging the farmer 4 percent per annum on loan and taking a second mortgage of $2,000.

(c) Farmer agrees to amortization payment at rate of 1 percent per annum to liquidate Government loan of $2,000 and reduced principal of $6,000.

Result

Interest charge over period of 20 years on present mortgage of $10,000 at 6 percent per annum		$12,000
Interest charge over period of 20 years on reduced mortgage of $6,000—(a) and (b)—at 4 percent per annum	$4,800	
Interest charge over period of 20 years on Government loan of $2,000 at 4 percent per annum	1,600	
		6,400
Saving to farmer in interest payments		5,600
Plus saving on present amortization payments of 1 percent on $2,000 by which present mortgage is to be reduced		400
Plus saving in reduction of principal from $10,000 to $8,000		2,000
Total saving of farmer in principal, interest, and amortization		8,000

Summary

On a refinanced mortgage of $10,000 upon the foregoing premises the farmer would be saved $8,000. The mortgagee will continue to carry private agricultural credit to the extent of $6,000, and the farm mortgage of $10,000 will have been refinanced by the Government at a low rate of interest with a loan of only $2,000. Thus $1,000,000,000 would refinance farm mortgages to the value of $5,000,000,000 and reduce carrying charges on such mortgages through reduction of principal and interest more than 50 percent.

That the mortgagees will gladly agree to such composition has been abundantly established in various conferences during the past 6 months. The farmers, through no fault of their own, have suffered a tremendous loss; the mortgagees are ready and willing to bear a part of that loss. This section of this bill gives them a real opportunity to make a real composition upon a fair basis with adequate consideration.

The principal facts on the farm-mortgage-debt situation are as follows:

Principal facts on the farm-mortgage-debt situation

TOTAL FARM-MORTGAGE DEBT

1928	$9,468,526,000
1930	9,241,390,000
1933 (approximately)	8,500,000,000

HOLDERS OF FARM MORTGAGES IN 1928

	Percent	Amount
Insurance companies	22.9	$2,164,000,000
Federal land banks	12.1	1,146,000,000
Commercial banks	10.8	1,020,000,000
Mortgage companies	10.4	988,000,000
Joint-stock land banks	7.0	667,000,000
Retired farmers	10.6	1,006,000,000
Active farmers	3.6	339,000,000
Other individuals	15.4	1,453,000,000
Other agencies	7.2	685,000,000
Total	100.00	9,468,000,000

PERCENTAGE OF FARMS MORTGAGED JAN. 1, 1928

	Percent
All farms	36.0
Full owner-operated farms	34.7
Part owner-operated farms	48.5
Tenant-operated farms	34.8

(The mortgage debt in 1933 rests upon somewhat more than 40 percent of all farms in the country.)

RATIO OF DEBT TO VALUE ON MORTGAGED FARMS ON JAN. 1, 1932

	Percent
Mortgaged for less than 25 percent of their value	25.4
Mortgaged for between 25 and 50 percent of their value	37.9
Mortgaged for between 50 and 75 percent of their value	21.0
Mortgaged for between 75 and 100 percent of their value	7.7
Mortgaged for more than 100 percent of their value	5.0

(Approximately 37 percent of the mortgaged farms were indebted for more than half of their value.)

INDEX OF FARM LAND VALUES

	Percent
1912–1914	100
1920	170
1928	117
1930	115
1932	89

Principal facts on the farm-mortgage-debt situation—Contd.

DISTRIBUTION OF FARM-MORTGAGE DEBT, BY TENURE, JAN. 1, 1930

	Percent	Amount
On owner-operated farms	56.1	$5,185,399,000
On tenant-operated farms	39.7	3,671,677,000
On farms operated by managers	4.2	384,314,000
Total		9,241,390,000

AVERAGE-SIZED LOAN OUTSTANDING JAN. 1, 1928, BY TENURE

All tenures	$5,205
Operated by owners	3,919
Operated by tenants	7,780
Operated by managers	13,576

Average interest rate on farm-mortgage loans reported by census in 1930 was 6.1 percent, including commission.

ANNUAL AMOUNT OF INTEREST ON FARM MORTGAGES

1928	$563,000,000
1930	540,000,000
1931	520,000,000

FARM PROPERTY TAXES, AMOUNT PAID ANNUALLY

	Taxes on real estate and personal property	Farm real estate taxes only
1928	$766,000,000	$616,000,000
1930	777,000,000	625,000,000
1932	629,000,000	506,000,000

GROSS INCOME FROM FARM PRODUCTION

1928	$11,741,000,000
1930	9,347,000,000
1932	5,240,000,000

The decrease of the gross income from $11,741,000,000 in 1928 to only $5,240,000,000 in 1932 demonstrates the deplorable financial distress all farmers are now in, but the condition of the farmer who in addition to other burdens has a mortgage on his farm is indeed tragic. We have extended financial aid to banks, railroads, and other industrial corporations. The farmer is more worthy and in greater need than they are or were; therefore let us pass this bill without further delay.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, after having heard the remarks of the gentleman from Virginia [Mr. FLANNAGAN] on yesterday, I regret more than ever that this House has seen fit to tie our hands by the passage of the rule which was adopted on Tuesday afternoon which prevents the offering of amendments to improve the measure.

There are a great many new Members in the House, and if I may, I wish to go back some 16 years to the time of the Sixty-fifth Congress, which went down in history as a rubber-stamp Congress. Nearly all the legislation that was brought in to the Sixty-fifth Congress came up from the White House, was brought in on the floor of this body by special rule, and you could not dot an "i" or cross a "t." The result was that in 1918 the complexion of the House was completely changed to our advantage on this side of the hall, because the people wanted a Congress that would show some measure of independent thinking.

Mr. Chairman, I realize, as you all do, that this is a most critical period, but, certainly, there is not a man within the sound of my voice who will contend that we would have lost any time by taking this bill up in the regular order.

A number of speakers who have made a close study of this measure say it is not going to do the things that its proponents claim for it, and yet they are going to vote for it, because they hope there is a modicum of benefit for agriculture in some of its provisions.

I do not see how it is possible for the Committee on Agriculture to report out a measure containing the defects that were pointed out to the House yesterday by the gentleman from Virginia [Mr. FLANNAGAN]. That is a mystery to me and, Mr. Chairman, judging by one or two of the talks that have been made on the floor this afternoon, some of the gentlemen who voted for the rule on Tuesday are hearing from home, because they are beginning to explain their vote for the gag rule.

I do not believe the damage we did on Tuesday is irreparable, but I may say to you that if this is going to be the established policy of the majority in this House throughout the Seventy-third Congress, your present majority will melt like snow under a July sun in the Seventy-fourth Congress, and we again will secure control of the House. I am not speaking as a partisan, but I do think that the situation is such that we should pass the best possible legislation, and I cannot call this the best possible, because too many members of the Committee on Agriculture, as well as others, have pointed out serious defects in this legislation, and yet our hands are tied, and we are powerless to improve it.

We are unable to better it one iota.

Mr. KENNEY. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. KENNEY. Have the farmers of your State suggested relief by the municipalities?

Mr. KNUTSON. Yes; I have introduced a bill to permit school districts to borrow money from the Reconstruction Finance Corporation.

I probably shall vote for this bill, and I am going to do so with reluctance, but I am going to vote for it on the theory that it contains some helpful features. I regret exceedingly that you have made it impossible to improve the bill as it should be. I am going to plead with you that you make the rule that you adopted on Tuesday the last one you will adopt in this Congress, unless it is a political measure like the tariff. You cannot throw the tariff open to amendment because that is a political question. This is not a political question. You will find men on both sides of the aisle voting for and against it. [Applause.]

I shall vote for the Boileau motion to recommit this bill to the committee with instructions to substitute the so-called "Frazier bill" for section 3 of the pending measure. I consider the Frazier bill one of the most helpful measures to agriculture now pending in either House of Congress. Indeed, it is the only bill that I know of which promises real relief to the American farmer.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, I shall address myself only to section 5 of the bill, and shall so do for the purpose of asking the chairman of the committee to clarify the statement he made when he explained the bill Tuesday.

This section increases the maximum size of the loans. The chairman gave us to understand that this was for the purpose of reaching conditions brought about by certain loans in the joint-stock land banks. He said that there were a few loans that were good and ought to be preserved, or something of that sort.

What I wish to have him make a matter of record is whether it is his thought that the new financial set-up will make fresh loans between $25,000 and $50,000.

Mr. JONES. Such loans may be made, but must have the approval of the Farm Loan Commissioner.

Mr. LUCE. I realize that, but I want to know if that is to be his policy?

Mr. JONES. Of course, that will depend altogether on the funds they have and the need for the loans. I take it that loans of that character would be the exception. We gave the authority, with the approval of the Farm Loan Commissioner, and I take it that means that the policy will not be to make those loans generally.

Mr. LUCE. I regret much that the chairman of the committee has put it in just that way. Members of another committee who no longer have jurisdiction have considered this proposal——

Mr. JONES. The reason for going as high as $50,000 is it was thought that as the joint-stock land banks were being liquidated, the privilege might be extended in exceptional instances.

Mr. LUCE. If that is the purpose of the gentleman, very well; I have no objection to that; but to put it into the

power of any man to increase the size of the loans generally would be a calamity.

When the law was originally drafted, the limit was placed at $4,000. In the Senate that was changed to $10,000. The biggest mistake ever made by the committee that has been handling the matter was to permit the extension to $25,000, and the men in charge of the institution will so tell the gentleman from Texas. The Farm Loan System was conceived as an instrumentality for helping the small farmer. I protest against putting it within the reach of the gentleman farmer or the industrial farmer, the man who has large capital invested. I protest for the reason that $50,000 lent to one man takes money which might have provided ten $5,000 loans to men who need them for livelihood. [Applause.]

I have a great regard for my friend from Texas, and I ask him to consider his own connection with this bill. I should regret if the country came to characterize this measure as "JONES' $50,000 bill." I hope, for his own sake, that he will not expose himself to the criticism of the small farmers of the country, the great mass of the farmers of the country, when, through all these years, the Committee on Banking and Currency, or, at any rate, some of its members, have tried to prevent this very thing.

Mr. JONES. The thought was presented in reference to certain ranches and special cases that it is necessary to have refinancing, otherwise those farms might be broken up and put into increased production.

Mr. LUCE. They are not the farms of which we usually think as such. They are businesses, and you are refinancing the well-to-do man who ought not to have to resort to this particular type of refinancing.

Mr. JONES. But this is to be the exception, not the rule.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. LUCE. Mr. Chairman, I shall take part of these 2 minutes to emphasize the fact that it was needless to phrase the provision in this way in order to meet the exigency of joint-stock bank mortgages. You do not know who is going to be your next administrator. Perhaps you may rely upon the present one, but you expose him to the pressure of the wealthy farmers of the country, and you expose his successors to that pressure, and the first thing you know you will find yourself in a worse position than you are in today through having extended the maximum to $25,000. I reiterate, the biggest mistake the Committee on Banking and Currency ever made was to extend it to $25,000, and it was done over the protest of a number of members of that committee, of whom I was one. I have had the safety and the success of this institution very much at heart, and it has interested me more than any other matter coming before the Banking and Currency Committee. I have hoped to see here applied successfully the cooperative idea. Because I have done everything I could to foster this enterprise, I deplore now endangering it as is proposed by this amendment. [Applause.]

Mr. JONES. Mr. Chairman, I shall take a moment in my own right. This is a bill for refinancing farm mortgages. It is hoped that some of these mortgages of all character may be refinanced. Some of them are outstanding, in bad shape, and in the larger field it may be necessary in exceptional cases to refinance the larger mortgage, as the joint-stock land banks are being liquidated. If those larger farms are forced on the market and denied the privilege of refinancing, in exceptional cases, which the Farm Loan Commissioner himself must personally approve, they may be forced into liquidation and be cut up and divided and at a time when we have all of the production that we need along those lines. I am very glad to have the gentleman's suggestion, and when the bill is in conference I shall call his suggestion to the attention of the conferees.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Chairman, we have before us one of the most important bills that has been before this Congress, and I am pleased to know that the chairman of the committee now says if we have any suggestions to make they will be glad to consider them in conference. It is a strange situation in the consideration of this important measure, that we should be invited by the chairman of the committee to make our suggestions, with the assurance that they may be considered by the conference committee. We are going through the form of considering this legislation and yet from the very outset, through the adoption of a rule by the majority side, we are not permitted to even make the change of a single word in the entire bill for its improvement.

No business or enterprise can long survive unless its products can be put upon the market at a price that will pay the cost of production, and that is just as true of the farm as it is true of the factory. It is because the farmers of the country have been unable to sell their products at a reasonable price that we are called upon today to refinance them.

I call attention now to the rate of interest we are proposing to charge in refinancing them. This interest rate of 4½ percent is entirely too high. It ought to be reduced, and in my judgment it would be reduced if the rule I have referred to had not been adopted and the bill had been left open to amendments on the floor of the House. I think there is no question about that. It occurs to me that those of you who are interested in the farmers of the country should have acted when the question came upon the rule and should have amended the rule permitting an opportunity to offer proper amendments to a bill which affects every farmer in the United States.

Just a short time ago Congress provided for loans to other institutions at a small rate of interest. There is no reason in the world why the farmers of the country should not be treated just as well as anyone else. There is no reason in the world why we should not refinance the farmers of the United States as cheaply as we can refinance anybody else in the United States. [Applause.] If you will give to the farmer a price for his product so that he can receive a reasonable sum for what he raises on the farm, if you will give to him a reasonable rate of interest on his refinancing—and his securities are better than any other security in the world—you will be placing him in a position where he can reestablish himself and do much to aid in restoring the country to normal conditions. To me it seems almost mockery to go through the consideration of this important bill with our hands tied, not permitted to offer a single amendment to the bill. I protested when this rule was before the House, and I protest now, that we should have an opportunity to place in this bill proper amendments.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. DOWELL] has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield to the gentleman from Iowa [Mr. DOWELL] 2 additional minutes.

Mr. DOWELL. If this bill had been open for amendment I believe it would have been greatly improved and a bill passed which would have been a great improvement over the bill that was introduced at the beginning of the debate.

The situation of the farmer is critical and the need of this legislation is great, and I am hoping that much good can come out of this, but it seems to me that for this great body to go through 3 days of consideration of this bill without the slightest opportunity of doing anything except make suggestions, which the chairman of the committee has finally said he would give consideration to when he came to the final consideration of the bill in the conference committee is a waste of time.

We should have the right to offer amendments or make whatever suggestions we wish to make if we can improve this legislation, which is so important to the farmers of the United States. I am hoping before this bill is completed that the Agriculture Committee may suggest amendments on the floor, that we may have an opportunity to reduce the interest charge, to give the farmer the opportunity to sell

his products at a reasonable price and place him on an equal footing with other business and industry. [Applause.]

The CHAIRMAN. The time of the gentleman from Iowa [Mr. DOWELL] has again expired.

Mr. McGUGIN. Will the gentleman yield?

Mr. CLARKE of New York. I yield the gentleman from Iowa [Mr. DOWELL] 1 additional minute in order to answer the gentleman from Kansas.

Mr. McGUGIN. In this connection, just to keep the RECORD straight, would the gentleman from Iowa [Mr. DOWELL] mind adding to his remarks that every Republican Member voted against this rule which made it utterly impossible to amend this bill, and every vote cast for the rule which makes it impossible to amend the bill came from the Democratic side of the House?

Mr. DOWELL. And may I suggest that when it comes to legislating for the farmer, politics has no place. What we ought to do is to do something in his interest and not upon any lines except purely in the interest of the farmers of the United States.

Mr. McGUGIN. Will the gentleman yield further?

Mr. DOWELL. I yield.

Mr. McGUGIN. In that connection, politics should not have dictated this rule vote, as it did the other day, should it?

Mr. DOWELL. It should not.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. JONES. Mr. Chairman, I yield 1 minute to the gentleman from Washington [Mr. KNUTE HILL].

Mr. KNUTE HILL. Mr. Chairman and fellow members, I am going to vote for this bill. It is not exactly what the farmers of this country want, but I am not going to excuse myself by finding flaws and that is why I shall support it.

I call your attention especially to title IV, section 401, lines 17 to 20. Under that language a great many of the people in my district who are farmers will get relief. Take, for instance, the fruit growers of the Tieton project, who have spent their time, their money, their all, for the past 20 years in planting orchards and building fine homes. During the past decade progressive deflation has been their lot, and the prices of their products in the past few years have been insufficient to pay even the running expenses on their farms. They have exhausted their reserve funds. They have borrowed to the limit, and years of water charges and taxes have pyramided their indebtedness beyond endurance. Hundreds of them will be compelled to leave their homes and lose their all unless they get immediate relief. Without water their orchards, many of them 10 and 15 years old, will dry up. A source of income to themselves and wealth to the State in normal times will be destroyed completely. They are not to blame. They are hard-working, efficient farmers who under normal conditions are independent and self-supporting.

Throughout the agricultural counties of my State, over 50 percent of the taxes are delinquent, reaching 70 percent in 1 or 2 of the counties.

This bill will not give entire relief. It is a temporary measure. We hope for and expect more permanent relief. For the present, longer terms of credit and lower rates of interest are necessary. But what the farmers eventually demand is a stable and profitable price for their products sufficient to cover all the costs of production, including taxes and interest on money invested. They do not want more credit but an opportunity to pay off their indebtedness and have enough left over to enjoy the blessings of this wonderful, modern, machine age, and to keep them in comfort and happiness in their old age.

Government statistics in 1929 disclosed the fact that 504 men in the United States received a net income equal to the gross income of all the cotton and wheat farmers in the United States, approximately 2,300,000 farmers. Let us abolish tax exemption on all securities and enact substantial income, inheritance, and gift taxes. Let us inflate the currency so as to bring back the pre-war purchasing power of the farmer's dollar. Let us adjust the inequitable tariff barriers which have destroyed the fruit and vegetable markets of such sections as the Yakima Valley and Walla Walla. This can be done by friendly conferences with other nations as the President is proposing.

With an equitable distribution of the profits of production and an adjustment of the monetary and tariff systems throughout the world, thus restoring the $8,000,000,000 international trade we have lost in the past 5 years, the farmers will come into their own and secure their share of the good things in this land of boundless wealth and natural resources. They demand nothing more and will be satisfied with nothing less.

The CHAIRMAN. The time of the gentleman from Washington [Mr. KNUTE HILL] has expired.

Mr. JONES. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. HART].

Mr. HART. Mr. Chairman, I will vote for this bill, not because it is going to solve the refinancing problem of the farmer but because it is going to give him a breathing spell. I know, as an experienced farmer, that I cannot earn the interest rate provided in this bill; but if the refinancing is carried out, the farmer will have at least a year or a year and a half, in which time he may be able to get some better legislation. I shall therefore vote for the bill.

I yield back the balance of my time.

Mr. JONES. Mr. Chairman, I have no criticism to make of any Member of the House. In the days when I was a little more fiery I sometimes possibly impugned the motives of some Members, but I find every Member of the House, that I have come to know, is honestly and earnestly doing the best he can. Some of them are reared in a different atmosphere from others; some have a different viewpoint, but all are working largely to the same goal.

Mr. Chairman, regardless of the criticisms and groanings, this measure has a number of features that, in my judgment, will prove of real benefit. It will reduce all the mortgages in the United States, that come within its terms, from the present interest rates, ranging as high as 8 percent, averaging 6.1 percent down to not to exceed 4½ and maybe lower. The average length of time the farm mortgages of America run today is 5 years, that is, if the Federal land bank and joint-stock land bank mortgages are not included. All of the principal and interest of the average farm mortgage in America must be paid within 5 years, and that rate of interest averages 6.1 percent.

The document prepared by the Department of Agriculture and which is available to all the Members has this information as well as much other valuable data. In other words, the mortgages of the insurance companies, mortgage companies, and individuals have an average payment period of only 5 years. The long-term payments provided in the Federal land banks and joint-stock land banks bring this average for the total up to 8 years. The pending measure permits these mortgages to be refinanced over a period of not to exceed 40 years. If it works out as it is planned, it will mean a saving of interest rates to the American farmer of not merely millions but probably $2,000,000,000 when spread over the entire time that the mortgages will run.

I have great hopes of beneficial effects from the operations under title 3, which provides $300,000,000 for the purpose of financing through either first or second mortgages.

One feature of this title refers to personal or outside obligations. With this I will not deal at this time.

I am more interested in the feature of this title which was outlined to you by my colleague Mr. BUCHANAN, of Texas. To illustrate: Suppose there were a $5,000 mortgage against a farm, this mortgage being excessive. The representative of the Commissioner would say to the mortgage holder, "If you will reduce the face of the mortgage $1,000, the Government will then pay you an additional $1,000 in cash, reducing your first mortgage to $3,000, on condition that you extend the $3,000 first mortgage and carry it yourself over a long period of years at 4 percent interest or 3½ percent interest. The Government will then take a $1,000 second mortgage."

The result would then be as follows: The farmer, instead of having a $5,000 mortgage against his farm with delinquent

payments and heavy payments coming on, would owe a $3,000 first mortgage at, say, 3½ percent, and a $1,000 second mortgage at 5 percent, both spread over a long period of years. The mortgage company, instead of a $5,000 doubtful mortgage, would have a good $3,000 mortgage with a low interest rate it is true, but with $1,000 in cash. These are arbitrary figures used for the purpose of illustration. The Government might be able, with a smaller cash payment and a smaller second mortgage, to induce such a scale down and thus operate in the interest of all parties. Three hundred million dollars used in this fashion would thus refinance several times that amount in mortgages.

During the discussion criticism has been leveled as to the rate of interest provided in the other terms of this bill. I wish the rates might be made lower. To do so, however, would probably mean the Government's actually refinancing most of the mortgages in America. This would not trouble me, as I believe that mortgages could be refinanced this way at a low rate of interest without any appreciable loss to the Government. This, however, is an individual opinion.

I have heretofore introduced a bill which would have accomplished this purpose. A great many other bills have been introduced. That is just the point. None of them has been passed.

During the last few years we have all known of the necessity of refinancing farm mortgages. While we have talked, nothing has been done. In spite of all these bills, in spite of all the conversation, the farmers are still paying an average interest rate of 6⅛ percent on mortgage loans. The average length of time farm mortgages run in America is 5 years. Thus the farmers of America are burdened with a debt that bears an average of 6⅛ percent interest, and the average mortgage is wholly due, principal and interest, within a period of 5 years. If these interest rates could be reduced to an average of not more than 4½ percent, with a possibility of their being less and refinanced over a long period of years, do you not think it would have a vast beneficial effect? I believe it would.

This is an administration measure. The administration is willing to do something. It is willing to take action. This measure has been carefully worked out—as carefully as any measure of this kind may well be fashioned. Here is a chance to secure action on a measure instead of continued talk.

We have heard talk about the Frazier bill. There are other bills of a similar nature; some of them go further than the Frazier bill; some of them are not quite so liberal. Many of them have been pending for a long period of time, but this is the bill that is before us. This is the bill on which there is a chance for action. In voting for this measure you are not voting against the Frazier bill; you are not voting against the Busby bill; you are not voting against the Cross bill or any other bill that may be pending or that may be offered. You are voting for this bill.

Any kind of a motion to recommit would probably mean further delay. You may favor a currency measure. Many Members of the House do favor such a measure; but if you undertake to complicate this measure with an admixture of other things, you are apt to reach the result of getting neither.

I believe some of these other measures should be adopted. I believe there should be an adjustment of the currency in such a way that it will be a true measure of value at all times. I believe this thoroughly. I believe that such a measure should be thoroughly thought out and wrought out. I do not believe we should go at such a measure blindly. When such a measure is presented, I want someone who has studied the question thoroughly to have a part in its preparation.

I am not interested in making it appear that I have done something. I want results. If it is necessary to operate on the almost lifeless form of American agriculture, I want the surgeon who wields the knife to be one who wishes the patient to live. I want him to be an expert. When we go into the delicate machinery of the issue of currency, which I want done, I want it done intelligently; I want it done effectively.

It is possible that the whole Federal Reserve System needs revamping. Our experience of the last few years should teach us something. The manipulations of a few financial racketeers like Mitchell and others should be guarded against in the new set-up. I want these men who have been perverting the financial system of America forced into the background. In the darkness of oblivion I want to hear the swish of their vanishing wings.

But this is not an easy matter. You cannot wish such a condition into being. Those who would take advantage of the finances of America are men of keen intelligence. If we are to take away from them the control of the finances of our country, if we are to wrest our Government from the group that has had too much control, we must match intelligence with intelligence. We must use the greatest care that it is possible for us to use. We must make it certain, insofar as it is humanly possible, that the same result cannot be brought about again and that the real interest of all Americans, including farmers, shall be protected.

I was not particularly interested in the handling of this bill. Being an administration measure in these days of emergency, it was set to pass. I made the open proposition to the chairman and others on the Committee on Banking and Currency that my committee would make no contention for this bill, provided that they would agree that the Committee on Agriculture would hereafter handle legislation affecting the new farm-credit administration. I was interested in the long-run problem—in the future of agriculture, in farm interest rates for the future. This is not the only measure in the long-range program which may inure to the benefit of American agriculture, and it is in the program ranging over the years that I am interested. Agriculture must be financed on the soundest basis possible over a long period of years. I have dreamed that such a program might be worked out so that the shackles might be broken from the farms and ranches of our land.

I want to see freight rates come down. I want to see trade barriers adjusted in the interest of markets. I want to see the discriminations against agriculture in our economic set-up removed. I want to see agriculture put on the same dead level of equality with other institutions and other commercial activities.

I am interested primarily in American agriculture. Practically all my people, as far back as I know anything about them, in Tennessee, in Virginia, and in South Carolina, have been tillers of the soil. Poor? Yes; poor as the rocks to which they clung and to which they sometimes felt themselves almost akin; yet, so far as I know anything about them, they have always been free in their actions and in their operations.

In the long range I do not want to increase credit, but to get as low a rate of interest as possible and finally endeavor to work the American farmer free from debt instead of increasing his debt. [Applause.] This is the hope I have, not the increasing of his debt but insofar as possible freeing him from debt. The operations of this bill will not increase his debt; it will reduce his interest rate. It will give him a longer time in which to make it possible for him to pay his debts and furnish him a method of financing that is far better than that under which he is now laboring.

In spite of the criticism, the threats, and the dire predictions, I believe in the United States Government, her history, her institutions, and her people. Knowing the glory of her past, I have implicit faith in her future.

This is but one of a series of steps that are being planned. I hope it will not be necessary to present rules like this in the future. In my 16 years of service this is the second time I have ever presented a measure which did not provide for freedom of amendment on the part of any Member of the House. I would not have presented it this time but for the great emergency and but for the desire for early action. After years of floundering, after years of contention, after many mistakes, after much discussion, we have reached the time for action.

We have at the other end of the Avenue a President. He is a Roosevelt and has the Roosevelt spirit. Many people are impatient because they do not get done just what they want done; but, let me remind you that he has been President only 6 weeks. I believe he has inspired more confidence and restored hope to a greater degree in the American people in a brief period than any other man I have ever known. I hope his future actions may justify a continuance of this confidence. He cannot do all the needful things all at one time. He has many important questions crowding for attention. He has the currency question, which is the most important of all questions and the one on which the success of all others depends. He has the foreign affairs question, the farm mortgage question, the home mortgage question, and an infinite variety of other problems. In the early hours of the morning, through the day, and far into the night he has been working, toiling, struggling to solve these tremendous problems and bring about better conditions in America.

We are giving him broad powers. I have faith in him. I know that he is trying. Insofar as it is possible, I want him to have an unhindered opportunity to carry out a program of reconstruction. He should have an opportunity by trial and error and otherwise to determine just what, in each instance, is the best course to pursue.

Let us not break the circle. Let us not hinder the program by a process of sniping. For years we have been groping around talking about various bills. He has started out to do something. Let us give him an opportunity to do it. If he goes too far, the Congress has at any time the power to checkmate him. It has the jurisdiction to withdraw any authority. It has the power to stop the program at any time it may go awry.

I have just been furnished by the Reconstruction Finance Corporation the rates now charged in making their loans. They are charging the banks 5 percent, the insurance companies 5 percent, the mortgage companies 5 percent, and the railroads 5½ percent. Thus all this talk about reducing the rate of interest in line with the rates of interest charged others is not well considered.

This measure provides an interest rate not to exceed 4½ percent. I hope it may be possible to apply a lesser rate. The measure provides a lesser rate shall be stipulated where it is possible to do so. One feature of the bill to which I referred a moment ago makes it possible to secure a much smaller rate in many instances. Let us be fair in our comparisons.

Mr. Chairman, in order to make sure that these $300,000,000, or any part of it as provided in title 3, may be used for longer range financing of farm indebtedness, the committee has agreed upon an amendment which I now offer.

The CHAIRMAN. All time having expired, the gentleman from Texas is recognized to present a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. JONES: On page 18, line 2, after the word "years", insert a comma and the following: "Or, in the case of a first or second mortgage secured wholly by real property and made for the purpose of reducing and refinancing an existing mortgage within an agreed period no greater than that for which loans may be made under the Federal Farm Loan Act as amended."

Mr. JONES. Mr. Chairman, I ask for a vote.

Mr. DOWELL. Mr. Chairman, we should like very much to have some explanation of the amendment.

Mr. JONES. I will make this explanation: Under title 3 of the bill provision is made whereby $300,000,000 may be available for first or second mortgages. This applies to different kinds of indebtedness, but one of the main purposes is to enable them to make trades with the mortgagees to reduce the principal and interest. In some cases these individuals or mortgage companies may need a little cash and would be willing to have their first mortgage reduced, both principal and interest, and spread the balance of the loan over a longer period of years. This amendment enables the administrator to make the second loan for a longer period than 10 years on the land mortgages of this character.

Mr. DOWELL. Would such loans be made at the same rate of interest?

Mr. JONES. No; the second liens will bear 5 percent interest.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The CHAIRMAN. Under the rule the Committee automatically rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARNOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, pursuant to the resolution (H.Res. 103), he reported the bill back to the House with an amendment adopted by the Committee.

The SPEAKER. Under the rule the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. BOILEAU. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BOILEAU. I am.

The SPEAKER. Is the gentleman a member of the Committee on Agriculture?

Mr. BOILEAU. I am.

Mr. JONES. Does the gentleman care to have the motion read?

Mr. BOILEAU. If I may have half a moment to explain what I have offered, I shall not insist upon the reading of the motion.

Mr. JONES. It is what has been referred to here as the Frazier bill, is it not?

Mr. BOILEAU. It is the Frazier bill providing for refinancing at 1½ percent interest and provides for a bond issue, and so forth.

Mr. JONES. Mr. Speaker, I ask unanimous consent that the motion may be printed in the RECORD and considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The motion is as follows:

Mr. BOILEAU moves to recommit the bill to the Committee on Agriculture, with instructions to that committee to report it back to the House forthwith with the following amendment:

"Strike out all after the enacting clause and insert the following:

"'That this act shall be known by the title "The Farmers' Farm Relief Act."

"'SEC. 2. That the Government now perform its solemn promise and duty and place American agriculture on a basis of equality with other industries by providing an adequate system of credit, through which farm indebtedness and farm mortgages now existing may be liquidated and refinanced, through real-estate mortgages on the amortization plan, at 1½ percent interest and 1½ percent principal per annum, and through mortgages on livestock used for breeding or agricultural purposes at 3 percent interest per annum through the use of the machinery of the Federal farm-loan system and the Federal Reserve Banking System.

"'SEC. 3. The Farm Loan Commissioner is hereby authorized and directed to liquidate, refinance, and take up farm mortgages and other farm indebtedness, existing at the date of enactment of this act, by making real-estate loans, secured by first mortgages on farms, to an amount equal to the fair value of such farms and 50 percent of the value of insurable buildings and improvements thereon, through the use of the machinery of the Federal land banks and national farm-loan associations, and to make all necessary rules and regulations for the carrying out of the purposes of this act with expedition. In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceeds the fair value of any farm and 50 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Such loans shall be made at a rate of 1½ percent interest and 1½ percent principal per annum, payable in any lawful money of the United States.

"'SEC. 4. The Farm Loan Commissioner is further authorized and directed to liquidate, refinance, and take up chattel mortgages and other farm indebtedness, existing at the date of enactment of this act, by making loans at the rate of 3 percent interest per annum, secured by first mortgages on livestock used for breeding or agricultural purposes, to an amount equal to 65 percent of the fair market value thereof, such loans to run for a period of 1 year, with right of renewal from year to year for a term of 10 years: *Provided*, That any depreciation in the value of such livestock is replaced by additional livestock used for breeding or agricultural purposes and the amount of the loan is reduced 10 percent each year.

"'SEC. 5. There is hereby authorized to be appropriated, out of any money not otherwise appropriated, $100,000 for the use of the Farm Loan Commissioner to carry out the provisions of this act. The necessary and actual expenses incurred in carrying out the provisions of this act shall be apportioned and prorated and added to each individual mortgage, and such sums so added shall be paid to the Farm Loan Commissioner for administrative purposes.

"'SEC. 6. The funds with which to liquidate and refinance existing farm mortgages and other farm indebtedness shall be provided by the issuing of farm-loan bonds by the Federal farm loan system, through the Farm Loan Commissioner and Federal land banks, as now provided by law, which bonds shall bear interest at the rate of 1½ percent per annum, if secured by mortgages on farms, and 3 percent per annum if secured by chattel mortgages on livestock used for breeding or agricultural purposes. These bonds, after delivery to the Farm Loan Commissioner, may by him be sold at par to any individual or corporation, or to any State, National, or Federal Reserve bank, or to the Treasurer of the United States. And it shall be the duty of the Federal Reserve banks to invest their available surplus and net profits, after the dividends are paid to their stockholders, in such farm-loan bonds, such profits to include the franchise tax now paid to the United States.

"'SEC. 7. In case all of said farm-loan bonds are not readily purchased, then the Farm Loan Commissioner shall present the remainder to the Federal Reserve Board, and the Board shall forthwith cause to be issued and delivered to the Farm Loan Commissioner Federal Reserve notes to an amount equal to the par value of such bonds as are presented to it, such farm-loan bonds to be held by the Federal Reserve Board as security in lieu of any other security or reserve.

"'SEC. 8. The Farm Loan Commissioner and the Federal Land banks shall turn over all payments of interest and principal on such farm-loan bonds, for which the Federal Reserve Board issues Federal Reserve notes, to the Treasurer of the United States, and shall be by him kept for the purpose of redeeming said Federal Reserve notes and reinvested by him as a sinking fund in municipal or State bonds and bearing interest at the rate of at least 2 percent per annum, both principal and interest to be paid in any lawful money of the United States.

"'SEC. 9. Whenever the amount of money actually in circulation in the United States shall exceed $75 per capita, then the Treasurer of the United States, by and with the approval of the Federal Reserve Board and the President of the United States, may retire Federal Reserve notes in an amount equal to the principal paid on farm-loan bonds, for which Federal Reserve notes were issued, not to exceed 2 percent in any 1 year, of the amount of Federal Reserve notes so issued.

"'SEC. 10. There is hereby created a Board of Agriculture consisting of one member from each State, elected by the farmers of such State, who shall be elected by delegates selected by a mass convention of farmers in each county or parish within the United States, who are indebted and declare it to be their intention to take advantage of this act, such county or parish convention to be its own judge as to who are bona fide farmers and otherwise eligible to participate in its proceedings.

"'SEC. 11. The Farm Loan Commissioner is hereby authorized and directed to give public notice, through the Federal land banks, to the farmers of each county or parish of the time and place of holding the first county or parish convention, which shall be held at the seat of government of each county or parish; and it shall at the same time give notice of the first convention of the State delegates, to be held at the State capital of each State, notice of such convention to be given within 60 days after the enactment of this act.

"'SEC. 12. The farmers attending such county or parish convention and the State delegates attending such State convention shall organize and make such rules and regulations for their procedure as they deem necessary or convenient, and shall elect a president and a secretary and make arrangements for such other and future conventions as they may deem necessary to carry out the purposes of this act, and they shall at all times cooperate and assist the Board of Agriculture, the Farm Loan Commissioner, the Federal land banks, the national farm-loan associations to liquidate and refinance farm mortgages and farm indebtedness.

"'SEC. 13. The State delegates so elected shall meet at the State capitals of their respective States and elect a member of the Board of Agriculture, who shall hold his office from the date of such election and for a period of 2 years from January 20 following, and who shall receive $15 per diem and necessary traveling expenses while on official business, to be paid by the Farm Loan Commissioner out of any funds set apart by section 5 of this act.

"'SEC. 14. Immediately after their election the members of the Board of Agriculture, upon call of the Farm Loan Commissioner, shall meet at Washington, in the District of Columbia, and organize by electing a chairman and a secretary, and they shall make such rules and regulations as they deem necessary and expedient to carry out the purposes of this act. They shall elect an executive committee of three, none of whom shall be members of the Board of Agriculture, who shall hold their office at the will of said Board, and who shall receive a salary of $7,500 per annum, and 5 cents per mile for necessary traveling expenses while on official business, to be paid by the Farm Loan Commissioner out of any funds set apart by section 5 of this act.

"'SEC. 15. The members of the Board of Agriculture shall keep in touch with and report to the executive committee the progress of liquidating and refinancing farm mortgages and farm indebtedness in their respective States. They shall cooperate with county or parish and State governments, and with all farm and cooperative organizations within their respective States, to speedily bring about the liquidation and refinancing of farm mortgages and farm indebtedness.

"'SEC. 16. The executive committee of the Board of Agriculture shall advise with and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Farm Loan Commissioner and the Federal Reserve Board, and they shall cooperate with said boards and with county or parish and State governments and with the various farm organizations, and with the agricultural colleges of the Nation, in order to bring about a just and speedy liquidation and refinancing of farm mortgages and farm indebtedness. They shall report any member of the farm-loan system or the Federal Reserve Board who neglects, hinders, or delays the carrying out of the provisions of this act to the President of the United States, and it shall be the duty of the President, upon cause shown, to remove any such officer and to appoint some other suitable person in his place with the advice and consent of the Senate.

"'SEC. 17. The benefits of this act shall also extend to any farmer, or member of his family, who lost his farm through indebtness or mortgage foreclosure since 1919, and who desires to purchase the farm lost or another farm. It shall also extend to any tenant, or member of his family, who desires to purchase a farm, provided he has lived on and operated a farm as a tenant for at least 3 years prior to the enactment of this act.

"'SEC. 18. The executive committee of the Board of Agriculture shall have power in case of crop failures, and in other meritorious cases, to extend the time payments due on loans made under this act from time to time for a period not exceeding 3 years, provided the mortgagor keeps up the payments of all taxes on the mortgaged property.

"'SEC. 19. This act shall be liberally construed, and no technicalities or limitations shall be imposed or permitted to interfere with the speedy carrying out of its purposes; and the provisions of the Federal farm-loan system and the Federal Reserve banking system shall apply as far as applicable in the carrying out of the provisions of this act; and all laws or parts of laws in conflict herewith are for the purpose of this act repealed. The persons charged with the duty of carrying out the provisions of this act are authorized and directed to do all things necessary or convenient to accomplish its purposes with expedition.'"

Mr. JONES. Mr. Speaker, I regret exceedingly that my obligation requires me to make a point of order against this amendment on the ground it is not germane.

The SPEAKER. The Chair will hear the gentleman.

Mr. JONES. Mr. Speaker, in my judgment there can be no question that this motion is not germane to the measure before the House. True, they both provide for refinancing of farm mortgages, but the Chair, of course, is familiar with the rule that in order to be germane all features of an amendment must be germane.

If the Chair will turn to sections 7, 8, and 9 of the pending motion, he will find that it provides for an issue of currency, a limitation on such issue, and control of the amount of money that may be effected by this issue.

The pending bill provides for loans for the joint-stock land banks with interest guaranteed by the Government, for the sale of them, and raising money in the regular way.

It does not provide for any issue of currency nor for the expansion of currency. It does not provide for any of those features.

I call attention to two or three instances with which I am familiar. I have before me a bill offered by the present occupant of the chair back in 1924, when the original McNary-Haugen bill was before the House—both of them farm bills.

The Speaker, in my judgment, offered a bill better than the then pending bill. He presented it as a substitute, and it followed the lines of the pending bill on the question of raising prices of farm products and the question of organization, but it finally departed on the question of using export and import certificates as a method of handling the surplus rather than the equalization fee.

The Chair ruled that it was not germane to the pending bill. The Chair said:

The amendment offered by the gentleman from Illinois as a substitute for the entire bill is more nearly germane than the former amendment, but the Chair is of opinion that it does not come within the rule of germaneness. The object sought, of course, is farm relief, but that does not necessarily make the bill germane. The method is so entirely different in the bill offered by the gentleman from Illinois from the method under consideration that it seems to the Chair that it is not germane. Both bills recognize that the question of price is determined somewhat upon the exportable surplus, but the bill, which the Chair has rather hastily read, offered by the gentleman from Illinois by way of substitute proposes to deal with this question of exportable surplus by giving a bounty to the exporter, evidently with the view that if the export brings a fair price, a fair price would result in the domestic market; but that is such a departure from the plan of the bill, which creates a Government corporation, giving it power and authority to export, that it would not come within the rules of the House to hold it germane. The Chair therefore sustains the point of order.

Then, I recall in 1926 I was interested in the debenture plan of farm relief, and the McNary-Haugen bill again came up. I offered an amendment to strike out certain sections and insert new matter, and it was held that that was out of order.

The next year, I think it was, in an effort to get my proposition voted on, I took the pending bill, spent about 3 days writing all the provisions of the pending bill into the clocklike work of my bill in such a way that I thought the Chair would not be able to distinguish between them.

I used the same sort of organization, the same officials, the same procedure, the same method of application, in an effort to bring the case within the rule.

The Chair again ruled, on April 25, 1929, that a similar proposal to a similar bill was not germane.

I was somewhat peeved when that ruling was made. But after I thought of it I realized the wisdom of having a measure that had received consideration before being finally enacted into law. If you once open the sluicegates, you will have a measure with all kinds of questions and variety of amendments attached to it. It is in the interest of orderly procedure that measures may be presented in a clean-cut fashion with a direct issue. With some of the features of this amendment I am in hearty accord, and I think they should be considered thoroughly by a proper committee.

I want to quote from a parliamentary decision that has long been treated as a landmark in this House. It was quoted in the decision on a similar question on April 25, 1929:

Simply because an amendment seeks to solve the same problem as that sought to be solved by the pending bill does not make the amendment germane.

The purpose of the rule of germaneness is to prevent the consideration of legislation which has not been considered in committee, and therefore the rule may be applied more strictly to a long amendment by way of a substitute for the entire bill under consideration.

The rules of the House are based on reason. They are based on human experience. They are the results of years of effort on the part of legislative bodies to attain rules and precedents that will best promote carefully thought out and effective legislation.

The features embodied in the proposed substitute can be presented in a proper way, presented to the proper committee for study. And they certainly need study. Therefore there is reason behind this procedure. Mr. Speaker, it is so clearly not germane that I do not care to discuss the matter further.

Mr. BOILEAU. Mr. Speaker, the gentleman from Texas [Mr. JONES] made a very persuasive argument upon the principle that two subjects are not necessarily germane because they are related, but that is not the provision under which I believe the Chair must necessarily form his opinion upon the motion to recommit. I believe this comes clearly under the principle that a general subject may be amended by specific propositions of the same class. There are a large number of decisions and precedents that provide that when a bill contains two or more subject matters or methods of performing a certain action, when there is more than one method provided to accomplish a purpose or when there are two or more related subjects in the same bill, a motion is in order and is germane that amends either by adding related subject or by moving to strike out all of the bill and include therein a separate or third method relating to the same general subject.

When a bill was before the House admitting several Territories into the Union, the Chair ruled that an amendment to admit another Territory was a germane amendment, but when a bill was before the House admitting only one Territory it was held not germane to include another Territory, the theory being that when there are two or more related subjects dealt with in the same bill a third provision may be embodied. I submit that this bill does contain more than one method of refinancing farm indebtedness, and I ask the Chair particularly to bear in mind the provisions of title I of the bill. Title I provides for the refinancing of farm mortgages. The substitute that I am offering also provides for refinancing of farm mortgages. Title I of the bill provides for refinancing through the issuance of bonds at 4 percent. That is one method that is used in this bill for the purpose of raising money or providing money for refinancing farm mortgages.

Title III gives a separate and distinct and entirely different method of affording relief to agriculture through refinancing. It provides that $300,000,000 shall be available through the Reconstruction Finance Corporation, not through a bond issue, but from the Reconstruction Finance Corporation, this money to be loaned for the purpose of refinancing farm indebtedness. Therefore, there are at least two methods—these two are the outstanding examples—in title I and title III of providing money to refinance farm indebtedness. The Frazier bill, which is now pending before the Committee on Agriculture in the form of the Lemke bill, companion to the Frazier bill introduced in the Senate, provides for refinancing of farm indebtedness—nothing more or less. It provides a bond issue the same as the bill before us provides in title I. It goes farther in one direction. Title III of the bill before us does not provide for a bond issue. It provides that the money shall be loaned by the Reconstruction Finance Corporation. The Frazier bill is a related subject, which provides a separate and distinct method, it is true, but in view of the fact that the bill before the House now has two separate and distinct methods of refinancing farm indebtedness, I maintain that the amendment I have offered is germane, because it comes within the provisions of the rule that provides that a general subject may be amended by specific propositions of the same class. I submit my amendment is in order, that it is germane, that it is as closely related to title I of the bill as is title III of the bill. There are already in the bill at least two distinct and different methods of refinancing farm mortgages, and therefore a third method is germane and is in order so long as it relates to the same subject matter.

Mr. SNELL. Mr. Speaker, I desire to be heard briefly on the proposition. It seems to me in approaching a proposition of this kind we must not take into consideration whether we are for or against the individual piece of legislation being considered. My position has always been to maintain the precedents and the rules of the House, regardless of my feelings toward the legislation under consideration. I think the gentleman from Wisconsin has not entirely comprehended the real point at issue when he refers to the precedents cited by him in his argument. I agree that if you have a piece of legislation amending the general provisions of a bill, that another amendment of similar character would be germane. As to the precedent that he refers to admitting two Territories, you could add another; but those two things are entirely different from what we have before us at the present time. There is no question but that adding an amendment admitting a third Territory would be germane, but the gentleman has lost the real point at issue in this discussion. The bill before us deals specifically with refinancing farm mortgages. That is the only definite proposition dealt with in the bill. You may issue them in one way or the other, but that is the subject matter of the bill.

Mr. BOILEAU. May I suggest that in title III of the bill there is no bond issue but that the money is provided to come from the Reconstruction Finance Corporation.

Mr. SNELL. That is true, but it all has to do with the question of refinancing farm mortgages, and comes about by issuing bonds.

Mr. BOILEAU. So does the Frazier bill.

Mr. SNELL. The Frazier bill not only does all of that but in addition to this it provides for the direct issuance of currency. The question of currency is not mentioned in the present bill, and no reference is made to it whatever.

This bill before us relates entirely in all of its objects and purposes to the refinancing of farm-mortgage loans.

Whereas the proposed amendment embodying provisions to the so-called "Frazier bill" goes far beyond the purpose of the pending bill and relates not only to refinancing farm-mortgage loans at a lower rate of interest but provides also for a controlled expansion of the currency by the issuance of Federal farm-loan bonds, which bonds, if they cannot be readily sold shall be turned over to the Federal Reserve Board, which Board shall deliver to the Federal Farm Loan Board Federal Reserve notes equal to the par value of such bonds as are presented to it.

Now the pending bill has nothing whatever to do with the currency and nothing whatever to do with the Federal Reserve Board. It is strictly a refinancing proposition of farm mortgages through the Federal land bank system. Moreover, the proposed amendment deals in large part with a subject which is not within the jurisdiction of the committee which reported the pending bill, but is within the jurisdiction of the Committee on Banking and Currency, and presents a subject wholly unrelated and irrelevant to the bill under consideration.

To a bill relating to the coinage of silver in the Treasury and its use in redemption of notes issued against it, amendments authorizing the issue of bonds and also authorizing the giving of notes for the deposits of silver were held not to be germane.

These decisions were rendered by Speaker Charles F. Crisp. Hinds' Presedents, volume 5, section 5886.

There is no doubt whatever in my mind but the Frazier bill interjects into this bill an entirely new and not germane subject and the point of order should be sustained.

Mr. BOILEAU. Mr. Speaker, may I make one further statement?

The SPEAKER. The gentleman from Wisconsin.

Mr. BOILEAU. I should like to say that this problem presents three methods of refinancing farm mortgages: First, by bond issue; second, by loans from the Reconstruction Finance Corporation; and, third, by the issuance of bonds and subsequent issuance of currency. Those are three distinct methods. Two of them are already provided for in the bill, and I maintain the third is germane and should be admitted. As far as the Committee on Agriculture not having jurisdiction is concerned, I wish to say that an identical bill, known as the Lemke bill, H.R. 2855, was referred to the Committee on Agriculture and is now pending before that committee.

Mr. LEHLBACH. Mr. Speaker, I just want to make a brief point with respect to this point of order.

The bill under consideration has for its sole purpose the refinancing of farm mortgages, and provides money with which to do this refinancing, from bond issues of the Federal land banks and from either stock sales or bond issues of the Reconstruction Finance Corporation, both of them private corporations. This method of financing is complete and adequate for the purpose of the original bill. The proposition under consideration by the motion to recommit is to expand the currency by 3½ billion dollars, which is not at all essential to the purpose of the bill, is not necessary for it. As anybody who understands the situation knows, and we all take judicial notice of the fact, it has a primary purpose entirely dissociated from mortgage redemptions. It is not necessary. It is an entirely new matter, and whether express or implied, it has a purpose foreign to the purposes of the bill under consideration.

The SPEAKER. The Chair is ready to rule. The question presented has been passed upon two or three times and presents nothing new. The bill under consideration provides a method of farm relief, essentially by the issuance of bonds, to be marketed in the ordinary way. The Frazier bill, which is the subject of the motion to recommit, provides also for farm relief, also for bond issues, and, in addition to that, provides a method of meeting the bond issues by currency printed and issued, clearly inflation, which may amount to as much as 3½ billion dollars. The two methods are as wide apart as the poles.

The present Speaker of the House argued a like question back in 1924 when the very first farm relief bill was under consideration, the first of the McNary-Haugen bills. That bill provided a method of farm relief, fixing farm prices with reference to related products, and the present Speaker of the House proposed an amendment to the bill which provided an entirely different method, and the present Speaker agrees with the gentleman from Texas when he said that his method was much better than the method provided in that bill; but that did not make any difference. A point of order was made against the amendment proposed by the present Speaker, by Mr. CANNON of Missouri, the author of Cannon's Precedents, and the gentleman from Missouri argued the point of order and convinced the Chairman of the Committee of the Whole, Mr. SANDERS, although he did not convince me then, that my amendment was not germane. The object of my amendment then and the object of the bill under consideration at that time were to provide methods of farm relief, but they were widely different, although not as widely different as is proposed in the so-called "Frazier bill" and in the bill now under consideration.

Again, on April 24, 1929, the same question came up.

The Chairman of the Committee of the Whole at that time was Mr. MAPES. He rendered a decision based upon the decision rendered by Mr. SANDERS in 1924. The opinion by Mr. Chairman MAPES was a well-considered opinion covering the entire subject.

The Chair feels he cannot ignore the precedents that he has cited, and he might add that he could call attention to a number of others. The Chair wants it distinctly understood that he is not passing upon the propriety of inflating the currency. That is another question. If the currency is to be inflated by printing and distributing money in any way, it should be the subject of a separate bill, considered by a committee, reported to the House, and considered on the floor in the ordinary way.

The Chair, therefore, feels constrained to and does sustain the point of order.

Mr. BLANTON. Mr. Speaker, for the benefit of the Membership, will not the Speaker incorporate in his present decision the 1924 opinion of Mr. SANDERS?

The SPEAKER. Without objection, the opinion referred to will be printed.

The opinion referred to is as follows:

The CHAIRMAN. The Chair is ready to rule. The amendment offered by the gentleman from Illinois [Mr. RAINEY] as a substitute for the entire bill is more nearly germane than the former amendment, but the Chair is of opinion that it does not come within the rule of germaneness. The object sought, of course, is farm relief, but that does not necessarily make the bill germane. The method is so entirely different in the bill offered by the gentleman from Illinois from the method of the bill under consideration that it seems to the Chair that it is not germane. Both bills recognize that the question of price is determined somewhat upon the exportable surplus, but the bill which the Chair has rather hastily read, offered by the gentleman from Illinois by way of substitute, proposes to deal with this question of exportable surplus by giving a bounty to the exporter, evidently with the view that if the export brings a fair price, a fair price would result in the domestic market; but that is such a departure from the plan of the bill which creates a Government corporation, giving it power and authority to export, that it would not come within the rules of the House to hold it germane. The Chair therefore sustains the point of order.

* * * * * * * *

The Chair is ready to rule. The amendment offered by the gentleman from Texas [Mr. SANDERS] seeks to effect the same general purpose as the bill in question—that is, to relieve the agricultural situation. It is true, as suggested by the gentleman from Texas [Mr. JONES], that the mere fact that there is to an

extent a departure from the bill under consideration does not make it out of order because otherwise there would be no necessity of offering a substitute or amendment of any kind. However, it is not possible to offer a substitute for a bill which undertakes to give the same relief and yet departs entirely from the method of the bill under consideration. The Haugen bill, under consideration, is an emergency measure and merely gives power to investigate and determine when a special emergency exists with reference to any one of the enumerated agricultural products, and then the corporation having certain definite powers comes into action and by means of control of exportable surplus relieves the situation. This substitute is permanent legislation, giving the Government power to buy and sell farm products. While the ultimate object is to relieve agriculture, it embraces a method that does not come within the rules of the House in reference to germaneness to the bill under consideration, and the point of order is sustained.

Mr. GILCHRIST. Mr. Speaker, I have a motion to recommit the bill.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. GILCHRIST. I am not opposed to the bill, but I believe it ought to be amended.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GILCHRIST moves to recommit H.R. 4795 to the Committee on Agriculture with instructions to amend the bill by striking therefrom the words "4 per centum" wherever such words appear in title I of the bill and by substituting in lieu thereof the words "3½ per centum"; and also by striking the words "5 per centum" wherever such words appear in such title and by substituting in lieu thereof the words "4¼ per centum"; and by striking "4½ per centum" in line 12 of section 4 of the bill, and inserting in lieu thereof the words "3½ per centum."

Mr. JONES. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The CHAIRMAN. The question is on the motion to recommit.

Mr. GILCHRIST. Mr. Speaker, I ask for the yeas and nays on the motion to recommit.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. GILCHRIST) there were—ayes 43, noes, 196.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. KENNEDY of New York. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KENNEDY of New York. Is a request for the yeas and nays on the final passage of the bill in order at this time?

The SPEAKER. It is in order; yes.

Mr. KENNEDY of New York. Mr. Speaker, I ask for the yeas and nays on the final passage of the bill.

The yeas and nays were ordered.

The question was taken; and there were—yeas 387, nays 12, not voting 32, as follows:

[Roll No. 12]

YEAS—387

Abernethy	Briggs	Cavicchia	Crosser
Adair	Brooks	Celler	Crowe
Adams	Brown, Ky.	Chapman	Crowther
Allen	Brown, Mich.	Chase	Crump
Allgood	Browning	Chavez	Culkin
Andrews, N.Y.	Brunner	Christianson	Cullen
Arens	Buchanan	Church	Cummings
Arnold	Buck	Claiborne	Darden
Auf der Heide	Bulwinkle	Clark, N.C.	Darrow
Ayers, Mont.	Burch	Clarke, N.Y.	Dear
Ayres, Kans.	Burke, Calif.	Cochran, Mo.	Deen
Bacharach	Burke, Nebr.	Cochran, Pa.	Delaney
Bacon	Burnham	Coffin	De Priest
Bakewell	Busby	Colden	DeRouen
Beedy	Byrns	Cole	Dickinson
Beiter	Cady	Collins, Calif.	Dickstein
Berlin	Caldwell	Collins, Miss.	Dies
Biermann	Cannon, Mo.	Colmer	Dingell
Black	Cannon, Wis.	Condon	Dirksen
Blanchard	Carden	Connery	Disney
Bland	Carley	Cooper, Ohio	Dobbins
Blanton	Carpenter, Kans.	Cooper, Tenn.	Dockweiler
Bloom	Carpenter, Nebr.	Corning	Dondero
Boehne	Carter, Calif.	Cox	Doughton
Boland	Carter, Wyo.	Cravens	Doutrich
Bolton	Cary	Crosby	Dowell
Boylan	Castellow	Cross	Doxey
Drewry	James	Millard	Sirovich
Driver	Jeffers	Miller	Sisson
Duffey	Jenckes	Milligan	Smith, Va.
Duncan, Mo.	Jenkins	Mitchell	Smith, Wash.
Dunn	Johnson, Minn.	Monaghan	Smith, W.Va.
Durgan, Ind.	Johnson, Okla.	Montet	Snell
Eagle	Johnson, Tex.	Moran	Snyder
Eaton	Johnson, W.Va.	Morehead	Somers, N.Y.
Edmonds	Jones	Mott	Spence
Eicher	Kahn	Murdock	Stalker
Ellzey, Miss.	Keller	Musselwhite	Stokes
Eltse, Calif.	Kelly, Ill.	Nesbit	Strong, Pa.
Englebright	Kelly, Pa.	Norton	Strong, Tex.
Evans	Kemp	O'Brien	Stubbs
Faddis	Kennedy, N.Y.	O'Connell	Studley
Fiesinger	Kenney	O'Connor	Sullivan
Fish	Kinzer	O'Malley	Sumners, Tex.
Fitzgibbons	Kleberg	Oliver, Ala.	Sutphin
Fitzpatrick	Kloeb	Oliver, N.Y.	Swank
Flannagan	Kniffin	Owen	Sweeney
Fletcher	Knutson	Palmisano	Swick
Focht	Kocialkowski	Parker, Ga.	Taber
Ford	Kopplemann	Parker, N.Y.	Tarver
Foss	Kramer	Parks	Taylor, Colo.
Foulkes	Kurtz	Parsons	Taylor, S.C.
Frear	Kvale	Patman	Taylor, Tenn.
Fuller	Lambertson	Peavey	Thom
Fulmer	Lambeth	Perkins	Thomason, Tex.
Gambrill	Lamneck	Peterson	Thompson, Ill.
Gasque	Lanham	Pettengill	Thurston
Gavagan	Lanzetta	Peyser	Tobey
Gilchrist	Larrabee	Pierce	Traeger
Gillespie	Lea, Calif.	Polk	Treadway
Gillette	Lee, Mo.	Pou	Truax
Glover	Lehlbach	Powers	Turner
Goldsborough	Lehr	Prall	Turpin
Goodwin	Lemke	Ragon	Umstead
Granfield	Lesinski	Ramsay	Underwood
Gray	Lewis, Colo.	Ramspeck	Utterback
Green	Lewis, Md.	Randolph	Vinson, Ga.
Greenwood	Lindsay	Rankin	Vinson, Ky.
Gregory	Lloyd	Rayburn	Wadsworth
Griffin	Lozier	Reed, N.Y.	Waldron
Griswold	Luce	Reilly	Wallgren
Guyer	Ludlow	Rich	Walter
Haines	McCarthy	Richards	Warren
Hamilton	McClintic	Richardson	Weaver
Hancock, N.Y.	McCormack	Robertson	Weideman
Hancock, N.C.	McDuffie	Robinson	Welch
Harlan	McFarlane	Rogers, Mass.	Werner
Hart	McGrath	Rogers, N.H.	West
Harter	McGugin	Rogers, Okla.	Whitley
Hartley	McKeown	Romjue	Whittington
Hastings	McLean	Rudd	Wigglesworth
Healey	McLeod	Ruffin	Wilcox
Henney	McReynolds	Sabath	Williford
Hess	McSwain	Sadowski	Williams
Hildebrandt	Major	Sanders	Wilson
Hill, Ala.	Maloney, Conn.	Sandlin	Withrow
Hill, Knute	Maloney, La.	Schaefer	Wolcott
Hill, Sam B.	Mansfield	Schuetz	Wolfenden
Hoidale	Mapes	Schulte	Wolverton
Holmes	Marland	Scrugham	Wood, Ga.
Hooper	Marshall	Sears	Wood, Mo.
Hope	Martin, Colo.	Secrest	Woodruff
Howard	Martin, Mass.	Seger	Woodrum
Huddleston	Martin, Oreg.	Shallenberger	Young
Hughes	May	Shannon	Zioncheck
Imhoff	Mead	Shoemaker	The Speaker
Jacobsen	Meeks	Sinclair	

NAYS—12

Beck	Goss	McFadden	Terrell
Bolleau	Hoeppel	Merritt	Tinkham
Ditter	Lundeen	Ransley	Watson

NOT VOTING—32

Almon	Brumm	Gifford	Moynihan
Andrew, Mass.	Buckbee	Higgins	Muldowney
Bailey	Cartwright	Hollister	Reece
Bankhead	Connolly	Kee	Reid, Ill.
Beam	Douglass	Kennedy, Md.	Simpson
Brand	Farley	Kerr	Steagall
Brennan	Fernandez	McMillan	Wearin
Britten	Gibson	Montague	White

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Gibson (for) with Mr. Andrew of Mass. (against).

Until further notice:

Mr. Britten with Mr. Reece.
Mr. Gifford with Mr. Simpson.

Mr. JACOBSEN. Mr. Speaker, my colleague the gentleman from Iowa, Mr. WEARIN, is unavoidably absent. If he were here, he would vote "aye."

Mr. McDUFFIE. Mr. Speaker, my colleague the gentleman from Alabama, Mr. BANKHEAD, is unavoidably absent. If he were present, he would vote "aye."

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. GIFFORD, is ill. If present, he would vote "aye."

Mr. ENGLEBRIGHT. Mr. Speaker, the following Members are unavoidably absent. If they had been present, they would have voted "aye."

Mr. HIGGINS, Mr. BUCKBEE, Mr. REID of Illinois, Mr. BRUMM, Mr. CONNOLLY, Mr. HOLLISTER, Mr. MOYNIHAN, and Mr. MULDOWNEY.

Mr. BYRNS. Mr. Speaker, the following Members are unavoidably absent. If they had been present, they would have voted "aye" on the bill.

Mr. DOUGLASS, Mr. FERNANDEZ, Mr. KEE, Mr. MCMILLAN, Mr. ALMON, Mr. BRENNAN, Mr. KENNEDY of Maryland, Mr. BANKHEAD, Mr. FARLEY, Mr. MONTAGUE, Mr. CARTWRIGHT, Mr. BRAND, Mr. KERR, Mr. BEAM, Mr. STEAGALL, Mr. WEARIN, and Mr. WHITE.

Mr. KNUTSON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KNUTSON. How does the distinguished majority leader know that these gentlemen would have voted as he states?

Mr. BYRNS. For the same reason that the distinguished whip on the gentleman's side knew how the Members he mentioned would have voted. [Laughter.]

The SPEAKER. That is not a parliamentary inquiry.

The result of the vote was announced as above recorded.

On motion of Mr. JONES, a motion to reconsider the vote by which the bill was passed was laid on the table.

RELIEVING THE FARM RELIEVERS

Mr. HART. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a short address delivered by myself over the National Broadcasting System on the farm bill which recently passed the House.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HART. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by myself over the network of the National Broadcasting Co., April 8, 1933:

The title of this address should leave no doubt in the minds of this audience as to those who, in my judgment, are going to be relieved by the pending farm relief bill. This bill was sponsored by the American Farm Bureau Federation and the National Grange, and by three large cooperative organizations who borrowed huge sums of money, which came out of the Federal Treasury as the result of the Farm Marketing Act.

The situation of the farmers of the United States would be bad enough because of the diversity of their interests, due to geographical, climatic, and soil conditions, if they had no organization at all. However, when you realize that these so-called "farm leaders" have capitalized the sad plight of the farmers to raid the Treasury and pay themselves enormous salaries, you can see that their situation is indeed tragic.

Why should the salaries of farm relievers be so high? Why should these men, with crocodile tears in their eyes, telling about the grievous predicament of the farmer, demand salaries from $10,000 to $75,000 a year? They have a 100-percent record for backing farm legislation that has failed. Under their leadership the farmer has sunk to the lowest point since the first settlers landed in Virginia under John Smith.

With a record of this kind of leadership, why should anyone have faith in further legislation which they advocate? They claim to represent at least half the farmers of the United States. Consult your farmer friends in your own community and you will find out that these claims are false. Yet these statements are freely made and kept before the Congress, and Congress is passing legislation that they are demanding. Congress has but few men who have had any experience in farm marketing. Therefore it is comparatively easy for these pirates to raid the Treasury with their unsound schemes.

I am going to discuss the American Farm Bureau Federation in particular, because this is the most active so-called "farm lobby" here in Washington. These leaders, and especially the American Farm Bureau Federation, have been active with reference to all legislation since 1920. They have been instrumental in the passage of farm legislation, and the farmers' condition has grown steadily worse. Mr. Chester H. Gray, Washington representative of this organization, testifying February 20, 1930, before the Caraway lobby-investigation hearing in the Seventy-first Congress, stated that every member of the Federal Farm Board was satisfactory to them. Mr. Gray also stated his organization was responsible for the naming of Alexander Legge, head of the farm machinery trust, as Chairman of the Federal Farm Board. Therefore, according to their own testimony, the American Farm Bureau Federation directed the handling of the Federal Farm Board with its policy of permitting farm leaders to draw salaries of fifty and seventy-five thousand dollars a year. These high-priced farm relievers, according to the last statement of the Federal Farm Board, have lost $350,000,000 of the taxpayers' money. I want to ask the farmers of the United States if they want another scheme sponsored by the same people, which cost the Treasury $350,000,000 and the farmers untold millions.

Did these farm organizations sincerely believe that the Farm Marketing Act would be beneficial to the farmer? If they did, they disclosed their ignorance of farm economics. If they did not, they disclosed their willingness to offer this quack remedy to deceive the farmer.

To help you decide as to their sincerity I want to call your attention to the testimony of Mr. Chester H. Gray, Washington representative of the American Farm Bureau Federation, in the hearings before the Caraway lobby committee of the Senate, showing the connection between Mr. Gray and Mr. Edward A. O'Neal, president of the American Farm Bureau Federation, and their dealings with the Nitrogen Trust, the Power Trust, the placing on the pay roll of either the Union Carbide or American Cyanamid Co. Farm Bureau agents for the purpose of defeating Senator NORRIS' Muscle Shoals bill, which would have given cheap nitrogen to the farmers.

Now, let us take up the pending bill. It has been endorsed by Mr. O'Neal, president of the American Farm Bureau Federation; L. J. Taber, master of the National Grange; C. E. Huff, president Farmers' National Grain Corporation; C. G. Henry, representing the American Cotton Cooperative Association; and Charles E. Ewing, president of the National Livestock Marketing Association.

First, let us see how all these gentlemen profited from the last farm bill, as compared with the farmer. Mr. O'Neal's concern had two of their former officers drawing $12,000 a year as members of the Federal Farm Board—namely, Mr. Sam H. Thompson, former president, and Mr. Frank Evans, former secretary. Mr. C. E. Huff is the preacher who draws $15,000 a year as president of the Farmers' National Grain Corporation. This is the concern that was organized under the trust laws of Delaware with a paid capital of $76,000, and just before election refunded their loan of $16,000,000 from the Federal Farm Board for 10 years at one eighth of 1 per cent interest. They could buy Government bonds with the Government's own money and make a profit of $500,000 a year. Mr. Huff should be interested in some more farm legislation of this kind, since the Farm Board is going out of existence.

Mr. C. G. Henry, of the American Cotton Cooperative Association, who also endorsed the present bill, represents a concern with a paid capital of $79,500 which now owes the Government, through the Federal Farm Board, $61,000,000 that was lost speculating in cotton. Charles E. Ewing, president of the National Livestock Marketing Association, should also be interested. His concern also has a loan of many millions from the Farm Board.

In the light of the record of these men, would you as farmers call them in to chart your course? Would a business man or a banker place these men upon their board of directors after their record with the Federal Farm Board? Yet, these are the gentlemen who claim to have written the pending bill and agreed upon it on behalf of the farmers of the United States.

I, as one farmer, enter a loud protest, and I want to thank the National Broadcasting Co. for permitting me to make it loud enough so it will be heard from coast to coast.

Having given you a history of the gentlemen who claim to represent the farmers, now let us discuss the bill as it has been presented to the Senate (H.R. 3835) with Senate amendments. The first provision in this bill for relief of the farmer is a huge speculation in cotton. This, of course, is the chief interest of the American Cotton Cooperative Association. It is evident that the American Cotton Cooperative, which Mr. Henry represents, expects in this deal to save something from the wreck of that concern, which owes the Government $61,000,000, that are admittedly lost. The impression has been given out that this money was lost stabilizing cotton. The Farm Marketing Act never provided for cooperatives to stabilize any commodity, and the contract under which the money was lost expressly provided otherwise. The stabilization organizations, both in grain and cotton, were to carry out that work. If this bill is passed time will tell whether or not Mr. Henry's concern will come out of this deal with a few million dollars to the good. This concern should be placed in the hands of a receiver, and the cotton which they have should be liquidated and every dollar in this organization should be turned back into the Treasury without any negotiations whatever. The concern owes millions they can never hope to pay, and it is all the taxpayers' money. Here is the language in this new bill that provides the way out for Mr. Henry's concern: "In making such settlements the cotton shall be taken over at prices equal to the amounts loaned or advanced, directly or indirectly, plus the carrying charges and operating costs thereon."

These operating costs for 1930–31, which the Government is to take over, include the $75,000 salary of Mr. Creekmore; the $15,000 salary of Mr. C. O. Moser, their chief lobbyist; Mr. C. C. Henry's salary of $10,000; Mr. U. Benton Blalock's salary of $10,000 per year; Homer T. Wade's salary of some $5,000 per year; and like salaries of numerous other officials of that organization. Is it any wonder that these gentlemen are enthusiastically for the bill, or that they have spent most of the time since Congress met in Washington at the taxpayers' expense?

Mr. Henry's concern, the American Cotton Cooperative, has undoubtedly handled several millions of bales of cotton on which a profit was made. What has become of the profits? The bill

provides that the Government shall assume the losses. It is presumed that the farm "relievers" will take the profits. If this is carried out, Teapot Dome was a mild swindle. This bill, under section 9, page 10, provides for the levying and collecting of taxes which are to be paid out for rental and other benefit payments to the farmers after deducting all expenses. How much will be left for the farmer no man can tell. However, all commodities named in the bill are subject to a processors' tax which may run as high as 50 or 100 percent. Section 16 provides that a tax shall be levied upon the floor stocks of processed goods on hand. Under section 19, subsection C, it provides that in order that the payment of the tax under this act may not impose any immediate financial burden upon the processors and distributors they shall be eligible for loans from the Reconstruction Finance Corporation under section 5 of that act.

Now let us see what can happen with reference to the money borrowed from the Reconstruction Finance Corporation. In the hearing before the Senate Agricultural Committee, Mr. Woods, representing the meat-packing industry, told the committee that in his judgment this tax could not be passed on to the consumer without curtailing the consumption of meat. He stated that the housewife would only spend just so much of her income for meat, and any increase in price cut the amount of meat she would buy. He also stated that meat is perishable and must be sold by the packers regardless of profit or loss. Mr. Woods also stated that the packing industry was not making a profit and that their normal profits when business is good run from one fourth to one sixth of a cent a pound. It is obvious, therefore, that the packer cannot assume any losses due to this act. Mr. Woods further testified that it would take $30,000,000 to pay the tax on the packers' stocks and $50,000,000 would be needed a little later to finance the tax. If the theory of the meat packers is correct, that this tax cannot be passed on to the consumer, or that meat is perishable and must be sold regardless of profit or loss, as Mr. Woods testified, and the packers lose the $80,000,000 in the operation, what position would the Government be in? Would the packers assume this loss, or would they come to Congress and ask us to cancel it as we will have to do for the American Cotton Cooperative? These loans are available to all processors under the law and would apply to the meat-packing industry, to the cotton mills, to the rice mills, flour mills, and all other industries operating under this act.

It is, therefore, conceivable that instead of the farmers getting relief that the Treasury of the United States may be relieved of half a billion dollars. The processors are not in sympathy with this act and it is my judgment that if this money is lost that inasmuch as they were forced into this kind of an operation by law, that the Government never could recover the funds. I want to ask the farmers of the United States if this is the kind of legislation they want? I want to ask the farmers if the American Farm Bureau Federation represents their views in sponsoring this legislation? Does the National Grange represent your views in this legislation? Does the American Cotton Cooperative, which has lost $61,000,000 of the taxpayers' money, represent your views? Does Mr. Huff's Farmers National Grain Organization, who has 16 millions of the taxpayers' money to play with for 10 years, paying one eighth of 1 percent, represent your views?

If these men represent your views, I wish you would write to the President and tell him so. If they do not represent your views, I wish you would write the President and tell him specifically your connection with farm organizations and whether or not any of these I have enumerated represent your viewpoint. He is your friend, I assure you. No man has ever desired to assist the farmer as our President now desires to help you. In my judgment, and I have had 30 years' experience in farming and in the marketing of farm produce, this is a farm relievers' and processors' bill from which the farmer will derive little or no benefit. It has been recommended to the President by the leaders of farm organizations as a farmers' bill. I am making this plea to you because I am firmly convinced that you are not represented in Washington, but that you are misrepresented.

EXPORTATION OF ARMS AND MUNITIONS OF WAR

Mr. POU. Mr. Speaker, I call up the resolution, H.Res. 101, which is on the Clerk's desk.

The Clerk read as follows:

House Resolution 101

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of H.J.Res. 93, a joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions, and all points of order against said bill shall be considered as waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 4 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Foreign Affairs, the previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except one motion to recommit.

ORDER OF BUSINESS

Mr. SNELL. Will the gentleman from North Carolina yield to me to ask the gentleman from Tennessee a question?

Mr. POU. I yield.

Mr. SNELL. I would like to ask the majority leader about the program for this afternoon and tomorrow. A great many of our Members are very anxious to attend church on Good Friday.

Mr. BYRNS. I certainly do not want to keep anybody from attending church, and I may say that the time allowed under this rule will take the consideration of this bill over until tomorrow unless the House is willing to stay here late in the evening.

I have conferred with the gentleman from New York in regard to the matter and, so far as I am concerned, with the consent of the House, I am perfectly willing to sit for a reasonable time this afternoon, if the Chairman of the Committee on Foreign Affairs and the members of the committee so desire, and then conclude the debate tomorrow and take the matter up to the point of ordering the previous question and have the vote, if a record vote is to be taken, on next Monday.

Mr. SNELL. So far as I know, that is entirely satisfactory to this side of the House.

Mr. McREYNOLDS. That is perfectly satisfactory on this side.

Mr. BLANTON. Mr. Speaker, could we have an understanding with the gentleman from Tennessee that there will be no other business called up during this week?

Mr. BYRNS. I know of no other business.

Mr. BLANTON. There will be no other rules or resolutions that are on the calendar called up?

Mr. BYRNS. Not that I have any knowledge of.

Mr. SNELL. That is the way I understood the situation.

Mr. BLANTON. So that not only on Good Friday but on Thursday may Members go somewhere, if they desire.

Mr. SNELL. It is a little late for Thursday.

Mr. HASTINGS. Something may come over from the Senate in the meantime.

Mr. BYRNS. I take it the gentleman's suggestion did not include any report from the Senate, or anything of that kind.

Mr. BLANTON. I referred to matters now on the calendar or on the Speaker's table.

Mr. KNUTSON. I should like to ask the distinguished majority leader if there are any more gag rules in course of preparation at the present time. [Laughter.]

Mr. BLANTON. If the gentleman from Tennessee could get up one that would stop questions of that kind, it would serve the House well.

Mr. BYRNS. We never pass any gag rules over here.

EXPORTATION OF ARMS OR MUNITIONS OF WAR

Mr. POU. Mr. Speaker, I would like to inquire of the gentleman from Pennsylvania [Mr. RANSLEY] whether he desires to use one half of the hour allowed me?

Mr. RANSLEY. Mr. Speaker, on this side of the aisle we have demands for 30 minutes, and we would like to have the full time.

Mr. POU. Then, Mr. Speaker, I yield one half of the hour to which I am entitled to the gentleman from Pennsylvania [Mr. RANSLEY] to be, in turn, yielded by him as he sees fit.

THOMAS JEFFERSON

Mr. BYRNS. With the indulgence of my friend from North Carolina, I want to say that I forgot to make a unanimous-consent request for the gentleman from Missouri [Mr. SHANNON] to speak for 5 minutes on the subject of Jefferson's birthday. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. SHANNON] be permitted to speak for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHANNON. Mr. Speaker, today is the one hundred and ninetieth anniversary of the birth of America's greatest statesman, Thomas Jefferson. The occasion should not be permitted to pass unnoticed. I can think of nothing more appropriate to say at this moment than to read the following remarks made by Mr. Alexander H. Stephens while he was a Member of this House.

The speech he made on that occasion was a controversial matter that engendered party feeling. On that particular occasion he said this, which I think is apropos at all times in all public matters in America:

If you who call yourselves "Republicans" shall, in obedience to what you consider a party behest, pass the measure in the vain expectation that the republican principles of the old and true Jeffersonian school are dead, be assured you are indulging a fatal delusion. The old Jeffersonian democratic, republican principles are not dead and will never die so long as a true devotee of liberty lives. They may be buried for a period, as Magna Carta was trodden underfoot in England for more than half a century, but these principles will come up with renewed energy, as did those of Magna Charta, and that, too, at no distant day. Old Jeffersonian democratic, republican principles dead, indeed! When the tides of ocean cease to ebb and flow, when the winds of heaven are hushed into perpetual silence, when the clouds no longer thunder, when earth's electric bolts are no longer felt or heard, when her internal fires go out, then, and not before, will these principles cease to live—then, and not before, will these principles cease to animate and move the liberty-loving masses of this country.

[Applause.]

ARMS AND MUNITIONS EMBARGO

Mr. POU. Mr. Speaker, the resolution which is made in order by the rule is the so-called "embargo resolution." It is impractical, I think, to attempt to discuss the rule without including in such discussion comments upon the resolution which it makes in order.

The joint resolution is easily understood. It is simple in its language. It gives to the President of the United States authority to declare an embargo against the shipment of arms or the sale of arms and munitions of war in cooperation with other nations of the world whenever, in the judgment of the President, it is advisable to do so, having in contemplation, of course, the great cause of peace.

This is not a new resolution. It was earnestly recommended by the former President of the United States, Mr. Herbert Hoover, and it was also earnestly recommended by his Secretary of State.

It is hard for me to understand, Mr. Speaker, how opposition to such a resolution can find a basis. If men are furnished with arms they can carry on war. Certainly the withholding of implements of war makes for the great cause of peace.

All the joint resolution does is to give the President of the United States, in cooperation with other nations of the world, the authority to prohibit the sale and shipment of arms wherever he deems it proper to do so whenever nations are about to engage in war.

Now, all sort of factitious objections will be raised to this resolution. It will be attacked on the floor of this House notwithstanding the fact that it has earnestly been recommended by administrations controlled by both political parties. Certainly nations cannot fight each other unless they are provided with implements of war, and the converse holds true that where implements of war are withheld, of course, it leaves them in a less prepared condition to go to war. God knows that we all want to take whatever steps are necessary to promote peace throughout the world. [Applause.]

It is hard for me to understand how any other conclusion can be drawn from this resolution than that it makes for the great cause of peace. Mr. Stimson thought so, Mr. Hoover thought so, and our former colleague, Cordell Hull, is enthusiastically in favor of this resolution. Yet for 4 hours there will be debate upon the simple language of the resolution. One half of that time will be an attack upon it, and you will be told before the debate is over that instead of making for the cause of peace the resolution will almost certainly bring about war. Just how gentlemen arrive at that conclusion remains to be seen, but I predict here and now that you will hear that very argument advanced. I am heartily for the resolution myself; but with respect to this particular resolution it would be enough for me, if I did not have the enthusiasm for it that I have, that two Presidents of the United States have thought that it is necessary, and I have that confidence in this man in the White House that I am going along with him; call me a rubber stamp if you want to—I do not care a continental. [Applause.]

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes; I yield.

Mr. McGUGIN. We are passing some permanent legislation here. Does the gentleman maintain that Mr. Roosevelt will be in the White House forever?

Mr. POU. I hope and believe that he will be there for 8 years. Mr. Speaker, seriously speaking, I feel that this resolution ought to be overwhelmingly agreed to by the House. It ought to be sufficient when two administrations have declared the necessity for this legislation, when they are advised as to the conditions throughout the world much better than we can be advised; and when they tell us that it makes for peace and not for war, it ought to be sufficient to justify us in passing the resolution and sustaining these two administrations. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, it is with regret I find that we are again considering important legislation, legislation which brings about a radical change in the foreign policy of the United States, under what is fast becoming the traditional Democratic policy of an airtight rule. Here we have a simple resolution, 19 lines in length, with a single section that has really any meat in it, and yet we are compelled to say we cannot alter it if we will. Surely it cannot be said this time that there is an emergency; at least no such evidence has come to my knowledge. When the Democratic chairman of the Foreign Affairs Committee came before the Committee on Rules, he was willing to bring this legislation up under an open rule. Unfortunately the leadership of the House decreed otherwise. I am genuinely sorry we cannot offer an amendment here, because I would like to perfect it so that it might meet with my support. I realize the fine idealism, the splendid purpose which prompted the bringing of this resolution to the consideration of the House. Ever since the dawn of civilization man has striven for the mirage which would bring universal peace to mankind. No one more than I would like to see that object attained. So it is with regret I am forced to the conclusion the resolution is so phrased that it will not further the cause, but rather, on the contrary, will be provocative of war.

I hold no brief for the ammunition manufacturers. Profit on business gained through the misfortune of the multitudes does not meet with my approval. I should be perfectly willing to support a resolution which would say in the event of war we would not ship arms to any country engaged in strife, but I do not want to give power to the President or anyone else to determine who is the aggressor nation.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Not now. What is the picture presented before the world today? There is war in South America, there is war in China, and everybody knows that in the chancellories of the world there is talk of the war to come. Everyone knows a proposal was made 10 days ago which, if it should be adopted—and I am speaking of the redivision of territories in Europe—could have but one purpose, and that is war. We must be careful in these dangerous days if we are to maintain peace. I am not attacking this resolution because of any opposition to the President of the United States. I am patriotic enough to believe that the American Nation, from George Washington down to Franklin D. Roosevelt, never had a man in the White House but was actuated by patriotic motives. I believe in his patriotism and sincerity, but I am afraid to take this power from Congress in this critical period. I want to adopt the more careful and conservative form of policy. I realize fully the pressure which will be brought to bear upon him if we pass this resolution. It will be terrific. We have realized within the last few years the dire effects of war, the suffering and hardships which come to the country and to the individual. With these pathetic scenes in mind, let us not discontinue the policy of neutrality too easily. I don't ask you to vote down the rule, because I realize the Demo-

cratic Party is committed to this close rule and will continue to be; yet I ask you to vote against the resolution in its present form.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. BLOOM. Is it not a fact that this resolution is the identical resolution that was sent to the committee by a Republican President and endorsed by a Republican Secretary of State, and is it not true that the Republican Secretary of State appeared before the committee and asked that the resolution be adopted?

Mr. MARTIN of Oregon rose.

Mr. MARTIN of Massachusetts. I will answer that. That is true; and when it went to the Democratic Committee on Foreign Affairs of the House, that committee, I think by a vote of 15 to 2, decided they would not make it world-wide in its scope but would restrict it to the American Hemisphere. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. POU. Mr. Speaker, I yield 10 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Speaker, I did not expect to speak upon the rule. I wished to speak briefly on the arms-embargo measure, but I went to the leading Republican member of the committee [Mr. FISH], as provided in the rule, and was there told I was the first Republican asking to speak for the embargo resolution and time could not be promised to me but that I might get it from the Democratic side. So I went over to the majority side, saw the gentleman from New York [Mr. O'CONNOR], and asked for 10 minutes. Apparently he understood I wanted to speak on the rule, but, if you will permit me, I will utilize time now, particularly as there is no contest on the rule.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. O'CONNOR. In the absence of the gentleman from North Carolina [Mr. POU] I only had charge of the time on the rule.

Mr. FREAR. I now understand, and appreciate it, and also the kindness generously extended by my friend in giving time unable to be had from my Republican colleague. I will take advantage of it now so as to be sure I get a few minutes to speak on the embargo resolution even though no right to support the resolution is to be given to Republican Members by our side of the aisle.

I cannot understand why a suggestion was made to me on the minority side when I asked for time to speak for the resolution that I "must not believe what pacifists say." No pacifist has talked to me about this resolution, nor am I a pacifist nor jingo. There is no purpose of pacifism here. In fact, the claim is made by opponents of the resolution that its passage means war. There is, perhaps, a spirit of jingoism among those who are constantly warning us of these numerous dangers. Watch the men who discuss this bill, here or elsewhere, to see whether or not that is an influence behind it. Who are the munition dealers whom this would affect and were they not partially responsible for the sinking of the *Lusitania?* I agree as to the horror of that great tragedy. But how did it occur; for it was a first step toward war. What was in the manifest of the *Lusitania?* Munitions of war, I have understood. When the *Lusitania* went down then every jingo wanted us to go to war. Why? Because the *Lusitania* was sunk in the war zone with American citizens upon it; but it also carried munitions of war. It is to avoid another like tragedy, so far as possible, that I would support this munitions embargo bill. I would prevent, so far as possible, any occurrence of that kind again by granting prior embargo action to a Republican or a Democratic President then in office, no matter who he might be.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. FREAR. I yield.

Mr. MARTIN of Oregon. Did the gentleman approve a program during the war that would have denied our furnishing munitions to the Allies?

Mr. FREAR. I thank the gentleman for that inquiry. I shall be glad to respond. The money we loaned our European Allies and $11,000,000,000, substantially, was spent in this country to pay American manufacturers of munitions, and to other Americans who furnished war supplies. The United States paid American manufacturers who provided munitions for the Allies. [Applause.]

Why not to Germany or the Central Powers? Only because American manufacturers could not get their munitions through the war zone prior to our participation. There is no sentiment in their business. When we loaned the Allies $11,000,000,000, whatever proportion the exact amount paid to American manufacturers may have been it was primarily to include payments due by the Allies for these munition purchases from Americans.

This Government thus financed American munition manufacturers and others furnishing war supplies, agencies that had helped provoke our participation in the war. That I would avoid in the future.

Mr. MARTIN of Oregon. Will the gentleman yield further?

Mr. FREAR. Yes; I yield.

Mr. MARTIN of Oregon. I suppose the gentleman would now prefer to pay tribute to Germany?

Mr. FREAR. Let me say, General, as I said before, jingoism so argued for our entry into war. You will find it urged on us, no matter who is the aggressor. It urges us to get into wars and argues that the Japanese or Germans or Russians will get us if we keep out. I voted against our entrance into the war. I voted with some of the leading men then here, with Claude Kitchin, leader on your side of the aisle. Also General Sherwood who had risen from a private to a generalship during the Civil War, with 44 battles to his credit. Other equally strong men were among those so voting against our entry into the European war. I have never been ashamed of nor have I apologized for that vote to this date. [Applause.]

I saw a President of the United States stand there, at the Clerk's desk reading his message. He made a statement to us that compelled many Members of Congress to vote for a declaration of war. It has a bearing on this resolution because it was the President of the United States who delivered that message to Congress. You say you are not going to give him that power by this resolution to declare an arms embargo. A President has that power today; not under the Constitution but by his own act and high place he can compel Congress to declare war. A President's power is supreme during war hysteria.

Mr. STUDLEY. Will the gentleman yield?

Mr. FREAR. Yes; I yield.

Mr. STUDLEY. I understood the gentleman to say the *Lusitania* had munitions of war aboard?

Mr. FREAR. Yes.

Mr. STUDLEY. By what authority does the gentleman make that statement?

Mr. FREAR. That was disclosed afterward by the manifests which were published at the time or shortly after.

Mr. STUDLEY. What about the investigation that the court made of that matter?

Mr. FREAR. I am not going to spend time to discuss that question here. The gentleman can take the floor in his own right if he wishes, but if the *Lusitania* had munitions of war and she was sunk, it was contended that that would justify a declaration of war by the United States, because she was acting pursuant to and under the protection of international law. I would stop that practice so far as possible by an embargo in advance. In fact, it was charged munition makers placed American seamen with their shipments to provoke war.

The United States should not be injected into war because some munitions maker or some manufacturer of war supplies sends a vessel into a war zone with Americans carrying those supplies to belligerents, there to be sunk by submarines. I care not whether German or English or what submarines they may be that seek to destroy the munition carrier. Why should that be a subject for war? Passage of

this resolution, I believe, would prevent that threat, because no President would willingly invite war for his people. During a war hysteria, when bombarded by propaganda, it is then that Presidents and Congress yield to pressure.

Mr. COX. Will the gentleman yield?

Mr. FREAR. I yield.

Mr. COX. I am entirely in sympathy with the gentleman.

Mr. FREAR. I am glad to hear that.

Mr. COX. I should like to inquire if it would please the gentleman to discuss the objections that are raised to the adoption of the resolution; that is, that it confers unconstitutional power upon the Executive, giving him the power to enter into treaties, and so forth.

Mr. FREAR. That to my mind is a pure figure of speech. The President of the United States today, not under the Constitution but by his act, can place this country in a position so that war is inevitable without any enabling act. Every man who has been in this House during a declaration of war knows that. For instance, his power is potent now in time of peace. What did this House do with the last bill passed today? Members stood here and complained about the bill for refinancing agriculture; they denounced the procedure, but they voted for a bill they could not amend, and this occurred today in time of peace.

Did you oppose the President's bill today? The record speaks for itself. What are we doing here day after day with administration measures? Voting for them practically unanimously. The country has placed the responsibility with him, and we are supporting him. I am not criticizing that action, but we are today following the President of the United States and the administration as was done prior to and during the war.

Is it possible that both Presidents Hoover and Roosevelt, who urged passage of this resolution, are seeking mere power when asking right to declare an arms embargo with belligerents? Would they want war or would they not rather seek to prevent war? Congress gave the President power long ago to declare an embargo on arms with countries on this continent. That was cheerfully yielded him by Congress. Why was it not dangerous then if dangerous now?

It has been whispered, or rather shouted, that this resolution is aimed at Japan. Japan is a familiar bogie man to conjure by. It is also a frequent cry that Russia and Communism are like menaces.

Jingo talk should be placed under padlock. If foreign nations treat these constant crys of Members of Congress seriously, it might be a cause for war, but I believe those governments correctly apprize cause and effect. According to these new warnings of a Japan threat, every Member voting for this resolution is also seeking to throw us into the League of Nations and the World Court when we give Presidents power to declare an arms embargo against belligerents. If so, then Presidents Hoover and Roosevelt were and are trying surreptitiously to lead Congress and the country down a blind alley with this munition embargo bill.

I leave to others who wish to follow such leadership and such reasoning an excuse for voting against the resolution, but a like law is now in force with South American countries. Other governments have that power, but President Roosevelt after June or July would have to call Congress in extra session again before he could declare an embargo against profiteering munition owners, or they might get us into war again. The President could prevent shipments to South American belligerents by law, but when he said to munition makers, "Keep clear of European belligerents", he would be committing a warlike act. We can best avoid European and Asiatic complications by steering clear of them before it is too late.

I concede many Members may, without prejudice, question this embargo resolution as drawn, but I should prefer to trust a President with partial or complete embargo powers rather than existing unrestricted license had by munitions dealers.

Mr. Speaker, from information received which I believe to be authentic, our colleague, Mr. FISH, now in control of time on the Republican side, a House military and diplomatic expert of known ability, offered a joint resolution in the House on January 7, 1928, declaring against shipment of munitions to any country excepting American countries in which the United States exercises extraterritorial jurisdiction.

That resolution was not adopted; otherwise war, it is alleged, might have ensued with some of the many countries against which we are warned, if like power is given to the President. I am now only quoting arguments advanced against the pending arms embargo resolution.

Quoting from a speech in the House by our colleague Mr. FISH, a recognized military and diplomatic authority, I note he said:

> If we continue the policy of exporting munitions of war, we will be doing more to bring the United States into another war than anything we can do at the present time.

In that general purpose I am sure the House finds much to agree and trusts the present resolution may be enlarged on motion of our friend and colleague to include all countries and thus prevent any such catastrophe.

As a diplomatic adviser of the House due to his present high place on the Foreign Affairs Committee, I find our colleague and friend Mr. FISH quoted before the League of Women Voters as saying:

> There is one solution to the peace problem; I believe that the entrance of the United States into the World Court would be a step in that direction.

Personally I have not reached that entangling-foreign-alliance view, although am willing to be shown any error in judgment, and in like manner I have not reached a conclusion expressed by my friend and colleague Mr. FISH, who is further quoted as saying:

> I believe myself in the principles of the League of Nations at this time and I believe in the future we should go into the League with reservations.

Sharing a bewilderment that comes to my colleagues, I leave that phase of a subject hard to harmonize or understand with other views expressed as is the Einstein puzzle. More recently our esteemed colleague and friend, as a constitutional adviser and acting for the Congress of which he like ourselves is a Member, was quoted in the press declaring war on President Machado of Cuba to take effect "within a week or 10 days."

To those opposed to such threats of violence by our friend and colleague Mr. FISH it may be suggested published reasons given are—

> I cannot see the use of sending notes to Japan about Manchuria where we have only a few million dollars invested and saying nothing about Cuba where Americans own three quarters of the property—

And further—

> There is just one thing to do; send a strong ambassador to Cuba and have him inform President Machado that he must step aside for a provisional president.

Not because of the 4,000 Cubans apparently, but because of American banks that own three fourths of Cuban property.

That reason in part was urged for our entrance into the World War and drafting of 4,000,000 men to fight in France rather than the reason then expressed to save the world for democracy or wage a "war to end wars." American investments are not above making such demands, but getting back to the arms-embargo resolution before us, it discloses influences that not alone impel us to control the affairs of Cuba but to meddle with the affairs of both European and Asiatic countries, usually to our own disadvantage and great injury.

That my resolution to refuse conscription of American boys to fight European battles is not deserving credit for originality I quote from a speech made by me January 19 of last year:

> Congressman Britten, at present a leading member of the Naval Committee, page 297, April 5, 1917, offered an amendment to the declaration of war as follows:
>
> "*Provided, however,* That no part of the military forces of the United States shall be ordered to do land duty in any part of

Europe, Asia, or Africa until so directed by Congress, excepting those troops who specifically volunteer for such service."

In that same speech I quote further—

Among many impressive words in debate on that same day, I quote from Representative Sherwood (Democrat), a lovable man who enlisted in the Civil War as a private. He was in 42 engagements and battles; promoted repeatedly for bravery, and finally was mustered out of that war with a brilliant record second to none, as a brigadier general.

No more courageous man ever represented his countrymen in Congress. He said on page 335, April 5:

"I cannot keep faith with my people by voting for this war resolution in its present form. I will vote for it if the provision to authorize an army to be sent across the Atlantic to participate in this European conflict is stricken out."

These two men voiced the same sentiments I have tried to put in legislative form by House Joint Resolution 125 that by constitutional provision would prevent the Army staff or any other agency from conscripting American boys to fight any more European battles. That resolution I desire to discuss more at length.

Mr. COX. Mr. Speaker, will the gentleman yield to me to pursue the inquiry?

Mr. FREAR. Certainly.

Mr. COX. I take it the gentleman does not construe the power sought to be vested in the President to cooperate to mean power to enter into an alliance or to make a treaty without the consent of the Congress.

Mr. FREAR. Oh, surely not. That is provided by the Constitution, of course, but the Constitution also states that Congress shall declare war. Anyone who sat here in April 1917 knows we declared war immediately after the President's message was delivered to this House, and because of that message. His message informed Congress that American citizens were sunk on the *Sussex* when they were in the war zone, and naturally every American was indignant if that was a fact, but Secretary Lansing in a letter read just prior to the war declaration said to Congress a mistake had been made, innocently, of course, and that no lives were lost on the *Sussex* or *Evelyn*, yet that charge, made by the President, was one of the things that pressed us into war during 1917.

THE BEST WAY TO AVOID WAR

Mr. Speaker, it seems to me that the best way to keep out of war is not to permit American citizens to be drafted to fight European battles. I have made that proposal on the floor of the House repeatedly, and am glad to make it again, and shall make it whenever opportunity arises. The best way to keep out of war is not to permit American citizens to be drafted to fight European battles. A second prevention is to require the American people, mothers and fathers, and boys now drafted, to vote on the question of whether we should be thrown into another foreign war. I have again introduced resolutions, pending in the House at the present time, to accomplish this purpose, and will refer to them later in this discussion. Every mother will agree to that right, and every father will agree who has an interest in his son. Those who are drafted to fight in Europe have no voice now in that decision. They would all fight against invasion but many would protest against fighting in another "war to end wars." Let me say my father served 3½ years in the Civil War. My son served in the last war with the Thirty-second, at the front. A company I once organized served in the last war with the Thirty-second Division and lost 88 men killed or died in France. I raised a provisional company for the Spanish-American War and personally served 16 years in the Regular Army and National Guard. So I am not a pacifist nor am I a jingo, but against needless war. I resent anyone's saying that to declare an embargo against greedy munitions-manufacturers means war or else pacifism. They should take either one or the other position, not both. I believe in peace.

A few Members of Congress went overseas, but not 2 percent went to war; most of the remaining 98 per cent sat here in peace and aided the President in conducting operations, as you do today in time of peace. What the President said went with us, for once in war you have got to win; you have no other choice. That is what we did in 1917 and 1918. That is what Congress will do in any and every war. Less than 2 percent of the 530 Members will do any fighting, yet we are asked to protect our constitutional right to declare war or to declare an embargo against arms' shipment. We do not control either right in time of war.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. FREAR. I yield.

Mr. RICH. Would not the gentleman think it right and proper that we have an embargo on arms to all nations regardless of whether it might be the idea of the President that we contribute arms to one particular nation?

Mr. FREAR. Surely, just the same as I believe in this resolution I hold in my hand. We have that right in existing law except that we confine it to the Americas. I would make it apply to any and all belligerents engaged in war. Why not? [Applause.]

Mr. Speaker, the committee report on this resolution granting to the President power to declare an embargo recites that President Hoover asked for the same legislation now urged by President Roosevelt. I refuse to believe it should be made a party matter or that the minority report alleges any reasonable ground for refusal to grant that power to the President.

Proposal to give the President of the United States power to declare an embargo on shipments of munitions to any government is challenged by members of the committee because "it enables a President to involve us in war."

Let me say again that although the Constitution provides Congress declares war, history shows Congress generally is swept into war by propaganda and presidential action. War may be provoked by blundering military, naval, or by an undiplomatic diplomacy. Fool Americans traveling in danger zones, demanding unwarranted protection, uttering bombastic boasts, may all provoke war; failure to give safe protection to foreigners in our own country brings war threats.

Shippers of munitions and war supplies on the *Lusitania* or other ships sent to one of the belligerents invited destruction in the war zone. That could be avoided by a presidential embargo order made before war hysteria seizes the propaganda agencies.

JINGOES ARE IN EVERY COUNTRY

War parties in France, Italy, Russia, Germany, or the United States are afraid of peace or pacifism. They are usually set for war and so are all the profiteers and Army and Navy officers who may be in position to profit in place or purse through war. A presidential power to declare an embargo is only one step against war. Neither Presidents nor Congress can or will withstand modern propaganda of radio, movies, and personal lobbies that profit from wars, for all the horrors of war are forgotten or glossed over by these agencies that sound war's praises and glories.

Speaking for a large army of blind, crippled, and gassed veterans from European battlefields gathered at a Geneva peace disarmament conference, they said they represented 8,000 wrecks of manhood at that peace conference. They also represented 12,000,000 killed, who died all praying in the name of the same God for their country's victory before their untimely deaths. The dead are now voiceless; the 25,000,000 others who suffered casualties are scattered throughout the world, objects of pity and sympathy; many millions of bereft mothers and countless millions of relatives are all joined in opposition to wars and further barbarism. These men so scattered know what war meant. Those who shout for it and those who play the war game for profit do not know, and those who ignore veterans' just claims on their Government's bounty do not care.

A cut of $400,000,000 in veterans' aid and half as much from pay cuts of hundreds of thousands of Government employees is accompanied by a demand for an American "parity navy" to cost upward of a billion dollars, of which $230,000,000 is demanded by the Navy League and Navy lobby in 1933. Surely that will be viewed as a threat for war by

warlike nations, but no protest arises from the munition-makers who profess to be scared stiff over a President's power to declare an arms embargo. Jingoism is found in other countries as well as ours.

Remember the United States last year (1932) spent for its present alleged antiquated, obsolete, third-power Navy, so estimated according to our own naval experts, a total of 50 percent in excess of all the combined naval expenses of England, France, and Italy, according to the World Almanac. England spent $50,476,000, France $94,823,000, and Italy $80,947,000, while we spent $353,000,000 for our own Navy. If naval experts are right, then a courtmartial should be called to know what we have received from these experts, since the World War, in exchange for over $5,000,000,000 collected from American taxpayers for war purposes, not including over 10 billion more spent for war interest and hospitalization of veterans during that peace period for wars, past or future.

If these war experts are trustworthy and another extra billion is now needed for a parity navy, the courtmartial should further find why that money was not more properly spent for national defense in airplanes that can sink $40,000,000 battleships, which did not dare leave their harbors during the last war through submarine threats.

No flimsy excuse about presidential embargo powers should affect Congress, but modern defense methods and weapons are demanded with a positive demand to avoid needless wars that Congress cannot prevent.

PEACE BROUGHT BY GUNS AND FEAR NOT PERMANENT

If afraid to trust the President, then we should be afraid to trust a Congress that will follow his directions for war. A real remedy against war lies in the hands of Congress—a remedy that will stop needless wars, certain to come unless such a remedy is adopted.

European jealousies, enmities, and century-old national rivalries prevent any of these governments from inviting confidence of their neighboring governments. This results in heavy war clouds constantly hovering over that war-stricken part of the world. Americans pride themselves that Europe believes our constant assurances of friendship and efforts toward international peace that covets neither world power nor territory.

That world has equal knowledge, while we are demanding reduction of armaments, urging peace convocations, and talking humanitarianism, that our war exports and advisers have their hands on the gun called a "parity navy", the most expensive and extravagant in the world. With one voice we say the world should forgive all their debtors and enemies, but we should be permitted to choose our allies when desired in again making the world safe for democracy and to fight another war to end wars.

One way to invite confidence in America's sincerity is by both acting and practicing peace. A high hurdle against war will invite international confidence by passing my resolution to permit the people to vote on war and refuse drafting American youth to settle Europe's wars. That act will mean more to Europe than all the empty promises and phrasing we put forth with assumed belief it carries weight to diplomats who distinguish acts from words.

HOW WE CAN PREVENT WAR

Mr. Speaker, for three consecutive sessions I have introduced House Joint Resolution 125 in substantially the form here discussed. If adopted, it will do more to keep this country out of foreign entanglements, as counseled by Washington, than all international peace meetings and Kellogg peace treaties combined.

Subject to the supreme right to repel invasion, I again submit a proposed antiwar amendment to the Constitution with a belief it will prevent wars certain otherwise to engulf us. Joint Resolution 125 in substance is as follows:

Congress shall have power to declare war only after the proposition shall have been submitted by the President to the several States and requests made of their governors to hold special elections on not less than 30 days' notice. A majority vote for war in a majority of said States shall first be cast before Congress declares war.

This amendment shall not be construed to prevent the President from using the Army and Navy by its Commander in Chief whenever deemed necessary to suppress insurrections or invasions.

The right of the people to be secure in their persons shall not be jeopardized by conscription or forced military service abroad, but when public safety demands Congress may so provide for service on the North American Continent but in no other place.

One provision of the resolution provides a majority of States must first affirmatively declare for war, and the second prevents conscription for foreign service during another war. Presidents who bring about situations that in the past have forced Congress to declare war should be without power to prosecute another foreign war. Every world expert advises our country is alone the most favorably situated to repel invasion and avoid war.

WAR IGNORES LAWS AND CONSTITUTIONS

John Bassett Moore, former Counsellor of the State Department, is quoted as saying a declaration by the President of an arms embargo against a foreign government "would permit the President to carry us into war without the prerequisite of Congress." The President can create and in the past has caused a situation that compels Congress to declare war. That fact is not open to successful controversy. He can do so if he so decides.

Congress is no more a free agent during war's hysteria, promoted by wild propaganda, than is a President. Any President who would precipitate a war by an embargo declaration in like manner would involve us in war by securing a declaration of war from Congress, easy to bring about. The balance wheel is not found in a President or Congress, but with the many millions who must fight and pay. If they decide for a foreign war, then they will bear the burden.

Under the existing National Defense Act plans for mobilizing man power assumes that Congress will adopt a "selective draft" act immediately on the declaration of "a national emergency"—war. The draft act of the Army staff provides for 11,000,000 men between the ages of 21 and 30, from which number 4,000,000 will constitute "class 1" during the first 12 months of a "major conflict."

Should the "emergency"—war—continue, additional recruits would be drawn from 800,000 young men reaching age of registration each year. The foregoing condensed plan has been worked out by the Army staff to use in addition to the Regular Army and National Guard heretofore relied upon for war. Our efforts to settle disputes in Europe, Asia, and other countries will require a constant supply of 800,000 young men annually after an "emergency" occurs in addition to the 4,000,000 drafted men and Regular Army and Navy. That picture may be alluring to the Army staff that loves power—and I have no personal feeling against the staff that finds many critics among experts—but the picture to 800,000 youth of the country drafted to fight each year may not be so attractive.

In case of invasion or insurrection universal war service would be demanded, but absolute power exercised by our military superior, Army staff, when in war is additional reason for war prevention.

Before assuming again to make the "world safe for democracy" why not make our own democracy safe by permitting it to determine when the American people will shed their blood for foreign governments, whether monarchies, democracies, or dictatorships. Rights to protect from invasion by foreign foes or suppress insurrection are with the President under the Constitution. As Commander in Chief he can prevent invasion.

POLITICAL PLATFORMS AND WAR

I remember the campaign that resulted in the reelection of President Wilson "because he kept us out of war." That was the verdict of the American people more plainly expressed than by any political party declaration. The Democratic 1916 platform said:

We hold that it is the duty of the United States to use its power not only to make itself safe at home but also to make secure its just interests throughout the world, and both for this end and in the interest of humanity to assist the world in securing settled peace and justice.

Empty words, as we now know.

The Republican 1916 platform sounded its peace slogan:

We desire peace, the peace of justice and right, and believe in maintaining a strict and honest neutrality between the belligerents in the Great War in Europe. * * * We believe in the pacific settlement of international disputes and favor the establishment of a world court for that purpose.

Again, empty words.

Two great party conventions so declared prior to that election. The Democratic candidate was reelected "because he kept us out of war." Within 6 months from the time of his reelection we were in war. It was claimed that Theodore Roosevelt would have moved for war a year before.

As I stated at the outset, President Wilson's reasons for waging war were incorrect in fact. His message to Congress said:

Let me remind the Congress that on the 18th of April (1916) last in view of the sinking on the 24th of March the steamer *Sussex* by a German submarine, without summons or warning, and the consequent loss of lives of several citizens of the United States who were passengers—

I quote from a letter read in the House by Congressman Cooper of my State 10 days before the declaration of war was passed in reply to the *Sussex* incident:

You are informed that no American citizens lost their lives on the *Sussex* and *Evelyn*. Very sincerely yours, Robert Lansing, Secretary of State.

No foolhardy American passengers, though taking chances in the war zone, were lost, but even so, it was no reason for the war that followed.

A President, however, was mistaken, he was misinformed and so was Congress; hysteria controlled and war was declared. That same situation will again occur for hysteria always controls. Presumably 80 percent of our people were opposed to war and they are now, for war seemed further away in 1916 than it does in 1933, but that 80 percent had no voice in the declaration of war.

Back on December 7, 1930, I said to the House:

Suspicion, fear, and hate are rampant in Europe today. I have recently visited nearly every country engaged in the World War from Turkey, Greece, Austria, Yugoslavia, and Italy to Hungary, Poland, and Finland with fairly long stays also in France, Germany, and Russia.

Following the World War the Treaty of Versailles with its carvings of territory taken from Turkey, Germany, Austria, and Russia furnished fuel for endless wars in the future. A half century is only a day in history and the map of Europe again will be changed. Eleven years after the armistice President Hoover declares that soldiers now under arms in active reserves number nearly 30,000,000, or 50 percent increase during peace times. These figures spell war, not peace. That was the picture then.

HOW WE "MADE THE WORLD SAFE FOR DEMOCRACY"

While "making the world safe for democracy" in 1918 we helped place Stalin, autocratic dictator of Russia, in control of 150,000,000 people. We helped Pilsudski, the Polish war general and dictator, to control Poland; so, too, with Mussolini in Italy, Hitler in Germany, and Rivera in Spain, all raised to high places by our efforts to "make the world safe for democracy." Three fourths of Europe, under dictators, is now ruled by force. Nearly every Central and South American government, with Cuba, is under dictatorship also ruling by force these democracies.

Japan, once a member, is rated by the League of Nations as an outlaw among nations. We are not a part of that League nor likely to be. Hitler now challenges the former European allies. Greece, Hungary, Austria, Rumania, Yugoslavia, the exploded powder magazine of Europe in 1914, again sputters. Our Army and Navy experts urge large increases in armaments to meet imaginary but potential foes. Peace is making slow progress by present plans.

Gen. William Mitchell, in command of 1,500 planes of all the Allies at the Battle of St. Mihiel, was a witness on March 30 this year before a Senate committee. Our Rip Van Winkle national defense was derided and he declared one department could handle all war activities with a saving of $250,000,000 annually. Planes and Zeppelins flying 6,000 miles, carrying enormous bombs, he asserted, are of more value than all reconstructed battleships and "parity navies" combined for offense and defense. In this he differs from some antiquated experts, as useless as their prized obsolete battleships.

Every navy yard and admiral would oppose any such sane proposal. General Mitchell's prediction of war with Japan only evidences views held by other military men, so the people who fight and pay should first decide when that war or any war is to come, and if so with whom.

As chairman of the Congressional Aviation Committee investigation in 1919, I examined General Mitchell, Rickenbacker, General Patrick, General Squires, and other world-famous American aviators. We spent a half billion dollars during the World War for battle planes and received none. I believe the world is with Mitchell, that battle planes, bombs, and gas are worth more for offense and defense in war than a hundred battleships and cruisers locked up in harbors. A thousand fighting planes would give protection to America and could be built for the cost of several useless battleships, now on the parity program of experts.

OUR "PREPAREDNESS" PROGRAM

It is an old slogan, "In time of peace prepare for war." That England did, that Germany did, that France did, that Russia did. All prepared back in 1914 for war, and all, whether victors or vanquished, were worse off after that war. It were better first following General Mitchell's preparedness advice that every effort at arbitration be had before we again indulge in war. Hair-trigger war declarations mean disaster to all parties. Without danger from foreign invasion, strong and powerful in our own field of action, we are weak and powerless under existing constitutional powers when resting our cause and fortunes with any Congress or any President surrounded by American methods of propaganda.

Switzerland, Holland, Denmark, Norway, Sweden, Spain, and Portugal for 5 years refused to join their people and property in wide-spread World War losses around them. Why did we join in that war? These countries surrounding the belligerents kept out. We were 3,000 miles away, but we got in. War profiteers gained; who else?

Let century-old enmities abroad settle their own differences in their own way, prevented, if possible, by our helpful advice, but let the Government of Washington and Lincoln, made up of the people from every nation of Europe and the Orient, remember that ours is the great melting pot and refuse again to divide our people or destroy their solidarity by another foreign war.

Let us help the world to maintain peace, not war, and as a guaranty of that peace send back to our people first of all the decision for peace or war before the die is cast. That is provided by the resolution I have submitted.

As before stated, I voted against our entrance into the European World War. General Sherwood, hero of more than 40 battles, Leader Kitchin, and others in that Congress so voted. Appeals to patriotism and national honor, voiced by selfish interests, hysterical propaganda, aroused vigorous protests against that vote. Misrepresentation of facts unverified and impossible to expose and a backfire from home States and districts difficult to visualize or comprehend occurred then and will occur again with any Congress that refuses to yield to war propaganda.

Innocent agencies were misled by that propaganda. Every munition maker, every military and naval officer, with rare exceptions, every navy yard and Army post center, every potential or actual profiteer interested in camp sites, in clothing, food, and war supplies was on the job. Every international banker with financial interests at stake aroused our banks to wire Members to stand by the "Army Staff", but no word came from the boys back home who were to do the fighting—the "veterans" of today.

They did not know that war so precipitated was to change life's course of several millions of our American youth. Some were immature lads thrown into a war "to end wars." Mothers, thousands of them, frantically protested against war, but they were far distant and their voices were smothered by propaganda reciting to Congress horrible, but untrue, tales of inhumanity practiced by foreign soldiers whose

greatest fault we later learned lay in fighting for their own mother country and in praying to the same God for victory to their arms.

Vast sums of money from Northcliff and others, as I have before recited, fomented propaganda which threw us into that war. For a century Americans were taught to twist the British lion's tail. Northcliff's propaganda on Belgian horrors twisted the twisters. The majority of our people held no personal grievance against Germans nor English for the alleged American lives and property recklessly risked in the war zone, but once Congress spoke we were in war and thereafter had to win.

MORE WARS CERTAIN TO COME

Mr. Speaker, another war is in the making. Cumulative evidence has been laid before the House repeatedly that foreign diplomats, dictators, and other "rulers" are struggling to maintain their seats on safety valves, but whether the next foe be England or France or Germany or Italy or Russia or Japan or some other world power, the forgotten man, carrying the gun and hand grenade or handling the machine gun, tank, or plane does not know and is without voice to decide. He will be told who to fight and how, not why. Tennyson described the man in the ranks when he wrote—

Theirs not to reason why,
Theirs but to do and die.

Flag waving, flashing swords, and other demonstrations are for the man wearing shoulder straps or thoughtless youths and blustering civilians but not for men who do the fighting.

Without pride, but to give some faint knowledge of the subject discussed, I repeat as one whose direct ancestor was killed leading his company in battle during the Revolution and members of whose family were in the Mexican, Civil, and World Wars, I have rather definite understanding of that end of the game. Five years' service in the Regular Army and 11 years' additional in the State National Guard gave further understanding of the real picture not obscured by fantastic tales of military glory by those unfamiliar with the other game behind the scenes or by Members persuaded by propaganda to declare war. Even generals and Army staff officers many miles behind the lines in fighting rarely are heard to protest against war.

The company I organized long years ago returned from the Spanish-American War, reporting several dead and missing, but many were weakened by fever, embalmed beef, and other accompaniments of that brief Cuban campaign. That same company later returned from the World War reporting 88 men killed or died in France, and of the Thirty-Second Division, composed of Wisconsin and Michigan volunteers, over 13,000 casualties occurred during that war.

WAR'S WASTE IS BEYOND MEASURE

As a member of the committee of 15 appointed by the House in 1919 to investigate war waste and frauds, I had definite knowledge of what it means to wage war. Before me are a dozen large volumes, containing from 15,000 to 20,000 pages with recitals of wasted funds through "cost plus" and other profiteering contracts and schemes that portray a picture of greed and selfishness mingled with other pages of useless, but presumably honest experimentation of war machines. A proposal to take the profits out of war is as impossible as to restrain waste and cupidity during war.

Again, as chairman of subcommittee no. 1, investigating airplane expenditures and experiments, I quote briefly a single question and answer, illuminating as to results obtained:

Mr. FREAR. We did not during the whole period of the war get a single fighting machine or bombing plane to the front?

Secretary of War BAKER. Not a fighting machine or a bomber of American make.

Of $500,000,000 spent out of more than a billion dollars appropriated for airplanes and air service during 19 months of war, that was the result. We hired planes and experimented, but that answer from the record is from the highest authority. Railways with tunnels costing $100,000 per mile to carry wing beams for planes(?), as presented by the report, did not produce a single carload. Excuses and explanations to be urged during peace did not explain during war, when delay and failure meant lives of American boys in France. That page is closed, but embalmed-beef exposures and failures of men in every war will be repeated until a peace-loving people learn to avoid needless wars.

Men at the front served for a dollar a day in the mud and trenches in that war. Brothers and neighbors back home drew down from $5 to $10 a day in safety jobs while a silk-shirted home brigade in every town found it difficult to spend the sudden flood of funds received while working in the "home" trenches. Fathers and mothers, after months of worry and anxiety, were "compensated" with gold stars in place of the youth nurtured, educated, and finally snatched from the home without their consent for European service. That occurred with my home-town company's 88 dead in France.

The less said about war surroundings and travel opportunities the better, for everyone knows that hell is not alone on the firing line with gas and shellfire but also in fighting vermin, rain, mud, cold, sickness, hardships—all enemies that men must meet and overcome if they survive. Otherwise a gold star.

Another war will be worse for participants and helpless noncombatants, men, women, and children, according to experts. The World War was fought by 65,000,000, of which number 8,543,515 were killed or died from among 37,499,386 casualties.

One estimate gives a total war cost of 23,000,000 human lives and $200,000,000,000, as good a guess possibly as any. Our own loss of $40,000,000,000 is one we will be paying during many years yet to come and the debt to us from grateful (?) Allies may never be paid nor was that service appreciated. Congress once hooked and an army landed in France and thrown into the breach, all else was forgotten.

We are now spending over 50 percent of our annual $4,000,000,000 Budget for past and future wars after 14 years have elapsed since the armistice. Three quarters of a billion dollars annually is being spent for our Army and Navy, although parity with Great Britain is no more necessary than parity with Iceland or Greenland.

It is brought about through constant pounding on Congress by the Navy League and a $2,000 a month Shearer, employed by the Hearst papers and other like agencies that thrive on war and sensationalism.

I ask is it not just that in a democracy where the vote of a mother or youth just of age is equal to that of the highest official at the polls that those most concerned in peace or war and who bear most heavily and proportionately the physical and financial war burdens should have voice in the necessity for war? Now they have none. No right to express their desires or protest against enforced foreign service.

When Washington's foreign entanglements were a warning fresh in American minds, it did not seem important to the forgotten man in the ranks, but now when Congress can be thrown into a paroxism of fear by radio, press, and similar propaganda, with or without Executive influence, some protection should be extended to the people whom Washington's advice would protect.

ANOTHER FORGOTTEN PAGE OF WAR'S GLORY

Over half those presented for the selective draft and conscription, I have been informed, sought to escape war service, offering either genuine or frivolous excuses, but they were helpless and voiceless. Men were called cowards to care to live, by those who were usually exempt from fighting because of age or disposition, yet the car of Juggernaut rolled over all protests in order to form an army of 4,000,000 men with which to help America's new-found Allies whip their enemies in Europe and make the world safe for democracy to be ruled by dictators.

Reasons were advanced to justify conscription as the only way to secure an army and the war that followed; but, although our Government was supposedly among the victors in war and presumably entitled to profits, glory, and glamor

that goes to victors, none were realized; and, on the contrary, the average man on the street who shouted for war in 1917 will say it was fought without sufficient cause or results by the American people. More than that, the average American of today who views these terrible war effects, both to Allies and Central Powers, and our own enormous losses, followed by the present disastrous depression and practically wide-spread misery, would be the first to condemn a Congress that votes another world war. Yet Congress that surrenders in time of peace follows the President when he says "war"; and he says "war" when propaganda often mistaken for public sentiment says "war."

This embargo resolution, if enforced in time by a President, would help to prevent hysterical propaganda that ends in war.

As I stated in the beginning, in this present depression and emergency Members of both House and Senate, responding to a "mandate from the people", have largely abdicated functions of legislative government when we accept and pass bills which give to the President powers almost equal to those of the average European dictator, not now to declare war but to perform peace functions of government ordinarily a part of our parliamentary duties. I am not opposing these recommendations because I have nothing better to offer, but call attention to the situation presented as indicative of what any and every "war Congress" would do. Congress will follow the Executive's recommendation and declare war, as it has always done.

If Congress yields its legislative duties to the President in times of peace, is there anyone who fails to understand what happened April 1917 when every Member was dragooned and pounded unmercifully into an atmosphere of war hysteria by propaganda demanding "stand by the President."

America, which sought to make the world safe for democracy and fought a war to end wars, failed to save any European democracy, nor did we end wars or receive a foot of territory or a dollar in remuneration for our losses. In fact, all of our European debtors seemingly have joined in an effort to repudiate their debts to us. Our own taxpayers must stand any heavy additional burden of European debts left unpaid in addition to our tremendous losses. Having in mind its past abject surrender during a war hysteria and present surrender to the Executive in peace legislation, will Congress say that the people who fight and pay shall not be the ones first to decide when war shall come?

I am submitting the resolution for your consideration with this embargo resolution. I urge its passage because I have lived to see a President and an American Congress surrender to propagandists. The American people can do no worse than Congress. They may be relied upon to do better. Let those asked to fight foreign battles first vote for war before we again make mistakes that may destroy our own Government and a civilization built up by a century and a half of progress, and as a partial preventative against war give to the President power to restrain greedy profiteering munitions makers who otherwise provoke war.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, there seems to be a considerable misunderstanding about the proposal before us. As a matter of fact, I agree with a great deal of what the gentleman from Wisconsin said. Unfortunately, the gentleman from Wisconsin is not familiar with what has occurred in the Committee on Foreign Affairs for the last year or so and does not know that many of us go just as far as he does and want an embargo, or multilateral treaty, to prevent the shipment and sale of munitions of war to all nations, such as the Briand-Kellogg Pact renouncing war as an instrument of national policy except for defense. He has the idea that those of us who are opposing the pending arms embargo are supporting the munition makers.

I have for years practically led the fight here trying to place embargoes on all munitions of war. I go so far as to favor taking over the munition factories and having them owned by the Government. [Applause.]

The gentleman who last spoke did not quite realize that this resolution gives the power to the President of the United States to pick out the aggressor nation and to declare an embargo in cooperation with other nations against one nation whom he thinks is the aggressor. I say to you in good faith that this is not a partisan issue. I opposed it under the last administration when recommended by President Hoover and the Republican Secretary of State.

This arms embargo is an utterly novel, warlike, dangerous, and revolutionary proposal, the most dangerous proposal that has been presented to the House of Representatives in the 12 years I have been here, and those of my friends who have served with me that long know that as a veteran of the World War I loathe and abhor war and that I have supported the Kellogg-Briand Pact and conferences to limit armaments. My opposition to this resolution is based on the fact that I am convinced—most sincerely convinced—that this is not an act of peace but is an act of war; that it leads directly to war and, if applied to European nations or to the Far East, will drag us into every foreign war.

Against whom is this resolution aimed? Why the emergency? Why the rush? It is self-evident to every American, no matter what the State Department says. Let us tear off the veil and present the facts to the American public. In doing so we must first present the facts to the representatives of the people here in the House before they decide how they vote, whether they shall vote to give the President the power to act as a dictator of peace or war and join hands with the League of Nations to determine who is the aggressor nation.

We will prove to you before we conclude this debate that this is not the entrance into the League of Nations through the back door or through the trap door, but through the front door to enforce articles X and XVI of the League of Nations, the most objectionable, the most obnoxious, the most vicious provisions of the League Covenant, which were overwhelmingly repudiated in 1920 and 1924.

This is not the World Court issue. I admit if that were raised I would not know how I would vote. There is much to be said for the World Court. It carries out certain traditional policies of the United States, but this embargo resolution accomplishes one thing, Mr. Speaker, one thing of paramount importance to our traditional foreign policy.

[Here the gavel fell.]

Mr. FISH. May I have 3 additional minutes?

Mr. RANSLEY. Mr. Speaker, I yield the gentleman from New York 3 additional minutes.

Mr. FISH. This does one vital and paramount thing; it utterly destroys and repudiates the entire American policy of neutrality as proclaimed by George Washington and his Secretary of State in 1793 and adhered to by every President and every Secretary of State, including Woodrow Wilson. We will prove this to you as we go along, not only that it is a pure League of Nations proposition, that it is an attempt to determine the aggressor nation, that it destroys our neutrality laws and policy, but is even in violation of the spirit and wording of the Kellogg-Briand Pact. Under general debate we will prove each and every one of these statements.

In conclusion, I wanted primarily to speak against this iniquitous rule. It has been customary in every Congress, Democratic or Republican, to bring in certain types of legislation, such as tariff bills and certain soldier legislation, under rules that prohibited amendments, but almost no other legislation. When you bring in rules of this kind not permitting amendments, you are destroying representative government. You Democrats were elected upon a platform of progressive principles, yet you bring in here the most vicious gag rule of the most ultrareactionary character that will rise to plague you for years to come. There probably would not have been more than 3 or 4 amendments offered to this resolution, but with the exception of one motion to recommit no other amendments will be permitted under this vicious and despotic rule.

We are not going to waste time asking for a record vote on the rule, as we know that the party whip has cracked and that you will jump through the hoop. We are simply stating the truth to you. We are merely stating the fact that you have started and are well on your way to destroy representative government in the House. You have destroyed the rights of the minority and your own individual rights as Democratic Members, as well as your privilege and your power to amend legislation and to shape legislation in the House of Representatives.

We will have to write above the Rules Committee—and I have the utmost friendship for the chairman and every other member of the committee—"All hope abandon, ye who enter here." They have made it a Democratic principle now to bring in legislation not giving even a Democratic Member the right to amend. We have become the servants of the Rules Committee and they have become the masters of the House. I want to register a protest against bringing in this rule or any other rule that takes away the power of the individual Member or the minority to offer amendments and function in an orderly way in framing legislation as representatives of the people instead of as rubber stamps. How far is this Rules Committee autocracy going and how long can it continue without destroying representative government and the dignity and prestige of the House?

Mr. BLACK. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BLACK. The gentleman said we were abandoning, by this resolution, our traditional position of neutrality. Did we not scrap neutrality when we entered into the Kellogg Pact?

Mr. FISH. Certainly not. I shall speak on that at length later.

[Here the gavel fell.]

Mr. POU. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. Cox], a member of the committee.

Mr. COX. Mr. Speaker, I trust that Members will not permit the opposition to this resolution to make them flee from what I construe to be nothing more than a purely peace measure, with the argument that the adoption of this resolution brings this country into the League of Nations. There is no merit in this contention.

The opposition makes the point that the resolution undertakes to confer power upon the Executive to enter into alliances and make treaties with other powers. I respectfully submit that this argument is not tenable and is not supported by any fair construction of the language used in the resolution.

It is simply proposed—

That whenever the President finds that in any part of the world conditions exist such that the shipment of arms or munitions of war from countries which produce these commodities may promote or encourage the employment of force in the course of a dispute or conflict between nations, and, after securing the cooperation of such governments as the President deems necessary, he makes proclamation thereof, it shall be unlawful to export, or sell for export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country or countries as he may designate, until otherwise ordered by the President or by Congress.

Empowering the President to cooperate with other nations in placing an embargo upon the exportation of munitions of war is not empowering him to enter into alliances or treaties that are in any wise violative of the Constitution.

Mr. WADSWORTH. Will the gentleman yield?

Mr. COX. I yield, with pleasure.

Mr. WADSWORTH. Has the gentleman or, perhaps, some other member of the majority on the committee that reported this resolution, given any consideration to the definition of the term "munitions of war"?

Mr. COX. I understand the term is a well-defined one. The gentleman from New York [Mr. Bacon] who appeared before the committee, as I recall, made that statement. So far as I am concerned I have not looked to determine just what construction has been put upon the phrase in its use in international affairs.

Mr. McREYNOLDS. If the gentleman from Georgia will permit, I may say, in answer to the question, that there is a statement from Attorney General Wickersham about that matter.

When this matter was up in 1912 there was a statement from Attorney General Wickersham answering the question which the gentleman has just asked and which I shall be pleased to call attention to at the proper time.

Mr. WADSWORTH. I am not familiar with the definition given by Mr. Wickersham, and I was wondering if such a definition would be binding upon Presidents in the future, whatever it is.

Mr. COX. Mr. Speaker, this is not a political question in the sense it is a party question in this country.

I presume it has been stated to the House that the present administration supports this resolution and that the prior administration supported it. The Secretary of State of the last administration said in his communication to the President in support of a resolution of the substance of the pending one:

I feel very strongly that the Government should, without further delay, make this contribution to the efforts which are demanded by public opinion in all parts of the world toward the preservation of peace among the nations.

[Applause.]

It would strengthen the efforts of this Government and would hearten the advocates of effective reduction and limitation of armament in other nations if this Government could at this time take the preliminary step of ratifying the arms traffic convention of 1925.

In the meantime, while we are awaiting the necessary international action to bring about the effective supervision and control of the international traffic in arms, this Government is hampered in the efforts of its diplomacy by the inadequacy of the authority of the President over the export of arms and munitions of war from the United States. The effect of these efforts would be materially strengthened if that authority could be increased so as to enable us to cooperate with other governments in dealing with some of the conflicts of arms, actual or threatened, with which the world is now confronted.

The authority of the President over the exportation of arms and munitions of war, in my opinion, should be broadened so as to permit of the control of such exports in certain situations in the furtherance of the efforts that are constantly being made toward world peace and conciliation of international differences. The law as it now stands allows sufficient control by the President over shipments to American countries and countries wherein we exercise extraterritorial jurisdiction when conditions of domestic violence exist in such countries. It does not, however, confer upon the Executive any authority in cases of threatened or actual conflict between two or more countries. We frequently find that, at the very moment when we are bending every effort toward conciliating differences between friendly states, arms are being shipped from private manufacturers in the United States for use in the threatened or actual conflict.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentlewoman from Massachusetts [Mrs. Rogers].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I hope you have all read the minority report. I want here to read several paragraphs from the letter of the Honorable John Bassett Moore, the great Democratic statesman, universally conceded the foremost authority on international law:

The pending resolution is, I do not hesitate to affirm, opposed to the settled policy and the highest interests of the United States and also to the provisions of our Federal Constitution. If adopted, it would enable the President (1) to make international engagements of the most far-reaching kind at his will, without the advice and consent of the Senate, and (2) to carry us into war without the prerequisite constitutional declaration of war by Congress. Perhaps it may be answered that by the proposed resolution the Senate would voluntarily abdicate its constitutional powers regarding international engagements, and that the Congress would likewise abdicate its constitutional powers regarding the declaration of war. This argument might be accepted if the Senate and the Congress could constitutionally divest themselves of their constitutional powers and commit everything to the Executive. But, as they were unwilling to do this during the so-called "World War," when it was proposed to give the President complete dictatorial powers, I can only suppose that the present extraordinary agitation is due to the misleading and somewhat deafening clamor of those who, in the name of peace, would confer upon the President an unlimited right to engage in hostilities. I refrain from saying an unlimited right to make war only out of deference to the profound and learned authorities who assure us that war can be abolished either by calling it peace or by refraining from calling it war. This is, I may remark, a favorite notion with those who demand that the Kellogg Pact shall be equipped with "teeth" in order that it may masticate alleged "aggressors" and other-

wise benignantly bite and gnaw its way to universal peace and concord. Unfortunately, there are many who appear to have been infected with these confused notions which have been so industriously propagated in the United States. But judged by the course of the principal members of the League of Nations during the past 10 years and by their attitude toward the hostilities lately in progress in the Far East and elsewhere, such notions appear never to have had any real charm for the responsible authorities of the countries which would have been required to make the chief sacrifices in blood, in treasure, and in tears. To say this is not to impeach their wisdom or their sincerity. It may merely indicate that, having had enough of war, they long for real peace and an opportunity to recuperate.

Should the proposed measure become a law, no gift of prophecy is required to foretell what will follow. Groups moved by interest, or swayed, consciously or unconsciously, by propaganda, will clamor at the White House and at the Department of State for the unneutral application of the ban in favor of those whom they like or approve and against those whom they dislike or disapprove. We are assured that we may trust our authorities to resist such importunities, and to refrain from doing things that would involve the country in trouble. In other words, we are told that our authorities may be relied upon to refuse to exercise the powers so sweepingly conferred upon them. This is indeed a singular argument. Couched in the language of irresponsibility, it is not only self-stultifying but also unjust. The burdens and cares resting, especially at the present juncture, upon those who administer our affairs, are already grave and harassing enough without imposing upon them the pastime of playing with war. Within the terms of the pending resolution, our Government would be asked to set itself up in rash and arrogant judgment upon the acts of other nations and on the merits of their conflicts, with a view to give or to permit military aid to one as against another. Before committing ourselves to this presumptuous program, spun of the wild and flimsy fantasy that, when nations fall out and fight, the question of the "aggressor", which still baffles students even of ancient wars, lies upon the surface of things, and may be readily, safely, and justly determined by outsiders, of whose freedom from individual interest or bias there is no guaranty, we should reflect upon the fact that, had such a notion heretofore prevailed, we might and in all probability should ourselves have been the victim of it. As a marshaling of all the incidents would unduly prolong this letter, I will call attention to only two.

During our Civil War we were more than once menaced with the possibility of intervention, and, had it taken place, no one can say how fateful would have been the consequences. But, as an American, I share with my fellow-countrymen, as members of a great and united people, the universal sense that it is well that we were not permanently divided.

Do you Members of Congress think for one minute that your constituents voted to send you here to give the President the authority to make a declaration of war against any country without your first voting in Congress upon that declaration of war? It is clear to my mind that if we give the President the power to declare an embargo on munitions and arms against any country or countries it is a nonneutral act; it is a declaration of war; and that country can, of course, attack us as a reprisal.

Take, for instance, the situation in countries of the far-off waters where our battleships may be roaming about. We declare an embargo of arms against a country in that locality, and do you not suppose there would be reprisal? Do you not suppose they would attack our battleships? What would happen if they attacked us? How could we defend our country? Where would our Navy be? How could we defend our neutral rights? We would have no neutral rights to defend at all.

The whole world views with amazement the fact that we have never had and undoubtedly never will have predatory designs upon any land on the globe. We have always thought in terms of peace. We have always acted in terms or measures of war only to bring about peace. We are peace-minded. We have never fought save for a just cause. But there are limits to our unselfishness. We know what price war to this generation and to the generation yet unborn.

Our greatest war contribution to peace was our participation in the great World War, which secured peace for so many countries. I believe that no one in this room desires world peace more earnestly than I. I doubt if anyone has seen more constantly those who have paid the cost in human suffering of the World War.

Congress recently gave the President the power to cut our veterans' benefits in an effort to maintain the credit of the United States, and he has taken away the entire compensation of some men and has cut the compensation of probably all of the men and women who were connected with it.

Mr. McFARLANE. Will the lady yield?

Mrs. ROGERS of Massachusetts. I am sorry, but I have not the time. We know what the cost of the World War alone was in human life and continues to be in human misery. We know what the cost of war is to our industries; what the drain to the United States Treasury. The taxpayer can tell you; the man in the street.

There is much distressing, insidious propaganda about. I have heard people say, "If we had another war we would have good wages again. The country would be prosperous." How little these people who are saying that realize that undoubtedly the terrible cost of our participation in the World War is responsible largely for our economic chaos today. Other countries are unsettled. There are rumblings of strife and conflict in Europe today. If we have another war, it will be the most horrible war known to history. Other countries would be glad to have us pull their chestnuts out of the fire. They would like to have us fight their battles for them. They do not care what happens to us—perhaps theoretically they do, but practically they are thinking only of themselves.

I cannot for one minute go along with this resolution. I am not influenced by party feeling in this matter, for in 1929 in Philadelphia at the Academy of Political and Social Science I spoke against the resolution introduced by the Republican Senator CAPPER, which is similar in some respects to the present question. At that time I said in part:

EFFECTS OF THE RESOLUTION BY SENATOR CAPPER

It is my belief that the resolution by Senator CAPPER will not help to make the Kellogg Pact effective. In fact, I fear that it might hinder its becoming effective. The Capper resolution would prevent our being neutral, as it would make the United States the judge of every conflict. A decision called for in every case would mean abolition of neutrality, thus reducing all nations to the legal status of belligerents, even although actually not engaged in hostilities. Legally the whole world would become belligerents.

Senator CAPPER'S resolution gives to the President the responsibility of deciding who is the aggressor in the case of a war, and it forces the President to embargo American exports to that country. This would make us a cobelligerent with other nations in disciplining such a nation.

In such a situation we could not use our Navy to insure the respect of our neutral rights, for we should have no neutral rights to respect. The United States would be entangled in every European fight—which, in my opinion, is the last thing that the American people desire.

If the United States decided that a country be guilty of violating the Kellogg Pact, this decision could easily be considered a breach of neutrality. If this country declared an embargo on the shipment of arms to the country that the United States adjudged guilty, it is probable that that country would fight us if she were prepared to do so. It might thus precipitate the United States into a war.

It is conceivable that a country which might be considered the aggressor, which signed the multilateral treaty and thereby renounced war forever as an instrument of its national policy and agreed never to seek the solution of any question which might arise between it and other signatories by any save a peaceful means, when in fact that country was being absorbed by some other nation and had to fight for self-preservation. In that event the country that really needed assistance would be prevented from receiving it.

If it were made impossible for countries to secure munitions of war from any other country, it would mean that every country would spend vast sums and endless time in making machinery of war. It would mean that the biggest and the most prosperous country would always be victorious in war, for, without an adequate supply of the necessary implements of war, no nation could win.

If this country should pass the Capper resolution, and the other countries did not, there would be an impasse. To make the Capper resolution effective every nation of the world must pass a similar resolution. This resolution would be a terrible hardship upon the small and poor countries. It would mean that they would be entirely at the mercy of the big and prosperous nations that had predatory designs.

[Applause.]

The SPEAKER pro tempore (Mr. BOYLAN). The time of the gentlewoman from Massachusetts has expired.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, I want to say, if I can, a word in defense of orderly legislation. I want to say a

word in defense of the rights of this House. I want to say a word in defense of the rights of the individual Members of this House.

There have been five bills brought before this House during this short session under rules which forbid amendments.

I dare say that this resolution today providing for this rule is the most offensive violation of the rights of the House within the history and the record of the House. Here is a page-and-a-half bill, a 2-section bill, if you please, a 19-line bill, if you please, and you have a rule which provides that we cannot offer a single amendment to it. So far as I am personally concerned, I have no particular amendment I want to offer to it, but my rights are not what are involved in this matter. The rights of the House, the rights of the other Members are involved. Why bring in a bill like this with a rule making it not subject to amendment? I should not be surprised if this bill were considered under the regular rules of the House that there would not be many amendments offered.

Here is what the truth of the matter is—and I wish all of the new Members were here. The leadership of this House is afraid of you new Democrats; it is afraid to trust you to come here and do your constitutional duty in respect to passing on these bills. Your leadership is not fearful that 117 Republicans can wreck Democratic legislation with bad amendments. Your leadership knows that 313 Democrats are perfectly able to protect Democratic bills. What your leadership is afraid of is that you new Democrats cannot be trusted in voting on amendments. Let me say to every Member of this House, old and new, that the people of your respective districts elected you to represent them. They did not elect the leadership of this House or anyone other than you to represent them.

Every man who sits here and votes for these rules which make it impossible for him or his colleagues to offer amendments then and there makes confession that he is incapable of offering amendments and, what is more, that he individually is incapable of even voting safely and sanely upon amendments offered by other Members of this House.

The Member who sits here and continually votes for these rules which prevent amendments but says to his constituents and to his country that he is either incapable of passing on legislation or does not have the courage to pass on legislation. Members did not tell their constituents before the election that they were not personally capable of passing on legislation. You who vote for these rules are going to find that your constituents are not going to accept as an excuse for bad legislation for which you voted that it was considered under a rule which would not permit you to offer amendments or pass on amendments. This is especially true when the RECORD shows that you voted for the rule which made impossible any improvement in the criticized legislation.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. YOUNG].

Mr. YOUNG. Mr. Speaker, it seems when the Congress has nothing else to do it makes some more crimes. Last week a press censorship bill was passed, only 29 of us voting against it. This made it a crime to publish, without authorization, any matter prepared in any official code, and so forth.

Now we are asked to make another crime, making the individual exporting arms or munitions in violation of a Presidential decree a criminal. Has the Congress nothing else to do? Thirteen million men and women are unemployed and children are underfed. Let us give consideration to American children who are hungry instead of bothering about some foreign nations that are fighting each other.

This bill should be defeated. I served in the Army of my country in time of war. Let no one say of a man who left his home and loved ones in response to a grave national duty that he does not desire to maintain the peace of the world. This bill makes for war, not peace.

This bill gives dictatorial powers to the President. If, in his judgment, such conditions exist that the shipment of arms and munitions may promote the employment of force, he may proclaim it unlawful to export arms and munitions. It then becomes a crime for any individual or company to export arms or munitions. True, the bill says, "after securing the cooperation of such governments as the President deems necessary." I say this bill authorizes the President to issue such proclamation without securing the cooperation of any government. The President may not deem it necessary to secure such cooperation.

If there is any occasion for the passage of this bill, it is because soldiers of the Imperial Japanese Government are invading Chinese territory. If it be the desire and purpose of the American Congress to place an embargo upon the shipment of arms and munitions to the Chinese, who need arms and munitions, and to the Japanese, who do not need our arms and munitions, this should be done by act of Congress, not by giving dictatorial powers to the President.

I represent no manufacturer of arms or munitions. In fact, I do not even know such a manufacturer, and do not believe that the private manufacture of munitions should be permitted in this country.

In this time of distress and suffering, with millions of our people deprived of the opportunity to be gainfully employed, my position is that this bill is uncalled for, unnecessary, wrong in principle, and should be defeated. We should not surrender legislative authority of the Congress and place that power in the hands of our President and succeeding Presidents, giving him and them power to take sides in a conflict by depriving one nation in need of arms and munitions of the opportunity to purchase such munitions in this country.

This measure is dangerous. It gives the President arbitrary power to impose an embargo. It makes him a judge of foreign disputes. It permits him to decide who is an aggressor nation. In fact, it gives him the power to declare war. I hope that the time has not come, and will never come, for the representatives of the people to surrender their greatest and most important power—the right to declare war. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield the remainder of my time to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN. Mr. Speaker and Members of the House of Representatives, at the outset I wish to tell you that, being a new Member, it was not my intention to address this body during this special session of Congress. But with the introduction of the resolution now before the House, I find it necessary to voice my opinion in protest.

As a member of that great peace organization, the American Legion, which has honored me by electing me to many high offices in the Department of Illinois; as one who served 27 months during the World War, mostly at the front with the Fifty-eighth Artillery Brigade, I feel assured that you realize fully my honorable motives. Every man and woman of this body unquestionably has just as honorable intentions. There is not any question that every one of us, whether he is for the resolution or against it, equally hopes for peace and not war. There is not any doubt in my mind about the sincerity and good judgment of our President. If there was any doubt about that in my mind, I would not have supported him in his banking, economy, and other measures.

But as a member of the Foreign Relations Committee, I naturally have had the opportunity of going into this subject to a greater extent than most of you, the same as the members of the Agricultural Committee and the Banking Committee have had the opportunity of studying their problems more than the rest of us. After a thorough, unprejudiced study I believe the proposed embargo is not an act of peace, but something which would eventually lead us to war.

In the event that foreign nations become engaged in war, what should be the attitude of the United States? I believe that Washington answered that question many years ago when he said, "Keep free from foreign entanglements."

Those were words of wisdom, and I believe it well to heed them. To disregard them would unquestionably lead us to darkness. The surest way for us to have peace is to keep free of foreign disputes, to keep free of any method of cooperation with other countries, to keep free of giving power to any man in the event of war to pick the aggressor, something that is impossible to do impartially, and impartiality is the surest means to neutrality.

I ask you candidly if neutrality is not the best policy to follow in order to keep us out of war? Then I ask you if we could be considered neutral in the event of war between France and Italy, if Italy were determined the aggressor and an embargo were placed against Italy—I ask you what would be the result? I do not believe there is any question in the minds of any of us. Italy would declare war on us. Apply the same principle to ourselves. What would happen if we were at war with some South American country, and some foreign ruler determined we were the aggressor and placed an embargo on us and at the same time furnished arms and munitions to our enemy? Would it not inflame the passion of our people?

Ramsay MacDonald said, "The United States has the means to be neutral. There would not be any question," he said, "of the attitude of England if we were in the same position as the United States."

I believe there should be an embargo against all countries engaged in war. That could not give just cause for reproach. And until that time comes, I fairly and sincerely urge you to vote against the resolution, thus keeping the power in the hands of Congress, a power which has been in its hands since the beginning of our Government. [Applause.]

Mr. POU. Mr. Speaker, I yield the remaining time, 7 minutes, to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, some of the attacks on the form of rule which the Rules Committee brings out may in some instances be justified. Whether or not any attention should be paid to them depends upon the particular circumstances. When the gentleman from Kansas [Mr. McGUGIN] tries to embroil the new Members of the House and makes them believe their rights are being taken away from them, of course, he is not concerned with the rights or prerogatives of any of the Democratic Members of the House. He speaks as though they were elected here as individuals. As far as I know, everyone was elected as a Democrat, a part of the Democratic administration, pledged to the Democratic platform, agreeing to stand behind a Democratic President, and carry out that platform to fulfillment. That kind of bonfire, of course, will not accomplish anything. In the organization of this House each standing committee has a majority and minority membership.

The ideas of the minority membership as to amendments can always be offered in committee. Any Member of this House can appear before a committee; and if he has a meritorious amendment, it can be offered and put into the bill. There was no idea on the part of the Rules Committee of foreclosing on this question.

Now, what is the situation? I understand the one big amendment that would be offered, if the bill were open for amendment, would be to confine the provisions of this resolution to the American continent. I understand that is a fact. Under this rule, with the power to offer one motion to recommit, that can be voted upon. With all the Republican members on the Foreign Affairs Committee opposed to the resolution, they can put in that motion to recommit and offer the amendments which they would like to offer on this floor and have a roll call on all amendments. What is the use making believe something that does not exist?

Mr. McGUGIN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. McGUGIN. Under a motion to recommit, no one can offer an amendment except a member of the committee. The rest of us are closed out. Now, on the same argument, if the gentleman thinks there are only one or two amendments, what harm is there in proceeding with orderly legislation and giving every Member an opportunity to offer amendments?

Mr. O'CONNOR. Well, I understand the gentleman from Kansas has no amendment to offer himself, but with the situation here, where it has developed into a partisan question, and where every Republican member on the Foreign Affairs Committee is opposed to this bill, any one of them can rise in his place and offer a motion to recommit, which would cover every amendment. Now, why pretend that you cannot accomplish the same purpose? Why talk about this being gag? This is not gag on this particular question. If you want to confine it to the American Continent, you can offer your motion to recommit and do it in that way.

Now, the peculiar anomaly that presents itself in the debate on this resolution is just this: The Republicans made it a partisan question. They said, "If you bring this before the House, we will have to tell the truth, and it means war. We will name the country. You will have war within 30 days." These peaceful Republicans, whose contributions in campaign times come to a great extent from the munition makers of America! I hope the Republicans are not going to pretend to be the peaceable party of this Nation. They say, "If you bring it here and talk about it, it will cause war," and then they come in and say they want 2 hours or 3 hours.

Mr. McGUGIN. Will the gentleman yield?

Mr. O'CONNOR. No; I cannot yield now.

They say 2 hours or 3 hours will not be enough debate. "We want to talk about this dangerous thing 5 hours or 6 hours." They are so concerned with preserving the peace of the country and not talking out in school or washing our linen in public that they want to talk for 2 days, and it was principally because of their insistence that we extended the time to 4 hours.

Mr. MARTIN of Massachusetts. Will the gentleman tell us whom Du Pont favored in the last campaign?

Mr. O'CONNOR. Well, I know whom they have been favoring and whom they represented in another body for years. I am not going to talk about Bridgeport or other places like that, because we never have many Democrats up through that party of the country.

Now, there will be dragged out the old bugaboo about the League of Nations, about our going into the back door or the front door or the cellar or some place. That is the old threat that will be dangled over our heads as though it would frighten somebody. They talk as though there was a Nation-wide referendum some years ago, back in 1920, when the Republicans happened to win the Nation. I know the Members of this House. Those Republicans who were for the resolution up to a few months ago I know will not be sincerely deceived, but I feel sure that the Members on the Democratic side of the House know that if Congress would never plunge this Nation into an unjustifiable war, this Nation will never be plunged into such a war by the distinguished gentleman who now occupies the White House. [Applause.]

The SPEAKER pro tempore. The question occurs on the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. FISH) there were ayes 66 and noes 35.

So the resolution was agreed to.

The SPEAKER pro tempore. Under the rule, the Clerk will report the joint resolution.

The Clerk read as follows:

Resolved, etc., That whenever the President finds that in any part of the world conditions exist such that the shipment of arms or munitions of war from countries which produce these commodities may promote or encourage the employment of force in the course of a dispute or conflict between nations, and, after securing the cooperation of such governments as the President deems necessary, he makes proclamation thereof, it shall be unlawful to export, or sell for export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country or coun-

tries as he may designate, until otherwise ordered by the President or by Congress.

SEC. 2. Whoever exports any arms or munitions of war in violation of section 1 shall, on conviction, be punished by a fine not exceeding $10,000 or by imprisonment not exceeding 2 years, or both.

The SPEAKER pro tempore. The gentleman from Tennessee is recognized for 2 hours, and the gentleman from New York is recognized for 2 hours.

Mr. FISH. May I ask the gentleman from Tennessee if we cannot have some understanding with reference to when the committee shall rise this afternoon in accordance with the agreement hitherto made? Cannot we agree to go on, say, until 5 o'clock? With such an agreement we would know better how to yield time this evening.

Mr. McREYNOLDS. I would suggest to the gentleman from New York that the committee rise somewhere between half past 4 and 5 o'clock. We will have plenty of time tomorrow to finish general debate.

Mr. Speaker, I yield myself 15 minutes.

The SPEAKER. The gentleman from Tennessee is recognized for 15 minutes.

Mr. McREYNOLDS. Mr. Speaker, this joint resolution is very easy to understand, and I am sure is not as dangerous as many would suggest.

This resolution provides that whenever the President finds that in any part of the world such conditions exist that the shipment of arms or munitions of war from countries which produce these commodities may promote or encourage the employment of force in the settlement of disputes and conflicts between nations, after securing the cooperation of such governments as the President deems necessary he may make it, or declare it, unlawful to export arms to those countries.

This identical bill was recommended very strongly by President Hoover in his message in February. Secretary Stimson appeared before our committee at that time in behalf of this legislation.

It was said by one member of our committee who is also a member of the Committee on Rules on the Republican side that the committee at that time reported this bill out but made it applicable only to American countries. That was true.

It was late in the session and we thought that was the only means by which we could get any legislation of this character before the House, and there was an agreement that the report would be a unanimous report. For this reason alone was the bill reported in that form, because practically every member of that committee at that time stood ready to report this bill as it is reported now.

I am very sorry indeed the Republican members of our committee, notwithstanding the previous recommendation of a Republican President, have undertaken to make this a party question. Each and every one of them voted against the report of this bill except the man who is on the Committee on Rules today and who did not sign even the minority report. These members evidently were influenced by the distinguished gentleman from New York and my renowned friend from Massachusetts, who surrendered the ranking place on the great Committee on Appropriations in order that he could seek new worlds to conquer, be appointed to the Committee on Foreign Affairs, and thereby influence international affairs. I must attribute the great change that was made in the attitude of the Republicans to the force of the arguments of the distinguished gentleman, bringing out this bill in that form against their wishes, and making it a party question.

Mr. TINKHAM. May I ask the honorable Representative whether he had confidence in Mr. Hoover and Mr. Stimson during the last session of Congress?

Mr. McREYNOLDS. As to this legislation, I did. As to other legislation, I did not. [Applause.]

You know the distinguished gentleman, my personal friend for whom I have the greatest respect—and this is not meant to be personal—one who has traveled the world time and again and has great knowledge of foreign affairs, my distinguished bewhiskered friend from Massachusetts who by many has been considered in this House for a long number of years as an authority on the liquor question and the "Negro" question, having partially disposed of the great liquor question, now has sought new fields to conquer and has come to the Committee on Foreign Affairs to see that the foreign affairs of this country were run correctly.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. McREYNOLDS. Certainly.

Mr. MARTIN of Massachusetts. I should like the gentleman to carry his thought a little further and explain why he had confidence in President Hoover in only this one instance and not in the many other instances.

Mr. McREYNOLDS. Because I agreed with him. [Laughter and applause.] In that matter he was right.

I did not intend to expose the gentleman from Massachusetts. He has never been against this bill. He is not against it today, down in his heart, and he knows it. He would not sign the minority report, but they got him over here on the Rules Committee and forced him before you to make a little speech, and you know it was not very strong as against this resolution. [Applause.] You know I have the greatest respect for him. He is one of the most affable gentlemen on my committee, one of the most valuable. I do not know how I would get along without JOE MARTIN. But I must move on.

This is no new legislation. This is no new remedy. It does not possess the dangerous qualities these great international lawyers would have you think, and it does not take much of a lawyer to see the inaccuracies of their statements. You will see these distinguished gentlemen building up straw men in order to strike them down.

I said this is not new legislation. It is merely a carrying out of such provisions as we have had before.

It has been represented to the committee by some of these eminent lawyers that the pending resolution is opposed to the settled policy of the United States. We have long had legislation on this general subject, and some of our legislation has given the President even broader power than is proposed in the pending resolution.

A joint resolution of Congress approved on April 22, 1898, gave the President the broad power to prohibit the exportation of coal or other material used in war—other material—in his discretion and with such limitations and exceptions as to him seemed expedient.

I presume even the Republican members of my committee did not know that for some 14 years we had a more drastic law in this country giving the President this authority than the present proposed limited authority. While under this resolution the authority of the President is extended to the world, yet it is restricted to certain conditions.

Although the resolution of 1898 became a law shortly after the beginning of the War with Spain, it was in no way limited to the duration of that war and the President's exercise of the conferred power was not limited to times of war. The resolution continued in force without amendment until August 1912. The President acted under it long after the Spanish-American War was ended.

On October 4, 1905, President Roosevelt issued a proclamation, acting under the authority of the resolution of 1890, and as the proclamation stated "for good and sufficient reasons unto me appearing", he forbade the exportation of arms to any port in the Dominican Republic. This shows, I think, that the resolution of 1890 was not a dead letter during the 14 years it remained on our statute books.

In 1912 a resolution was passed by the Congress giving the President, without the consent of other nations, the right to declare an embargo on arms in American countries where domestic troubles existed.

In 1922 this law was amended, and at that time it included all countries in which we have extraterritorial jurisdiction, such as China, Egypt, Morocco, and other foreign countries, and since that time this right has been exercised by the United States and has never been questioned.

Why there is an insinuation here today that the purposes of this resolution are hidden and that it could only be for the purpose, which is evident from the remarks that have

been made, of being intended to apply to Japan. This is a fallacy. You know there has been an embargo on arms to China from this country since 1922. It has not created war, and it has been exercised. There was no question then raised about its constitutionality, and there has not been any such question raised during this time.

The same thing is true of Brazil, Mexico, Honduras, Nicaragua, and other countries.

Mr. FISH and Mr. BLOOM rose.

Mr. FISH. I just want to see if I understood the statement of the gentleman. Did the gentleman say there was an embargo on palms or arms?

Mr. McREYNOLDS. If the gentleman cannot hear any better what I said and does not know anything more about the facts in this case than that, I consider that remark, coming from the tall pine from New York, practically an insult. I said arms.

Mr. FISH. If the gentleman will yield further, I will apologize for any interpretation of that kind of his remarks. Some Members here asked me whether the gentleman from Tennessee said palms, and I wanted to understand it correctly.

Mr. McREYNOLDS. I am very sorry I was misunderstood. I do not think anyone who had any reason to want to understand me correctly could have misconstrued my remarks when I said arms. [Laughter and applause.]

Mr. BLACK. Will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. BLACK. I think the gentleman might particularize as to that 1922 embargo with respect to why it is in existence now and whether it is by force of law or otherwise.

Mr. McREYNOLDS. It was proclaimed under authority of the act of 1922, and this embargo, which was proclaimed on March 4, 1922, is still in effect.

It was proclaimed against Brazil on October 22, 1930, and continued until 1931, and also against Honduras, Mexico, and Nicaragua.

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield myself 2 more minutes.

Mr. FISH. Will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. FISH. I am asking this for information, because I have the utmost regard for my chairman, as he knows. Is it a fact that we have an embargo on arms against Japan and have had one for many years?

Mr. McREYNOLDS. I did not say Japan, I said China.

Mr. FISH. The gentleman said Japan.

Mr. McREYNOLDS. I beg the gentleman's pardon. If I said Japan it was not so intended; I meant to say China.

Mr. FISH. That is different.

Mr. McREYNOLDS. Because, of course, we have no right to declare an embargo against Japan. I will withdraw that and say China, because that is what I meant. A statement was made in connection with the argument with reference to Japan.

Mr. CONDON. Will the gentleman yield.

Mr. McREYNOLDS. I yield.

Mr. CONDON. I have listened very attentively to what the gentleman has said about the different countries. Am I to understand that all these instances relate to domestic violence within those countries?

Mr. McREYNOLDS. They relate to domestic violence in such countries. The President has not authority to declare an embargo on arms except where there is domestic violence.

Mr. CONDON. In that connection, does not the gentleman recognize a very distinct difference between an embargo upon arms to different countries engaged in warfare and an embargo upon arms into a country where civil war is impending or is actually in progress?

Mr. McREYNOLDS. There is a difference, absolutely, and that is why we want this bill passed. For instance, in South America there is such a condition existing between Paraguay and Bolivia, and yet we cannot stop the shipment of arms, and with the United States considered as a great arms-manufacturing country, it would do no good for other countries to stop the shipment of arms. The same conditions exist between Colombia and Peru.

All the other great nations of the world have this authority, but to make it effective and make it a stroke toward peace it is absolutely necessary that this great country have such power.

Mr. BLOOM. Will the gentleman yield?

Mr. McREYNOLDS. Yes.

Mr. BLOOM. The gentleman was speaking of South American countries and he meant the authority provided in this resolution.

Mr. McREYNOLDS. I meant the authority provided in this resolution.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield myself 15 minutes. Mr. Speaker, I have the utmost respect and confidence in the Chairman of the Committee on Foreign Affairs of the House of Representatives. I know I express the sentiment of every Republican upon that committee that they not only like him personally but respect him in every way. There will not enter into this debate, as far as we are concerned, any personalities, and as far as most of us are concerned, any partisanship, because I, and several other Republican members of the Committee on Foreign Affairs, have consistently opposed the arms-embargo resolution under the Hoover administration as well as today.

Certainly that is not injecting partisanship into this issue. The gentleman from Massachusetts [Mr. TINKHAM] and myself and others have consistently opposed the resolution under a Republican administration, because we believed it was against the interest and safety of the United States and led to war.

The partisanship comes from the Democratic side, who have made this a party issue because they have received word from the State Department to jam it through.

Mr. WEST. Will the gentleman yield?

Mr. FISH. I yield.

Mr. WEST. I want to ask the gentleman if the minority report that is signed by the Republican members is a mere coincidence, and that there is no partisan view expressed in the minority report?

Mr. FISH. I do not know to what the gentleman refers.

Mr. WEST. Here is a minority report against the resolution which is signed by all the Republican members of the committee.

Mr. FISH. Of course, the Republican members of the committee oppose it. Most of us, including the gentleman from Massachusetts [Mr. TINKHAM] and the lady from Massachusetts [Mrs. ROGERS], have opposed it right along. It is the Democrats who have reversed themselves and now support the legislation as a party proposition and attempt to rush it through without even an opportunity to offer amendments.

Just before the War with Spain we empowered the President to lay an embargo on coal, so that coal, and possibly other things, could not be used by Spain against ourselves when we were about to declare war against Spain.

It was not until 1912 that the Root resolution was adopted in the Congress of the United States. It gave the President the power, whenever there were internal disturbances in American countries, to place an arms embargo, and that is law today. That was amended in 1922 to apply to countries where we have extraterritorial rights, as in China, Egypt, and Abyssinia.

This is an entirely new, novel, and dangerous proposition giving the President of the United States the power to lay an embargo against belligerents or nations on the verge of war and determine who is the aggressor nation.

Mr. BLACK. Mr. Speaker, will the gentleman yield?

Mr. FISH. Not just now. I stated when I spoke on the rule that we propose to take the veil off this issue, that we propose to prove the statements that we made as to the aggressor proposition, to prove that this is the entrance into the League of Nations for the enforcement of articles X and XVI, and we propose to do that by the facts, and we will present them to you. We also propose to show you that it

is the utter destruction of our traditional policy of neutrality, the cornerstone of our foreign policy for over 140 years. Nobody disputes that. I do not believe there is a Democrat who disputes the fact that this throws the whole neutrality policy of the United States out of the window.

Mr. BLACK. I dispute it.

Mr. BLOOM. I dispute it.

Mr. BLACK. Mr. Speaker, will the gentleman yield?

Mr. FISH. I do not yield.

Mr. BLOOM. The gentleman does not dare yield.

Mr. FISH. The gentleman will have ample opportunity in his own time, but not in mine.

Mr. BLOOM. Mr. Speaker, a point of order.

The SPEAKER pro tempore. What is the point of order?

Mr. BLOOM. The gentleman made a statement asking if there was anyone who would dare dispute the fact.

The SPEAKER pro tempore. Does the gentleman say that he wants to have his facts disputed?

Mr. BLOOM. Mr. Speaker——

The SPEAKER pro tempore. The gentleman must not be interrupted. He has the floor.

Mr. BLOOM. But I did not interrupt the gentleman. He called for an interruption and I make the point of order against that.

The SPEAKER pro tempore. Even if his call has been accepted, he now declines to yield.

Mr. FISH. Mr. Speaker, I hope this interruption will not be taken out of my time. I repeat my challenge, and any Democrat in his own time—they will have plenty of time, we have some 4 hours of debate—can show if he can wherein this embargo resolution does not destroy our entire neutrality policy laid down by George Washington and Thomas Jefferson, and adhered to by every President, Republican and Democratic alike, including Woodrow Wilson, and every Secretary of State. That is the challenge that I offer to any Democrat here in his own time, and as long as he wants in his own time; he can go just as far as he likes, but he will not make much progress against the unanswerable statement of Judge John Bassett Moore, contained in the minority report that this resolution is the death knell of American neutrality.

So that there will be no misunderstanding, it might be well to present the original proclamation of neutrality as promulgated by George Washington, which I shall do in my time. It is very brief, and I shall include it in the RECORD. It is the proclamation of neutrality issued in 1793, at a time when France and Great Britain were at war. It is the fundamental policy of the United States and has been ever since that time.

Mr. BLOOM. Mr. Speaker, will the gentleman put that into the RECORD?

Mr. FISH. Yes. I ask unanimous consent to include George Washington's neutrality proclamation in my remarks.

The SPEAKER pro tempore. Is there objection?

Mr. BLACK. Mr. Speaker, I reserve the right to object in order to state that I think that all matters concerning George Washington should be inserted under the name of the gentleman from New York [Mr. BLOOM].

The SPEAKER pro tempore. Is there objection?

There was no objection.

The matter referred to follows:

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA, A PROCLAMATION

Whereas it appears that a state of war exists between Austria, Prussia, Sardinia, Great Britain, and the United Netherlands, of the one part, and France on the other; and the duty and interest of the United States require that they should with sincerity and good faith adopt and pursue a conduct friendly and impartial toward the belligerent powers:

I have therefore thought fit by these presents to declare the disposition of the United States to observe the conduct aforesaid toward those powers respectively, and to exhort and warn the citizens of the United States carefully to avoid all acts and proceedings whatsoever which may in any manner tend to contravene such disposition.

And I do hereby also make known that whosoever of the citizens of the United States shall render himself liable to punishment or forfeiture under the law of nations by committing, aiding, or abetting hostilities against any of the said powers, or by carrying to any of them those articles which are deemed contraband by the modern usage of nations, will not receive the protection of the United States against such punishment or forfeiture; and, further, that I have given instructions to those officers, to whom it belongs, to cause prosecutions to be instituted against all persons who shall, within the cognizance of the courts of the United States, violate the law of nations, with respect to the powers at war, or any of them.

In testimony whereof I have caused the seal of the United States of America to be affixed to these presents, and signed the same with my hand.

Done at the city of Philadelphia, the 22d day of April 1793, and of the independence of the United States of America the seventeenth.

GEORGE WASHINGTON.

By the President:
TH. JEFFERSON.

Mr. WEST. Mr. Speaker, will the gentleman yield for one question for information?

Mr. FISH. Not just now. I think I made it plain that some of us were opposed to this resolution under the recent Republican administration.

Mr. WEST. This is a question of information.

Mr. FISH. I am sorry, but I cannot yield. In view of the fact that we are talking about George Washington and Thomas Jefferson, let us go back and see what the early founders of our Republic had to say about the war power. I think most of us will admit that when we give the President the power to cooperate with other nations to lay embargoes against a single nation, that that is an unneutral and a hostile act and gives the President the power to drag us into war. What did the early founders of the Republic say about the war powers?

According to the records of the Federal Convention as set forth by Madison in his notes on August 17, 1787—

Mr. Gerry said he never expected to hear in a republic a motion to empower the Executive alone to declare war. Mr. Madison was against giving the power to the Executive because he should not be entrusted with it, or to the Senate because it was not so constructed as to be entitled to it. He was for clogging rather than for facilitating war.

That expresses the real opposition to this proposal. There are many of us who want to clog the right to declare war and not make it easier by handing it over to an individual. I represent the district from which the present President of the United States comes. I have known him for 20 years or more. I have the highest personal and political regard for him. I believe he can be trusted. I believe he is a man of caution and patriotism, but we should not take away from the Congress the right to declare war or to lay embargoes and place those powers in the hands of any individual, no matter whether he be in the White House for 4 or 8 years. We seek to clog the right to declare war. There are some Members of this Congress who favor a referendum on war in order to slow up the process of declaring war.

There has been advocated on the floor of this House, and resolutions have been introduced so that the people would have some say, and now the Representatives of the people in the Congress, through the Democratic Party, that so-called "progressive party", seek to give this autocratic and despotic power to a single man, to join with other nations to determine the aggressor nation, an unneutral and hostile act, that will eventuate in war. In all history no nation has yet been declared an aggressor nation. Let us mind our own business and refrain from passing moral judgments on other nations in Europe and Asia and stop this dangerous policy of trying to police Manchuria or any other far-off foreign nation, particularly when we have so many troubles to attend to at home.

Historians are still disputing as to who started the World War. Ever since 1793, when Washington issued his proclamation of neutrality, no historian has ever found out who was the aggressor nation in any of the numerous relatively modern wars.

Now, let us take the veil from this proposal. What is the demand for it at the present moment? As far as I know, there is just one reason, and that is to go in with the League of Nations, with the Advisory Committee of the League of Nations, to declare an embargo against Japan, as the aggressor nation in the Far East, and have the United States declare that embargo, with those European nations, against Japan. But suppose Japan very properly resents

this embargo placed by the United States? Let us assume she retaliates, as she probably would, and an American vessel is seized, and our national honor is impugned and we are forced, against the will of the American people, to declare war, does any sensible man believe that any of those European nations who may go along with us in the embargo, are going to fight for us? That is the main reason I am opposed to this proposed arms embargo, because I am opposed to anything which directly or indirectly involves us in the Manchurian dispute or will get us into war without our own consent, except on the basis of national defense. If we are involved in war, does any Representative in this Congress think that France or England or Czechoslovakia and the other munition countries will help us in the fighting?

To use a provincial expression, we shall be holding the bag and we shall be called upon to do all the fighting. We shall be called upon to send ships and American soldiers. It is time we stopped trying to police Manchuria and the rest of the world. It is time we ceased trying to determine who is the aggressor nation, and being forced into the League of Nations, not through the back door but through the front door, to carry out the mandates of the Advisory Committee, that is even now talking about embargoes and against Japan. If you do not believe this is a League of Nations proposition, listen to this letter. This is only one of numerous letters with which Congress is being flooded, and this is from the head-master of Gunnery School, at Washington, Conn. I do not know the gentleman, but he writes me as follows:

DEAR MR. FISH: If I am correctly informed, there is a bill before the Senate and House of Representatives to prohibit the exportation of arms or munitions from the United States of America under certain conditions which would empower the President, when he deems it necessary, to declare by proclamation the export or sale of arms unlawful. The local organization of the League of Nations Association has suggested that those interested in the passage of this bill and favoring this principle register their approval with their representatives in Washington. May I therefore express to you—

And then he goes on to express his support of the bill.

The proponents of this bill and those who are flooding Congress with such propaganda represent League of Nations organizations, and I think it is only a fair proposition, as far as voting on this resolution is concerned, that those who favor the League of Nations shall support the resolution.

The SPEAKER pro tempore (Mr. OLIVER of New York). The time of the gentleman from New York [Mr. FISH] has expired.

Mr. FISH. Mr. Speaker, I yield myself 5 additional minutes.

This is a League of Nations resolution without any disguise. It aims to enforce those vicious provisions, articles X and XVI, the ones which were repudiated, the very ones which were discussed throughout this country and rejected, providing for the use of American soldiers to maintain the territorial status quo of the peace treaties and to enforce sanctions and embargoes against aggressor nations.

Mr. SISSON. Will the gentleman yield?

Mr. FISH. No. I am sorry, but I do not have much time left.

I submit to the Republican side of the House, if there are Republicans who are in favor of the League of Nations, I hope they will vote for this resolution. There is no other way about it. It is an out-and-out League of Nations proposition, but of the very worst kind. As one who believes in peace and peaceful relations in the world, I admit there is much good in the League, but these are two of its worst provisions. These are the enforcement provisions, providing for sending troops and ships and determining who is the aggressor nation.

Now, as far as the views of the President are concerned, I want to be fair with the President of the United States, who is as much my President as yours. I want to be fair with him, but I must confess I am somewhat troubled with a statement included in a recent Associated Press report. I hope the President was misquoted when he was reported as follows:

I have long been in favor of the use of embargoes on arms to belligerent nations, especially to nations which are guilty of making an attack on other nations; that is, against aggressor nations.

That is a statement which, up to this time, has not been denied. The President of the United States says he favors determining the aggressor nation. Naturally, if that is so, he wants this power. The power to do what? To go in with the League of Nations, with the Advisory Committee of the League of Nations, that is now discussing and determining the far-eastern situation, to apply an embargo against Japan.

Mr. BLOOM. Will the gentleman yield?

Mr. FISH. No; I do not yield. The gentleman will have plenty of time.

Mr. BLOOM. I just wanted to correct the gentleman.

Mr. FISH. If the gentleman speaks for the President, I yield.

Mr. BLOOM. I want to correct the gentleman if he will give me a chance.

Mr. FISH. No; I do not yield to the gentleman at all.

Mr. McREYNOLDS. Will the gentleman yield?

Mr. FISH. Yes; certainly.

Mr. McREYNOLDS. Has not the gentleman some private information that would cause him to doubt such a statement as he has just made?

Mr. FISH. Does the gentleman refer to the statement I just read?

Mr. McREYNOLDS. No; I am speaking about Japan.

Mr. FISH. I may say to the gentleman, and I want all the House to listen to this, of course, the State Department is doing everything in its power to say, "Oh, this has nothing to do with the Japanese-Chinese situation."

At the same time, every American and every Japanese and every member of the League of Nations know perfectly well the reason for this resolution, for this proposed arms embargo. It has been suggested by the British Government. It has been likewise suggested by the Advisory Committee of the League of Nations.

Against whom is it aimed? Is it aimed against Cuba or Nicaragua or South America? It is aimed against one nation—the nation the League of Nations has already said was an aggressor nation. And I shall read from the report.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield myself 7 minutes more.

This is a wireless to the New York Times:

GENEVA, *March 14.*

The Advisory Committee of 21 meet tomorrow afternoon and it is certain to accept American cooperation on the basis suggested by Secretary Hull.

After acknowledging receipt of Moscow's refusal to cooperate at present, the committee will admit Hugh R. Wilson to its meeting, which will be private. It will then continue its discussion of a proposal for an arms embargo in the Far East.

Not an embargo against some little country, not an embargo against some European country, but against one of the greatest naval powers in the world; and I want to point out to you Democrats that, as far as one Republican is concerned, there is no partisanship when it comes to embroiling us in war with Japan. I have opposed it before—and will continue to do so—as a dangerous and warlike proposal. It is a wolf in sheep's clothing. I have opposed the futile and puerile sending of notes by the Republican administration to Japan every time they moved a soldier in Manchuria. It merely bewildered and irritated the Japanese at first, but it finally succeeded in inflamed Japanese public opinion. It is time we ceased to be an international nuisance, mind our own business, and stop policing foreign lands. [Applause.]

Mr. McREYNOLDS. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. McREYNOLDS. Is it not true that in the consideration of this bill at the last session of Congress, when the gentleman says he opposed it, he stated he would go along

and report this bill out if there were added thereto an amendment in reference to disarmament and which was a direction to the Geneva Conference?

Mr. FISH. I am glad the gentleman raised this issue. I go much farther than this pending arms embargo, provided our neutrality can be preserved.

Mr. McREYNOLDS. Is not that true?

Mr. FISH. I will explain it, and out of my own time, too. I go much farther than this proposition. I introduced in the Committee on Foreign Affairs—and they had a Democratic majority—a resolution to place a multilateral embargo on arms among all nations so that all nations would refuse to sell arms and munitions of war. It was reported out of the committee by a vote of 15 to 2. It goes far beyond this resolution but maintains our traditional policy of neutrality and is a step toward peace.

I admit, Mr. Speaker, that if the pending resolution for an embargo on arms were presented to the American people without explanation and interpretation they would be for it overwhelmingly. But I say to you that if the American people knew the facts we are trying to bring out, that this is an aggressor-nation proposition that puts us into the League of Nations, they would be 90 percent against it as constituting an unneutral and hostile act that would drag us into every war.

When it first came up, advocated by Mr. Hoover, the President at that time, and his Secretary of State, some of us were not sure ourselves what it all meant—when it was first brought into our committee.

But when we began to study it and understood this proposition, we were against it; we were just 100 percent against it in every possible way. That is how we Republicans feel. Knowing that if you make it, as you have, a party matter you can carry it through 3 to 1 in this House, no matter if there were no other voice or no other vote, I for one would oppose this resolution all the way through as being an act of war and not an act of peace. This is my answer to the gentleman from Tennessee.

As to the other proposition, I wish his party would support a resolution providing for a multilateral treaty or agreement among all nations not to sell any munitions of war. That is in accordance with the Briand-Kellogg Pact to renounce war as an instrument of national policy except for purposes of defense. This does just what Mr. Kellogg repeatedly said should not be done. He said there should be no teeth put into the Briand-Kellogg Pact; that there were no sanctions and no embargoes; that it was a mere declaration of policy not to resort to war until every effort at arbitration had failed, and then only in self-defense. I believe in it as a powerful deterrent against war as an illegal institution. The same thing is said also by Mr. Salmon O. Levinson, who is probably the instigator of the Briand-Kellogg Pact. I have a letter from him. He opposes this resolution. I shall ask unanimous consent later on to incorporate his letter in my remarks.

Also, this resolution puts teeth, puts compulsion, puts armed force into the Kellogg Pact to determine the aggressor nation the world over and will involve us into every foreign intrigue, every foreign broil and combat that occurs because the League of Nations and other leading nations will go to the President and say to him: "You have this power now and if you do not come in with us, you are not cooperating, you are doing a cowardly act. You have the power now to lay embargoes and to come in with us and say who is the aggressor nation."

In the particular case, aimed as it is against no other nation except Japan at the present time, there is not a single nation in the world that would raise its hands if we were forced into war by this dangerous and revolutionary embargo; and I say to you Democrats, I hope at least some of you will read John Bassett Moore's letter to our committee. He is the foremost international lawyer in the world, a former member of the World Court, a man who has devoted his entire time to international law.

This resolution presages the destruction of the traditional neutrality policy of the United States. I hope the Democrats will try to answer Judge Moore's statement in their own time. [Applause.]

CHICAGO, *March 27, 1933.*

DEAR CONGRESSMAN FISH: Your telegram received. The fundamental question of private manufacture and sale of munitions and armaments (largely confined to six nations, including our own) is unsettled and needs international agreement. Until this is settled all embargo proposals are rendered difficult, unsatisfactory, and ineffective. However tempting it may be to decree some legislatively concrete action in a crisis, there are, in my view, at least two serious obstacles to be considered: First, deciding which of two countries involved in a quarrel is the aggressor, which is always a complicated and dangerous question; or alternatively embargoing both nations, which automatically renders aid to the stronger; and, if done in 1915, would undoubtedly have won the World War for Germany; and, secondly, the grotesque and perilous situation our country would find itself in if the declared embargo in and of itself did not stop hostilities. For in such event, if we designated and embargoed the aggressor, we would either be cowardly and quit or we would press on with greater mechanisms of compulsion and force ending in the actuality of war. Some way should be found to get effective control of the manufacture and sale of all arms to sovereign hands with agreement among the nations to supply basic needs of the nations for reasonable defense and internal order. Moreover, taking sides by embargo of alleged aggressor in South America would knock the Monroe Doctrine into a cocked hat; and not taking sides, for example, as between Peru and Colombia, but treating them both as equally wrong, would be morally inexcusable. I have no patented or other panacea, but believe as time goes on the peace pact, which has been signed by the governments, will be enforced by the peoples of the world who are overwhelmingly against war, whose ungodly penalties they alone pay.

Sincerely yours,

SALMON O. LEVINSON.

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield 10 minutes to the gentleman from Ohio [Mr. WEST].

Mr. WEST. Mr. Speaker, the distinguished gentleman from New York, my good friend who has just spoken, has very eloquently told you that he wishes to draw back the veil in order that we might see what is back of the arms-embargo resolution. It is very gratifying to me to see this effort made to view our international relations objectively, dispassionately, and without prejudice. American foreign policies should rest upon a recognition of the underlying facts of our international relationships.

Since the gentleman has suggested that we draw back the veil in order to ascertain the facts in connection with this proposal, it is entirely proper for us to draw the veil back far enough to see just what is back of one of the statements in the letter that was read during the course of his argument. It is the contention of the gentleman that the adoption of this resolution is the first step toward a surreptitious entrance into the League of Nations.

The basis for this assertion is found in a statement contained in a letter from Hamilton Gibson. In order to identify the author of the statement I find upon examination that this argument with reference to the League of Nations comes from a gentleman from the Gunnery School of Washington, Conn., and is written upon the letterhead of that institution. This revelation seems to me to be highly significant in indicating something of the source of the information upon which an argument of the opposition is based.

The assertion has been made by the gentleman who has preceded me in this debate that he is not only opposed to this proposition now but he has always been opposed to it. My recollection is quite definite, however, that when this resolution was before the Foreign Affairs Committee during the last session that the gentleman agreed to this proposal in principle, provided it was limited so as to apply merely to American countries. Moreover, in a previous consideration of this same proposal of an arms embargo the gentleman was entirely willing to accept the principles of the resolution in connection with the effort that was made to instruct the American delegates to the Disarmament Conference to work for the adoption of a multilateral treaty embodying such principles.

In view of this earlier attitude of favor on the part of the gentleman toward this resolution, it is not at all an unwarranted conclusion that his present opposition might be dictated by considerations of political expediency and that he really believes in the principle of an arms embargo.

Mr. FISH. I still agree so far as American countries are concerned.

Mr. McREYNOLDS. Will the gentleman yield?

Mr. WEST. I am very glad to yield to the able and distinguished chairman of the Foreign Affairs Committee.

Mr. McREYNOLDS. Was there any exception as to any country, when the gentleman agreed to this, if we added that other provision?

Mr. WEST. There was no exception, according to my understanding.

Mr. FISH. I think I have already explained that proposition pretty carefully.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. WEST. Yes.

Mr. VINSON of Kentucky. May I suggest that the gentleman proceed and let the gentleman from New York [Mr. FISH] explain in his own time. [Laughter.]

Mr. WEST. That arrangement is entirely acceptable to me.

Mr. LOZIER. Will the gentleman from Ohio yield?

Mr. WEST. Yes, indeed, sir.

Mr. LOZIER. When the gentleman from New York [Mr. FISH] concedes that he favors this principle when applied to Latin American nations, does he not destroy the force and consistency of his entire argument?

Mr. WEST. It certainly seems to me that he does. In my opinion if a proposal is sound in principle and acceptable for limited application it is likewise sound and valid when it is more widely extended or when given a more general application. [Applause.]

During the course of this debate it has been charged by the opposition that the grant of this power to the President will mean that the authority thus conferred will be abused to precipitate war. The assertion is frequently made that an arms embargo would enable the President to lead the country into war in violation of the constitutional prerogative of Congress with reference to the declaration of war. It is quite true indeed that an unwise and unwarranted exercise of the power conferred by this resolution might under certain circumstances lead to war. But the same thing might properly be said regarding any power now possessed by the President.

At the present time the power of the President in the control of foreign policy, in his control over our diplomatic correspondence, and in his determination of our international relationships, exercises an authority which if abused might lead to disputes with other nations that would place upon Congress the responsibility for declaring war. As Commander in Chief of the Army and the Navy the Chief Executive can always lead us into situations through naval demonstrations or unwarranted exercise of this power that might easily lead to a situation which would precipitate war. But this does not mean that the President can declare war. This power, under the Constitution, must always remain with Congress. But to deny to the President a power which can be employed constructively with such beneficial effect in the promotion of peaceful relations among the states of the world simply upon the ground that the power might be abused is utterly unwarranted and is inconsistent with the integrity of our political institutions and the high character of the Chief Executive of this Nation.

For my part I am entirely willing to place this power in the hands of the President of this country with implicit confidence and faith in his integrity to use this power along with every other power at his command to direct the affairs of this Nation in such fashion as to establish and maintain peaceful relationships with other nations in full accord with the traditional policies of our country. [Applause.]

More than ever am I encouraged to grant this power to the President in view of the courageous action of the present Chief Executive in meeting the crisis in our Nation's affairs. The chief product of the constructive and statesmanlike program of our President has been the great revival of confidence on the part of our people in the basic integrity of our political and financial institutions. That priceless public confidence must be maintained unimpaired until the President has been able to complete his program and bring this country out of this depression into a happier and more prosperous condition. Nothing would be more wholesome and stimulating at this time than to establish the same confidence among other peoples of the world in the stability and security of international institutions in promoting and safeguarding peaceful relationships among nations. The adoption of this resolution would place in the hands of the President the power to accomplish this great purpose. [Applause.]

Mr. BACON. Will the gentleman yield?

Mr. WEST. Yes.

Mr. BACON. Can the gentleman give us any assurance that the President will not place any embargo on arms going to Japan?

Mr. WEST. The use of this agency, of course, will depend upon the facts in regard to any given situation. Naturally no prophecy can be made with reference to any specific use of the embargo in the future. But as I have just said, I have absolute confidence in the integrity of the President of the United States. There is no doubt whatsoever in my mind that in any given situation this power will be used wisely and justly and in full accord with our established American principles with reference to international affairs. [Applause.]

Mr. TINKHAM. Will the gentleman answer a question?

Mr. WEST. I shall be glad to.

Mr. TINKHAM. Does the honorable Representative believe that war should be prevented by making war?

Mr. WEST. The course pursued or the agency adopted in any given case to prevent war depends upon the facts of that particular case. In this instance the gentleman is assuming that this agency of the arms embargo is an act of war, and that in this way we use war to prevent war. But such an assumption is unwarranted and unjustified upon the basis of the international law of neutrality. The assertions of the gentleman of the opposition are based upon an unwarranted interpretation of the principles of international law.

If this arms-embargo power is used in time of peace, there is no question whatsoever in regard to a violation of the law of neutrality. The neutral relationship exists only when there is a state of war. Neutrality begins only when there is a relation of belligerency between two or more powers. When peaceful relations obtain between states, there is no question of neutrality, and hence the use of the embargo at such a time can in no manner be considered hostile nor unneutral.

Since the World War, the international law of neutrality has been considerably modified by the adoption of international conventions which have altered the former relationships existing among states. The Covenant of the League of Nations, the protocol establishing the Permanent Court of International Justice, and the Kellogg-Briand Pact for the renunciation of war as a national policy have all established new relationships among the nations and have greatly modified the principles of neutrality. Under present conditions nations engage in various forms of conflict under the guise of pacific reprisal, and since war does not exist neutrality does not obtain. It is possible in this manner to adopt a course of aggression and label it pacific reprisal, and the other nations of the world are powerless to interfere in the interests of peace and justice and have applied the principles of international law which should operate.

Mr. TINKHAM. May I ask the gentleman another question?

Mr. WEST. Yes.

Mr. TINKHAM. Is the honorable Representative in favor of the United States' entering the League of Nations?

Mr. WEST. Of course, the gentleman understands that he is simply asking me for my personal views and that this question has no bearing at all on the merits of the question at issue, which is the adoption of the arms-embargo resolution. The decision with reference to the adoption of this resolution must rest upon the merits of the proposal itself.

But I am very glad to inform the gentleman frankly of my own personal opinion regarding the League of Nations since he is interested in knowing it, which is, that I favor both the League of Nations and the World Court and other international organizations which exist for the promotion and maintenance of peaceful relations among nations.

The distinguished gentleman from New York [Mr. FISH] has sought, however, to discredit this resolution before us by endeavoring to put on it the label of the League of Nations. Knowing that in some quarters there is a prejudice against the League of Nations, he tries to direct that same prejudice to this proposal. But, of course, it is perfectly clear that you cannot answer an argument in favor of a proposal simply by calling it names or attaching a label to it. Again I say that the decision with reference to this resolution must be based upon the merits of the proposal itself.

Since the League of Nations has entered into this discussion, may I say that there is not only prejudice with reference to this institution but lack of understanding regarding its true nature. The League is not a state, does not possess sovereignty, and exists merely as a new agency for handling international business. It is a new system designed to take the place of the old devices of diplomacy and to be representative of the various viewpoints of the member states. It takes no action of itself in connection with major issues, but when broad international action is taken on vital questions the decisions of the League are embodied in treaty agreements which are ratified by the member states. The League's action is wise or unwise depending upon the wisdom of the concerted action of its members. It can truthfully be said that the League at any given time simply reflects the maximum amount of cooperation which exists in the world with reference to any given course, and is simply the device used by the nations to make their agreements effective.

But in this discussion let me make myself perfectly clear in regard to the question of the League in this argument. This viewpoint is merely my own, given in reply to a direct question, and is not the position of the committee. The gentleman of the opposition has, by bringing up the subject of the League, sought to divert our attention from the main point at issue. The adoption of the arms-embargo resolution is in no sense whatsoever a step toward entrance into the League, and the conclusions and arguments of the gentleman with respect to this are totally unwarranted.

At the present time the United States is cooperating with other nations in many ways for the accomplishment of many different purposes, sometimes through the agencies of the League and sometimes without. The proposal before us today is nothing more than an authorization of power to the President to enable him more completely and faithfully to work out a course of action in conjunction with other nations that will be fully in accord with our traditional American foreign policies.

Mr. BRIGGS. Will the gentleman yield?

Mr. WEST. I yield to the gentleman from Texas.

Mr. BRIGGS. Will the gentleman state who appeared before the committee in opposition to this resolution?

Mr. WEST. Statements in opposition were made by John Bassett Moore and Dr. Borchard, of Yale.

Mr. BRIGGS. And was that the only testimony in opposition?

Mr. WEST. I will defer to my colleague to answer that.

Mr. JOHNSON of Texas. Did not the munition manufacturers of Connecticut appear in opposition to it?

Mr. WEST. Yes, indeed; the munitions makers appeared in opposition. The favorable testimony came from groups all over the country from representative organizations, and those in opposition rested on the statements by representatives of the munition manufacturers, and their testimony, from my recollection, was not only inaccurate but unsound and was based upon lack of information in regard to the whole traffic in arms.

Mr. MOTT. May I inquire of the gentleman whether the witnesses who appeared before the committee and supported this proposal were supporting the general principle embodied in the resolution or this particular resolution?

Mr. WEST. The hearings were on this particular resolution.

Mr. MOTT. May I ask another question? Why is it necessary to give this authority to the President to decide when such an embargo shall be put into effect, rather than to allow the Congress to decide that after the President might notify the Congress as to his findings on the proposition?

Mr. WEST. The power to declare this embargo exists in the government of every important arms-producing country, with the exception, as I understand, of Czechoslovakia. Authorities maintain that this power does exist now in the President's control of international affairs, that that President could in cooperation with other nations, adopt a course of action, embody it in a treaty, and have the treaty referred to the Senate for confirmation. You would, of course, get this result.

This resolution simplifies the procedure. Congress is taking this step of directing the course of the President along a certain line, subject, however, to conditions to be met, first, that there shall exist in the world a condition which threatens peace, and the cooperation of the other nations producing arms. This course goes into effect when other nations agree with the President to act in unison in any given situation. That course does not necessarily rest upon treaty agreement. We have the various Executive agreements that have been adopted in times past that have permitted unified action by nations not on the basis of treaty. There is nothing that transcends the Constitution in this provision. It is merely directing the course of the President along this line to make it possible for him to act immediately in cooperation with other nations.

Mr. MOTT. There is nothing in this resolution, however, providing for ratification by Congress of the action of the President, is there?

Mr. WEST. Such action is unnecessary if there is no treaty engagement undertaken in connection with it. It is merely an understanding, an Executive agreement, and we have numerous instances of that that could be presented to show that he can act on the basis of this.

Mr. BLOOM. And Congress could revoke it at any time.

Mr. WEST. That is true.

Mr. FREAR. And the gentleman presumes that Congress is always in session. If it is not, the President would have to call Congress into session from all parts of the country to determine whether or not this action should be taken.

Mr. WEST. That is the case. This resolution gives the President the power to use when Congress is not in session. Our distinguished friends of the opposition base their case with reference to neutrality on the testimony of John Bassett Moore. I yield to no one in my admiration for the great work of John Bassett Moore, a great international lawyer. Fifteen or twenty years ago I first read international law from his Digest. I have the greatest respect for the great mind of John Bassett Moore in the field of international law. I also have respect for Professor Borchard, his disciple, who follows out his program and defends the work and views of John Bassett Moore.

But let me say this: The ideas of John Bassett Moore with reference to neutrality crystallized in 1907, when they were embodied in his great work and when they were embodied in the Hague Convention of that year, and later in the declaration of London. He has not taken into account the developments in international law during and since the World War. Let me read you a statement from our distinguished Democratic leader during the World War, President Wilson. In an address at Cincinnati on October 26, 1916, President Wilson said:

> This is the last war of any kind that involves the world that the United States can keep out of. I say this because I believe the business of neutrality is over, not because I want it to be over but I mean this, that war now has such a scale that the position of neutrals sooner or later becomes intolerable.

Dr. Hershey, in commenting on this statement, says:

No doubt the role and scope of neutrality in future wars will be much reduced and the character of neutral rights and duties will be greatly modified. But it is impossible to foresee what course this development will take. It may, however, not be too hazardous to predict that in a war waged under the auspices of a powerful League, the freedom of the seas will hardly be respected, even to the extent that has been the case in the past, and the forces cooperating to protect the covenants of the League will not hesitate to cross land frontiers of members of the League, more particularly in view of their obligations under XVI of the Covenant.

That old doctrine of neutrality ended in the last war; and since the World War, agencies have been set up in international affairs to make any question of international dispute a matter of concern to other nations of the world, it is now highly important that we give to the President every agency we can to enable him to cope with the new situation.

My friends, it is now nearly 20 years since the beginning of the World War, nearly a generation. Prior to that time for many years nations made investments in the business of war. In my judgment, it is now time that we reverse this procedure and begin to make investments in the business of peace. The adoption of this arms-embargo resolution is a step toward this worthy purpose. [Applause.]

Mr. FISH. Mr. Speaker, I yield myself 2 minutes, and then, I understand, the gentleman from Tennessee will move to adjourn.

I did not want to interrupt my colleague; but when he said I favored using this embargo against American countries and that was exactly the same principle, I wish to call attention to the fact that we still have the Monroe Doctrine, and that certainly we have moral obligations toward South American and Central American countries. The President already has the power to place an embargo in American countries where there is domestic violence. I am ready and willing and glad to vote for any proposition to extend that power to American countries that are on the verge of war or actual belligerents in view of the Monroe Doctrine, in view of our geographical situation, and our moral obligations; but more than that, I believe we must first consider the interests, the welfare, and safety of America first, and we do not jeopardize our interests, or our welfare, or our safety if we apply this resolution solely to American countries.

Now, I say to the gentleman from Ohio [Mr. WEST], who has just finished an able address and who is, as he states, friendly to the League of Nations, that he did interpret very properly the position of those who are in favor of this embargo, and that is, that it totally scraps the fundamental and time-honored neutrality laws and policy of the United States. That was the question I raised. The gentleman admitted it in his speech, that in effect it destroys our traditional policy of neutrality, and I have yet to hear from any Democrat who denies the contention of John Bassett Moore that this embargo resolution is the end to American neutrality.

Mr. Speaker, as far as we are concerned, we have concluded for this afternoon.

REFINANCING SMALL-HOME-OWNER MORTGAGES (H.DOC. NO. 19)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Banking and Currency and ordered to be printed:

To the Congress:

As a further and urgently necessary step in the program to promote economic recovery, I ask the Congress for legislation to protect small-home owners from foreclosure and to relieve them of a portion of the burden of excessive interest and principal payments incurred during the period of higher values and higher earning power.

Implicit in the legislation which I am suggesting to you is a declaration of national policy. This policy is that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guaranty of social and economic stability, and that to protect home owners from inequitable enforced liquidation, in a time of general distress is a proper concern of the Government.

The legislation I propose follows the general lines of the farm mortgage refinancing bill. The terms are such as to impose the least possible charge upon the National Treasury consistent with the objects sought. It provides machinery through which existing mortgage debts on small homes may be adjusted to a sound basis of values without injustice to investors at substantially lower interest rates and with provision for postponing both interest and principal payments in cases of extreme need. The resources to be made available through a bond issue to be guaranteed as to interest only by the Treasury will, it is thought, be sufficient to meet the needs of those to whom other methods of financing are not available. At the same time the plan of settlement will provide a standard which should put an end to present uncertain and chaotic conditions that create fear and despair among both home owners and investors.

Legislation of this character is a subject that demands our most earnest, thoughtful, and prompt consideration.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 13, 1933.*

HOUSE OFFICE BUILDING

The SPEAKER laid before the House the following statement by the House Office Building Commission, which was read:

ARCHITECT OF THE CAPITOL,
Washington, D.C., April 13, 1933.

NEW HOUSE OFFICE BUILDING

The Members of the House will no doubt be interested in certain facts relative to the New House Office Building.

Public No. 648, Seventieth Congress, approved January 10, 1929, authorized for the site and construction of the New House Office Building $8,400,000. Of this authorized amount, $7,560,000 was the authorized limit of cost for the building.

The site cost $1,077,745.74 and the cost of the building, estimated as of this date, is $6,280,254, an anticipated saving under the authorized limit of cost for site and building of $1,042,000.

The original authorization did not include furnishings. However, the Congress, in Public No. 5, Seventy-second Congress, approved February 2, 1932, authorized the expenditure of not to exceed $400,000, to be included in the authorized limit of cost for building and site, for this purpose. In view of the low prices obtaining it was possible to secure the furnishings for approximately $228,000.

To summarize, the site was secured, the building provided, and completely furnished for $814,000 less than the authorized limit of cost of the entire project.

The extras involved in the construction of this building amount to less than one half of 1 per cent of the total cost of construction, which is considered to be highly satisfactory.

We consider it only fair, however, that the House should be informed that certain items of furnishings have not been provided which the House may deem of sufficient importance to give consideration to in the immediate future. The fixed seats in the assembly room, which provides a seating capacity for 400, have been omitted. Also the barber shop has not been completely equipped.

We are pleased to inform the Members of the House that the new office building will be ready for occupancy on April 20, 1933, and it is proposed to move Members' effects into this building immediately after the 20th of this month, moves to be made on the basis of seniority. The building provides two hundred and fifty-one 2-room suites of offices, 12 committee rooms, and 1 assembly room.

The square immediately west of the new building has been graded, and arrangements are under way to provide parking space for cars of Members occupying the present and new building.

HOUSE OFFICE BUILDING COMMISSION.
HENRY T. RAINEY.
EDWARD W. POU.
ISAAC BACHARACH.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BANKHEAD (at the request of Mr. MCDUFFIE), indefinitely, on account of illness;

To Mr. CLARKE of New York, for 2 days, on account of important engagements; and

To Mr. GIBSON, for 1 week, on account of important business.

ADJOURNMENT

Mr. McREYNOLDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 58 minutes p.m.) the House adjourned until tomorrow, Friday, April 14, 1933, at 12 o'clock noon.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McLEOD: A bill (H.R. 4974) to extend facilities of the Reconstruction Finance Corporation to relieve depositors in the First National Bank-Detroit, and the Guardian National Bank of Commerce, of Detroit, and to extend the same relief to other closed banks throughout the United States, for the purpose of aiding in resumption of industrial activity and normal banking relations throughout the United States; to the Committee on Banking and Currency.

By Mr. DIMOND: A bill (H.R. 4975) to authorize the entry of fur-farming homesteads on the public lands of Alaska; to the Committee on the Public Lands.

By Mr. BOEHNE: A bill (H.R. 4976) authorizing the sale of certain Government property in the District of Columbia; to the Committee on the District of Columbia.

By Mr. WEAVER: A bill (H.R. 4977) to provide for the purchase of lands for the Great Smoky Mountains National Park; to the Committee on Banking and Currency.

By Mr. BEITER: A bill (H.R. 4978) to authorize the postponement of ayments of premiums on Government life-insurance policies for a period not exceeding 2 years, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. HOWARD: A bill (H.R. 4979) to amend an act approved December 17, 1928, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment thereon in claims which the Winnebago Tribe of Indians may have against the United States, and for other purposes"; to the Committee on Indian Affairs.

By Mr. STEAGALL: A bill (H.R. 4980) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. DEEN: A bill (H.R. 4981) to prohibit the manufacture and sale of stamped envelopes and wrappers and to prohibit the sale by post offices of printed envelopes and wrappers; to the Committee on the Post Office and Post Roads.

By Mr. LEMKE: A bill (H.R. 4982) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. O'CONNOR: Resolution (H.Res. 107) to amend clause 4 of rule XXVII of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. BUCHANAN: Joint resolution (H.J.Res. 152) to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress; agreed to.

By Mr. TREADWAY: Joint resolution (H.J.Res. 153) proposing an amendment to the Constitution of the United States; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. WEAVER: A bill (H.R. 4983) granting a pension to John C. Miller; to the Committee on Pensions.

By Mr. ADAMS: A bill (H.R. 4984) for the relief of Harry C. Saxton; to the Committee on Claims.

By Mr. BEITER: A bill (H.R. 4985) for the relief of Felix Nowicki; to the Committee on Military Affairs.

By Mr. BOEHNE: A bill (H.R. 4986) granting a pension to Leroy Hollon; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4987) granting a pension to George Ann Evans; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4988) granting a pension to James P. Stallings; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4989) granting an increase of pension to Minnie Wheeler; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4990) for the relief of Alfred Harris; to the Committee on Claims.

Also, a bill (H.R. 4991) for the relief of William Pierce; to the Committee on Military Affairs.

Also, a bill (H.R. 4992) authorizing the payment of compensation to Laura Roush for the death of her husband, William C. Roush; to the Committee on Claims.

Also, a bill (H.R. 4993) for the relief of Lt. P. A. Haas; to the Committee on Naval Affairs.

Also, a bill (H.R. 4994) granting an increase of pension to Dora Alice Lee; to the Committee on Invalid Pensions.

By Mr. COLLINS: A bill (H.R. 4995) for the relief of Walter B. Price; to the Committee on Military Affairs.

By Mr. FLETCHER: A bill (H.R. 4996) granting a pension to Haden M. Klinefelter; to the Committee on Pensions.

Also, a bill (H.R. 4997) granting an increase of pension to Amanda E. Waldron; to the Committee on Pensions.

By Mr. FORD: A bill (H.R. 4998) for the relief of Afton A. Brown; to the Committee on Military Affairs.

By Mr. HOOPER: A bill (H.R. 4999) for the relief of W. H. Le Duc; to the Committee on Claims.

By Mr. KENNEDY of Maryland: A bill (H.R. 5000) for the relief of Sophie Carter; to the Committee on Claims.

By Mr. McCANDLESS: A bill (H.R. 5001) to amend Private Law No. 228, Seventy-second Congress, an act for the relief of the Dongji Investment Co., Ltd.; to the Committee on Claims.

Also, a bill (H.R. 5002) for the relief of Yamato Sesoko; to the Committee on Claims.

By Mr. McCORMACK: A bill (H.R. 5003) to incorporate the National Society of Women Descendants of the Ancient and Honorable Artillery Company; to the Committee on the Judiciary.

By Mr. MONAGHAN: A bill (H.R. 5004) for the relief of Joe Petran; to the Committee on Claims.

By Mr. ROMJUE: A bill (H.R. 5005) granting a pension to Sarah Jane Clutter; to the Committee on Invalid Pensions.

By Mr. SWEENEY: A bill (H.R. 5006) to reimburse the estate of Mary Agnes Roden; to the Committee on Claims.

By Mr. TAYLOR of South Carolina: A bill (H.R. 5007) for the relief of Lissie Maud Green; to the Committee on Claims.

By Mr. WEAVER: A bill (H.R. 5008) granting an increase of pension to Jacob Schneider, Jr.; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

519. By Mr. BLOOM: Petition of the board of managers of the Silk Association of America, Inc., favoring a Federal law, during the existing emergency, forbidding the employment of any person in all industry more than 30 hours per week, such law to take into consideration the comparative competitive position of United States industry with foreign industry; to the Committee on Labor.

520. By Mr. CULLEN: Petition of the Forest City Branch, No. 40, National Association of Letter Carriers, urging that substitute carriers receive the work on routes whenever the regular carriers are off duty for any reason whatsoever; to the Committee on the Post Office and Post Roads.

521. By Mr. KELLY of Pennsylvania: Petition of citizens of Oakmont and Verona, Pa., suggesting action to relieve depression; to the Committee on Labor.

522. By Mr. KENNEDY of New York: Memorial of the Senate of the State of New York, calling upon the Congress

of the United States to enact legislation forbidding the sale of flags of the United States manufactured abroad in this country; to the Committee on Labor.

523. By Mr. LINDSAY: Petition of Eberhard Faber Pencil Co., Brooklyn, N.Y., favoring the passage of House bill 3677; to the Committee on the Judiciary.

524. Also, petition of Motion Picture Theater Owners of America, New York City, opposing House Resolution No. 95; to the Committee on Rules.

525. Also, petition of American Safety Razor Corporation, Brooklyn, N.Y., favoring restoration of 2-cent letter postage; to the Committee on Ways and Means.

526. Also, petition of International Brotherhood of Bookbinders, Washington, D.C., concerning the 30-hour week bill to include newspapers and periodicals; to the Committee on Labor.

527. By Mr. RUDD: Petition of American Safety Razor Corporation, Brooklyn, N.Y., favoring restoration of the 2-cent letter postage; to the Committee on the Post Office and Post Roads.

528. Also, petition of International Brotherhood of Bookbinders, favoring the passage of the Black-Connery bills, S. 158 and H.R. 4557, with certain amendments; to the Committee on Labor.

529. Also, petition of Eberhard Faber Pencil Co., Brooklyn, N.Y., favoring the passage of House bill 3677, with certain amendments; to the Committee on the Judiciary.

530. Also, petition of Motion Picture Theatre Owners of America, New York City, opposing the passage of House Resolution 95; to the Committee on Rules.

531. By Mr. SEGER: Petition of Garret A. Hobart and William Paterson Chapters, Daughters of the American Revolution, Paterson, N.J., opposing recognition of Soviet Russia; to the Committee on Foreign Affairs.

532. By Mr. SINCLAIR: Petition of Holiday Association of Crosby, N.Dak., urging the immediate passage of legislation to refinance farm indebtedness under the provisions of the Frazier bill or a similar proposal; to the Committee on Agriculture.

533. By Mr. TAYLOR of Colorado: Resolution of the county chamber of commerce of Montrose, Colo., urging the larger use of silver in the monetary system of the United States on the present basis of ratio of coinage; to the Committee on Coinage, Weights, and Measures.

SENATE

FRIDAY, APRIL 14, 1933

(Legislative day of Tuesday, Apr. 11, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (H.J.Res. 152) to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum and request a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Pope
Ashurst	Costigan	Kendrick	Reed
Austin	Couzens	Keyes	Reynolds
Bachman	Cutting	King	Robinson, Ark.
Bailey	Dickinson	La Follette	Robinson, Ind.
Bankhead	Dieterich	Lewis	Russell
Barbour	Dill	Logan	Schall
Barkley	Duffy	Lonergan	Sheppard
Black	Erickson	Long	Shipstead
Bone	Fess	McAdoo	Smith
Borah	Fletcher	McCarran	Steiwer
Bratton	Frazier	McGill	Stephens
Brown	George	McKellar	Thomas, Okla.
Bulkley	Glass	McNary	Thomas, Utah
Bulow	Goldsborough	Metcalf	Townsend
Byrd	Gore	Murphy	Trammell
Byrnes	Hale	Neely	Vandenberg
Capper	Harrison	Norbeck	Van Nuys
Caraway	Hastings	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Clark	Hayden	Overton	Walsh
Connally	Hebert	Patterson	Wheeler
Coolidge	Johnson	Pittman	White

Mr. LEWIS. I wish to announce that the Senator from Maryland [Mr. TYDINGS] is necessarily detained from the Senate today.

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is still detained from the Senate on account of illness.

The VICE PRESIDENT. Ninety-two Senators having answered to their names, a quorum is present.

INTERNATIONAL PARLIAMENTARY CONFERENCE ON COMMERCE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, referring to his letter of March 27, 1933, concerning an invitation to the Eighteenth Plenary Assembly of the International Parliamentary Conference on Commerce to be held at Rome beginning next week, and transmitting copy of a pamphlet entitled "Rapports et Notices Relatifs aux Questions Inscrites a son Programme" (Reports and Notices Relating to Questions Included in the Program), which, with the accompanying pamphlet, was referred to the Committee on Foreign Relations.

FUNCTIONS OF THE PANAMA CANAL (S.DOC. NO. 26)

The VICE PRESIDENT laid before the Senate a letter from the Governor of the Panama Canal, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a detailed report of the functions of the Panama Canal, the statutory authority therefor, the total annual expenditures, etc., which, with the accompanying report, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE PANAMA RAILROAD CO. (S.DOC. NO. 27)

The VICE PRESIDENT laid before the Senate a letter from the president of the Panama Railroad Co., submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a detailed report of the functions of the company, the statutory authority therefor, the total annual expenditures, etc., which, with the accompanying report, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted at the third annual meeting of the Texas Livestock Marketing Association, at Fort Worth, Tex., endorsing the Agricultural Marketing Act and the work of the Federal Farm Board, and urging the retention of said act and the continuation of its administration under the Federal Farm Board, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted at the third annual meeting of stockholders of the National Finance Credit Corporation of Texas, at Fort Worth, Tex., endorsing the present set-up of the livestock credit corporations provided by the Agricultural Marketing Act and operated and administered under the Federal Farm Board, and favoring the continuation and strengthening of the livestock credit corporations provided by the Agricultural Marketing Act and also the retention of said act and of the Federal Farm Board, which was ordered to lie on the table.

Mr. TOWNSEND presented the following concurrent resolution of the Legislature of the State of Delaware, which was referred to the Committee on Agriculture and Forestry:

ONE HUNDRED AND FOURTH GENERAL ASSEMBLY,
STATE OF DELAWARE.

House Concurrent Resolution 27

We hereby certify that the enclosed is the same house concurrent resolution as was passed in regular session by both houses of the one hundred and fourth general assembly.

J. THOMAS ROBINSON,
Speaker of the House.
W. A. SUNONTON,
President Pro Tempore of the Senate.

We hereby certify that the enclosed house concurrent resolution is properly backed, stamped, and sealed, and is the same house concurrent resolution as above certified to.

OWEN K. MOORE,
Bill Clerk of the House.
KARLENE H. CARPENTER,
Bill Clerk of the Senate.

Certified with—

EDWIN E. SHALLCROSS,
Clerk of the House.
WM. P. SHORT,
Secretary of the Senate.

House Concurrent Resolution 27

Whereas the Congress of the United States has authorized the President to revise all appropriations for the operation of the Federal Government; and

Whereas information has been received that in such revisions there is a possibility that all Federal aid to the States be discontinued; and

Whereas if such Federal aid were discontinued such action would seriously impair, and possibly eliminate, some important functions of State government in the State of Delaware; and

Whereas these said functions are of vital concern to the agriculture of the State of Delaware, inasmuch as elimination of all Federal aid for experiment stations would probably cause the closing of the agricultural experiment station of the State of Delaware; elimination of Federal aid for cooperative extension work in agriculture and home economics would cause the disintegration of that work; the elimination of Federal grants for education in agriculture and mechanic arts would probably result in the abolishment of the School of Agriculture in the University of Delaware; and elimination of all Federal grants for vocational agriculture would seriously cripple the vocational school work in the State; and

Whereas the agricultural population would be deprived of all assistance, guidance, and instruction in their farming operations at a time when such assistance, guidance, and instruction is of paramount importance to their welfare; and

Whereas the State of Delaware is financially unable to replace Federal grants in aid by State funds: Be it

Resolved, That we, the General Assembly of the State of Delaware, do hereby petition and implore Hon. Franklin D. Roosevelt, President of the United State, that complete elimination of Federal grants to States for teaching, research, and extension work in agriculture does not take place. We petition that the President of the United States give serious consideration to the fact that abolishment of all Federal grants to the States might result in destroying the School of Agriculture of the University of Delaware and the cessation of all its functions, including research, experimentation, extension work, and collegiate instruction in the science and art of agriculture, and that the elimination of aid from the School of Agriculture of the University of Delaware would work an undue hardship upon farmers and the agricultural industry of Delaware.

That a copy of this resolution be sent to the President of the United States and to each United States Senator and Representative in Congress from the State of Delaware.

BANKING, CURRENCY, AND SILVER PROBLEMS

Mr. COSTIGAN. Mr. President, the disturbed economic conditions have resulted in numerous memorials, resolutions, and other communications designed to advise the Congress of the judgment of different citizens on remedies to be applied by Federal legislation. Such communications are entitled to suitable reference and record. Accordingly, I send to the desk and ask to have placed in the RECORD and appropriately referred two joint memorials of the Colorado Legislature, one on farm conditions and the other with respect to the production of nonmetallic minerals; a petition of some 66 citizens of Boone, Colo., on banking and currency problems, and resolutions on the remonetization of silver received, respectively, from the council of the city and county of Denver, the Junior Chamber of Commerce of Boulder, and the Montrose County Chamber of Commerce, of Montrose, Colo.

There being no objection, the memorials, resolutions, etc., presented by Mr. COSTIGAN, were received, ordered to be noted in the RECORD, and referred as follows:

To the Committee on Appropriations:

A joint memorial of the Legislature of the State of Colorado, favoring the making of appropriations for the Mineral Leasing Division of the United States Geological Survey sufficient to enable the division to function efficiently for the protection of the oil, gas, coal, and nonmetallic mineral resources of the Western States. (See joint memorial printed in full when laid before the Senate by the Vice President on the 10th instant, p. 1408, CONGRESSIONAL RECORD.)

To the Committee on Banking and Currency:

A joint memorial of the Legislature of the State of Colorado, favoring the passage of the so-called "Frazier farm relief bill" for the refinancing of farm mortgages. (See joint memorial printed in full when laid before the Senate by the Vice President on Feb. 27, 1933, p. 5065. CONGRESSIONAL RECORD, 72d Cong., 2d sess.);

A petition of sundry citizens of Boone, Colo., praying for the retirement, by graduated tax, of all private bank notes emitted by private corporations and circulated as currency, and the issuance in their stead of United States notes in amounts sufficient for the useful ends of a representative currency, and the establishment of United States banks as banks of deposit and exchange for the transaction of the business of the people, to the end that the Government shall have and maintain absolute control over the issue and circulation of the medium of exchange;

A resolution of the mayor and Board of Councilmen of the City and County of Denver, Colo., favoring the passage of legislation providing for the free and unlimited coinage of silver on a correct ratio with gold;

A resolution of the Boulder (Colo.) Junior Chamber of Commerce, favoring the passage of legislation remonetizing silver at a ratio of not less than 30 to 1 in its relationship to gold, and the establishment of silver currency as legal tender; and

A resolution of the Chamber of Commerce of Montrose, Colo., favoring the passage of legislation to secure a larger use of silver in the monetary system on the basis of the present ratio of coinage.

6-HOUR DAY AND 5-DAY WEEK

Mr. BORAH. Mr. President, I present and ask to have inserted in the RECORD a telegram from the Idaho Mining Association relative to the so-called "30-hour week bill", and ask that it be printed in the RECORD and lie on the table.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

WALLACE, IDAHO, *April 14, 1933.*

Senator WILLIAM E. BORAH,
Senate Office Building, Washington, D.C.:

I am mailing to you and to the other Idaho representatives in Congress and to Secretary of Labor Perkins a protest against what we understand to be the provisions of the bill presented by Senator BLACK, of Alabama, providing for a 30-hour week and a 6-hour daily shift in industry, which would include mining. We are not objecting to the 30- or 32-hour week, but we are objecting to the establishment of a 6-hour day, which would result in very substantial increase in operating cost, especially in those branches of the mining industry which are carried on 24-hour basis. These industries are now operating without profit and for the benefit of the community, consequently to the injury of the owner. A 6-hour day would necessarily result in a very substantial reduction in the daily wages of those occupied in that portion of the industry which is carried on for the full 24 hours daily or the extra cost would be of such a substantial amount that there is grave risk it would result in the suspension of some of these operations.

IDAHO MINING ASSOCIATION,
L. E. HANLEY, *President.*

HOSPITAL TRANSFERS OF VETERANS

Mr. LEWIS. Mr. President, I tender a telegram from the Governor of the State of Illinois, addressed to me, and ask that it may be inserted in the RECORD, because it contains information on an important public subject.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

SPRINGFIELD, ILL., *April 13, 1933.*

Senator JAMES HAMILTON LEWIS,
Washington, D.C.:

Orders issued by Hines, Federal Veterans Administrator, directs immediate transfer compensible veterans' cases from State institutions to Hines Hospital. Representatives State Department, American Legion, and National Rehabilitation Committee desire to present facts to you as quickly as possible. Urgently request you contact President immediately, obtaining deferring of carrying out order transferring these patients pending opportunity to present facts to him. This request made for our department, public welfare, and official representatives of Legion. Representatives of State and National Legion will be in Washington any time you will see them to give you the details. Am therefore asking that you permit them to see you at once. It is felt that the proper care of many invalided veterans and the peace of mind of their families are at stake. Please answer.

HENRY HORNER, *Governor.*

REFINANCING OF AGRICULTURAL INDEBTEDNESS

Mr. FRAZIER. Mr. President, I ask unanimous consent to have published in the RECORD and appropriately referred, a resolution adopted by the North Dakota Holiday Association.

There being no obection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

We urge Congress to immediately pass legislation for the refinancing of the farm indebtedness under the provisions of the Frazier bill, or similar legislation. In any event the interest rate and amortized payments should not exceed 3 percent interest. The business of financing should come directly from the Government without the intervention of banking racketeers to add more to the farmers' interest rate.

We demand the immediate removal from their positions of all the present officers of the Federal Land Bank of St. Paul and a thorough checking and house-cleaning in every department of that institution, and the immediate appointment of new, fair, able, and courteous men to take charge of the Federal Land Bank of St. Paul, to the end that this bank may regain the good will and confidence of the general public and again be made to function as it should and deal with borrowers in a human, civil, and businesslike way. We urge the President and Congress to insist that all agencies hereafter organized to distribute Government finance or any other benefit to the farmers shall be placed in the hands of competent, public-spirited men, and that no banker be ever allowed to see the inside of any such agency. We declare that during our lifetime we have never known of a competent banker who was a public-spirited citizen. They should not be allowed to ever be connected with or interested in any finance plan intended to aid farmers.

We condemn the practice of appointing reactionary ex-bankers and others who have heretofore only exploited the farmers to act in set-ups to carry out laws now enacted and intended to help and benefit farmers, and point out the futility and uselessness of passing progressive and helpful laws for agriculture only to leave their execution to petty reactionaries who will not carry out such laws either in letter or spirit.

We commend Governor Langer for his debt and foreclosure moratorium proclamation of March 22, 1933, and recommend that it be continued in force at least until November 1, 1934. We call attention to the Debt Adjustment Act of the Province of Saskatchewan, Canada, providing for a debt moratorium, and which does not terminate until March 1, 1936. We submit that conditions are so bad in North Dakota that it will also take years for our people to stage a financial come-back.

We direct that copies of this resolution be furnished President Roosevelt, United States Senators Lynn J. Frazier and Gerald P. Nye, Congressmen J. H. Sinclair and William Lemke, Gov. William Langer, members of the President's Cabinet, and be given publication.

The foregoing is a true copy of a resolution passed unanimously on April 7, 1933, at a considerable gathering of members of the North Dakota Holiday Association held at the courthouse at Crosby, N.Dak.

Dated April 8, 1933.

OLAF BRAATELIEN,
Acting Secretary,
General Counsel, North Dakota Holiday Association,
Post Office, Crosby, N.Dak.

Mr. SCHALL. Mr. President, I am in receipt of a letter which is self-explanatory and so apropros of the present discussion that I ask permission to have it put in the RECORD.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

ST. JAMES, MINN., *April 7, 1933.*

Senator THOMAS SCHALL,
Washington, D.C.

DEAR SENATOR: Due to the present conditions I feel that something should be done to refinance the agricultural indebtedness, and something more should be done to encourage agriculture. The poor farmers are having a terrible time and we can notice it more than anyone else here at the courthouse. They cannot meet their taxes nor their interest, and day by day farms are taken away from good, old, reliable farmers that have spent a lifetime on the farm. Farmers who have worked hard and faithful but have had a great deal of sickness, and what you might call real hard luck in farming due to unknown conditions, and now they are relieved of their small holdings due to interest and taxes.

I think that the Frazier bill would be a great help to the farmers, although I do think that a board could be omitted as some officer in the courthouse could act as such along with his other duties.

I know of a case that was foreclosed on last year and the time for redemption is soon up. This is one of the finest farms in Watonwan County and owned by Casper Brackelsberg, of Riverdale. This is the old homestead that his father proved up on. They had a family and some of them were not so well and Mr. Brackelsberg was forced to leave the farm after he had drained it completely and built up a fine lot of buildings for which he had to go in debt for, then the hard times came along and Mr. Brackelsberg could not make his interest payments, and just as soon as the interest date passed they started foreclosure as it was a wonderful farm to get for that amount of money. Here he is old, his earning days are over, and he is losing that which he holds so dear, the "old home farm." This is just one case, we have lots of them, and it seems to me that for the good of our country (and we will always have the farmer if the rest of the world expects to survive) some legislation should be passed to help these cases.

The farmers in this great State are looking to you men for help and we hope that you will do something soon.

Yours truly,

J. E. SETRUM, *County Auditor.*

AGRICULTURAL EDUCATION

Mr. SCHALL. Mr. President, I ask to have printed in the RECORD a letter from H. F. Betsinger, of Annandale, Minn., setting forth some thoughts I believe worthy of being given notice. I also ask to have printed in the RECORD the extract from the letter of President Roosevelt, to which reference is made by Mr. Betsinger, and that both letters may be appropriately referred.

There being no objection, the letters were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

ANNANDALE, MINN., *April 8, 1933.*

Hon. THOMAS SCHALL,
Senator, Washington, D.C.

DEAR MR. SCHALL: Your stand on legislative matters has been very gratifying, and I commend your actions.

I add my protest to that voiced by Ed. O'Neal, President of the American Farm Bureau Federation, in regard to the drastic economy proposed by the Director of the Budget, cutting aid for agricultural education. Curtailment of the extension service, experiment stations, agricultural colleges, and vocational agricultural education would be out of line with the policy of President Roosevelt, as stated in a letter of his to the Progressive Farmer. Copy of said letter enclosed.

I agree with Mr. O'Neal in that deflation has gone far enough, and that it is time for work to be begun to establish a stable dollar. When college-trained teachers in our local consolidated school are hired at $60 a month, a reduction of 50 percent in the last 2 years, we have only one illustration. And this in the face of rising commodity prices.

You have the backing and best wishes of your constituency in your endeavors to help right the social and economic situation. The people are expecting much and should not be disappointed.

Respectfully yours,

H. F. BETSINGER.

"A FRIEND AT COURT

"I believe thoroughly in agricultural education. I regard it as one of the most important and essential branches of the whole educational effort that is being carried on in the United States. I am a firm believer also in the value of the cooperative research and experimental work and the extension service which State institutions in cooperation with the Federal Government are rendering.

"I think it would be nothing short of a disaster if any of this work were seriously curtailed. Particularly in these times when farmers are having such a desperate struggle to maintain themselves. I think it supremely important that they should have the benefit of the expert advice that colleges, experiment stations, and extension services are able to give them, and it is equally important that we should continue to hold out to their children opportunities for an education that will make them something more than field drudges.

"What I have said with respect to the agricultural colleges and their allied services applies with equal force to the lesser schools of agriculture and to the agricultural education now being carried on with such excellent promise in consolidated high schools in the rural communities.

"I am glad that I have the opportunity of expressing myself on this subject, on which I have very strong convictions." (President-elect Franklin D. Roosevelt in a letter to the editor of the Progressive Farmer.)

FOREIGN DOLLAR BONDS IN DEFAULT WITH INTEREST

Mr. FLETCHER presented a statement of the American Council of Foreign Bondholders, Inc., by Max Winkler, president, New York City, N.Y., which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

[Letter No. 25]

NEW YORK CITY, *April 5, 1933.*

FOREIGN DOLLAR BONDS IN DEFAULT WITH INTEREST—PART II

Analysis of foreign dollar debt in default with interest payments demonstrates that about 44 percent of the total amount outstanding is contained under the head of national government issues; 18½ percent is provincial and 13½ percent municipal government debt; 8 percent are bank loans; and 16 percent are bonds sponsored by institutes and corporations, including railroads. Perhaps the most discouraging feature of the situation is that so large a proportion of the whole should be national or federal government obligations, since evidently the superior resources of supreme powers should enable them to continue payments after political subdivisions and corporations give up the struggle and confess their insolvency.

In Argentina, Colombia, Austria, and Hungary the National Governments have hitherto been able to pay interest in cash on their debts by the sacrifice of provincial, municipal, and corporation credit, using as a weapon their power to control foreign-exchange transactions. Generally speaking, this attitude has been defensible, but some injustice was inevitable. There are Provinces and cities in South America which could resume payment of bond service tomorrow if permitted to do so, and bondholders who carefully and skillfully selected the obligations of those political subdivisions for investment have good reason to feel aggrieved.

Such exercise of arbitrary power on the part of executives may have the effect to curtail or put a stop to the offerings of provincial and municipal loans in this market when foreign government financing recommences, as it certainly will, at least for South and Central America. This change will be welcome to national executives, who have always deplored the constant drain on trade balances caused by remittances of provincial foreign bond service and the loss of prestige when a city or a Province has defaulted in the past.

Foreign dollar bonds in default with interest payments, Mar. 1933

	Outstanding	Total outstanding	Originally issued
National governments:			
Chile	$175,405,000		
Brazil	144,672,500		
Peru	87,210,000		
Russia	75,000,000		
Bolivia	59,422,000		
Yugoslavia	43,804,000		
Greece	36,518,500		
Bulgaria	16,988,500		
Salvador	12,663,000		
Costa Rica	7,198,000		
		$658,881,500	$710,062,000
Provincial governments:			
Brazil	119,619,300		
Argentina	78,855,500		
Colombia	61,172,500		
Austria	16,056,400		
		275,703,700	321,118,500
Municipal governments:			
Brazil	66,943,500		
Hungary	32,152,000		
Austria	29,209,500		
Colombia	22,216,900		
Chile	20,459,000		
Argentina	10,647,500		
Uruguay	10,420,000		
Peru	2,887,000		
Germany	1,287,000		
		196,222,400	220,111,000
Banks:			
Chile	85,319,000		
Colombia	16,165,500		
Yugoslavia	10,693,500		
Hungary	9,382,000		
		121,560,000	134,900,000
Institutes and corporations:			
Sweden	144,006,000		
Chile	44,700,000		
Hungary	28,927,500		
Holland	9,600,000		
Austria	6,777,400		
Brazil	2,610,500		
Costa Rica	1,700,000		
		238,321,400	263,648,000
Total		1,490,689,000	1,649,839,500

NATIONAL GOVERNMENTS

If certain contingent liabilities of the 10 national governments in default were to be added to the sum of $658,881,500 shown in the table as outstanding, the aggregate of Federal debt in default would be considerably greater, but although some of these items could more properly be classed under this heading in the case of bonds specifically guaranteed, confusion might be created thereby, since the market knows most of these securities as bank and railroad obligations.

On the other hand, there are redeeming features regarding each of the nationalities here listed, except with respect to Chile, Peru, Russia, and Bolivia, seeing that all of the others are paying either in interest-bearing scrip, in currency, or by partial cash remittances.

The liabilities of national governments were discussed at more length in a previous bulletin, but the relative volume of each direct federal debt in default is here more clearly indicated, and is noteworthy.

Peru owes and defaults on just double the amount ascribed to Yugoslavia. Bolivia defaults on considerably more than Greece and Bulgaria combined. Russia and Brazil are in classes by themselves, since nobody knows what amount of debt could be usefully and comfortably carried by them if good government were assured for a decade. The Chilean National Government is in default on a total principal amount of $260,724,000 if the guaranteed State Mortgage Bank loans are included. Compare with the other defaulting governments, most of whom have done something for the protection of bondholders.

PROVINCIAL GOVERNMENTS

Not every sovereign power permits its political subdivisions to contract foreign obligations. It is, therefore, not surprising that the provincial securities of only four nations are in default on their dollar loans.

In both Brazil and Colombia the respective States and Departments have always enjoyed extensive autonomy, which will probably be restricted in the future. Several of them are in serious difficulties, a condition which reflects adversely on national credit, and the federal governments are now in a position to exact a price for their assistance.

However, plans for a new foreign debt regime are complicated by the incidence that in each of those countries there is one political subdivision, more powerful, wealthy, and advanced than the others, which has plunged deeply into debt and, while demanding every particle of support that the federal government and legislature can bestow, defies interference with its domestic affairs.

San Paulo State in Brazil and Antioquia Department in Colombia merit the confidence of investors for their excellent past record and praiseworthy industrial progress. It may be taken for granted that they will eventually regain a measure of their past prestige, but it is devoutly to be hoped that resumption of payments by other provincial governments in Brazil and Colombia will not be retarded during the process of rehabilitation by these two politically predominant States.

A Government commission in Brazil is endeavoring to elaborate a scheme for nationalization of the State foreign debts, but nothing practical has resulted, although the commission has been in existence for a year. At least two of the States are evidently buying their own bonds in this market, and San Paulo proposes to use all available funds for this purpose, giving promissory notes for current service requirements.

Action by the Government of Antioquia may be delayed until settlement of the conflict with Peru.

Argentine provincial government debt has never been rated by competent observers at anything approaching the level of national Argentine credit. It was obvious 2 years ago that the brunt of financial strait would have to be borne by the Provinces in case full payment of bond service on all Argentine foreign obligations, funded and floating, should be found impossible to maintain.

The provincial debt of Austria is the least of that small republic's worries.

MUNICIPAL GOVERNMENTS

The aggregate of municipal foreign-dollar debt in default is large, owing to the relatively heavy indebtedness of four cities, namely, Rio de Janeiro, Vienna, Budapest, and San Paulo, on which nearly $100,000,000 is outstanding.

It is a moot question whether the loans of capital cities in some countries should be considered national government debt. Argentina does so consider the obligations of Buenos Aires City, which is, of course, not in the Province of Buenos Aires. Rio de Janeiro, Santiago, and Lima are purely national strongholds. Bogota is technically in the Department of Cundinamarca, but manages its own affairs as the seat of the federal government. Vienna and Budapest are the essence of Austrian and Hungarian sovereignty.

There are four consolidated municipal loans in default. One of these, a Chilean obligation, is sponsored by 65 towns, and the number of cities and towns embellished at the cost of American bondholders runs well over 100, financed by 31 bond issues of 9 nationalities.

As a general rule the outlook for resumption of payments and permanence thereof is at least as good as, if not better than, by the provincial governments. There have been several instances of city councils protesting against a national embargo on remittances.

BANKS

Bank loans in default on dollar-interest payments number 18, but the enormous total outstanding debt of the Chilean Mortgage Bank, $83,319,000, overshadows the rest, and is one of the most regrettable features of New York foreign financing.

These are direct Government loans, and could quite well be included under national government debts, but they were accepted by this market as bank loans and must be discriminated as such in order to avoid misunderstanding.

When Chilean credit began to wane under the weight of the dollar-debt pyramid, bankers asked for specific guaranties which

Chile, in its arrogance, refused to grant; but the Government was willing to guarantee the obligations of its own mortgage bank, and since a bank loan secured by the Government is practically the same thing as a Government loan secured by the State Mortgage Bank, the guaranty, although worthless, was accepted and proved more effective as a lure than as a safeguard.

Three Colombian banks which obtained loans in this market, and which are now in default, may resume payments on a reduced schedule earlier than the provincial governments. Bank of Colombia, Mortgage Bank of Colombia, and Mortgage Bank of Bogota are highly respected institutions in Colombia, and the first named has good foreign connections.

Principal and interest of State Mortgage Bank of Yugoslavia is guaranteed by the Government under the laws of its organization.

All Hungarian banks which have been financed in this market are old-established concerns, which may be trusted to honor their obligations, at least in part, as soon as economic conditions of the country permit them to remit bond service.

INSTITUTES AND CORPORATIONS

If from the total of $238,321,400, principal amount of 16 loans, are deducted the Swedish Kreuger defaults and the debts of two Chilean nitrate plants, only $49,615,000 would remain under this heading.

Creditors of the match concerns may at least feel assured that the Swedish Government and the receivers will do their utmost to secure for them the available assets.

The Anglo-Chilean and Lautaro Nitrate Corporations are respectable business entities, which have been well managed in the past. Unfortunately, the whole nitrate situation is inextricably mixed up with the Chilean Government insolvency and fiscal disorder, or these immense organizations, which have been thoroughly modernized, would be able to pay some bond interest even now.

Hungary is the only other debtor of over $10,000,000 in this category. The item is composed exclusively of institutions which bear a strong resemblance to mortgage banks under another name.

Brazil and Costa Rica are represented by two railroads. The Paulista Railway, of San Paulo, Brazil, is a splendid property, efficiently managed, about which bondholders need have no anxiety beyond their participation in the general disability arising out of temporary foreign-exchange restrictions. The Pacific Railway of Costa Rica 7½-percent bonds are a straight Government obligation, and are so treated in the funding plan of that Government.

GERMANY

It is needless to underestimate the consequences to the entire German economic structure, as well as to the country's relations with the rest of the world, of the policy pursued, or reported to be pursued, by the present German administration. While fundamental conditions in the Reich have improved to an appreciable extent, as evidenced by a number of barometric indices, the attitude maintained by the Nazi government may, unless arrested in time, have a profound effect upon German industry, commerce, finance, and politics. On the other hand, if the more rational element in Germany will analyze the existing conditions, and the results which Hitler's suicidal policy may have, a prompt change may be decided upon by the President of the Republic, who still has the power to dismiss the chancellor if he so chooses. Whether it is possible for Hindenburg to resort to such a step under the present conditions in Germany, with the Reichswehr apparently on the side of the Nazi chief, is something that cannot be answered at the moment with any degree of definiteness.

At any rate, the evaluation of German bonds today is rendered very difficult, because whatever judgment is handed down will have to be based upon sentiment and psychology rather than fundamentals. While the National-Socialist group has been, to a large extent, responsible for the success at Lausanne last summer, in connection with the virtual elimination of all reparations payments, it is to be regretted that Germany did not take advantage of the friendly feeling which seems to have been built up abroad, particularly in the United States. Public opinion might have aided Germany in achieving, in the realm of politics, what she has managed to accomplish in the field of finance. Reference is made to certain territorial adjustments in the East, which Germany is particularly anxious to achieve, and also to radical modifications of the Versailles Treaty. The Hitler policy is bound to render all this very difficult, if not altogether impossible.

The present activities of the Nazi regime are apparently designed to carry out some of the campaign promises which are scheduled to lead the nation to recovery, to prosperity, honor, and glory. Before very long, it should become clear whether these promises will materialize. Nobody knows. One thing, however, is certain. In the long run, logic and reason must gain the upper hand. What sacrifices Germany and the world may have to make before they will return is something that no one can state today with certainty.

So long as the situation will continue in its present state, German bonds, including those of the better class, are likely to display a downward tendency.

URUGUAY

The latest news from South America confirms our previously expressed fears. Whether developments in Uruguay will be followed by a complete suspension of payments by the Government is still too early to state. At any rate, quotations of obligations may be assumed to have discounted to an appreciable extent complete default. It is for this reason that we would advise retention of the Uruguay 6-percent bonds, but would recommend disposing of the 8's of 1946, largely because of the unwarranted discrepancy in quotations compared with other Uruguayan issues.

It may perhaps be of interest to learn that Uruguay's first loan in the American market synchronized with her default in regard to sinking-fund payments; this apparently did not deter us from calling upon the American public to take up Uruguayan issues. The liberality which characterized our lending to Uruguay may to some extent account for the indifference on the part of the Republic toward her foreign, including American, creditors. Uruguayan loans outstanding in the American market aggregated, as of January 1, 1933, almost $65,000,000, which, if added to our so-called "direct investments" in the Republic, brings America's total stake up to well over $90,000,000.

Another interesting point to which attention may be directed is the fact that while American investments in Uruguay increased most pronouncedly since the war, resulting in a marked advance in our trade with the Republic, the commercial development of the country has not been in proportion to the amount of American capital which had flowed into it. Furthermore, the existence of a trade balance favorable to the United States may well give rise to the question whether the sharp increase in the amount of American capital going into Uruguay was entirely warranted and whether Great Britain may not have proved a more logical place for our southern neighbor to seek financial accommodations. However, the British knew better.

COLOMBIA DECREES A MORATORIUM

Announcement on March 29 of a Colombian Government decree establishing a moratorium for interest payments on the national funded foreign debt caused a sharp break in Colombian 6's and Agricultural Mortgage Bank issues and softened the whole South American list.

April 15, when a coupon is payable on the Agricultural Mortgage Bank 6's of 1948, is the first date when this suspension can become effective, and if funds for this payment have already been remitted, there will be no actual default until July 1, when Government 6's of 1927–28 should yield the usual half-yearly interest quota.

While the text of the decree has not yet been promulgated here, a United Press dispatch quotes the Finance Minister as having stated that the Government is conducting conversations with foreign bankers seeking to arrive at an accord regarding the moratorium, which indicates that some satisfaction will be given to bondholders—possibly scrip payments of interest.

Another report claims that the decree also authorizes negotiation with the Government's creditors for modification of the terms as to interest, amortization, and the money in which debt service is to be payable.

In previous bulletins the Council warned bondholders of the dangerous situation created by the war with Peru, and also intimated that a scaling down of interest rates might be needful and would be advantageous to the creditors of Colombia, especially to holders of departmental and municipal bonds.

It is much to be regretted that the press of this country did not make vigorous protest against Peru's high-handed procedure in occupying Leticia in September of last year. Action by the League of Nations may still be effective to prevent a spread of hostilities to the coast, if the other Pacific powers of America will veto naval operations and support the League's dictum that Peru must withdraw from Leticia.

However, this intervention by the League came too late to save American investors from the obligation to finance a senseless and futile war. President Olaya has done his utmost to maintain interest payments on the national debt, but the Colombian people are now thoroughly roused and will insist on devoting all Government resources to defend the national territory.

Yearly interest on the outstanding principal amount of the six bond issues hitherto preserved intact by the Colombian Government, in regard to interest payments, totals $4,106,355; and the sum of default will apparently be increased by $67,716,500 later this year on account of this development alone.

AMERICAN COUNCIL OF FOREIGN BONDHOLDERS, INC.,
MAX WINKLER, *President*.

AFFILIATION OF MUTUAL SAVINGS BANKS WITH FEDERAL RESERVE SYSTEM

Mr. LONERGAN. Mr. President, I ask unanimous consent to have inserted in the RECORD and referred to the Committee on Banking and Currency a statement of the Mutual Savings Banks Association as to the affiliation of that class of banks with the Federal Reserve System as associate members.

There being no objection, the statement was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

METHOD OF ACCOMPLISHMENT

It is suggested that mutual savings banks be permitted to enter the system on a limited basis, as follows:

1. (a) Purchase stock in Federal Reserve System where permitted under existing State laws; where State laws do not permit stock investments, provide that mutual savings banks may make deposit with Federal Reserve bank equal to proper allotment of stock until permissive State legislation is enacted.

(b) Basis of stock allocation to be determined by obtaining average ratio of deposits to capital stock of member banks, and from this ratio, applied to deposits of mutual savings banks, develop a computed base.

2. Maintain a cash deposit with the Federal Reserve System equal to 2 percent of their total deposits as a maximum. Justification for the lower percentage than required of member banks is that the participation of benefits by mutual savings banks will be more limited and will not be constant, but merely utilized during emergency.

3. Maintain securities eligible for discount, such as governments, short term municipals, etc., equal to 8 percent of their deposits, to be utilized for advances from the Federal Reserve System in case of need.

4. During an emergency, permit additional advances up to six times the cash deposit by the use of 90-day notes secured to the satisfaction of the Federal Reserve bank by other high-grade bonds as collateral.

SUGGESTED AMENDMENTS OF BANKING LAWS WITH REFERENCE TO MUTUAL SAVINGS BANKS

The primary purpose of this memorandum is to present the facts which justify the affiliation of mutual savings banks with the Federal Reserve System as associate members, the method by which it could be accomplished, and the necessity for the extension of any Federal deposit insurance plan to include mutual savings banks in the event such plan applies to savings accounts of commercial banks.

Mutual savings banks, since they do not have capital stock, are not at present eligible for membership in the Federal Reserve System. These banks number 574, located in 18 States, with assets of $11,180,208,996 and with 13,268,466 depositors, as of January 1, 1933. Most of them are in densely populated areas in the financial and industrial centers. Although of outstanding importance, in view of their volume of deposits and the number of depositors, they are entirely outside of the central banking system of the country, and have access to the Federal Reserve System only through correspondent banks which are members of the System. Their deposits are equal in volume to two thirds of the commercial deposits in all the banks of the United States.

As a rule mutual savings banks are not liquid to any considerable degree, since in their very nature they are community institutions and as a group have 54.6 percent of their deposits invested in mortgages on homes. The rest of the deposits are invested for the most part in Government and municipal and long-term bonds of the highest type. They have not sought high or speculative returns, but only stability and safety. These latter investments are sometimes termed "legals" because they are usually prescribed by State law.

Mutual savings banks are of a quasi-public character; they have no stockholders, but all their assets are held for the benefit of their depositors. Their object, as stated in some of the early charters, is to receive and safely invest the savings of mechanics, laborers, and others, thus affording to such persons the advantages of security and interest for their money, and in this way ameliorating the condition of the poor and laboring classes by engendering habits of industry and frugality. Its only object is the safekeeping and provident investment of the funds of the depositors.

Depositors in mutual savings banks are generally the small savers of the country, who are accumulating funds for old age or special purposes. These total savings represent an average deposit of $751.48 for approximately 1 out of every 9 people in the country. The very fact that they have deposits in such banks indicates their belief in the stability of the United States and in its ability to protect their savings.

In addition to advantages to small savers, mutual savings banks are an indispensable part of the country's economic structure. They provide funds for home owners at small or no expense, with the added benefit that ordinarily these mortgage loans can be continued or extended at no cost.

A splendid testimonial of the care exercised in making investments is to be found in the fact that, by and large, the mutual savings banks, as a group, have a long and noteworthy record for safety, with but comparatively few failures. In New York, for instance, with a total of 140 savings banks, there have been since 1844 only 3 of such banks closed with any losses to depositors and no closings since 1911, other than through mergers which produced no losses to depositors. In Connecticut, with its 75 mutual savings banks, 1 bank was closed in 1911, which paid 86 cents per dollar of deposit.

It is realized that perhaps the corporate powers exercised by the mutual savings banks are not entirely consistent with the original purposes of the Federal Reserve Act which was broadly designed to serve commercial banking and to remedy defects in our national banking system. The Federal Reserve System, however, has outgrown its original functions. The events of the past 2 years have shown the necessity for a strong, liquid, and efficient central banking system. It must formulate and guide the policies of the entire banking field. In order to function most efficiently in this respect, the Federal Reserve System should direct the policies of all banks in a general way, and, consequently, the law must be so framed as to permit banks to become members without undue hardships.

Recently much emphasis has been made to depositors generally of the desirability of membership in the Federal Reserve System and that members of the System have special advantages over banks which are not members. During the present period of extraordinary business depression and low level of public confidence, the nervousness has at times caused very great pressure, and indeed runs, on mutual savings banks. To supply the currency necessary to meet the demands of the depositors, mutual savings banks have in some cases been compelled to sell prime securities on a demoralized market, thus sustaining considerable loss. Likewise, their demands on their correspondent commercial banks have imposed a very great strain on the commercial banks, which in some cases were under severe pressure for cash from other customers.

A most important justification of this proposal, in addition to stabilizing the banking situation, is one resting on the need for currency control. Due to the large volume of deposits and the great number of depositors whose tendency to hoard may be the greatest, the failure to affiliate the mutual savings banks with the central banking system presents a constant and recurring menace to the stability of the entire banking system and currency control. Bank runs are contagious; they lead to hoarding. Hoarding disturbs the whole currency balance. Savings-banks depositors are so numerous that it is important from the standpoint of preventing hoarding that the banks be put in a position to pay hysterical depositors. There is no way to check hoarding except by gaining confidence in banks. As a matter of psychology only those banks that can and do pay their depositors when they want to be paid gain and hold confidence.

It is suggested that the failure to adopt reasonable means to protect, in times of an extraordinary depression, the 13,000,000 depositors in mutual savings banks, may result in wrecking the remainder of our banking structure. These depositors must be protected, otherwise the deflation already being brought about by liquidation of commercial banks will be increased. These institutions perform a useful public service in that they absorb a substantial proportion of Government and municipal securities.

The inclusion of the mutual banks will not encumber the Federal Reserve System. As compared with other banking institutions the stability of the mutual savings banks is relatively high; consequently, no drastic expense would be required or undue burden imposed.

The fact that mutual savings banks are entirely outside the central banking system of the country is due to restrictions of law and not through choice. The laws of some States require savings banks to be mutual institutions, the primary idea being that an institution of this character should be in the hands of disinterested persons, the profits, after deducting necessary expenses, to inure wholly to the benefit of depositors. Obviously, this legal restriction should not be permitted to operate to the disadvantage of such banks.

Soon after its creation the Federal Reserve Board recognized the desirability of including mutual savings banks in the Federal Reserve System. In 1917 the Board recommended that the act be amended to authorize mutual savings banks to become associate members of the Federal Reserve System under prescribed conditions. In a press release the Board states further that if such an amendment is adopted, such banks should "be required to carry a reserve balance with the Federal Reserve bank against their time deposits in the same proportion as member banks and that accommodations proposed for mutual savings banks be limited strictly to the discount of their 30-day obligations." Subsequently the mutual savings banks themselves approved an amendment along these general lines. Apparently the recommendation was never pressed to a conclusion.

It is true that savings banks are theoretically protected to a certain degree by a notice clause. But during the past banking strain the savings banks generally did not require the observance of this clause, as such action would have added greatly to the general uneasiness and would have increased hoarding. It would also have tended to increase the strain brought upon member banks of the Federal Reserve System.

The statement is sometimes made by those not well informed that the mutual savings banks should not be treated as demand institutions. Whether or not from a theoretical standpoint they should operate more in the nature of an investment institution rather than as a demand bank is not important. The fact is that they have and do operate in that manner and a change cannot be made without serious disarrangement of our financial structure. A long period of transitory readjustment would be required.

METHOD OF ACCOMPLISHING AFFILIATION

An affiliation on a limited basis in the Federal Reserve System seems feasible. The following principles should be observed: Savings banks do not expect to obtain the benefits of the Federal Reserve System without accepting their proper share of responsibilities, depending upon extent of their participation. The Government is not expected to make special concessions to the mutual savings banks over other banks, but merely to provide for savings banks the same character of participation as is afforded other types of banking institutions.

As a suggested basis for the proposed affiliation each mutual savings bank might in addition to its till money maintain a cash deposit at the Federal Reserve bank in an amount of 2 percent of its deposits. The interest on this cash-reserve deposit would pay for the cost of the service rendered by the Federal Reserve bank. Justification for a smaller percentage cash deposit than for member banks is that the mutual savings banks would not participate in the benefits of the Federal Reserve System to the same extent as member banks. Stock subscription in Federal Reserve System is not possible under present restrictive law governing savings-bank investments.

Each bank might also be required to maintain on hand paper eligible for discount, largely securities of the Federal Government

and short-term municipals, in an amount of 8 percent of its deposits. As occasion might require, a mutual savings bank might deposit its eligible paper with the Federal Reserve bank for discount or for advances of currency. The provision for the use of eligible paper is precisely the same as for member banks.

In case the sum obtained by this method should not be sufficient to meet the continued demand for currency on the part of the bank's customers, the bank could present "legals" to the Federal Reserve bank as collateral in sufficient volume to secure from the total cash reserve with the Federal Reserve bank five times the volume of that bank's deposit with the Federal Reserve bank. This additional provision for the use of high-grade bonds as collateral is suggested only for emergency use, similar to that provided in the recent emergency banking legislation.

The necessity of maintaining the Federal Reserve banks in liquid condition is realized. The mutual banks do not advocate membership as a means of converting into currency long-term obligations, neither do they advocate the use of mortgages ordinarily as a basis for loans. Both types of security should be used only as collateral to 90-day notes during an emergency.

On a basis of demonstrated experience, the method outlined would produce an adequate amount to cover the demands brought about by any run on a bank. Most runs have been stopped before 15 percent of the deposits have been withdrawn. So far as is known, in only one case have the withdrawals exceeded that percentage.

Thus, under the proposed plan, a mutual savings bank would have available in cash or eligible paper 11 percent or 12 percent of its deposit liability. An advance of 10 percent by the Federal Reserve bank from the cash reserve against collateral of "legals" would make 21 percent or 22 percent of the bank's deposit liability available to the bank in cash. The cash reserve would be composed of 2 percent of the deposit liability if each mutual savings bank deposited in the Federal Reserve bank.

The value to the 13,000,000 depositors of mutual savings banks, in relieving them from apprehension, would be incalculable. It would further make the Federal Reserve System in fact the central banking system in the United States.

An additional benefit would result from membership on the above basis, because mutual savings banks would necessarily maintain a larger section of their portfolios in eligible securities. Funds would be used in greater degree toward absorbing Government obligations.

EXTENSION OF ANY PROPOSED DEPOSIT-INSURANCE PLAN TO MUTUAL SAVINGS BANKS

The savings banks as a whole have not considered whether or not any proposed deposit-insurance plan is essential as applied generally and take no position here with reference to that feature. But if the proposed deposit-insurance feature is to be applied to savings deposits in member banks, it should likewise be available to mutual savings banks. Equality of opportunity is required.

The country's total bank deposits are approximately $40,000,000,000, and about $10,000,000,000 of this amount is with the mutual savings banks. The remainder is about equally divided between commercial deposits and savings deposits in commercial banks. Many States require a segregation of savings deposits and restrict investments, and in such instances savings funds are invested, generally speaking, in precisely the same way as deposits of mutual savings banks.

The 13,000,000 depositors of mutual savings banks are entitled to the same protection that may be eventually accorded savings-account depositors in other banks. The very nature of the mutual savings bank business, its peculiar function of dealing with vast numbers of people of relatively little financial knowledge or experience, as well as limited means, its general standing in the minds of savings depositors as a safe place for their funds, seem to be basic reasons why the mutual savings banks should be accorded the same opportunity to participate in any deposit-insurance plan as other banks.

If a deposit-insurance plan were applied to the savings accounts in commercial banks and not extended to include mutual savings banks, the result would be disastrous to the latter. Some of the mutual savings banks are among the oldest institutions of the country. The Government should not by a deliberate act destroy an established banking business enjoying the confidence of a great proportion of the people, especially when such institutions were established wholly for public purposes.

It is understood that the deposit-insurance plan contemplates the use of Government funds and Government machinery. Government assistance of either character should not be used for the benefit of a particular class of institutions or people, particularly when mutual banks are trustees of a public franchise exercised by them for the benefit of the public at large, and especially that part of the public in the location of the particular institutions, as well as for the depositors in their institutions.

REPORTS OF THE MILITARY AFFAIRS COMMITTEE

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (S. 1288) for the relief of Otto Christian, reported it without amendment and submitted a report (No. 24) thereon.

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 772) for the relief of Robert J. Smith, reported it without amendment and submitted a report (No. 25) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 166. An act for the relief of Robert J. Foster (Rept. No. 26); and

S. 727. An act for the relief of Francis N. Dominick (Rept. No. 27).

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 593) to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to give class B officers of the Army benefits of such act, reported it without amendment and submitted a report (No. 28) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 422. An act for the relief of Albert A. Marquardt (Rept. No. 29); and

S. 707. An act for the relief of James J. Jordan (Rept. No. 30).

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (S. 381) to correct the military record of Samson Davis, reported it with amendments and submited a report (No. 31) thereon.

He also, from the same committee, to which was referred the bill (S. 248) for the relief of Rolando B. Moffett, reported it without amendment and submitted a report (No. 32) thereon

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 558. An act for the relief of Beryl M. McHam (Rept. No. 33); and

S. 804. An act to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co. (Rept. No. 34).

Mr. CUTTING, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 423. An act for the relief of Michael J. Moran (Rept. No. 35); and

S. 531. An act for the relief of Dan Davis (Rept. No. 36).

Mr. FLETCHER, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1204. An act for the relief of William Burke (Rept. No. 37); and

S. 1287. An act for the relief of Leonard Theodore Boice (Rept. No. 38).

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 792) for the relief of Curtis Jett, reported it without amendment and submitted a report (No. 39) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHEELER:

A bill (S. 1333) for the relief of Elmer J. Hinchey; to the Committee on Military Affairs.

A bill (S. 1334) granting a pension to Mary L. Burgess;

A bill (S. 1335) granting a pension to Carl A. Grant; and

A bill (S. 1336) granting a pension to Fay B. Weekley; to the Committee on Pensions.

By Mr. SCHALL:

A bill (S. 1337) for the relief of Joseph Lane; to the Committee on Claims.

A bill (S. 1338) for the relief of John F. Patterson; to the Committee on Military Affairs.

By Mrs. CARAWAY:

A bill (S. 1339) for the relief of E. A. Ahrens;

A bill (S. 1340) for the relief of Calvary Cemetery, Little Rock, Ark.;

A bill (S. 1341) for the relief of O. H. Chrisp;

A bill (S. 1342) for the relief of C. F. Cooley, administrator of the estate of Charles F. Cooley, Jr.;

A bill (S. 1343) for the relief of W. M. Cravens;

A bill (S. 1344) for the relief of James F. Dubberly;

A bill (S. 1345) for the relief of James E. Fitzgerald;

A bill (S. 1346) for the relief of Frank R. Garner, formerly second lieutenant, United States Army;

A bill (S. 1347) for the relief of Little Rock College, Little Rock, Ark.;

A bill (S. 1348) for the relief of Samuel H. McAlexander;

A bill (S. 1349) for the relief of Robert L. Martin;

A bill (S. 1350) for the relief of Carl L. Moore;

A bill (S. 1351) for the relief of Mrs. H. J. Munda;

A bill (S. 1352) for the relief of Claude L. Pyle;

A bill (S. 1353) for the relief of James Rowland;

A bill (S. 1354) providing for reimbursement of the St. Louis Southwestern Railway Co. for expenditure in revetment work on the Arkansas River during the flood of 1927;

A bill (S. 1355) for the relief of William F. Slatton;

A bill (S. 1356) for the relief of Ella H. Smith; and

A bill (S. 1357) for the relief of Clarence Winborn; to the Committee on Claims.

A bill (S. 1358) to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark.;

A bill (S. 1359) making eligible for retirement under the same conditions as now provided for officers of the Regular Army, Capt. Oliver A. Barber, an officer of the United States Army during the World War, who incurred physical disability in line of duty;

A bill (S. 1360) for the relief of Henry Brown;

A bill (S. 1361) for the relief of Obadiah Simpson; and

A bill (S. 1362) for the relief of Benjamin H. Southern; to the Committee on Military Affairs.

A bill (S. 1363) for the relief of Thomas S. Garen; and

A bill (S. 1364) for the relief of Frank S. Harrison; to the Committee on Naval Affairs.

A bill (S. 1365) granting a pension to Jessie B. Auer;

A bill (S. 1366) granting a pension to Anna J. Darby;

A bill (S. 1367) granting a pension to Ernest J. Hollis;

A bill (S. 1368) granting a pension to Norfleet Hughes;

A bill (S. 1369) granting a pension to Edie A. Kimberly;

A bill (S. 1370) granting a pension to Ernest McCord;

A bill (S. 1371) granting a pension to Theta B. Spring;

A bill (S. 1372) granting a pension to Charlie A. Stacks;

A bill (S. 1373) granting an increase of pension to John H. Cook;

A bill (S. 1374) granting an increase of pension to Henry W. McLain; and

A bill (S. 1375) granting an increase of pension to Mary A. Stutler; to the Committee on Pensions.

By Mr. METCALF:

A bill (S. 1376) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings; to the Committee on Education and Labor.

By Mr. NORRIS:

A bill (S. 1377) granting a pension to Birdie Brugh; to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 1378) granting a pension to Luther Lane; to the Committee on Pensions.

A bill (S. 1379) authorizing loans by the Reconstruction Finance Corporation to provide working capital for certain industries; to the Committee on Banking and Currency.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. GLASS, Mr. POPE, and Mr. BANKHEAD each submitted an amendment and Mr. NYE and Mr. GEORGE each submitted two amendments intended to be proposed by them, respectively, to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which were severally ordered to lie on the table and to be printed.

"SAVE AMERICAN INDUSTRY"

Mr. LA FOLLETTE. On yesterday the Washington News printed a very significant editorial entitled "Save American Industry." It begins with the words:

One issue is bigger than all others now.

I ask that the remainder of the editorial may be incorporated in the RECORD as a part of my remarks.

There being no objection, the remainder of the editorial was ordered to be printed in the RECORD, as follows:

Save American industry. Safe banks, higher farm prices, and all the other necessary moves of the administration against the depression will not pull us out of the ditch until the great American mass market is restored. That means putting wages, decent wages, regular wages into the pockets of labor, so labor can buy goods.

Here is the tremendous opportunity of President Roosevelt. He, and he alone, has the power and the prestige to move into this crisis of closing factories, idle merchants, and jobless workers, and stop the deflation of the mass market.

Intelligent employers are powerless. They are in competition with sweatshops—sweatshops not merely in the garment trades but in every line of industry, big and little. They cannot keep up wages and mass buying power unless they are protected from sweatshop competition, unless the Government throws its protection around American standards for industry.

President Roosevelt knows this. His remarkable telegram yesterday to governors of industrial States pointed the necessity of minimum wage laws as follows:

"May I call your attention to minimum wage law just passed by Legislature of New York and approved by Governor Lehman, which declared it against public policy for any employer to pay women or minors a wage which is 'less than the fair and reasonable value for services rendered and less than sufficient to meet the ultimate cost of living necessary for health.'

"This represents great forward step against lowering of wages which constitutes a serious form of unfair competition against other employers, reduces the purchasing power of the workers, and threatens the stability of industry. I hope that similar action can be taken by the other States for protection of the public interest."

Splendid. We must stop the wage reduction which "threatens the stability of industry." But that cannot be done by a minimum wage only for women and minors, a minority of wage earners. It cannot be done by State action alone. Federal action is required to strike at the evil which is national.

The President knows that also. Yesterday his Secretary of Labor told a House committee that he favors the purpose and principles of the 30-hour week bill, which has passed the Senate. But Secretary Perkins added, significantly, that amendments were needed to that bill to give greater elasticity and powers of enforcement. The administration is now preparing such amendments.

A 30-hour week law for industry in interstate commerce would merely be another share-the-misery move unless it provided minimum wages. It would drive pauper wages still lower. It would make of American industry one vast sweatshop and drive decent companies to the wall. It would reduce the mass market to the demand of coolies and the purse of slaves. This is no jittery fear. It is the hard reality to which we are now headed unless wages and purchasing power can be stabilized at an American level—quickly.

There is only one way to stop that plunge. Talk, even from the President, won't do it—all of President Hoover's appeals against wages cuts proved futile. Courageous but isolated employers cannot do it—many who tried to maintain wages against sweatshop competitors have gone bankrupt. Organized labor cannot do it—labor has no bargaining power, with millions of hungry jobless willing if necessary to work for starvation wages.

Only governmental action can do it. Only a Federal law fixing a range of maximum hours and minimum wages, flexible enough to be enforced justly by joint capital-labor-Government boards for industries as a whole, and for the protection of the Nation as a whole, can do it.

This can be achieved legally. The wide constitutional emergency powers, under which the President has acted up to now in other matters can cover this general welfare legislation. Its legality can be buttressed by the Government's interstate-commerce authority, and by the power of taxation over sweatshops which—to use the President's phrase—"threaten the stability of industry."

But this is no time for legal quibbles. When the President took office he found the banks crashing. He cut through red tape, asked and received from Congress emergency power to meet an emergency. He has done well, miraculously well. But, despite all he has done, there is more deflation, more unemployment, more business failures than a month ago.

Today American industry is crashing.

President Roosevelt can save American industry. We believe he will try. If we read the statement of Secretary Perkins aright, if we understand the purpose of the President in his minimum-wage appeal, he is preparing to lead Congress in rewriting the 30-hour week bill so as to protect wages, to create buying power, to control production, and to start business forward again.

In this heroic effort, President Roosevelt will have the support of the people. The people yet look to the President to restore their right to work and to enjoy the fruit of their labor.

REHABILITATION OF LABOR AND INDUSTRY

Mr. WALSH. Mr. President, yesterday the Governor of Massachusetts, Governor Ely, and a group of citizens representing the industries and the employees in the State of Massachusetts visited the President and submitted to him a rehabilitation program which they described as the "Massachusetts plan for the rehabilitation of labor and industry."

This program seems to meet with the approval of most of the industrial leaders and labor leaders of that Commonwealth. It seems to me to be both timely and comprehensive. If time permitted, I should like to have the 11 items in the program read, but I shall not take the time of the Senate to do that. I will content myself by stating that in general the program commends itself to me, and by asking that it be printed in the RECORD for the information of the Senate. I have reason to believe it will receive most sympathetic consideration from President Roosevelt.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

MASSACHUSETTS PLAN FOR THE REHABILITATION OF LABOR AND INDUSTRY

1. The number of unemployed in this country, estimated generally from 12 to 15 millions, is a grave menace to the economic, political, and moral health of the United States.

2. The importance of getting at least 9,000,000 unemployed to work as quickly as possible is comparable to the need recognized in the measures enacted for aiding the banking structure, reducing Government expenditures, and to those contemplated for aiding the farmers, railroads, and other interests.

3. Public works and other measures being considered will be helpful, but at best will give work to a small percentage of the unemployed.

4. The only way to absorb unemployed is to place them where work is available in industry and business now.

5. It is necessary that this be done on a national scale, as it is impossible of accomplishment except on a basis that does not discriminate between geographical sections and industries.

6. We believe the President should therefore seek immediate legislation to regulate hours of work for men and women on the principle of the 5-day week and the shorter working day. We also believe that authority should be given to the President or his administrative representative to modify the basic provisions regarding hours of labor in accordance with the demonstrated needs of individual industries, provided that such changes are not in violation of the object of furthering the utmost practical reabsorption of the unemployed.

7. Measures, proposed by the President for regulating hours of work should provide for some degree of control in each industry of hours of operation of individual member plants.

8. Also, to protect workers from exploitation and to preserve price stability, there should be coupled with such measures minimum wage schedules suited to each industry and based somewhat on the cost and standard of living in the various sections of the country.

9. The United States is the only civilized country that permits the working of women and minors on all-night shifts. This practice seems both economically and socially unsound. A large proportion of such women and minors employed on all-night shifts are found in certain industries. This practice can be discontinued without adding to the cost of operations, as has been demonstrated by a number of concerns who employ only men on night runs. This employment of women and minors at night in the industrial plants, certainly between the hours of 10 and 6, should be permanently abolished in the United States.

10. To eliminate ruthless competition, which is constantly reducing wages, lowering prices, lessening earnings, and thereby adding to unemployment, we favor reasonable modification of the provisions of the antitrust laws to permit agreements among the members of individual industries, subject to Federal approval in order to promote the stabilization of wages and prices for the benefit of both the employer and employee.

11. It is essential that the authority given to regulate hours of work and to establish minimum wages also provide for their readjustment as and when changes in demand and in cost of living may require.

PETITION FROM LOUISIANA—QUESTION OF PERSONAL PRIVILEGE

Mr. LONG. Mr. President, I hope no Senator will ask me to yield for a few moments. I intend to occupy the floor for only 4 or 5 minutes.

Mr. President, I have risen this morning to a question of personal privilege and to propound an inquiry to the Chair and to the Senate. I hope that I may have the attention of Senators while I propound a parliamentary inquiry.

We have a rule of the Senate, Mr. President, found in the Senate Manual, reading as follows:

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

That rule, as I understand, applies to Senators, so that no Senator shall impute to another Senator any conduct or motive unworthy of a Senator.

There is another rule, Mr. President, under which petitions and memorials are filed in the Senate. That rule provides in part:

Every petition or memorial shall be signed by the petitioner or memorialist and have endorsed thereon a brief statement of its contents, and shall be presented and referred without debate. But no petition or memorial or other paper signed by citizens or subjects of a foreign power shall be received, unless the same be transmitted to the Senate by the President.

As I understand the clause to which I have just referred, it seems that only such petitions as the President sees fit are to be transmitted to the Senate, but there is otherwise no limit, and I would naturally understand that there is practically no restriction as to what is to be done in the absence of any rule or interpretation.

Mr. President, I want to call the attention of the Senate to one of the morning newspapers that I picked up this morning, as I was arranging to leave the hotel. I am reading from the Washington Herald of this morning. As a matter of fact, I understand this was published in the papers of the country yesterday afternoon, but it was of such significance that it was republished on the same front pages of this morning's news notes:

LOUISIANANS URGE OUSTING OF HUEY LONG—PETITION SENATE FOR INQUIRY—"KINGFISH" CALLED "GRAFTER" AND "DANGEROUS PARANOIAC"

By Universal Service

An extraordinary petition bristling with charges of graft and corruption against Senator HUEY P. LONG (Democrat), of Louisiana, and demanding the unseating of the self-styled "Kingfish", was received yesterday by Vice President Garner from citizens of Louisiana.

The Vice President, without comment, referred the petition, signed by former Gov. John M. Parker and 23 other Louisianans, to the Senate Elections Committee. This action made the document, embodying several grave charges against LONG, a privileged matter.

Mr. President, upon looking up the law and calling upon such knowledge as I have of the law, this document has become, as this newspaper says, a privileged matter. No one publishing or distributing the same is in any manner accountable for the circulation of its contents. It is a privileged document, as is said by this newspaper here this morning.

This document that has been sent here is signed by a former Governor of the State of Louisiana with whom I have been involved in countless court proceedings varying over a period of 15 years. Also, I have been involved with him in political contests varying over a period of nearly the same length of time. This gentleman has been quite unsuccessful before the courts of the State and the courts of the United States. He has been just as unsuccessful before the people in elections. He has been the chairman or the president of maybe 25 different societies and associations that have been set up in the last 10 or 15 years for the purpose of destroying me politically and personally or disbarring me as a member of the bar of any court.

Mr. President, this is the same party who only a few years ago, while he was Governor of the State, about 10 or 12 years ago, came here to Washington and said that his own State of Louisiana was in command of outlaws and he would have to have the United States Army to rescue it—and this, too, at a time when he was Governor of the State himself. He has come here now in a document to the Senate, in the guise and under the pretense of being a memorial for a public inquiry, in which he has placed before the Senate and made privileged for every blackmailing institution of the country the same old claptrap and rottenness that he has undertaken to parade over the State of Louisiana and this country for a period of at least 12 or 15 years. Without any specification

of anything he has presented to the Senate and the Senate has received—and this forum of the Senate is the means of its publicity under privilege of such statements as this:

Tenth—

This is one of the main statements—

During the administration of said HUEY P. LONG as Governor of Louisiana more than $150,000,000 of bonds issued and of funds derived from taxation have been spent by the Louisiana Highway Commission and other State agencies controlled and dominated by said LONG. Of this sum a conservative estimate is that at least $10,000,000 has been used for what is commonly known as graft and for corrupt purposes. The said LONG is personally responsible for this condition.

The gentleman, among other things of this kind, has been allowed and is given the privilege and absolute immunity to place such statements before the Senate; and others of his kind in other States are free, if this thing is legitimate, to do the same thing with regard to every man in the Senate, if they write some of the things to the President that they have written to me about some of my colleagues. They can write just as much about others as they have written about me. I have received some letters that did credit even to me compared to some of the letters I have received about some of my colleagues—letters from some of the gentlemen who have been defeated in political campaigns.

If this thing is legitimate, there is nothing on the living earth to except a Member of the United States Senate from any kind of calumny and giving it any kind of privilege and any kind of immunity with which it is possible to clothe it under the law. If this is to be tolerated by the Senate, if this is within the rules of the Senate, then there is no reason on earth why we cannot say that Senator Jones, from the State of X, is the father of 17 illegitimate children, and therefore ask that he be excluded from the Senate; or that Senator Smith, from the State of Y, burned down a Catholic church and killed four nus, and therefore ask that he be barred from serving in the United States Senate. The same rule would apply, the same document would be filed, the same immunity and the same privilege would attach, if that is the kind of course petitions can take and if that is the kind of calumny permitted to be presented in this way.

Mr. President, I do not say this in defense of myself, but to show how ridiculous and how helpless persons are from such calumny if they happen to be so unfortunate as to sit here in the United States Senate. Here is a board that this man is talking about that had 19 men supervising every dime that was spent before they spend it and after they spend it, a board comprising some of the leading bankers of the State, at least two thirds of whom are members of clubs and organizations with which this ex-Governor had been affiliated. There had never been a complaint filed before that board, there had never been a nickel spent that they did not allow to be spent, there had never been a dime spent that they did not see someone spend, and on that board sat the members of his own constitutional league that he was then running in his effort to unseat the Governor of the State at that time. Yet he comes in here today and simply says that he conservatively estimates that since $150,000,000 was spent by the State highway commission, at least $10,000,000 of it is graft, and that he estimates that HUEY P. LONG might have received about $10,000,000 out of the $150,00,000 spent.

Mr. President, I am submitting the matter to the Senate without having had the time to prepare anything. I am submitting the subject matter to the Senate in order that the Senate may consider it.

Mr. ASHURST. Mr. President, I am not without sympathy with the situation of the Senator from Louisiana [Mr. LONG]. He has raised an important question, and I wish to speak for a moment to the subject. My remarks are in no sense presented as a lecture, because censoriousness of attitude would be the last thing permitted here.

First, however, let us remember that he who lives by the sword shall die by the sword.

Secondly, there is in this world a law of compensation, which sooner or later does its perfect work. No one escapes that law. If we in the Senate—and I apply this admonition to myself—were more careful respecting the tender subject of human character and respecting the reputation of other persons who cannot answer here, we would have more sympathy extended to us when we find ourselves the objects of calumny, as we all do now and then. It is an inescapable part of public life.

But the Senator from Louisiana, who is himself an able lawyer, has raised a legal point respecting censorship or "privilege" that I think should have some attention. I beg the pardon of the Senate for that which seems ungracious—that is to say, quoting from one of my own speeches—but the speech from which I quote was delivered in May 1917, when we were about to engage in war or indeed had already entered the World War. I was then, and all during the war, much opposed to censorship. I am still opposed to so-called "censorship of the press." But to say merely that we are "opposed to censorship of the press" does not enlighten anybody unless he be a student of the law with particular reference to censorship. So again, proceeding to do that which apparently would be immodest, I beg the indulgence of the Senate while I read from what was in May 1917 my matured conclusion respecting "censorship of the press."

Speaking in the Senate on May 9, 1917, in opposing a so-called "censorship of the press", I said, in part, as follows:

Mr. President, I am opposed to a censorship of the press as we have come to know that expression, and I oppose it upon the ground of public policy and upon the ground of constitutionality. I shall discuss the subject, reviewing both aspects of the same as they present themselves to me; that is, from the standpoint of public policy and from the standpoint of its constitutionality.

Press censorships have invariably brought unhappy and in many instances disastrous results. The evil that a censorship creates is more malignant than the evil it seeks to avoid and conceal. If during the ensuing war the press should be censored and information as to the progress of the war should go to the public filtered through a censor, we would soon be living in a vapor of suspicion, a cloud of misinformation, a miasma of rumor.

A censorship of the press results in the diffusion and spread of misinformation and idle tales. Under a censorship sensational stories fly apparently on the wings of the wind. The ordinary citizen is practically helpless and knows not what or whom to believe. I do not mean to say that the press is always accurate in its gathering and presentation of facts, or always correct in its interpretation of facts, but in the main it attempts to be correct and seldom is willfully and wantonly unjust. A censorship proposed to be established with the intention and for the purpose of preventing our enemies from obtaining information as to the position and movement of our troops and fleets and the location of munition factories, machine shops, and details of coast defenses would, and no doubt should, meet with general approval.

The people composing the United States Government are now just about to enter upon a stupendous struggle. Events of world-wide importance are following each other so rapidly that they tread upon each other's heels; and sufficient events are transpiring each day to make volumes for the historian of the future.

I wish first to present my view of the censorship in respect to its being an unconstitutional statute as proposed.

The first amendment to the Federal Constitution reads as follows:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; * * *."

Everyone here knows what the word "abridging" means. I need not pause to consider or discuss the meaning of "abridgment."

What does "freedom of the press" mean? It is amazing to note the amount of loose talk—not in the Senate, but throughout the country and in the newspapers—as to what is "freedom of the press" as used in the Constitution of the United States. The average citizen of this Republic who is not a lawyer, from a constitutional standpoint, believes that "freedom of the press" means the right to publish his sentiments just as he pleases. In a large sense that may be true; but in a legalistic sense, and from a constitutional standpoint, that is not entirely accurate. "Freedom of the press" means simply, solely, and only the right to be free from a precensorship—the right to print and publish and have a judicial tribunal by due process of law declare after publication thereof whether or not the article was libelous, obscene, or improper. In other words, under the Constitution as amended by amendment no. 1, "freedom of the press" means that the citizen may publish whatever he sees fit and not be subjected to pains and penalties because he did not consult the censor before publishing. The citizen is left to publish what he pleases, and must take his chances before a court of his country as to whether or

not he has published anything libelous or anything that may bring any human being into disrepute or ridicule, or whether he has published anything of a treasonable or obscene nature.

Now, to discover what this phrase "freedom of the press" means, we resort to that method to which lawyers have ever resorted, viz: What was the meaning of the phrase "freedom of the press" when the Constitution of the United States was adopted? When the first amendment was adopted, what did those who adopted the amendment, and what did the lawyers of that day say "freedom of the press" meant? What did the reports and the courts of the time say "freedom of the press" meant?

Mr. President, I believe that Sir William Blackstone is a good authority as to what is the common law of England; and the common law of England has been in force in this country since we have been a nation. It was brought to these shores by the migration hither of our ancestors. This book of Blackstone's Commentaries was written before the adoption of the first amendment, so it is presumed that those who adopted the amendment adopted it with the construction which Blackstone put upon its language and which the common law gave it. I read now from volume 4 of Wendell's Blackstone's Commentaries, page 151, where that great commentator says:

"In this and the other instances which we have lately considered, where blasphemous, immoral, treasonable, schismatical, seditious, or scandalous libels are punished by the English law, some with a greater, other with a less degree of severity, the liberty of the press, properly understood, is by no means infringed or violated. The liberty of the press is, indeed, essential to the nature of a free state; but this consists in laying no previous restraints upon publications."

Let me read that again:

"But this— "

What? Freedom of the press—

"consists in laying no previous restraints upon publications, and not in freedom from censure for criminal matter when published. Every freeman has an undoubted right to lay what sentiments he pleases before the public; to forbid this is to destroy the freedom of the press; but if he publishes what is improper, mischievous, or illegal, he must take the consequences of his own temerity."

Mr. President, I read no further just now but shall merely say that that was the law of England before we adopted the first amendment, and when we adopted that amendment we adopted the construction that previously had been placed upon such provision by the English courts. Therefore, it would seem that before we adopt any rule here, or attempt to pass any law looking toward a censorship, we should first ascertain what power we have on that subject.

The Senator from Louisiana undoubtedly has the right to bring a suit for damages or to seek the arrest of the persons, if any, who have unlawfully caused to be published and printed anything scandalous, libelous, or defamatory concerning him; and, strangely enough, under the law as I conceive it to exist, in our country, merely to write out a libel against another person and carry the libel in one's own pocket is contrary to the law. It is against the law to send a libelous letter even to one person, the person libeled. "Publication" of a libel does not mean publishing it in a newspaper alone.

If I should so far forget myself as to write an indecent, scandalous, and defamatory letter about another man, and even if that man should never see the letter, the mere writing of the same would be, nevertheless, a violation of the law of libel.

So before the Senate takes action looking to any precensorship we ought to consider whether we have such power. If the Senator from Louisiana has been libeled, and if he has been held up to ridicule and scorn, he would have the sympathy of right-thinking people if he brought a suit in the appropriate court.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Louisiana?

Mr. ASHURST. Certainly.

Mr. LONG. The case of Bernstein against Commercial National Bank reviews a large list of authorities; and in all privileged matters a conviction or recovery cannot be had except the utterer be shown by positive proof to be guilty of actual malice.

I am forced to agree with this comment of the Hearst papers that this is a privileged matter. I agree with the Senator that as to the party uttering it, if bad faith on his part could be shown by positive proof, that would destroy his privilege; but as to the newspaper's publishing it, there is no recourse whatever against the newspapers that publish the proceedings of the Senate.

Mr. ASHURST. I have learned to respect the Senator's legal talent. The Senator is a valuable and active member of the Judiciary Committee. I do not agree with him, however, that privilege attaches to any such communication. The "privileges" known to law are very few—among them being privileged communications between physician and patient; priest and penitent; lawyer and client; husband and wife; words spoken in Senate and House and in legislatures, and so forth. The publication by the press of matter for good motives and for justifiable ends might be said to be nearly, if not entirely, privileged.

I have not examined the question of the privilege or so-called "privilege", if any, attaching to the communications sent to the Senate respecting the Senator from Louisiana, but I should say as a sidewalk of curbstone opinion that I pereceive no privilege attaching to such communications. Those who publish, do so at their peril.

Mr. LONG. Mr. President, I think it is important that the Senate should determine whether or not documents of this character, sent here, are privileged. If they are, we should amend our rules. If they are not, then we should take such action as is appropriate.

I wish someone would move that this matter be referred to the Judiciary Committee.

Mr. ROBINSON of Arkansas. Mr. President, I think that is a proper suggestion. I move that the Committee on Privileges and Elections for the present be excused from consideration of the petition, and that it be referred to the Committee on the Judiciary, the Senator having raised the question as to whether it is privileged and as to the right of the Senate to receive the petition.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to.

The VICE PRESIDENT. The Committee on Privileges and Elections is discharged, and the petition is referred to the Committee on the Judiciary.

FRENCH PROPAGANDA IN THE UNITED STATES

Mr. ROBINSON of Indiana. Mr. President, some days ago the distinguished Senator from Nevada [Mr. PITTMAN] referred to the recent and very extraordinary program of the French Government to spread French propaganda in the United States, for which the Chamber of Deputies voted a very large sum of money. About the same time I noted in the New York Herald Tribune a story by the United Press under a Paris date line of April 9, along the same line, suggesting that the propaganda was to include trans-Atlantic radio broadcasts, motion pictures, the press, magazines, and so forth, and a very significant paragraph in the foreign-office statement to the effect that—

> The American people are ignorant of their own history. They must not be expected to know French history.

The campaign outlined was:

1. Through the press, with the aid of the Agence Havas, the official French news agency.
2. The furthering of French motion pictures.
3. Sunday night broadcasts by wireless to the United States, via the British station at Rugby.
4. The writing of pro-French articles for American magazines, presumably by well-known authors.
5. The dispatch of lecturers and public speakers on missions to be directed by the home bureau.

Mr. President, there has just come to my hand a photostatic copy of the cover of the French official document "No. 295, Senate, 1932, ordinary session", being a report by M. Henry Bérenger, ambassador and reporter of the foreign affairs budget of 1932; and also photostatic copies of pages 97 and 98 of that report, chapter 39, showing the comment by M. Bérenger on the appropriation for "special funds for French information abroad."

There is also accompanying this photostatic copy a translation of pages 97 and 98, being chapter 39, of that document. I send them to the desk, Mr. President, and ask

unanimous consent to have them printed in the RECORD in connection with my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

(No. 295, Sénat année 1932, session ordinaire, annexe au procès-verbal de la 2e séance du 18 mars 1932)

RAPPORT FAIT AU NOM DE LA COMMISSION DES FINANCES CHARGÉE D'EXAMINER LE PROJET DE LOI, ADOPTÉ PAR LA CHAMBRE DES DÉPUTÉS, PORTANT FIXATION DU BUDGET GÉNÉRAL DE L'EXERCICE 1932—AFFAIRES ÉTRANGÈRES

Par M. Henry Bérenger, Sénateur

Le crédit se répartit de la façon suivante:	*Francs*
Impression des bulletins de presse étrangère	340,000
Abonnements aux journaux français	16,000
Abonnements aux journaux étrangers	86,000
Ouvrages techniques	3,000

CHAPITRE 39. *Fonds spéciaux pour information française à l'étranger*

	Francs
Crédit accordé par la dernière loi de finances	34,000,000
Crédit demandé par le Gouvernement:	
12 mois	34,000,000
Exercice 1932	25,500,000
Crédit proposé par la Commission des finances de la Chambre	25,500,000
Crédit voté par la Chambre	25,500,000
Crédit proposé par la Commission des finances du Sénat	25,500,000

La dotation de ce chapitre avait été relevée, au budget dernier, de 8 millions, pour intensification de l'information française à l'étranger. Votre Commission des finances avait alors insisté sur la nécessité d'un contrôle rigoureux des subventions accordées. Conformément à cette décision, son rapporteur a examiné les conditions dans lesquelles ces subventions ont été utilisées.

L'effort du Département a porté spécialement sur la réorganisation des services extérieurs de nos agences d'information, notamment de l'Agence Havas. Certains bureaux à l'étranger de cet organisme ont été mis au point, notamment ceux des grandes capitales politiques (Berlin, Londres, Rome); d'autres ont été créés ou développés. Enfin, un service d'Extrême-Orient, hautement désirable dans les circonstances actuelles, a été inauguré en novembre (Shanghaï, et bientôt Pékin et Nankin).

Le résultat de cette réorganisation peut être apprécié d'après un petit nombre de faits: dans les journaux français, la proportion des informations Havas en provenance d'Allemagne, d'Espagne et d'Europe centrale a triplé; en Amérique du Sud, l'Agence Havas, presque évincée il y a un an, est en mesure de lutter avec les grandes agences des Etats-Unis; enfin, le service d'Extrême-Orient est accueilli par les journaux chinois, russes et aussi par la presse anglaise, d'abord réservée.

L'Agence Havas, par une modification au contrat de réciprocité existant, va aussi pouvoir créer un service indépendant aux Etats-Unis.

Ces développements, étudiés en accordance avec nos chefs de postes et avec le Département, sont l'objet d'un contrôle du Service d'informations et de presse.

De nouvelles extensions de notre programme de propagande par voie de la presse sont en cours d'examen et ne manqueront pas de faciliter l'action locale de nos chefs de postes et, d'une façon générale, la diffusion de l'influence française à l'étranger.

CHAPITRE 40. *Contribution de la France dans les dépenses du Secrétariat international de la Société des Nations*

	Francs
Crédit accordé par la dernière loi de finances	11.922.000
Crédit demandé par le Gouvernement:	
12 mois	11.922.000
Exercice 1932	8.941.500

[Translation of ch. 39, Foreign Affairs Budget, 1932, contained in Rept. No. 295, Senate, 1932, ordinary session, pp. 97–98]

CHAPTER 39. *Special fund for French information abroad*

	Francs
Credits established by last finance law	34,000,000
Credits asked by Government, 12 months	34,000,000
Nine-month budget of 1932	25,500,000
Credits proposed by Finance Committee of Chamber	25,500,000
Credit voted by Chamber	25,500,000
Credits proposed by Finance Committee of Senate	25,500,000

The sums granted under this chapter were increased by eight millions in the previous budget for the intensification of publication of French information abroad. Your Finance Committee at that time insisted upon the necessity of a rigorous control of the subventions granted from these credits. Complying with this decision, your reporter examined the conditions under which these subventions have been used.

The effort of the department was concentrated on the reorganization of the foreign service of our news agencies, principally the Agence Havas. Certain bureaus of this organization abroad were improved, notably those in the great political capitals (Berlin, London, Rome); others were created or developed. In addition, a far-eastern service, highly desirable under existing circumstances, was inaugurated in November (Shanghai, and soon Peking and Nankin).

The result of this reorganization can be appreciated from the few followig facts: In the French press the proportion of Havas despatches originating in Germany, Spain, and central Europe were tripled; in South America the Agence Havas, almost evicted 1 year ago, is now in position to fight the great North American news agencies; finally, the far-eastern service is well received by the Chinese and Russian press and also by the English press there, which was at first cold to the project.

By a modification of the reciprocity contract now in existence the Agence Havas will also be able to create an independent service in the United States.

These developments, studied in common with the chiefs of posts and with the department, are the object of control by the Service of Information and Press (at the Ministry of Foreign Affairs).

Further extensions of our program of propaganda through the press are in process of examination and will not fail to facilitate the local action of our chiefs of posts and, in a general manner, the diffusion of French influence abroad.

Mr. ROBINSON of Indiana. I mention also, Mr. President, that some days ago I wrote the State Department asking for whatever information could be given with reference to this French propaganda. I think the American people ought to know just as much as possible about what they propose to do.

Mr. President, before I resume my seat permit me also to refer to an editorial that appeared in the Washington Post last Sunday, April 8, under the caption "Britain's Gold Supply." During the past several weeks we have heard on all sides that Great Britain would be unable to meet her June payment to the United States because of the fact that her gold supply was completely depleted and her capacity to pay very decidedly limited. Some of us believed then, Mr. President, that that was not true. It now develops that Great Britain has more gold than she knows what to do with, that she has greatly increased her capacity to pay. I quote from this editorial the following:

Britain has all the credit she needs, and her gold supply is getting so large as to be embarrassing.

What excuse can the British Government put forward for either postponement of the June war-debt payment or for a scaling down of the debt?

In fact—

The last report from London indicates—

Says this editorial—

that the British Central Bank has about $860,000,000 in gold. This is slightly more than the bank held when the gold supply of Great Britain reached a previous peak in the fall of 1928.

So I think that dissipates, Mr. President, any argument that might be made to the effect that Great Britain has not the capacity to pay or that her limited gold supply will make it impossible for her to pay. The fact is she is in excellent condition, comparatively, of course, and should pay her debt installments regularly as she has agreed to pay. So should France.

Mr. President, all the French propaganda in the world in this country will not eliminate the fact that she thus far has refused to pay her honest debts. The best method for France to pursue in this country in order to gain the good will of the American people would be for her to pay up the defaulted installment on her debt and then continue to make her payments regularly, keep her word, and observe her treaties.

Mr. President, I ask that the editorial to which I have referred may be printed in the RECORD in connection with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Apr. 9, 1933]

BRITAIN'S GOLD SUPPLY

Prominent among the subjects that President Roosevelt will discuss with Prime Minister MacDonald during the latter's visit to Washington will be restoration of the gold standard and Britain's war debt to American taxpayers. Both problems are vital elements of the world-wide economic situation. Solution of both is essential to the success of the world economic conference.

When Great Britain paid her war-debt installment last December, it was virtually announced that no further payments would be made unless the entire debt structure were revised. But a great deal of water has gone over the dam since then. Among

other things the United States has experienced a banking crisis and acquired another huge deficit, while Great Britain has greatly increased her capacity to pay. It would be unfair to the British Government to assume that its policy has remained the same under such sweeping changes in circumstances.

A few months ago Great Britain made a powerful plea for revision of the debts on the ground that she had no gold from which payment could be made without crippling her financial structure. Now that situation has completely changed. The gold holdings of the Bank of England are the highest in its history, in spite of the large payment made to the United States 4 months ago. The last report from London indicates that the British central bank has about $860,000,000 in gold. This is slightly more than the bank held when the gold supply of Great Britain reached a previous peak in the fall of 1928.

It is also reported that the MacDonald government is selling British securities in large volumes to offset the inflationary tendency of this large gold supply. Interest rates on such treasury bills are so low as to be negligible. Britain has all the credit she needs and her gold supply is getting so large as to be embarrassing.

What excuse can the British Government put forward for either postponement of the June war-debt payment or for a scaling down of the debt? The United States needs this money far more than Great Britain does at present. Does Prime Minister MacDonald bring the good tidings that Britain will meet her obligations without complaint as an example to the other debtor nations? If so, his visit will be doubly welcome.

The return of Great Britain to the gold standard is also important. It is apparent that her gold supply is sufficient to consider that step as a means of restoring world confidence. Several other nations would follow Britain's lead back to the gold standard and most of the world would be on a sound monetary basis again. It may take some time for British officials to decide at what point they wish to stabilize the pound, but that can probably be worked out without a great deal of difficulty. Great Britain's accumulation of a new gold supply gives impetus to the whole program for monetary stabilization.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. BANKHEAD. Mr. President, on yesterday the very able Senator from Pennsylvania [Mr. REED], with his usual ability, resourcefulness, and persuasiveness, made an attack both upon the constitutionality of this bill and upon its general philosophy.

I desire in a brief way to submit some observations which indicate, at least to my mind, that the very able Senator has not familiarized himself with the provisions of this bill in that degree which he would do in the examination of facts for the preparation and argument of a case for a client. Several, at least, of the major premises upon which his argument was based are not supported, as I construe the bill, by any direct provisions in it, or the proper and reasonable implications that can be drawn from it.

I desire first to take some notice of the Senator's constitutional argument, with the preliminary statement that I have had no opportunity to refresh myself upon the books. The principles involved are familiar to most lawyers.

The Senator's first point on the constitutionality of this bill was based upon the assertion that it is a price-fixing bill.

In the first place, Mr. President, I say that that assertion is not supported by the provisions of this bill, except the amendment known as the "Simpson amendment." The original bill, as proposed by the administration, has in it no provision for fixing prices. It provides that the policy is—

> To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power * * * equivalent to the purchasing power of agricultural commodities in the base period.

That does not fix by law a price on any commodity mentioned in the bill. On the contrary, it specifically declares that the policy of the bill is to make effective the old trade law of supply and demand, to establish and maintain the balance between production and consumption.

No economist will deny the proposition that the price of any commodity is governed by the law of supply and demand in the long run, and that the quality of the supply determines the effective operation of the law of supply and demand.

All of us who have familiarized ourselves with the subject know that an excessive supply of agricultural commodities has driven down the market price of those commodities. Why have they been driven down below the level of industrial commodities? It is because the great number of unorganized farmers have been unable effectively to control the supply offered on the market. Industry, with its smaller number of units, with its closer organization, is in position to and does stop production, stop offering on the market its products when the effective demand and paying power for them has been exhausted; and in that way the price of industrial commodities has been held at a level 50 percent higher than that of the products of the farm.

This is not, as I stated, a price-fixing bill, as the Senator from Pennsylvania has so positively asserted. It is a bill solely to put the farmers in position, through the operation of this law and through the cooperation and direction of the Department of Agriculture, to bring into effective force not a price-fixing but a price which a proper control of the supply in accordance with the demand will produce. When that is done, when supply is so controlled as to get a proper price in accordance with the demand for it, there is no reason why agricultural commodities should not naturally rise to the level of industrial commodities which existed during the pre-war period.

The steel mills and other manufacturing plants in the State of the distinguished Senator from Pennsylvania do not proceed as he would have the farmers do. He protested against a reduction in production of agricultural commodities, although we know the depressing effect that unrestricted production has upon the price of those commodities; but when we go into the industries of his city and his State we do not find the steel mills making all the steel their plants and their laborers can produce. We do not find them making, and I have not heard the able and distinguished Senator insist that they should make, all the steel they are equipped to make, and selling it for whatever it will bring in the market, as he evidently wants the farmers to do with the farm commodities.

But, Mr. President, discussing the matter from the standpoint of the Senator's argument that this is a price-fixing bill, it is perfectly clear from the provisions of this bill, with the exception of the last amendment made to it, that there is no price-fixing by law, notwithstanding the vigorous assertion and argument based thereon by the very able Senator from Pennsylvania.

If it is a price-fixing measure, let us see whether it is unquestionably unconstitutional, as has been asserted by the distinguished Senator from Pennsylvania. I believe, and frankly stated, that the amendment offered by the Senator from Nebraska, known as the "Simpson plan", in its original form was unconstitutional. But when it was amended so as to apply only to products moving in interstate commerce, then I submit an entirely different question was presented, and to my mind it brought that measure most likely within the power granted to Congress to regulate commerce among the States and with foreign countries.

If Congress, as the exclusive and sole judge, and not exercising the power capriciously or arbitrarily, deems it in the public interest to so regulate commerce, to so control it, as to bring benefit to the people of this country and to commerce itself, then I submit that, under the power granted to Congress, a broad and plenary power, it is most likely that any regulation which Congress deemed best for the interest of general commerce would be sustained under our Constitution.

The Senator from Pennsylvania has raised one question which is serious—that is, the right to tax one to pay another. That direct question twice went to the Supreme Court of the United States under what is known as the "sugar bounty law", a law under which sugar producers were paid 2 cents a pound directly out of the Treasury of the United States. The Supreme Court in each case recognized it as an important principle, whether or not it did violate the Constitution, but, although it had the opportunity to do so, and if it was

so openly and flagrantly in violation of the Constitution doubtless it would have peremptorily said so, in each case the Supreme Court declined to pass upon that specific question, and ruled on some other point involved in the case.

What was the object of the oleomargarine tax, a tax of 10 cents a pound imposed by the Congress and sustained by the Supreme Court of the United States? The object of the tax was to benefit competitors, to benefit the dairyman. Everybody knew it. It was asserted upon the floor time and time again that that was the object and purpose of the bill. When the case went to the Supreme Court of the United States, it said that in reviewing the action of Congress in assessing a tax which it was specifically authorized under the Constitution to assess, the Court would not look to the purpose of the Congress in assessing the tax, although the tax went for the benefit of certain competing interests, as everybody knew. So I submit, Mr. President, that on the principle laid down in the oleomargarine case, the argument presented by the Senator on that question will fall to the ground.

The Senator says that under the pending bill there would be a delegation of the taxing power, and that that is another reason for finding it unconstitutional. The distinguished Senator from Arkansas, in opening the debate, or in its early stages, completely disposed of that question, and presented a decision which is carried in his speech, a decision by the Supreme Court of the United States, which effectively deals with the subject of the delegation of power by Congress to an executive agency of this Government.

The Senator from Pennsylvania says the bill is unconstitutional because of its flexibility, but he fails to recall that the flexible clause in the tariff law, which he supported and which he still supports, provided for a very wide range of flexibility to be vested in the President to increase or reduce the amount of a tax, and that delegation, as we all know, has been affirmed by the Supreme Court of the United States.

The distinguished Senator from Vermont raised a constitutional question which the Senator from Pennsylvania promptly seized upon and added to his list of the grounds upon which he rested his objections to the constitutionality of the bill. The Senator from Vermont referred to article 1, section 9, clause 5 of the Constitution, which provides:

> No tax or duty shall be laid on articles exported from any State.

In the first place, Mr. President, no tax is laid by the bill on articles exported from any State. The mere fact that a tax is levied within the State does not constitute a tax levied on articles exported, because that means that the tax is a tax based upon exportation. If the argument presented in that regard should be accepted, then no State could levy a tax of any sort upon anything that was destined to go into some other State or to some foreign country. But that question has been disposed of by the Supreme Court of the United States in the case of *Dooley* v. *The United States* (183 U.S.), in which case the Court said:

> The word "export" as used in this clause applies only to goods exported to a foreign country.

It has no application to interstate movement, and those familiar with the bill know that there is no tax of any kind upon any of these commodities which go to a foreign country, because the tax is to be refunded upon all commodities which go abroad. So that the Supreme Court, as well as the facts, dispose of that argument.

The vote of the Senate on yesterday is a complete answer to the argument of the Senator from Pennsylvania. After arguments relating to the unconstitutionality of the Simpson plan, the most doubtful provision in the bill, as we all know, a very substantial majority answered the argument with their votes, and, naturally, they believed that they were not violating their duty to support the Constitution in casting that vote.

Now, I want to discuss for a little the philosophy of the Senator from Pennsylvania. I regret that he did not have the patience to remain in the Chamber. I think some Members of the Senate grievously misunderstand the provisions of the bill, and I classify the Senator from Pennsylvania as one of them. Yesterday he painted a horrible picture of Bill Smith and Tom Jones, Bill Smith getting benefits under the wheat-allotment plan, for instance, and then saying that the Department would go out to Tom Jones, who did not plant any wheat last year, and tell him that he should plant no wheat next year.

It seems almost incredible that the very able Senator from Pennsylvania could draw any such inference from anything in the bill. It has been stated from time to time on the floor of the Senate that there is no provision in the bill, either by direction or implication, which places any compulsion upon any farmer in the United States. The whole philosophy of the bill is one of voluntary action upon the part of the producer, of cooperation of the farmer with the Government in the administration of the law, and in the declared policy of reestablishing effectively the law of supply and demand.

The only powers here are powers to lease land and to establish an excise tax for benefits to be paid to the farmer under what is called the "allotment plan." If a farmer is willing to lease his land under the leasing power, who can say that there is any compulsion in that, although, forsooth, one of the conditions of making a lease is an agreement that he shall not, during the time the Government has the right to the possession of his land, under a paid rental, produce articles on that leased land the production of which is sought to be reduced. Whatever the farmer does under any rental plan he does voluntarily and because of benefits to him, benefits not only in the payment of rentals but benefits, as he knows, in reducing the great surpluses of the commodity he is producing. So, why should an effort be made here either to confuse the minds of Senators or to confuse the public, away from the hearings in the Senate Chamber, to establish the thought, by assertions such as have been made by the Senator from Pennsylvania, that the Government could go out and tell John Jones that he could not use his land next year in any way in which he wanted to use it?

Is there any compulsion under the allotment benefit plan? I have heard no Senator point out any form of compulsion of any sort.

As the allotment plan is generally understood, it is a benefit to be paid to the farmer at the time he markets his crop. That benefit, of course, may be conditioned upon—and doubtless will be, if the plan shall be effective—a reduction in his production, but it must be borne in mind that no farmer is obliged to accept the benefits of the allotment plan; it is purely voluntary with each farmer whether he wants to go under the allotment plan or to stay out from under it and operate his farm as he has always done. I ask any Senator where is there any justification in anything written into this bill for the repeated assertions here that, if enacted, it will enslave the farmers by virtue of an autocratic power vested in the Government to control their own operations on their own farms.

I regret, Mr. President, the note of strife and conflict struck by the Senator from Pennsylvania yesterday when he raised an issue seeking to array industrial employees against the tillers of the soil. I was disappointed in that position taken by the able Senator, in view of the many arguments he has made upon this floor and elsewhere that the welfare of the farmer depended upon the earning power of the industrial employees, and thus their ability to provide a market for the products of the farm. That is the basis of every protective tariff argument that has ever been made when addressed to the agricultural sections of the country. When it is asserted by a farmer that he gets no direct benefits from protective tariff, "Oh", they say, "you do get an indirect benefit, because by the maintenance of prosperity in the industrial field a market is created for the producers on the farm." Mr. President, the distinguished Senator from Pennsylvania ignores the reverse of that proposition in his appeal here, in his leadership, I may say, to establish a line of clevage between the residents

of the industrial sections and those of the agricultural districts. He ignores the proposition that if prosperity in the industrial centers gives purchasing power and a consuming market for the products of agriculture, of necessity purchasing power by the farmer operates in exactly the same way and gives an equivalent purchasing power for the products of industry.

Ah, Mr. President, it was sad to hear the distinguished Senator from Pennsylvania, whose ability is recognized everywhere, assert that this bill was for the benefit of the farmers in the upper Mississippi Valley and in Texas and would be destructive of the interests of those in the industrial centers; and he turned to his colleagues from the East and asked them how they were going back home and explain to their constituents their votes for the bill.

Mr. President, I heard no protests by representatives of agricultural areas when bills were pending here and were voted upon and passed for the relief of suffering and destitute industrial workers. When we passed the unemployment emergency relief bill providing, first, $300,000,000, and later, at this session, $500,000,000, to be spent primarily not for the relief of the farmer but for the relief of the destitute and unemployed in the industrial centers, there was raised no protest of sectionalism, of class, as has been raised here by the Senator from Pennsylvania. In fact, Mr. President, we had to pass those bills over the protest of the Senator from Pennsylvania, but I have not heard of any failure on the part of the duly elected agencies of his State to take advantage of their benefits. Almost the day after the bill passed we found the Governor of the State of the distinguished Senator from Pennsylvania clamoring at the doors of the Treasury for $45,000,000 of that money; and I think he got it; we were glad to give it to him. When distress is abroad, when suffering prevails, who can have the heart to say, "No; those who are suffering are not in my class; they are not in the group with which I am associated; I will not aid them?" That is a philosophy and a type of humanitarianism which I cannot accept.

In my own State, Mr. President, I live in an industrial area, in the great Birmingham district. I am not here speaking solely for the interests of the farmer. I know as well as I know any rule of economics that if we can raise the price of our agricultural products we shall start the wheels of industry turning in the Birmingham district and in the other industrial sections of the country.

In the bill before us is involved a group which produces all the wealth of this Nation except that which is produced by the mines; here is the origin of wealth and the purchasing power; and notwithstanding the fact that a very small proportion of the increased cost is passed on to the consumer, under all past experience, we find gentlemen from industrial sections protesting that they are unwilling to vote to restore purchasing power to 50,000,000 American citizens. They talk about reestablishing foreign markets—and who is not interested in that subject?—but, Mr. President, with nearly half the population of America, including the freest spenders of all our citizens, absolutely deprived of purchasing power, with the market for the industries of this country almost swept away because of the loss of consuming power by 44 per cent of our population, I submit that any true economist who will reason will promptly conclude that, instead of troubling about a market for 10 percent of our production, the first step to take is to reinstate a market for the 50 or 60 percent of our domestic consumption which has been lost by reason of the unfortunate financial situation of America.

There are, Mr. President, many phases of this matter with which I should like to deal, in answer to the distinguished Senator from Pennsylvania, but I am not going to take up the time to do so. I merely want the record made clear upon some of these subjects.

However, I do wish to say further that it is exceedingly unfortunate for anyone to try to raise in this country at this time a feeling of strife and hostility between the people in the cities and those in the towns in the country. Take wheat, for instance. A loaf of bread will not by reason of the passage of this bill be increased in price one half a cent. There is too much cost in the distribution from the time the wheat leaves the farm.

It has been disclosed by an investigating committee of the Senate extending over a long period that less than one half a cent's worth of flour goes into a loaf of bread, and while the price of wheat may fluctuate up and down as much as 50 or 60 cents a bushel the price of a loaf of bread is not changed by such fluctuations as much as one half cent a pound. Take the case of the cotton farmer. A cotton shirt costing a dollar contains about 3 or 4 cents' worth of cotton, according to the price paid to the farmer. So I submit, Mr. President, that an increase in the price of agricultural commodities will not place any undue burden upon the consumer, because there is already too much taken up in distribution which can be squeezed out of that process, as has been done in the past.

Mr. President, we in this country are a homogeneous people; our interests are the same. The people of the Birmingham coal and iron district have identical interests with the farmers in the Cotton Belt of Alabama. The people in Pittsburgh, the great steel center of our country, have a common interest with the farmers in the upper Mississippi Valley and in Texas, the sections referred to by the Senator from Pennsylvania. We not only have a common patriotic interest to rescue this country from its present depression; we not only have a common economic interest in restoring commodity prices, in restoring consuming power, in restoring employment opportunities; but we have a feeling of brotherhood widespread and everywhere in this country.

Our people during all this great distress have been enduring and patient and patriotic. They are looking to the Congress for some form of relief. We have here a plan which offers it. The fear of the Senator from Pennsylvania is that it will be too effective instead of not sufficiently beneficial in raising the price of the farmer's commodities. Some argue that it will not help the farmer. The Senator from Pennsylvania says it will help the farmer so much that Senators from the industrial centers cannot afford to vote for it and go back home and tell their own people they did so vote. I should like to have a little consistency in the argument of those who are in opposition to the bill. But with a spirit of cooperation which now prevails not only between the farmers and the administration upon the subject, but the processors and packers and millers, we are exceedingly hopeful that beneficial results will accrue not only to the farmers but to the industrialists as well.

Mr. FESS. Mr. President, I have taken very little time during the consideration of the bill now before the Senate, except to make some inquiries in regard to it. I have desisted from entering into a discussion of the bill primarily to await the consideration and final disposition of the various amendments. But I find that it is going to be necessary for me to be absent from the Chamber for a day or two, and for that reason I want to address myself now not to any particular amendment but to the bill itself.

I think I can agree with all that has been said on either side of the aisle as to the desperate condition of agriculture. It is not unlike the condition of other industries. Unfortunately, however, agriculture is first to feel the effect of a depression and usually the last to get out from under it. For that reason sympathy naturally will go to the farmer when he is in distress. I confess it would be nothing but a waste of time for me to repeat anything that has been said about the condition of agriculture. It is well known and nothing is to be added by repeating it. That is not only true now but it has been true for quite a period.

Congress has been and is now most sympathetic with agriculture. No question can be raised as to whether there has been any effort by legislation to relieve the condition of agriculture. I have always taken the position that agriculture should be included in any program looking to adjustments on the basis of insuring higher prices. For that reason I have always insisted that agriculture should be one of the primary factors in the consideration of all protective-tariff legislation. Those who assert that in tariff legislation we have discriminated against agriculture speak from a dif-

ferent philosophy, if not fund of information, than that from which I would speak, because the facts are that agriculture has always been regarded of primary importance when we come to consider that sort of legislation.

In the last tariff act the percentage of increase on agricultural products comprehended nearly the total increase involved in the legislation. When anyone says to me, "What are you going to do for agriculture, since you have done something for industry?" my reply is that we do nothing for industry that we have not done in the same way for agriculture. The reply to that generally is, "But your protective tariff is effective on industry, while it is not effective on agriculture."

There is some force to that argument as to the items of which we produce a surplus, but it is only a half-truth. It is not wholly true. I have been told that there is no advantage to come from the tariff upon wheat. The argument has been made that it is easily demonstrated that there is no advantage because the tariff is almost as much as the price of wheat now. Nobody knows the useful effect of the protection of that article more intensely than the present Presiding Officer, the Senator from Montana [Mr. ERICKSON], who lives in a State interested in this particular commodity. When it is asserted that this has no effect on wheat, the facts are wholly ignored. For example, we produce 800,000,000 bushels of wheat. The Senator from Alabama [Mr. BANKHEAD] put some figures in the RECORD some weeks ago when he made an admirable address dealing with the facts relating to wheat. He said:

> Now, let us view wheat production from the world standpoint. In the pre-war period, 1909–10 to 1913–14, the average production was 3,041,000,000 bushels. For the period from 1921–22 to 1925–26 that average increased 300,000,000 bushels. For the period from 1928–29 to 1931–32, the last 4 years, wheat production increased to 3,783,000,000 bushels, or more than 700,000,000 bushels in excess of the average production during the pre-war period of 5 years.

Then, speaking of Canada, he said:

> I have pointed out that in the United States the production of wheat increased from 690,000,000 bushels to 869,000,000 bushels during the last 4 years, an increase of nearly 200,000,000 bushels. In Canada, during the pre-war period, the production was 197,000,000 bushels. During the last 4 years it has gone from 197,000,000 bushels to 399,000,000 bushels, an increase of 200,000,000 bushels.

Mr. President, 399,000,000 bushels of Canadian wheat means a surplus of over 350,000,000 bushels that Canada, a country of 8½ million people, must sell outside of her own borders, while 200,000,000 bushels surplus of wheat in this country would be 200,000,000 bushels for 120,000,000 people. That means an exportable surplus in the United States of only 1.4 bushels per capita, while in Canada it means a surplus of 43 bushels of wheat per capita. I mention that for the reason that Canada must sell her wheat. It is a cash product. Out of the 399,000,000 she produces she consumes only about 50,000,000 bushels. That means about 350,000,000 bushels must be sold in the world market outside of Canada. If she be compelled to sell it in Liverpool, it would be at the world market price, plus the cost of transportation from Canada to Liverpool. If the world market was 22 cents below the market in the United States, Canada could easily afford and would certainly ship her wheat across the line into the United States. In other words, she must dispose of that tremendous surplus at any price, no matter how low, and if she can get only 40 cents in Liverpool, she could better afford to sell it for 35 cents in Minneapolis, because it would be to her advantage in avoiding payment of the transportation charges. Did we not protect our wheat grower by a tariff, Canada would ship wheat across the line at a price below the Liverpool price.

In that situation, to say that a tariff on wheat has no effect is an absurd statement on its face. When we talk about giving protection to an article like wheat there is no argument whatever that it would not be effective in a case such as faces us right now. That was my answer when I said to a friend of mine that I always include the farmer in any legislation looking to the enhancement of industry and the employment of labor in the United States.

Mr. President, no one in his sound mind is going to assert that there has been no effort on the part of Congress to aid the farmer. In fact, Congress has attempted by legislation what I doubt very much can be effected. I have been in Congress now for 20 years. That has been during the period when we have been so active in legislation on behalf of agriculture. I hold in my hand a compilation published in 1931 under the direction of Mr. Lewis, a member of the Government, being a collection of the laws relating to agriculture. The volume contains 267 pages. That volume reprints 123 different laws relating to agriculture. It does not include the laws relating to agricultural credits. Almost all of these laws, except a mere half dozen, have been enacted since I came to the Congress 20 years ago. These laws cover the various situations in which the farmer found himself. Every one of these laws, for most of which I voted, for some of which I voted under protest, was strongly endorsed by the best agricultural minds of the country through the representatives of the farm organizations domiciled here in Washington.

For years I have found it convenient, when it comes to legislation on a subject of this kind, to consult with experts as to whether the proposal is wise or otherwise. This vast body of legislative enactments contained in the volume to which I have referred represents laws placed upon the statute books in answer to the demands of the farming elements and were enacted readily in response to their request. They are now on the statute books and in operation.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER (Mr. ERICKSON in the chair). Does the Senator from Ohio yield to the Senator from Florida?

Mr. FESS. I yield.

Mr. FLETCHER. Will the Senator give us the number of the document to which he has referred? Is it a public document?

Mr. FESS. It is a public document compiled by Elmer A. Lewis, superintendent of the document room of the House of Representatives, Washington, 1931.

Mr. FLETCHER. Can the Senator give us the number and the Congress?

Mr. FESS. It does not seem to have a number. I refer to this compilation of laws, Mr. President, only to indicate the response that Congress, both House and Senate, with the approval of the Presidents, from 1912 up to the present time, has made to requests to put upon the statute books measures for the relief of agriculture.

What is the situation of agriculture in the face of that legislation today?

I do not know whether or not I am justified in saying that the farmer would have been much better off if he had been let alone. I am of opinion that he would be better off if some of these laws were not on the statute books; yet every law was supported with the greatest sincerity and good will, and all of them were endorsed by the people whose judgments we have a right to respect when matters of legislation of this particular character come up.

This compilation does not include the body of law for agricultural credit. I have the compilation of that body of law, printed at the same time, compiled by the same author, the superintendent of public documents of the House of Representatives. There are 13 of these laws, and they contain the actual print of 79 pages of legal enactments. These laws, again, were enacted in response to a general desire that the farmer should be put on the same basis in credit as the business man. We went through all of that argument in the original enactment of the farm land bank law, in the creation of the Farm Loan Board, in the creation of the joint-stock land banks that were a part of the farm land bank legislation, in the creation of the intermediate credit system that was inaugurated in order to increase credit facilities to the farmer.

I stated on the floor of the House of Representatives when the first one of these measures was introduced that I did not believe the bill as then introduced and finally passed

would be of any particular advantage to the farmer in Ohio; but I was told that in certain States of the Union the credit facilities were not adequate and that the farmer needed something of this sort, and with some reluctance I voted for these acts to provide for the farmer credit facilities as now written into law.

The argument appealed to me tremendously, that here are a young man and a young woman starting out in life. They ought to be permitted, if they are people of industry and frugality, to have the way opened by the Government for them to purchase a farm; and instead of paying a rental on a rented farm, as they would have to pay if they were tenants, the way ought to be opened for them to pay on an amortization plan a certain amount, say for 36 years, at the end of which time they would own the farm. Instead of having paid rent all the years and at the end of the time being turned out, they would own the farm on which they otherwise would have been paying rent.

I admit that that argument appealed to me tremendously and was somewhat conclusive; but no sooner did we open the way for loaning for the purchase of a farm than it was said that it did not include improvements on the farm and that the loaning privilege should be extended to improvements. When that was done we were asked to provide means for borrowing to stock the farm. Then the authorization was not limited to borrowing for livestock or stocking the farm, but it was extended to permit borrowing to procure seed to plant the farm. Nobody thought of such a thing when we inaugurated this credit facility. In other words, we opened the way to make it easier for a farmer to borrow without much regard to how he was going to pay when pay day came; and what has been the outcome? Note his present situation.

Today the farmer has borrowed on the farm. He has borrowed on the improvements. He has borrowed on stocking the farm. He has borrowed on seeding it. As a consequence, some of them are in a hopeless mortgage situation; and we now have reached a point where we feel that if we can relieve that mortgage situation we ought to do it. Without a doubt there will be quite a general response on the part of Congress to the appeal for action in some form to help relieve that situation.

I do not know whether the present amendment to the bill will be effective and safe or not. It certainly is a long step we propose to take; but it is the only thing that has been suggested. I frankly state that I have tremendous sympathy with the effort in some way to relieve the farmer in regard to this particular obligation; but I am not unaware of how he got into his present position.

Here is a friend of mine who is my neighbor at home. He listened to his son, not as conservative as his father, not as cautious in incurring obligations. The father goes to the bank down in Louisville and borrows $5,000 on his farm. He mortgages a good farm. He takes the $5,000 and builds a silo. Then, unfortunately, he uses the rest of the money to improve the house in which he lives, and to build a brick wall around the yard. In other words, outside of the expenditure for the silo, the $5,000 has been invested in ways that will not bring him a single dollar of additional income. He called at my home and told me he could not pay the interest, and he is very, very much disturbed because I do not see any way by which he can avoid losing that farm.

Here is another neighbor of mine who owns one farm of 600 acres and an adjoining farm of 400 acres—a thousand acres, all told. He moves into town and leaves his two boys, college-bred to run the farm. They decide on going into fancy livestock, and they mortgage their farm on some venture like that. What is the consequence?

I could multiply those instances by thousands. I am in sympathy with trying to help relieve the condition if I can; but Congress must not give any promise that it is going to act as the almoner of every person who under the law has embraced an opportunity in which he has gone beyond his depth. That is not safe.

I mention this to indicate to you that in our desire to make credit facilities more open and more readily secured, we have made it possible for many people to go beyond their depth, and we are now asked to relieve them.

I admit that the depths to which they have gone are not altogether due to themselves. The obligation, of course, is due to themselves, but the loss in the productiveness of the farm by a price decline is not entirely due to them; and that makes the question a very difficult one.

My farmers are constantly asking, "Why do you not reduce the taxes? They are fixed, and we cannot get rid of them." The farmer had thought that the taxes that burdened him were taxes laid upon him at Washington. That is an error. While in Washington we reduced the taxes one third per capita until the depression set in, the States increased their taxation three times—at least, mine did, and I think most of them did. The farmer must be relieved somewhat of this burden of taxation; but that is the function of the State, and not the function of Washington.

We might help on the interest charge. That, I think, could be a phase of Federal legislation. We could help on the establishment of principles of bankruptcy so that the farmers might have an extension of time, or something of that kind. That, I think, would be within our province. When it comes to talking about relieving the farmer of taxation, however, the relief must come through the State legislatures that are constantly increasing taxation, and doing it not necessarily at the request of the farmer, but with his assent.

I have suggested that the States might make a shift. Since we are bound to have Federal highways—or rather national highways; they are partially Federal—since we are bound to have good schools, and we are bound to have improvements in the States—and we all want them—I think it is absolutely inevitable that the States must make some provision by which taxes may be partially shifted from the farmer to other property owners. That, I think, must come; but that will come through the State and not from Washington.

I say that much to indicate to the Senate the problem that faces us, and how we have gotten into this situation.

In this mass of legislation that has been proposed, some was proposed that I did not vote for. The equalization fee that was presented by the distinguished Senator from Oregon [Mr. MCNARY] I could not support, but not because it was unsound economically. I think, and stated at the time, that the equalization fee that dealt with the surplus, that placed upon the man who was to get the benefit of the law the burden of suffering any loss in the disposition of the surplus, was a sound proposal, because the penalty that would be attached would be a deterrent against overproduction, if there could be any deterrent.

My opposition to the equalization-fee plan was that in my judgment it was not only unworkable but that it would create such an enormous bureau, and would not only do that but would ultimately produce a terrific revulsion of sentiment in the country against it. That is one of the proposals that was discussed here at length, which did not become a law, and for which I did not vote.

The debenture plan did not become a law, and I did not support that. It was a clear subsidy. It had this merit, however: that it was definite. Under it there would have been paid half the tariff, and the tariff is written into law. It is certain, it is not flexible, it is not one thing today and something else tomorrow. It is fixed until the law is changed. So that every producer would know just what amount of money he would get on that part of his product that was exported. It had that merit; but it had several demerits, to which attention was called, and I did not support it.

Mr. President, in the partial failure of the operation of the laws we had already enacted, and in the failure to enact these two plans, the equalization-fee plan and the debenture plan, both parties went to the country in 1928 with a pledge to relieve agriculture. The principle announced was that agriculture should be brought up to a parity with other industries.

Mr. President, that is a very difficult thing to do. Agriculture is different from all other industries. Most indus-

tries are a matter of quick turnover. Many industries have a complete turnover every 3 months. Agriculture cannot have a turnover except once a year, outside of the poultry business, and we might say also in the case of a certain grade of livestock.

It is very difficult, if not impossible, to bring agriculture, an industry of slow turnover, to an equality with other industries with a quick turnover. Think of the automobile industry, how quickly a car can be produced. It is sold and then they are ready to go ahead with unlimited capacity to produce. We cannot bring agriculture to a parity with that kind of an industry. No legislation would do it, no matter how many laws we enacted.

The Democratic Party made its announcement on agriculture in 1928, and the Republican Party made its announcement. The Republican Party took the position that the thing to be done was to aid the farmer to solve his own problem, and in order to do that it enlarged the principle of collective bargaining by the enactment of the Marketing Act. The Marketing Act did only two things: First, it gave authority to create marketing associations, with adjunctive power of establishing stabilization organizations, and with a sufficient capital provided by the Government to make it effective.

My Democratic friends—and I want to stay wholly out of politics in this discussion—largely voted for the Marketing Act, and it was a consistent thing for them to do. The very first disappointment to me was that in the Senate there was put onto that measure the debenture plan. When the debenture plan was voted on, 21 Republicans voted for it and 33 Democrats. Twenty-one Republicans voted against it and two Democrats. So that the bill carrying the debenture plan was passed in this Chamber. It then went to the House of Representatives, and was sent to conference. In conference the debenture plan was taken out, and the bill came back to us. On the vote on the conference report, 39 Republicans voted for it and 4 Democrats, and 13 Republicans voted against it and 32 Democrats. So that the conference report, with the debenture plan out, failed in the Senate, and the bill went back to conference again. When it came back, with the debenture out, 74 voted for it and only 8 voted against it. The 74 was made up of 47 Republicans and 27 Democrats, and those against it were 3 Republicans and 5 Democrats. So that the final vote was a nonpartisan vote and pretty nearly unanimous. That is the history of the vote on the Marketing Act, also known as the "Farm Board Act."

Mr. BORAH. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BORAH. Did the Senator say 74 voted for it?

Mr. FESS. Yes.

Mr. BORAH. The Senator means voted for the conference report.

Mr. FESS. Yes.

Mr. BORAH. That was not a distinct vote on the debenture.

Mr. FESS. No. Seventy-four voted for the conference report.

Our Democratic friends have criticized the Farm Board Act very vigorously. I do not blame them for their statement that they voted for it because it was an administration measure and it had not been possible to present anything else, and therefore they voted for it because there was nothing else for them to do. But I think our Democratic friends ought to recall their own plank on that particular question. Their plank in the platform of 1928 on the farm situation read as follows:

> Creation of a Federal farm board to assist the farmer and stock raiser in the marketing of their products, as the Federal Reserve Board has done for the banker and business man.

So that the creation of the Board was not merely a Republican idea; it was also a Democratic idea. The plank goes on to state why they wanted the Board created.

> Now, in the hour of agriculture's need, the Democratic Party pledges the establishment of a new agricultural policy fitted to present conditions under the direction of a farm board vested with all the powers necessary to accomplish for agriculture what the Federal Reserve Board has been able to accomplish for finance.

I mention that not to bring politics into the situation but especially to indicate that the board idea was not only a Republican idea but also a Democratic idea.

Mr. President, in the administration of the law there has been a lot of disappointment. I am not in position to say whether things would have been worse, and how much, if we had not had that legislation. Many people think they would have been much worse; they may have been. I am not in a position to say just how much we, as agriculturists, were able to secure out of this legislation. The farmers represented here in Washington were in favor of it. But I want especially to call attention to this fact, that the President of the United States, in the appointment of the Board, recognizing the tremendous responsibilities and the serious problems confronting him, took many weeks in the selection of the Board, with an entire omission of any consideration of whatever source except to benefit agriculture in the proper administration of the law. When I called upon the President on behalf of an Ohio farmer candidate, the President made it clear that my candidate did not measure up to his standard. The Board started out to enforce the law.

Mr. FRAZIER. Mr. President, I wonder whether the Senator from Ohio will agree with me that there was a concerted effort and propaganda to discredit the Farm Board and discredit the Farm Marketing Act.

Mr. FESS. I fully agree with that statement. I think that was quite evident in my own State, and for that reason I am not in position to state just how much good we got out of it or how much worse the condition would have been if we had not had the legislation.

I want to call attention to the care exercised in the selection of the Board in order to make the administration effective, in order to make the operation of the law a success. Those men, representing the particular commodities over which they had control, were certainly as well equipped as anyone who could have been found. I sat in a conference at one time and listened to a conversation like this when we were about to go into the market to buy wheat and cotton: It was asserted, as it had been asserted here on the floor, that we never would need to do that; that all that would be necessary would be to write into the law authority to do it, and that we would never need to exercise it. The theory of it was that if the dealers should know that the Federal Government had the authority to go into the market and buy wheat and cotton at a price which the Government would fix, the mere authority, without ever exercising it, would be sufficient to keep the price up. It was not.

Then when it was made clear that they would have to start actual buying the question was as to how much they should buy. It was thought that without doubt if they started to buy, so that the trade would see that the Government was doing it, there would be no necessity of buying more than five or ten million bushels of wheat. Yet we went on and bought to the extent of 200 million bushels, keeping the price of American wheat about 22 cents above what it was in Liverpool, until it became necessary to announce to the country that the Board would not follow that practice the next year. When that announcement was made the force of the Government's fiat was withdrawn and wheat went back with a bang, as everybody knew it would.

There was a board composed of men of the best ability that I know of, yet incapable, through their consultation power, to keep the price up to a certain figure, even though they went into the market and bought. That failed. What does the pending bill propose to do? It proposes to give to one man the power to do what, under the law, this aggregation of men could not do.

The fact was that the Farm Marketing Act did not please the public, and there was great opposition to it from various sources. Farmers were disappointed in the prices not being kept up, and both those interested in agriculture and gen-

eral improvement began to study to determine what change should be made or what ought to be done. Have we gone toward the end? Is there any other way?

We heard in this Chamber time after time that the failure to keep the price of wheat above a dollar a bushel was due to the fact we did not buy all the wheat in the country; that if we had bought it all we could have fixed the price to suit ourselves. There were certain Members of the Senate as well as of the other House who thought we ought to go to that extent. Of course, I think that would be perfectly futile. I agree with the statement of the Senator from Georgia [Mr. GEORGE] in his reference to the effort of Brazil to valorize coffee and of Great Britain under the Stevenson Act to increase the price of rubber. It simply cannot be done as a permanent policy; it is an impossibility; and we certainly have abundant evidence of that inability and futility.

In the campaign last year I was very much interested in knowing what the policy of the Democratic candidate for the Presidency, Mr. Roosevelt, would be. On the 14th of September, in the city of Topeka, he made his pronouncement on the question of farm relief. On September 15 the New York Times blocked on the front page the salient statements of that speech. I have read that speech, and the Presiding Officer, as well as every other Senator, will recall that it dealt wholly in negatives. It stated what the plan would not include without specifically stating what it would include. The then candidate for the Presidency said:

First—

I am taking this time, Mr. President, because everybody is extremely anxious to do what can be done to relieve the condition of the farmers if it is at all feasible; but I feel that I cannot be expected to do what, in my judgment, will do no good but will do harm. That is why I am taking this time.

First, the plan must provide for the producer of staple surplus products, such as wheat, cotton, corn in the form of hogs, and tobacco, a tariff benefit over world prices, which is equivalent to the benefit given by the tariff to industrial products, and that differential benefit must be so applied that the increase in the farm income purchasing and debt-paying power will not stimulate further production.

Mr. President, this bill abandons the idea of the tariff benefits. I am not criticizing it for that reason, because the bill is written on a different basis from that involved in the debenture plan, which was designed to give the tariff benefits; but I note this one statement of Mr. Roosevelt, that the bill must be so written that the increase in the income and in the debt-paying power to the farmer "will not stimulate further production." There is no possibility of increasing the debt-paying power of the farmer and the income of the farmer by legislation without stimulating his production, unless we pay out of the Treasury a subsidy in lieu of his production.

Second, the plan must finance itself.

This bill is written not on the basis of the plan financing itself, although primarily it might be said that it will do so; but it provides for advancements out of the funds of the Treasury; nobody has even attempted to say how much. The Secretary of Agriculture was asked about how much this proposal would cost, and he said it would probably cost $800,000,000; and that was a mere estimate. It is true that the bill is so written that there is to be a tax paid and turned over to the producers, and it is supposed that that will take care of the expenses; but the bill provides that there shall be advances out of the Treasury to insure against any deficit.

Third. It must not make use of any mechanism which would cause our European customers to retaliate on the ground of dumping.

I assume that that meant that it must not be a plan dealing only with surpluses. The debenture plan and the equalization plan did not deal with the portion of agricultural commodities consumed domestically; they dealt with the surplus. The surplus is the part to be dumped, and I assume that the candidate meant that the measure must be so written that it would not result in dumping. For that reason this bill is written on the basis of the domestic consumption rather than on the exportable surplus.

Mr. FRAZIER. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from North Dakota?

Mr. FESS. I yield.

Mr. FRAZIER. I notice that the Senator from Ohio stated that the Secretary of Agriculture said that it would cost $800,000,000 to administer this bill.

Mr. FESS. That statement was made in his radio address.

Mr. FRAZIER. On page 131 of the hearings which were held before the committee the Secretary states:

I have been quoted as stating that the operation of the measure will cost $800,000,000. I have made no such statement and the Department has made no such estimate.

Mr. FESS. I will accept that statement, but it was printed in all the newspapers that $800,000,000 would be the cost of the administration of this measure as estimated by the Secretary of Agriculture.

Mr. FRAZIER. I know that statement was made, but I have quoted from the statement in the Secretary's own testimony given before the committee.

Mr. FESS. That is official, but the Senator from North Dakota will admit to me that it does not amount to a fig, when nobody knows what it is going to cost, not even the Secretary of Agriculture. It does not amount to anything.

Mr. FRAZIER. I, for one, should like to put a limit on the amount of cost on a percentage basis.

Mr. FESS. I think that would be a good feature.

Fourth—

I am still quoting from the Topeka speech—

It must make use of existing agencies and, so far as possible, be decentralized in its administration so that the chief responsibility for its success will rest with the localities of this country rather than with created bureaucratic machinery in Washington.

I think that probably the authors of the bill have tried to write that feature in it, but it certainly is not in the bill, as I shall show when I come to analyze it by sections. This bill erects a bureaucratic organization here in Washington. It has no limit in that respect; it is wholly within the wishes of one man, whatever he thinks may be necessary. It provides that he may use committees and associations in various localities; but the bill is so framed that there will be erected in the Agricultural Department, to say nothing about that to be attached to the Treasury Department, a bureau that will be equal to, if not greater than, any bureau we have now in Washington.

Fifth. It must operate as nearly as possible on a cooperative basis and its effect must be to enhance and strengthen a cooperative movement.

That is a justifiable position, because I do not believe that we are ever going to assist the farmer when he operates simply as an individual. It seems to me that he has got to be a part of a collective organization, and the cooperative feature, I think, therefore, is a valuable one.

Sixth. This plan must be, insofar as possible, voluntary. I like the idea that the plan should not be put into operation unless it has the support of a large, reasonable proportion of the producers of the exportable commodities to which it is to apply.

That feature is omitted in this bill. It was written originally in the bill that was first set up. It was provided in the original bill that it should not become operative unless 60 percent of those to be benefited approved it. This bill, however, omits that feature entirely.

Mr. President, not to be offensive, for certainly there is no ground for that, I think I can understand why the then distinguished Democratic candidate for President of the United States, and now the President, took the time to say what the bill should not contain, but not a moment to say what it should contain. It was that feature of his address about which I was much concerned. I do not care so much about what a bill may not have in it as what it actually does have in it. But, after reading this bill now before us, I know why the candidate did not specify what was to be in

the bill. He could not know then, as he does not know now. There is nothing in the bill except a delegation of authority, and that authority is broad enough to authorize the Secretary of Agriculture to explore any field of any sort that may come to his mind as being necessary to enter in order to revive agriculture. That statement is not irresponsible; that statement will be verified by an examination of this bill.

I think that I can agree with the distinguished chairman of the committee in his desire to provide some method for handling the stock of cotton now in the possession of the Farm Board. I have sympathy with him not only in his desire that that stock of cotton should be properly handled so far as the cotton producers are concerned but for the public generally, because I am of opinion that if we can get rid of that stock, it will be a benefit to all. There is one feature in that portion of the bill which I think ought to be eliminated. It is that provision which not only authorizes but directs the Reconstruction Finance Corporation to advance funds. I do not like the idea of a law directing one governmental agency to loan money to another without any discretion whatever. Such a provision is in this bill, and I doubt its wisdom, although I approve its purpose. When another bill was before the Senate on this subject that provision went out, but I see it has been put back in the pending bill. I pass over the cotton provision for the time being, but will come back to it later, when I shall want the attention of the chairman of the committee.

Mr. President, my primary objection to the bill is its revolutionary character. Subsection 2 of section 8, on page 7, provides the authority to trade in the commodities of the farmer.

We are writing into the law for the first time in the history of the Government a limitation on the freedom of the most stable citizen of America, the farmer, limiting him in his ability to care for his own business by the sale of his own product without first entering into an agreement under authority from Washington or by his purchaser obtaining a license from Washington. If the man who deals in the products of the farmer is willing to make an agreement with the Secretary of Agriculture, then he does not need a license. That agreement will represent the Government on the one hand and the dealer on the other hand. It is an agreement that dictates. It is not the result of a free exercise of mind to agree or disagree.

The agreement that is to take the place of the license is the most complete limitation on the individuality of the purchaser of American farm products. If he is willing to accept the dictation of the Secretary of Agriculture in the form of an agreement which is one-sided, then he does not need a license; but if he refuses to make such an agreement, then he has to stop business or discontinue the purchase of what he has had the right to purchase as long as his business has been in existence until he gets a permit in the form of a license from Washington. Never in the history of American business that deals with private matters has there been such an expansion of authority. But that is what is proposed here in the pending bill.

What are to be the terms of the license? Whatever the dictator may say. No one knows what the Secretary of Agriculture may decide in his last guess ought to be in it. How much does it include? Wheat? Yes. The other six articles mentioned in the bill? Yes. Anything else? Yes; everything. Nothing is excluded. I read:

> To issue licenses permitting processors, associations of producers, and others to engage in the handling, in the current of interstate or foreign commerce, of any basic agricultural commodity or product thereof, or any competing commodity or product thereof.

What does that include? It includes both commodities and the products of the commodities. How many commodities are named? Seven, as listed later in the bill. How many are covered? All of them, because it covers the whole gamut by saying, "Any competing commodity or product thereof." Are potatoes omitted? Certainly not. Potatoes can easily become a competitor of flour or wheat. It includes "competing" articles. Rayon may be declared not to be included, but it is included. Wool may be said not to be included, but it is included. There is nothing excluded except that which could not possibly be a competing article. When someone asks what can be a substitute for food, the reply is that everything is a substitute for food.

Mr. President, the idea that we are writing a law without terms or conditions mentioned, but existing, not yet matured, merely in the mind of somebody. The terms are not yet matured. We are writing this license with indeterminate features covering every article that can be known as "food" by including a competing article of food. That is proposed to be done in this legislation.

In the first place, I am sure the American farmer will revolt against this intrusion upon his rights to the extent that he may not sow his wheat or plant his corn or breed his stock without first getting a permit from Washington to do so. That is a new role that the American farmer is going to resist when it is undertaken to be put in operation.

Unfortunately there is no choice left to the man who is to buy the products because there is a penalty attached to a violation of the agreement or of the terms of the license.

The penalty is not only a revocation of the license but a thousand dollars fine each day during which the violation may continue. It is very difficult for me to understand how anyone can get the consent of his own mind to agree to tying down agriculture like that, punishing a dealer for buying an article of the farmer without a license to do so, and this to advance the price. There are additional burdens in subsection 4 of the same provision.

Mr. President, it is indeed revolutionary to create by act of Congress a dictator over this great industry made up of farmers, representing 30,000,000 of our population. A dictator is to be placed over the farmer in a complete denial of his individuality, which in the end must be so offensive to him that I suggest there will be a terrific adverse reaction when it becomes operative.

Not only that, but the particular taxing provision is probably the worst thing we have ever undertaken to write into legislation in this country. Taxation is a method employed for support of the public, including all citizens in the country levying the tax. This is the method employed from the beginning of civilized government. The time was, of course, when public taxation was not used, but it was prior to and including the feudal days when the public was not even considered. But when we reached the Anglo-Saxon view that every citizen was a part of the government and recognized as a partial bearer of the burdens of government, we adopted the public system of taxation. That became the Anglo-Saxon practice. We have been very jealous in keeping the taxing authority where it belongs, in the hands of the people—more jealous about that than any other subject with which we deal.

Senators are not oblivious to what caused the war of independence. It grew out of taxation. Senators are not oblivious to what produced the French Revolution. It was the subject of taxation. We wrote our Constitution following an accumulated series of events that constituted a struggle between the Government and the people. I have often thought, when I have been reading the lives of men like Gladstone, Chamberlain, Palmerston, and others, of those who covered the great reform era in Great Britain, and marked how they struggled to get certain reforms adopted, that we never had any struggle over such matters because they were fundamental with us and written in the beginning into our organic law. Take, for example, Gladstone, who was in Parliament 63 years, 5 times Chancellor of the Exchequer and 4 times Prime Minister, a record never achieved by any other man in the British Empire. He has to his credit a long list of great reforms, including, among others, the reform relating to general education. That reform was never fought out in this country because we made it a fundamental right at the beginning. Another reform related to the freedom of a person to go to a university without regard to his religious affiliations. It is difficult for us to realize that that was not accomplished in Great Britain until 1877, and yet for centuries we had built our Government on that fundamental principle as the most elemental of

principles. The electoral reforms, including the privilege of franchise, ran through many stages in the last century.

So it goes. If we read of the successful efforts of those great statesmen in their efforts at reform, the striking fact will be found to be that notwithstanding their struggle covered a century of debate and effort, we never had it because we wrote those principles in the beginning in our organic law, the Constitution, or else the Bill of Rights, which constitutes the first 10 amendments to the Constitution. One of the things that we wrote in the organic law was that all bills creating revenue, the taxing feature, must originate in the House, because Members of the House were designed by the framers to represent the people and thus it would be the people doing it. We keep the right of taxation close to the people, and we have never permitted any deviation from it. Nowhere has it ever been attempted to delegate the power of taxation away from Congress. On yesterday the Senator from Delaware [Mr. HASTINGS] quoted the bristling debate of Democratic Senators on this subject. That is an unheard-of thing. It would even not be tolerated in Europe.

But what are we attempting to do here? It is proposed to violate every fundamental principle of this feature of the Constitution. We are asked to ignore the very genius upon which American liberty has been built. We are asked not only to give to an individual who is an appointive officer, with no responsibility to the people, the right to say what the tax shall be, but we are asked to give him the right as to the time to levy it and determine how it shall be collected, and then to grant him authority to provide for its expenditure before it is collected.

Mr. President, there never before has been in the wildest imaginings of the most fertile brain, any such proposal as is contemplated by the taxing section of this bill. Taxes must be clear. That is elemental; but here it is as clear as mud, because nobody knows what it is going to be.

Taxes must be certain. The only certain thing about this is its uncertainty, for it is in the mysticism of the brain of an appointive officer.

Not only that, but not a dollar can be gotten out of the Treasury except by an appropriation. The Constitution is specific on that point. Every bill, resolution, and so forth, that is designed to take money out of the Treasury must go through the two Houses and be signed by the President.

What does this bill do? The tax is not yet fixed. The tax is not yet collected. The tax is supposed to go to the Treasury; but the tax is taken out of the Treasury, in violation of the Constitution, by the act that authorizes it to be placed in the Treasury, the appropriation being made even before the tax is collected. Nothing like that has ever been suggested before, so far as I know, by anyone here in the United States nor in Europe.

To obtain revenue for extraordinary expenses incurred by reason of the existing national economic emergency, including expenditures for rental and benefit payments and adminstrative expenses under this title, there shall be levied processing taxes as hereinafter provided—

And so forth. What is the tax? We do not know. Notice the uncertainties in this section:

The rate of tax shall conform to the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture.

It is not fixed. The Secretary of Agriculture does not know what it will be. The rate of tax, which is one of the subjects of greatest controversy upon questions of taxation, is to be left to an appointive officer.

Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements.

Not only is the rate to be fixed by him but when it is laid, and when it will stop, is fixed by him.

The processing tax shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity.

When will that stop?—

The marketing year for each commodity shall be ascertained and prescribed by regulations of the Secretary of Agriculture.

We do not know.

Why was it that the distinguished gentleman who is now President—a candidate at the time—did not specify anything as to what this bill would include nor make the merest suggestion when he spoke in Topeka? The reason is quite obvious—because nobody knew then, and no one knows now, not even the President. We are, therefore, giving it over to one mind. I think I need not say that so far as I know, the present Secretary of Agriculture is a man of very capable mind. It is not that to which I object; but we are giving over to one person the power to fix something when nobody knows what it will be, and then give it the force of law.

(b) The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity; except—

Now, listen:

except that if the Secretary has reason to believe that the tax at such rate will cause such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then he shall cause an appropriate investigation to be made and afford due notice and opportunity for hearing to interested parties.

And he can then discontinue it or modify it.

Here is a tax uncertain as to rate, uncertain as to when it is to begin, uncertain as to when it is to end, all in the power of the Secretary of Agriculture. He lays the tax. He comes to the conclusion that it was a mistake. Then what does he do? He rectifies his mistake by changing it. He modifies it by increasing it, or decreasing it, or taking it off entirely.

How is business going to run on such a basis as that? And how is the farmer in whose name we are legislating going to fare under such a dictation?

The section following this defines the terms of the bill. It states what are the basic articles, naming 7. Then it defines what processing means in the case of wheat, and it defines what processing means in the case of cotton, and so on, including corn. Then there is this singular language, remembering that the bill is all-inclusive under the competing segment of the bill. Now, note this:

In the case of any other commodity, the term "processing" means any manufacturing or other processing involving a change in the form of the commodity or its preparation for market, as defined by regulations of the Secretary of Agriculture.

What is the definition? It is intended to tell the public what the legal term means in its proper construction; and what is this definition? It defines the item to be what the Secretary of Agriculture will say it is to be. That is a definition that needs defining.

If there is anything that is essential in a law, it is clarity, clearness, and certainty, so that its meaning may be known. There can be neither in the mysticism of a single mind, the dictator of the production of 30,000,000 people distributed to 120,000,000 citizens. There is no meaning to be given here, because it is not yet defined by the Secretary of Agriculture.

Yesterday the Senator from Delaware [Mr. HASTINGS] discussed in a forceful and eloquent speech the bureau here at Washington. I do not intend to take any additional time on that subject.

In the admirable address that was delivered by the Senator from Arkansas [Mr. ROBINSON] on last Friday, as I remember, I raised the question of the meaning of subsection (c) of section 10. I do not think I ought to be at all surprised at the stretch of power that is in this subsection, in view of the fact that there is no limit to the authority given to the Secretary of Agriculture. This bill, in fact, wholly substitutes the power of the Secretary of Agriculture for the power of Congress:

(c) The Secretary of Agriculture is authorized, with the approval of the President, to make such regulations with the force

and effect of law as may be necessary to carry out the powers vested in him by this title. Any violation of any regulation shall be subject to such penalty, not in excess of $100, as may be provided therein.

Mr. President, we even give to the Secretary of Agriculture the power of criminal procedure. We give to him the power to make regulations; and those regulations, by the language of the bill, are to have the force and effect of law, and any person violating those regulations is to suffer a penalty of $100.

If it is conceivable that we want to do that sort of thing, I cannot understand it.

Mr. President, it is very obvious that the writers of this bill—which smells of the cloister and has the scintillations of the theorist—knew that it was totally unworkable; and in order to avoid clogging the channel of its operation they have, in subsection (e), escaped the auditing of their accounts by exemption from the examination of the Comptroller General.

Mr. President, if this bill were not one dealing with agriculture, a regulation like that never could get through either the House or the Senate. There is no other industry that ever could get such an exemption as that.

The theory of audit is that the spender of the money must not be permitted to audit his own accounts. The triumph of this century was when Congress took over the authority of auditing accounts of the executive department which is the spending department of this Government. Congress is the authorizing department of the Government; and the Congress that authorizes the expenditure is the power that must be permitted to audit the accounts of the Executive, who is the expending officer of the Government.

We have a bureau known as the "General Accounting Office." It is headed by one who is subject to removal only by impeachment. He cannot be removed by the Executive. The Executive has no control over him. Why? He is the spokesman of Congress, the authorizing power to examine the accounts of the Executive, the spending power. In the days of General Grant, when he wanted the Comptroller of the Treasury to do a certain thing, and he said he could not, the President is alleged to have said, "Well, I cannot make you do it, but I can get another Comptroller."

Here is the case where Congress, in a bill signed by the President, reformed the auditing of the accounts of the Executive, and took from the Executive Department the right to audit its own accounts, and created a body representing Congress to audit the accounts of the spending department, and created it in such a way that no one can remove it except Congress.

As the Presiding Officer and every Senator knows, no payment can be made if there is any doubt about it until the Comptroller General approves it as in accordance with law. We authorized last session appropriations of $3,918,000 for the maintaining of the General Accounting Office. It is there, ready to work. Every other department of the Government must be submissive to that authority. A provision is written into this measure that none of these accounts are to be audited by the Comptroller General. I will read it, found on the bottom of page 14, subsection (e).

The action of any officer, employee, or agent in determining the amount of and in making any rental or benefit payment shall not be subject to review by any officer of the Government other than the Secretary of Agriculture or Secretary of the Treasury.

That is a complete reversal of the reform we have written, that no department can audit its own accounts, that all accounts must be audited by the auditing department of the Government, the General Accounting Office, headed by the Comptroller General, who cannot be removed except by impeachment.

Why was that written in there? Because, in the first place, we are giving the power to the Secretary of the Treasury to make law, and the Comptroller General will certainly say, "That is not law, and there will be no payment under it." We are going to get around that by not allowing him to have anything to do with it. That is a confession that the bill is unworkable, and we should never submit to such a thing as that. That section ought to go out.

When we were discussing the bill, I raised the question as to why we should give to the Secretary of Agriculture the powers written in sections 8, 9, and 10 of the Federal Trade Commission Act. Those sections in that act authorize investigations, and they can compel witnesses to attend and testify, and they would be subjected to punishment in the way of very substantial fines if they disobeyed.

Here is the Federal Trade Commission, with all the machinery set up. The proponents of this bill do not want the Secretary of Agriculture to be disturbed by any independent commission whose purpose is to do the thing they want the Secretary of Agriculture to do. I assert that with the full knowledge that it will not be contested. If it were not that orders have come down from above to pass this bill as it is written, it could not get half a dozen votes here. My friend the Senator from Washington [Mr. DILL] would not vote for a thing like this.

Mr. President, I have referred to commodities. While they are only referred to as seven, the competing angle of the bill makes it all-inclusive, governing everything. I spoke a moment ago about the revolutionary change in the taxing power. Here is the appropriation power. I read section 12, page 16:

The proceeds derived from taxes—

Where do taxes go? They must go to the Treasury. How do they come out of the Treasury? They cannot come out except by action of Congress in the regular way. The committee reporting this bill is not an appropriation committee, it is a legislative committee, and this provision for that reason alone is subject to a point of order.

The proceeds derived from taxes imposed under this title, or so much thereof as may be necessary—

Who is to say how much is necessary? The "king"?—

are hereby appropriated.

Mr. President, section 12, on page 6, makes an appropriation of funds from the Treasury which have not yet been collected.

The very distinguished Senator now presiding [Mr. CLARK in the chair], who served with so much grace and dignity in the House of Representatives as Parliamentarian when his most distinguished father was Speaker, during all the time I was a Member of the House—and no one is more familiar with the rules than he—knows that not a dollar can come out of the Treasury except through an appropriation by Congress. Here is a bill which provides for the collection of taxes and, in the same measure, does not authorize the appropriation but actually makes the appropriation before the taxes are collected. If ever there was before proposed such a revolutionary procedure in legislation, I have not known anything about it.

I now read subdivision (b):

The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts currently required for such payments and expenses, and the Secretary of the Treasury shall advance, out of any moneys in the Treasury not otherwise appropriated, to the Secretary of Agriculture the amounts so estimated.

That is a guess. It is left, not with the Secretary of Agriculture alone, but with him in conjunction with the Secretary of the Treasury, to estimate what the needs will be, and then the Secretary of the Treasury is required to advance out of the Treasury funds to take care of these expenses. Suppose the expenses are beyond the income, as they will be. That does not matter.

Mr. President, the tax is collected. I am talking about the general matter of income taxes. Our collectors collect taxes, and they make some erroneous collections. There have been spurious estimates, and taxes have been illegally collected, and the taxpayer may pay under protest and come to Washington and ask for a refund. The Treasury reviews the case, it goes through a long rigmarole, through various stages, and finally it may be heard before the Board of Tax Appeals and decided that the taxes should be refunded.

Can the taxpayer whose tax has been illegally collected, and so decided by proper authorities, get his money by going

to the Secretary of the Treasury and asking him for what the Treasury says is due him? He cannot. He has to present his case before the proper officers, and they have to present the matter to Congress, and not a dollar goes out of the Treasury for a refund except as we authorize it and make the appropriation here. What does this bill do? I read subsection (c):

(c) The Secretary of Agriculture shall transfer to the Treasury Department and is authorized to transfer to other agencies, out of funds available under this title, such sums as are required to pay administrative expenses incurred and refunds made by such department or agencies.

A refund is to be paid by the Secretary of Agriculture with no authorization, either by this body or anyone else but himself. Yet a taxpayer whose taxes have been illegally collected, which fact has been so adjudicated, could not get a dollar until Congress made the appropriation. There is not a fundamental principle of taxation or appropriation upon which we have been operating which this bill does not violate.

Originally the bill provided that the law should terminate in two years. That was changed so as to provide that it should terminate when the President terminated it.

Mr. President, I especially want to call attention to section 15, subdivision (a). If this section is as I understand it, I do not think the Senate wants to pass it. It provides:

SEC. 15. (a) If the Secretary of Agriculture finds, upon investigation at any time and after due notice and opportunity for hearing to interested parties, that any class of products of any commodity is of such low value compared with the quantity of the commodity used for their manufacture that the imposition of the processing tax would prevent in whole or in large part the use of the commodity in the manufacture of such products and thereby substantially reduce consumption and increase the surplus of the commodity, then the Secretary of Agriculture shall so certify to the Secretary of the Treasury, and the Secretary of the Treasury shall abate or refund any processing tax assessed or paid after the date of such certification with respect to such amount of the commodity as is used in the manufacture of such products.

That, I think, is one of the most serious features in this bill. Let us take wheat as the commodity. The product of wheat is flour. A tax has been placed upon wheat, we will say, and the tax has been so burdensome that consumption has fallen and the price is broken.

We will say we are using potatoes as a competing article, and instead of buying the flour people buy potatoes, or something else to take the place of flour. The Secretary of Agriculture finds that that is being done. Therefore, finding that the operation of the law is resulting in the piling up of a surplus, depressing the price of both the commodity and the product, to relieve that situation, the Secretary of Agriculture will certify to the Secretary of the Treasury, and the Secretary of the Treasury shall abate or refund any processing tax.

How would that operate? The miller buys a thousand bushels of wheat. He has to pay the man who sold him the wheat the current price, and, in the form of a tax, the difference between the current price and the fair exchange price. This difference he gives in the form of a certificate. The miller has paid the farmer for this amount of wheat. He is paid for it in money and in a certificate. The farmer takes the certificate and will cash it at the bank if he can find a bank that will take it, which is cashed by the Secretary of the Treasury.

The farmer has his money from the miller and banker. The Secretary of Agriculture finds that in that process the price was so broken that he would have to discontinue it, and therefore the Secretary of the Treasury is authorized to refund the tax. To whom? To the miller, I suppose. Well, the Secretary of the Treasury owes that amount to the man who has the scrip, and if he presents it he is paid. So, if the Secretary is authorized to refund it, that much is a total loss to the Treasury, because it is paid to the farmer for his scrip and refunded to the miller.

Mr. NORBECK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from South Dakota?

Mr. FESS. I yield.

Mr. NORBECK. That is upon the theory that a change in the price of wheat may become necessary on account of the price of bread.

Mr. FESS. That does not answer the suggestion.

Mr. NORBECK. Can the Senator tell me of a single instance where the price of bread has changed on account of the price of wheat?

Mr. FESS. Examination will show that the price of bread changes when the price of wheat goes up, but it is not likely to change when the price of wheat goes down.

Mr. NORBECK. In other words, when there is from half a cent to 1 cent of wheat in a loaf of bread a condition will be created that will call for an adjustment.

Mr. FESS. The Senator knows that industry very quickly increases the price of its products if the raw commodity used by the industry is increased in price.

Mr. NORBECK. Yes; but the middleman may have to absorb a little.

Mr. FESS. And industry will not decrease the price when the price of the raw commodity goes down.

Mr. NORBECK. I admit that they "charge all that the traffic will bear"; the Senator and I absolutely agree on that. Therefore, I contend that they cannot charge any more and that the middleman has got to absorb a little of the increase. A 10-cent loaf of bread with a half a cent's worth of wheat in it is the condition we have.

Mr. FESS. Yes; but I will say to the Senator from South Dakota that does not answer the question at all.

Mr. NORBECK. No; but the Senator is starting on the presumption that a certain thing will happen, and he uses wheat as an example. I contend that it cannot happen in the case of wheat and bread.

Mr. FESS. Why put it in here, then?

Mr. NORBECK. I did not write the bill.

Mr. FESS. Why put this provision in? I am honest in my contention.

Mr. NORBECK. No one questions the Senator's honesty at all; I am merely questioning his logic.

Mr. FESS. My logic is certainly as strong as my honesty is clear.

Mr. NORBECK. I do not think so.

Mr. FESS. Yes, it is. If it is not, I want the Senator from South Dakota to explain this paragraph. Let me read it again.

Mr. NORBECK. I am not going to explain any paragraph to the Senator. I did not write the bill. There can be many explanations. I have heard here forecast a good many things that might happen. I beg pardon of the Senator and I will not further take his time.

Mr. FESS. The Senator is not interfering with me at all. The Senator from South Dakota is one Member of this body who knows about this very question probably better than anyone else, and it is a subject that I want him to explain to me. I will read it again:

SEC. 15. (a) If the Secretary of Agriculture finds, upon investigation at any time and after due notice and opportunity for hearing to interested parties, that any class of products of any commodity—

I took flour just as a sample—

is of such low value compared with the quantity of the commodity used for their manufacture that the imposition of the processing tax would prevent in whole or in large part the use of the commodity in the manufacture of such products and thereby substantially reduce consumption and increase the surplus of the commodity, then the Secretary of Agriculture shall so certify to the Secretary of the Treasury, and the Secretary of the Treasury shall abate or refund any processing tax assessed or paid after the date of such certification with respect to such amount of the commodity as is used in the manufacture of such products.

Mr. NORBECK. Mr. President, I ask the Senator whether he made inquiry of the Secretary of Agriculture as to his interpretation of that provision?

Mr. FESS. I have not.

Mr. NORBECK. Nobody else can interpret it.

Mr. FESS. I think probably that is so.

Mr. NORBECK. Why not address the question to those who will interpret it? That could have been done a week or two ago and the Senator would have had an answer.

Mr. FESS. I accept the Senator's chastisement for not consulting with the Secretary of Agriculture. This is what I said: that if there is such a refund it is paying out of the Treasury the amount to the miller that the Treasury has paid to the farmer, and that much is lost to the Treasury and does nobody any good. I hold that that is incontrovertible, and it seems to me that that feature of the bill ought to be eliminated.

There are a great many other provisions in the bill along the same line. I do not want to take any more time, however, for the reason that it has been generally understood that I could not give my consent to the enormous delegation of power; but I do not want anyone to think that because of my objection I would obstruct the bill, because I do not mean to do so. I wanted to discuss the bill itself. I have only partially done so. I had anticipated going through the entire bill. However, I will not further comment on individual sections. There are some other features as to the theory of the bill, which do not go to the mechanics of it, to which I want to give attention. I should like to ask the Senator from South Carolina if he knows Mr. William D. Anderson, of Macon, Ga.?

Mr. SMITH. Yes, Mr. President; I know him.

Mr. FESS. I do not want to ask any question that might seem improper, but I am wondering whether Mr. Anderson might be regarded merely as a propagandist or whether what he might say to an individual Senator could be taken at 100 percent?

Mr. SMITH. Mr. Anderson's character and ability are certainly as fine as those of any man I know in that section or in any other part of the country.

Mr. FESS. Very well, Mr. President; I have a communication from Mr. Anderson in regard to this bill which is actually the strongest presentation I have yet seen by way of controverting the feasibility of adopting legislation of this character. It is so strong that I think it ought to go in the RECORD, but I do not know that I shall ask that it go in the RECORD because it is so long. Mr. Anderson, in pointing out his objection to the bill, states that he objects to it on three grounds. He declares the first ground to be that it would be a boomerang and would do the farmer more harm than good, and then he sets out arguments which I think are unanswerable and conclusive. Mr. Anderson says:

> The bill will not restore prosperity to agriculture. It fails to provide a remedy for the vital difficulty which confronts the cotton farmer today.

He says it does not deal with the two items essential—first to increase consumption, and if that fails, then to limit production. He continues:

> If we are to help the cotton farmer by legislation, then such legislation must have for its purpose a broadening of the market for cotton and cotton goods. Our objection to this bill is that its terms will tend to curtail the consumption of cotton and of cotton goods.

Further, he says—

> The production of cotton must be reduced until the world surplus is of such moderate proportions that the price of cotton will not be depressed by it. His (the cotton farmer's) production must be intelligently adjusted to the consumptive needs of the world. In addition to this, the market for his cotton must be stimulated by increasing the consumption of cotton for both domestic and industrial use.

These statements of Mr. Anderson are all fundamental; they are really elemental. Then he raises the question as to just how much the price of cotton goods will be increased. I want the Senators to note this statement. He says that if the tax be applied only to the domestically consumed portion of the crop, then it will raise the price of cotton 7 cents per pound, but if it be applied to both domestic and export it will raise it 17 cents. Of course, under this bill it would apply only to the cotton consumed domestically. Mr. Anderson further says:

> Either figure imposes a frightful sales tax on the consumption of cotton goods and will inevitably curtail their consumption. Those of us in daily contact with the very problem of distributing textiles are scarred with the battles we fight with the buying public over the price of goods where one sixteenth and one eighth of a cent per yard is involved in the discussion.

Where the price is increased by only one sixteenth of a cent a yard.

> There will be set forth in a later paragraph figures showing that textile products in common use must be advanced from 15 to 70 percent if a processing tax of approximately 7 cents per pound is to be assessed on cotton.

Then, in asking what effect that would have upon the trade, he makes the statement:

> It can be safely predicted that the passage of this bill will be a severe boomerang for the farmer and one of the severest blows that has yet been dealt him in the effort to artificially advance the price of his products through legislation that contravenes the most elemental and fundamental laws of business.

The second objection is as to the effect the bill would have upon the textile industry; and since the chairman of the committee, who knows personally Mr. Anderson, has vouched for his integrity and his ability, I want Senators to note these figures:

> On the assumption that the processing tax on cotton will be approximately 7 cents per pound, the Cotton Textile Institute has made careful calculations which indicate that standard print cloth, the material out of which the dresses worn by those in moderate circumstances are made, will be increased in price from 42 to 44 percent, depending on the construction.

Mr. NORBECK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from South Dakota?

Mr. FESS. I yield.

Mr. NORBECK. What is the weight of the cotton in a cotton dress or a cotton shirt?

Mr. FESS. I think the weight is very light, but I do not know what it is.

Mr. NORBECK. It is about a half a pound, is it not? So how could the tax make the finished product so much more expensive.

Mr. FESS. I am quoting what is said by Mr. Anderson, who is an expert in cotton matters.

Mr. NORBECK. What he says is an argument rather than a statement, is it not?

Mr. FESS. It is a statement, and the argument will have whatever effect the statement will justify.

> Carded broadcloth, out of which medium-priced shirts and underwear are made, will be increased 40 percent.

Dress goods are light in weight, while broadcloth is not light in weight.

> Narrow sheeting—

And such sheeting is not light in weight.

> Narrow sheeting, which is an article of common household use, will be increased from 55 to 62 percent, depending on the construction. Chambray, out of which work shirts are made, will be increased from 37 to 39 percent, depending on the construction. Denims, out of which workmen's overalls and work clothing are made, will be increased 46.6 percent. Wide sheeting, used in the manufacture of bed sheets, will be increased 36 percent. Carded yarns, of the type used in the manufacture of the ordinary grades of knit underwear and of workingmen's socks, will be increased approximately 70 percent. The increases on the lighter-weight and sheerer fabrics used in the more expensive garments take a smaller increase than do the goods more largely consumed.

It is that phase that was the basis of my question to the Senator from South Carolina [Mr. SMITH] as to the mental integrity of the man who had written this statement. I know that when we put on a tax of so much it is said that it is a tax of 100 percent in the form of a sales tax. That itself does not have the effect on me that the actual figure of increase to the consumer has. In other words, the Senator from South Dakota properly asks the question, If we decrease the price of wheat, how much effect will that have on bread? When we increase the price of wheat we say it is so many percent, and yet it will not increase the price of bread. I want every man to know that if we put on this percentage of increase in the form of a tax on cotton it will have a certain effect on the actual price of the finished product. I did not want it in a percentage of tax. I wanted to know how it would be reflected on the consumer, and this is his statement giving the various articles of the trade. There can be no question about the accurate knowledge of this dealer.

Mr. President, I want the attention of my colleagues in connection with another phase of the measure. It is a very dangerous thing for Congress to enter into the realm of price fixing. I do not mean merely because it is economically bad, as everybody admits it is; but I want Senators to know what effect it has upon the consuming public. It is a very serious thing for Congress by its decree to say that the consumer must pay more for his food and clothing than he is now paying. It is true that we might feel justified in saying that he is paying too much and putting a limit on it as we did in the case of the railroads. We gave the power of regulating railroad rates to a Government agency, not to increase the rates but to save the public from an increase, and forbidding an increase.

The purpose of railroad rate regulation in behalf of the public was on the theory of having lower rates and still allowing an adequate return to the railroads. That was the purpose of the law. But here it is proposed, in the interest of the public, not to reduce the consumers' costs but to increase those costs, and it is by the Government itself that it is being done. We are going to have a repercussion from this measure. Especially will we have it when the unemployed feel irked at having to pay more for clothing and food because of the voluntary act of Congress in order to assist one particular section of our population.

The Senator from Arkansas [Mr. ROBINSON] on April 7 made as strong a presentation of the pending bill as I think anybody could. He is always effective and powerful in his presentation of any subject. At page 1395 of the CONGRESSIONAL RECORD of April 7 he explained why we use 1909 to 1914 as the base period. These are the words of the Senator from Arkansas:

> The base period selected by this measure, 1909–14, has not been selected by chance. The exception made for tobacco is a special case, and I shall mention it in a moment.
>
> Indeed, it has already been discussed; questions have been asked and answered. It so happens that during that pre-war period the prices of the things the farmer sold and the prices of the things he bought were in the most satisfactory exchange relationship that had been achieved up to that time. So far as price relationships were concerned, the buying power of both farmer and city worker was functioning smoothly and effectively. We seemed to have reached the point in this period when both agriculture and industry were prospering on even terms.

That is a clear statement of why that period was accepted. But that was a period of high prices and I am wondering whether the Senator from Arkansas recalls what the Democratic platform of 1912, which fell within that period, said? I will read it. This is the platform adopted at the convention of 1912 held in Baltimore, which named the distinguished president of Princeton, later Governor of New Jersey, who made a very distinguished President:

> The high cost of living is a serious problem in every American home. The Republican Party, in its platform, attempts to escape from responsibility for present conditions by denying that they are due to a protective tariff. We take issue with them on this subject, and charge that excessive prices result in a large measure from the high tariff laws enacted and maintained by the Republican Party and from trusts and commercial conspiracies fostered and encouraged by such laws, and we assert that no substantial relief can be secured for the people without import duties on the necessaries of life are materially reduced and these criminal conspiracies broken up.

That was the plank on the high cost of living adopted in July 1912, within the period which the Senator from Arkansas states:

> So far as price relationships were concerned, the buying power of both farmer and city worker was functioning smoothly and effectively. We seemed to have reached the point in this period when both agriculture and industry were prospering on even terms.

Mr. President, I do not read that plank because of what might be charged as an inconsistency of that plank with this proposal. That is not the purpose. I read the plank to call attention to the question of cost of living becoming a political issue, as in the past, on the basis of the charge and the complaint that the cost of living was too high and due to Republican policy. Here it is due to actual legislation under the leadership of that party. If Congress performed the function by its fiat, saying the price of an article of consumption shall be so-and-so, then the consumer has a right to look to Congress as to protection against the amount of increased cost he is going to suffer in the purchase of any article of necessity. We are treading a dubious path when we enter the field of price fixing, not only economic but political. I want to avoid the necessity for any citizen of our country to feel it his right and privilege to look to Washington for relief from conditions for which the Government is not responsible and asking Congress to do for him something that it is not our business whatever to do. I very much dislike to see the Government launching into the realm of price fixing. A part of the American public will demand higher prices; another, a larger part, will charge to the Congress that we are robbing them by making the price too high. The price may not be too high, but the mere fact that we are responsible for the cost, if such proposal as this is law, makes us more or less responsive to the charge of the American people. It seems to me that is worthy of our careful consideration, especially on behalf of the producer of food who will be outvoted 6 to 1 if a contest is made between him and the consumer.

Mr. President, I regret that the problem confronting us seems to appeal to this body as a political question. We have here written a bill wherein at every place the term "economic law" should appear there has been stricken out any such term and inserted in lieu thereof "political appointment." Instead of economic laws determining, a political appointee is to determine. I wonder what would be the meditations of a man like Thomas Jefferson, the greatest representative of the liberty of the individual citizen in government that ever lived, the finest exponent of local self-government of any person in this or any other country, so far as I know, the founder of a philosophy that had such tremendous drawing power that in these many years it has controlled the Government so often and in its name at least is now in control of the Government. Yet Thomas Jefferson, the author of the classic expression "That government is best which governs least", must see the people who bear his name now foisting upon the country a policy under which the Government at Washington touches with its official dictation every individual self-respecting farmer in America. What must be the reflections of the founder of that theory of politics? Talk about Hamilton, the representative of power! He never dreamed of anything like this. In fact, no one has ever dreamed of anything like this. I cannot go along with the admitted experiment. After voting for the mass of legislation of farm relief the past 20 years, with the present results to agriculture, I cannot take this leap into sovietism.

Mr. President, this morning's Baltimore Sun contains a very interesting editorial on this subject. I do not want to take the time to read it, but I should like to have it inserted in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. BYRD in the chair). Without objection, it is so ordered.

The editorial is as follows:

[From the Baltimore Sun, Friday, Apr. 14, 1933]

FARM-RELIEF MYSTICISM

If the administration's farm relief bill is passed, the Secretary of Agriculture will be king of agriculture and a large part of industry as well, probably with greater powers at his command than any appointed official in the peace-time history of the Nation. Then what difference does it make whether or not he has the power, conferred upon him yesterday by the Senate over his protest, to order farmers to be paid the cost of production for their products? If we are going in for kings of agriculture, why quibble about that?

Perhaps the principal reason is that the inclusion of this particular provision would add to Secretary Wallace's obligations as a czar those of a seer and mystic. As the bill is rigged up at present, the powers are conferred upon the Secretary to attain certain fairly specific, if arbitrary, objectives—the restoration of certain price parities between agricultural and nonagricultural products. But by adding to his powers that of ordering farmers paid the cost of production for their wares, the Senate would call upon the Secretary to master the unknown. There is no agreement on the nature of "cost of production" as an economic concept. Down through the ages economists have been fighting about it indecisively. And could that fight be settled, there would remain the terrific job of applying the concepts to millions of farms,

with the ultimate goal being the attainment of certain relatively meaningless averages.

Since the Senate would merely authorize and not direct the Secretary of Agriculture to order farmers paid cost of production for their products, it may be argued that the Senate action makes no difference because Mr. Wallace has said he does not want the power. In being made a king, however, Mr. Wallace probably realizes that he will not only be under popular pressure to live up to the legends about kings, but a prey to his own impulses to move from mere temporal power to triumphs in the realm of metaphysics. Successful application of the cost-of-production formula would call for such a triumph. He is wise to try to avoid the obligation, and the House would do well to see that it is not forced upon him.

It is bad enough to be faced by a farm-relief program which involves dangerous movement along "an untrod path" through worldly mazes. We should be saved the necessity of having our Secretary of Agriculture become a practicing mystic.

During the delivery of Mr. FESS' speech——

Mr. GLASS. Mr. President, will the Senator yield to me so that I may send to the desk an amendment to the pending bill in order that it may be printed for consideration at a future time?

Mr. FESS. I shall be glad to yield.

Mr. GLASS. I send the amendment to the desk, and ask that it be printed and lie on the table.

The PRESIDING OFFICER (Mr. ERICKSON in the chair). The amendment will be received, printed, and lie on the table.

Mr. FESS. Does the Senator desire to have the amendment read?

Mr. GLASS. No; I do not care to have it read.

Mr. FESS. I am glad to yield to any request ever made by the Senator from Virginia.

After the conclusion of Mr. FESS' speech,

Mr. CAPPER obtained the floor.

Mr. NORRIS. Mr. President, will the Senator from Kansas yield to me to put in the RECORD something to which my attention has been called by the remarks of the Senator from Ohio?

Mr. CAPPER. I yield to the Senator from Nebraska.

Mr. NORRIS. The Senator from Ohio has referred to the increased cost to the consumer. I do not find myself in disagreement with the Senator from Ohio in the fundamental principles involved. I think the present legislation is excusable only on account of the terrible conditions in which we find ourselves. It seems reasonable to infer that if we increase the price of wheat and other farm products to the producer, we will increase the price to the consumer; and yet statistics show that that does not always occur.

Nobody can tell now how much the price of a loaf of bread or a package of cigarettes will be increased if this bill goes into effect. Many people think it will not be increased at all.

As bearing on the subject, I desire to quote some figures given before the Senate Committee on Agriculture and Forestry by Mr. Francis J. Clair, president of the National League for Economic Stabilization, Chicago, Ill. It appears on page 204 of the hearings.

He proposed, in the plan that he was presenting, to fix the price definitely, although he said it would be changed from year to year; but under present conditions he wanted to fix the price of wheat at $1.25 a bushel, the price of corn at 87 cents a bushel, the price of cotton at 18 cents a pound, the price of wool at 32 cents a pound, and the price of oats at 42 cents a bushel. Starting from those figures, Mr. Clair made some computations.

He said that he was out in Iowa, at the town of Lamar. He went to the elevator. He saw a farmer bring in a load of corn and sell it to the elevator man for 4 cents a bushel. That is what the producer got when he delivered it to the nearest railroad market from his farm.

The same day that he saw that, Mr. Clair says, he went to a restaurant in Lamar. He bought a package of Post Toasties, made of corn, probably produced right in that vicinity, and he paid 10 cents for it. It weighed one half ounce. It contained one half ounce of corn. So he figured out that that made $3.20 a pound, or $192 a bushel, that the consumer was paying for corn.

He went on to say that he came to Washington. The day before he testified he bought a package of Puffed Wheat. It weighed one half ounce. He paid 10 cents for it in a popular restaurant here in the Capital City. He figured out that that meant $300 a bushel that he, the final consumer, paid for wheat which the farmer in Kansas and Nebraska is selling now for 24 or 25 cents a bushel, and in some places for less.

Then he referred to Uneeda Biscuit, a product of wheat. Uneeda Biscuit sold for 5 cents a package when wheat was selling for $3.65 a bushel. It is selling for 5 cents a package today.

Let me read something that Mr. Clair says happened in Chicago at a bakers' convention, where he was in attendance just 6 weeks ago. He saw a new device offered to the bakers to slice bread before it was furnished to the housewife.

After some 2 hours spent with the manufacturer of that machine—

Mr. Clair says—

I was able to calculate that this one little new device, a machine to cut bread, cost more per loaf to slice it than the farmer got for the raw material entering the breadstuff. What is true of the Uneeda Biscuit is true of a suit of clothes.

He figured out, on this basis that I have told you about, with the price of wool at 42 cents a pound, how much there is in a suit of clothes and what it costs.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NORRIS. I have not the floor. I am speaking by the courtesy of the Senator from Kansas.

Mr. FESS. Will the Senator from Kansas yield?

Mr. CAPPER. I shall be glad to yield.

Mr. FESS. Has the Senator any figures as to the increase of price of the product when the commodity price increases? The Senator's figures are as to a decrease.

Mr. NORRIS. Yes.

Mr. FESS. I do not think the price of a product is decreased by decreasing the price of the commodity.

Mr. NORRIS. The Senator may be right about that, but it ought to be. If it is a fair rule, it ought to work both ways. If the consumer is to be charged the same price for a loaf of bread or a package of Uneeda Biscuit when the farmer gets $3.65 a bushel as when he is getting 25 cents a bushel, the thing ought to work the other way also, and if it is fair it will.

Mr. FESS. I think the Senator misinterpreted my question.

Mr. NORRIS. Probably.

Mr. FESS. The point I made was that when the price of the commodity is increased the baker will almost certainly increase the price of bread; but when the price of the commodity is decreased he does not decrease the price of bread. I think that is the practice.

Mr. NORRIS. The Senator will admit that it ought to be done, however.

Mr. FESS. Yes.

Mr. NORRIS. In other words, I am trying to illustrate that nobody can tell just what the effect on the consumer is going to be when the price of the product produced by the original producer is changed, either up or down. We do know, however, from the statistics, that there is no mathematical rule by which that can be determined. I concede that the price of the finished article ought to go up and down, just as the price of the raw product goes up and down, but it does not operate that way; and many believe—and I think they are partially right—that that would be the case here.

I am not one who is claiming that an increase in the price of the raw commodity will not increase the price to the consumer. I do not want to be understood as taking that position. I think it will be justified, however, because we start with the basis that the producer will not and cannot continue to produce unless he gets at least the cost of production.

I thank the Senator from Kansas for yielding to me.

Mr. CAPPER. Mr. President, I desire to bring to the attention of the Senate the action of the Legislature of the State of Kansas with respect to the pending legislation. It is in the form of a concurrent resolution adopted unanimously by a legislature which is especially well qualified to voice the wishes of the farmers of Kansas and is well qualified also to speak for the agriculture of the West.

The resolution is as follows:

Whereas Kansas is largely an agricultural State and largely dependent on that industry; and

Whereas prices of agricultural products, both crops and livestock, are now, and have long been, so low that the farmers are unable to pay taxes, interest, and upkeep and to secure a living return for their capital and labor; and

Whereas many farmers already have been dispossessed of their homes and thousands more are threatened with the loss of the accumulations of a life of toil; and

Whereas the business of our cities has been heavily curtailed by the plight of agriculture and thousands of our laboring men have been thrown out of employment: Therefore be it

Resolved by the senate (the house of representatives concurring therein), That the Congress of the United States is urged to speedily enact into law the measures for farm relief as now proposed by President Roosevelt in special message of March 16, 1933, in order that agriculture and industry may be rehabilitated and labor given employment; be it further

Resolved, That the secretary of state be, and is hereby, directed to transmit copies of this resolution to the President of the United States and to the Senate and to the House of Representatives of the United States, and to each of the Members of the Kansas delegation therein.

Then I have a telegram which comes from the farm organizations of the State of Kansas. Every farm organization with a State-wide membership joins in this appeal to the Congress to enact this legislation.

The telegram, dated April 7, addressed to myself, says:

The committee of Kansas farm organizations— .

And let me say that they have a membership of nearly a quarter of a million—

consisting of State Farmers' Union, the Grange, the Farm Bureau, the Kansas Wheat Marketing Association, the Farmers' Union Jobbing Association, Cooperative Commission Co., Cooperative Grain Dealers, Equity Union, Kaw Valley Potato Growers' Association, and Washington County Creamery Association, assembled in annual meeting, unanimously endorses the emergency farm-relief measure as passed by the House and as it now stands in Senate, and urges its speedy enactment. We collectively and individually offer our support in its administration in any way in which we may be of service.

RALPH SNYDER, *President*.
W. O. SAND, *Secretary*.

Mr. President I am going to vote for the pending emergency farm-relief measure because I believe it is a step in the right direction. I hope it is a long step in the right direction. I realize fully that it proposes to give unusual, in some respects almost unlimited, powers to the executive branch of the Government. I realize that to a great extent the success or failure of the measure depends upon the wisdom, the patriotism, and the common sense with which it is administered.

No one is more fully aware than I of the fact that no one piece of legislation—nor, in fact, any amount of legislation alone—can solve all the problems of agriculture.

Everyone sympathizes with those simple souls who demand a "simple and easily understood" bill for the relief of agriculture. But the fact is that the relation of agriculture to industry in a complex and highly developed civilization is a very complicated relationship.

There is no simple solution to such a complicated problem, nor is there any guaranteed solution. If there were a simple solution, guaranteed to work, we would have little trouble in reaching an agreement to adopt that solution and use it.

I am perfectly aware of the fact that this measure, especially in its implications and possibilities, is a complex piece of legislation. Also, I am aware that it is highly experimental and possibly may not work.

Now that does not mean that I am supporting the measure because it is complicated, because it is experimental, because it may not work. It simply means that I am voting for it with a full recognition of these objections to the measure. I favor the lower rates of interest for refinanced farm mortgages, as provided in the Frazier bill, but otherwise the measure has my approval.

As a matter of fact, I have hopes that the measure is flexible enough to make it possible for the Secretary of Agriculture—perhaps I should say the President of the United States, because it really is to the President that we are granting the broad powers conveyed in this measure—I have hopes that the act's flexibility will make it possible for the President to succeed in this experiment of national planning for the country's basic industry of agriculture.

In connection with the broad powers granted the Chief Executive and the Secretary of Agriculture in this measure, I want to say something else.

Even if I were not so vitally interested in relief for agriculture, even if I had less faith in this measure than I have, I probably would feel impelled to support the measure.

In the first place, President Roosevelt has asked for its enactment as a part of his national emergency program. He says this measure is a necessary part of that program. Under present conditions, with this Nation in what I believe is the most critical period in its history, at least since the Civil War, I have been supporting the President's other emergency measures—excepting the one which declares 3.2-percent beer to be nonintoxicating, and I reserved my right to oppose that from the beginning. I intend to continue giving him my support as long as he proposes constructive measures which are plainly intended and planned and worked out in the public interest.

In the second place, almost ever since I have been in the Senate, Congress has been trying earnestly to find a solution of this farm problem. We have tried earnestly, conscientiously, patriotically; but there were too many of us with varying ideas to agree upon what should be done. Now President Roosevelt has asked for the responsibility of solving the problem. He says give him the power and he will take that responsibility. At least we will get action in place of inaction and in my judgment we are more likely to get results from action than from continued inaction, and, in a way, this may be the most practical program yet suggested in Congress for dealing with the ills of agriculture.

For one thing, this measure deals with realities; this measure faces facts; it gets down to brass tacks, so to speak. It is based upon a realization of actualities, actualities which until now only the farm organizations, the farm leaders, some economists, and a few who have been known as "the farm bloc" in the Congress for the last 10 or 12 years have known to be the facts.

The pending measure, this program for restoring farm prices and farm purchasing power, lays down the flat proposition that to restore agriculture, to bring the farmer back into the buying market, to make farming pay, it is necessary to bring about a parity in exchange of products between agriculture and industry. And that proposition goes to the heart of the problem of civilization.

It probably is safe to say that man—and mankind—needs just about 7 things to assure his material well-being. His other wants and desires and comforts and progress rest upon these basic needs. They are:

Food; shelter; clothing; fuel and transportation, including communications; a medium of exchange; and reasonable security for life and property.

It has been more or less accepted in our civilization that if Government furnishes a reasonable security for life and property and controls the medium of exchange and transportation, then individuals can be trusted to provide and exchange among themselves the necessary food, shelter, clothing, and fuel, and in the process obtain each his fair share of the comforts and luxuries of life. But somewhere along the line we have fallen down. Today we have a Nation of 120 million persons, with plenty of food, enough shelter, plenty of clothing, plenty of fuel, plenty of transportation—plenty of these five fundamental requirements.

With plentiful supplies of food, however, we have bread lines; with sufficient shelter, we have millions of homeless; there is plenty of clothing, but millions only partly clothed.

With immense resources of fuel, during the winter many suffer from cold.

And with all our wonderful systems of transportation—by rail, by highways, by water, by air—necessities are not being moved to where they are needed.

Why?

There are many suggested answers to that question. I am not going to try to give an answer and say it is the answer. But I will suggest a few points that I think have an important bearing on the subject.

In the first place, Government has fallen down on its job of furnishing and regulating an adequate medium of exchange. Our monetary and financial system is grievously faulty.

In the second place, Government is not furnishing the reasonable security to life and property to which our 120 millions are entitled. Reasonable security of life and property, as I see it, means that those who produce food and shelter and fuel and clothing, and the many services that go with these, are entitled to exchange their products for other commodities and services on a fair basis of exchange. In other words, they are entitled to parity of exchange values in the exchange of their commodities and services.

One of the facts this measure takes into account is that over a period of time the group of our people who, year after year, are on the short end of the exchange of the things they produce for the things they have to get from others in the end is going to go broke. When it does, it no longer affords a market for the products of other groups.

For this reason it is in the long-time interest of all groups of the community that each group is enabled to trade its products or services for other products and services on a fairly even basis. From the national viewpoint this has always seemed to me to be particularly true of agriculture. It embraces a large part of our population. It furnishes the best market for the products of other industry. A stable and prosperous agriculture can and will keep alive the civilization of which it is a part for a long span of time.

From my casual reading of history it seems that every civilization of the past instead of maintaining parity of exchange with agriculture has insisted upon exploiting agriculture. Other industries, centralized in centers of population, organized in large units, have inevitably gained greater bargaining power than the farmers, have exploited the farmers, have ruined the agriculture of that civilization, and thereby ultimately committed suicide.

That is a foolish policy to follow. But it is the policy we have been following in this Nation.

Mr. President, this is not a generalization that I have been making. It is a statement based on the records. There is a bureau in the Department of Agriculture known as the "Bureau of Agricultural Economics." It deals with facts and figures; deals with statistics. I know that statistics are not what might be termed popular. Statistics deal with facts. Facts, even when simple and easily understood, never have enjoyed great popularity, and statistical facts are sometimes complicated. Hence not much attention is paid to them by most of the people. Statistics give most of us a headache and a tired feeling. I am not crazy about statistics myself.

Nevertheless, this Bureau of Agricultural Economics publishes, and has been publishing monthly for years, some facts expressed in figures that tell pretty nearly the complete story of what has happened to agriculture, because agriculture and industry have not exchanged their products on a parity basis.

This B.A.E., as the Bureau is known in farm circles, among other things, keeps track of farm prices. These farm prices afford an index of the basis of exchange of farm products for industrial products. The Bureau has kept track of the prices the farmer receives for his products, the prices he pays for the things he has to buy.

A careful study of the farm price structure resulted in this Bureau taking the 5-year period from 1909 to 1914 as the period in which agriculture and industry in this country were closest to an equitable basis of exchange.

This 5-year period was not Utopia, so far as agriculture was concerned. There was not even then, probably, an absolutely equitable basis of exchange between agriculture and industry. But there was an approximation of that. Both agriculture and industry were doing fairly well. If that basis of exchange had continued through the two decades since, probably we would not have made the millionaires with which this country was cursed in the post-war period. Neither, in my judgment, would we now have had the 14,000,000 unemployed, who seriously threaten the continued life of this Nation of ours.

As I have said, this pre-war parity of purchasing power should not be regarded as Utopia. But we do regard it, we of the Farm Belt and the farm groups, simply as the best level of purchasing power, the best balance between the major producing groups, that has thus far been attained in our industry.

Now let us see what has happened since that time. The B.A.E. started by compiling and analyzing the average prices farmers received for the various farm products during that pre-war period, 1909 to 1914. They combined all these unit prices into one figure and gave that an index value of 100. They figured out in the same way the prices the farmer paid during the same period for the things he had to buy and gave that also an index value of 100. His sales index was 100; his buying index was 100. This was taken as parity, trading products on a basis of dollar for dollar.

That is the pre-war parity which this bill proposes to attempt to restore—gradually, but with as much speed as possible—through giving to the Secretary of Agriculture very broad powers to attempt voluntary control of production, what amounts to an attempted guaranty of cost of production to agriculture, and sufficient control of marketing and distribution to give security of life and property to farmers as well as to the other groups that comprise the national family.

I might say in passing that in my judgment there will have to be monetary reform before this can be accomplished and the parity attained. But this bill does go a step in the right direction. We are not, however, discussing the monetary problem today; we are discussing the farm problem and this bill, which attempts to deal directly with the production and marketing angles of that farm problem. It may not be out of place for me to add that in my judgment we are going to have to come to the stabilized or compensated dollar, as some prefer to call it; in other words, a dollar of constant purchasing power with respect to all commodities.

I stated a few minutes ago that the farm price indices taken as a base by the Bureau of Agricultural Economics gave farm selling prices an index value of 100, farm buying prices an index value of 100. Agriculture and industry are presented in this picture of 1909 to 1914 as trading on a basis of $1 for $1. But that is not the picture today.

The March report, shown in a monthly pamphlet known as the "Agricultural Situation', shows that the farmer's buying index is 104, or 4 percent higher than in the pre-war period. On the other hand, the March report shows that the farmer's selling index was 49, or 51 percent lower than in the pre-war period. In other words, the farmer's unit selling price was 51 cents on the dollar, as compared to the pre-war period. His buying price was 104 cents on the dollar, compared to the same pre-war period. Divide 104 into 49, and we get forty-seven one-hundredths, which represents the farmer's purchasing power today. Stating it another way, instead of exchanging farm products for industrial products on the basis of a dollar for a dollar, the farmer is exchanging on the basis of paying out $1.04 in exchange for 49 cents.

Mr. President, that is the farm problem, exchanging on the basis of paying $1.04 for 49 cents. Is it any wonder that agriculture is bankrupt? Is it any wonder that industry, whose best customer is agriculture, is practically bankrupt also? Is it any wonder that labor, which is the best market for farm products, but whose job depends upon markets for

both farm and industrial products, is unemployed to the amount of 14 million?

We have defined the just laws of economics. This bill attempts to restore at least a measure of justice.

Mr. President, I have not presented the entire picture, by a good deal. Other groups of our people, especially in the ranks of labor, can show deplorable conditions, decreased buying power, lowered standards of living, complete demoralization, desperation, and despair.

To give a more complete picture, I am compelled to give some more figures, showing that this defiance of the just economic law has been going on for years.

Agriculture did not just go broke when the market crash came in 1929. Agriculture had been going behind at an average of 15 percent a year for nearly a decade, and this fact was a basic cause of the collapse of industry and finance, the threatened collapse of our entire system of government, and the threatened collapse of our entire social structure.

The farm depression has lasted for at least 12 years. During several of these years it has been acute. All the time the condition has been chronic. The cumulative effect of those years of exchanging products every year at a loss has been to destroy the farmer's purchasing power. When it finally disappeared, the wheels of industry stopped, business was paralyzed, credit evaporated, and the army of unemployed grew to 14 millions of men and women. I am giving these facts and figures because they give the background and form the basis for the farm bill now under consideration.

A few minutes ago I stated that agriculture has been going through this depression for more than 12 years. In 1920, the last year in which agriculture was on a comparatively even basis with industry—the first post-war inflation was then at its height—in 1920, on a wildly inflated post-war basis, farm products that had brought 100 cents were selling for 205 cents. The things the farmer had to buy, however, were costing him 206 cents where they cost him 100 cents in 1909–14. That is, his purchasing power for 1920 was only 99 percent of pre-war. But at that he was on a comparatively even basis with industry, according to the records.

In 1921 the farmer's selling price had dropped to 116 cents per unit, compared to 100 cents pre-war, compared to 206 cents in 1920. At the same time his buying price per unit came down only to 156 cents. Dividing 116 by 156, you have seventy-five one-hundredths, which means that the farmer's purchasing power was reduced to 75 percent. He lost 25 percent on the exchange of his year's labor and investment for the things he had to buy.

This has been referred to by many as the farmer's "75-cent dollar." The term is not exactly accurate, but it does give a true picture of the situation.

Now let us call the roll of the succeeding years, not giving the details of each calculation but merely the results.

In 1922 the purchasing power of farm products was 81 cents on the dollar, compared to pre-war.

In 1923 farm purchasing power was 88 cents.

In 1924 farm purchasing power was 87 cents.

In 1925 farm purchasing power was 92 cents; the percentage against the farmer was only 8 percent, the best he had during all that period.

In 1926 farm purchasing power dropped back to 87 cents.

In 1927 it was 85 cents.

In 1928 it was 90.

In 1929 it was 89.

In 1930 it was 80.

In 1931 it dropped to 63.

Today, as I stated before, it is 47.

Mr. President, those are just figures, but they tell a pitiful, a tragic story. It is a story like that which has preceded the downfall of every civilization, practically, that the world has known; the story of organized industry and finance crushing agriculture and thereby committing suicide. The lesson of history, as I see it, is that unless we can restore the balance between agriculture and industry, and make finance the servant instead of the master of agriculture and industry, this civilization of ours will follow the path of previous civilizations. There are signs of it today all over the world. It is not necessary for me to point them out.

Mr. President, I must place in the record a brief sketch of what these figures mean.

For 10 years the farmer did business at an annual loss of 15 percent. It may be said that is impossible, but I say it is true. How did the farmer do this impossible feat of doing business for 10 years at an average annual loss of 15 percent? He did it by borrowing, by mortgaging his farm, mortgaging his home, mortgaging his cattle, mortgaging his farm machinery, mortgaging his work stock, finally, in the last few years, too frequently by mortgaging his growing crops.

There is the pitiful story of American agriculture. There, unless we do something to correct the situation, is the tragic story of a chapter in the decline and fall of the United States of America. And the fall of the United States of America very likely would be accompanied, perhaps followed, perhaps even preceded, by the collapse of the white man's civilization. These are not idle words, Mr. President. I fear they are words that are only too true.

Mr. President, these are the facts, this is the situation, which justified President Roosevelt in asking the Congress to enact this kind of legislation, giving unheard-of powers to the Secretary of Agriculture to accomplish the purposes set forth in the declaration of policy in the pending bill.

These are the facts and this is the situation which justify me in voting for the pending measure, supporting it, and urging the Senate and the country to support it and to cooperate with the administration in carrying it out. It is a drastic piece of legislation, it is a desperate remedy; but we face a critical situation, brought about largely by a lack of balance between agriculture and industry, plus a defective monetary system and false conceptions of merchandising and finance.

What I mean by that last statement, Mr. President, is simply this: We have developed our distribution system on the theory that merchandising consists in the sale of products. Merchandising is not a sale: it is an exchange. The picture of our foreign trade is bringing that lesson home to us. It is equally true of our domestic trade. Agriculture and industry exchange their products; they must be exchanged on a comparatively even basis if either agriculture or industry, if both agriculture and industry are to survive.

The function of finance is to facilitate the exchange of the products of agriculture and industry, and the services of those engaged in them, which is labor. Money should be regarded as a medium of exchange and a measure of value. Our financial institutions should serve industry and agriculture and labor and be paid a fair return for doing so. But it is an unhealthy situation where finance is engaged in exploiting agriculture and labor and industry. But that phase of the subject is not a part of this farm bill.

Now, in conclusion, I just want to say that I am supporting this measure for the reasons given. If it is wisely and honestly administered, this emergency legislation can be of great service to agriculture and to the country. I am willing to take the chance that it will be wisely and honestly administered. I cannot assume otherwise. Certainly I cannot refuse to support the measure; I cannot sit by and do nothing, in the face of this serious situation.

I have just stated that I cannot do otherwise than assume that the act will be wisely and honestly administered. As a matter of fact, I feel very positive on this point. I know Henry A. Wallace, the Secretary of Agriculture. I have known him for years; knew his father before him, and his grandfather. The Wallace family is a good American family. Henry Wallace has the right ideals. He understands agriculture thoroughly, and is what one might term a real agricultural economist. In the years that I have watched his work I have come to have a great appreciation of his ability, his honesty, his clear thinking along economic lines, and his patriotic conception of his duty to agriculture and to the country. I cannot conceive a man better fitted by inheritance, by aptitude, by training, by study, by ability,

by experience, and by ideals to carry out the provisions of this measure than Secretary Wallace. That is another reason why I am not hesitating to intrust this grant of broad powers to the executive department.

It is my hope that the bill will be passed and become law at the earliest possible date. Time is the essence of this legislation as an emergency measure.

Mr. President, I ask unanimous consent to have printed in the RECORD, following these remarks, an article by Dr. George J. Pierce, botanist and plant physiologist, which appeared some time ago in the Scientific Monthly and which I believe contains some fundamental truths in regard to the relationship of agriculture to the rest of society. I send the article to the desk.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

By Dr. George J. Pierce

As we pass in this western world from the pioneer stages, in which the white man has successfully displaced in the struggle for existence the former occupants of the territory which he has invaded, we approach the conditions prevailing in the older countries of our world. In the oldest countries, in the crowded conditions of Asia, in the less old and less crowded conditions in Europe, we see what is before us unless man learns to effect a new balance in the civilization which he is making. In the civilizations of which ours today is the modern replica, essentially the same balance has always prevailed. Honors, rewards, and power have been given always to the nonproducer, first to the man of might, the militarist, later and today to the man of means, the plutocrat. We have always attempted to do what is contrary to nature. We light the dark hours, we build against gravity; man, a land animal, travels upon and in the sea; and now he attempts to traverse the air. He scorns time and distance as facts, and reduces them to their lowest terms. He ignores his absolute dependence upon food and drink, and crowds together so that neither he nor his neighbors can grow or capture food. By the bounty of nature he survives—destroying the producers of food. He fells the forest for fuel, housing, furniture; he converts the grazing spaces to golf courses or other less amusing uses; he makes the land so valuable that it cannot be planted to food crops; he goes where rain is scanty, and he makes the soil naked so that it washes away. He demands food and drink and, with niggardly hand and unthinking mind, plans what he is pleased to call "farm relief." So far as I can see, the world will never be safe, for democracy or anything else, until man recognizes his absolute dependence, not upon raw materials, mineral resources, coal, oil, or other sources of usable energy, but upon the two things which he cannot make, and one of which it would seem that he never can make in sufficient amount to satisfy even his minimum requirements. The clothes moth makes its own water by its own physiological processes; but who would pattern after the clothes moth even if he could? But no animal makes its own food. In this land of white collars we reward those who can buy them. We do nothing for the men who grow the linen, the cotton, and the starch to make them serviceable and, according to our esthetic standards, fitting. We compensate, more or less uncertainly, the man who grows luxuries on land for which he paid $1,000 an acre. We force the wheat farmer to produce bread at such a price that he must grow it so far from the market that his own wage, being what is left after paying for freight, handling, storage, and the percentages of every handler between himself and the consumer, is so small that a grain broker would consider it negligible. Our food must be grown on the cheapest land if we are to buy it in sufficient quantities. The cheapest land is that most remote and hence least desired for other uses. This fact entails the long and costly haul to market, the repeated handlings by man or machinery, the risks and rents in transit and storage. The milling would cost roughly the same anywhere and at any time. The agricultural problem—and this is the crux of the problem of the struggle for existence—is due to our having emphasized and rewarded everything but the essentials of our existence.

In this funny world of ours, in this amusing country of ours, we have long discussed the device of tariffs. We have invented octroi, customs dues, and finally duties for the protection of infant industries. We have succeeded so remarkably that Fords and safety razors are in the hands of almost all of us. But breakfast should follow the use of the razor, and lunch and dinner must be supplied to the driver of the Ford. Bread, meat, and milk are furnished in return for wages, the very lowest. This has always been the case; but it is necessarily so only because of our misconceived civilization, a civilization the honors and rewards of which are given to the least necessary parts, a broadening civilization the pyramid of which we have built upside down. The reason for the turning of youth from the farm to the town is the miserable, the delayed, the uncertain pay for producing what we cannot get along without. And if, in the struggle for existence, the farmers fail, our civilization will have destroyed itself. We grant, in debate, that agriculture is the foundation of prosperity, and even of existence; but we do nothing to preserve it; we do everything we can to undermine it. We charge our colleges of agriculture with failure to produce farmers. Have our medical schools failed to produce physicians and surgeons, our law schools failed to produce attorneys? We reward their products with the pay they require. Our theological schools have failed. Why? For the same reason that our colleges of agriculture have failed, namely, that the compensation for training and knowledge in these two fields is so inadequate. We still see some young men of brains and character, as well as devotion, entering upon the ministry to souls; and perhaps some young men of brains and character and devotion entering, with inherited capital, upon the ministry to stomachs. But without capital how can one start to produce wheat or corn or meat? If the capital be only the land, and the young man be unwilling to use wife and children as laborers, how far can he go? He must buy seed, implements, and transport for his harvest, and his pay is what?

I see no immediate prospect of our civilization remaking itself. On the contrary, until civilization is forced by hunger, in the struggle for existence, to insure its food supply, the care of individual and public health, the protection of property, and even the aspirations to a higher life, will simply intensify the struggle for existence. We must readjust our rewards; we must compensate the producers of necessities at least as richly as we reward equal ability in other lines.

But to do this implies a social revolution in comparison with which those of the recent and more remote pasts are trifling; in which human nature, always controlled more by sentiment than by reason, will have to overcome the habits of centuries; in which wars, epidemics, famines will have their terrible parts; and before man achieves it or understands it will have taken enormous toll in human life. For until we have secured our food supply we shall continue to be in jeopardy.

On the Mojave Desert is a settlement of 600 souls watered by a slender pipe line miles long, supplemented by wells which furnish water so alkaline that it can be used only for washing, and which gives the skin a curious sliminess. All the food of the community comes over a single-track railroad 30 miles long. The community can make no water, grow and capture no food on the desert. Nor would the community be better off if it consisted of 1 person instead of 600, including women and children, for the Mojave will not feed even a "desert rat." New York City has enough milk for a day and a half, other food for 3 days. Other communities are no better off, and if we all became farmers when our supplies fail it would do no good, for it takes time for food to be produced. Food is seasonal; it must be grown in summer and stored against the winter, spring, and summer, till the succeeding harvest refills the granaries, or it must be captured. Races dependent upon the chase, whether upon land or sea, are limited in numbers and live scattered over extended areas. But civilized man lives no less uncertainly, though less obviously in jeopardy, till war or pestilence or calamitous weather reveals his weakness. Perhaps you imagine I am indulging in diluted allusions to the doctrine of Malthus. Not so. What I have in mind goes much farther than Malthus; is truly wild if you will. While I believe what I think Malthus said about the relation of subsistence and population, I am saying that to insure any population beyond the sparsest and most active in the chase there must be due reward for the production of subsistence. The hunger of others will not cause you and me or anyone else to take the bread from the mouths of our wives and children or to rob them of their seed corn for the next year's harvest. We saw this very recently in Russia. The farmer will continue to support the town only if he is paid for it, not if he is forced to the wall in the struggle for existence. His work, the most necessary and hence the most important, deserves no less reward than that of others. If he had learned the arts of combination, we should know ourselves to be at his mercy. He seems to be at our mercy, for we force him to sell and to undersell his neighbor. The result is the diminishing farm population. If this goes too far, we shall all be hungry.

But if, instead of basing our civilization on an insecure food supply and pleasing ourselves with luxuries, we insure the production of food by proper compensation for the producer, we can be sure of the future. Then man, who has overcome the insufficient buoyancy of the air, the insufficient aeration of the sea, and the limitations of time and space, may look forward to a truly glorious development as the safest as well as the highest land animal.

Mr. LONG. Mr. President, a parliamentary inquiry. I have been away from the Chamber for some minutes. We are considering part 2 of the bill, are we not?

Mr. ROBINSON of Arkansas. Yes, Mr. President. Will the Senator from Louisiana withhold his amendment until certain perfecting amendments shall have been considered?

Mr. LONG. Very well.

Mr. SMITH. Mr. President, it was the intention of the committee to go right on through with the mortgage provisions of the bill; but on account of the necessary absence of the Senator from New York, I ask unanimous consent, as we have finished title I, parts 1 and 2, so far as committee amendments are concerned, that we now take up title I,

part 1, for such amendments as may be offered from the floor.

Mr. LONG. Did I understand the Senator to say part 1?

Mr. SMITH. I suggest that we start now with part 1, title I.

Mr. LONG. I can offer my amendment to either one of the sections. I would just as soon offer it to one as the other.

Mr. ROBINSON of Arkansas. May I suggest to the Senator that he have his amendment printed and let the so-called "perfecting amendments" be disposed of before taking up his amendment?

Mr. LONG. I suppose the perfecting amendments will be very brief, will they not?

Mr. ROBINSON of Arkansas. Yes.

Mr. LONG. My amendment has already been printed. I do not mean today, but at another session, and the Membership of the Senate are pretty familiar with it. It is in the RECORD.

Mr. ROBINSON of Arkansas. Very well.

Mr. LONG. However, I will wait until the Senator has finished with the perfecting amendments, and then I will offer my amendment.

Mr. ROBINSON of Arkansas. I have some amendments of the character referred to.

Mr. McNARY. Mr. President, I beg to suggest that unanimous consent has not yet been given to the Senator from South Carolina and I want to be heard on the request.

Mr. SMITH. I ask unanimous consent that we take up title I of the bill and start with part 1 in order to perfect it, so that we will have nothing left then but the mortgage section.

Mr. McNARY. Mr. President, I wish to cooperate with the able chairman of the committee, as he knows. The impression was given out, and properly so, that we would go through the bill in the logical order in which it is presented. A great many Senators, some of whom are absent, relied upon that understanding. I do not want to go back and take up title I, embodying, as it does, the cotton provision as well as the allotment plan for the consideration of individual amendments, and foreclose Senators who are now absent proposing amendments, when they have relied upon a continuation of the original program of going through the bill.

Mr. McKELLAR. Mr. President, I do not understand that it is the purpose to foreclose anybody at all. It seems to me that we might go on with these amendments so far as we can, and other Senators will have the right to offer amendments. I am sure the chairman of the committee will permit that to be done.

Mr. McNARY. I am on the floor to have an understanding about that, and I should like to have the chairman of the committee make it clear. There are some Members of the Senate who are necessarily absent who, I understand, have individual amendments to title I. I am willing to go back and take up title I, but I do not want to conclude it today so that on another day, if we shall spend another day on this bill—and undoubtedly we will—they will be prevented from offering their amendments by reason of their absence today.

Mr. SMITH. O Mr. President, I must say to my colleague on the committee that we will not close up title I today, but will agree to such amendments as we can.

Mr. McNARY. Very well. I assumed that was the program, but I wanted a clear understanding about it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Arkansas. I desire to propose some amendments which I think will not be objected to. I offer the following amendment.

The PRESIDING OFFICER. The amendment will be stated.

The Chief Clerk read as follows:

On page 14, line 9, after the word "title", insert a comma and the following: "including regulations establishing conversion factors for any commodity and article processed therefrom to determine the amount of tax imposed or refunds to be made with respect thereto."

On page 14, line 14, after the word "title", strike out the remainder of the line and down through line 19.

Mr. McNARY. Just a moment, Mr. President. The clerk reads so rapidly that it is difficult to keep up with him. On what page does the amendment come?

Mr. ROBINSON of Arkansas. On page 14. I can make a brief explanation of it, which, I think, will satisfy the Senator.

Mr. McNARY. Very well.

Mr. ROBINSON of Arkansas. Mr. President, under the bill as it is drafted the Secretary of the Treasury has authority to make what is called the conversion factors. The Secretary of the Treasury has asked that he be relieved of that duty and responsibility and that it be conferred on the Secretary of Agriculture, who has to perform practically all other functions under the bill. The Secretary of Agriculture is willing to have this change made. It is the only change the amendment makes.

Mr. McNARY. That is at the suggestion of the Secretary of the Treasury?

Mr. ROBINSON of Arkansas. Yes; and of the Secretary of Agriculture, both.

Mr. McNARY. It is agreed to by the Secretary of Agriculture?

Mr. ROBINSON of Arkansas. Yes; that is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I offer another amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 13, at the end of line 21, insert the following:

Title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, to the extent that it provides for the impoundment of appropriations on account of reductions in compensation, shall not operate to require such impoundment under appropriations contained in this act.

Mr. ROBINSON of Arkansas. Mr. President, this amendment is requested by the Secretary of Agriculture. Unless the amendment be adopted, reductions in compensation under the bill would be impounded and would not be available for the administration of the act despite the fact that the revenues are to be raised by processing taxes. I think there can be no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas.

Mr. McNARY. Mr. President, I do not believe this was called to the attention of the committee, was it?

Mr. ROBINSON of Arkansas. No, it was not. The amendment was suggested by the Secretary of Agriculture only a day or two ago when I presented it here. I submitted it to the Senator in charge of the bill and understood him to approve it.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. I now propose an amendment to which I ask the especial attention of the Senator from Oregon [Mr. McNARY] and other Senators.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, line 8, after the word "parties" and the period, insert the following:

Such agreements and any act or acts done in pursuance thereof shall be presumed to be legal in any public or private proceeding.

Mr. ROBINSON of Arkansas. The bill authorizes the execution of processing agreements. Some who are expected to enter into those agreements have expressed the fear that if they should enter into agreements of the character in mind they might be held liable for prosecution under the antitrust law. The amendment is intended to make clear that if the Secretary of Agriculture and the processors do

enter into agreements, the agreements shall be presumed to be legal.

Mr. McNARY. Mr. President, I believe the proposal is to insert following the word "parties" on page 7, line 8?

Mr. ROBINSON of Arkansas. That is the way I have it.

Mr. McNARY. The proposal was submitted to the Committee on Agriculture and Forestry and failed of adoption. Several members of the committee took the view that if that language were in the bill it would be calculated to satisfy the packers with respect to the consent decree which had been a question of much agitation, dispute, and litigation for a number of years. It is an unusual provision. I do not believe the processors need any comfort from the packers along that line. The Senator from Montana [Mr. WHEELER] opposed it bitterly and successfully in the committee. The Senator from Kansas [Mr. CAPPER], who was interested in the Stockyards and Packers' Act and Grain Trading Act, also opposed it. In their absence I hope the Senator will not press the amendment.

Mr. ROBINSON of Arkansas. Very well; I will withdraw the amendment for the present.

Mr. SMITH. Mr. President, I had intended to offer an amendment, but in view of the fact that certain Senators interested in it are absent I shall withhold it. If other Senators have amendments to offer they may do so now.

Mr. McKELLAR. Mr. President, on page 12, line 23, after the word "drying", and within the parentheses, I move to insert the words "or converting into insecticides and fertilizers."

The purpose of the amendment is this: The leavings or refuse of tobacco, that are of no value to anyone and that cannot be used for smoking or any other purpose for which tobacco is used, are used to make nicotine for the purpose of use as an insecticide. It is in general use in that form in California, Georgia, Virginia, and other States, and is a very valuable insecticide. The refuse is used as a fertilizer. That is a processing which I think ought to be added, and I hope the Senator in charge of the bill will accept the amendment and that the Senate will agree to it.

Mr. SMITH. Mr. President, I really believe this is a valuable amendment, for the reason that the character of tobacco that is used in producing this mixture is the sweepings of the floors and tobacco remnants that have been more or less damaged by rot and moisture. The nicotine that is extracted and now used in the form of insecticide is of more value to the farmers throughout the country in preserving certain forms of their growing crops than any loss that could be sustained by the Government because of it being incorporated in the bill. I think the amendment ought to be agreed to.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Oregon?

Mr. McKELLAR. I yield.

Mr. McNARY. The language proposed by the Senator from Tennessee would except from the operation of the bill tobacco and nicotine products of tobacco which are used for spraying throughout the horticultural districts of the country?

Mr. McKELLAR. Yes.

Mr. McNARY. The product is widely used on the Pacific coast, in the South, and in the East, wherever fruit is grown, of course. It is used on some vegetables. It is used in the hop culture. I am very familiar with it, having used it. But here is the proposition as I view it. Does it not offer an escape for a very large lot of tobacco and relieve it from the operations of the bill and hence from the payment of the tax?

Mr. McKELLAR. I am informed that it does not. I am informed that the nicotine is obtained from refuse tobacco that could not be used for any other purpose in the world. It would cut down the amount of taxes collectible if this tax were placed upon it and would deprive the fruit growers of the country of a very valuable insecticide.

Mr. McNARY. No; it will not do that. They will buy it anyway. It is just a question of furnishing these people this product and taking it out from the tax. I think it very unfair to put a product in the bill and then by exception take out a large portion of it.

Mr. McKELLAR. It is a very insignificant part of it.

Mr. McNARY. It is purely a question of processing. That is indisputable. Large quantities of it are used in processing for this purpose. Is it fair to place tobacco in the bill and then take certain by-products of tobacco and free them from the operation of the bill?

Mr. McKELLAR. Yes; I think it would be entirely fair in this case, if the Senator desires my opinion, because the product of nicotine, or insecticide, is made out of refuse that cannot be used in the ordinary processing in the strictest term of tobacco uses.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Kentucky?

Mr. McKELLAR. I am glad to yield to the Senator, who comes from a great tobacco-growing State.

Mr. BARKLEY. The nicotine, which is a by-product of tobacco, is used in the making of certain insecticides necessary to kill certain insects that cannot be reached by the ordinary insecticides. Out of a ton of tobacco we get about 50 pounds of such nicotine. It is not made out of salable tobacco. It is extracted out of what is called trash, leavings, cullings, stems, swept up off the floor. In many cases the processing tax will already have been paid on it in the ordinary process of manufacture, so that if this tax be paid again on this particular type of refuse, which is really what it is, it might result in the payment twice of the processing tax on the same tobacco.

Mr. SMITH. I would like to say, if the Senator from Tennessee will allow me——

Mr. McKELLAR. Certainly.

Mr. SMITH. Most of this nicotine is made from the large stems through the middle of the leaf and the branch stems which are taken out before the tobacco is processed for ordinary manufacturing purposes. As intimated, the tax will have been paid on it. The nicotine is extracted from that kind of tobacco, and the cheaper the nicotine the more generally will it be used, and the less will be the tax on agriculture and horticulture, the very ones that use it. I think that by eliminating it we get the tax on all that really ought to bear it and relieve the farmers from paying an extra tax for the insecticides.

Mr. BARKLEY. This particular conglomeration of unusable and unsalable tobacco is made up of leaves and stems and trash that is gathered up, that is hardly usable for any other purpose.

Mr. McKELLAR. It is sometimes called "tobacco dust."

Mr. BARKLEY. Yes. If the Senator had ever worked around a tobacco factory, he would understand that in the process of making cigars or cigarettes or any form of chewing tobacco there are always certain parts of the leaves and stems and remnants that are put in a pile and swept off into the corner and finally gathered up, and the nicotine is extracted. I do not think there would be any loss in taxes, but there might be a double taxation on the same product.

Mr. NORRIS. Mr. President, will the Senator from Tennessee yield to enable me to have a correction of a typographical error in the bill?

Mr. McKELLAR. I yield for that purpose.

Mr. NORRIS. On page 25 of the bill, in the amendment which was adopted yesterday, it reads as follows:

> The Secretary of Agriculture, in addition to the powers granted by parts 2 and 3 of this title—

That occurs in part 3. It ought to read 'parts 1 and 2." I ask unanimous consent that the correction may be made.

Mr. ROBINSON of Arkansas. Mr. President, I think the correction suggested by the Senator from Nebraska is necessary. It is evidently a typographical error.

The PRESIDING OFFICER. Is there objection to making the correction? The Chair hears none, and it is so ordered.

Mr. McNARY. Mr. President——

Mr. McKELLAR. I yield to the Senator from Oregon.

Mr. McNARY. It is quite obvious that I am not conversant with the tobacco industry, but the bill has come to us from the Department of Agriculture, having the sanction of the farm leaders, our great major farm organizations. It passed the House and was reported to the Senate. I think we ought to be very careful about increasing the exceptions contained in the bill.

The Secretary of Agriculture was before us. There is nothing from him here saying that he wants these exceptions made larger for tobacco. We have now an exception for drying. We have added, or will add, fertilizers and insecticides.

Mr. McKELLAR. I doubt if anyone, unless he was very, very particularly conversant with the tobacco business, would have even known that this insecticide is made out of this refuse tobacco lying around the warehouse. It is really a tobacco dust to a very large extent; and, as has been stated here, the tax will have been paid already on the real part of the tobacco.

Mr. McNARY. Mr. President, let me ask the able Senator from Tennessee a question. He has been speaking of waste all the while.

Mr. McKELLAR. Yes.

Mr. McNARY. Do all the nicotine and fertilizer ingredients come from waste tobacco, useless tobacco?

Mr. McKELLAR. No; but this is the only kind that is taken into consideration here. It is the waste.

Mr. McNARY. Where is the language to be found?

Mr. McKELLAR. The language is:

or converting into insecticides and fertilizers.

Good tobacco could not possibly be used for the purpose of fertilizers, and it could not be used for the purpose of obtaining nicotine for insecticides.

Mr. McNARY. Is the Senator familiar with the tobacco industry?

Mr. McKELLAR. I am.

Mr. McNARY. With all the processes of conversion?

Mr. McKELLAR. Not with all the processes of conversion, perhaps. I think that would require a very great expert; but I am fairly familiar with tobacco.

Mr. McNARY. I asked the able Senator if all the tobacco used in fertilizer, and in insecticides such as the one that was mentioned a moment ago—nicotine—is taken from waste tobacco; or is not some of it taken from commercial tobacco?

Mr. McKELLAR. None of it is taken from commercial tobacco.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. McKELLAR. I yield.

Mr. BARKLEY. Tobacco is not raised for the purpose of producing fertilizer.

Mr. McKELLAR. Or for the purpose of producing nicotine.

Mr. BARKLEY. Or for the purpose of producing nicotine.

If the Senator will permit me just a moment. Take a tobacco stalk. It is cut and cured in a barn. It is taken out afterward and stripped. All the leaves are broken off. That still leaves the stalk, which is a useless thing unless it can be converted into fertilizer; and it makes a very fine fertilizer. You can take a bundle of stalks and throw them on a field and let them lie over the winter, and the grass that will grow there in the spring will be infinitely greener and larger and more healthy than the grass all around the place. These stalks are not salable for any purpose at all. They are thrown out in a pile, and sometimes are used for fertilizer.

Then the rib that runs down the middle is taken out, leaving the fiber for use either in cigars, cigarettes, or smoking tobacco. That rib or stem is not salable for any purpose. It is simply thrown in a pile of waste; but there is a certain liquid in it, a juice that can be extracted, that goes into nicotine. That is what is used in the manufacture of this insecticide. There is no other disposition that can be made of that waste, except for that purpose.

Mr. McNARY. Mr. President, I have no very great interest in the matter; but I do not want to see this bill so framed and fashioned as to favor any one product mentioned in it upon which a sales tax is to be paid, or a processor's tax.

It seems to me, from the very statement made by the Senator, that this is a product either of value or of no value. If it is waste, then it has not any commercial value. Then any use made of it certainly would not come within the provisions of the bill. If it is made out of a commercial tobacco, then this would be a processing.

Mr. BARKLEY. It is not made out of commercial tobacco, I will say to the Senator. There is nobody in any State of the Union that I know of who raises tobacco purely for the purpose of making fertilizer or insecticide. It is a byproduct that was discovered in the process of manufacturing tobacco into a usable commodity.

Mr. McKELLAR. The same thing is applicable to the corn stalks raised in the Senator's State, or wheat stalks, or wheat chaff.

Mr. BARKLEY. There is a certain portion of every leaf of tobacco that is wholly unusable either for chewing, smoking, or any other ordinary purpose for which tobacco is used.

Mr. McNARY. Has the Senator any figures to show what the aggregate sum of money is that would escape the processor's tax by reason of this exemption?

Mr. BARKLEY. I do not know that any of it would escape, because, as a matter of fact, in the ordinary factory where raw tobacco is used in making smoking tobacco, or plug chewing tobacco, or cigars, or cigarettes, as I understand, the tax will be paid on the entire product that is to be processed. In the processing there is a certain amount of waste that goes out to one side, upon which there has been already a tax paid. Out of that waste this other byproduct is made. I have not looked into the figures; but, even if any of it should escape the tax, it would be an infinitestimal amount.

Mr. McNARY. I assume from the statement of the very able Senator from Tennessee that this is pure waste; stalks and leaves that are not processed at all, upon which no tax has been paid. It is the refuse of that which is commercial.

Mr. BARKLEY. Of course, every stalk from which 10 leaves of tobacco have been stripped—that is what we call it, stripping tobacco—is useless as a commercial product. There are certain great factories that are known as "stemmeries", where the process of taking the stem out of the tobacco, as I said a while ago, is carried on. The mid rib—I suppose it might be called—running down the leaf is taken out so as to leave the pure fiber; and sometimes even the lateral stems are likewise removed. That stem has no salable value for any purpose. It cannot be used for anything unless what is in it in the way of liquid is extracted for whatever use it may be put to.

I am under the impression that this tobacco will already have paid the processing tax before the stem is separated or before the broken or torn parts of the leaf have been thrown aside as unusable in the manufacture of cigars or cigarettes. I doubt very seriously whether there really will be any escape of the processor's tax.

Mr. McNARY. Let me ask the Senator from Tennessee whether this amendment has been submitted to the Secretary of Agriculture or some of his advisers.

Mr. McKELLAR. No; it has not.

Mr. McNARY. What prompted the Senator to offer it on the floor?

Mr. McKELLAR. Some of those interested in tobacco in my State both wrote me and came to see me about it. They regarded this as simply a refuse that a tax of this kind, or of any kind, would prevent being used at all, while at present they are able to make a reasonably good article out of it.

Mr. McNARY. If we enter upon the adoption of a very large number of exceptions, we are going to ruin the purpose and plan of the bill.

Let me suggest to the Senator that he submit this amendment to the Secretary and get his reaction. I shall be very glad to know what he thinks about it.

Mr. McKELLAR. I shall be very glad to do that.

Mr. ROBINSON of Arkansas. Mr. President, I desire to offer another amendment. This is an amendment that has relation to the time of the commencement of the processing tax. Under the language of the bill, on page 10—

The processing tax with respect to any basic agricultural commodity shall commence on the date of proclamation by the Secretary of Agriculture that rental or benefit payments are to be made with respect to such commodity.

The amendment that is proposed contemplates that the processing tax shall take effect commencing with the next marketing year, rather than immediately on the determination that rental or benefit payments are to be made. This will permit the reduction program to have effect, and the farmer to receive the payments and to purchase industrial commodities before the processing tax is reflected in the price to the consumer.

The amendment is suggested by the Secretary of Agriculture. I ask for its adoption.

Mr. McNARY. Mr. President, will the Senator from Tennessee state what disposition is made of the amendment offered by him?

Mr. McKELLAR. I shall have to withdraw the amendment that I offered, so that the Senator from Arkansas can introduce his; and that I do for the present.

Mr. McNARY. I thank the Senator.

Mr. ROBINSON of Arkansas. It will be necessary to have unanimous consent to present this amendment, or to reconsider the vote by which the committee amendment on page 10 was agreed to; so I am just asking unanimous consent to present it to the committee amendment.

Mr. McNARY. The Senator is not asking that it be considered at this time?

Mr. ROBINSON of Arkansas. Yes.

Mr. McNARY. Let us have it stated, then. I really do not know what it is.

Mr. ROBINSON of Arkansas. May I explain to the Senator what it is?

Mr. FESS. Let us have it read.

Mr. McNARY. After the reading I shall be glad to have the Senator explain it.

Mr. ROBINSON of Arkansas. Very well.

The PRESIDING OFFICER. The amendment offered by the Senator from Arkansas will be stated.

The CHIEF CLERK. On page 10, line 18, it is proposed to strike out the word "The", and down through line 22 of the amendment proposed to be inserted, and to insert in lieu thereof the following:

When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation.

Mr. McNARY. Now, Mr. President, I wish the Senator from Arkansas would make a statement regarding the amendment.

Mr. ROBINSON of Arkansas. I have already explained it, but I will repeat the explanation.

The language that is stricken out makes the processing tax take effect immediately upon the issuance of a proclamation or the granting of benefits. This amendment provides that the processing tax shall take effect at the beginning of the marketing year, so as to permit the reduction program to have its effect, and the farmer to receive the benefits before the processing tax is reflected in the price to the consumer. It is proposed by the Department as a perfecting amendment.

The PRESIDING OFFICER. Is there objection to reconsideration of the vote whereby the committee amendment on page 10 was agreed to? The Chair hears none, and the vote is reconsidered.

The question is on agreeing to the amendment offered by the Senator from Arkansas to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. McKELLAR. Mr. President, I desire to offer an amendment in line 11, page 6: After the word "procured", strike out the period and insert a colon and the following language:

Provided further, That the provisions of part 2 shall not apply to part 1.

That amendment, if adopted, would mean that the processing provisions of part 2 will not apply to cotton, but that the cotton situation will be left in exactly the same position as it was under the Smith bill which passed the Senate at the last session of Congress.

Mr. McNARY. It does not affect the so-called "Smith plan" or cotton-option contract provision, does it?

Mr. McKELLAR. Oh, no; not at all.

Mr. McNARY. Let it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Tennessee will be stated.

The CHIEF CLERK. On page 6, line 11, after the word "procured" and before the period, it is proposed to insert a colon and the following:

Provided further, That the provisions of part 2 shall not apply to part 1.

Mr. McNARY. This amendment is offered to the cotton-option contract provision?

Mr. McKELLAR. It is.

Mr. McNARY. And the Senator does not want the allotment and rental benefit provisions to apply to the Smith plan?

Mr. McKELLAR. No. The amendment is for the purpose of permitting the Smith plan to go into this bill just as it passed the Senate in the last Congress.

Mr. McNARY. Let us see how that works. Let me see if I understand the Senator.

Under the Smith plan, the Secretary of Agriculture is to enter into a contract with a producer——

Mr. McKELLAR. Will the Senator pardon me for just one moment? Instead of entering into a contract, the first thing that has to happen is that all the cotton now held by the various departments of the Government is to be turned over to one board.

Mr. McNARY. Of course.

Mr. McKELLLAR. And then that board enters into a contract with the producer.

Mr. McNARY. Of course. The Senator is anticipating what I was going to say. I think I am familiar with the Smith proposal, and it applies only to Government-owned cotton, or that upon which the Government holds liens to the full amount of the present market price of cotton.

Mr. McKELLAR. That is correct.

Mr. McNARY. Then the Secretary of Agriculture is entitled to enter into an option contract whereby on the promise to decrease acreage by a cotton grower he can have an option to purchase a portion of the cotton now owned by him. Let us assume a cotton grower. The Senator wants to take that grower out of the allotment provision of the bill.

Mr. McKELLAR. That is true.

Mr. McNARY. If he reduces his acreage from 30 acres of cotton to 20 acres, and has a contract with the Secretary of Agriculture, the Senator does not want the 20 acres that will bear cotton this year to come within the provisions of part 2.

Mr. McKELLAR. That is true.

Mr. McNARY. Is that fair to the cotton growers of the country?

Mr. McKELLAR. I think it is, because there is an entirely different situation in regard to cotton than in regard to any other product. The Government now owns a surplus of cotton amounting to over 3,000,000 bales. Under the Smith plan it was so arranged that the Government could

use that in the way of options to the farmer and reduce not only the acreage but the production of cotton, do away in 1 year, as I believe, with the entire surplus now existing, and in that way greatly benefit the cotton grower. To my mind it is one of the most admirable plans that has ever been suggested for doing away with the surplus, and the reason why it is put in a different category from other products is that it is the only product of which the Government now owns and controls a large surplus.

Mr. McNARY. I know; but the Senator from Tennessee is not putting his finger upon the real point, in my opinion. Of course it is a fine thing and a laudable purpose for the Secretary of Agriculture to reduce the surplus by these optional contracts, but the grower who has the option and still is raising cotton for this year in competition with the growers who have no option would be exempted by the Senator from this tax, if I understand his amendment. If that is the purpose of the amendment, it is iniquitous and unfair to the cotton growers.

Mr. SMITH. Mr. President, if the Senator from Tennessee will allow me, the purpose of it is this: First, we have the unusual fact that 55 percent of the cotton, to state it conservatively, is exported. In order to raise the price of cotton under the allotment plan to the pre-war figure, taking that as the base period, such a percentage of it is exported that in order to bring the cotton up to the 12 cents figured out as being the basis of the purchasing power of cotton, under the base period, we would have to raise the 45 percent domestically consumed to 21 cents a pound in order to have an average on all the crops of 12 cents a pound. Cotton stands in a category to itself. The major part of our crop is exported.

I want to reiterate, so that the Senate will understand, that if we were to attempt to raise the average price of our cotton to where the farmer would receive an average of 12 cents a pound, we would have to raise the domestically consumed to 21 cents a pound, the other being 30 cents, so that if we multiply the 55 percent, the number of bales exported, by $30 a bale, and the 45 per cent by $105 a bale, and add the two together, we would get $63 a bale, or approximately 12 cents a pound. So that it is manifestly impossible to raise the price of cotton to the figure of the base period, or even approach it, under this allotment plan; but under the plan I have suggested, which was adopted by the Senate and the House, if we take the surplus cotton now existing and substitute it for the production this year, which we can do, then we will reduce the surplus and also reduce production, and, as we have a practical monopoly of the world's production of cotton, we could get a better price for all the cotton than we could hope to get through the taxing process under the allotment plan.

Mr. McKELLAR. Only as to 45 percent of it.

Mr. SMITH. Yes; only as to 45 percent of it. Even taking the 45 percent, if we add 6 cents to the present price and average it, cotton would bring only 7¾ cents. So that the objects of this amendment would be to let cotton have the full benefit of the allotment plan, without the tax being imposed on the 45 percent, to such an extent as to bring it to something like a parity with the pre-war period.

Under the crop-production fund there is an agreement, a contract, that the growers must reduce 30 percent, and under the regional Agricultural Credit Corporation there is also an agreement for a reduction of 30 percent, which, added to the substitution proposed, would bring about a reduction which I think would result in a price for our cotton that would be more satisfactory.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. ROBINSON of Arkansas. To me there is something confusing in the language employed in the amendment. I may be in error, but it does not seem to me to be clear what will be accomplished if the amendment be agreed to. The language of the amendment, as I recall it, is " The provisions of part 2 shall not apply to part 1."

Mr. McKELLAR. Mr. President, that means this: That the processing provisions provided for in part 2 will not apply to cotton. That is the purpose.

Mr. ROBINSON of Arkansas. I do not wish to attempt to influence the Senator to modify his amendment, but it does seem to me it could be made clearer by making it read, " The provisions of part 2 shall not apply to the existing stocks of the commodity described in part 1 ", or something like that.

Mr. McKELLAR. I shall be very happy to accept that amendment.

Mr. ROBINSON of Arkansas. I should like to ask a question. Do the provisions of part 3 apply to the cotton mentioned in part 1?

Mr. SMITH. Part 3 has reference to mortgages.

Mr. ROBINSON of Arkansas. No; part 3 has reference to cost of production.

Mr. SMITH. Part 2 ought to be included.

Mr. ROBINSON of Arkansas. I was just wondering whether it was the intention of the Senator to exempt it from part 2 and not from part 3.

Mr. SMITH. No; from part 3 also.

Mr. ROBINSON of Arkansas. Part 3 provides for the cost of production.

Mr. McKELLAR. Mr. President, I shall be very happy to modify my amendment and make it read as follows:

Provided further, That the provisions of parts 2 and 3 shall not apply to the commodity mentioned in part 1.

Mr. McNARY. Mr. President, unless I wholly misunderstand, the desire of the able Senator from Tennessee is to take cotton out from part 2.

Mr. McKELLAR. It is; the Senator has hit the nail right on the head.

Mr. McNARY. Part 2 refers to the allotment provision.

Mr. McKELLAR. That is true.

Mr. ROBINSON of Arkansas. Mr President, it was stated, in answer to a question of the Senator from Oregon a few moments ago, that the object was to take the stocks of cotton in the possession of the Farm Board out of part 2, and, so the amendment is modified, out of part 3. That is a very different proposition from taking cotton out as a basic commodity.

Mr. McKELLAR. The Senator means the future cotton crop?

Mr. ROBINSON of Arkansas. Cotton hereafter to be grown. That is an entirely different proposition.

Mr. McNARY. I want to know about what we are trying to do.

Mr. ROBINSON of Arkansas. That is what I am trying to find out.

Mr. McNARY. Mr. President, I am sincerely desirous of knowing what we are about to do. It looks to me as though we are about to slip cotton out of the allotment features of this bill.

Mr. SMITH. That is right; what we are attempting to do is to leave cotton in part 1 as it passed the Senate, segregated from the allotment plan and the cost-of-production plan, and take it out under part 2, in which it finds itself. That is the object of this amendment, for the reason that by no process can we figure any profit to accrue from the application of that law.

Mr. McNARY. Now, I have it from the able Senator from South Carolina, the chairman of the committee, that the desire is to take cotton out of the alleged benefits of part 2, which is the allotment feature of the bill.

Mr. SMITH. That is what the intent of this amendment is.

Mr. McNARY. So that it would provide that the basic agricultural commodities consist of wheat, corn, hogs, tobacco, and rice, cotton being omitted.

Mr. SMITH. Yes; except as it is affected by part 1.

Mr. McNARY. That is unusual, revolutionary, and wholly against the judgment of the Secretary of Agriculture. It is regrettable that I have to stand here on the floor and defend your Secretary of Agriculture.

Mr. SMITH. Mr. President, I do not think this proposition as presented by the Senator from Tennessee was ever brought to the attention of the present Secretary of Agriculture. I have tried to show, and I think anyone may just sit down and take the figures and see, that under the allotment plan it would be impossible to benefit cotton to any extent at all, or at least appreciably, because 55 percent of it has to go at the world price, 45 percent at whatever bid or price or tax may be placed upon it. Therefore, if cotton is left in part 1 and allowed the substitution it provides for, together with the reduction which is now being carried on under the crop-reduction fund, I see no reason in the world why we may not get a reasonable return, without any tax whatever being added.

Mr. NORRIS. Let me suggest, Mr. President, that if it is desired to take cotton out of the bill, except in part I, why not do it by striking it out on page 16 where the basic commodities are enumerated? That will end it all; that will take it out.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. NORRIS. Just a moment. If we adopt this amendment, we will still have in the bill this language:

As used in this title, the term "basic agricultural commodity" means wheat, cotton—

And so forth.

If we are going to provide in another portion of the bill that it shall not apply to cotton, why not do it by striking out cotton as one of the enumerated basic commodities? It will still be in part I, because it is mentioned by name there. Striking out the word "cotton" on page 16 would accomplish what is desired.

Mr. SMITH. I think that would be preferable.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. SMITH. I do.

Mr. ROBINSON of Arkansas. We were told that the object of the amendment of the Senator from Tennessee was to exempt from the provisions of part II the stocks of cotton in the possession of the Farm Board. That raised a question which was quite different from the one now at issue. The one now at issue involves the problem as to whether we will limit to the Smith option cotton plan all the prospective benefits under the bill so far as cotton is concerned. I am not willing to do that, and I do not believe the Senate wants to do it.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. If I have the floor, I yield to the Senator.

Mr. McNARY. The Senator from Arkansas has put his finger on the situation. The first question I propounded to the Senator from Tennessee [Mr. McKELLAR] was whether he desired to take out of the operation of part II only such cotton as was owned by the Government, and I understood that was the purpose. Now the Senator from South Carolina says the purpose is, except as to part I, to remove cotton from the operation of the bill whether it is owned by the Government or whether it is privately owned.

Mr. McKELLAR. Mr. President, I do not think the amendment does that. I think that all the amendment proposed by me does is to take the cotton that is now held and owned by the Government out of the plan.

Mr. BARKLEY. Mr. President, if the Senator will yield, as a matter of fact, does cotton now held by the Farm Board come under part 2 of this bill?

Mr. NORRIS. No.

Mr. McNARY. No.

Mr. BARKLEY. Why take it out, then, when it is not in?

Mr. McNARY. The Senator from South Carolina goes so far as to say that on page 16, line 8, wherein basic agricultural commodities are defined, he wants to strike out the word "cotton."

Mr. SMITH. I do. Mr. President, I do not want any misunderstanding. I think, in view of the fact that such a tremendous percentage of our cotton is exported, that the equalization provisions will not be a benefit; but if we allow the cotton we now have in possession of the Government to be eliminated in lieu of that much production, together with such reduction of acreage as the crop-reduction plan may bring about, without interfering with any processing whatever, it will be of benefit. In view of the fact that we have a practical monopoly of the world's production of cotton and are dependent upon the foreign market to absorb 55 or 60 percent, I think that the processing-tax provision will disappoint every cotton grower, for the reason that, at the point to which it is proposed to raise it, it will not benefit the grower a quarter of a cent a pound.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. NORRIS. Let me suggest to the Senator that part 1 applies to cotton now in existence or controlled by the Government. That is all it does do.

Mr. SMITH. Yes. But, Mr. President——

Mr. NORRIS. Just a moment. Suppose we carry out part 1; that cotton cannot be used twice; after that cotton is used, then it will not be subject to the other portions of the bill in the future so far as their application to cotton is concerned. So, after the first year has gone by, it will be impossible to carry out the provision of part 1, because when the plan under part 1 is once put in operation it ends as soon as the cotton owned by the Government is disposed of. Then, the following year, if the amendment were agreed to, it would be impossible, of course, to apply any of the other provisions to cotton if the Secretary wanted to do so.

I should like to add, if the Senator will permit me, that I myself have no objection to striking it out of the bill if that is what the cotton representatives want; but it seems to me that unless they are practically unanimous in the desire to strike it out I would not want to do it, because we will have eliminated cotton forever from the operations of the bill just so soon as we get through with the sale of the cotton now owned by the Government, and there will be no authority to do anything for the cotton grower 1 year after the bill was put in operation.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. McKELLAR. What the Senator from Nebraska said would be true if his suggested amendment striking out cotton, on page 16, were adopted.

Mr. NORRIS. If the Senator will permit me, the Senator from South Carolina, with his usual fairness—and I commend him for it—says that the object of this amendment is to take cotton out of the bill.

Mr. McKELLAR. I do not think it goes that far.

Mr. NORRIS. If it does, then we ought to take it out by striking it out, which would have the effect that it would make it forever impossible after the present cotton owned by the Government is disposed of for the bill to have any effect whatever with respect to cotton.

Mr. McKELLAR. That would not be true unless on page 16, line 8, the word "cotton" were stricken out. If the amendment offered were adopted, it would apply to the present surplus.

Mr. NORRIS. Then the cotton men have not agreed among themselves as to what effect this amendment would have.

Mr. BARKLEY. Mr. President, may we have the amendment stated?

The PRESIDENT pro tempore. The amendment will be again stated.

The LEGISLATIVE CLERK. On page 6, line 11, after the word "procured", it is proposed to insert:

Provided further, That the provisions of parts 2 and 3 shall not apply to the commodity mentioned in part 1.

Mr. BARKLEY. That takes it out all right.

Mr. McNARY. That takes cotton out of the provision relating to the cost of production, and it also takes it out of the benefits under the acreage-reduction plan and the so-called "allotment plan."

Mr. McKELLAR. Mr. President, as I understand, part 1 applies now to cotton owned by the Government. Is not that correct? Undoubtedly it is. The only effect of this

amendment is not to apply the provisions of parts 2 and 3 to the particular cotton now owned by the Government. It is true that the Senator from South Carolina said he thought it ought to be taken out entirely; but that, in my judgment, is not what this amendment does.

Mr. ROBINSON of Arkansas. I think it does under the language as it is drawn.

Mr. NORRIS. Mr. President, if what the Senator from Tennessee says would be accomplished, he might just as well withdraw the amendment or the Senate might just as well not agree to it, because so long as section 1 is in operation the Secretary will operate under the authority there given in the case of the existing cotton, and, I take it, will not apply the other provisions of the bill to cotton during the same time.

Mr. McKELLAR. I am not at all sure about that; I think he would have to do it.

Mr. NORRIS. Unless all the cotton men agree, I should dislike to see cotton stricken out, although I do not believe any secretary would in the first year apply part 2 to cotton; he could operate under part 1.

Mr. SMITH. Mr. President, if the Senator from Tennessee would modify his amendment so as to provide that it shall not apply beyond 1933, I think the purpose of the amendment would be accomplished.

Mr. BYRNES. Mr. President, will the Senator yield to me?

The PRESIDENT pro tempore. The Senator from South Carolina has the floor. The Senator from Alabama [Mr. BANKHEAD] has been on his feet for some time. Does the Senator from South Carolina yield and, if so, to whom?

Mr. SMITH. I yield first to my colleague.

Mr. BYRNES. I should like to ask the Senator from Tennessee a question. Part 1 refers not only to a commodity, but it refers by its very title to "cotton option contracts" and describes certain contracts and the transactions to be carried on with reference to those contracts. Under the language of the Senator's amendment the provisions of part 2, relating to the allotment plan, shall not apply to part 1. Is it not left very vague and indefinite as to what is meant by the amendment, because it would indicate that the allotment plan shall not apply to the contracts which are referred to in part 1?

Mr. McKELLAR. Oh, no; it merely makes it perfectly clear that the processing tax shall not apply to the cotton that is covered by part 1; that is all.

Mr. BYRNES. I want to suggest to the Senator if that is his intention, why does he not say in the amendment that the provisions of part 2 shall not apply to cotton in the custody or control of the department of the Government referred to in part 1?

Mr. McKELLAR. I will ask the Senator to listen to the amendment, and he will see that it does apply to it.

Provided further, That the provisions of parts 2 and 3 shall not apply to the commodities mentioned in part 1.

Mr. BYRNES. I did not hear the word "parts" in the amendment.

Mr. McKELLAR. That is exactly what the Senator from South Carolina now suggests.

Mr. ROBINSON of Arkansas. Mr. President, there is this confusion in thought there: The commodity in part 1 is cotton.

Mr. McKELLAR. Yes.

Mr. ROBINSON of Arkansas. And it is the equivalent of saying that part 2 and part 3 shall not apply to cotton. That is the construction a court would place on it. So I think, if the Senator wishes to limit his provision to the cotton referred to in part 1, all he has to do is to say so.

Mr. McKELLAR. In other words, instead of applying it to the commodity apply it to the stocks of cotton.

Mr. ROBINSON of Arkansas. As described in part 1.

Mr. McKELLAR. I have no objection to that.

Mr. LONG. Mr. President, on page 4, subsections (a) and (b) and (c), provision is made for selling back the surplus cotton to the farmers provided they leave their lands lying idle.

Mr. McKELLAR. Yes.

Mr. LONG. I think the Senator's amendment will complicate that feature of the bill.

Mr. McKELLAR. Why and how?

Mr. LONG. There will be interwoven with the stock of cotton contracts to be made with farmers that they are not to plant any more cotton on their land next year, as a consequence of which there is to be sold back to them some of the cotton now held.

Mr. McKELLAR. Yes; and, of course, if the provisions of part 2 and 3 apply to the cotton that is sold back, it would complicate the matter very much, whereas if we insert such a provision as is now suggested by the Senator from Arkansas to the effect—

Provided further, That the provisions of part 2 and 3 shall not apply to the stocks of cotton in part 1.

That would absolutely eliminate the stocks of cotton now held by the Government; and they ought to be eliminated, as I think every Senator here will agree from the provisions of part 2 and 3, providing for the processing tax on cotton. I do not think we ought to apply the processing-tax feature to cotton that is already in existence and is already owned by the Government.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BARKLEY. If part 3, which is the cost of production plan, is likewise not to apply, and if it will be unlawful under this bill for a farmer who produces cotton to sell it for a price below the price proclaimed by the Secretary of Agriculture, why should the Government be allowed to do it with respect to cotton which it has?

Mr. McKELLAR. I do not see that that changes the situation at all.

Mr. BARKLEY. If we are going to put the farmer in jail, why not also put the Government in jail?

Mr. McKELLAR. I do not believe we could put the Government in jail.

Mr. BANKHEAD. Mr. President——

Mr. LONG. What is going to be done with a man who buys this cotton?

The PRESIDENT pro tempore. Does the Senator from Tennessee still hold the floor?

Mr. McKELLAR. I believe I have the floor.

The PRESIDENT pro tempore. The Chair will ask, Does the Senator yield to the Senator from Alabama or to the Senator from Louisiana?

Mr. McKELLAR. I will yield to both. First I yield to the Senator from Louisiana, and then I will yield to the Senator from Alabama. I am delighted to yield.

Mr. LONG. I will let the Senator from Alabama go ahead first.

Mr. BANKHEAD. Mr. President, this is a highly confusing situation. To begin with, the amendment is in such language that no one can quite understand what it is sought to do, and I am thankful to the Senator from Oregon [Mr. McNARY] for uncovering what underlies the proposal.

Mr. McKELLAR. There is nothing secret about it, I will say to the Senator.

Mr. BANKHEAD. I understand that.

Mr. McKELLAR. We are trying to make this language as specific as possible, and I am surprised that the Senator from Alabama cannot understand it. All I am proposing to do is not to permit cotton now in the hands of the Government to be subjected to the plans provided in parts 2 and 3. That is all; it is just as plain and open as I know how to make it.

Mr. BANKHEAD. The Senator's statement has been perfectly frank, entirely so; but let us see what effect it will have. I am afraid the Senator has not fully considered that point. He says it is not his object to take cotton out of the bill except so far as the Smith plan is concerned, and cotton under the Smith plan is not to be subject to the processing tax.

One of the principal values of the bill, from the standpoint of many of us from the cotton section, is the hope that by reason of the breaking of acreage, production will be materially decreased and thereby we will get rid of a large part of the terrible surplus hanging over the market.

The effect of the amendment of the Senator from Tennessee is, under his construction of it and assuming that it goes no further, to eliminate about 3,000,000 bales of cotton. What will be the effect of that and why should that be done? Why should the 3,000,000 bales of cotton be exempt? The producers of cotton are not exempt from the processing tax, but how much will be processed? Less than 5,000,000 bales in its entirety will pay the processing tax. The Senator's amendment proposes to reduce that 5,000,000 by approximately 3,000,000 bales, so we will have less than 2,000,000 bales upon which the processing tax is to be paid. With that very great reduction in income, everyone familiar with the situation knows that whether intended or not, and I do not think it is so intended, it absolutely destroys the effectiveness of any plan in the bill that may be put in operation with reference to cotton. We cannot put the allotment plan into effect, and I hope in practice it will not be put into effect, but I do not want to take cotton out of the bill. We cannot secure tax money enough. If the Senator's amendment is adopted, it will not leave any substantial amount of acreage for that purpose, nor will it bring about the hoped-for results in reduction of production.

But let us take another viewpoint. The Senator proposes to exempt from the tax about 3,000,000 bales of cotton now owned by the Government. Naturally, the 3,000,000 bales will be bought at once by the millers. They will take that cotton instead of buying cotton from the farmers. It would, therefore operate as a destruction of the purchasing power of the farmer to the extent of the entire quantity of cotton owned at this time by the Government.

The Senator from Louisiana [Mr. LONG] clearly went to another defect and difficulty in the amendment, and that is taking sections 2 and 3 entirely away from cotton. It not only reduces the amount of taxes to be acquired for that purpose but eliminates it from the leasing plan, the very plan that most of us, or at least I, prefer. We prefer the application of the leasing plan.

Mr. LONG. As a matter of fact, it would do away with the leasing plan, would it not?

Mr. BANKHEAD. Yes; the amendment has taken it away from us. If the Senate wants to destroy this plan so far as one of the basic commodities is concerned, here is an effective amendment to accomplish that purpose. We might as well strike it out entirely, because when we take 3,000,000 bales out of less than 5,000,000 upon which the tax can be paid, we eliminate the possibility of applying either the allotment plan or the leasing plan.

I have undertaken no poll of Senators from the Cotton States, but I know that so far as I am concerned I am not in accord with this effort to take cotton out and leave wheat and other commodities in the plan. Nobody has ever proposed in the consideration of the bill in the Senate to take cotton or wheat, the two principal basic commodities, out of this plan. Certain Senators have sincerely advocated limiting the commodities to wheat and cotton, but this is the first suggestion from the time of the introduction of the bill during the last session of Congress until the present time that I have ever heard from any source to take either one of those two great basic agricultural commodities out from the bill.

I have supported the Smith plan. I supported it in the last session. I hope it will be helpful to some extent. But if we have nothing but the Smith plan left for cotton, then I would say that the bill is inoperative in the main substantially and not of real effect in the whole cotton area of the country. I say that in my judgment the Smith plan will help. I have advocated it all the time. But any thoughtful man knows that with 13,000,000 bales of carryover cotton, with an annual consumption less than that amount, with a 2,000,000 or 3,000,000 bale reduction in the production of cotton alone, it will not make operative the declared purpose and policy of the bill, which is to adjust supply to demand in an effective way so as to get a fair and reasonable price consistent with the prices paid for industrial commodities.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was rejected.

Mr. LONG. Mr. President, I want to offer an amendment at this time.

Mr. SMITH. Mr. President, before the Senator offers his amendment let me say that there are certain amendments which will be offered later to part 1. Some Senators interested in long staple cotton have asked an opportunity to examine an amendment which has been proposed relating to that subject. If there are no other amendments to be offered to part 1, then the Senator from Louisiana may as well offer his amendment at this time.

Mr. LONG. Mr. President, I have an amendment to offer to part 1. I wish to offer the amendment to be inserted at the end of part 1, on page 6, after line 11. I want it inserted as a new section 8.

The PRESIDENT pro tempore. The amendment will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Louisiana offers the following amendment:

On page 6, after line 11, to insert the following new sections:

"TITLE III. CURRENCY EXPANSION

"SEC. 8. To expand the currency to restore confidence the Secretary of the Treasury is hereby authorized and directed to purchase silver bullion and to pay for same by issuing to the seller or sellers silver certificates in denominations of $1, $5, $10, $20, and $100 payable to bearer on demand. And he shall continue to purchase and so pay for same so long as the average daily market price of silver bullion is not 10 cents an ounce in excess of the average daily market price for the preceding 90 days, until 371¼ grains of fine silver reaches a parity in value with 25.8 grains of gold nine-tenths fine; and should the market price of silver bullion, at any time, so decline as to destroy such parity, the Secretary of the Treasury is instructed to immediately resume the purchase of silver bullion until such parity is restored.

"SEC. 9. The silver certificates authorized to be issued under this title are hereby made legal tender and shall be accepted at their full face value for all debts and dues, public and private, of every nature and description, and when accepted by the Government shall be reissued and in all respects shall become a part of the lawful money of the United States.

"SEC. 10. There shall be engraved on one side of each silver certificate so issued, 'This certifies that there is on deposit in the Treasury of the United States silver bullion equivalent when valued in gold to the face value of this certificate', and on the reverse side, 'This certificate is legal tender for all debts, both public and private.'

"SEC. 11. The bullion purchased under this title shall be stored in the Treasury of the United States in blocks or bricks of standardized and uniform fineness and in convenient units by weight and stamped by authorized official stamp, as may be determined within the discretion of the Secretary of the Treasury.

"SEC. 12. The Secretary of the Treasury is further authorized and directed to issue additional certificates against said silver bullion so acquired and deposited in the Treasury under this title: *Provided*, That the amount of silver bullion so acquired and on deposit in the Treasury as aforesaid exceeds by 10 percent in value all certificates issued against same, including the additional certificates when valued in gold. The additional certificates so issued shall be put in circulation by discharging current obligations of the Government.

"SEC. 13. Should at any time the amount of silver bullion acquired and deposited in the Treasury under this title become in value less than 10 percent in excess of the face value of all certificates outstanding against same, the Secretary of the Treasury shall at once proceed to purchase a sufficient amount of silver bullion and deposit same in the Treasury until the amount on deposit in the Treasury shall exceed by 10 percent in value the total face value of all certificates issued and outstanding against same, and the sum of $100,000,000 is hereby appropriated to be used for that purpose, if necessary.

"SEC. 14. Upon the presentation for redemption by the bearer of silver certificates provided for in this title, there shall be delivered to the holder of the certificate an amount of silver equal to the gold equivalent in value of the certificate so presented at the market price of silver as of the day prior to the date of presentation: *Provided, however*, That the Secretary of the Treasury shall have the option of redeeming said certificates in gold in lieu of silver at their full face value.

"SEC. 15. The Secretary of the Treasury is authorized and directed to make rules and regulations for carrying out the provisions of this title."

Mr. WHEELER. Mr. President, I send to the desk an amendment in the nature of a substitute for the amendment just offered by the Senator from Louisiana.

The PRESIDENT pro tempore. The clerk will report the proposed substitute.

The LEGISLATIVE CLERK. The Senator from Montana offers an amendment in the nature of a substitute for the amendment offered by the Senator from Louisiana, as follows:

SEC. 34. That the proportional value of silver to gold in all coins which are by law current as money within the United States shall be as 16 to 1, according to quantity in weight, of pure silver or pure gold; that is to say, every 16 pounds weight of pure silver shall be of equal value in all payments with 1 pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective metals.

SEC. 35. There shall be free coinage of both gold and silver, at the ratio fixed in this title, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coins, bars, or bullion of gold, shall apply equally, so far as practicable, to silver.

SEC. 36. The dollar, consisting of 25 $\frac{8}{10}$ grains of gold nine tenths fine or of 412½ grains of silver nine tenths fine, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

Mr. LONG. Mr. President, I understand we will recess very soon. Under the rule will my amendment and the substitute of the Senator from Montana be printed, so we will have them in that form in the morning?

The PRESIDENT pro tempore. They will be printed.

Mr. ROBINSON of Arkansas. Mr. President, I presume it would not be practicable to dispose of the amendment or the substitute this afternoon. I should like to ask for a brief executive session at this time.

Mr. BANKHEAD. Mr. President, I present a proposed substitute for section (c) on page 22, and ask that it may be printed for the information of the Senate and lie on the table.

The PRESIDENT pro tempore. That order will be made.

STATEMENT OF WILLIAM GREEN AS TO ORGANIZATION OF SCHOOL TEACHERS

Mr. BONE. Mr. President, I send to the desk a statement issued by William Green, president of the American Federation of Labor, dealing with the problem of school teachers. I ask that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The American Federation of Teachers was chartered by the American Federation of Labor for the purpose of creating an opportunity through which the teachers of the Nation could organize into and associate themselves with an organization of their fellow workers in all walks of life for mutual helpfulness and protection.

The teachers of the Nation occupy a very large place in the minds and hearts of all classes of people. One can truthfully say that they are generally held in high regard and in high esteem. They occupy a very close relationship to the home life and the family life of the Nation. The very importance and dignity of their service and their position command sincere respect. But even though the fathers and mothers of the Nation entrust their children to the care and training of the teachers in our schools, colleges, and universities, there is a manifestation of indifference approximating total disregard, in some places, of the economic and social welfare of the school teachers of the Nation. This fact and the experience through which the public schools of the Nation and the teachers have passed during the last 3 years serve to demonstrate the fact that the salvation of the teachers, their economic well-being and welfare depend upon their own efforts, upon the exercise of their individual and collective influence.

It has been made clear that they cannot protect their wages, salaries, and their living standards except through organized action and organized activity. School teachers, like all other groups of citizens, are helpless as individuals but can be made strong and influential when organized into a strong economic and social force.

The value and need of organization among teachers has been clearly established. If the teachers are to save themselves, if they are to protect and promote their economic and social interests, if their living standards are to be placed upon a plane commensurate with the requirements of their profession and their social status, they must unite and contend vigorously together for the realization and enjoyment of these priceless blessings.

Let no teacher labor under the illusion in these days of mass consideration and mass action, of keen competition and blind commercialism, that he or she can secure and maintain an economic and social status in keeping with the teaching profession because of personal or individual merit. Cruel, stern, economic law and economic pressure do not recognize individual merit, social standing, or special training.

Let the teachers organize and organize effectively for mutual help and mutual protection. The opportunity is here and the organization which the teachers of the Nation ought to join is functioning. The hosts of labor, those who make up the great organized labor movement, appeal to the teachers of the Nation to join with them, to come with them, and to work with them in the establishment of higher living standards and in the fight which the wage earners and salary earners of the Nation are making to bring about the realization of American ideals.

The teachers can save themselves, they can save the public schools of the Nation, and can establish decent living standards through organization and through affiliation with the American Federation of Teachers. Isolated, individualistic, acting separately and alone they will be forced to endure indefinitely the suffering which so many of them now experience.

In behalf of all those associated with the American Federation of Labor I appeal to the teachers of the Nation to organize through affiliation with the American Federation of Teachers.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

REPORTS OF COMMITTEES

The PRESIDENT pro tempore. Reports of committees are in order.

Mr. TRAMMELL. From the Committee on Naval Affairs I report back favorably with the recommendation that it be confirmed, the nomination of Quartermaster Clerk Rosco Ellis to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 25th day of February 1933.

The PRESIDENT pro tempore. The nomination will be placed on the calendar.

Mr. SHEPPARD. From the Committee on Military Affairs I report back favorably sundry nominations for the calendar.

The PRESIDENT pro tempore. The nominations will be received and placed on the calendar.

If there be no further reports of committees, the calendar is in order.

DEPARTMENT OF COMMERCE

The Chief Clerk read the nomination of John Dickinson, of Pennsylvania, to be Assistant Secretary of Commerce, vice Julius Klein, resigned.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Frank T. Bell, of Washington, to be Commissioner of Fish and Fisheries, vice Henry O'Malley.

Mr. McNARY. Mr. President, personally I am very sympathetic with and support this nomination; but a Senator who is absent said to me that he would like to have it go over for the day.

Mr. DILL. What Senator was it?

Mr. McNARY. The Senator who objected yesterday, I think.

Mr. DILL. If the Senator refers to the Senator from Wyoming [Mr. CAREY], I talked with him twice since he made his objection, and he said that he had no objection.

Mr. McNARY. Very well, Mr. President.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

PHILIPPINE ISLANDS

The Chief Clerk read the nomination of Frank Murphy, of Michigan, to be Governor General of the Philippine Islands.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. DILL. I ask unanimous consent that the President be notified of all three confirmations.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the President will be notified of the confirmation of all the nominations.

That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. SMITH. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 33 minutes p.m.) the Senate took a recess until tomorrow, Saturday, April 15, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 14 (legislative day of Apr. 11), 1933

ASSISTANT SECRETARY OF COMMEBCE

John Dickinson to be Assistant Secretary of Commerce.

COMMISSIONER OF FISH AND FISHERIES

Frank T. Bell to be Commissioner of Fish and Fisheries.

GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS

Frank Murphy to be Governor General of the Philippine Islands.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 14, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou Christ the Crucified One and Mary's Holy Child, consider and hear us. The Lord is my shepherd; I shall not want. He maketh me to lie down in green pastures: He leadeth me beside the still waters. He restoreth my soul: He leadeth me in the paths of righteousness for His name's sake. Yea, though I walk through the valley of the shadow of death, I will fear no evil: for Thou art with me; Thy rod and Thy staff they comfort me. Thou preparest a table before me in the presence of mine enemies: Thou anointest my head with oil; my cup runneth over. Surely goodness and mercy shall follow me all the days of my life: and I will dwell in the house of the Lord forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J.Res. 152. Joint resolution to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress.

MESSAGE FROM THE PRESIDENT

A message from the President announced that he did on March 24, 1933, approve and sign a bill of the House of the following title:

H.R. 3757. An act to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases.

LABOR, THE SWEATSHOP, AND THE ANTITRUST LAW

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein certain excerpts of a radio symposium on labor, the sweatshop, and antitrust law in New York City on April 9, 1933.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SWEENEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

[Reprint from the Gaelic American]

In the radio forum hour, broadcast over WOR on Sunday afternoon, April 9, the entire time was given to an instructive and forward-looking symposium on Labor, the sweatshop, and the Antitrust Law.

The speakers were Mr. Jeremiah D. Maguire, president of the Federation Bank & Trust Co., which is recognized as the outstanding labor banking institution of the country; Prof. George J. Langley, of Pace Institute; and Hon. Leslie J. Tompkins, well-known New York lawyer and professor of law at New York University.

MR. MAGUIRE'S ADDRESS

Mr. Maguire reviewed the 30-hour week labor bill, designed to limit the hours of employment in production or manufacture of articles for interstate commerce, as passed by the United States Senate on April 7. Mr. Maguire said, in part:

"We must still recognize that the American worker should receive, for his labor, a rate of remuneration which will enable him to live according to the accepted American standard, and enable him, during the years of his normal working life, to lay aside at least moderate saving against the inevitable rainy day and against the years of old age."

Continuing, Mr. Maguire said: "We must afford to the manufacturer of the country sufficient latitude to so conduct his business that the business shall show a fair return upon the capital invested, after payment to the laborer of that fair wage which comports with our American standard of living." Mr. Maguire added that, "As the current earning statements of industry show a picture of normal profits, the bankers can normally fulfill, to appropriate extent, all the functions of bankers in taking care of the needs of industry."

PROFESSOR LANGLEY'S TALK

Professor Langley traced the history through its early phases of pre-Christian individualism, up into the best cooperative attainments of the guilds of the Middle Ages, and eloquently painted the picture of the forced competition and overexpansion and forced selling which led into the depression of the last 4 years. Professor Langley pleaded for the liberalization of outmoded legislation and the inauguration of a new era of social justice which would permit the United States to better fulfill her destiny.

PROFESSOR TOMPKINS REVIEWS CURRENT LEGISLATION

Professor Tompkins reviewed the proposals of current proposed legislation to this end, and said, in part: "Before proceeding to explain the provisions of the Senator David I. Walsh bill, may I refer to former Governor Smith's program for public buildings, in which it is proposed to spend upwards of two or more billions of dollars. Without a modification of our statute laws of today, all of the materials for construction must be produced under unbridled competition, which will result in a loss to the producer. Labor will be obliged to work at reduced rates and raw materials will be sold at unprofitable prices, in many instances below the cost of securing. The net result will be that the country is actually poorer at the completion of the program than it was at the commencement. On the other hand, were we to modify our laws in line with the suggested principles of the Walsh bill, be the appropriations small or great, the raw material will be sold at a fair price and the producer or manufacturer will be able to put in a schedule of cost that will include a fair wage for labor, earn a reasonable return upon his invested capital, and at the end of each day the country will be just a little richer and a little further along the road to prosperity. You may well say that this is not new, but not only must memory be recalled 'lest we forget', but we must act as well as think. Should you see the matter in the way we are presenting it, yours is the duty to urge our legislators in Washington and in State capitols to immediate action.

SENATOR WALSH'S BILL

"To us Senator WALSH'S bill appears to afford the needed remedy. It provides for a commission to whom contracts between competing interests may be voluntarily submitted; that such interests may, within well-defined limitations, enter into contracts for the appointment of production and the regulation of price, provided the proposed agreement, with a statement of reasons therefor, be first filed with the commission; that the proposed contract shall be assumed to be in the public interest if it results in a fair wage to labor and fair compensation to producers of average ability and efficiency; and that no person a party to such contract may increase the price beyond the fair and reasonable profit fixed therein. Each industry has the responsibility of producing the facts relating to its own line of endeavor.

"During the year that this bill has been pending tens of millions have been expended in a vain endeavor to cure the evils of unemployment, but without going to the cause of the unemployment. The millions of workers out of employment have increased; the peril to the spiritual as well as to the material side of our national life has intensified, and the dollar of disbursement which was found in 1928 in the manufacturing industries pay roll of the United States has dropped to 36 cents in September of 1932."

Federal Trade Commission

Professor Tompkins then proceeded to explain the proposed enlargement of the Federal Trade Commission and its extension of powers, saying:

"The bill enlarges the present Federal Trade Commission from 5 members to 9, not more than 5 to be from the same political party, provides for appointment by the President, fixes salaries at $10,000 a year, and gives the commission wide and discretionary powers.

"It is very obvious that if the new Federal Trade Commissioners be men of wide understanding with broad progressive ideas of social service, the agreements brought back in each industry for renewal and extension from time to time could be progressively made to include all worthwhile matters of social service, such as old-age pensions, unemployment insurance, health insurance, and various matters of working-condition improvement, as well as shorter working week, a shorter working day. The time may have come when the production week should be a shorter week in order to prevent our productive output from running away again from our consumptive capacity.

"Structures and buildings

"Beyond these benefits to ensue, the adoption of the principles contained in the Walsh bill will have the effect of increasing the present values of structures and buildings now existing which were erected under the old basis of cost. Take, for instance, any large building today; if it were erected at the 1925 to 1930 levels, and had to compete directly with a duplicate building erected today, the value of the old building would have to be depreciated perhaps 40 to 45 percent. But if it were established that the new building to be erected shall include within its cost a fair compensation to all concerned and bring into effect the essentials of social service, which must gradually be funded upward to eliminate Federal and State unemployment relief, and perhaps aged relief in the future, the cost of the new building would come close to the cost value of the older building, and the present investments of our banks, insurance companies, and individuals would be preserved."

Picturing the growth of public thought upon this particular phase of proposed constructive legislation, Professor Tompkins pointed out:

"While the subject is new in the matter of time, public opinion is in the making upon it. Individuals, trade organizations, labor organizations, and leaders of thought have been loud in their demands. The press as exemplified by the papers controlled by Mr. Hearst, Colliers, and other newspapers and magazines, have been busy these past few months with editorial comment and special articles, and all without exception have endorsed the principles embodied in the Walsh bill."

And Professor Tompkins closed one of the most worth-while Radio Forum hours ever presented in this country by saying:

"It is hard to imagine a greater public service that could be performed now than bringing into immediate operation the legislative principles available to us in Senator WALSH'S bill. With these principles in force, we confidently believe that the President will supplement them with the appointment of commissioners who will give real, long-sighted, clear-visioned service to the future of the country, and thus bring prosperity to industry and labor."

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next at 12 o'clock noon.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, this country and its Government must be freed from the strangle hold of the usurping ring of international banksters. This gang of usurping mammonites is gaining more of a strangle hold upon the new administration than it held upon the past administration. The public are fast losing confidence. Confidence will not be restored by further continuing in power this gang control over the finances of this Nation.

The people of this country want to know the condition of the United States Treasury and whether the gold and the trust funds are intact, and what the liabilities of the United States are. The people have a right to know this. If we pass laws for publicity on issues of railroad, industrial, public utility, and foreign issues of securities, should not the United States furnish the investors and the stockholders of the United States auditors' reports as to the assets and liabilities of the United States? Until this information is furnished the investing public no more Government bonds should be sold by this Government.

Are we going to pay the inevitable price of proving our imbecility, or are we going to exercise the rights of the people who sent us here to whom only we are responsible?

I am calling your attention to House Concurrent Resolution No. 12, now pending before the Committee on Rules, which calls for the appointment of five Members each from the House and Senate to make an audit of the assets and liabilities of the United States Treasury. This resolution reads as follows:

Resolved by the House of Representatives (the Senate concurring), That there is hereby established a special joint congressional committee (hereinafter in this resolution referred to as the committee) to be composed of five Members of the Senate, to be appointed by the President of the Senate, and five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. Upon the termination of the present Congress the committee shall cease to exist.

SEC. 2. The committee is authorized and directed to investigate and make an audit of the operations of the Treasury Department in the collection, investment, and disbursement of public moneys, and of moneys derived in whole or in part from sources other than taxation, and to report to the Senate and the House of Representatives, as soon as practicable, but not later than the termination of the present Congress, the results of its investigation, together with such recommendations for legislation as it deems advisable.

SEC. 3. For the purposes of this resolution the committee is authorized to select a chairman, to sit and act during the present Congress at such times, whether or not the Congress, or either House thereof, is sitting, has recessed, or has adjourned, to employ such experts and such clerical, stenographic, and other assistants, to require the attendance and testimony of such witnesses and the production of such books, papers, and documents, to take such testimony, to have such printing and binding done, and to make such expenditures (not exceeding $250,000), as it deems necessary. Subpenas shall be issued under the signature of the chairman, and shall be served by any person designated by him. The provisions of sections 101, 102, 103, and 104 of the Revised Statutes (U.S.C., title 2, secs. 191, 192, 193, and 194) shall be applicable in respect of any person summoned as a witness, in the same manner as such provisions are applicable in respect of any person summoned as a witness in the case of an inquiry before a committee of the House of Representatives.

May I say to the responsible leadership in this House that the promise made by your then leader and the Republican leadership at the last session of Congress, that an audit of the Treasury should be made, should now be fulfilled by the passage of this resolution. A like promise for an investigation of the Federal Reserve Board and Federal Reserve banks should also now be fulfilled by the passage of House Resolution No. 20, which is also before the Rules Committee. This resolution reads as follows:

Resolved, That for the purpose of obtaining information necessary as a basis of legislation, the Committee on Banking and Currency of the House is authorized and directed, as a whole or by subcommittee, to investigate the Federal Reserve Board of the Federal Reserve banks, and such member banks of the Federal Reserve System as may be necessary, in their activities with respect to foreign banks and foreign central banks, their open-market operations and acceptance business, and their connection with the American Acceptance Council, and their collaboration with other banks (American and foreign) in the operations of such banks in foreign financing; and for the purpose of this investigation the committee may make such audit of the books of the Federal Reserve Board, Federal Reserve banks, and member banks of the Federal Reserve System as it deems necessary.

SEC. 2. Such committee shall, as soon as practicable, report the results of its investigation to the House, together with such recommendations for legislation as it deems advisable. For the purposes of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the United States or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ such experts, and such clerical, stenographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take such testimony, to have such printing and binding done, and to make such expenditures, as it deems necessary.

This was promised at the last session of Congress. Are you going to fulfill that promise? The people of this country want to know.

May I call your attention to the fact that a little over a month ago the Federal Reserve System completely broke down; all the banks in the United States were closed; thousands of the banks are still closed, and hundreds of millions of dollars of assets belonging to the people of the United States are tied up because of the failure of this banking system.

On behalf of the people that I represent in Congress and the other people of this Nation, I demand a complete investigation of the operations of this System. It is time that our assets and liabilities are counted and reported. This is

particularly true when, by Executive order, demands are made that all of the gold held by the people of the United States be deposited in this private banking system, the Federal Reserve banks. May I again say to you, who have the responsibility, that you will not restore confidence until these two things are done. And unless immediate action is taken, it may be too late. This private banking system, the Federal Reserve, and the Treasury of the United States are completely controlled and dominated by this gang of banksters which we designate as international. [Applause.]

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. COCHRAN of Missouri. The gentleman from Pennsylvania has been here a long time and understands the orderly procedure of the House. I presume one of the resolutions he refers to is his. If he has any information, why does he not go to the Committee on Rules and give the legislative committee the information without trying to throw a monkey wrench into the machinery when we have a man in the White House who is trying to restore confidence and is restoring confidence?

Mr. McFADDEN. There is plenty of information before the Committee on Rules to report out both resolutions. I am ready to go before the Committee on Rules and present more evidence. Look at my statements and other statements before the Rules Committee printed in the hearings.

Mr. Speaker, I ask unanimous consent to print in the RECORD in my remarks the resolutions I have referred to.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the delegate from Puerto Rico may address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PAN AMERICAN DAY

Mr. IGLESIAS. Mr. Speaker, ladies and gentlemen of the House, as the representative from Puerto Rico, I have been asked to say a few words on this day, April 14, to greet the peoples and the governments of our sister republics of Latin America from the floor of this Chamber, on the occasion of the commemoration of the annual anniversary of the Pan American Day.

His excellency the President of the United States has already delivered a magnificent address at the Pan American Union, expressing his fraternal and sincere good will for peace, progress, and prosperity before the representatives of the 20 Latin American Republics. His address was certainly inspired by the greatest principles of justice, best understanding, and amity toward all the Spanish-speaking countries south of the Rio Grande.

The President and the citizens of the United States firmly believe in the principle of freedom and self-determination for nations. It is high time to reach some definite understanding as to the distinction between intervention and mutual protection. The President has been very clear in his address dedicated to Pan America in clarifying the policies of mutual understanding in the Latin American sphere. An alternative course to arbitration is a conference of Pan American countries that are engaged in fighting each other and to agree upon new methods and agencies for deciding international relations and business.

I have the honor to be the secretary of the Pan American Federation of Labor. In this capacity I have become familiar with President William Green's position that disputes arising between nations which do not involve honor or sovereignty should be referred to arbitration tribunals for settlement.

Of course, the United States, with the rest of the Pan American Republics, have already cooperated to prevent war and dealt constructively with the causes which create war. Peace cannot be maintained by merely wishing for peace. A remedy must be found for the causes which create war and a basis of accommodation devised by which disputes and disagreements which arise between nations may be fairly and equitably settled. American labor also joins hands with the President of the United States in hoping that our Government will never play the part of an imperialist autocrat in its relations with the peoples of Latin American countries, but will prove itself to be, by practice and precept, an advocate and a proponent of the best ideals of mutual protection and democratic freedom.

I am profoundly convinced that whatever the President can do to increase the spiritual ties of good will and the material prosperity and happiness of all the good peoples of the Americas will promote human welfare.

The President's purpose seems to me is to bring those peoples together so that they may be neighbors in peace and the best of understandings—mutually tolerant, sympathetic, and truthful. The more the world knows about how these things are brought about, the better it will be. It is my hope that in the near future there may be striking developments in this direction for the benefit of both the peoples of Latin America and the United States. [Applause.]

GOOD-WILL REPRESENTATION

As a Representative of the people of Puerto Rico, which stands primarily for human rights and human welfare, I desire to bring to your consideration the advisability of having on some of the Pan American commissions that have to do with matters that will so affect the future development of the peoples of America men who represent directly the great producing masses of the citizens of our Nation; men who know the human problems, social and economic difficulties and their ideals, and who are able to understand and comprehend these problems with which the producing masses of other countries have to deal, and who, therefore, are best fitted to cooperate in the formulating of policies and recommendations calculated to promote the development and the betterment of the lives of the peoples of all of the American countries.

Our President may in the future extend to the governments of all Americans an invitation to attend a Pan American conference in Washington with a view to establish closer and more satisfactory relations between their countries and the United States of America.

Expansion of trade and commerce, whether in Latin America or in any other part of the earth, is of vital importance to the American producers and industrial workers eveywhere, because it will give stability to industry in this country and assure steadier and increasing employment. Such a result will undoubtedly contribute to the welfare of all peoples, not only those of the producing masses but of every class, because the more widely diffused prosperity is the greater will be the benefit to all the people, regardless of class or condition. The President's hope is that we may all pull together without partisan bias in a lofty spirit of fraternity and with a noble purpose to advance human rights, promote human welfare, agree upon those measures and methods of the President, and do those things which are essential to the advancement of these great objects.

In this movement, which aims to strengthen the ties of the United States and the Latin Americas in the worthy journey toward the final goal of the continental weal, history has already designated the advanced guard. Geographically, this advanced guard is Puerto Rico, the community I represent, the one spot in this hemisphere where two great peoples and two mighty civilizations are bent to the task of creating the composite mentality of a new, understanding America.

Perhaps I am wrong in my views and perhaps you may think that I have engaged in generalities in what I have said. I have not meant to generalize, but to be as specific as possible in setting out the general principles that are guiding my own thought and convictions so far as I have been able to express them in the brief compass of my remarks.

The schools and colleges promoted and fostered by the Pan American Union have had a very large part in bringing the people of the Americas together, particularly those of

the United States, for while certain outstanding Latin American institutions have attracted many students from the other countries, vastly larger numbers have come to the United States. The reports of the Pan American Union say that thousands of Latin American teachers, engineers, doctors, nurses, agricultural experts, scientists, and business men who received their training in American colleges are serving as a link between the United States and their own countries. They keep up their contacts by reading American books and magazines, and returning to the United States from time to time, and frequently interest their friends in coming here. Many of them have become prominent in public life and so have been the means of promoting closer relationships.

Among the Latin American countries university professors are often invited to lecture for a longer or shorter period at some other Latin American university. Although because of the difference in language this practice is less common between the universities of the United States and of Latin America, every year sees a number of prominent professors from American universities visiting and lecturing in Latin America, and vice versa. In many instances honorary degrees have been conferred on visiting professors and scientists.

The working people in the Pan American countries should be guaranteed the right to organize and to cooperate within their respective countries in the furtherance of their legitimate, social, industrial, and economic interests. The right of free speech, free assemblage, and free press should not be abridged. Liberty, democracy, and justice should triumph over autocracy and unfreedom in any form. [Applause.]

REDUCTION OF GOVERNMENT EXPENDITURES

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to have printed in the RECORD in full a resolution recently adopted by the American Legion of Bergen County, N.J. The Members of the House should be interested in this resolution, commending as it does the work of this Congress and the President of the United States.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following:

As members of the American Legion, an organization which in its first essence is dedicated to the causes of Americanism; and

Whereas we are cognizant of the grave plight in which many of our citizens have been placed because of current economic conditions brought on and aggravated, at least in part, by unrestrained spending of Federal, State, and municipal incomes; and

Whereas the Congress of the United States has delegated to our President, Franklin Delano Roosevelt, upon his request, extraordinary powers and responsibilities to cope with the existing national emergency; and

Whereas we have full confidence that he will exercise these powers and responsibilities courageously, wisely, and fairly; and

Whereas it is to the interest of all citizens of the United States to assist in making possible the fulfillment of the proposals on which the President is now working: Therefore be it

Resolved, That the American Legion of Bergen County, Department of New Jersey, in a regular meeting assembled March 28, 1933, in Rutherford, N.J., do hereby unanimously express our great confidence in the courage, fairness, and wisdom of President Franklin Delano Roosevelt, and we do hereby pledge ourselves to fully support his expressed policies of reducing all Government expenditures in a just and fair manner; and be it

Further resolved, That the county organization does hereby express to the President and to the Congress its admiration for their unselfish devotion to the interest of the people, for their utter disregard of political expediency, and for the setting of this example, which the States and municipalities may well follow; and be it

Further resolved, That copies of this resolution be sent to our Congressmen for presentation to President Roosevelt, and that a copy be sent to the American Legion, Department of New Jersey.

THE AMERICAN LEGION OF BERGEN COUNTY, N.J.,
CHARLES MASTENBROOK, *Commander.*

Attest:

VICTOR A. SPACE, *Adjutant.*

EXPORTATION OF ARMS AND MUNITIONS OF WAR

Mr. FISH. Mr. Speaker, I ask unanimous consent that the time under the rule for the consideration of the embargo bill be extended 1 hour, the additional hour to be equally divided and controlled by the gentleman from Tennessee and myself. I have consulted the Chairman of the Committee on Foreign Affairs and he has no objection to this request. We have nothing to do today but consider this bill, and I hope no objection will be raised.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Speaker, I am opposed to this resolution for the reason that it is a step leading the United States farther into European affairs.

Its advocates in the United States are principally that class of people who are known as "internationalists." We find among the advocates of this proposed legislation all of the pacifists' organizations in the United States. I may mention also the American Foreign Policy Association, the League for Peace and Freedom, and the Academy of Political and Social Science, whose purposes were clearly disclosed the other evening in New York by that famous British propagandist, George Bernard Shaw. He said that the purpose of this particular organization, under whose auspices he was speaking, is to destroy the Constitution of the United States. This organization is endorsing the passage of this particular piece of legislation. The Carnegie Foundation and affiliated foundations, with resources running into the hundreds of millions of dollars, are in favor of the passage of this resolution because it further ties us up with international affairs.

This particular piece of legislation was presented to the Congress by the last administration at the request of Great Britain. I want to make it perfectly clear to the Members here that this legislation is here at the instance of Europe. It is un-American. It takes from our control further determinations with regard to the management of our own affairs.

I would say that this Congress, to protect the President of the United States, should refuse to pass this legislation. The President of the United States is being besieged by the foreigners to come to their rescue, and I believe it would be right and proper that Congress should withhold this legislation from him lest he be tempted under this great influence of Europe which is being exercised at this time to do, under this authority, something which should not be done. I am fearful that, inasmuch as the President of the United States has accepted in toto the policy of the previous administration as regards foreign affairs and affairs in the Far East, if this legislation should be given to him and he is driven to the point of exercising this right as regards the declaration of an embargo on the shipment of arms to Japan, within 30 days after he exercised such right we would witness a declaration of war on the part of Japan against the United States.

The foreign policy of Secretary Stimson, acquiesced in by the former administration, in the minds of a great majority of the American people is a wrong policy, a meddling policy, and one that is causing extreme embarrassment to the United States at this time. I do not think, however, that Japan is the real reason this legislation is asked for. I believe it is purely a European situation where the countries of Europe today are seething with trouble, where the great masses of people over there are preparing for war, where they are equipped as they were not equipped for war in 1914, and they are looking at each other's throats, because they fear this great spread of bolshevism and strife between France and Italy and Germany. This is why they are asking for this embargo. Every one of the major countries in Europe is trying to get the support of the United States on its side.

I think we should stop, look, and listen before we go forward with such legislation and enact it into law. The condition of this country today is largely due to the influences from abroad which have trickled in here. We are now about to witness another conference, which is in preparation for a still greater conference in London, and I may point out in this connection that this is only a part of the whole pro-

gram. The entire program is all laid. This was planned in July 1931, when a conference was held in London in connection with the Hoover moratorium, where we were officially represented by Henry L. Stimson and Andrew W. Mellon. This conference dealt with debts; it laid down a plan for cancelation of reparations; it laid down plans for an economic conference, which is about to be held, and we are going to send representatives over there to deal in the vital things which pertain to the welfare of the people of the United States.

I am against it. I am against the meddling by Europeans in the affairs of this country. I wonder how long the House of Representatives is going to sit idly by and let Europe run the affairs of this country. When you enact legislation like this, you are simply inviting further machinations by these foreigners who are holding down affairs in this country.

You have right now international control of exchanges by Great Britain, which is holding down price levels in our country. They are speculating in exchange; they are speculating in the dollar; and only yesterday they lowered the price of the dollar in all markets of the world through manipulation by the British Government of its great stabilization fund, which is tending to strangle industry in the United States and force us to our knees and to a cancelation of debts.

Why is Premier MacDonald coming here next week? He said in press reports yesterday that he was coming here to discuss war debts. Mr. Speaker, I want to point out in this connection, what we all know, that there is no authority for the administration to deal with the debt situation. This power is solely with the House of Representatives and Senate of the United States.

Are we going to permit still further meddling in our own affairs by the passage of a bill like this? I say no. It would be well before the Congress acts on this particular resolution to have before the appropriate committee of this House the real reasons for the legislation. Call the Secretary of State himself; call the previous Secretary of State; and let them tell you the real facts that are behind this situation.

Only 10 days ago we passed a resolution here that we knew nothing about. We know less about the real purposes of this proposed law than we did of that resolution.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I am thankful that the Senate of the United States has remodeled that particular piece of legislation, but I say, shame on the Congress of the United States when it considers legislation of that nature which comes to us without knowing what it is. I say to you that there is an undisclosed reason for this particular piece of legislation. I yield to the gentleman from Oregon.

Mr. MOTT. Can the gentleman inform us whether this resolution is a part of the President's program?

Mr. McFADDEN. All I know about the inception of this resolution is that it is of British origin. It was first introduced at the instance of the British Ambassador to the United States, and I recall that a day or two before this particular resolution was presented to this Congress there were conferences between the British Ambassador, the State Department, and the White House.

Mr. MOTT. Can the gentleman tell us whether the President is in favor of this resolution?

Mr. McFADDEN. I cannot speak for the President.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. FISH. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, this resolution, like much modern legislation, when considered, has a red herring drawn across its trail. Everyone who rises to speak and say a word against the resolution is falsely accused of jingoism. There is no one who is a right-thinking person who does not clamor for peace. Americans instinctively clamor for peace. Here is the real question involved in this piece of legislation as I see it. It is whether or not it is a wise policy to leave exclusively in the hands of the President the great foreign policy of when we are going to levy an embargo against the shipment of arms, and when we are not, and to what countries we are going to permit arms to be sold, and to which countries we are not.

For centuries mankind struggled for the people through their representatives to have the exclusive right to declare war. So long as it was within the power of the executives to declare war, the people were constantly at war. When the fathers wrote the Constitution of this country they were very careful to make the provision that only the people, through their representatives, could declare war. The Constitution even takes that entirely out of the hands of the President, and please understand me, when I say "the President", I am not talking about President Franklin D. Roosevelt, but I am talking about any President, whoever he may be, now or in the future. Article I of the Constitution designates the powers delegated to the Congress, and section 8 of article I sets forth some of the things which Congress has the power to do. Among other things is the right to declare war. The power vested in the hands of one man to bring about that condition which means war amounts to placing the power in the hands of one man to declare war.

I am not in favor of this country profiteering by shipping arms into another country to carry on warfare against some other country. I believe that any time this President or any future President deems it advisable that this country should not ship arms to any given country, all he has to do is to come to the Congress and ask that an embargo be laid against the shipment of arms into such other country. Bringing it down to a concrete case in past experience, I have no doubt that but at any time from 1914 until the day we entered the war, if President Wilson had deemed it advisable that this country should not ship arms to the Allies, he could have come before the Congress and asked for an embargo prohibiting the shipment of arms to the Allies, and it would have been granted. Likewise, if he had deemed it advisable not to ship arms to Germany, it would also have been granted. The question involved in this legislation is whether or not we are going to place the power in the hands of the President to do that which leads inevitably to war.

This resolution when it is enacted into law is permanent legislation. I asked my good friend from North Carolina [Mr. POU], when he made the statement that he had explicit confidence in the present President—that he would not abuse the power and lead the country into war—whether he thought the present President would be President forever. He replied that he thought and hoped he would be for 8 years. That is all right. That is not a great problem; it is not a matter which worries me a great deal, whether Franklin D. Roosevelt is going to be President 4 years or 8 years. So far as this resolution is concerned, I know that we are passing permanent legislation, and I know that we are placing the power in the hands of the President now and in the future whereby he can take sides as between countries engaged in war, and possibly take sides with a country contrary to the general public opinion in this country, and lead this country directly into war.

Take the case of Japan and China, who are now at war. Assuming the President declares an embargo against this country shipping munitions of war to Japan, but permits them to be shipped to China; you know and I know that that means that this country will be at war with Japan in a very short time. Or put it around the other way, assume that he should declare that we should not ship munitions of war to China but could to Japan, that would mean that we would be at war in a very short time with China. Whenever something is going to be done which leads directly and inevitably to war, I want the representatives of the American people in Congress to bear that responsibility; and if you and I in this Congress do not want to bear that responsibility, we should not sit here and enact legislation which would make it impossible for some future Congress to bear that responsibility.

I cannot see any immediate need to place this power in the hands of Mr. Roosevelt. It is inconceivable to me that

he cannot come to this Congress and obtain an embargo against shipping arms into any country. Three fourths of the Members of this House are Democrats and two thirds of the Members of the Senate are Democrats. Furthermore, Republican Members of Congress have demonstrated, time without number, that they will go along with a Democratic President on a war policy. Therefore, I cannot see how Franklin D. Roosevelt can be embarrassed by leaving this power in the Congress where it was placed by the framers of the Constitution. However, if he is insistent that he needs this power exclusively in his hands, I would not seriously object to this legislation if it were limited to 4 years. I think that by temperament President Roosevelt is a man of peace. I do not think he would willfully do something that would lead us to war. I am not so sure as to the temperaments of future Presidents. The attitude of a President in international affairs is largely a matter of personal temperament.

In many respects I revere the great Theodore Roosevelt. However, if he were living and were President, I think by temperament it would be exceedingly difficult for him to refrain from taking sides in any war that might spring up some place in the world. I doubt if he could refrain from using the power vested in the President by this bill to send munitions to the country whose side he was taking in the conflict. Unquestionably that would lead to war. If this country takes sides in wars between other countries, I want the people of this country, with their public opinion reflected through their representatives, to pick the country they are going to favor, and not leave it to one man to make that choice. I want that choice made by public sentiment here in the United States, and not through some conference of other nations or through the President's participating in such conference. I choose to follow the policy of Washington in keeping out of foreign entanglements. Whenever we deviate from that policy and we do become entangled in the controversies of other countries, I want it to be the people of the United States, through their representatives, who make the entanglement, and not one man in the White House, whoever he may be.

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. FISH. Mr. Speaker, I yield 15 minutes to my distinguished colleague on the committee, the gentleman from Connecticut [Mr. BAKEWELL].

Mr. BAKEWELL. Mr. Speaker and Members of the House, I rise to oppose House Joint Resolution 93 in the name of peace. We can take it for granted we are all as good Americans, inveterate lovers of peace, that we know that war is a hideous and altogether senseless way of settling disputes between nations. We shudder at the mere thought of the possibility of another world war, which should it befall, would probably spell the end of our civilization, with dark ages looming ahead.

We know that even if we should not be involved directly in the conflict we should inevitably go down in the resulting desolations. So we have always favored all peaceful measures to outlaw war. We have initiated many, and supported all proposals for the reduction of armaments, and for the multiplication of the means of bringing about amicable settlements of disputes between nations. But our very zeal in the cause of universal peace makes us only too prone to grasp at every proposal which at first sight looks big with promise, without stopping to analyze it, and to ask whether it may not bring upon us the very evils it is designed to prevent.

Such a proposal is the one embodied in the measure now before us. Introduced to further the cause of peace, it will, in fact, incite to war. Our President during his campaign, and he is, as you know, a very facile and clever artificer of phrases, when he was making promises that seemed inconsistent with each other and was called upon to explain how these things were to be carried out, used to waive aside the objection by saying: "You must not confuse objective with method." This is a great phrase. Now, we are all in agreement with regard to the objective of the measure before us, namely, placing the full strength and power of America in the service in the interest of peace. What we differ about is the method. We remember that when we entered the World War we were told it was a war to put an end to war, and many of us fondly believed it. Then came the great disillusionment, when the war was over, which should have taught us once for all that we may not, by war or by warlike methods, serve the cause of peace.

Let there be no misunderstanding about the measure now before us. It gives the President absolute authority in case of any conflict to pick the aggressor nation and proceed against it. To pick the aggressor and act against it is a hostile and unneutral act that invites reprisals which may easily plunge us into war.

I know it is said by the supporters of this bill that the President would do no such thing; that he would move with caution; that he would make no mistakes. It seems to be the prevailing opinion, at least for the time being, of the Members on the left that, as the old saying goes, "the king can do no wrong"—the President cannot err; or, as the young Fascists in Italy are taught to affirm as part of their creed, "Mussolini is always right." This is a dangerous position for us to take. I do not want to be misunderstood. There is no one in this House on either side of the aisle who for a moment would question our President's loyalty and patriotism or his single-minded devotion to the welfare of the country. We have all welcomed his energy and swiftness of action. For my part I have gladly supported and shall continue to support the President's constructive measures—all of them; that is to say, that do not, in my judgment, threaten worse evils than those they are introduced to remove, or threaten to intensify the existing evils.

What we object to—and I think rightly—is the prevailing assumption, as indicated in the rules you have adopted, that all the bills which come from the other end of the Avenue have in some way sprung, like Minerva, complete and perfect, from the very head of Jove himself; and we are not allowed to make any changes, to add or take away a word from the sacred text.

The President himself has left us in no doubt as to his purpose should this bill be passed. He has openly expressed himself as in favor of taking action against an aggressor nation, and that is an unneutral, a hostile act, an act of war and not of peace.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. BAKEWELL. I yield.

Mr. BLOOM. Is the gentleman speaking for the President in this respect?

Mr. BAKEWELL. Just what does the gentleman mean?

Mr. BLOOM. The statement the gentleman just made. In making this statement is he speaking for the President?

Mr. BAKEWELL. I am quoting a statement of the President's which appeared in all the newspapers.

Mr. BLOOM. But the gentleman has not taken that up with the President?

Mr. BAKEWELL. It has never been denied.

Mr. BLOOM. As far as I am concerned it has never been approved.

Mr. BAKEWELL. The statement was attributed to the President, and was printed with quotation marks, as being his own words. If the President did not stand for it he should have denied it.

Mr. BLOOM. The gentleman is not speaking for the President, is he?

Mr. BAKEWELL. I am quoting from the papers and from a speech reported as having been made by the President.

Mr. BLOOM. The gentleman does not want to say it is a speech, does he?

Mr. BAKEWELL. Well, a statement, if you please. According to the papers he said, "I have always been in favor", and so forth. That is the way the statement began. Now, of course, if he was misquoted he should have corrected it.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. BAKEWELL. For a brief question.

Mr. MOTT. Has the gentleman information as to whether this resolution is a part of the President's program?

Mr. BAKEWELL. We have been so informed.

Mr. FISH. Should not this question be addressed to the Democratic side of the House?

Mr. MOTT. If I am unable to get an answer from any Republican I shall ask the question of the Democratic speakers, because I should like to know. I should like to know whether this is a part of the administration program to the same extent that the press gag passed by the House, but later repudiated by the administration, as not part of its program.

Mr. MARTIN of Oregon. Mr. Speaker, will the gentleman yield?

Mr. BAKEWELL. I am sorry, but I cannot yield further. I may say to the gentleman from New York that if this is not the President's purpose, the joint resolution should be so changed as to make such action impossible. The joint resolution, as it reads, gives the President full authority to do just this thing, to pick the aggressor nation and proceed against it.

Furthermore, it puts in advance the seal of congressional approval upon any action he may take. In other words, it is one more abdication of power on the part of Congress, one more instance of the surrender of its rights and the shirking of its responsibilities; for the Constitution lays upon Congress, and upon Congress alone, sole responsibility for making war.

It is notoriously difficult, even with the calm judgment that comes in the perspective of time, to pick, in a given war, the aggressor nation. The right is rarely, if ever, all on one side, the wrong all on the other. It is true that by the Treaty of Versailles Germany was forced on her knees to accept full guilt for the World War. No German believed that. And who knows to what extent resentment over that forced admission is responsible for the rise of Hitlerism in Germany and for the rattling of the saber which is now heard on the farther side of the Rhine.

In modern times no nation engaged in war admits that it is the aggressor. How then can we sit in judgment and declare anyone to be the aggressor without arousing lasting and menacing enmity? It is hard enough even for individuals to meet in mutual understanding; harder still for great sections of our country, whose interests are diverse, to see eye to eye; hard, as we know, for the agricultural West to place itself at the angle of vision of the industrial East, and for the industrial East to see with the eyes of the agricultural West. But as between nations it is all but impossible to reach such mutual understanding.

Mr. THOM. Will the gentleman yield?

Mr. BAKEWELL. I yield for a question.

Mr. THOM. In the recent consideration of the Japanese-Chinese situation, how many nations voted Japan the wrongdoer?

Mr. BAKEWELL. It is impossible to answer that question without going into considerable discussion as to political complications that developed with the smaller powers in Europe with respect to their private interests; and if we were to take that up it would consume all my time. I should like to discuss that matter with the gentleman if I had the time.

Mr. THOM. Is it not true that all of the nations joined in the condemnation of Japan; and my recollection is that one nation did not vote, and that was Siam.

Mr. BAKEWELL. Of course, that makes no difference whatever.

Mr. THOM. That meets the gentleman's argument that there can be no universal judgment with respect to any one nation.

Mr. BAKEWELL. That does not make it universal. Furthermore, as anyone can see who will look into the history of that discussion, political questions entered in; and these little nations were protecting themselves, and they thought that by punishing Japan they would be establishing their own positions more securely. But that is aside from the point. It may be said, however, as you are saying, that there is in existence a body which can pick the aggressor, that the League of Nations has, in fact, declared Japan the aggressor in the conflict with China, and all we have to do is to follow that lead. It is evident that this would merely mean that we should be virtually joining the League of Nations, and precisely in that part of it which is most repugnant to the American people, namely, the enforcement of the war sanctions of articles X and XVI of the Covenant. It was because of objections to these sections that we refused to go into the League.

Mr. THOM. Will the gentleman yield further?

Mr. BAKEWELL. For a question only, and not for any argument, because I have not the time.

Mr. THOM. If it is the universal verdict of the nations of the world that one country is the aggressor, and if it is the universal verdict of those nations to apply an embargo on arms, what would the gentleman have the United States do?

Mr. BAKEWELL. Keep out of it entirely. [Applause.] It is enough that the one nation against whom this is directed is sure that it is not the aggressor, and would be declared by such action the aggressor.

The SPEAKER pro tempore (Mr. SIROVICH). The time of the gentleman from Connecticut has expired.

Mr. FISH. Mr. Speaker, I yield the gentleman 2 minutes more.

Mr. BAKEWELL. In any event, it is certain that if we should, whether alone or conjointly with the League, declare one nation the aggressor, and lay an embargo against it, we should be committing a hostile and an unneutral act, an act of war and not of peace.

The recognized authorities on international law are in agreement on this point. If you will read the statement made by Professor Borchard and by Mr. Moore, recognized the world over as the leading authority on international law, you will have no doubt as to the real significance and the hidden menace of the proposal before us. The menace is clear, and what are the gains to be expected?

It is admitted on all sides that to prevent the export of arms and munitions of war would be altogether futile unless all the important munition-making countries joined in the embargo. It is, however, rarely recognized how small and insignificant a part is played in most cases by the actual shipment of munitions to a nation at war.

Let me illustrate by the case of Japan, and give a few figures. Last year the total value of the exports of the United States in arms and munitions amounted to $1,700,000. Of this shipment a negligible amount went to Japan. But during the same year Japan purchased from us $100,000,000 worth of the makings of munitions.

Mr. BLOOM. Will the gentleman yield?

Mr. BAKEWELL. I have not the time.

Of the 46,000,000 pounds of lead that we exported, 40,000,000, or 90 percent, went to Japan alone. Does anyone suppose that this was for the purpose of putting a new plumbing system in the palace of the Emperor? The destination of that lead was bullets. During the same year Japan was our greatest purchaser of cotton, buying nearly a million more bales than were purchased by Great Britain, although she has less than one sixth as many spindles.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield the gentleman 2 more minutes.

Mr. BAKEWELL. Is it not clear that the destination of that surplus cotton was dynamite, gunpowder, nitroglycerin, TNT, and other explosives for use in war? Furthermore, an important factor for a nation at war is the maintenance of the sinews of war; that is, cash and credits. This Japan has been doing by inundating America with goods manufactured in long hours of labor, at low wages, and those paid in a greatly depreciated currency. If we really wish the purpose of this bill to be accomplished, we should cut off all traffic relations with the aggressor nation.

If all nations should join in such procedure, the result would no doubt be effective, although still a violation of neutrality. The only way to avoid such violation would be to cut off all traffic relations with both belligerents. This would, indeed, be equal in law, but unfortunately not in fact, for it would, in effect, be favoring the strong and well-prepared nation at the expense of the weak. So whichever way we turn there is trouble ahead.

America's greatest power for peace comes from her strict neutrality and from her refusal to sit in judgment on the disputes of other nations. Let us not lightly surrender this power only to set our feet on the pathway that leads to hatred and to war. The strength of the Kellogg pact lay precisely in the fact that it had no teeth.

If war is to be prevented, it is by the encouragement of the will to peace, and this can come only through the cultivation of mutual understanding. It is with nations as with individuals. If they meet in understanding, the result is friendship and peace. If they meet with suspicion and distrust, the result is fear; the end of fear is hate and the end of hate is war. Let us rather follow the advice of Washington, given in his immortal address:

> Preserve good faith and justice toward all nations, cultivate peace and harmony with all. * * * It will be worthy of a free, enlightened, and at no distant period a great nation to give mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence.

This was and is and always will be the only sure pathway to permanent peace.

[Excerpts from statement by Professor Borchard]

But in either case the permission or prohibition must, in order to be defensible in international law, apply to all the countries at war, and not to some of them. Impartiality is the keynote of neutrality (Oppenheim, 4th ed. 563). If some only could be selected either for the permission or prohibition, neutrality would at once be violated and the country discriminated against would have a legitimate casus belli. The discrimination is an unfriendly and hostile act of greatest significance, and against a strong power might very readily be a prelude to war. It is, indeed, a warlike act, if not itself an act of war. It is as dangerous as the boycott which some Americans urged against Japan in the spring of 1932, but which Congress and the country wisely rejected. It is in fact a boycott of a special kind. It can, moreover, hardly be applied by governmental action without breach of the usual commercial treaty, if any, concluded with the country against which it is applied.

The President is thus given the power to make an alliance and a treaty for hostile action against a third state or states, without consultation with, and hence without the consent of, Congress. Such power, even in time of war, was refused to the last Democratic President. Now, in time of peace, without any restrictions or limitations, it is proposed to confer it upon the occupant of the Presidential office.

As already observed, the resolution contemplates a hostile act which empowers the President to breach our commercial treaties, violate and impair the neutrality of the United States—perhaps its most valuable asset and safeguard—and take a step which every self-respecting belligerent would probably regard as a casus belli. It amounts to a declaration of war against the country singled out for the application of the embargo.

It is said, however, in the official memorandum submitted in its support that the existing embargo power, in cases of domestic violence on the American continent and in China, has been employed "with great effect and negligible friction." One may respectfully venture to doubt this conclusion. As in the case of Brazil in 1930, the embargo was employed against the revolutionary party who the next day took over the seat of government. The unneutral act involved produced serious criticism. Contrary to a common assumption, there is no duty upon the United States to stop a revolution abroad any more than it was the duty of Russia or Spain to stop the American Revolution. To undertake such a function, indeed, is a breach of neutrality, and hence illegal as a matter of international law. It involves intervention in the affairs of a foreign country and has already incurred for the United States distrust on the American Continent. It enables the administration to play favorites abroad, interfere when it should not interfere, and thus forfeit that impartiality and neutrality which is the keystone of foreign respect. The interfering partisan often invites and enlists the hatred and contempt of both sides, and experience might indicate that the Government is as likely to be mistaken as it is to be correct in estimating the merits of a foreign controversy, even if such judgments were possible and even if it were deemed an American duty to be a judge.

It seems strange that Senators who were not willing to have the United States join the League of Nations, where the United States would be but one of many powers and where action under article 16 could be taken only by unanimity, should be willing to permit the President, on his own unreviewable election, to join with one or more powers of the League to do that which article 16 safeguards by the requirement of unanimity.

[Excerpts from statement of Mr. George Bassett Moore]

It will soon be 20 years since the outbreak in Europe of what eventually became known as the "World War." Following that unfortunate event there developed, in the ordinary course of things, a war madness, manifested in the exaltation of force, and the belittling of the enduring legal and moral obligations which lie at the foundation of civilized life. Peaceful processes fell into disrepute. We began to hear of the "war to end war"; and pacifists, enamored of this shibboleth, espoused the shallow creed that international peace could best be assured by the use of force or threats of force. We were told that preexisting international law had suddenly become obsolete, and that the world had entered upon a new era in which the general tranquillity was to be maintained by "sanctions", by boycotts, and by war. But the final stage was reached in the spawning of the notion, now rampant, that peoples may with force and arms exterminate one another without breach of the peace, so long as they do not call it war. This may appropriately be called the stage of bedlam. In all this, however, students of history will find nothing new. The development of such manias normally characterizes the progress of a great war, just as their decline marks the return to sanity.

To the final stage to which I have referred belongs the supposition that the law of neutrality no longer exists, and that in future there will be no more neutrals. It is on this theory that the proposed resolution is essentially based. It is true that the resolution does not in terms say so; and it is equally true that less is just now said about this phase of the subject than was said not long ago. But it is only on this theory that the sweeping terms of the resolution can be defended.

As a lifelong student and administrator of international law, I do not hesitate to declare the supposition that neutrality is a thing of the past to be unsound in theory and false in fact. There is not in the world today a single government that is acting upon such a supposition.

From the elementary principles of international law above set forth it necessarily follows that, if a government bans the shipment of arms and munitions of war to one of the parties to an armed conflict and permits it to the other, it intervenes in the conflict in a military sense and makes itself a party to the war, whether declared or undeclared.

The pending resolution is, I do not hesitate to affirm, opposed to the settled policy and the highest interests of the United States and also to the provisions of our Federal Constitution. If adopted, it would enable the President (1) to make international engagements of the most far-reaching kind at his will, without the advice and consent of the Senate, and (2) to carry us into war without the prerequisite constitutional declaration of war by Congress. Perhaps it may be answered that by the proposed resolution the Senate would voluntarily abdicate its constitutional powers regarding international engagements, and that the Congress would likewise abdicate its constitutional powers regarding the declaration of war. This argument might be accepted if the Senate and the Congress could constitutionally divest themselves of their constitutional powers and commit everything to the Executive. But, as they were unwilling to do this during the so-called "World War", when it was proposed to give the President complete dictatorial powers, I can only suppose that the present extraordinary agitation is due to the misleading and somewhat deafening clamor of those who, in the name of peace, would confer upon the President an unlimited right to engage in hostilities. I refrain from saying an unlimited right to make war only out of deference to the profound and learned authorities who assure us that war can be abolished either by calling it peace or by refraining from calling it war. This is, I may remark, a favorite notion with those who demand that the Kellogg Pact shall be equipped with "teeth" in order that it may masticate alleged "aggressors" and otherwise benignantly bite and gnaw its way to universal peace and concord. Unfortunately, there are many who appear to have been infected with these confused notions, which have been so industriously propagated in the United States. But, judged by the course of the principal members of the League of Nations during the past 10 years, and by their attitude toward the hostilities lately in progress in the Far East and elsewhere, such notions appear never to have had any real charm for the responsible authorities of the countries which would have been required to make the chief sacrifices in blood, in treasure, and in tears. To say this is not to impeach their wisdom or their sincerity. It may merely indicate that, having had enough of war, they long for real peace and an opportunity to recuperate.

Should the proposed measure become a law, no gift of prophesy is required to foretell what will follow. Groups moved by interest, or swayed, consciously or unconsciously, by propaganda, will clamor at the White House and at the Department of State for the unneutral application of the ban in favor of those whom they like or approve and against those whom they dislike or disapprove. We are assured that we may trust our authorities to resist such importunities, and to refrain from doing things that would involve the country in trouble. In other words, we are told that our authorities may be relied upon to refuse to exercise the powers so sweepingly conferred upon them. This is indeed a singular argument. Couched in the language of irresponsibility, it is not only self-stultifying but also unjust. The burdens and cares resting,

especially at the present juncture, upon those who administer our affairs, are already grave and harassing enough without imposing upon them the pastime of playing with war. Within the terms of the pending resolution, our Government would be asked to set itself up in rash and arrogant judgment upon the acts of other nations and on the merits of their conflicts, with a view to give or to permit military aid to one as against another. Before committing ourselves to this presumptuous program, spun of the wild and flimsy fantasy that, when nations fall out and fight, the question of the "aggressor", which still baffles students even of ancient wars, lies upon the surface of things, and may be readily, safely, and justly determined by outsiders, of whose freedom from individual interest or bias there is no guaranty, we should reflect upon the fact that, had such a notion heretofore prevailed, we might, and in all probability, should ourselves have been the victim of it. As a marshaling of all the incidents would unduly prolong this letter, I will call attention to only two.

During our Civil War we were more than once menaced with the possibility of intervention, and, had it taken place, no one can say how fateful would have been the consequences. But, as an American, I share with my fellow countrymen, as members of a great and united people, the universal sense that it is well that we were not permanently divided.

On April 6, 1898, there assembled at the White House the diplomatic representatives of six great European powers, who made in behalf of their Governments what was called "a pressing appeal to the feelings of humanity and moderation of the President and of the American people in their existing differences with Spain." We need not question the motives of the Governments by which this remonstrance against our armed intervention was made. The President of the United States did not question their motives in his answer; but, with the conscious dignity that became himself as well as his great office, he expressed the confident expectation that the remonstrating powers would equally appreciate the effort of the United States "to fulfill a duty to humanity by ending a situation the indefinite prolongation of which had become insufferable." Two weeks later the Congress of the United States adopted a resolution under which the Government intervened with arms. The Governments that had remonstrated against this step evidently did not regard Spain as the aggressor in the unhappy controversy between that country and the United States. The implication was clearly and directly to the contrary; and, according to the theory on which the pending resolution rests, the remonstrants, when the United States forcibly intervened, might appropriately have declared an embargo upon the shipment of arms and munitions to this country while continuing to supply Spain with the implements of war. All this might, on the new theory, have been done in the name of peace, and if the United States had exhibited resentment, this might have been treated only as further proof of its malevolent and aggressive disposition. It is better to reflect on such things while the opportunity still exists. It would be inexcusably short-sighted to assume that what has happened before will never happen again. We might also remember that our war for independence was treated by the great majority of powers merely as an act of rebellion against lawful authority. We waged the War of 1812 in support of disputed claims of national right. Many of our own people, including General Grant, have condemned our War with Mexico as an unjust aggression; but I am not aware that any of them has taken the ground that the general interest or the cause of peace would have been advanced if the powers of the world, some of which were not then themselves above suspicion, had combined their forces to oppose or to crush us.

If the real purpose back of the pending resolution is simply to prevent the United States from furnishing implements of war to those who are engaged in armed strife, this may readily be done by providing for a comprehensive, nonpartisan embargo on the shipment of arms to all countries engaged in armed strife, whether international or civil. Such an embargo would naturally be announced and imposed by public proclamation. Of this no foreign power could complain.

Mr. McREYNOLDS. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Speaker, I thought the gentleman from New York [Mr. FISH] was taking an unfair advantage of the Democrats when he introduced the last speaker as Professor BAKEWELL. In my own way I did a little research work on the question, and I find that the professor is really entitled to the designation of professor of munitions, because he comes from the leading munitions district in Connecticut.

I am greatly disturbed about my friend McFADDEN. He seems to be seeing international ghosts in everything. I just telephoned the clerk of my Committee on Claims to be very careful about these private relief bills that are on file there, to see to it that no international vipers or statesmen want any of these private relief bills that we have in that committee.

My friend Mr. FISH made a tactical error with me in respect to this bill. I originally thought that I would be against the bill, but Mr. FISH kept after me to read the minority report, and I read the minority report, and now I have to speak for the bill. [Laughter.] He tried a rather inadequate form of bribery upon me yesterday. He asked me how much time I was getting from Mr. McREYNOLDS, and I replied 5 minutes. He then said he would give me 10 minutes. If he had only said 15 minutes, I do not know what I would say today on this bill, because it seems to me that you can be equally illogical in arguing on either side of the bill. Our Democratic friends insist in their report in playing up Mr. Stimson and Mr. Hoover. If there was anything that determined the American people in the last campaign, it was the foreign policy of Mr. Stimson and Mr. Hoover.

I think hereafter that the less we say about Stimson and Hoover in Democratic reports the better off we will be. Why the Republicans have chosen an international issue to break with the President is beyond me, because if they fell down in anything it was in their conduct of international affairs. Their argument on this bill is that it has a tendency to make us violate neutrality. In another Republican administration we declared war, but we did not mean anything. We declared war against war, that we would be the champions of peace, and always be against war. There was a great war on against war. That was the purpose of the Kellogg Pact, for which they claim so much credit, and when we adopted the Kellogg Pact we immediately scrapped all our traditional policies concerning neutrality, because we bound ourselves there and then always to be against war, always to be against the aggressor nation, but now they come and say to us that the Kellogg Pact was a great thing, a declaration of policy, but it really did not mean anything, because there was no way of finding the aggressor nation, which, of course, to the logical mind, if any exists now in the Nation, is utterly ridiculous.

I am for this bill really because it shows that we are doing something in this war against war, that means something. We are actually sanctioning the Kellogg Pact. I did not believe in it. It did not seem to me to be of much use. because no declaration of policy, no written words without sanction behind them have ever meant anything to me, and the Kellogg Pact never meant anything because it had nothing in the way of sanction. Talk about this resolution driving us into war. If anything could drag us into war it was the Kellogg Pact. We left ourselves wide open. Countries are always at war or about to go to war. Every movement in international relations, every peace conference, every huddle of diplomats in Geneva or anywhere else, is not a peace movement; it is always a war movement. There is danger of war breaking out any minute, and to my mind this bill is a step in preparedness, if anything. It is that kind of preparedness that will keep us out of war.

We have inherited a very bad international situation. Back in 1922 we entered the disarmament conference. We scrapped our ships as a gesture toward peace, and by virtue of the disarmament conference we immediately became absolutely involved in the Asiatic affairs, for we took the lead in bringing about the 9-power pact. Good old 9-power pact. It has been completely forgotten in the present Asiatic situation.

Mr. McFADDEN. Will the gentleman yield?

Mr. BLACK. I cannot yield just now, but I will yield to the gentleman before the Claims Committee.

We scrapped our fleet in 1922 as a gesture toward peace, and we involved ourselves absolutely in every question concerning Asia. When the Japs marched into Manchuria, Stimson sat around a while, and all of a sudden somebody down in the State Department said, "Why, Mr. Secretary, these Japs are violating the 9-power pact. You ought to do something about it." He wrote a long note and he gave it to the press, protesting about what the Japs were doing. The Japs were a little bit more polite to Stimson than the Corinthians were to St. Paul, because in the course of time they wrote Harry and said, "Your note received and properly filed." That was the end of that protest. But just the same the American people, after the Secretary of State had protested against the Japanese violation of the 9-power

pact, were left in a highly deplorable condition in their international affairs, because plainly and very obviously and without any argument the Japanese had violated a solemn treaty with the United States, and we had in 1922, in return for that solemn treaty, scrapped our magnificent fighting fleet. What he should have done, plainly what Stimson should have done, was to call all the signing powers who attached their seals to the 9-power pact into conference and protest as a unit of signing powers against the Japanese invasion; but he did not do that. He went off on his own and he wrote these notes that have been forgotten by everybody but Stimson and myself. [Laughter.]

Nations will go to war. Economic pressure will force nations to go to war. Anybody who has taken even a cursory glance at the Japanese situation knows that all the notes from Stimson or anybody else will not keep the Japanese out of Manchuria. The gentleman from Kansas [Mr. McGUGIN] said something about a red herring in this bill. That is the trouble with the Japanese situation. It is largely a herring situation. The Japanese are tired of living on dried herring, dried fish. There is not enough dried fish to go around, and by force of economics they have been forced to make this move, no matter how many 9-power pacts are created. There is no stronger force, to my mind, than economic pressure, except possibly what order comes from Tammany Hall now and then, and they are pretty strong. [Laughter.]

We can have war with or without this resolution. I do not entirely disagree with these gentlemen that the operation of this resolution may not mean war. It may mean war, but I believe it may mean the other thing, that when war is pending, and when we are threatened and our future is to be determined by something that is happening elsewhere, we can step in and by the mere denial to one country of munitions we may absolutely affect our own destiny and keep ourselves out of a great conflagration. I think it is a very sensible and practical proposition. Some people are talking about the Constitution in this matter. Other countries do not read article so-and-so of the Constitution. The Republicans do not have any need for JIM BECK on this constitutional argument, because McGUGIN has handled that; but foreign countries are not going to read article I of the Constitution to find out how we declare war. They will declare war in their own way. The Constitution is about to be the forgotten document. [Laughter and applause.]

The SPEAKER. The time of the gentleman from New York [Mr. BLACK] has expired.

Mr. McREYNOLDS. Mr. Speaker, I yield 2 additional minutes to the gentleman from New York.

Mr. McFADDEN. Will the gentleman yield?

Mr. BLACK. No; I cannot yield.

Only two people believe there is a Constitution, anyway. One of them is not JIM BECK.

My friend the gentleman from Texas, Mr. DIES, said what he would do in the present emergency. What I would do in this emergency is this: Plainly do the equitable and honest thing that the Republicans did not do—if we make any gesture in the Asiatic situation, it ought to be a gesture of good faith. We should immediately withdraw our extraterritorial courts from China. We have promised to do it. It would be a real recognition of the Chinese Government. It would give them a real standing before their own people and before the world, and it would be in the interest of economy. Even though the President gets this power, I do not think he should exercise it now in this Japanese-Chinese situation, but the right thing to do is what the Republicans did not do—and that is to keep faith with the Chinese as a separate entity and withdraw our extraterritorial courts. What is the use of our talking about the Japanese invading China when we have done it ourselves? We have not done it with marines and armies, but we have done it with courts and lawyers; and if you know anything worse than an invasion of lawyers, I do not know what it is. [Laughter and applause.]

Mr. O'MALLEY. Will the gentleman yield?

Mr. BLACK. Yes; I yield.

Mr. O'MALLEY. I notice in the report of the committee it says:

> The present administration is very anxious that this bill be passed, feeling that it will be a great advancement toward the establishment of peace, whether used or not.

Mr. BLACK. The President agrees with me on that. [Laughter and applause.]

Mr. O'MALLEY. Why does not this resolution go all the way if we are going into the question at all?

The SPEAKER. The time of the gentleman from New York has again expired.

Mr. McREYNOLDS. Mr. Speaker, I yield myself sufficient time to read a letter that I have received. The question has been asked as to whether or not the administration is behind this bill. I want to read this letter of April 5, 1933:

APRIL 5, 1933.

MY DEAR MR. McREYNOLDS: I have given careful consideration to House Joint Resolution 93, and I am strongly of the opinion that this legislation should be enacted. I should greatly appreciate it, therefore, if you could find it possible to urge favorable action on this resolution. I hope that you will be able to succeed in having it passed in the form in which it was reported out of the Committee on Foreign Affairs and without the amendment which was introduced in the House when this legislation was being considered on the recommendation of the last administration—an amendment which would weaken its force and narrow its applicability.

The authority, which the passage of this resolution would confer upon the Executive, would be exercised by any Chief Magistrate of the United States to the sole end of maintaining the peace of the world and with a due and prudent regard for our national policies and national interests. The special circumstances of each particular case which may arise would dictate what action, if any, would be taken in that case, but the authority to act on terms of equality in cooperation with other governments when the occasion arises should be left to the discretion of the executive branch of the Government, which is charged, under the Constitution, with the conduct of our foreign relations. In justice to the firm convictions of the American people and to its own dignity, this Government should no longer be left in the position of being unable to join the other governments of the world in preventing the supply of arms and munitions for use in an international conflict when it is exercising its diplomacy and the whole weight of our national influence and prestige to prevent or put an end to that conflict. The enactment of this legislation would strengthen the position of this Government in its international relations and would enable us to cooperate more efficiently in efforts to maintain the peace of the world.

I am writing to Senator PITTMAN asking him to support this legislation in the Senate.

Sincerely yours,

CORDELL HULL.

This is approved by the administration.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. McFADDEN. My recollection is that this letter was written on the heels of a call of the British Ambassador to the Department of State at the time he was conveying a message from the British Government on the question of embargo on arms.

Mr. McREYNOLDS. The gentleman seems to be having visions these days and they seem to be running in circles. If there is anything progressive that he stands for, or if he stands for the best interests of his country, I have been unable to learn it from him recently.

Mr. McFADDEN. My knowledge comes from the reports that have been made.

Mr. MOTT. Mr. Speaker, will the gentleman from Tennessee yield for a question?

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield 1 minute to the gentleman from Oregon to propound a question.

Mr. MOTT. Can the gentleman from Tennessee inform us whether this resolution is a part of the President's program?

Mr. McREYNOLDS. Had the gentleman listened to the reading of the letter and to my statement that it had been approved by the President, he would realize that that answered his useless question.

Mr. MOTT. The gentleman from Oregon listened to the reading of the letter of the Secretary of State, and the gentleman from Oregon listened also to the statement of the chairman of the committee which reported out what

has since been referred to as the "press gag bill", which was passed by this House with only 29 votes against it. We were told by the chairman of that committee that the administration approved that bill, that the President approved it; yet, immediately after it was passed by the House, both the Secretary of State and the President repudiated it.

The gentleman from Tennessee has answered my question directly, I think. He has said this is a part of the President's program. I thank him for the information.

Mr. McREYNOLDS. I read the letter for the gentleman's special benefit.

Mr. FISH. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Speaker, I am not here taking sides with either of the major parties of the House. I happen to be one of the few Farmer-Laborites here.

It was not many years ago since we had a war to do away with war; and it was not so many years ago that we elected a President because he kept us out of war.

The people of this country have voted for peace on several different occasions. We have made efforts to join the League of Nations, or the "League of Notions", and some other things that would involve us in international trouble. Every time the American people have had a chance to speak on this question they have spoken and spoken emphatically. I should think we had had just about enough of foreign entanglements, the thing George Washington advised us, in his final address, to stay away from. I may be absolutely mistaken and almost as visionary as my friend from Pennsylvania [Mr. McFADDEN], but to me this looks like nothing more nor less than a hurry-up, very cleverly written plan by which the United States of America can sneak into the back door and the trapdoor of the League of Nations. Letters are being sent us by the League of Nations Association, Inc., of the United States, being sent to Members of Congress asking them to get behind this bill.

Mr. Speaker, at this time I ask unanimous consent to incorporate this letter in my remarks. I shall not take the time to read it.

Mr. McREYNOLDS. Mr. Speaker, I object.

Mr. SHOEMAKER. Then, Mr. Speaker, I shall read the letter. The letter reads as follows:

APRIL 6, 1933.

Hon. HAMILTON FISH, JR.,
House Office Building, Washington, D.C.

MY DEAR MR. FISH: I have recently been in touch with all the 43 congressional districts in New York State, and especially the 23½ in New York City. I want to tell you with what wide-spread interest and approval the action of the Foreign Affairs Committee of the House of Representatives, in reporting out the arms embargo bill (H.J.Res. 93), has been received.

You will shortly hear from our members in your Twenty-sixth Congressional District, who look to you with hope and confidence for a favorable vote upon this bill that carries with it such vital national and world implications.

We of the political committee of the League of Nations Association are following in careful detail the plans of the opposition to this bill. We know just what a legalistic barrage is being laid down, and how telling some of its sophistries are. We ask you to look through this murkiness of thought and consider the implications of this crisis and its effect upon our own economic recovery.

Appalling ineffectiveness has resulted from the uncertain part that the United States has played in helping to keep the peace of the world. The north star by which we can guide our course is that of international cooperation. The machinery for peace and understanding must be maintained. This arms-embargo measure, we believe, after careful consideration, will have a cooperative and stabilizing effect. Such power in our Chief Executive's hands will give this Nation a new dignity and moral standing.

Yours with sincere regard,

HARRIET B. LAIDLAW,
Chairman New York Political Committee and
Vice Chairman National Political Committee.

In my judgment, this is just another one of these attempts to sideswipe us, brush us off our feet, and sweeps us into an international tangle that is going to cause another war.

I for one am not in favor of giving anyone such power. Congress, and Congress only, has the power to declare war. If this Congress, if the President of the United States, if the State Department, if the people on both sides of this House, really desire peace, let them submit a resolution which will grant to the President the power, and make it mandatory upon him, to refuse to sell munitions of war, to place an embargo upon the sale of munitions of war to any warring nation throughout the entire world. I would support such a resolution. If you are sincere, follow this suggestion, for it will benefit the cause of peace throughout the world and will place the United States in a position where it can maintain strict neutrality and not bet on the wrong horse as we did several years ago.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield 2 additional minutes to the gentleman from Minnesota.

Mr. LANZETTA. Mr. Speaker, will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. LANZETTA. Would not this policy leave the weaker nation at the mercy of the stronger nation?

Mr. SHOEMAKER. I do not see why we should give anyone the power to shed more American blood to decide some foreign issue, a thing which would further increase our burden of debt.

Mr. LANZETTA. The gentleman is begging the question. I am asking him if this policy would not leave the weaker nation at the mercy of the stronger nation?

Mr. SHOEMAKER. Unquestionably. From the dawn of history the weaker nation has been at the mercy of the stronger nation. We should stay away from these foreign entanglements. Once we were one of the weaker nations and we were warned at that time not to enter into them.

Mr. LANZETTA. Does the gentleman want that situation to continue, that the weaker nation shall be at the mercy of the stronger nation?

Mr. SHOEMAKER. Do I want it to continue?

Mr. LANZETTA. Yes.

Mr. SHOEMAKER. There is no way of stopping it. There is no way of knowing who is going to be the weaker nation when we hear threats of war.

Mr. LANZETTA. There is a way of stopping it.

Mr. SHOEMAKER. Germany was not the weaker nation in 1914. She is today.

Mr. LANZETTA. There might be a way of stopping it by having all the strong governments decide as to whether or not one nation is the aggressor.

Mr. SHOEMAKER. That is just another "League of Notions." It has never worked all down through history, and throughout the relationships of one country with another.

We passed a measure the other day the viciousness of which I saw the minute I read it. There were only 29 votes cast against it, the press gag law. After the press of the country came out showing what this measure really was, we found the administration repudiating it, yet we were told that the administration was back of it and that the President was back of it. After it was passed by the House we found it repudiated by the White House. It was an orphan. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield 15 minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Speaker, I wish, indeed, there were ample time to discuss so fateful a measure as the one now under consideration. It seeks to vest in the President of the United States, to a large extent, the supreme issues of war and peace, for with this power his ability to implicate us in any war in any part of the world seems reasonably clear; and it is a fact, and perhaps I am now uttering an unconscious prophecy, that if this should become a law and a continuing policy of the Government, children yet unborn may rue with their blood the consequences of vesting any such power in one man, even though he be the President of the United States.

Let me begin my modest contribution to this discussion with a confession. When this matter was before the Congress in the last session and I received letters from a number of my constituents, exceedingly well meaning and high-minded people, asking me to support in principle the idea of giving the President the power to impose an embargo, I wrote, without adequate consideration of the implications

of the proposal, that I was in sympathy with the proposal. But there is no inconsistency in my position today, because the proposition that I was then favoring differed essentially from the proposition that is now before this House, for, as I understood the proposition, as to which I was then asked to give my support, it favored a power in the President to impose an embargo in the event of war or a threatened conflict upon both or all warring nations, and thus removed the United States from the remote implication abandoning our historic policy of neutrality first formulated by George Washington.

The present proposal, however—and this is the fatal defect of this resolution—gives the power to the President in case of war in any part of the world or in case of threatened outbreak of hostilities, not merely to form an alliance with other powers to boycott one or both of the nations involved in the conflict, but it adds the dangerous power of saying that the President can select which of the two warring nations he regards as the aggressor and which this nation will favor by allowing munitions of war to be sent by our citizens and which it will discriminate against, because he does not believe in the righteousness of its cause, or for political reasons of a more general character.

Mr. BLOOM. Will the gentleman yield?

Mr. BECK. I can not yield at this time. Later I will, with pleasure.

Mr. BLOOM. I should like to inject just one point at this time.

Mr. BECK. I should like to develop my line of argument, and my time is very limited.

Therefore what you are asked to do is, not to allow the Congress, as the great council of the Republic, to determine whether the nature of any quarrel between foreign nations justifies the Congress in intervening in behalf of either power, but it involves the question of vesting in the President the power to pass upon the moral equities of any war and to discriminate in favor of one nation and against the other, and such discrimination is unneutral and is universally recognized in international law as a casus belli. if not war itself. No one can question, certainly, after the decision that we obtained in the *Alabama Claims*, that if we, as between, let us say, France and Germany, should decide to discriminate in favor of France and against Germany, or vice versa, that the nation against which we discriminated could, at the end of the war, put in a claim for damages because of our lack of neutrality, and in default of our paying damages, if it thought it had sufficient power, coerce us in the payment of indemnities by act of war.

Having made one confession that is not much of a confession, I want to make another.

A great deal has been said with respect to the Constitution in this matter. I believe this resolution does not violate the literal text of the Constitution. It does violate its spirit because it is destructive of its great purpose, and that was that the supreme issues of war and peace should never be vested in any man, even if he be the President of the United States, but should remain either for the President, in conjunction with the Senate, to pass upon foreign policies through treaty relations or the Congress to declare war. Therefore it is destructive of the spirit of our form of government, and certainly its historic policy of neutrality, but I shall not base my argument upon the narrow ground of the Constitution.

I have been, I trust, a diligent student of the Constitution for over 50 years. I have written a number of books on the subject and I have made innumerable addresses, which I have inflicted upon audiences, not only in this country but in England and in France. I have always adopted toward it what might be called the sacerdotal view of the lawyer, namely, that it is an instrument of infallible wisdom that by some divine self-executing power could perpetuate itself; and now, in my later years, I have awakened to what is to me a terrible reality, and that is that the greatest illusion of this country is the supposition that any country can be long restrained within the limits of a constitution. I might have known this if I had only read my Aristotle, for he said, 2,000 years ago, in his profound study of politics, that if the ethos or genius of a people should conflict with its written constitution it would be inevitably the written constitution that would succumb.

Therefore, it seems to me—and I hate to state it—that for 25 years, obedient to impulses from which we cannot escape, our constitutional form of government has been in process of dissolution and the process has been immensely accelerated in the last 4 years, and notably in the last 5 weeks. For that no political party is wholly responsible. It is simply the fact that you cannot confine a people, especially a people with a democratic genius, within the limits of any written constitution.

The subject matter of this resolution admirably illustrates this discouraging truth. If there was one thing that the framers of the Constitution were agreed upon—and there were very few things that they agreed about—it was that in creating a powerful chief magistrate, he should not have the power to pledge the faith and money and blood of the American people in any foreign war, or indeed in any foreign relations, that in any way limited the proud independence of this country to do whatever it pleased in any given contingency.

Therefore, they said that the President should not appoint any diplomatic representative in foreign nations unless the Senate concurred in his selection. We know how much of a dead letter that has become, because for years past the President has sent ambassadors at large to all Europe, and indeed to all the world, whose appointments the Senate has never consented to or even been consulted about.

The Constitution said in the second place that no treaty should ever be executed that would pledge the credit and the power of this country to any international obligation without the consent of two thirds of the Senate. But by protocols or understandings or informal engagements, that provision of the Constitution is, as I have said, largely a dead letter; and the subject matter of this resolution illustrates it, because it enables the President, when there is war or a danger of war, to select the nations with which we will cooperate in imposing a joint boycott against the power we deem the offending power. This means an alliance for mutual ends and would soon become an alliance, offensive and defensive, in violation of our historic policy of not becoming a party to such "entangling alliances." Such joint boycott could only be a practical intervention in the hostilities by a military alliance of neutral nations. You can call it what you please, but such an agreement to boycott would be a military alliance of outside parties against one of the two warring nations.

How completely the Constitution has failed in many important respects to carry out the wise limitations of the Fathers is further shown by the fact that while the Constitution forbids a President to declare war, and only Congress, as the great council of the Republic, can, after careful deliberation, declare war, and such declaration is its sole responsibility; yet we all know, and this resolution is an illustration of the fact, that the President can take steps that will inevitably mean, not theoretically, but practically, the entrance of this Nation into war, as long as the psychosis of any people is to follow blindly what may be the impulsive and prejudiced act of a President. Therefore you are giving to the President—and I do not say this President, but any President—this vast power. No such power would ever have been given to the Father of his Country. It was denied to President Wilson in a supreme crisis of civilization when Congress refused to authorize him to impose an embargo on the exportation of arms.

You are giving to the President the power to select, as between two parties, the guilty and the innocent, to substitute the judgment of one man for the judgment of a whole nation, and when we have done that we have given a casus belli, we have subjected this Nation to unlimited claims of indemnity; and we cannot complain, having thus intervened in the quarrel by giving to one what we withhold

from another, if the successful party, if it be strong enough, should with its fleet and navies compel us to pay to the uttermost penny.

Let us realize what that means. Europe is at the moment on the edge of a volcano. If it does not break out in the near future, it will be on account of its futility and the destructive power which the devilish ingenuity of mechanics and chemistry have given to war and the comparative poverty of the quarreling nations. Nevertheless, there is unhappily only too much evidence at the present moment of an imminent outbreak in Europe due to the colossal mistakes in the Treaty of Versailles—a treaty created when the nations were not only sandbagged into insensibility but into a state of insanity due to their sufferings, because the Treaty of Versailles was the product of an insane psychosis.

Let me illustrate the possibilities of this proposal by something from history. Five years after the war of 1870, when France, the stricken gladiator, was slowly trying to rise to his feet, it occurred to the military party in Germany that it would be a wise thing to precipitate an immediate second war to crush France before she could again become strong.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. FISH. Mr. Speaker, I yield the gentleman 5 minutes more.

Mr. BECK. Bismarck saw the danger of that. He tipped off the intended attack upon prostrate France by giving it to Mr. de Blowitz, who was the Paris correspondent of the London Times. When it was published England and Russia protested, and then, under the cover of those protests, Prince Bismarck suppressed Von Moltke and the military party. Now, suppose that France, seeing that inevitably under the Hitler government Germany will regain her military power, shall determine that it would take any pretext—and it could have many technical pretexts under the broken covenants of this Treaty of Versailles—to commence war against Germany and crush her utterly. Suppose, then, that Germany makes an alliance with Russia and Italy, and that France has an alliance with the nations of the "Little Entente", and that England would feel constrained, because of its former alliances, to throw its great naval power into the scales in behalf of France. When that time came, if it should unhappily come, I do not know who would be President of the United States. It might be a man as ambitious as Caesar to play a great part in the history of the world. He could then simply say, "I will determine whether France and her allies or Germany and her allies are in the right in this quarrel. I shall invite other neutral nations to join with the United States in boycotting France", if France was the offending party in the eyes of the President, or Germany, if he regarded Germany as the aggressor. Does anyone question that would be an intervention, a deliberate and unneutral intervention, in favor of one group of powers and against the other?

Prof. John Bassett Moore, the most eminent authority on international law now living, so says. I listened with pleasure, and I may say admiration, to the speech that was made yesterday by the gentleman from Ohio [Mr. WEST]. It was forceful, clear, and worthy of the best traditions of the House, but I was amazed when I heard the gentleman, comparatively a young man, himself a professor of international law, say that John Bassett Moore's views on international law had, as he said, "crystalized", by which I imagine he meant "fossilized", 25 years ago in 1907. The intimation was that John Bassett Moore had learned nothing since 1907, and yet there is no chancellery in the world that would not today greatly value the opinion of John Bassett Moore. John Bassett Moore, in a letter to Mr. FISH, that is in the minority report, has said most clearly that any such discrimination is not only unneutral, but a casus belli, and would, if we were thus discriminating against a nation of strength comparable to our own, lead us to war, either then, or at some later date, when the party thus discriminated against had won its victory and turned upon us to compel us to pay damages for our unneutral act. Let me quote his language as that of a master in international law:

> Neutrality in the legal sense impresses not only impartiality, but also abstention from participation in the conflict. The prohibition of the neutral government itself to supply arms and munitions of war is based upon the unquestionable fact that the supplying of such articles to a fighting force is a direct contribution to its military resources, and as such is a participation in the war; and if a government does this, it virtually commits an act of war. If it does this in behalf of one of the parties, it abandons its neutrality and is guilty of armed intervention. * * * From the elementary principles of international law above set forth, it necessarily follows that if a government bans the shipment of arms and munitions of war to one of the parties to an armed conflict, and permits it to the other, it intervenes in the conflict in a military sense and makes itself a party to the war, whether declared or undeclared.

The letter of the Constitution may not expressly provide that to vest such a power in the President is a violation; yet, nevertheless, you are scrapping what is a historical policy of our country, written into the Constitution, in what was once thought to be letters of living light, that the destinies of this country should not be in the keeping of any one man, however admirable, however excellent, however well meaning, and even if he is the President of the United States.

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. BECK] has expired.

Mr. FISH. Mr. Speaker, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. BLOOM. Mr. Speaker, the chairman of the committee is not present, but I have no doubt he will yield the gentleman an additional 5 minutes also.

Mr. BECK. I thank both the gentlemen for the courtesy. What I wanted to dwell upon, because it gives me great satisfaction, although it has a rather indirect bearing upon this resolution, is a speech made 2 or 3 nights ago in New York by that arch charlatan of literature, George Bernard Shaw. The relevancy of this allusion will appear in a moment.

Mr. Shaw has for 25 years maligned and traduced this country. Even last November, when he was given the courtesy of an trans-Atlantic broadcast to the American people, he commenced it with the statement, "You boobs." He has capitalized his contempt for the American people by getting publicity out of his insults. If his gratuitous insults were only to sell his books, the more contemptible his insults are. He is a colossal egotist. While he reminds himself of Voltaire, he resembles the Sage of Ferney as a farthing dip the sun. It is incredible that we did not allow him to pass through this country unnoticed as beneath our notice. [Applause.]

And yet the Academy of Political Science did itself the doubtful honor of inviting this senile self-advertiser to address it. Mr. Shaw took the stage of the Metropolitan Opera House in New York—and it illustrates what I have said as to the decaying faith of our people in their noble form of government that to the cheers and applause of 5,000 people Mr. Shaw proceeded to say that our Constitution was only a "charter of anarchism." He said that the American people up to 1860 were simply "emigrants", by which he apparently meant that we were then still uncouth and raw, although in that time we had produced Washington, Jefferson, Madison, Marshall, Hamilton, Webster, and Lincoln. He proceeded to say that the uncouth class of Americans in 1860 was succeeded by "100 percent Americans", who were imposing in their facades, talked very volubly and glibly, but never had anything to say or any thought worth expressing. He excoriated them. Then comes the point of my remark. He proceeded to say there were just two Americans who in his judgment had emerged from this class of ignorant Americans. One was William Randolph Hearst and the other was the present President of the United States, and he exalted both on the ground, as he said, that they were "violently opposed to the Constitution" [laughter], which he declared with his great knowledge "was not a constitution at all", and that our Statue of Liberty was a "monstrous idol."

Neither the President nor Mr. Hearst need any defense at my hands. Both would resent the stigma of being praised by Mr. Shaw. The President has done many admirable things, and I think we Republicans in this session have been ready and willing to admit it. Like the captain of the ill-fated *Akron*, when that boat rushed down to its doom, the President may have found it necessary, or thought so, to throw over considerable ballast, not merely in the shape of constitutional principles but also of basic ideals of American society, in order to keep our economic system afloat. It may be he is leading us to economic salvation. He may be leading us to economic destruction. I do not know which. Time will tell. What I do know is, that with high and noble purpose and with no deliberate attempt to overthrow the Constitution, he has taken extraordinary measures in extraordinary times.

Nor does Mr. Hearst deserve the discredit of Mr. Shaw's praise. For 10 years, in the matter of our foreign policies, he has valorously protested against scrapping the ideals of George Washington. [Applause.]

It is important to distinguish between the President as a smiling, gentle, high-minded, well-meaning, courageous, and energetic leader, and the "brain trust" that trades in his name, because the brain trust—made up of Professor Moley, Professor Tugwell, and Prof. Mordecai Ezekiel, if that is his name—trades, and too often [laughter], in the name of Roosevelt, formulates policies which we are asked to accept because the President so wills. The President gives his formal assent without much examination, and then this House forgets all its dignity as a deliberative body and feels that it must sign on the dotted line in the pious hope that the Senate will correct the defects.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. BECK. Yes; the gentleman has been so gracious I am glad to yield.

Mr. BLOOM. The gentleman does not refer to the resolution we have under consideration as being the output of this "brain trust" that he refers to, does he?

Mr. BECK. I suspect it is, but I do not know. [Laughter and applause.]

Mr. BLOOM. Will the gentleman yield further?

Mr. BECK. Certainly.

Mr. BLOOM. How can the gentleman suspect it is the output of this "brain trust" when it is the same resolution that was sent to the previous Congress by President Hoover and endorsed by Secretary Stimson? It could not have been.

Mr. BECK. If the two resolutions are identical, the gentleman's point is well taken.

Mr. BLOOM. They are identical.

Mr. BECK. Then the gentleman's point is well taken. I acknowledge it. I never had any sympathy with Secretary Stimson's foreign policy in the Manchurian matter. [Applause.] It was with great difficulty I repressed myself during the last administration from saying so on this floor. Why should we embroil ourselves in an oriental war?

Mr. BLOOM. Will the gentleman yield again?

Mr. BECK. Certainly.

Mr. BLOOM. Is it the gentleman's thought that the resolution we have under consideration refers to anything in the Orient? Is there anything that can be so construed by the wildest stretch of the imagination? We have heard the statement made from the floor, but there is nothing in this resolution or nothing that has ever been said by President Hoover, Secretary Stimson, President Roosevelt, or Secretary Hull which in any way brings in the Orient.

Mr. BECK. That may be so. I cannot say what are the purposes back of it. I am not in the confidence of its proponents. What I do know is that it is part of a tendency that is threatening the integrity of our Government and the independence of the American people. To make the President through his Cabinet ministers a dictator not merely of domestic policies, for which in this emergency there may be some excuse, but a dictator in our foreign policies, a power the Constitution vainly tried to protect us from, seems to be un-American and dangerous.

Mr. BLOOM. If I yield the gentleman further time, will he kindly answer another question?

Mr. BECK. Certainly.

Mr. BLOOM. Is it not a fact the consent that is sought by this resolution is something that exists at the present time in this country, a power the President of the United States has at this time and has had for many, many years?

Mr. BECK. Does the gentleman mean the power to impose an embargo?

Mr. BLOOM. Yes. We have had an embargo against the shipment of arms to China since 1922. We have had an embargo on all the American countries, and an embargo upon the countries over which we have extraterritorial jurisdiction. There is nothing new being asked in the resolution under consideration today, nothing which will bring in Japan. Japan has nothing to do with it.

Mr. BECK. To my colleague from New York, let me say, I did not bring in Japan and China.

Mr. BLOOM. The gentleman spoke of the Orient.

Mr. BECK. And, let me say, there is a clear distinction between Congress in a given emergency specifically authorizing an embargo, as was the case in the illustrations cited, and Congress giving the President continuing power to impose an embargo against any power he dislikes for any reason and in favor of any country he likes for any reason. [Applause.]

Mr. BLOOM. That is not this resolution.

Mr. BECK. Yes; it is this resolution.

Mr. BLOOM. No; read the resolution, please.

Mr. BECK. Now, let us see what the resolution provides. [Here the gavel fell.]

Mr. BLOOM. Mr. Speaker, I yield the gentleman 3 additional minutes. I will give him my own time.

Mr. BECK. I do not want the gentleman's time; I want to hear from him.

Mr. BLOOM. No; go ahead. You and I can talk it out now.

Mr. BECK. Very good. Let us see what the resolution does provide. It states that after securing the cooperation of such governments as the President deems necessary, that enables him to pick out the allies in a military alliance, he makes proclamation of the joint embargo and it then becomes unlawful to export, "except under such limitations and exceptions as the President prescribes"—therefore, he has unlimited power to play favorites—"any arms or munitions of war from any place in the United States to such country or countries as he may designate."

Mr. BLOOM. Yes.

Mr. BECK. That is the proposition.

Mr. BLOOM. May I answer the gentleman?

Mr. BECK. Yes.

Mr. BLOOM. Is there any statement there "as he may dislike"?

Mr. BECK. No; "as he may designate."

Mr. BLOOM. I beg the gentleman's pardon, but the gentleman said any country that the President may dislike, and I say that is not in the resolution.

Mr. BECK. I quite agree that that is not the wording of the resolution, but you give the President the power to "designate" who shall be the friends and who shall be the enemies of this country, and he can act according to public policy or according to his likes or prejudices or any other thing that moves the human mind.

Mr. BLOOM. It is exactly the same resolution that is in effect at the present time, and there is no such thing as the gentleman has brought out, as well as other gentlemen on his side, with respect to the power given the President. It is the same power that the President has now and this is building up something that we started to do a number of years ago. This resolution simply completes it.

Mr. BECK. I should like my friend to cite a single statute, from the beginning of the Government, that gave the President of the United States power to designate which nations we will favor and which nations we will discriminate against.

[Here the gavel fell.]

Mr. BLOOM. The gentleman from Texas [Mr. JOHNSON] will be pleased to answer that question, as our time is limited on this side.

Mr. FISH. Mr. Speaker, I yield the gentleman 1 more minute, because I think we ought to clear this matter up. I have the idea that the confusion comes about because some Members believe that the President has such authority now, because the President can place an embargo on a country where there is internal disturbance. This is an entirely different proposition. This resolution is aimed against belligerent nations and that is where the unneutral act comes in.

Mr. BECK. Mr. Speaker, for my part, whatever comes, I propose to stand by the historic policy of this country and the spirit of the Constitution. [Applause.]

Mr. McREYNOLDS. Mr. Speaker, I yield 20 minutes to the gentleman from Texas [Mr. JOHNSON.]

Mr. JOHNSON of Texas. Mr. Speaker, there is no Member of the House who more enjoys listening to the scholarly and able gentleman from Pennsylvania [Mr. BECK] than myself. I regret very much, however, that his extraordinary ability is arrayed today in opposition to that which I conceive to be a righteous cause.

A great deal has been said about this resolution in order to prejudice the purpose for which it has been introduced. The tactics of the criminal lawyer have been employed by the opponents of the resolution.

The gentleman from New York [Mr. FISH], in his first speech of the series of speeches he has made upon the question, said that this was entry not into the cellar door or the back door but the front door of the League of Nations, and he seeks to appeal to those who are prejudiced against the League of Nations in order to gain the support of those who are opposed to the League. Then another one opposing the resolution cites some organization in New York that he does not think is very popular in this country, and because, forsooth, this organization favors the resolution, proclaims that it should be defeated. But it remained for the distinguished gentleman from Pennsylvania [Mr. BECK] to bring into the question the recent visit of George Bernard Shaw, who has incurred the hostility of the American people, by trying to link the resolution with that unpopular individual. I see no relevancy between Mr. Shaw and the pending resolution; and the gentleman from Pennsylvania, who is usually most logical, wholly failed to point out the relevancy.

If this resolution will accomplish what it is intended to do, it will tend to preserve peace and make war more difficult; and if it will accomplish or even tend to accomplish this objective in the slightest degree, I am for it.

Mr. CLAIBORNE. Will the gentleman yield for a question?

Mr. JOHNSON of Texas. Not now.

The prevention of war is one of the highest duties that government owes society, and any nation that will not take every precaution and use every legitimate means to avert the holocaust of war is unworthy to stand among the civilized nations of the world. [Applause.]

Those who are opposing this resolution seek to make it appear that the resolution is to cause war and to make peace more difficult. This is the old trick of the criminal lawyer who tries to make it appear that the man who is charged with crime, instead of being a criminal, is a law-abiding citizen and that instead of being a man who should be confined in a felon's cell the man whom he killed should have been slain.

I say that the whole opposition to this resolution is based upon a false premise and that the grounds urged against it are not supported either by history or by facts.

Before discussing the arguments made by the opponents of the resolution permit me to say that the principal witnesses who appeared against this resolution in the exhaustive hearings that the committee held were the munition manufacturers, who came all the way from Connecticut and elsewhere to appear and testify against it and who claimed that its passage would injure their business. Their testimony was not referred to, either in the lengthy report of the minority or in any speech that has been made against it, even including that of the distinguished gentleman from Connecticut, in which State most of the munition factories are located.

The truth is, Mr. Speaker, the arms manufacturers have on too many occasions, as they have on this one, exerted their influence against legislation designed to minimize the threat of war. They have exerted this influence by means of propaganda against this Government's program of disarmament. They have stimulated the purchase of munitions by governments by direct urging of governments to compete with each other in building up their armaments and by indirect propaganda playing upon the fear of war just as they are doing in opposing this resolution.

This resolution does not threaten the legitimate interests of the arms manufacturers; but it is designed to try to preserve peace, even though it may affect the business of those who manufacture munitions of war. The cause of peace and the prevention of war is of more importance to America than the profits of any group. In the awful depression from which we are suffering we are still paying the price of the World War.

Now, what is the first proposition urged against this resolution? Take the minority report, and what do they say? They try to discredit it by using high-sounding adjectives and phrases, just as the gentleman from New York did. He said in his speech that this resolution was not an act of peace but of war; that it was novel; that it was dangerous and revolutionary.

Now, that statement is true or it is not true. It is either novel or it is not novel. It is either revolutionary or not revolutionary. The distinguished gentleman from Pennsylvania, who just preceded me, evidently had not looked into the history of this country as to this resolution, or he would not have made the statement he did when he said that there never had been such a power vested in the President of the United States.

The statutes, if he had taken the time to examine them, would have contradicted him when he said that such a delegation of power had never been given the President.

In 1898, when McKinley was President, and you will find this in the Thirtieth Statute, page 339—Congress passed this resolution which I am going to read, and you will see that it is far more drastic than the one we are considering. It gives the President far more power and with less restriction.

> The President is hereby authorized in his discretion, and with such limitations and exceptions as to him may seem expedient, to prohibit the export of coal and other material used in war from any seaport of the United States until otherwise ordered by Congress.

The resolution we have here in giving this power to the President directs that he shall consult with other governments before invoking it, and this resolution that I have read does not do that. The President, under the law of 1898, could consult other governments or not, as to him seemed expedient. He may select under the resolution the aggressor nation, or he may say, "I will invoke it against all countries." There is no limit and no restriction as to his authority or the manner in which it should be used.

Now, this law, passed in 1898, remained the law until 1912.

In 1905, when Mr. Roosevelt was President, he acted upon that resolution. I read now from the Thirty-fourth Statute, section 3183, a proclamation by the President of the United States.

The Spanish-American War had long since ceased. This proclamation was issued when there was no state of war, simply under the authority conferred on the President.

The proclamation reads as follows:

> BY THE PRESIDENT OF THE UNITED STATES OF AMERICA—A PROCLAMATION
>
> Whereas by a joint resolution approved April 22, 1898, entitled "Joint resolution to prohibit the export of coal or other material used in war from any seaport of the United States", the President is "authorized, in his discretion, and with such limitations and exceptions as shall seem to him expedient, to prohibit the export of coal or other material used in war from any seaport of the United States until otherwise ordered by the President or by Congress."

Now, therefore, I, Theodore Roosevelt, President of the United States of America, for good and sufficient reasons unto me appearing, and by virtue of the authority conferred upon me by the said joint resolution, do hereby declare and proclaim that the export of arms, ammunition, and munitions of war of every kind, from any port in the United States or in Puerto Rico to any port in the Dominican Republic, is prohibited, without limitation or exception, from and after the date of this my proclamation until otherwise ordered by the President or by Congress.

And I do hereby enjoin all good citizens of the United States and of Puerto Rico and all persons residing or being within the territory or jurisdiction thereof to be governed accordingly.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 14th day of October in the year of our Lord one thousand nine hundred and five and of the independence of the United States of America the one hundred and thirtieth.

THEODORE ROOSEVELT.

By the President:
ELIHU ROOT,
Secretary of State.

Mr. BACON. Was the Dominican Republic at war with any other country at that time?

Mr. JOHNSON of Texas. I do not know and I do not care. It does not have any bearing whatsoever on the resolution. If it had been at war, the President could have invoked it. If it had not been at war he could have invoked it. The President, under that resolution, had the power to invoke it against a country that was at war, or a country that was at peace, or against any and all belligerents. The limitation was simply "in his judgment, as to him seemed best."

Mr. BACON. The only thing is that I do not see why Congress did not repeal that resolution immediately after the Spanish-American War.

Mr. JOHNSON of Texas. The gentleman's party was in control. William McKinley was President under that. He was succeeded, as I recall it, by Roosevelt, and then by Taft, and it remained the law until 1912, when it was amended. It was not repealed, but it was simply amended so as to apply to domestic disputes in American countries. That was the law in 1912. In 1922 that law was still further enlarged so as to apply not only to domestic disputes in American countries but to every country over which the United States exercised extraterritorial jurisdiction; and that is the law at this time.

This resolution, instead of being revolutionary, instead of being unprecedented, as someone else has said, simply rounds out and completes the settled policy of the United States for 35 years. Those gentlemen who grow red in the face in denouncing it as revolutionary and as a child of the League of Nations, do not reckon with the facts, because this was the law before the League of Nations was ever thought of, and before George Bernard Shaw had ever said anything derogatory to the United States.

They say this is aimed at Japan. That is another effort to try to prejudice the resolution. Unfortunately there are a great many people in this country who all the time talk about being for peace, who say "I abhor war", and who say that war should be stopped, but they always are content to take it out with talking against war, but they never vote for any measures to prevent war. The trouble, my friends, is this, we cannot simply decry war——

Mr. LUNDEEN. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. LUNDEEN. Did the gentleman oppose the last war we had?

Mr. JOHNSON of Texas. I refuse to be diverted from the discussion of the pending resolution by answering such irrelevant questions.

Now, I was talking about Japan. They say this is aimed at Japan. My friend from Massachusetts [Mr. TINKHAM] was paid quite a tribute by the able chairman of our committee yesterday, and I thought he was entitled to it, because the last time we had this resolution under consideration at the last session practically all Republican Members, except my good friend from New York [Mr. FISH], and Mr. Maas, were favorable to the resolution; but since the advent of my good friend from Massachusetts under his tutelage there has been a right-about face, and the entire delegation except one signed the minority report. The gentleman gave out an interview in which he said that this resolution was aimed at Japan. I suppose it is not proper to criticize my colleagues, but I thought it was a rather undiplomatic remark, even if the gentleman believed such to be the facts, because that is the way war is brought on. Somebody goes out and makes a certain statement that a certain act is intended to affront a certain country. That is the way we brought on fights when I was a boy. Somebody would say, "Do you know So-and-So is talking about you?" These gentlemen who either in debate here, or in the press, or elsewhere, say that this is aimed at Japan disclose a lack of diplomatic if not patriotic spirit; especially is this true on the part of members of the Foreign Affairs Committee of this House. The Secretary of State says it is not so intended.

The only statement that the gentleman produced in the committee to show it was so intended was the expression of some newspapers. I should rather take the statement of Cordell Hull, the Secretary of State, who knows what is back of the resolution, than to accept statements of individuals who rely merely upon newspaper statements, who do not know what the facts are.

Mr. CLAIBORNE. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. CLAIBORNE. Could it not be used against Japan in the present instance, if the President saw fit to so use it?

Mr. JOHNSON of Texas. It could be used against any country which the President saw fit to use it against; but, as answering the charge that it is intended to be used against Japan, the facts are that Japan manufactures her own munitions, and we exported to Japan last year only $41 worth of munitions from the United States. If we were exporting vast amounts of munitions from the United States, there might be ground for that charge.

Mr. HOEPPEL. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. HOEPPEL. Can the gentleman explain how much cotton was exported to Japan?

Mr. JOHNSON of Texas. Cotton is not a munition of war, under the definition of what constitutes munitions of war. Some years ago Hon. George W. Wickersham, then Attorney General, defined what constitutes munitions of war, and his definition is still acted upon by the State Department. It is as follows:

Articles primarily and ordinarily used for military purposes in time of war, such as weapons of every species used for the destruction of life, and projectiles, cartridges, ammunition of all sorts, and other supplies used or useful in connection therewith, including parts used for the repair or manufacture of such arms, and raw material employed in the manufacture of such ammunition; also dynamite, nitroglycerin, or other explosive substances; also gun mountings, limber boxes, limbers, military wagons, field forges and their component parts, comprising equipment of a distinctively military character; articles of camp equipment and their distinctive component parts; and implements manufactured exclusively for the manufacture of implements of war or for the manufacture or repair of arms or war material.

Foodstuffs, ordinary clothing, and ordinary articles of peaceful commerce are not included in the prohibition.

Mr. CLAIBORNE. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Texas. Yes.

Mr. CLAIBORNE. I am not afraid of levying against Japan, but I am afraid of being involved in war. [Applause.]

Mr. JOHNSON of Texas. That is what those who are against the resolution say, but does anyone think that the President of the United States wants war any more than the gentleman wants it? Does anyone believe that the Congress of the United States is more anxious for peace than the President of the United States? The Congress has the power now to levy an embargo, and someone asked yesterday, Why not let Congress levy the embargo instead of the President? I will tell you why. Because the Congress of the United States might not be in session, in the first place, when the necessity arose requiring its levying, and in the second place, the levying of an embargo can be done by diplomatic handling of the President much better than by Congress, where we cannot carry on diplomatic negotiations, and because if Congress had to levy the embargo we would have a great deal of unnecessary and inflammatory

talk, which instead of accomplishing the purpose of the resolution would defeat it.

The mere fact that the President possesses the power would be one of the strongest reasons why it will never be necessary for him to use the power. If the countries against whom it was thought the power might be invoked knew that the President possessed that power, the President could, in a diplomatic way, indicate that it might be used, and the effect would be as great as though he did use the power.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Texas. Yes.

Mr. ADAMS. It has been stated here this afternoon, I do not recall by whom, that under this resolution the President would have the right to determine who is the aggressor. For my enlightenment, will the gentleman please tell me whether that is true?

Mr. JOHNSON of Texas. In answer to that question, those who have opposed the resolution have read into it that which is not in the resolution. To have heard the addresses of those opposing the resolution one would imagine that the resolution contained the language of the selection of the aggressor. Upon reading the resolution it will be discovered that there is no such language.

As I said a moment ago, the power, the method, the circumstances, the facts under which it would be used would be left to the President, just as the law of 1898 left it to him, except this—that in this act it directs the President to consult with other nations before taking any action. If he thought proper he could exercise it in such way as to be against one country and not another, or he could exercise it against both; but he could, if he thought best, consult all of the munition-manufacturing countries before he did it.

Mr. ADAMS. Assuming, for the purpose of argument, that he could, would the passage of this resolution deprive the Congress of the power of rectifying any mistake that he might make?

Mr. JOHNSON of Texas. It would not. The last portion of the resolution provides the language, "until Congress shall decree otherwise", just as the act of 1898 did. I am glad the gentleman brought that to my attention. The language is:

> * * * it shall be unlawful to export, or sell for export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country or countries as he may designate, until otherwise ordered by the President or by Congress.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. McREYNOLDS. Mr. Speaker, I yield the gentleman 3 minutes more.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Texas. Yes.

Mr. MOTT. Would it not be a fact that it would take a two-thirds vote of the Congress to change the order of the President in the event the President should veto the act of Congress?

Mr. JOHNSON of Texas. No; it would not. It would simply take an affirmative declaration by Congress. It would not be a veto by the Congress, it would be simply the enactment of a repealing statute.

Mr. MOTT. But could not the President veto that act?

Mr. JOHNSON of Texas. Of course, he could veto any resolution he desired, but this resolution affirmatively vests in Congress the power to revoke an arms-embargo proclamation.

Mr. MOTT. Does not the gentleman think it would be better and safer if the resolution provided for the ratification by Congress of the act of the President?

Mr. JOHNSON of Texas. I do not. I do not think the resolution would then be worth anything, because you would have to wait until Congress could pass upon it, and the time for its effectiveness would have passed. The sole question is this: Are you willing to leave this question to the President of the United States, just as we did in 1898, and as we did for 14 years without any limitation whatever, and for 21 years with limitations?

Furthermore, every other major munition-manufacturing country, except Czechoslovakia, has already delegated this power to its executive head. There are only five countries that produce arms and munitions on a large scale, and all of these, with the exception of the United States and Czechoslovakia, have already delegated that power to their executive heads, and in order that we may cooperate with other countries in preserving peace, it is necessary that we should do that also, and that is the sole concern. It is not leveled at any particular country, and the State Department advises that its passage is sought for use against no specific country.

Mr. TINKHAM. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Texas. Yes.

Mr. TINKHAM. May I ask the honorable Representative if he believes the United States should join the League of Nations?

Mr. JOHNSON of Texas. The question of the gentleman proves what I have said, that those opposing the resolution are seeking to divert attention from the resolution and its merits by dragging in questions not involved, and I refuse to be so diverted.

The minority report contains a statement from Professor Borchard, of Yale University, to the effect that the grant of the power to the President to act, after conferring with other countries, without ratification by the Senate, is unconstitutional.

The gentleman from Pennsylvania [Mr. BECK] is too good a lawyer to make such a contention, and in his speech today stated that he did not believe the resolution contravened the letter of the Constitution.

The truth is that Congress has frequently delegated to the President the power to take action, after negotiations with other governments, and such power so delegated has been upheld by the Supreme Court of the United States.

As supporting this contention, I call attention to the following specific instances where such has been done:

First. The Nonintercourse Acts of 1809 and 1811 (2 Stat. 530) and 1810 (2 Stat. 606), which conditioned the suspension of trade upon the proclamation of the President as to the attitude of other governments.

Second. Our tariff acts have long proceeded upon this principle.

The Tariff Acts of 1890 and 1893 (26 Stat. 612) and the Tariff Act of 1897 (30 Stat. 203) had provisions of this sort.

Under the Tariff Act of 1890 the President was empowered to suspend the free entry of certain articles from other countries, if he was satisfied that their governments imposed unequal and unreasonable duties on our products. In the celebrated case of *Field* v. *Clark* (1892) (143 U.S. 649), the constitutionality of this provision was attacked and it was contended that the provision delegated to the President "both legislative and treaty-making powers." The Supreme Court, in holding against this contention, after citing numerous precedents, used this language:

> * * * that in the judgment of the legislative branch of the Government it is often desirable, if not essential, for the protection of the interests of our people, against the unfriendly or discriminating regulations established by foreign governments, in the interests of their people, to invest the President with large discretion in matters arising out of the execution of statutes relating to trade and commerce w'th other nations.

The Tariff Act of 1897 (30 Stat. 203) went farther and authorized the President "to enter into negotiations" with other governments, with a view to securing reciprocal and equivalent concessions, and when such governments entered into commercial agreements with the United States, or made concessions in favor of our products, the President was authorized to suspend the imposition of certain duties.

Third. The President has frequently proclaimed the existence of reciprocal copyright relations with other governments under act of March 4, 1909 (35 Stat. 1077).

Fourth. He has negotiated a common policy with other governments concerning relief from double income tax on shipping profits under Revenue Act of 1928 (45 Stat. 791).

Fifth. He has also issued many proclamations after negotiations with other countries, suspending discriminating tonnage duties.

The opponents of the resolution have repeatedly referred to the opinions of John Bassett Moore and Professor Borchard as being opposed to the resolution.

Eminent lawyers who are experts in international law are earnestly supporting this resolution, and ably contend that the reasons assigned by Mr. Moore and Professor Borchard are not tenable. Among these I refer to Manley O. Hudson, professor of international law of the Law School of Harvard University; Ellery C. Stowell, professor of international law of American University, who, by the way, is the author of an able and valuable book upon the subject of International Law, published in 1931; Joseph Chamberlain, professor of international law of Columbia University; David Hunter Miller, historical adviser of the State Department, and also an eminent authority on international law. I wish that I had time to quote from briefs prepared by these eminent authorities, which sustain not only the constitutionality of the resolution but refute in able and convincing manner the contention that the resolution violates the law of neutrality.

These authorities point out that the law of neutrality has undergone many changes since the Hague Conference in 1907, due to the World War, the League of Nations, and the Kellogg-Briand Peace Pact.

After all, the question of whether or not this resolution might be so used as to violate the law of neutrality or involve us in war would depend upon its exercise by the President. The arms embargo law which we have had upon the statute books for 35 years has never involved us in war, or even threatened to do so, although it has been invoked and used against the following countries: Brazil, China, Cuba, Honduras, Mexico, and Nicaragua.

Surely we can trust the President of the United States, whoever he may be, to exercise this authority with a due and prudent regard and in such a manner as to preserve peace and not to provoke war. I feel sure that President Roosevelt would so act, and I am confident that his successors would, as have all Presidents since 1898 in the same wise and judicious manner.

The SPEAKER pro tempore. The time of the gentleman from Texas has again expired.

Mr. McREYNOLDS. Mr. Speaker, I yield 5 minutes to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. Mr. Speaker, I am very happy to have an opportunity to vote for this resolution. It does not go as far as I would like to see it go.

Whenever the world reaches the point where all countries are willing to prevent profits from the manufacture of munitions of war, from that date we will have a decrease and lessening of war influences. In my humble opinion, a great deal of the trouble in our South American countries has been the result of the greed of munition makers. I think they were at the bottom of a great deal of our trouble.

Mr. PATMAN. Mr. Speaker, will the gentleman yield for a short question?

Mr. McKEOWN. For a very brief one.

Mr. PATMAN. What about the greed of the oil producers in the South American countries?

Mr. McKEOWN. As the gentleman knows, all greed runs together. All these greedy crowds are helping each other. What I am saying is that if today no nation on earth could export arms at a profit less war talk would be heard. One thing is certain, civilization and war cannot exist in the world at the same time. The time has come when, if the civilizations of the world are to survive, war must be destroyed. If it is not outlawed, war will destroy civilization.

Now, you know, when a man talks peace a lot of people in this country talk about him as though he were a coward. They do not realize that the man who talks peace is the man who fights our wars. The last scrap I had when I was a boy, and I did all my scrapping in my boyhood days, was when I got hold of a fellow who did not want to fight. I have never had a fight since that moment. Beware of these fellows who do not want to fight. The pacifist is the man who fights the war these military fellows get us into. This is the truth about it when you get down to the last analysis of the matter.

Mr. MARTIN of Oregon. Mr. Speaker, will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. MARTIN of Oregon. That is just where the gentleman is mistaken. The statesmen are the ones who get the soldiers into war.

Mr. McKEOWN. I may say to the distinguished gentleman from Oregon I am not talking about the soldiers of this country. God knows if there is anybody who has my sympathy it is the soldier in the American Army. I am not talking about him. I am talking about this crowd which, every time one talks peace, wants to stir up a fight. Now, you fellows are trained to fight. All you know is fighting. [Laughter.] That is all you want to do. That is what we have you for. I am talking about peace.

When a man stands flatfooted for peace in the world he is immediately branded as a pacifist and caricatured in the papers of the country along the lines of the caricatures published of our dry friends, a man with a long, tall hat and a long, black coat. Let me tell you that the men who have stood for peace in the world have fought the battles of the world whenever they have been called by their country, whenever it is necessary to defend the ashes of their fathers. They will fight and die for the churches of their God. They will fight and die for the mothers who gave them birth and for the wives who nurse their babies at their breasts. Although these men talk peace, they will fight.

The civilization of this world today is in a shaky condition. There is no telling when and where the spark is going to alight. This resolution is a step forward.

Seventeen years ago I ran on a platform, the first written platform I ever ran on, and the only one, I may say, Mr. Speaker. I never ran on a written platform since. In that platform I said that if profits were taken out of war, the chances of having war would be reduced. [Applause.] We are nothing but neighbors. This thing is just common sense. We nations are just like neighbors. If John Smith living over the hill comes to my house and wants to borrow my shotgun to shoot Bill Smith across the creek, would I be a good neighbor if I loaned him the gun? So it is with nations. The nations are neighbors. We should not let one neighbor have guns to shoot up another nation.

Let the nations place an embargo on arms and munitions of war, and the peace and civilizations of the world will be saved. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Speaker, the gentleman from Texas referred to the resolution of April 22, 1898, and compared it with the resolution we are discussing today, citing it as a precedent. I think there is a great distinction between the two resolutions. Under no sensible construction can the resolution of April 22, 1898, be considered as a precedent for the resolution before us.

On April 22, 1898, Spain was about to go to war with the United States. The resolution of that date was a war measure to prevent coal and other war supplies reaching the hands of the Spaniards. Quick action was necessary. As a matter of fact, Spain declared war on us on April 24, 2 days after the passage of that resolution. It was simply a war measure, a protective measure for our own country. On April 22 we had already begun a blockade of Cuban ports.

That resolution remained on the statute books without amendment until April 14, 1912, when it was amended to make its provisions apply simply to a country on this American Continent, in which existed conditions of domestic violence, thus narrowing very greatly the purpose of the original war-time resolution.

In 1905 President Roosevelt did apply it to Santo Domingo, but Santo Domingo was not at war with any other country. Conditions of domestic violence prevailed in

Santo Domingo, and President Roosevelt merely applied the resolution of April 1898 in the precise manner in which Congress eventually amended this act on April 14, 1912. I think the Members should have clearly in mind this distinction between the two resolutions and should clearly distinguish between an embargo in the case of an American country not at war, in which there is only a state of domestic violence, and an embargo on one or more countries which are actually at war. Under this resolution, if the President declares an embargo against one of two belligerents, he must of necessity take sides and force this country to take sides, the will of Congress to the contrary notwithstanding. The consequences of such action and the implications of war are such as to be fraught with the greatest of dangers. There is therefore no precedent for the resolution we are discussing today.

If the motives of the proponents of this measure are in the interests of peace, I am in accord with those motives. I am fearful that the passage of this resolution may lead to new hatreds and possible war. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Speaker, I modestly rose here yesterday afternoon when one of my pacifist friends was speaking and I feared I would be a firebrand, and immediately he yelled at me, of course, "Munition manufacturer", and "jingo." This is the answer to all those of us who are rising now and trying to inject some common sense into these men who follow the old ladies in wanting peace, peace. Of course, we all want peace. There is no division of sentiment on that point, but the question is, How are we going to get it?

We are not going to get peace through emotionalism, but we are going to get it through the application of rules of good, hard, common sense.

When I read the report of this committee by my Democratic colleagues I noticed they used for their arguments those presented by the late President of the United States and his Secretary of State, and I want to tell my Democratic friends right here that this releases me. I am not following Herbert Hoover or Stimson. [Laughter.] I do not approve of either one of them.

Mr. McREYNOLDS. Is the gentleman following the present administration?

Mr. MARTIN of Oregon. I am not following Herbert Hoover.

Mr. McREYNOLDS. Is the gentleman following Franklin Roosevelt?

Mr. MARTIN of Oregon. Yes; I am one of the most loyal followers he has in this House.

Mr. McREYNOLDS. Then get on the bandwagon.

Mr. MARTIN of Oregon. And I shall continue to follow him loyally, but I abdicate to no man the things that I consider basic and essential in the preservation of the integrity and the honor of my country. [Applause.] I take unto myself this right, and no man nor party shall control me in this respect.

My head has grown gray in the service of my country. I have had to face bullets when such statesmanship as this has brought us into war. How ridiculous is this idiotic, insane idea of accusing soldiers of creating war. It is the statesmen, the bankrupt statesmen who create war [applause], and the poor, damned soldier is the pawn. He is the one who has to correct the mistakes that you make. Such mistakes as are written into this measure he will have to blot out with his blood.

Now, what is the genesis of this matter? What brought this out? Let us get down to brass tacks.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield the gentleman 1 more minute.

Mr. MARTIN of Oregon. The genesis of this thing was shown in January. The European powers found out in the League of Nations that their decisions against Japan had no teeth, that they had no sanctions, so they are pulling us in just like they did during the World War, and we will be left to hold the bag. They are pulling us into the oriental maelstrom, and I am inclined to hope that the Philippines will have the good sense not to concur in your late action here; but you are throwing this question into the Philippines and you will be left holding the bag in the Orient under any such law as this. This will be the immediate effect of it.

Why should we interfere in these affairs? Why not tend to our own business and stay at home? [Applause.] Why should we pick favorites in disputes that occur in the world? Even to this day it is questioned who caused the World War, and here we are going to march right in and decide who are the aggressors and who are bringing on war. Such a thing is ridiculous and, for one, I shall never follow any leadership that proposes such laws as this. [Applause.]

Mr. FISH. Mr. Speaker, I yield 9 minutes to the gentleman from New Hampshire [Mr TOBEY].

Mr. TOBEY. Mr. Speaker, I hold that action under this resolution would contribute but little toward the great objective of world peace.

Any nation contemplating waging war, realizing it would have to meet an embargo on munitions such as is provided for in this resolution, would, as a preliminary to the commencement of hostilities, import a tremendous quantity of arms and munitions. The provisions of this resolution make no restriction upon those nations whose foresight and means will permit them to prepare adequately for war.

In considering this question of an embargo on munitions the United States should not have as its aim the mere handicapping or punishing of the aggressor nation, which obviously would accrue to the advantage of the opponent in the conflict. Our objective should be more worthwhile. It is, or should be, the peace of the world.

I hold that any traffic in arms and munitions thwarts this high purpose and therefore, in my judgment, should be barred.

To this end, and in accordance with my convictions, I shall introduce in this House a resolution which provides for a real embargo on the shipment of arms and munitions to all nations and an embargo on the raw materials to manufacture such things, and shall vote against the adoption of this resolution.

What can be a greater hypocrisy than for America to ship to other nations tanks, arms, and munitions to carry on the hell of war, while at the same time we claim to be sincere in our desire to make an end of war?

I yield to no man in harboring a deep passion for peace, but, in my judgment, the first real requisite for peace is disarmament.

Now, the most powerful and at the same time most subtle enemy of disarmament, and therefore of peace, is the armament ring, so called, a group of munition and armament makers in almost every nation, ours included. They have been active in fomenting war scares and in encouraging their own countries to increase armaments. They have attempted to bribe government officials both at home and abroad. They have disseminated false reports as to the military programs of foreign countries. They have sought to influence public newspapers in their own and foreign countries.

All these statements have been substantiated by investigations, and yet this subtle influence persists.

Consider the investigation conducted by the Senate committee of the activities of one Shearer. Therein were brought out the facts that this undercover propagandist was in 1927 commissioned by certain ship-building companies in this country to go to Geneva and attend the Disarmament Conference and report his observations, for the sum of $25,000. No written contracts were found, and all agreements were verbal, and a large part of the payment was made in cash.

As a sequel to this, in August 1929, this same pseudo patriot filed a complaint in the New York courts for $257,655, alleging it to be due him from three American ship-building corporations for service as propagandist, naval expert, and lobbyist.

The collapse of the Coolidge naval disarmament conference at Geneva in 1927 has been attributed to the efforts of this man.

Such are the workings of invisible government.

What must have been the feelings of thousands of American mothers whose sons either paid the supreme sacrifice in the World War, or returned with bodies maimed and scarred for life, or ravaged with disease, who rejoiced in the movement of our then President, Calvin Coolidge, to bring about world disarmament at that Geneva Conference, to make the possibilities of war more remote, when they learned through this investigation of the subtle, contemptible machinations of armament and shipping concerns of this Nation to undermine this effort, through their paid agent, Shearer.

The constitutional rights of life, liberty, and the pursuit of happiness that accrue to every mother's son under the Constitution were nothing to these schemers. Family, home ties, human relationships—what are these compared with the American dollar?

I am sorry for those whose anger does not rise at the devilishness of such work.

Of old, one wrote:

Follow after the things that make for peace.

Mr. Speaker, I do not believe that the path of peace lies through the workings of such an embargo as this resolution would authorize, and I am opposed to this resolution.

These are times for serious thinking. We do not know just where we are going, but we know that we are on our way to a new order in many lines.

No less an authority than the Yale Review in an issue of last year made this statement:

Changes are taking place, which in the light of a hundred years from now, will appear to have been almost revolutionary.

The experience of recent months and years must have brought home to each of us that many of our systems of business, systems of finance, and even of government, have failed.

The hearts of men and women the Nation over yearn for a real solution of our difficulties. There is a rising dissatisfaction with the old order of things. If we of mature years cannot sense it, let me bring to your attention the appeal of youth. I quote from an address made by a college undergraduate in New England a year ago, who said:

We who are approaching our majority have been looking forward for years with hopeful anticipation to the epoch when we should take our place in the world, but as we observe the world today in economic and financial chaos, with wars and rumors of wars, and without outstanding leadership, we cannot be blamed if we ask of what value is the business and financial scheme of things which has brought about our present conditions.

We find insincerity, greed, and selfish ambition common to everyday life in the business and political world. We realize that no satisfactory arrangement has been made to protect youth from being victimized by the germs of prejudice and hate which infested our homes during war time. We youth do not claim to have the mental seasoning which will enable us to withstand the strain of directing mankind's affairs, but we have a growing desire to know just why, since old-order methods have seemed to bring increasing chaos during these post-war years, the ideals of the new order for which youth fought cannot be given a free trial in the courts where world problems are settled. We feel that you should do all within your power to prevent youth from again being victims of a war in the declaration or in the final settlement of which we have no share.

Mr. Speaker, we struggle here over the balancing of the Budget, we condemn the evils of high taxation, we seek the stabilization of industry and the restoration of prosperity. Such striving and efforts will be vain if we fail to make peace the normal attribute of our national and international order, and I do not interpret this resolution as pregnant with hope of peace.

Today is Good Friday. In every community, large or small, thousands of men and women all over the land turn to those days nearly 2,000 years ago, when Christ overcame the bonds of death and rose to newness of life.

Can we better observe the day, or more fittingly pay tribute to His memory, than by here highly resolving that He did not die in vain, and that to Him, the Prince of Peace, shall be paid our measure of devotion, by consecrating ourselves to the holy cause of world peace?

Mr. BLOOM. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Speaker, the basic fact to be kept in mind is that this resolution does not give to the President new and unusual powers.

The President is now vested with, and has for many years been vested with, powers of a similar character, but these powers are limited to declaring embargoes where internal strife exists within the borders of nations on the American continent or in nations over which the United States exercises extraterritorial jurisdiction.

The extension of powers is twofold. First, it extends authority to apply to all countries. Second, it extends it to include cases where there is actual international war or threats of war.

The resolution in granting this extension of powers to the President makes a very definite reservation or condition, which I consider the crux of the problem. That reservation is this: Only after securing the cooperation of such governments as the President deems necessary is he empowered to make proclamation of an arms embargo against any nation.

Let me consider the full import of this clause. It safeguards the United States against the suspicion of unfriendliness to any nation against which the embargo is declared. For the embargo is not the sole act of the United States, but one taken in cooperation with other arms-producing nations. The list of nations which have already granted similar authority to their chief executives includes Great Britain, France, Germany, Italy, Denmark, Sweden, Spain, the Netherlands, Canada, Belgium, and Russia. Thus this has already become a recognized policy among the nations, adopted advisedly as a means of preventing war. The one outstanding nation that lags behind, as it has lagged behind in foreign policy for the past 12 years, is the United States of America.

Therefore the argument that our extension of such powers to the President would tend to cause war seems to me untenable. The argument overlooks the fact that any war of resentment would have to be against all cooperating nations, which would be in effect all the leading nations of the world.

There has been much said here in regard to the President's exercise of this embargo power being a violation of neutrality. My able colleague from Ohio demolished that argument yesterday. I merely wish to add that this is the fallacious argument and final defense of all opponents of enlightened measures designed to safeguard the nations against war and to promote peace. Moreover, if this Congress were to postpone action until all the authorities on international law were to be heard on this, it would never take action. Since the authorities disagree, little light could be obtained from them. While the doctors disagreed the danger of the most frightful malady of modern times—world war—would spread.

We find the objection to this extension of powers to the President, to put us in line with the other nations of the world, come from two sources. First, there are those we have heard so eloquently argue on grounds of international law as it existed in 1907. They see in it a violation of neutrality that would tend to cause war.

The other objectors are the arms and munitions makers, with some of the aircraft manufacturers. At the public hearings held by the Foreign Affairs Committee last session full opportunity was given these gentlemen to state their objections. A study of their statements shows that they were naturally concerned as to the effects on their business. As is to be expected, they thought in terms of trade. No one can criticize them for this. A very grave fear of the word "embargo" was revealed by these objectors, and unconsciously they interpret this resolution as one that will adversely affect now and hereafter all foreign trade in their special lines.

Now, I believe in the promotion of foreign trade, on both the import and export sides. I desire the same or better

opportunities for our arms and aircraft manufacturers as those of other nations have. So I have given careful consideration to these objections and find them not quite valid.

Both airplane and armament manufacturers argue that the embargo would be an incentive for every country to build its own munition plants. It would appear that no one country can build every kind of munition plant and manufacture every kind of war material. Imports of special design and of new types are always necessary during a war. Furthermore, a nation at war seldom has the man power, the materials, and the equipment to make all munitions needed to carry on the war. Such a self-contained and thoroughly prepared nation is a rosy dream of the munitions makers.

Seventh. This extension of the embargo power will have the same effect as any other and all other effective steps toward peace. But it will not affect our airplane or arms or munitions manufacturers any more severely than it does those of other cooperating nations, and so it will not put the United States in a disadvantageous position in case that the war we all wish to avert should not be averted.

Finally, the State Department's representative showed from all records that the airplane manufacturers had not suffered from embargoes laid by the President on shipments of arms or munitions of war to various countries in past years.

The opposition has stressed the fact that this is not an emergency measure. I note, however, that the distinguished gentleman who so vociferously asserted this used the major portion of his time in picturing conditions in all parts of the world that visualized impending, if not actual, war.

As for me, I am unalterably opposed to war. I do not believe that war is inevitable any more than I believe that smallpox is inevitable. The latter scourge was brought under control by courageous men of science, and I believe that war can be controlled by courageous cooperation of nations in the use of preventive measures.

An emergency exists right now. Every informed student of international affairs knows this, and knows that the restlessness due to adverse and intolerable economic conditions is at work in the nations of the world. "Anything is better than this", is the cry too often heard. Such psychology breeds war. Now is the time to act. Now is the time to cooperate with other nations that are trying to maintain peace. And the act for us to take here and now is to pass this resolution today, which, as I see it, is a vote of confidence in our President and a vote for the cause of peace. [Applause.]

Mr. GREEN. Mr. Speaker, I want to ask if it is in order now for me to ask for time to address the House? The time seems to have been all allotted.

The SPEAKER pro tempore (Mr. SIROVICH). The Chair thinks it is not, as we are operating under a special rule adopted by the House.

Mr. McREYNOLDS. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. SISSON].

Mr. SISSON. Mr. Speaker, in speaking in support of this resolution I am not unmindful of the fact that I am a new Member of this House and that, whether as a new Member or one better known to the Members, there is probably nothing that I can say that is new upon the question or questions that are herein involved.

Indeed, it seems to me if the events of history have left the world unconvinced, have left the Congress unconvinced, that all possible means of securing peace in the world should be adopted, then mere words are futile.

President Roosevelt is asking for this power; the Secretary of State in the last administration, Mr. Stimson, an able diplomat, a great Secretary of State, recommended this resolution. Nearly all the other great countries of the world already have vested this power in the executive heads of their governments. Several of the other great powers have asked that this power in our Government be granted to the President.

No unusual or extraordinary power is sought to be vested in the President under this resolution. In 1911 the Congress gave the President the power to lay a similar embargo with respect to the American countries in order to prevent domestic violence. It is only sought here to extend to the President, with respect to European countries, the power to lay an embargo upon arms, but that power is subject to the qualification that the embargo will not be laid until the President has secured the cooperation of such other countries as he deems necessary.

It is to be presumed that the President of the United States will exercise this power, as he is presumed to exercise other powers, only in the interest of securing the welfare of this country and securing the welfare of other countries, and that he will use it wisely. It is necessary to assume this with respect to the more important powers that are vested in the President. An unwise President, a weak President, could by the exercise of the powers already vested in him by the Constitution plunge the country into war whether this power to lay an embargo were vested in him or not.

The gentleman from New York [Mr. FISH], who heads the minority report from the Committee on Foreign Affairs against this bill, uses many words in an attempt to prove that this is an extraordinary power and that it is dangerous to grant it to the President. The minority report contains a multiplicity of words, but is barren of any constructive thought. The gentleman from New York [Mr. FISH] quotes the memorandum submitted by two professors, said to be authorities on international law, in an attempt to prove that neutrality, in the sense of international law, is still existent and still possible. But if it be true that there may be another great war in which we may not be involved, it is also more and more true that we are very likely to be involved in it.

I shall not attempt in the brief space of time allotted to me to discuss the various phases of this question, which have been very ably presented by the majority members of the Foreign Affairs Committee and by others who have for a long time been familiar with the object sought to be accomplished by this bill. But I should be ashamed not to stand up and be counted as an advocate of world peace.

It is easy to sneer at the efforts to promote world peace. It is easy to sneer at those who believe in strengthening the means for international conciliation and the means of preventing and prohibiting war. It is easy to sneer at men and call them idealists, internationalists, and even pacifists, but I am not ashamed to be an advocate of world peace. I am not ashamed to be called an internationalist, and I am not ashamed even to be called a pacifist, provided that with this term there does not go the assumption that I will not support and defend my country in its lawful pursuits. Men of my blood, forbears of mine, have served in every war fought upon the American Continent from the earliest struggles between the French and English.

But I do not believe that any good or constructive thing has been accomplished by any war in which we or any other nation ever engaged which might not have been accomplished without the shedding of blood, save only such conflicts as have been fought in pursuance of what Jefferson called "the sacred right of revolution." I do not believe that the cause of civilization will be advanced through the mangling and crippling of the bodies of my sons and of your sons by the instruments of modern warfare.

The minority Members, opposed to this resolution, have injected the issue of the League of Nations into this simple question. Let me say here that there is nothing in this resolution which should deter anyone who honestly opposes our entry into the League of Nations from voting in favor of it.

We are not here to debate the question of the League of Nations. Let me say, however, that while the issue of the League of Nations is not at all pertinent to this question, I wish to contradict that often-repeated statement made by the opponents of this resolution, that the League of Nations has been repudiated by the American people.

The Republicans won the national election of 1920 and elected Warren G. Harding President of the United States, and there followed the most shameful and corrupt period in

our national history, with the possible exception of the administration of President Grant. One would think that even the opponents of this resolution would hesitate now to refer to the national election of 1920 and the events that followed it. They must, indeed, be hard up for arguments or else they must believe that the American people are very forgetful.

So far as the League of Nations is concerned as an issue in that campaign of 1920, Mr. Harding and the Republican Party obtained unquestionably some millions of votes under false pretenses and by deliberately deceiving the American electorate, because Mr. Harding upon several occasions during that campaign gave a solemn pledge and promise to the American people that he favored and would further our entry into the League of Nations or some similar association of nations designed to secure peace. That he and his managers in that campaign fooled the American electorate about this issue is shown by the fact that 1,000 American citizens, men and women, who were leaders in all lines of life, nearly all of them Republicans, signed a statement urging the election of Mr. Harding as President, and said they were doing so upon the understanding that he favored the League of Nations and the entry of the United States therein.

Among those 1,000 were such prominent Republicans as former President William H. Taft and Dr. Nicholas Murray Butler. There were also numbered among them a majority of leading college and university presidents, many of them as prominent in education and letters as the professors of international law cited by the gentleman from New York [Mr. FISH] in the minority report upon this resolution.

The justness of a cause may often be known by its enemies as well as by its friends. I have never known an association of undertakers who opposed the passing of sanitary measures or of public health laws upon the ground that such measures or such laws would increase the death rate. But if there were such an association of undertakers who did oppose health laws upon such grounds, I would question the sincerity of their motives and the truthfulness of the reason that they gave for their action.

There was a World War from 1914 to 1918, and the United States was brought into it, and that war left us nothing but our debts, the memories of those who were killed and of those who suffered. The League of Nations did not bring us into the World War. The power of the President to lay an embargo upon arms did not bring us into the World War. National isolation will not keep us out of another world war, if one ensues, any more than the national economic isolation, attempted as a policy for the last 12 years of Republican misrule, has kept us from suffering from the greatest depression in our history.

The opponents of this measure are apparently untouched by the events of history or by the march of mankind.

It is a significant fact that in the hearings held upon this resolution in the Seventy-second Congress by the Foreign Affairs Committee the principal opposition to the bill was presented by the representatives of the manufacturers of arms and munitions in this country. And while I do not question the motives of any Member of this House who opposes this resolution upon the ground that he fears that it may involve us in war instead of promoting peace, I say again that the fact that the manufacturers of munitions and arms in this country are opposed to this resolution is to my mind an argument in favor of its adoption, and when they give as their reasons that they fear lest it may promote war, I put them in the same category as those in the instance just assumed.

In the debate upon this question it has been the favorite argument of the opponents of this resolution to refer to those who favor it as pacifists or internationalists. I am surprised that the ranking minority member of the committee [Mr. FISH] did not also call us communists. The calling of such names does not constitute a good argument, although it may persuade some people who think by using copybook terms.

The opponents of this measure speak sneeringly of the fact that various peace associations are supporting this resolution, such as the Foreign Policy Association, the League of Women Voters, various associations for the advancement of peace, and the Association for the League of Nations, as though that in itself constitutes a condemnation of anything that they support. And yet these same opponents do not hesitate to align themselves with the various organizations and interests who have profited by other wars and who are unquestionably fearful lest the peace association shall prevent war and lessen the demand for arms and munitions and thereby cut down their profits.

The opponents of the resolution claim that peace is their object. Well, inasmuch as they resort to this method of argument by calling names, I think it would be fair to say that their emblem should not be the dove of peace but that other bird of sinister hue and keen vision which soars high in the air and which looks afar, not for its living but for its prey long since dead.

Washington and Jefferson have been quoted, or rather misquoted, with regard to entangling alliances. I wonder why those who still rely upon that antiquated argument do not refuse to avail themselves of the radio, the wireless, the airplane, or even the automobile, and use the stage coach for their physical as well as their mental movements.

In the interest of humanity and of the welfare of our own people and of the people of the world I urge that you grant this power to the President. [Applause.]

Mr. FISH. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Speaker, in the brief time allowed, I beg your indulgence while I attempt to call your attention to two phases of this problem which I think have not yet been emphasized, if, indeed, they have been mentioned at all in this discussion. Let me remind you, no matter how anxious we are to maintain peace, that the philosophy back of this proposal is the philosophy of force. Indeed, if we will examine into most of the proposals for the maintenance of peace, starting from the Versailles Conference and crystallizing into the agreement reached by so many nations, but not including our own, upon the Covenant of the League of Nations, you will find that underlying all those proposals for the maintenance of peace was the doctrine of force. That doctrine is set forth in the tenth article of the Covenant and in the sixteenth article. The sixteenth article, I may remind you, is what may be termed the boycott or embargo article, to be employed by the powers strong enough to employ it.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I decline to yield at this moment. I have not the time.

Mr. BLOOM. I shall give the gentleman the time, if he will yield for a question.

Mr. WADSWORTH. I prefer not to. I may have the time in a little while. Any embargo put into effect by any government must in the last analysis rest upon force. It cannot possibly succeed unless the government imposing the embargo is strong enough to maintain it in the face of opposition, especially the opposition of its proposed victim. It is proposed by this resolution to authorize the President of the United States, as I see it, to employ the force of the Government and the people of the United States in cooperation with other governments likewise employing force to discipline, as it were, some other power.

I can remember very well the discussions which went on in 1919 in another body in connection with the League of Nation's Covenant, and it was generally conceded by the proposers and the supporters of the Covenant that it could not possibly succeed unless the great powers giving their adherence to it understood in advance that the force which they could employ collectively would have to be employed in the event that some other nation ran amuck. It is now proposed that the President of the United States be authorized to make an agreement with one or more other powers to employ the force of the United States to discipline those

other powers. We start off by the imposition of an embargo. It seems a simple thing to do at the outset. It is easy to talk about; but before you have gone far in the enforcement of an embargo, you find that the field to be covered by the embargo grows with astonishing strides. I have asked during this debate for someone to define the term "munitions", and I am told that Mr. Wickersham, a former Attorney General of the United States, has given a definition of it. I have not yet heard the definition. If he gave his definition while he was Attorney General of the United States, the definition is hopelessly out of date, for there is scarcely any article used by human beings today which, in the event of a major emergency, does not become a munition of war. An embargo under the circumstances of modern war is the equivalent of a blockade. It must be put into effect and carried on by force. The country that decides to enforce a complete embargo of munitions against another country will, before it gets through, employ its armed vessels. I have opposed the doctrine of force or the philosophy of force as applied to the attempt to bring about universal peace. I think we are going exactly in the wrong direction. We cannot force people to be good and we cannot force nations to be good for any length of time. It has always been a matter of wonder to me that so many gentle-hearted people, including ministers of the gospel, and members of the Woman's Christian Temperance Union, who desire to bestow great benefits upon the world and spread sweetness and light, invariably apply for help from the police force.

And that is just what this embargo thing implies. It proposes that we shall attempt to enforce peace, and when it comes down to a practical demonstration which powers are going to employ the force, will it be what might be termed "the second-or third-rate powers"—the little countries? Not at all. It will be a group of the great powers, not to exceed 4 or 5 or 6 in number—and they will want us to be with them—who will seek to place all the rest of the world in a strait-jacket and keep it there, under the threat of employing an embargo or blockade against any nation, especially the smaller ones, that dares misbehave itself in the matter of threatening some degree of hostility. So let us not fool ourselves as to the grim facts that lie underneath these proposals for the employment of an international embargo. It must in the last analysis be enforced with guns—guns mounted on ships and guns in the hands of men treading the surface of the earth.

One other phase of this thing I desire to impress upon you, if I may, something I have had very deeply at heart for many years. We Americans are not a homogeneous people.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. WADSWORTH] has expired.

Mr. FISH. Mr. Speaker, I am glad to yield to the distinguished gentleman from New York 2 additional minutes.

Mr. WADSWORTH. We may say that the people of France are a homogeneous people, as they come largely from one race.

We may say the same of the British people, who come largely from Anglo-Saxon and Celtic mixtures. We may say the same of the Germans and we may say the same of the Spaniards, but we here in America come from many national origins, many racial origins. We are a conglomerate people. I firmly believe that Washington understood that fact when he warned us against becoming entangled in foreign politics [applause], because we are peculiarly susceptible to the danger of dissension here among our own people whenever we take part in a foreign quarrel, because our people are apt to sympathize with one side or the other, in view of their separate and differing national origins. If we clothe the President of the United States with the power to decide which nation abroad is erring, which nation should be disciplined, instantly we invite all the sympathizers of that nation, residents in and citizens of the United States, to protest against his proposed act. We invite all the enemies of that country or nonsympathizers who are citizens to urge him to act. This thing means dissension among the people of the United States, because it injects the Government of the United States into foreign politics. The instant you do that you inject foreign politics into our domestic politics. I would regret the day when the President of the United States, attempting to act for all the people, was called upon to choose sides in a foreign quarrel. This proposed resolution attempts to put that very responsibility on him. The doors of the White House, under those circumstances, would, figuratively speaking, be stormed by the adherents—adherents through descent and sentiment—of the various foreign nations involved in the dispute and dissension would arise in America.

My friends, go very, very slow before you endanger the happiness and contentment of the American people. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. WADSWORTH] has again expired.

Mr. McREYNOLDS. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Mr. Speaker, after listening to the gentleman who has just taken his seat and other gentlemen who have spoken this afternoon and yesterday on this resolution, it would appear to me as if they all had in their hands one of George M. Cohan's flags. They have all been waving the American flag and none of them has really interpreted this resolution as it was originally intended and reported by the Foreign Affairs Committee. They are reading more things into the resolution, they are making more statements that are not in the resolution, than anyone could possibly imagine.

The gentleman from New York [Mr. FISH] knows it never has been the thought or intention of the last administration or this administration that this resolution should refer in any special way to Japan. Personally, I think it is absolutely wrong that any Member of the Congress of the United States should stand upon this floor and make the statements that have been made with reference to this resolution and its connection with Japan.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. BLOOM. No; I do not yield now.

Mr. MARTIN of Oregon. I should like to know what nation it does refer to.

Mr. BLOOM. Does the gentleman want his remark in the RECORD?

Mr. MARTIN of Oregon. I said I thought it referred to Japan, and I still think so, and that we inherited this from the old administration. If it does not refer to Japan, what nation does it refer to?

Mr. BLOOM. It refers to no nation in particular. There is no one who knows that better than the ranking minority member of the Foreign Affairs Committee, Mr. HAMILTON FISH. Let me tell you something about this matter. The gentleman from New York [Mr. FISH] brought this matter out at the hearings before the Committee on Foreign Affairs, and when word went back to Secretary Stimson that Mr. FISH was speaking with reference to this resolution and its connection with Japan, Mr. Stimson resented that remark and statement and inference, and he came before the Committee on Foreign Affairs to deny the statement of the gentleman from New York, and to say that it was untrue that this resolution in any way had any connection with or reference to Japan or any other particular nation. What happened after that?

The bill was presented again to the Committee on Foreign Affairs. Again the gentleman from New York made the statement with reference to Japan, and I understand the gentleman from New York [Mr. FISH] went to the State Department and examined letters and papers and cablegrams and everything else that was there, and went through everything from A to Z, in order to convince himself that this resolution had reference to Japan. I think the gentlemen who have spoken on this floor against this resolution and have introduced this war talk and talk about peace have

done more to harm the friendly relations of the nations of the world than a thousand such resolutions can bring about.

Now, let us see who are the people that oppose this resolution. Yesterday a Member asked who they were. At the hearing before the House Committee on Foreign Affairs statements were made by Mr. Joseph C. Green, Division of Western European Affairs, State Department; Miss Dorothy Detzer, representing the Women's International League for Peace and Freedom; Mrs. Helen Hoy Greeley, Madison, Wis.; Mrs. N. N. Nock, representing American War Mothers; Miss Jeanette Rankin, former Member of Congress.

The following witnesses were against the resolution: Mr. Luther K. Bell, general manager Aeronautical Chamber of Commerce; Mr. Guy Vaughn, director Aeronautical Chamber of Commerce; Mr. W. A. Mara, vice president Stinson Aircraft Corporation; Mr. Luther Becker, Chief, Iron and Steel Division, Bureau of Foreign and Domestic Commerce, Department of Commerce; Mr. Charles F. Barndt, representing the Great Lakes Aircraft Corporation; Mr. Thomas A. Morgan, president Aeronautical Chamber of Commerce of America; Mr. H. F. Beebe, representing the Winchester Repeating Arms. Co.

Oh, they are opposed to this resolution. They are all fighting very hard now against this resolution. Mr. Samuel M. Stone, president of the Colts Patent Firearms Manufacturing Co. They are for peace! They are opposed to this resolution because they want peace. The Honorable EDWARD W. GOSS, a Representative in Congress from Connecticut. Mr. F. J. Monahan, representing the Remington Arms Co.

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield the gentleman 10 additional minutes.

Mr. BLOOM. Why should all these peace-loving people oppose this bill? The Remington Arms Co., the Colts Firearms Co., all the munition manufacturers and the people around New Haven, Conn., come down here and say: "This is terrible. I have got two American flags in my hands. I am waving two. I am for peace. I sell revolvers and I sell guns." That is the evidence here.

Mr. CLAIBORNE. Mr. Speaker, will the gentleman yield?

Mr. BLOOM. Certainly.

Mr. CLAIBORNE. If we got rid of our munitions of war, where would we get supplies for our next war?

Mr. SISSON. We do not want to have any.

Mr. CLAIBORNE. Does the gentleman believe such a condition will ever come to pass?

Mr. BLOOM. You know one always goes back to Washington, Jefferson, Adams, Madison, Monroe. I should just like to read something that is really in point. I am not going to go back to Washington because I am afraid when my good friend from Pennsylvania over here——

Mr. BECK. Mr. Speaker, will the gentleman yield?

Mr. BLOOM. I shall be delighted to yield.

Mr. BECK. I was wondering how, in view of the very notable and distinguished service the gentleman now speaking rendered his country in recalling the great memories of Washington, he reconciles that service with his present policy, that of scrapping the policy of George Washington. [Applause.] May I just add to the question, as a double-barreled one, how, as a true and tried Democrat, he reconciles his present policy with the statement of Jefferson which proscribed entangling alliances.

Mr. BLOOM. The gentleman from Pennsylvania will agree with me that the statement that was made on the floor of this House about Washington's position regarding foreign entanglements was never made by Gen. George Washington.

Mr. BECK. I said Jefferson.

Mr. BLOOM. I am going to prove the other fellow wrong first before I prove the gentleman from Pennsylvania wrong. That is a fact, is it not?

Mr. BECK. Yes; Washington never said it.

Mr. BLOOM. Washington never said it. Jefferson did. As long as we are on the subject, let us find out what Jefferson said on another occasion. I think the gentleman will agree with me that conditions in Washington's time were entirely different from conditions of the present time. We were not manufacturers of munitions in those days and had nothing to export. And although, literally speaking, Washington did say these things at the time his proclamation was made—there is no question about it—but in spirit, the gentleman will agree with me, Washington thought otherwise. Now let us get back to the subject and see what Jefferson said. This is very interesting, Mr. Speaker, and I think it should be told. Jefferson, to the British Minister, May 15, 1793, said this:

> Our citizens have been always free to make, vend, and export arms. It is the constant occupation and livelihood of some of them. To suppress their callings, the only means, perhaps, of their subsistence, because a war exists in foreign and distant countries, in which we have no concern, would scarcely be expected. It would be hard in principle and impossible in practice. The law of nations, therefore, respecting the rights of those at peace does not require from them such an internal disarrangement in their occupations. * * *

Now, Jefferson said we are going to sell munitions of war any place we want to sell them; that we are manufacturers over here. Is that what Washington said? No. He did not care what happened. He did not care what treaties there were. He said, in effect: "If you ship munitions or other contraband and you are caught, you must lose your cargo. The United States will not protect you."

A thing that should be remembered is that the authority which would be conferred upon the Executive by the passage of this resolution would be exercised by any Chief Executive of the United States to the sole end of maintaining the peace of the world. This is all we are concerned about. We are only concerned about maintaining the peace of the world.

Mr. TINKHAM. Will the honorable Representative say whether or not he thinks it is our first duty to maintain the peace of the United States?

Mr. BLOOM. It is strange no one has applauded that statement. Really and truly, that should have been applauded, and I am going to applaud that myself. Let me ask the gentleman a question: Does the gentleman from Massachusetts think that we can maintain the peace of the United States without maintaining the peace of the world? I do not believe the gentleman thinks of the peace of the United States without considering the peace of the world.

Mr. TINKHAM. I certainly do, I will say to the honorable Representative.

Mr. BLOOM. Then the gentleman wants to be alone.

Mr. HOEPPEL. Will the gentleman kindly explain how you can maintain peace without force?

Mr. BLOOM. In other words, the only way the gentleman and I can get together is to keep on punching each other all the time. Is this the gentleman's idea of peace? I should like to find out what is the gentleman's idea.

Mr. HOEPPEL. Answer my question.

Mr. BLOOM. That is the answer. The gentleman believes in fighting and, at the end of the fight, having peace.

Mr. HOEPPEL. How is the peace of the municipality maintained here except by force? That is the way you maintain peace everywhere.

Mr. BLOOM. No; we do not maintain peace by force. We have our police patrol to maintain peace, but we do not go up to a man and hit him over the head with some kind of club and say, "Now, you have got to be quiet because I have got you down."

Mr. HOEPPEL. That is what they do here in Washington, D.C.

Mr. BLOOM. The gentleman from New York [Mr. WADSWORTH] yesterday asked what was considered munitions of war. I do not know whether I shall have the time, but I should like to put in the RECORD General Wickersham's opinion as to the definition of "arms and munitions of war." This will answer the gentleman's question with reference to cotton, and will answer questions with reference to all the things that are considered munitions of war.

Mr. CLAIBORNE. Will the gentleman yield?

Mr. BLOOM. Yes.

Mr. CLAIBORNE. I do not know what Mr. Wickersham says in that letter are munitions of war, but I know that Lee marched north to get shoes and flour for his army.

Mr. BLOOM. I agree that the gentleman does not know what is in this letter and I am going to put it in the RECORD and the gentleman can read it tomorrow and find out what is in it.

Mr. Speaker, I ask unanimous consent to insert in the RECORD a letter from Henry S. Coffin, of the Union Theological Seminary, a letter from W. Russell Bowie, of the Grace Church Rectory, a letter from Heber Harper, of the Teachers College, Columbia University, New York City, a letter from Prof. Irving Fisher, of New Haven, Conn.—I have one man in New Haven who is with us—and Mr. H. S. Person, of the Taylor Society.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, how many letters are there?

Mr. BLOOM. Four or five.

Mr. MARTIN of Oregon. Mr. Speaker, I reserve the right to object. Are these letters from some old ladies or all of them from some preachers?

Mr. BLOOM. I do not think the gentleman ought to object to the letters of the old ladies or preachers.

Mr. MARTIN of Massachusetts. Mr. Speaker, I do not think they should go in the RECORD, and I therefore object.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including the letter from General Wickersham to which I referred.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no objection to that.

The SPEAKER pro tempore (Mr. SIROVICH). Is there objection to the request of the gentleman from New York?

There was no objection.

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. BECK. Will my friend yield for a question?

Mr. BLOOM. I yield to the gentleman from Pennsylvania.

Mr. BECK. The gentleman with his usual charm has illuminated this discussion with many historical references, which would not surprise the House, and I want to ask him one other question, and that is whether he thinks our War of Independence would have been won and this Nation created and Washington made an immortal character if we had been unable to import munitions from France.

Mr. BLOOM. The gentleman ought to know we did not import munitions from France. They were given to us and France sent them over here. [Laughter and applause.]

Mr. BECK. Will the gentleman yield just for a correction?

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield the gentleman from New York 1 more minute.

Mr. BECK. Is it not a fact that far from being a gift to the United States the munitions of war were imported from France through the so-called "commercial house of Roderiques & Cie., under which name the Beaumarchais masqueraded, and that France always contended and made us recognize that we owed France for the munitions thus furnished?

[Here the gavel fell.]

Mr. LUNDEEN. Why not yield the gentleman time and let us enjoy the comedy?

Mr. BLOOM. This is not comedy.

Mr. LUNDEEN. It is to you, but it is not to us.

Mr. BLOOM. If the gentleman knew more about the subject under discussion, he would know how serious it is.

Mr. McREYNOLDS. Mr. Speaker, I yield the gentleman from New York 1 additional minute.

Mr. BLOOM. I may say to the gentleman from Minnesota that I meant no disrespect, because the gentleman from Pennsylvania [Mr. BECK] and I understand each other perfectly. I will answer the gentleman from Pennsylvania in this way.

In the first place, France sent munitions of war and sent money over here. This was not until she had found out that we were on the road to victory. The first money that was sent over here was sent through France by Spain. LaFayette, when he was 19 years of age, escaped from France and went to Spain and left from Spain for the Colonies.

Not until long after did France make any claim at all for any money or for any debt regarding munitions that she sent over here. It was not until long after the representations made by LaFayette that France came across and gave us help.

Mr. McREYNOLDS. I yield 2 minutes more to the gentleman from New York.

Mr. BRIGGS. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. BRIGGS. I want to ask the gentleman if the reason for the opposition of the munition makers to this resolution is because they are afraid that it will plunge the United States into war? [Laughter.]

Mr. BLOOM. The munition manufacturers and the aircraft manufacturers seem much concerned about this resolution. They oppose it. They are the only ones who oppose it. I can really understand why the gentleman from Massachusetts [Mr. MARTIN] would object to the insertion in the RECORD of the letters that tell the true story.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. BLOOM. No.

Mr. MARTIN of Massachusetts. The gentleman has mentioned my name.

Mr. BLOOM. The gentleman can get his own time. His is the only objection that has been made to the introduction of letters or anything else in this debate.

Mr. MARTIN of Massachusetts. The gentleman knows that it is not customary to insert letters from different individuals in the RECORD.

Mr. BLOOM. The gentleman objects to the insertion of the letters, but I will get them in some way. [Laughter and applause.]

The Wickersham letter is as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C., March 25, 1912.

The Honorable the SECRETARY OF STATE.

SIR: The President has requested me to send to you and to the other Departments concerned in the enforcement of the proclamation issued by the President March 14, 1912, pursuant to the joint resolution of Congress approved on that day, respecting the extradition of arms and munitions of war into Mexico, a definition for practical use in the carrying out of such proclamation.

In my opinion the phrase "arms and munitions of war", as used in the said joint resolution and the President's proclamation, should be interpreted as referring to those articles which are primarily and ordinarily used for military purposes in time of war, such as weapons of every species used for the destruction of life, and projectiles, cartridges, ammunition of all sorts, and other supplies used or useful in connection therewith, including parts used for the repair or manufacture of such arms, and raw material employed in the manufacture of such ammunition; also dynamite, nitroglycerine, or other explosive substances; also gun mountings, limber boxes, limbers, military wagons, field forges, and their component parts, comprising equipment of a distinctly military character, articles of camp equipment and their distinctive parts, and implements manufactured exclusively for the manufacture of implements of war or for the manufacture or repair of arms or war material.

Foodstuffs, ordinary clothing, and ordinary articles of peaceful commerce are not included in the prohibition.

Respectfully,

GEO. W. WICKERSHAM, *Attorney General.*

Mr. FISH. Mr. Speaker, I yield myself 1 minute for the purpose of calling attention to the inaccuracy of the statement of the gentleman from New York [Mr. BLOOM]. He stated that I visited the State Department in order to examine letters and files there in connection with this resolution. I never asked or never was invited and did not look at a single letter or file in the State Department that had any connection with the pending resolution. In spite of what the gentleman said, his statement is totally inaccurate, false, and uncalled for.

Now, the gentleman from New York [Mr. BLOOM] also denied that Washington gave any advice about entangling alliances. I want to read an extract from his Farewell Address.

* * * when we may choose peace or war, as our interest, guided by justice, shall dictate.

Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?

If that is not a protest in plain English against entangling alliances what other possible meaning can it have?

Now, I want to say most emphatically and most deliberately, after listening to this debate, that I know of no other nation that this resolution is aimed against except Japan. I want that to go into the RECORD. If it is aimed against any other nation let us hear what nation it is. [Applause.]

Mr. McREYNOLDS. Mr. Speaker, I yield half a minute to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Mr. Speaker, after listening to the gentleman from New York [Mr. FISH] read from Washington's Farewell Address I still say, and in the statement of the reading of the gentleman from New York, that Washington never made the statement regarding entangling alliances; and in that statement that the gentleman from New York just read I maintain it still does not say entangling alliances.

Mr. FISH. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. CHURCH].

Mr. CHURCH. Mr. Speaker and ladies and gentlemen of the House, I am more opposed to this resolution than I have been to any other resolution that has been before Congress since the resolution of April 1917, which decreed that we should enter the World War. Claude Kitchin, a man with a bigger heart and brain than any other man who was a Member of this House in those deplorable war days, said here on this floor in speaking against the war resolution:

Profoundly impressed with the gravity of the situation, appreciating to the fullest the penalties which a war-mad moment will impose, my conscience and judgment, after mature thought and fervent prayer for rightful guidance, have marked out clearly the path of my duty, and I have made up my mind to walk it, if I go barefooted and alone. * * * I have come to the undoubting conclusion that I should vote against this resolution.

It takes time to demonstrate just who are our men of real vision. Had the Sixty-fifth Congress followed the leadership of Claude Kitchin in reference to the resolution plunging us into the World War, how changed would be our position now. Upward of a hundred thousand young lives would have been spared. Upwards of $50,000,000,000 would have been saved. We would have no moratoriums or conferences on European debts. We would have no sick and disabled soldiers filling our hospitals, and there would be no World War pensions to oppress us for years to come. America would still be loved, and would still be the light of the world.

If Claude Kitchin were here now, in my opinion, he would rather resign his seat in Congress than vote for the resolution being considered here today.

If this resolution becomes the permanent law of this country, in time to come it will add almost countless tombstones to the acres and acres of white marble slabs over in Arlington that now mark the long, long resting place of the American boys who fell as a result of the resolution of 1917. If this resolution now being considered becomes the permanent law of our country, it will cause, in time, the sands and soil of the United States to be stained with thousands of barrels of blood from the hearts of the young men of America.

Let us read this resolution once again.

Resolved, etc., That whenever the President finds that in any part of the world conditions exist such that the shipment of arms or munitions of war from countries which produce these commodities may promote or encourage the employment of force in the course of dispute or conflict between nations, and, after securing the cooperation of such governments as the President deems necessary, he makes proclamation thereof, it shall be unlawful to export, or sell for export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country or countries as he may designate, until otherwise ordered by the President or by Congress.

First, it is provided that the President, whoever he may happen to be, wise or unwise, with strong war tendencies or otherwise, a patriotic lover of America or an ambitious man eager for glory and self-renown—any President must delve into the disputes and conflicts of the world and decide which nation he thinks is right and then place an embargo against the nation he thinks is wrong. He surely would not place an embargo against a nation he thinks is in the right. If this would not engender foreign entanglements, I do not know what would. The President of the United States, and through him all the people of this country, sitting in judgment on the disputes and wars of all mankind!

After coming to a conclusion as to who is right in the trouble, the President then secures the cooperation of such governments as he deems necessary, after consulting with them as to their views of the situation, and places the embargo. By so doing the President would be entering into an alliance and entanglement with as many or as few nations as he sees fit. The embargo itself, under such conditions, would be tantamount to a declaration of war. Such action on the part of our Government, even if it did not itself lead to war, would engender bitterness that would last for years.

Says one, "So you have no confidence in President Roosevelt." I am not talking about President Roosevelt. I am thinking about it from the standpoint of all the Presidents yet to be. This resolution, if it becomes a law, will last for all time unless it is repealed. Further, let me say I doubt if Franklin D. Roosevelt ever read this resolution, or that he favors it or wants to assume the obligation contained therein.

Do not get the idea that I do not believe in embargoes on munitions of war. If I had the power, I would make it the law of our land that ammunition and munitions of war could never be sold or shipped from the United States to any nation on earth. Let them make their own preparations for war; let them beat their own plowshares into swords and their own pruning hooks into spears; but let us not for a few worthless, filthy dollars prepare them for their merciless and inhuman work. Over in the West the man who knowingly places the gun in the hands of a murderer is as guilty as he who sheds the blood. The Government of the United States, as far as I am concerned, can do away with all the great private factories that turn out implements of death and kindred things and perform its own necessary work in that respect at Government expense.

We send up a hypocritical cry for peace, and the peoples of the world look on and jeer as they see our ships covered with dollar marks bearing to the uttermost parts of the earth our munitions and wicked devices for the taking of human life.

No one is more devoted to the cause of peace than I am, and no one detests war more than I, but I believe with all my heart that we should be thoroughly prepared for war. So long as we live in such a time as we do, when the nations everywhere are preparing for war; so long as we are still in the jungles and still practice the old doctrine that might is right, I firmly believe that this country should be armed to the teeth—not for the purpose of quarreling with the world, but for the purpose of being ready should any nation come over here and quarrel with us.

When humanity finished its great western march and finally landed here on this rich and glorious land, bordered by the two great oceans of the world, here at the end of the great circular march they virtually found the fabulous pot of gold. Here they established a Government of the people, for the people, and by the people—a Government destined to be the light of the world. It is up to us to protect this great heritage against the enemies of humanity. Like hungry predatory animals sizing up their prey some nations are looking upon us with gnashing teeth, ready, and getting ready, to make the fatal move when it seems to them we are unprepared. This world is not run by Sunday-school methods and if we are wise, we will be prepared at all times for the iron and merciless heel of war. I am in favor of every move in the world that is calculated to bring about universal peace, but I do not believe in giving away my overcoat

in the dead of winter; neither do I believe in scuttling our ships when other nations are building more.

If I had the power, I would start right now building airships and bombing planes, and I would continue to build them until we had planes enough to drive from our shores any nation, however strong, that might attack our land. Let me further say that if I had the power I would make a law so that wealth as well as man power would be conscripted in case of war. This would have a tendency to smother the spirit of war. I will extend in the RECORD parts of a speech of mine printed in the CONGRESSIONAL RECORD of April 5, 1917, the day before we entered the great World War, making the same a part of this speech. It here follows:

WAR WITH GERMANY

Mr. CHURCH. Mr. Speaker, I can see many reasons why we should not go into this war, but I am unable to see one reason why we should. Nothing was ever settled by war which could not have been settled better some other way. There never was a war that was not an indictment against the human race. If we must have war, it shows our weakness and depravity; it proves that we are still uncivilized and in the jungles.

I had hoped that our people were at least a little wiser than the other peoples of the world; that our goodly land, our high pretenses, and our hopes and fears had caused us to actually grow and burst the shell; but such is not the case, for it is decreed that we must abandon our high ambitions, extinguish our lights, call back our vanguards, turn around and take up the barbarous methods of the past. It is decreed that we abandon our dreams of peace and adopt the methods of the ancients and help make again the world a slaughter pen.

Today 14 of the great nations of the earth are engaged in a desperate war—more gigantic, more bloody and foolish, and more wicked than any of the wars that have preceded it. They are fighting people of their own kind, who kneel before the same shrine and worship the same God; they are apparently trying to exterminate the human race.

If all the money, energy, and human intelligence that have been expended in this war had been used for the benefit of humanity, it would have builded homes for all of the homeless wanderers on the face of the earth.

If a score of men were fighting in front of my house—fighting furiously with knives, clubs, and guns; striking wildly and all fighting madly for their lives—I would not think of standing around continually prodding the fighters about my rights. If I did, I would expect to get a broken nose or a nasty lick over the eye. Even if they staggered onto my radish patch, I would not at once challenge the whole bunch for a fight. No! I would get out of the war zone as quickly as possible, and later see them at their homes when the fight was over and they were no longer excited but were reasonable and cool, and I would ask them if they did not think they owed me something for tearing up my garden the day they had the scrap; and 10 chances to 1 they would pay me every cent I asked, and I would go away their friend.

I am perfectly devoted to the idea of keeping out of a war zone when a free-for-all fight is on.

Instead of encouraging this war, we should devote all of our wisdom, energy and skill in a gigantic effort to banish war forever from the face of the earth. It is necessary that we should do this, for war lowers our standards and threatens the very existence of humanity. It makes a mockery of our morality, a mockery of our humanity, a mockery of our religion, and a mockery of our God. It makes prayer sound like the mumuring of the feeble-minded. Why should human beings call on God for mercy when they will not show mercy to one another? Millions of men today are in the trenches of Europe on their knees praying to God for mercy, while at the same time they are looking over the embankments trying to blow out the brains of their fellow men. If our Creator is watching us at all, I wonder that He does not get tired of the whole proposition and blot out the human race. I wonder that He did not do so in the day of Darius. I wonder that He did not do so in the days of Alexander, and in the days of Napoleon, and I wonder more than ever why He does not do so now. Yes; blot out the human race and start all over again with upright beings that have mercy and humanity in their hearts.

If I were inclined to war—but I am not—I am sure I never could get the consent of my mind to vote my country into this present conflict. It is such a contagious, wicked, unheard of strife, without precedent in all the years of time.

It is estimated that 4,000,000 men have already been slain in this war. Someone who had computed it told me the other day that if all these dead were placed end to end a person could walk a distance equal to that from San Francisco to New York and return, stepping every foot of the way upon the bodies of the dead. It is also estimated that over 500,000 barrels of human blood has already been shed—shed in vain—for a cause unknown. The question is, Shall we get into this monstrous conflict and add a few thousand miles to the long rows of dead?

The rights denied us both by the Allies and the Central Powers are of a temporary nature. They will be suffered by us only during the existence of the war. The rifling of the mails and the blockade of the North Sea by England and the declaring of the war zone by Germany are in neither instance intended as an insult to us, but are the result of exigencies, as they claim, to which they have been driven in fighting for their existence and life.

I have no patience with any citizen of this country devoid of patriotism and reason who wants to go within the war zone. While three fourths of the world is prostrate with grief, and military law is generally in force and more than 30,000,000 men are on the battlefield, it is no hardship for me to remain at home.

I know a thousand young men in my district in the West who in case of war will volunteer and follow the flag, if necessary, into the very jaws of death. I do not want these faithful, thoughtful boys, sons of pioneers, who since they were 5 years of age have had sense enough to take shelter when the storm is on, to have to lay down their lives to avenge the loss of those who in search of trouble and new thrills ventured into this condemned zone of war. Neither am I concerned because during the remainder of the war the attitude of the belligerents will prevent, to a certain degree, the exportation of our goods. In view of the unheard-of high prices which now prevail, it is self-evident that more of our produce should be retained here in order to reduce the prices at home.

Another big reason why I am opposed to our becoming one of the belligerents is that not one man whom our soldiers will kill has had even a word to say in regard to bringing on the war, and not one in a hundred thousand who will fall before our guns will ever know the cause of the war in which they fought and died.

The saddest part of the whole thing is that when it is all over and the terms of peace are presented, the rulers of the nations will come out of seclusion with their families all intact—the same rulers who declared and brought on the war—and will treat together and arrange the terms of peace. They caused the war, and during its duration lived in luxury, suffered none of war's inconveniences, ate three good meals a day, and slept in downy beds at night, while the soldiers, innocent of its cause, fought, suffered, and died.

If we enter into this war, it is just a matter of killing a sufficient number of innocent men to convince the rulers of the Central Powers that in order to save their own unworthy heads it is time to stop.

Another reason why I do not favor this proposed war which the munition sellers and the bondholders propose to bring upon us is because the soldiers whom we will put to death will leave widows and children to mourn their loss. I never will believe that the honor of this people demands that we should flood the world with a countless horde of orphaned children.

We recently passed the child-labor law, preventing the little children of this country from being abused by working in manufacturing establishments and shops, but now it is demanded that we make war on the Central Powers, killing probably a million men in order to make the Kaiser sorry, and thereby leaving some 3,000,000 more fatherless children.

The two greatest agencies in the world are force and love. The effect of one is temporary, while the effect of the other is enduring. Force holds only while its power lasts. Love binds as if with cables and bands of steel. The father who rules his family with a rod of iron will soon lose his power, and, ridiculted and despised, will sit at last alone while the winter storms of age beat upon the roof of his abandoned home; while she who rules and draws by love, though her form is bowed beneath the weight of years, is the idol of her home and the inspiration of her children's children.

The government that holds the allegiance of its citizens only by an iron hand is ripe for revolution and is tottering on the brink of ruin, but the government that has the affection of its people is filled with patriotism and is in the morning of its long day.

The nation that holds its place by force among the nations of the world is only hastening to a fatal day when some other power will grow strong, dispute its rights, and take its place.

I will give you a human plan in which we can participate in this war, a plan which will not cost a life, a drop of blood, nor cause a tear to flow, save tears of gratitude and joy—that will not produce a moan, a sigh, a wrinkled face, or a broken heart.

This war will doubtless cost the United States at least $20,000,000,000. Let us dedicate 5 billions of this sum to humanity's cause, and with it relieve suffering instead of using it in a way that will produce more. Let us send $100,000,000 worth of food and clothing a year to each of the belligerent governments, to the Allies and to the Central Powers alike, a gift to the little children whose fathers and brothers have fallen or who are fighting in the war. Five billions used in this manner would last more than 3 years, probably to the end of the war. If so, we will save $15,000,000,000 to our people by the plan. Let us print, in their native tongues, on each package and garment sent the words, "The heart of America is bleeding for you."

Let each garment and food package also show a picture of the beautiful American flag, so that when the little fellows rise from their beds each morning they will clothe themselves with at least one garment, a token of mercy and kindness from far-away America, and when they eat their breakfasts they will see our flag and the inscription on the packages from which is secured their scanty supply.

Were we to follow this plan we would make both the giver and receiver glad. Were we to follow this humane, sympathetic plan, instead of the barbarous methods of war, America would soon become in reality the light of the world. Were we to adopt this method, in years to come, when the children of Europe are grown to be men, if some kaiser or war god should marshal his armies on

the field of battle against us, the then warriors, being the children whom we now feed and clothe, when they saw that flag planted upon the ramparts of the enemy, would remember that they first saw it on their little jackets or food parcels sent them by a kind-hearted people across the sea, when fatherless and friendless, too sad even to cry, they sat alone. Do you think such an army would fire on that flag? No!

By force we can never make that flag permanently popular, but we can do so by acts of justice and affection. "Whosoever killeth by the sword must die by the sword."

I am sorry my country will not rise to this masterly occasion. I am sorry we are to throw down the weapons of humanity and take up the weapons of brutality.

Another reason why I am opposed to going into this war is because we have so much to lose and so little to gain.

We are not fighting for a principle, but to remove a condition. We are simply angry with the Kaiser, and we propose to get into the war and kill a few million quiet, friendly Germans in order to show the Kaiser how mad we are.

Today the United States is the only great neutral power on earth. It stands aloof and alone. It stands just where it ought to stand. For 140 years we have declared our form of government to be the light of the world—that our position among the nations is that of a brother—that we are not here to slaughter them, but to do the other nations good. Let us maintain our position and keep our course, for the hour of our supreme usefulness is at hand. Soon the poor, foolish, struggling, bleeding, and dying nations will need the helping hand of a great, just, and powerful friend to lift them to their feet and steady them while they learn to stand alone.

It is an easy matter to get into trouble, but sometimes a very hard matter to get out of it.

When we go into this war we are 100,000,000 happy people, but what will we be when we come out? When we enter it our stores and warehouses are full. How will it be when we come out? When we go in, the grass has grown for years upon the graves of our honored dead. How will it be when we come out? When we go into this war, empty sleeves and sightless eyes are almost unknown. How will it be after the struggle? When we go into it, crutches and widows' tears are out of date. How will it be when we come out? When we go in, we are heavily laden with honor and are recognized as being the light of the world. How will it be when we come out?

Today we are the only great neutral nation. This ought to be more sacred to us than was the Ark of the Covenant to ancient Israel. To whom are we going to surrender our privileges for humanity when we sell our birthright for a mess of war pottage? Will China or some one of the neutral South American Republics take our place?

I am unwilling to enter this war, for by so doing we will unite with the Allies, espouse their causes, and be obliged to fight until their causes, as well as our own, are won. The American people, in my judgment, are not ready to form such an entangling alliance, against which we were warned by George Washington. Neither are they ready to help England, France, Italy, Russia, and Japan win their causes. We have not passed on the proposition as to who is right—the Allies or the Central Powers. Neither do we intend to, for it is none of our business. Let us beware lest in settling our own good cause we help settle also the causes of others that are bad.

We have but to go back to the Spanish-American War to find an example of how two nations were grossly wronged by the same agencies that are now at work bringing on another war.

John Sherman, Secretary of State during the Spanish-American War, made the following statement in a public address at his home in Mansfield, Ohio, at a reception given in his honor just before he retired as Secretary of State:

"Had not the War with Spain been declared when it was, we could have secured by treaty with Spain all that we demanded."

The United States Government in 1903 published a Report of the Foreign Relations of the United States for a period that included the diplomatic negotiations preceding the War with Spain. This report shows that on February 26, 1898, the American minister to Spain, Gen. Stewart L. Woodford, wrote to President McKinley that he had obtained the "practical adjustment of every problem" that had been entrusted to him. On April 3, 1898, Minister Woodford cabled to President McKinley as follows:

"If conditions at Washington still enable you to give me the necessary time, I am sure that before next October I will get peace in Cuba with justice to Cuba and protection to our great American interests. I know that the Queen and her ministry sincerely desire peace, and that if you can give me time and reasonable liberty of action I will get for you the peace you desire so much and for which you have labored so hard."

Just a few days before we declared war Minister Woodford again cabled President McKinley on April 19, repeating the foregoing sentiments and adding:

"I hope that nothing will be done to humiliate Spain, as I am satisfied that the present government is going and is loyally ready to go as fast and as far as it can. With your power of action, sufficiently free, you will win the fight on your own lines."

Yet on April 19 Congress ordered armed intervention in Cuba and 3 days later adopted a resolution in which it declared that "war exists."

What a shame to the American people that a war was unnecessarily declared, which resulted in the death of 6,305 officers and enlisted men, wherein hundreds of millions of dollars were spent, when the matter could have been settled by ink and pen.

Mr. Speaker, I am opposed to declaring war on Germany for the further reason that, in my judgment, 98 percent of the people of the United States are against such a declaration. On January 31, 1916, I introduced House Joint Resolution 138, which provided for a change of article I, section 8, division 11 of the Constitution of the United States, which section defines the powers of Congress to declare war. Congress has the power at present to declare war whenever it shall see fit. I seek by this resolution to restrict this power, and have provided in the proposed amendment that Congress shall have the power to declare war in cases of invasion or threatened invasion of the United States or any of its insular possessions by a foreign power, or in cases of insurrection or revolution within the United States or any of its insular possessions, and in other cases where the matter of declaring war has been submitted to the people and a majority of those voting have declared themselves in favor of the proposed war. In other words, Congress shall have the right to declare war only in cases of emergency. In all other cases it shall be left to the people.

Mr. Speaker, I consider this scheme the solution of the whole war proposition. The people of one nation seldom, if ever, want to fight the people of another nation. It is the rulers of nations that bring on war. President Wilson, in his Chicago speech several months ago, said: "Rulers, not public opinion, brought on the present war in Europe." He could, with the same degree of truthfulness, have said that nine tenths of all the wars that have come in the past have been brought on by the rulers, instead of by the public sentiment of the people. The rulers of our country here in Washington, changing as they frequently do every 2, 4, or 6 years, are just as apt to mistake newspaper agitation for public sentiment and bring on war as are the rulers of other lands. Remove the power of the President and Congress to bring on war, except in cases of invasion, threatened invasion, revolution, or threatened revolution, and nine tenths of the danger of war will pass.

Congress, which now has the constitutional power to bring on war, is composed of Senators and Representatives who are exempt from war. This is a wise provision, for most of them would be a hindrance on the battlefield. In case of a charge, they would hardly escape being run over by the Red Cross, the newspaper boys, and the commissary department.

Our present plan is neither safe nor fair. I hear much about the honor of our country, and I believe the honor of this country should be maintained; but I want to see the term "honor" defined by the men who have to maintain it.

I should not like to have some fat fellow define my honor, tell me when it had been assailed, and shove me into a fight.

No man should have to be a factor in his country's defense in time of war who was not a factor on election day in determining whether there should be war.

War so vitally affects every citizen that I think every citizen should have a right to express his views as to whether there should be war. War is the most important of all subjects. Why should not the people decide it?

Why should not the interested parties pass upon that which is to them the most interesting of all subjects? Do we not believe that the people should rule? Do we mean that this is a government wherein the people shall decide matters of minor importance, but when it comes to deciding whether we shall have war, the greatest and most important of all questions, that the people are not qualified to decide? As human blood and human life are of more importance than all other considerations, so the question of war is of more importance than all other subjects.

During all the history of the world, small minorities have been declaring wars for the majorities to fight. The men who fought the battles of olden times fought not for a cause but for their kings. Today the same old system prevails, and now the armies of Europe fight not for a sacred cause but for their kaiser, their emperor, their king, or czar.

Fighting, bleeding, and dying for a cause to them unknown! It is now proposed that a handful of rulers here, who really ought to be the servants of the people, but who will not be if they declare war, shall follow the example of the rulers of Europe and pry this country over into the seething hell of war.

For one I am not in favor of it. I am in favor in this people's Government of letting the people decide whether they want war or not. I am in favor of letting the mothers and fathers who will furnish the fuel decide whether this wildfire shall be started. I am in favor of letting the men whose country will be imperiled, whose blood will be spilt, and whose lives will be lost in case of war have a chance to say whether there shall be war. I am in favor of hearing from the poor fellow who, in case of war, will die in the trenches, from the fellows who will have their eyes shot away, who will wear empty sleeves and go on crutches for the rest of their lives. I do not care so much about hearing from a few fat bondholders as I do the young, lean fellows who will have to stand, and who are willing to stand, if necessary, like a granite wall, and face without a quiver the fiery hell of war. Before this war is deliberately declared, as long as there is plenty of time, I want to hear from the firesides and thresholds that will be saddened and ruined in case of war. I know how the people feel who are going to profit in case of war, but I want to know for sure how the people feel who will defray its expenses. For the sake of the result of the war I want the voters of this country to have a voice in declaring the war, for when this great people decide for war, their cause every time will be just.

Do not decide against this plan because it is something new. Remember that this is a new age. Progress beckons from the mountain tops. Our best ideas have not yet found their way into books. Humanity has come up from the stone age step by step over the long and weary way. Remember the absurdities of yesterday are the accepted truths of today.

Let me call your attention to the fact again that the people of one country scarcely, if ever, want to fight the people of another country. Had the peoples of the belligerent countries been consulted, this war would never have been fought; if we were to take the time now—and we have lots of time, for it never does any harm to postpone a fight—and let the people speak by ballot, America will not become a factor in this hideous strife.

The old system has caused as many drops of blood to be shed along the Mediterranean as there are drops of water in the sea; it has caused as many teardrops as there are drops of water in the Amazon; it has reduced to putrid flesh, grinning skeletons, and to bleached and withered bones, the youth and flower of every age and land; it has disgusted humanity with itself, made religion a farce, prayer a mockery, and by universal consent closed the windows of heaven to mankind; it has caused the chief occupation of man to be the shedding of his neighbor's blood and made implements of husbandry secondary to implements of death; it has caused the soldiers to be superior to the tiller of the soil and the army officer to be regarded head and shoulders above his fellow man; it has caused human sympathy to become dry at the fountain and has turned the heart of man to stone; it has outraged decency and morality and caused mankind to fall below the level of the beast, and the brutal iron and hell of war have trampled without regret the noblest inspirations of the human heart.

I submit that it is time to get rid of war, or it will get rid of us. It is an unwelcome visitor, and I want to make it impossible for it to reach our shores. I want to make it a stranger and drive it to the uttermost parts of the earth. I will never be willing to pursue it as some desire across the sea. I want to remove it as far from us as the east is from the west. I want to put thorns and thistles in its pathway. I want to make its way devious and uncertain. I want to throw up barriers against it, mountain ranges, trackless deserts, oceans, and continents between my native land and war.

It has been said that the devil is the cause of all our earthly woes. Mankind is the cause of war, and in bringing woes upon ourselves we have outdeviled the devil. We certainly have made the devil feel silly. We have discounted him at his own game of bringing misery.

All power in government rests with the people. In some instances they delegate their power to a few men, but the important matters they refuse to delegate. For instance, we do not delegate to our State legislators in California the power to change the State constitution. That must be done only by a vote of the people of the State. We will not permit our State legislators to vote a bond issue upon the State. That power has not been delegated. It is of so much importance that we refuse to let it go out of our hands. If the change of a State constitution or the voting of a bond issue is so important that the people have refused to delegate the power to its representatives, why should we delegate to the President and a little over 500 men here in Washington the power to declare war? War is of as much more importance than all other things as human blood is more precious than oats or corn. War may mean the death of 10,000,000 men; it may mean 10,000,000 children made fatherless, 10,000,000 wives made widows; it may mean every dollar taken from the Treasury; and it may mean the lowering of our flag.

It astounds me to think that in spite of the fact that Jesus of Nazareth, the founder of the Christian religion, declared in His Sermon on the Mount, "Blessed are the peacemakers, for they shall be called the children of God", yet an element of the American people revile those who lift up their voices against war, and certain moral cowards try to make it appear that he who in this fateful hour prefers peace to war is a traitor to the country in which he lives.

In conclusion let me say that I am sorry we are not far enough from the jungles to take the right course. I am sorry we have to matriculate again in the tedious university of time. Some nation in the future will rise. I know not when or where will be its seat of power. I fondly trust it will be here in our goodly land. That nation, like Saul, the son of Kish, will stand head and shoulders above all around. It will be a nation of destiny; its purpose to uplift the human race. Its people will be just and wise; excitement will not sweep them off their feet. In that nation there will be no assumption of power. The legislators there will fear no whip, but guided by what they feel is right will bow their heads only to duty's call. There will be no war gods there, no thirsting for human blood, and newspapers will be the servants of the people's will. Before that day comes republics like our own may crumble a hundred times. No one can tell, but until it does come this world will not be a fit place in which to live. Humanity will finally learn its lesson. Humanity must finally win.

Mr. FISH. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Speaker, I am opposed to this resolution because I consider it a menace to peace. I am such a firm advocate of peace that I twice went to war in behalf of peace. I volunteered in the Spanish-American War and served in it, and in the World War I was sent to France and served 28 months in the First Division and in the Air Service. While I was overseas at the cemetery of Romaine, I saw where 22,800 of our American men were buried, and the thought came to me that these men were lying there on the written approval of the man who was elected to keep the United States out of war. We are now confronted with the same situation. Our President might be just as well disposed toward peace as I am, but in this resolution there is a potential opportunity for him to send your sons and my sons to invade a foreign soil, and if the resolution is not amended to provide that under no condition, shape, or form will the American citizen be called upon by draft to send his sons and daughters to a foreign soil to maintain the resolution, then I shall be against it. If it is so amended, I may be a bit receptive to the thought of agreeing to it. But it is a menace to peace as it is, and I am absolutely opposed to it. What do we find? For instance, England is spending more money than she did last year on her Navy, and what are we doing? We are putting ourselves in the possible position of again being engaged in war, yet we are reducing our Navy.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. FISH. Mr. Speaker, I yield the gentleman three quarters of a minute.

Mr. HOEPPEL. I just want to read an item from an editorial:

> Don't encourage unconstitutional performances and create unconstitutional precedents. Be one of the coequal branches of the American Government.

As Congressmen, we should exercise independence and equality which the Constitution gives us. Do not give it to somebody else. I pledge allegiance to my flag and country and not to any dictator. Presidents and dictators may come and go, but I hope the flag will remain forever. I speak for the youth of this country. Do not engage yourself in any compact at this time which will inevitably lead to war. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from California has again expired.

Mr. FISH. Mr. Speaker, I yield 15 minutes to my distinguished colleague from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Speaker, to remove all suspicion of partisanship from what I have to say, I direct the attention of the House to certain remarks which I made on the floor of the House on February 22 last, and which may be found in the RECORD of that date. At that time I attacked the then administration, charging that its foreign policy was dominated by the British Foreign Office and by alien interests. [Applause.] I made the following statement:

> The administration to be inducted into office on March 4 will suffer the same character of defeat as did the present administration if it, too, fails to adhere to the sound American policy of not interfering or participating in the political affairs of Europe and of maintaining at all times American neutrality; if it, too, fails to adopt and to adhere to an American policy, not a European policy.

I had then no knowledge or idea that one of the first acts of the present administration would be to come here and to offer such a resolution as we now have before us. This resolution, in my opinion—and I should have said so as emphatically during the last administration as I say it now—is a disloyal betrayal of American interests, of the American foreign policy of 140 years, and of the spirit and purpose of the Federal Constitution. It proposes to involve us in the affairs of the world in a dangerous and perilous way; it proposes to give to the President of the United States dictatorial powers, such powers as no one individual within these United States should have or ever has had. Even Hitler would not have dared to demand of the Reichstag for himself the sole power of making war. Is the American Executive to out-Hitler Hitler? Are American institutions and American traditions to be abolished?

This resolution puts into the hands of the President of the United States not only the right to select the so-called "aggressor nation", to pick the nation into whose affairs he wishes to intervene in a hostile way, but also the power ac-

tually to make war. Neutrality is the impartial attitude of one nation toward two or more nations which are at war. An arms embargo is an unneutral and hostile act, and in international law it can be followed by reprisals and even by declaration of war by the aggrieved nation. The resolution gives the President the right to intervene in any conflict in a military sense and to make the United States a party to a war whether declared or undeclared.

The resolution permits the President and not the Congress to make the enemies and friends of the United States; it gives the President, instead of the Congress, the power to make war. The resolution proposes that one man, with such prejudices as he may have, subject to such influences as an individual may be—and the President is mortal and in mortal mold constructed—shall have that supreme power of making war. When that is done the safety of the United States is put in the greatest peril, a vital and fatal attack is made upon the safeguards of the Constitution under which we are here assembled.

It has been said repeatedly that this resolution in no way involves Japan. How that can be said with the existing records, from which I shall read to you, is difficult to understand. I do not charge bad faith, but I do say there has been a concealment, that there is a concealment, when it is stated this resolution does not involve Japan. I will prove conclusively that it does.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. TINKHAM. I yield.

Mr. MARTIN of Oregon. In confirmation of that, when did this thing start? It was January 6, was it not? This whole business started January 6, and it was started by the old administration at that time.

Mr. TINKHAM. At about that time.

Let me read from this official document, marked "Department of State, Press Releases, Saturday, March 4, 1933. Sino-Japanese Situation."

Following is the text of a resolution adopted at the special meeting of the Assembly of the League of Nations on February 24, 1933:

"Whereas, in virtue of article III, paragraph 3, of the Covenant, the Assembly may deal at its meetings with any matter affecting the peace of the world, and therefore cannot regard with indifference the development of the Sino-Japanese dispute;

"And whereas, according to part IV, section 3, of the report adopted by the Assembly, in virtue of article XV, paragraph 4, the members of the League 'intend to abstain from taking any isolated action with regard to the situation in Manchuria and to continue to concert their action among themselves as well as with the interested states not members of the League' and 'in order to facilitate as far as possible the establishment in the Far East of a situation in conformity with the recommendations of the present report, the secretary general is instructed to communicate a copy of this report to the states nonmembers of the League who are signatories of or have acceded to the Pact or Paris or of the 9-power treaty, informing them of the assembly's hope that they will associate themselves with the views expressed in the report, and that they will, if necessary, concert their action and their attitude with the members of the League';

"The Assembly decides to appoint an advisory committee to follow the situation, to assist the Assembly in performing its duties under article III, paragraph 3, and, with the same objects, to aid the members of the League in concerting their action and their attitude among themselves and with the nonmember states.

"The committee will consist of the members of the Committee of Nineteen and the representatives of Canada and the Netherlands.

"The committee will invite the Governments of the United States of America and the Union of Soviet Socialist Republics to cooperate in its work.

"It shall report and make proposals to the Assembly whenever it thinks fit. It shall also communicate its reports to the governments of the states nonmembers of the League which are cooperating in its work.

"The Assembly shall remain in session and its President, after consulting the committee, may convene it whenever he thinks fit."

The American Minister at Geneva now sits on that committee.

If you wish further evidence that this resolution does involve Japan, let me reach a despatch from Geneva, dated February 26, 1933, printed in the London Times:

The general conviction in Geneva is that an embargo can only be applied against Japan, the party to the dispute which is defying the League. Before appointing or instructing a subcommittee the committee will probably wait for the reply of the United States to the invitation to cooperate in its work. A similar invitation has gone to the Union of Soviet Socialist Republics.

The League has already received a very encouraging reply from the United States Secretary of State to the letter of February 24, in which the Government of the United States was asked to associate itself with the views expressed in the report of the Assembly, and, if necessary, to concert its action and attitude with the members of the League.

On the same page of the London Times appeared this dispatch, from New York, also dated February 26:

The reply of Mr. Stimson, the Secretary of State, to the invitation to declare the attitude of his Government toward the report of the Committee of Nineteen on Manchuria, was sent only after Mr. Stimson had communicated with Mr. Roosevelt, the President-elect, and had conferred on far eastern and other problems with Senator Cordell Hull, who is to be his successor.

The League invitation reached the State Department while Mr. Stimson and Mr. Hull were in conference and was not brought to Mr. Stimson's attention at that time, but the President-elect's support of Mr. Hoover's far eastern policy was so clearly indicated then by Mr. Hull that it was not necessary for Mr. Stimson to seek any new assurance that his reply was in accordance with Mr. Roosevelt's views.

If there is still any doubt in the mind of any Member of this House that this resolution does not involve Japan, let me read an article which appeared in the New York Times of March 5 headed "Reminder by Lord Cecil." The article reads as follows:

Now that the Nanking Government, in objecting to the embargo placed on arms and munitions going to China and Japan, has asked the League of Nations to name the aggressor nation in the Sino-Japanese undeclared war, adhesion to a League project for the support of the nation acting on the defensive is incumbent on the United States, according to Viscount Cecil, who, in a letter to the Times of London, says:

"On January 11 the Democratic President-elect of the United States, Mr. Roosevelt, said:

"'I have long been in favor of the use of embargoes on arms to belligerent nations, especially to nations which are guilty of making an attack on other nations * * * that is, against aggressor nations.'

"Just a month later there was published in Washington a memorandum by the Republican Secretary of State, Mr. Stimson, addressed to the Foreign Affairs Committee of Congress. It was in support of a resolution authorizing the President to associate with other nations in an arms embargo against belligerent nations, and it included the following statement:

"'If the League of Nations or any other comprehensive group of important States had mutually arrived at such a verdict [that is, a verdict that one of the belligerent nations was the aggressor] the participation of the United States in a general arms embargo would be not merely practical and sound, but practically necessary to preserve our national dignity and standing as a peaceful Nation.'

"These very important pronouncements make it clear that both parties in the United States stand for participation in an arms embargo against an aggressor state and that the Republican Secretary of State declares that in this connection a decision by the League of Nations as to which is the aggressor is, for practical purposes, conclusive."

If the House is not yet satisfied on this point, let me read another dispatch from Geneva, dated March 27, printed in the Washington Post. It reads:

The United States will be expected to participate in a world arms embargo against Japan, to be declared as a result of her withdrawal from the League of Nations, it was indicated here tonight.

The smaller powers very likely will demand immediate economic sanctions, or penalties, delegates believed, together with the withdrawal of ambassadors and ministers in Japan.

I think these dispatches, together with the release from the State Department which I read first to the House show conclusively that the purpose of the resolution is to cooperate with the League of Nations in enforcing article XVI, the war clause, of the Covenant of the League. It was principally because of this article, together with article X, which guarantees the territorial boundaries of the members of the League, that the United States refused to join the League.

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield the gentleman 3 additional minutes.

Will the gentleman yield?

Mr. TINKHAM. I yield.

Mr. McREYNOLDS. Did not the gentleman visit the Secretary of State, Mr. Hull, and talk about this matter? And was he not assured that Japan was not in mind at all? Is this true or not?

Mr. TINKHAM. It is not true. I saw Mr. Green, who represented the State Department before the Foreign Affairs Committee in support of the resolution, and he showed me certain despatches from Mr. Wilson, who is acting as our member upon the so-called "advisory committee."

Mr. McREYNOLDS. Did the gentleman see Mr. Hull?

Mr. TINKHAM. I did not see Mr. Hull.

Mr. McREYNOLDS. I did not know that.

Mr. TINKHAM. I wish to say to this House that when Mr. Stimson supported this proposal during the last Congress, he did not represent the Republican Party, and he did not truly represent the American people, and I say that the present administration is not truly representing the American people now in this matter.

I wish to say to this House also that we are not going to interfere in the political affairs of other nations if I and those members of the Democratic Party and of the Republican Party who also are real Americans—I use the term advisedly—can prevent it; we are not going to pick the aggressor, to use force, embargoes, and sanctions, and to make war. We are going to stay on this American Continent in peace. We are going to maintain the neutrality which gave us peace, prosperity, and national integrity, and which preserved our institutions until we went to war in Europe, in violation of that salutary policy—not for our own ends but for the ends of others. The present bankruptcy of our people and the tottering of our institutions have their roots in that mad adventure.

Let us be Americans and attend to America's affairs, having first in mind the interest of America. If we can help the world by acts of conciliation, by advice, by good offices, or by assistance short of embargoes, short of sanctions, short of coercion, short of force, short of war, well and good. When it is proposed that we make use of embargoes, of sanctions, of coercion, of force, of war, as it is proposed in this resolution, I say there is proposed the entire repudiation of American philosophy and American ideals, and that the complete destruction of America itself and of our civilization will inevitably follow. [Applause.]

[Here the gavel fell.]

Mr. TINKHAM. With unanimous consent, will not the honorable Representative from New York allow me to extend and correct my remarks?

Mr. BLOOM. Mr. Speaker, reserving the right to object, it is rather unusual for anyone to object to a request of this kind, but I do not see why I should be discriminated against by the gentleman from Massachusetts [Mr. MARTIN], who objected to my putting in a few letters.

This is the first time in over 10 years of service in this House that I have objected to anything. I do not think it is right that I should be selected as the one to be discriminated against in a matter of this kind.

Further reserving the right to object, Mr. Speaker, if the gentleman from Massachusetts will be kind enough to withdraw his objection as far as my request is concerned, I shall be very pleased to allow anyone to insert anything he wishes in the RECORD; but why should my request be objected to and the requests of others not be objected to?

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. MARTIN of Massachusetts. My objection carried with it nothing personal at all.

Mr. BLOOM. I know that; that is not in my mind.

Mr. MARTIN of Massachusetts. I believe every individual Member should have the right to extend his own remarks, but the gentleman from New York well knows that it is not the custom to extend in the RECORD letters from various people who write to the Members.

Mr. BLOOM. I simply wanted to print a very few of them. I told the gentleman I had received many letters, but the ones I wanted to include in the RECORD were very few and the letters are very short. It is rather disrespectful to the people who wrote to me, to have this request denied. They are not constituents of mine. The letters are from all parts of the country, and I do not see why the gentleman should object to them when everybody else has been allowed to print anything they wanted.

I dislike to object to the pending request and I may say that I shall not object, but it rather hurts me to think that I should be discriminated against in this way.

Mr. Speaker, I withdraw any objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BLOOM. Mr. Speaker, may I at this time withdraw my objection to the request which the gentleman from California [Mr. CHURCH] made a few minutes ago.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to extend my remarks as indicated.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McREYNOLDS. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. ROGERS] such time as he may desire.

Mr. ROGERS of Oklahoma. Mr. Speaker, regardless of what the opposition has said or may say, the resolution we are discussing is a peace proposal. It is a measure that, when functioning properly, will not only aid in stabilizing peace in our own country, but will help to stazilize the peace of the entire world.

I favor this proposition because I am interested in the peace and prosperity of our country, and I believe that we should support any proposal designed to keep our country's peace when other nations are at war.

Two thousands years ago Christ came and dwelt among men, preaching and teaching, "Peace on the earth, justice, and good will toward all men." The angels took up the refrain and it has been chanted far and wide. Many men and many women have labored to further Christ's work, to establish peace in all the world, justice and good will toward all men. But some men and some women, in fashioning their lives, have not heeded the teachings of our Savior. And some nations have dared to trample in the dust that gospel taught by the Master. But many nations have been formed with that doctrine as their motto, and their banners have floated on high proclaiming, "In all the world peace, toward all men justice and good will." Chief among the nations that have been guided by the principles of peace, justice, and good will is our own dear United States of America. She has been the apostle of peace since the days of Bunker Hill, she has taught the doctrine of justice since the formation of our great Union, she has lived the gospel of good will since the signing of the Declaration of Independence; for never once has she waged an aggressive struggle, never once has she fought for the spoils of war, never once has she shed blood for any other purpose than in defense of the principles, "Peace on the earth, justice and good will toward all men." She has never been the offender, but always the defender of that policy, and I have faith in her to believe that she will always continue to tread the path that has been worn smooth by her footsteps.

But in order for America to carry on, in order for us to make her future a credit to her illustrious past we must not forget the principles that have guided her destiny in the past and must continue to guide her in the future. We must not lose our opportunity to assist the other nations of the world in establishing that condition for which we have ever labored—peace, justice, and good will in all the world toward all men.

Mr. Speaker, and ladies and gentlemen of this House, under the provisions of this resolution, the power granted could only be used if it was found to be necessary. Naturally, the authority given here to place an embargo upon the citizens of this country would not be exercised unless it would be effective toward establishment of peace in some other country, and it would be effective then only if the leading nations of the world, wherein arms are manufactured, entered into such an agreement. Are we of that number who, having eyes, see not the things that so vitally affect us? Can gentlemen read? If so do they not see that

this embargo, if placed, could be raised by the President, or Congress, at any time when it was deemed necessary?

Finally, ladies and gentlemen, this resolution was recommended by ex-President Hoover and his State Department and is now recommended by President Roosevelt and his State Department, and we are convinced that it is a measure that will assist in stabilizing the peace of the entire world. Then let each of us do our part. Let us pass this measure, remembering the gospel laid down by the Master, "Peace on the earth, good will toward all men."

Mr. McREYNOLDS. Mr. Speaker, I yield to the gentleman from Colorado [Mr. MARTIN] such time as he may desire.

Mr. MARTIN of Colorado. Mr. Speaker, as I have listened to this debate it has been impressed on my mind that this resolution cannot be considered solely from the standpoint of precedent, that it cannot be considered solely on its own merits, but must be considered in connection with the world-peace movement.

From the standpoint of precedent it is objected that this grant of power to the President by permanent legislation to place an embargo on the shipment of arms and munitions of war to a country or countries engaged or about to become engaged in war is without precedent. It is answered that the responsible ministries of all the other principal powers now have this authority, but cannot exercise it without our cooperation. The objectors come back with the reply that these ministries are subject to immediate recall in the event they run counter to what is considered the national safety, while the President of the United States is in power for a fixed term. This is not a sufficient reason for discrimination between the fixed powers of the President and the powers of foreign ministries for the reason that if a foreign ministry declares an embargo the harm, so-called, has already been done and the nation involved. This distinction between the different characters of official tenures is too fine to alone demand the withholding of the power from the President.

It may be further pointed out that the action of Congress in 1911 in granting the President continuing power to lay an embargo upon the export of arms and munitions to any American country in which conditions of domestic violence exist was at that time without precedent, and, further, that the placing of such an embargo is fully as potential of war between this country and the country against which the embargo is placed as under the proposed grant of power. Why, for instance, may not other American countries in which conditions of domestic violence exist consider the placing of an embargo by this Government as a hostile act?

The same reasoning applies even more strongly to the legislation of 1922 granting the President permanent power to place embargoes against countries in which this country exercises what is called "extraterritorial jurisdiction", such jurisdiction consisting merely of a court with limited powers set up in a foreign capital, at this time in China, Arabia, Egypt, Morocco, and Ethiopia. Under the act of 1922, and resting upon this mere fiction of right, an embargo was placed against China, the most populous nation of the earth, and a friendly nation, which is still in force. The act of 1922 was also without a precedent. No war has yet resulted from the many exercises of these powers.

Mr. Dooley once observed, in criticizing an American statesman who was very much given to the citation of Washington and Jefferson, that we could not go to the graveyard for all our precedents. Those great leaders dealt with the problems of their day in the light of existing conditions. They had no precedents. They had to blaze new trails. And so today this country is confronted, and the world is confronted, with conditions for which there are no precedents, and workable solutions must be found if we are to place the peace of the world upon a stable basis.

The first recorded question—Am I my brother's keeper?—finds its latest answer in the fast narrowing limits of a no-longer isolated world. This Nation and every nation is its brother's keeper. Such a violent disturbance as war upsets the whole terrestrial order. A war anywhere finds its repercussions everywhere.

This brings us to the other aspect of the question now before the House, its relation to the whole peace program of the world, for the inception of which we do not have to go back beyond the memory of living men. The Hague Tribunal, established as recently as 1899, may be called the first feeble beginning of a world movement against war and for the settlement of difficulties between the nations by peaceful means. Had its objectives been realized, the World War might never have occurred. The fault was not in the agency.

Since the World War the prevention of war has become not only a world issue, but the paramount international issue of the world. It has been magnified a thousandfold. It gave birth to the League of Nations, to the World Court, to the Nine Power Pact, and to the Briand-Kellogg Treaty, renouncing war as a national policy, outlawing war; and now to the arms conference.

We are too close in time to that greatest of human dramas, the World War, to evaluate its results. It is too early to ridicule it as the war to end war. One of these instrumentalities for world peace has just given expression to an act without precedent. Its forty-odd adherent nations have investigated the origin of a war and have named the aggressor nation. This action is historic. It was participated in by England, which is charged by critics of this resolution with the authorship of the resolution. England would hide behind our skirts. Let it be said for England that she did not hide behind our skirts in determining and proclaiming the aggressor nation.

Gentlemen declare on the floor that the passage of this resolution will mean war with Japan, and within 30 days. Let me say that the gravest error this country could make in dealing with the Asiatic situation would be to take counsel of its fears. Although then a private citizen and out of sympathy with the administration, I applauded the courage and incision of the notes issued by Secretary Stimson on the Asiatic situation. They had the ring of the note of President Cleveland on the Venezuelan boundary dispute, the one act of his two administrations which gave him a permanent claim to fame. There may be ways out of the question mark which overhangs the Pacific, but fear is not one of them.

There is nothing of the pacifist in my support of this resolution. I am for preparedness up to the full measure of the National Defense Act of 1920 and the London Naval Treaty. That program is my way out, until such time as all the powers can be brought to a genuine program of disarmament. So far as the immediate object of the fears of the opponents of this resolution is concerned, it has been pointed out that China, a great and friendly power, and handicapped by lack of war supplies, is now under the disability of the embargo, while Japan is practically self-sufficient in the matter of supplying her own arms and munitions, and certainly of supplying what she needs against China, and is thus neither handicapped nor aggrieved. If an embargo was laid against the materials of which arms and munitions are made, I am advised a different question might be presented.

Are the people of the United States less devoted to the establishment of world peace than the other nations of the earth? Has it less courage than these nations? Is it still so obsessed with the fantasy of an imaginary isolation that it will refuse cooperation with these nations? The enactment of this resolution is but a single item on the world program for international peace, for which all civilized peoples are earnestly striving.

Mr. FISH. Mr. Speaker, in the remaining 2 minutes of the time belonging to the minority I send a statement to the Clerk's desk and ask that it may be read in my time. It is an article from the leading Democratic campaigner in the recent national election.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

Extract from a front-page editorial entitled "Eternal Vigilance Is the Price of Liberty", which appeared on Sunday, April 2, 1933, in the Hearst newspapers:

"* * * It [the administration] is considering the exercise of dictatorial powers to declare embargoes and so incur the danger of involving this country in the Chino-Japanese war. Only Congress has the right to declare war, and Congress should not surrender the right to make war or to provoke war. As a matter of fact, both the Congress and the President should keep out of Asiatic complications. Both the Congress and the President should keep free from foreign entanglements. There are other ways of making history for themselves which are better and safer than involving our peaceful country in the wars of the whole world.

"* * * It is poor patriotism to risk the peace and welfare of the United States in quarrels and complications which are in no sense ours. And, finally, it is the poorest kind of politics to alienate from the Democratic Party the support of that vast body of genuine Americans who think more of the interests of their own country than they do of the selfish plans and purposes of foreign nations.

"* * * All the administration need do is obstinately to proceed to meddle in foreign complications to the danger and detriment of our own American people. * * * If the President is not alarmed by this possibility, the Democrats in Congress should be. It would be their funeral. And if the Democrats in Congress do not wish to precipitate the funeral, they would better retain their common sense and be Democrats and be Americans before the funeral occurs. Furthermore, it is not good democracy and it is not good Americanism for the Congress of the United States to transfer its constitutional powers to any President, no matter how capable and conscientious that President may be. The Senators and Representatives who constitute the Congress were elected to be Senators and Representatives, and themselves to exercise the powers and obligations which the Constitution imposes upon them. If they are incapable of doing that, they would better let the people elect a Congress which has the courage and competence to exercise its constitutional powers, and to be one of the three coequal branches of the Government which the Constitution created. * * *"

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I propose to speak by the record, especially by the record of some of the gentlemen who have fought this bill so hard.

In this discussion they have turned loose on us the most distinguished gentlemen on their side, and I first refer to the distinguished gentleman from Pennsylvania [Mr. BECK]. We all know that he is a great lawyer, that he is a man of great parts, and that he came to this Congress with the reputation of being a great constitutional lawyer. We all greatly respect him and his ability. On the occasion of his first one or two speeches in the House the Democrats listened very attentively because we felt at that time that perhaps he would discuss these questions upon purely constitutional grounds, but of recent days we have found that this distinguished gentleman, as to constitutional or nonconstitutional arguments, has always been able to see them from the Republican standpoint. Not only this, but the gentleman comes before the House in this attitude, and while Democrats at first had great respect for his opinion they have now learned that like the shrewd lawyer he is he discusses questions from a partisan standpoint. I am glad, however, that he made one admission, because the gentleman who filed a report here first claimed that what we are undertaking to do is an unconstitutional act.

You know that when you first started to practice law you heard the old statement, first win on the facts, and if you cannot win on the facts get the jury, and if you cannot get the facts or the jury try "unconstitutional." But this distinguished gentleman, knowing that our constitutional position was well taken, merely said that it violated the spirit of the Constitution.

Then we had the distinguished ex-Senator from New York, whom we are proud to have in our body. We recognize his ability and we are honored to have him on this floor. In his argument he said that if you pass this bill it will be up to the United States of America, if you declare an embargo, to declare a blockade against the country upon which we declare the embargo.

How this resolution can be construed in that way I am unable to say. All this resolution provides is that it makes it a crime for any of our citizens to violate the resolution in shipping arms or munitions to a country.

Mr. WADSWORTH. Will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. WADSWORTH. My idea was that by force of circumstances this embargo would grow to be equivalent to a blockade—that once you started it you could not stop it.

Mr. McREYNOLDS. That is the same argument that has been made before. I charge that an embargo is not a declaration of war, that it is not taking away the power from Congress. The President of the United States in a dozen different ways could bring on war and Congress would have to declare it. He could do it by speech or he could do it by diplomatic relations.

The gentleman from Massachusetts, my friend Mr. TINKHAM, is greatly disturbed in regard to Japan.

I thought that he had gone to the Secretary of State's office. I know that the gentleman from New York, the ranking Member on the committee, Mr. FISH, had gone, and I knew that he had information and that the resolution could not be construed as having any reference to Japan. The purpose of this resolution is for the peace of the world. That is the purpose of it. If it is to lead us into war, pray tell us why the munition workers who profit by war are the only ones who were heard against the resolution in the committee.

But my distinguished friend from New York [Mr. FISH] is evidently backsliding a little as you will see by his former stand.

I happen to know what he has been standing for. Let me call your attention to that. On January 7, 1928, he introduced a joint resolution in this House declaring against the shipment of arms and munitions to any country providing that the resolution shall not apply to any American country or any country in which the United States exercises extraterritorial jurisdiction.

If that bill of his had become a law the President could have issued a proclamation establishing an embargo against Japan. Is not that true?

In a few days he introduced another resolution of the same character. I said he was backsliding. Let us see about the speech he made to the League of Women Voters in Buffalo, N.Y., April 27, 1924. What did he say in that speech?

There is one solution to the peace problem. I believe that the entrance of the United States into the World Court would be a step in that direction.

Further, he now says this is a step toward taking us into the League of Nations. Let us hear from Mr. FISH further when he made this statement on May 24, 1924:

I agree with everything that Senator Owen has said except as to entering the League of Nations at this time. I believe myself in the principles of the League of Nations at this time, and I believe some time in the future we should go into the League with reservation.

That was Mr. FISH speaking at that time. Further, he has a peace record. Here on the floor of this House, in answer to his present argument, let me read from him again:

Mr. Speaker, this resolution is more far-reaching than would appear at first glance. It is one of the most important measures that will come before Congress at this session.

He was referring there to the proposed embargo against everybody.

I, for one, feel that if we go ahead and pass this resolution it will put an end to all the talk in foreign countries that we are nothing but a slaughterhouse, willing at all times to sell munitions for the sake of profit, to destroy human lives. And what happens when we do sell munitions of war? Those countries that receive the munitions immediately say they are buying them at exorbitant prices and that we are profiteering on their misfortunes, while the nations against whom these munitions are used because they do not control the seas, hold our Government morally responsible, claiming that we are doing our best to destroy their people, and, naturally, they have nothing but bitterness and hostility toward us, which may eventuate in dragging us into almost any foreign war. Therefore, if we continue the policy of exporting munitions of war we will be doing more to bring the United States into another war than anything we can do at the present time. [Applause.]

Oh, that mine enemy would write a book! I think that is the answer; I think he answers himself. The idea that this gives the President the right to declare war is a fallacy.

It is one of the straw men built up so that he may be knocked down. I think the Members of this House understand the situation.

It looks as though the gentleman from Oregon [Mr. MARTIN] would some time get into line, because he is a trained soldier. He has had men march before him and keep in step, but with the Democratic Party in this House it seems that nearly all the time he is the only man who is out of step, just like the soldier who believes that everybody else is out of line except himself.

Mr. CROSSER. Does the gentleman infer that these people could be actuated by partisan motives on such a tremendously important thing as this?

Mr. McREYNOLDS. Oh, the gentleman will have to figure out the motives for himself.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. McREYNOLDS. Yes.

Mr. FISH. I just want to say to the gentleman that if we had an opportunity to offer amendments, I for one would certainly offer that very amendment, to apply to all nations, so that we could not sell arms or munitions of war, so that this would not be a potential slaughterhouse of the world.

Mr. McREYNOLDS. I have no doubt that the gentleman may add that to his motion to recommit, and if such becomes the law, and then the President declares by proclamation that a state of war exists between Japan and China with all this talk as to China, all that will be left then to do will be to declare an embargo on arms as to Japan, as an embargo has been on arms to China since 1922, and you will accomplish that which you fear under this resolution. I insist the resolution be passed as it is. The administration is standing for it.

The policy which underlies the present resolution is the policy of "discouraging the employment of force in the course of dispute or conflict between nations." This is in line with the whole current of development since the war. It is not a new policy for the United States. For a quarter of a century the United States has been a party to the Hague Convention limiting the employment of force for the recovery of contract debt, and 5 years ago it was this Government of the United States which took the lead along securing the treaty for the renunciation of war as an instrument for national policy.

I have nothing more to say to you gentlemen. This is an advancement toward peace. Those opposed to it in the testimony before the committee were those who were interested in the profits of war, and never do I want to see the manufacture of arms in this country profit at the sacrifice of human lives. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Tennessee [Mr. McREYNOLDS] has expired.

All time has expired.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. GIFFORD, indefinitely, on account of illness.

RESIGNATION FROM COMMITTEE

The SPEAKER pro tempore (Mr. SIROVICH) laid before the House the following resignation:

APRIL 13, 1933.

Hon. HENRY T. RAINEY,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. RAINEY: I hereby wish to submit my resignation as a member of the Committee on Civil Service.

Sincerely yours,

ROBERT T. SECREST.

The SPEAKER pro tempore. Without objection, the resignation is accepted.

There was no objection.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, may I inquire of the majority leader what the program will be for Monday, aside from the vote on the pending resolution?

Mr. BYRNS. I am unable to say. It is suspension day. I do not know whether there are any matters on the Speaker's desk or not.

Mr. FISH. There was an agreement that there would be a vote on this resolution on Monday.

Mr. BYRNS. Oh, yes; but aside from the vote on this resolution, it all depends on whether any of the committees report on Monday.

Mr. MARTIN of Massachusetts. There is no particular subject assigned?

Mr. BYRNS. No; and I apprehend there will be no reports from committees, and under those circumstances, there will be no business for the House except to vote upon this resolution.

EMBARGO OF ARMS

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, we have before the House now for discussion one of the most important questions that has been considered during this term of Congress. The purpose of the resolution is to prevent war and discourage it.

When we study the condition of our Government today and see what the wars of the past have cost the people of the United States in money it is simply appalling.

We are today paying out for the maintaining of Army and Navy and for the wars that have been fought in which we have participated, about 72 percent of the entire revenue coming into the United States Treasury. If this money, instead of having to be paid out that way, could be used for internal improvements in the United States it would only be a short time until this country would be blossoming like a rose, and everything would be prosperous, and everybody would have plenty of work, and we would again be happy.

Measuring this toll in dollars is not so appalling as it is when we measure it in human blood and sacrifice of our young manhood. More than 200,000 of our fine, young men fell in the last war in a foreign field and many of them are today buried in Flanders Field. Many a heart has been made sad in the United States by reason of that conflict, and it will take years to heal and will never be forgotten. Not only this, but we will be paying for that experience when the unborn become taxpayers of the country.

But this is not all; in these great conflicts of war we have our men maimed, gassed, and disease brought on them that makes them incapable of caring for themselves and they must remain a care on the Government and be sufferers the remainder of their lives.

The resolution now before this Congress simply proposes as follows:

That whenever the President finds that in any part of the world conditions exist such that the shipment of arms or munitions of war from countries which produce these commodities may promote or encourage the employment of force in the course of a dispute or conflict between nations, and after securing the cooperation of such governments as the President deems necessary, he makes proclamation thereof, it shall be unlawful to export or sell for export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country or countries as he may designate, until otherwise ordered by the President or by Congress.

The manufacturers of munitions of war were the first witnesses before the committee considering this bill to try to defeat it. They must have an output and market for their products if they are to become profiteers as they have been in the past.

We had in the last war what was known as "the selective draft" that drafted our bright and best young men who were physically fit for service and carried them into war. Not on account of a choice they had made, and possibly against the desire of many of those who were compelled to make the great sacrifice that was made. Each was paid the pitiful sum of $1 per day for his services and served in the

trenches of mud and dirt and bore his body bare to the bullets of the enemies. He got nothing, but made the great human sacrifice; and the men who made the implements of war and the material used in warfare were made immensely rich.

It is my contention and belief that this Congress should pass a bill authorizing the drafting of wealth as well as manpower in case it is necessary for defense of our country. Not only that, but they should also have the special authority and right to draft every munition factory and use it for the good of this Government.

Some have argued that this resolution is a departure from the customs of the past. Investigation of existing law and former precedents show that that is not correct. In 1905, when Mr. Teddy Roosevelt was President of the United States, he issued also a similar order, except that it was on his own action as President and not in concert with any other nations. I here quote you his proclamation:

Whereas by a joint resolution approved April 22, 1898, entitled "Joint resolution to prohibit the export of coal or other material used in war from any seaport of the United States", the President is authorized, in his discretion, and with such limitations and exceptions as shall seem to him expedient, to prohibit the export of coal or other material used in war from any seaport of the United States until otherwise ordered by the President or by Congress.

Now therefore, I, Theodore Roosevelt, President of the United States of America, for good and sufficient reasons unto me appearing, and by virtue of the authority conferred upon me by the said joint resolution, do hereby declare and proclaim that the export of arms, ammunition, and munitions of war of every kind, from any port in the United States or in Puerto Rico to any port in the Dominican Republic, is prohibited, without limitation or exception, from and after the date of this, my proclamation, until otherwise ordered by the President or by Congress.

And I do hereby enjoin all good citizens of the United States and of Puerto Rico and all persons residing or being within the territory or jurisdiction thereof to be governed accordingly.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 14th day of October, A.D. 1905, and of the Independence of the United States of America the one hundred and thirtieth.

THEODORE ROOSEVELT.

The resolution now before us does not go that far in extending power to the President, but simply says that after consulting the other nations orders of this kind may be made. Only two of the principal nations of the world today have not given this power to their executive branch of government. The United States is one of them.

When two nations are at war and one of them is favored by being furnished with the munitions of war, whether it is in the right or wrong it may be able to prevail. It should always be determined first who is the aggressor and who is in the right in bringing on these conflicts, and be sure the one in the wrong is not aided by other nations in shipping to it the munitions of war so that it may carry on a war of oppression or aggression when it is wrong in principle.

The President of the United States, with this privilege given to him, can be a wonderful force in keeping nations at peace rather than permitting them to go to war.

Much has been said in debating on this question about the intent of the resolution to affect the one nation of Japan. There is not an intimation in the resolution that would justify any such argument. Of course its provisions could be administered to any country and that nation as well as others.

The old Monroe Doctrine is a sacred and sound doctrine. We should have no entangling alliances with other nations. I am afraid within the last few years we have not adhered so strictly to that doctrine as was done in the beginning of our Government. We should be just and fair to every nation on the face of the earth and we have been so far, as history reveals. By doing this we should have the absolute friendship of the world.

This is needed not only as a promotion to peace but it also promotes business as well. This Nation should have its trade relations with every nation on the face of the earth. Nations, in dealing with each other, are just as individuals; there are certain motives in their transactions. If one nation likes another it prefers to deal with that nation rather than one that it dislikes. For instance, if you are living in a city where two men are engaged in business selling the same commodity at the same price and you are at liberty to trade with the one or the other, and you like one and dislike the other, which of the two will you trade with? The question readily answers itself, that you will trade with your friend. This, of course, is true with nations as well as individuals, and by having the friendship and respect of all the nations of the world we have our trade relations expanded and almost to the extent of our friendship.

It will always be necessary for the United States to be on the alert and prepared to take care of its own people and interests. We have more coast cities to guard in the case of an invasion by enemies than any other nation in my knowledge. This, of course, necessitates having a navy of sufficient size to protect our interests in case of an invasion.

I have always been a believer in a strong navy. I do not believe in a navy just big enough to get whipped in the first battle it goes into. The great trouble, as I see it, with our naval affairs, is not that we have too many battleships, but that they are too heavily manned in times of peace. If war should come we do not have time to prepare and build battleships, but if they are ready for use and service they can be very soon equipped with all the men that are necessary and that have had training in our Coast Guard and Annapolis school. The same might be truly said of the Army. One hundred and fifty-two thousand men on the pay roll in times of peace in the war service is unthinkable and yet we are enduring just that.

In the readjustment of the affairs of our Nation, much of this will be corrected. Since the Democratic Party took control of this House, and having only the lower House of Congress for the past 2 years, we have reduced the expenses of this Government around a billion and a half dollars, and it can be reduced a billion and a half more and never hurt the efficiency of our Government. The people have been burdened with taxes to carry these heavy expenses as long as they are going to be without severe protest.

If this expense could be eliminated we would then have sufficient money to care for the Nation's soldiers, as we have in the past. I am supporting this resolution and hope it may pass this House.

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J.Res. 152. Joint resolution to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H.J.Res. 152. Joint resolution to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress.

ADJOURNMENT

Mr. McREYNOLDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 37 minutes p.m.) the House, in accordance with its order previously entered, adjourned until Monday, April 17, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

19. A letter from the executive secretary of Near East Relief, transmitting a report of the Near East Relief for the year ending December 31, 1932; to the Committee on the Judiciary.

20. A letter from the Secretary of State, transmitting reports and notices relating to questions included in the program of the Eighteenth Plenary Assembly of the International Parliamentary Conference on Commerce; to the Committee on Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McREYNOLDS: Committee on Foreign Affairs. House Joint Resolution 149. Joint resolution authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy; without amendment (Rept. No. 44). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McKEOWN: A bill (H.R. 5009) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. MARLAND: A bill (H.R. 5010) to aid the States in the conservation of crude petroleum, and to prevent the transportation in interstate and foreign commerce of crude petroleum which has been unlawfully produced; to the Committee on Interstate and Foreign Commerce.

By Mr. BOILEAU: A bill (H.R. 5011) to refer the claim of the Menominee Tribe of Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States; to the Committee on Indian Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 5012) to amend existing law in order to obviate the payment of the 1 year's sea pay to surplus graduates of the Naval Academy; to the Committee on Naval Affairs.

By Mr. HOWARD: A bill (H.R. 5013) for the relief of the Omaha Indians of Nebraska; to the Committee on Indian Affairs.

By Mr. DINGELL: A bill (H.R. 5014) to give veterans of war service in the Spanish-American War, Boxer rebellion, the Philippine insurrection, and the World War, their widows and/or wives, and/or dependent children of disabled veterans who themselves are not qualified preferences in the Government and District of Columbia civil service; to the Committee on the Civil Service.

By Mr. BOEHNE: A bill (H.R. 5015) to provide for a further extension of the time for the payment of certain income-tax deficiencies; to the Committee on Ways and Means.

By Mr. PETERSON: A bill (H.R. 5016) providing for a review and consideration of the claims of farmers, fruit and vegetable growers of the State of Florida for losses and damages resulting from the work of eradication of the Mediterranean fruit fly in Florida; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOLTON: A bill (H.R. 5017) for the restitution of the postmaster at Cleveland, Ohio; to the Committee on Claims.

Also, a bill (H.R. 5018) to correct the naval records of former members of the crews of the revenue cutters *Algonquin* and *Onondaga;* to the Committee on Naval Affairs.

Also, a bill (H.R. 5019) for the relief of H. A. Taylor; to the Committee on Claims.

Also, a bill (H.R. 5020) to pay to the Printz-Biederman Co., of Cleveland, Ohio, the sum of $741.40, money paid as duty on merchandise imported under section 308 of the tariff act; to the Committee on Claims.

Also, a bill (H.R. 5021) for the relief of Frederick G. Barker; to the Committee on Claims.

Also, a bill (H.R. 5022) for the relief of Rose Burke; to the Committee on Claims.

Also, a bill (H.R. 5023) to reimburse Machinist Frank H. Howell, United States Navy, retired, for emergency medical services; to the Committee on Claims.

Also, a bill (H.R. 5024) granting a pension to Narcissus Ammons Griggs; to the Committee on Pensions.

Also, a bill (H.R. 5025) granting an increase of pension to Hannah Margaret Acheson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5026) granting an increase of pension to Julia E. Clark; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5027) granting an increase of pension to Jane Wiley; to the Committee on Invalid Pensions.

By Mr. CARPENTER of Nebraska: A bill (H.R. 5028) for the relief of Era A. Ryan; to the Committee on Claims.

By Mr. CONNERY: A bill (H.R. 5029) for the relief of Ernest William Levesque; to the Committee on Naval Affairs.

Also, a bill (H.R. 5030) for the relief of Daniel J. Kenneally; to the Committee on Naval Affairs.

By Mr. GUYER: A bill (H.R. 5031) for the relief of Edith Peeps; to the Committee on Claims.

By Mr. KENNEDY of Maryland: A bill (H.R. 5032) for the relief of John M. Casserly; to the Committee on Military Affairs.

By Mr. PETERSON: A bill (H.R. 5033) granting a pension to Irene C. Flack; to the Committee on Invalid Pensions.

By Mr. SPENCE: A bill (H.R. 5034) granting a pension to Caroline Julia Porter; to the Committee on Invalid Pensions.

By Mr. STOKES: A bill (H.R. 5035) granting a pension to Esther Simpson Bingham; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5036) for the relief of Ruth R. Downing; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

534. By Mr. CONNERY: Resolution of citizens of East Boston, Mass., relative to 30-hour work week; to the Committee on Labor.

535. By Mr. JAMES: Resolution of the Board of Supervisors of Dickinson County, Mich., relative to legislation declaring bank deposits of municipalities trust funds; to the Committee on Banking and Currency.

536. By Mr. LINDSAY: Petition of Chamber of Commerce, Inc., Washington, Pa., concerning the 6-hour day and 5-day week bill, S. 5267; to the Committee on Labor.

537. Also, petition of National Automatic Sprinkler Association, New York City, opposing the Black bill, S. 158, and favoring legislation recommended by the United States Chamber of Commerce Committee on Working Periods in Industry; to the Committee on Labor.

538. Also, petition of the joint committee on unemployment, New York City, favoring the passage of the 30-hour week bill; to the Committee on Labor.

539. Also, petition of city of Chelsea, Mass., Lawrence F. Quigley, mayor, favoring certain amendments to the Senate 30-hour week bill; to the Committee on Labor.

540. By Mr. LUNDEEN: Petition of the Northland Guernsey Club, Duluth, Minn., urging the passage of a bill for the relief of certain claimants who suffered loss from Minnesota forest fires in 1918, which loss is attributed to the negligence of certain railways under Government control; to the Committee on Claims.

541. Also, petition of the International Falls Trades and Labor Assembly, International Falls, Minn., urging support of the 30-hour week with minimum wage program; to the Committee on Labor.

542. Also, petition of the House of Representatives of the Legislature of the State of Minnesota, urging that a system of public works be commenced immediately by the new administration, to be prorated amongst the several States on

a basis of population, and that no less sum than $3,500,000,000 be appropriated for such purpose; to the Committee on Appropriations.

543. By Mr. MALONEY of Connecticut: Resolution adopted at the meeting of the Ladies Auxiliary to the Private Walter J. Smith Post, No. 511, Veterans of Foreign Wars of America, held March 28, 1933, at New Britain Conn.; to the Committee on World War Veterans' Legislation.

544. By Mr. RUDD: Petition of the joint committee on unemployment, New York City, favoring the passage of the 30-hour-week legislation; to the Committee on Labor.

545. Also, petition of National Automatic Sprinkler Association, New York City, opposing the passage of Senate bill 158, 30-hour-week bill, and favoring the legislation recommended by the Chamber of Commerce of the United States, committee on working periods in industry; to the Committee on Labor.

546. Also, petition of Worthington Pump & Machinery Corporation, New York City, protesting against the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

547. Also, petition of National Association of American Workers Association, North Tonawanda, N.Y., favoring the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

SENATE

SATURDAY, APRIL 15, 1933

(Legislative day of Tuesday, Apr. 11, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Robinson, Ark.
Ashurst	Costigan	Kendrick	Robinson, Ind.
Austin	Couzens	Keyes	Russell
Bachman	Cutting	King	Schall
Bailey	Dickinson	La Follette	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barkley	Dill	Lonergan	Smith
Black	Duffy	Long	Steiwer
Bone	Erickson	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Trammell
Bulkley	Glass	McNary	Vandenberg
Bulow	Goldsborough	Murphy	Van Nuys
Byrd	Gore	Neely	Wagner
Byrnes	Hale	Norbeck	Walcott
Capper	Harrison	Norris	Walsh
Caraway	Hastings	Nye	Wheeler
Carey	Hatfield	Overton	White
Clark	Hayden	Patterson	
Connally	Hebert	Pittman	
Coolidge	Johnson	Pope	

Mr. BLACK. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Maryland [Mr. TYDINGS], and the Senator from North Carolina [Mr. REYNOLDS] are necessarily detained from the Senate.

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness.

I wish also to state that the Senator from New Jersey [Mr. BARBOUR], the Senator from Ohio [Mr. FESS], the Senator from Rhode Island [Mr. METCALF], the Senator from Pennsylvania [Mr. REED], and the Senator from Delaware [Mr. TOWNSEND] are necessarily absent.

The VICE PRESIDENT. Eighty-five Senators having answered to their names, a quorum is present.

THE JOURNAL

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the Journal for the calendar days April 11, 12, 13, and 14 may be approved.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting several nominations and also withdrawing a nomination, were communicated to the Senate by Mr. Latta, one of his secretaries.

FUNCTIONS OF THE POST OFFICE DEPARTMENT (S.DOC. NO. 29)

The VICE PRESIDENT laid before the Senate a letter from the Postmaster General, submitting, in response to Senate Resolution 351, Seventy-second Congress, a report relative to the functions of the Post Office Department, the statutory authority therefor, the total annual expenditures, etc., which, with the accompanying pamphlet, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE DEPARTMENT OF AGRICULTURE (S.DOC. NO. 28)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report showing the functions and activities conducted under the jurisdiction of the Department of Agriculture, the statutory authority therefor, the total annual expenditures, and also list of employees of the Department receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE GOVERNMENT PRINTING OFFICE (S.DOC. NO. 30)

The VICE PRESIDENT laid before the Senate a letter from the Public Printer, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report showing the functions and activities conducted under the jurisdiction of the United States Government Printing Office, the statutory authority therefor, and the total annual expenditures thereon for the latest complete fiscal year (1932), etc., which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE FEDERAL FARM BOARD (S.DOC. NO. 31)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Farm Board, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions of the Board, the statutory authority therefor, the total annual expenditures, etc., which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE FEDERAL RESERVE BOARD (S.DOC. NO. 33)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Federal Reserve Board, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a chart showing the functions of the Board and of its various divisions and offices, and a statement regarding the Federal Reserve System also describing the functions of the Federal Reserve Board, and also a statement of the expenses of the Board and of each of its divisions and offices for the year 1932, etc., which, with the accompanying papers, was ordered to lie on the table and to be printed with an illustration.

FUNCTIONS OF BUREAU OF THE BUDGET AND FEDERAL COORDINATING SERVICE (S.DOC. NO. 32)

The VICE PRESIDENT laid before the Senate a letter from the Director of the Bureau of the Budget, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a statement showing in detail the functions performed by the Bureau of the Budget and the Federal Coordinating Service operating under the general direction of the Director of the Budget Bureau, the authority for the performance of each function and the annual cost thereof, also a list of officers and employees in each establishment receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS (S.DOC. NO. 34)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the National Advisory Committee for

Aeronautics, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions of the Committee, the statutory authority therefor, the total annual expenditures, etc., which, with the accompanying statements, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Missouri, which was referred to the Committee on Agriculture and Forestry:

House Concurrent Resolution 13

Whereas there are in the State of Missouri vast areas in drainage and levee districts, covering nearly 3,000,000 acres of the most fertile land in the State, in which there is invested capital of nearly $50,000,000; and

Whereas a large part of this invested capital is represented in drainage and levee improvement bonds, many of which now outstanding are in default of payment of principal and interest because of the farm depression and low prices of farm products; and

Whereas these drainage and levee district farmers are being foreclosed and losing their homesteads and life savings because they are unable in this economic depression to meet the high taxation necessary to pay the cost of these drainage and levee improvements; and

Whereas the Glenn-Smith bill, the purpose of which was to provide a moratorium and long-time loan at a low rate of interest for the relief of distressed drainage and levee districts, was on the calendar of both the Senate and House in the last session of Congress, which adjourned before the bill was reached: Now, therefore, be it

Resolved by the house of representatives (the senate concurring therein), That the Congress of the United States be, and is hereby, memorialized to immediately enact a law that will be adequate for the relief of the now despairing farmers of the drainage and levee districts of this and other States, restoring the morale, the hope, and courage of the farmers residing therein, opening new reservoirs of credit that are now closed to them by reason of the high taxes, and preserve to the State and Nation vast taxable lands that are now, for lack of maintenance of the improvements, threatened with a return to their original state of swamps; be it further

Resolved, That duly authenticated copies of this resolution be immediately forwarded to the President of the Senate and Speaker of the House of Representatives of the United States at Washington, D.C.

Senator Jones moved that the Senate concur in the above resolution.

Which motion prevailed by the following votes:

Yeas: Senators Bales, Brogan, Buford, Crouse, Dail, Depelheuer, Doran, Gunn, Henry, Hixson, Joffee, Jones, Kennedy, Kinney, McDowell, Morgan, Nolte, Robertson, Rollins, Russell, Shotwell, and Titus—22.

Nays: Senators Briggs, Casey, Donnelly, Gordon, Haymes, Kelley, and Terry—7.

Absent: Senators Clark, Clayton, Daggs, Wisdom—4.

Absent with leave: Senator Bates—1.

Senator Casey moved that the above roll call be made a part of the record of said Concurrent Resolution No. 13.

Which motion prevailed.

The VICE PRESIDENT also laid before the Senate a resolution adopted by Leon Unit of the Clearwater County Farm Bureau, Minnesota, favoring the passage of legislation known as the "Frazier farm-relief bill", for the liquidation of agricultural indebtedness, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a resolution adopted by the executive committee of the Society for Cultural Relations with U.S.S.R. (Russia), of Chicago, Ill., favoring the prompt recognition of the Soviet Government of Russia, and also the negotiation of a treaty with Russia for the promotion of travel, trade, and cultural relations, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a communication of Francis Williams, chairman, etc., of New Orleans, La., enclosing petitions of sundry citizens of the State of Louisiana relating to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which, with the accompanying papers, was referred to the Committee on the Judiciary.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PITTMAN:

A bill (S. 1380) for the relief of Nieves Maria P. C. Walsh; to the Committee on Appropriations.

By Mr. VANDENBERG:

A bill (S. 1381) to provide further for the national security and defense; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 1382) for the relief of Uldric Thompson, Jr.; to the Committee on Military Affairs.

RELIEF OF AGRICULTURE—AMENDMENT

Mr. PITTMAN submitted an amendment intended to be proposed by him to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was ordered to lie on the table and to be printed.

6-HOUR DAY 5-DAY WEEK—MOTION TO RECONSIDER

Mr. BLACK. Mr. President, on Friday of last week, I believe, yesterday a week ago, a motion was made to reconsider the vote by which the so-called "30-hour week bill" was passed. Under the strange rules which we have in the Senate, we have not as yet been able to get up that motion. It is now evident that the pending bill will not be completed this week, and it is evident that it will take us several days to complete it next week. It is also obvious to many Senators that the quickest way to dispose of the farm relief bill is to dispose first of the motion to reconsider. There is an obvious desire on the part of some to prevent action on the motion to reconsider the vote whereby the 30-hour week bill was passed. There are many reasons why that is desired; I shall not now go into them; but as I have said—and I believe it to be true—the quickest way to get action on the farm relief bill is first to vote upon the motion to reconsider. It will take away the desire which exists in some parts of the country unduly to protract the consideration of the farm relief bill. It is obvious that so long as the farm relief bill is under consideration, and if we cannot take up the motion to reconsider the action of the Senate in passing the 30-hour week bill, it delays the 30-hour week bill just that long.

Mr. President, I am for the farm relief bill; I am for its expeditious passage; I want to pass it at the earliest possible moment. As I said before, I am convinced that the quickest way to pass the farm relief bill is to take away any possibility that the vote on the motion to reconsider the 30-hour week bill can be delayed by protracted debate on the farm relief measure.

Mr. President, I desire to ask unanimous consent at this time that the pending farm relief bill may be temporarily laid aside, and that we may consider the motion of the Senator from Florida [Mr. TRAMMELL] to reconsider the vote whereby the 30-hour week bill was passed.

The VICE PRESIDENT. Is there objection to the request of the Senator from Alabama?

Mr. HEBERT. Mr. President, in the absence of the Senator from Oregon [Mr. MCNARY], who has objected to any request for unanimous consent to consider the pending motion to reconsider, I am forced to object.

Mr. BLACK. Mr. President, I do not desire to have this put on the shoulders of the Senator from Oregon. The Senator from Oregon has not objected. The Senator from Oregon objected at certain times when there was an effort to limit the debate, but he specifically stated on the floor that it was because there was a proposed limitation of debate. Each time this question has come up, some Senator has said on the floor that he wanted to object not for himself, but always the statement has been made that the objection was in behalf of some other Senator.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I yield.

Mr. NORRIS. If the Senator will permit me to go a little farther than asking a question, I should like to make a suggestion.

Mr. BLACK. I yield to the Senator for that purpose.

Mr. NORRIS. Mr. President, we passed the 6-hour 5-day week bill several days ago. There are two sides to it. I am not complaining of any Senator's vote on it. The very

object of the motion to reconsider is to afford an opportunity to offer an amendment which was offered when the bill was under consideration. It was fully debated. We had a vote on it. There is nothing new in it. It is something the Senate has already threshed out.

It seems to me as a matter of good sportsmanship, no matter whether we are for or against it, we ought to end this delay that is coming about, when everyone knows there is not a new thing involved in the proposal. I do not want to delay consideration of the farm bill. I am opposed to going into consideration of the motion with unlimited debate. We can stop debate on the motion at any time if Senators are afraid. No matter what the intention is, the effect is simply to delay the sending of the bill to the House if we debate it without limit. We voted on it once. It was decided by the Senate, and the effect now is to hold it up really after the Senate disposed of it while we are taking up another bill.

I should like to say to those who are afraid we will delay the farm bill—and I am in entire sympathy with anyone who does not want to delay it—that if the motion is taken up, it will be in order to end the debate by a motion to lay on the table the motion to reconsider. That would end it. We are not going into a long debate on it so far as I am concerned. If the Senator from Alabama does not make the motion after a reasonable time has elapsed—it seems to me in fact it has elapsed now—I will make the motion myself.

Mr. BLACK. I did not understand what motion the Senator said he would make.

Mr. NORRIS. I said I would make a motion to lay on the table the motion to reconsider. It seems to me the Senator from Alabama would be justified in making it now. It is quite apparent there is nothing new that can be brought out in the debate. I understand the Senator from Florida [Mr. TRAMMELL] is willing to have a vote on his motion, and I should like to have a vote on it, too. It is only fair to those who have been behind the legislation, particularly the Senator from Alabama, that the motion to reconsider be disposed of. I do not fear lengthy debate. If there is any indication of a lengthy debate, we can shut it off by a motion to lay on the table.

Mr. TRAMMELL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. Certainly.

Mr. TRAMMELL. I would suggest that so far as I am concerned it would be all right to lay aside the pending unfinished business for a period of 1 hour and then have a vote upon the motion to reconsider.

Mr. NORRIS. That is a good suggestion. I suggest to the Senator from Florida that he submit that in the form of a unanimous-consent request.

Mr. SMITH. Mr. President, if the Senator from Alabama will yield——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BLACK. Certainly.

Mr. SMITH. As a matter of course, we are trying to expedite the passage of the farm bill. I made the proposal once before that we devote, if necessary, an hour to the motion to reconsider, and that at the end of the hour we should vote on the question of reconsideration. I do not want to cause any further delay, so I make the proposal that the farm bill be temporarily laid aside for 1 hour and at the end of that hour a vote be taken on the question of reconsideration.

The VICE PRESIDENT. Is there objection?

Mr. HATFIELD. Mr. President, will the Senator from Alabama yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from West Virginia?

Mr. BLACK. I yield.

Mr. HATFIELD. I have no objection to the motion being disposed of at the present time in that way, provided I am given 20 or 25 minutes time to discuss it. That is all I ask.

Mr. TRAMMELL. As the maker of the motion, of course, I should like to have 15 or 20 minutes, but I am willing to forego even that if it becomes necessary in order that we may dispose of the motion. I have no objection to the request.

Mr. SMITH. I will amend my unanimous-consent request by providing that the Senator from West Virginia [Mr. HATFIELD] shall be given 25 minutes of the time allotted.

The VICE PRESIDENT. The Senator from South Carolina submits a unanimous-consent request which the Chair will endeavor to state. The Senator from South Carolina requests that the pending business be temporarily laid aside to take up the question of reconsideration of the vote by which the Senate passed what is known as the 6-hour 5-day bill; that at the end of an hour a vote shall be taken on the question of reconsideration; that in the meantime the Senator from West Virginia [Mr. HATFIELD] is to have 25 minutes of the 1 hour. Is there objection?

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Oregon?

Mr. BLACK. I yield.

Mr. McNARY. I am sorry the distinguished Senator from South Carolina has seen fit to press the request. I had assumed that he was anxious to go forward with the unfinished business and complete it.

Mr. SMITH. I have so stated.

Mr. McNARY. A few days ago I objected to the consideration of other measures pending the disposition of the unfinished business. I have been told, we have all been told, by the able leader on the Democratic side that the Black bill is not a part of the emergency program of the administration. We know that the farm bill is. I am sure the motion to reconsider could not be disposed of in 1 hour. I do not believe in the allotment of time to any particular Senator under any circumstances. I want to protect the Senator from West Virginia and other Senators who are absent, but I could make no exception in this case.

Let me say to the Senator from Alabama that the orderly way to dispose of the matter is to take an adjournment this afternoon until Monday and have a morning hour on Monday, at which time the motion would come up automatically. Senators will then be advised that during that time the motion may come up.

Today there are 18 or 20 Senators absent, many of whom are interested in the Black proposal. I intend, whatever my own views are, to protect those absent Senators. I suggest that the Senator so arrange the proceedings of the Senate that we have an adjournment until Monday, at which time he can move in the ordinary way to consider his proposal. Entertaining that view and desiring to expedite and complete consideration of the unfinished business, and realizing there is nothing of tremendous momentary importance in the request of the Senator from South Carolina, I shall object.

The VICE PRESIDENT. The Senator from Oregon objects.

Mr. BORAH. Mr. President, the situation is to me a little mystifying. In the first place we have a motion to reconsider the vote on a bill which we know perfectly well will be passed again just as soon as the vote to reconsider is had. While I voted against the bill, nevertheless the bill was passed by a vote of 53 to 30 in the Senate. There is really nothing to be gained by the debate or by the reconsideration of the vote.

Secondly, we know, as well as we can know anything in regard to these matters, that this particular bill will never come back to the Senate in its present form. It will be modified and changed; hence we are now debating about a measure which will undoubtedly be wholly different when the other body has completed its consideration. The measure, when it goes to the House, will be radically changed from what it will be when we have voted on it a second time. It seems to me the motion to reconsider really has

no basis in fact at all. Nothing is to be gained by it. There is no possible chance to gain anything by reconsidering.

I do not want to interfere with the desire of the Senator from Alabama to get the matter disposed of, but I am utterly opposed to further delay upon the farm bill. If matters continue on the farm bill as they have been, we will be here for a week or 10 days more in considering the farm bill. Spending another week upon the measure is something we ought not to consider for a moment. I would suggest to the Senator in charge of the farm bill that he endeavor to get a limitation upon debate on the farm bill now. We have debated the bill for about 8 days. Let us have a limitation of debate upon the farm bill and then we will begin to see our way through as to both these measures. As it is now, we are playing one against the other and making no progress with either.

Mr. SMITH. Mr. President, so far as members of the committee are concerned in the handling of the farm bill, I should be perfectly willing now to vote on the bill as is; but there are certain amendments which have been offered no doubt in good faith. I should like to have an understanding as to limitation of debate on the bill and on the amendments particularly that part of the bill which pertains to farm relief—that is, parts 1, 2, and 3. The portion of the bill that refers to the mortgage situation is pretty well understood by all, I believe. I shall prepare and offer a unanimous-consent request providing for limitation of debate. I shall present it as soon as I can confer with other Senators about it.

Mr. BLACK. Mr. President, I desire to say 1 or 2 things with reference to what has been said on the floor this morning. I agree with the Senator from Idaho [Mr. BORAH] that there is no doubt about what the vote will be when we vote to reconsider. I do deny, however, that there is going to be any lengthy debate on the motion to reconsider. Those heretofore who have said there would be a lengthy debate have said they would not engage in it. It has always been true that someone else, someone whose name does not appear on the surface, is going to engage in lengthy debate. It will not delay the farm bill and would not delay the farm bill, and it is known it would not delay the farm bill to vote on the motion to reconsider. All we have to do is to hear the talk around the floor to know what has been going on and what is going on with reference to the farm bill. It will expedite the passage of the farm bill to take time out to act on the motion to reconsider.

There has been a serious desire on the part of many to delay action. The mistaken idea prevails among some that there should be built up a big backfire that will prevent favorable action on the bill in the House. I deny that any such thing can occur. But that is the idea behind a lot of the objections which have been raised from time to time. Until this morning the Senator from Oregon [Mr. MCNARY] has not come out and objected to consideration of the motion. He stated 2 or 3 times that he objected to any limitation because he wanted time for debate. As a matter of fact, those who are behind the objection to the bill have not yet risen on the floor, except in about one instance.

We know what is going on. I would be the last one here to attempt to delay action on the farm bill; but I reassert that those who are genuinely interested in the passage of farm legislation can aid in bringing that about by first disposing of this motion. If we do that, I predict that some of the debate that is to take place on the farm relief bill will be made much shorter thereafter.

Mr. ROBINSON of Arkansas. Mr. President, before taking my seat I shall ask a unanimous-consent agreement to limit debate on the pending bill, the agreement to take effect after today. I think the proposal which I shall make will be a fair one.

Those who have long speeches to make—speeches that will require more time than would be allowed under the agreement to be proposed—can make them today. Of course, there is no way to force a conclusion of debate in the Senate except under a cloture plan. In my judgment, the debate so far as it has progressed, has been directed at the bill, and nothing has occurred that would justify the imposition of cloture.

An unusual thing has occurred in connection with the labor hours limitation bill. A motion to reconsider was made, and action on that motion has been indefinitely postponed.

Under the rules of the Senate there are only three ways in which, as I see it, the motion can be finally voted on:

First, by some agreement to lay aside the unfinished business and take up the motion. An arrangement of that character has been attempted many times by the Senator from Alabama [Mr. BLACK]. It has been consented to repeatedly by the Senator in charge of the pending bill. One Senator after another has objected, so that the motion to reconsider is delaying the normal progress of business in the Senate and in the House. An agreement for a reasonable limitation on the debate respecting the motion for reconsideration has been repeatedly declined.

Second, by displacing the unfinished business. No one desires that done.

There is a way in which a majority of the Senate can enforce its will on this subject. If the Senate adjourns today, the motion to reconsider can be reached during the morning hour on Monday, and a motion to lay on the table the motion to reconsider can be made. If those who are anxious for an opportunity to discuss the motion to reconsider are unwilling to enter into any arrangement about it, if they are determined to hold up action on it, then I say that I shall seek recognition on Monday when the Senate meets after adjournment, and unless some other Senator makes the motion I shall myself make the motion to lay on the table, so that the Senate may finally have an expression on the subject.

I do not blame any Senator whose views justify him in delaying action here in taking the course that his conscience prompts. Neither can he object if other Senators do the same thing.

Those who wish to reconsider may obtain the opportunity to discuss the motion, if that is their primary purpose. If they are not willing to enter into any arrangement about it, if they are determined to block action on the motion indefinitely, then the only course to be pursued is to precipitate the issue and vote on it; and it may be precipitated and voted upon in the manner I have stated.

Now, Mr. President, I am wondering whether the Senate is in a frame of mind to enter into any arrangement for a limitation of debate on this bill after today.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. I yield to the Senator.

Mr. LONG. I have discussed this matter with the Senator from Arkansas. There are some of us who want to discuss the matter of silver and inflation. I am hoping that we will get through with those matters today. The fact of the case is, we are going to do all we can to get rid of them.

Mr. ROBINSON of Arkansas. Yes; I understand that.

Mr. LONG. But we might not. I think we shall be able to agree to a limitation of debate, and the fact of the case is, we are in favor of it; but we have deferred discussing it, largely due to the request of the Senator from Arkansas, until these perfecting amendments could get out of the way.

Mr. ROBINSON of Arkansas. I am not asking that a limitation be applied to debate during the present calendar day. I am not going to ask that. My thought is that the Senators who wish to make long speeches, who feel that they should do it, will have that opportunity during the present calendar day.

Mr. LONG. The trouble is, I wish to say to the Senator, that someone may get in the way of these Senators. I know of only 3 or 4 who have made exhaustive preparations to speak, and I am not one of them. If no one steps in their way, they will get through today; but, of course, we cannot tell who else will want to speak.

Mr. BORAH. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Idaho.

Mr. BORAH. Let us have the unanimous-consent proposition submitted.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that after the expiration of the present calendar day debate on the pending measure be limited so that no Senator shall speak more than once or longer than 15 minutes on the bill, or on any amendment that may be pending or that may be offered to the bill.

Mr. LONG. Mr. President, I ask to amend that unanimous-consent agreement so that it shall not apply to the present amendment on the matter of silver, or to the amendment to be offered by the Senator from Oklahoma [Mr. THOMAS]. With that exception, I see no reason why the agreement cannot be entered into.

Mr. WHEELER. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Montana.

Mr. WHEELER. I desire to say to the Senator that as far as I am concerned I have no objection at all. I am perfectly willing to have the debate limited. The Senator from Oklahoma, however, is not here at the present time. I think he wanted to take a longer time than the proposed limitation would permit; but I do not see any reason why the debate with reference to this amendment cannot be concluded today. As a matter of fact, I did not think it would take anywhere near that length of time.

Mr. ROBINSON of Arkansas. Mr. President, I wish to be entirely frank with the Senate. One of the objects in making this request is to relieve the tension here, so that if debate during the present day should be completed, the Senate might take a recess or adjourn until Monday. Until some arrangement is effected, those of us who are interested in the progress of the pending legislation do not feel justified in quitting their posts and leaving the matter entirely without effective arrangement.

Mr. LONG. Let me ask one more question.

Mr. ROBINSON of Arkansas. So far as the Senator from Oklahoma [Mr. THOMAS] is concerned, I observe that he is not in the Chamber; but, Mr. President, he can have the opportunity to speak today without limit under the arrangement that I am proposing, just as other Senators may. The limitation is not designed to take effect until Monday. So I renew my request.

The VICE PRESIDENT. The Senator from Arkansas asks unanimous consent——

Mr. SMITH. Mr. President, before the unanimous-consent request is put, may I suggest to the Senator from Arkansas whether it would not be well to have some hour specified on Monday, if possible, when we shall vote without further debate, making the limitation as he has already suggested and then fixing some definite hour at which we might reach a vote?

Mr. ROBINSON of Arkansas. Mr. President, I had not understood that it is possible to get an agreement for a final vote at this juncture. I hear about me now Senators saying that they would not consent to that arrangement. All I am attempting to do is to provide a fair opportunity for discussion, with a reasonable limitation.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. NORRIS. I hope no objection will be made to the Senator's request. Objection probably will be made if the Senator accedes to the request of the Senator from South Carolina.

All Senators know that whenever we fix a limitation for final vote on a bill, there are a thousand ways in which new things come in and have to be voted on without any debate whatever. It is never satisfactory when we get through. If the Senator's request is granted, it of itself will close this matter, and it will close it without ever compelling any Senator to vote on a proposition that has never been presented before, and that has not been debated.

I hope the Senator's request, just as he has made it, will be granted.

Mr. SMITH. The only reason why I made my suggestion is that without such an addition to the agreement it will be possible, if any Senators do wish to delay this matter, to continue debate under the 15-minute limitation on the bill and on amendments almost as indefinitely as if we had no agreement.

The VICE PRESIDENT. The Senator from Arkansas proposes a unanimous-consent request, which will be stated.

The LEGISLATIVE CLERK. The Senator from Arkansas proposes the unanimous-consent request that after the expiration of the present calendar day, debate on the pending measure be limited so that no Senator may speak more than once or longer than 15 minutes on the bill or any amendment that may be pending or that may be proposed thereto.

The VICE PRESIDENT. Is there objection?

Mr. LONG. I object. I ask to amend that request so that it shall not apply to the pending amendment, nor to the amendment to be offered by the Senator from Oklahoma [Mr. THOMAS] for the inflation of the currency; and I ask that for this reason: The committee itself has said that that is more necessary than all of this bill put together, and I do not think we ought to restrict Senators on the matter of the currency and on the matter of inflation.

Mr. BARKLEY. Mr. President, will the Senator yield? If it is more necessary than all of the bill put together, why did not the committee put it in?

Mr. LONG. I do not know. If I had been a member of the committee, I would have voted as the Senator suggests; but they evidently had good reasons.

Mr. BARKLEY. That casts some doubt upon the opinion of the committee that they think something that is not in the bill is more important than the bill itself.

Mr. LONG. I will read the Senator just what they said. I do not want to reflect on them.

Mr. BARKLEY. I do not want to get into a long argument on the matter.

Mr. LONG. Here is what they said. I will read it if the Senator has any doubt about it. They certainly said so:

> The committee also directed that there be placed in this report a statement as to the necessity of an expansion of the currency and the absolute necessity for an increase in commodity prices. The statement as prepared and adopted by the committee is attached hereto, as follows:
>
> "DEFLATION MUST BE CHECKED
>
> "The policy of deflation of commodity prices and farm values inaugurated in 1920 still persists. The first groups to feel the effects of this policy were farmers and stockmen."

I am not going to read all of this; but they go on to say in this report that nothing in this bill is going to be able to save the farmer unless we inflate. I do not think it is going to take a great deal of time—not nearly so much as I heard taken over whether or not we were going to include the nicotine provision in the bill—to discuss this whole major and important scheme that is necessary to save the farmer. If the Senator will just exempt the pending amendments on the silver question and on inflation, the latter to be offered by the Senator from Oklahoma, I think we can get through within a short time. But it is hardly fair to those Senators who want to discuss those measures to be called on to wind up during a day when nearly everybody is going to be away from the Senate. Eighteen or twenty Senators are not in town, or not in the Senate, and probably that many more will not be here by the middle of the afternoon.

The VICE PRESIDENT. Is there objection?

Mr. LONG. I object, unless I get my amendment adopted.

The VICE PRESIDENT. Objection is made.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. I yield.

Mr. McNARY. I sincerely believe that this is an inappropriate time to make the request for a limitation on debate in the manner indicated by the Senator from Arkansas. There has been no disposition upon the part of any Member of the Senate to prolong debate unnecessarily. Our meetings have continued until half past 5 or 6 o'clock each evening during the time we have been considering this very important measure. There is no evidence of a filibuster; none would be tolerated or countenanced by any

Member on this side of the aisle. This is Saturday afternoon, and many of the Senators are absent. I could not consent to an agreement unless I knew it met with the approval of Senators on this side of the Chamber.

A number of exceptions are made to the proposal. I think we should let the debate proceed in orderly fashion today. On Monday I shall be glad to confer with Senators on this side, and ascertain how many, if any, desire to speak longer than 15 minutes, or 30 minutes, or an hour. But there is no opportunity for a conference today. A request of this kind, I repeat, I think is not well timed when brought up on Saturday afternoon; but following the morning hour at 2 o'clock on Monday, when time will have been had to confer with various Members of the Senate who are absent, and those who are here, it would be appropriate to offer some sort of agreement for a limitation on debate.

Mr. President, I assure the Senator from Arkansas, however, that 15 minutes on the bill would not be sufficient, and I will explain to him one reason why we have not finished the consideration of the bill. The most important and likely the section in the bill which will be most profitable to the farmer has not yet been considered. A majority of the Republican Senators, at a meeting a week ago, decided to present a substitute for the whole of the bill. It cannot be presented in 15 minutes, it cannot be presented in 30 minutes.

I feel that if debate goes along today in the usual course, by Monday we can probably arrive at a more satisfactory conclusion. Entertaining that thought, and with assurances of my desire to cooperate to secure an early vote upon the bill, I shall at this time have to object.

Mr. ROBINSON of Arkansas. Mr. President, of course, it is futile to pursue the proposition further, in view of the statements which have just been made. I do wish to say, however, that 3 days ago, or more, I conferred with Senators, including the Senator from Oregon and the Senator from Louisiana, about the advisability of attempting to secure a limitation on debate respecting the bill. It is my recollection that each of them at first consented, and the limitation which I then proposed was the same as that suggested now. Subsequently I was informed by one of the Senators that, owing to the absence of two other Senators who were greatly interested in the bill, he could not consent just at that moment.

Mr. President, I shall renew the request when the occasion seems more opportune to the Senator from Oregon and other Senators who have objected. Of course, it would do no good whatever, would accomplish little or nothing, to exempt the so-called "inflation amendments" from the limitation. I did not seek to arrange for a final vote on the bill for various reasons. The only course I see to pursue is to go forward in the normal way.

Mr. SMITH. Regular order!

The VICE PRESIDENT. The question is on the amendment in the nature of a substitute offered by the Senator from Montana [Mr. WHEELER] to the amendment offered by the Senator from Louisiana [Mr. LONG].

Mr. TRAMMELL. Mr. President, I am in no wise responsible for the fact that we have not thus far obtained a vote upon my motion to reconsider the vote by which the so-called "30-hour week bill" was passed. On Friday a week ago I made the motion to reconsider. After Monday I joined with others asking for a unanimous-consent agreement limiting debate and specifying a particular hour for a vote on my motion. In no instance have I suggested that we take more than an hour and a quarter for the purpose of disposing of the motion. This morning I heartily joined with the Senator from Alabama when he asked for a unanimous-consent agreement to take 1 hour to dispose of the motion.

Mr. President, when I filed a motion for reconsideration of the vote on last Friday, which was the last day when I could file the motion, in view of the fact that the Senate was to be in recess and have an entire holiday on last Saturday, although now we are in a great rush, I supposed the motion would come up Monday, and that we would dispose of it in a reasonable length of time. It is regrettable to me that we have not been able to dispose of it up to the present time.

However, I do not know of any reason why there should be any great alarm over that question. Neither the President nor his Secretary of Labor has come out with any specific endorsement of the 30-hour week bill; but whatever endorsement they have given to it has been with a reservation that the bill needed amendment, and that they would suggest certain amendments to the bill. So there has been no haste on the part of the administration, or any request on the part of the administration that the bill should be disposed of at this particular time, or during this week.

Furthermore, a similar bill has been pending before a House committee; and if there ought to be extraordinary haste in this matter, why has not the House committee pursued the matter along such lines as the House deemed proper? There has been no particular delay, as far as the question of what will become of this measure is concerned. As far as the question of whether it will be disposed of today or Monday in the Senate is concerned, of course, there has been some delay, which I regret.

The notice having been given a few moments ago, however, on the part of the Senator from Arkansas that he would call up the motion on Monday, and that he himself would shut off debate by a motion to lay on the table, I am going to avail myself of the opportunity now, in view of his warning, to say what I want to say upon this occasion, and not be subjected to any such tactics as calling the motion up and then making a motion immediately to lay it on the table. I do not think I have done anything to justify any such treatment as that, so far as I am concerned; but having been warned, I propose to exercise my right and have a few words to say today as to why I made the motion.

Mr. President, I do not know that there will be any vote to reconsider. I have seen such things happen in this body in more instances than one. Ordinarily no one becomes offended when a Senator, under the right which he has under the rules of the Senate, has made a motion to have some matter reconsidered. There is no occasion to get all in a stew over it, and act as if there has been some terrible offense committed, probably treason. It just depends on who happens to make the motion, and in this case it happens that I made the motion.

I am sorry that we have not been able to dispose of the motion. I have agreed to a limitation on debate. I have agreed to fixing an hour for a vote, and have not only agreed to get through with my motion expeditiously but have endeavored to do so. I agreed today that there should be only 1 hour for the consideration of the motion, and did not reserve any right to speak myself. I will state that I never dreamed of causing any delay in the consideration of the motion here in the Senate. I thought the motion should be taken up and disposed of. I only wanted to speak on it for a few moments.

My object in making the motion was this, that if we could get a reconsideration of the vote by which the bill had passed the Senate, I would then propose an amendment providing that foreign goods, made by foreign labor, if they were sold in interstate commerce in the United States, should be subject to the same restrictions to which American goods were subject under the bill. In other words, to make it perfectly plain, my attitude is that a man who works in an American factory, a man who puts his capital into American industry, and manufactures a commodity, should not have imposed upon him restrictions which would give an advantage to the foreign laborer and to the foreign factory. In my opinion, if this bill shall become law as it is at present, that is unquestionably what would happen.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from Florida yield to the Senator from Alabama?

Mr. TRAMMELL. I yield.

Mr. BLACK. As I understand the Senator, the substance of the amendment he desires to present is what was contained in the amendment offered by the Senator from West Virginia [Mr. HATFIELD]?

Mr. TRAMMELL. The substance of it, the idea being that we should not say to the American laborer, "Goods from a factory where you have worked cannot be sold in interstate commerce except where there exists restricted labor, but, upon the other hand, every foreign nation on the face of the earth, if it desires, can bring into this country and sell in interstate commerce its products, although the laborers in that foreign country have the privilege of laboring for 10, 12, or 15 hours."

Mr. President, I think an amendment of the character I have proposed would be for the benefit and for the aid of the American laborer, and, under pretense or something else, it is contended that this bill is for the purpose of helping the American laborer. Yet in the bill as it now stands there are restrictions upon American industries which would give the foreign laborer a decided advantage over the American laborer, which would open up to him territory which he does not now have an opportunity to occupy, due to the fact that the American producer can place his goods into those markets at a price which will compete with the foreign products which may come in. But the bill would change the situation completely. It would fix up a nice little territory or field of trade for the foreigner which is now occupied by Americans—American laborers and American manufacturers.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. TRAMMELL. I yield.

Mr. KING. No doubt, Mr. President, the Senator from Florida has in the consideration of this matter given attention to another factor, which he has, however, not adverted to, namely: Foreigners contend—and their contention, I think, is warranted by the facts—that, owing to our very large use of electricity in our industrial plants and the superior machinery and material generally that we employ, an American can produce very much more in an hour or in a day than is produced in foreign countries, by reason of their inferior machinery and their lack of electrical power. My recollection is that we employ about from 4 to 5 times more electrical energy in our industrial life and in our industrial plants than is employed in foreign countries. Obviously that increased use of electricity and our superior mechanical devices enable us to produce commodities very much cheaper in some respects than those which are produced in foreign countries. May not other countries retaliate and say, "We will not permit you to introduce your commodities into our country if they are produced by machinery that is superior to that which we use and if they are produced by electrical energy in advance of that which we employ"? The result will be, it seems to me, retaliation, and we will absolutely destroy our foreign trade and commerce.

Mr. TRAMMELL. Mr. President, as I see it, almost every time an effort is made to provide a measure of protection for the American laborer and for American industry we hear threats of calamities that may befall us on account of the manner in which foreigners may consider it. I believe we in this country have had too much of an attitude of acknowledging and receiving as facts and actual conditions the suggestions made by foreigners. Regardless of the question of the advantage that we may have in some instances because of the use of machinery, it is folly, as I see it, it is absurd to contend that foreigners, with their longer hours of labor and with their facilities, cannot produce and place in this country a great majority of products cheaper than we can produce them and place them in our home market. This bill in its present form assists the carrying on of that kind of a program. It is so framed that our factories are bound to have to pay more. I do not object to that; I am thoroughly in sympathy with the idea of shortening the length of the day's labor here in America; but when we shorten the hours of labor, when we restrict and interfere with many manufacturing concerns in this country, I wish to have that action on the part of Congress redound to the benefit of American labor and American industry, instead of to foreign industry and foreign labor. Throughout my public career I have worked for the American laborer, and I am doing so now in trying to have the bill amended so as to protect American laborers against foreign labor.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I yield.

Mr. LONG. I voted with the Senator from Florida on both of these propositions, and I am going to vote with him again on them; but I am wondering if the Senator has considered the fact that the silver and currency-expansion program which we are trying to bring up here today is one of the reforms, along with what the Senator is advocating, necessary to protect what we have right now. If we do not get some recognition of silver, with the English pound falling from 4.88 to somewhere around 3.28, with the oriental countries doing business with England on a silver basis, and, in fact 60 percent of the countries of the world doing business on a silver basis, it is not difficult for them, in view of their own depreciated currencies, almost to preempt the American market.

Mr. TRAMMELL. I think it is essential to do something to remedy that situation, and to me the tragedy of it is that nothing has been done previously, but, instead, it has been neglected up to the present time, though a remedy would, as I see it, help American labor and American industry.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Alabama?

Mr. TRAMMELL. I yield.

Mr. BLACK. I received this morning a letter from a manufacturer of lumber opposing this bill. I recall a very extended debate here in which it was contended that giving a tariff to the lumber industry would protect the American workman. There were most eloquent speeches made to the effect that it would keep up the standard of the wage of the American workman. This lumber manufacturer objects to this bill, and says he is now paying his employees 50 cents a day for a 11-hour day, and it will be impossible for him to maintain this 50-cent daily wage for 11 hours' work if the day is cut down to 6 hours. The Senator cannot see where the tariff on lumber is helping those workmen much, of course.

Mr. TRAMMELL. The tariff on lumber does not amount to very much. I would not pick out an isolated, extreme case like that and consider that it was representative of conditions that may prevail generally throughout the industries of the country. It is very regrettable if any lumber manufacturer only pays his laborers 50 cents for a 11-hour day. I do not know the particular situation to which he refers, but I know in Florida quite generally for a number of years after we were in the throes of the depression the sawmills strained a point to keep their people employed. They did this, although the lumberman had no market. These mills accumulated millions upon millions of feet of lumber in their yards with no market and no sale for it, but just so long as they could they tried to take care of their laborers far beyond the time when they were doing a business that was at all self-sustaining. A great many of them after they practically had to close down their mills or operate only 1 or 2 days a week gave the poor laborers who were working for them not a wage, for neither the manufacturer nor the men who received it considered it a wage, but they gave them something to keep body and soul together. The instance referred to by the Senator from Alabama may be one of those cases where the laborers were just given 50 cents a day in order to take care of them instead of having the Government take care of them. I am unalterably opposed to anything less than a good wage and reasonable hours of labor. I have always been one of those in public

life who believed in making industry conform to reasonable requirements in the interest of labor and I have fought shoulder to shoulder with organized labor for better wages and shorter hours, as well as others, for labor's betterment. I am in sympathy with the policy of the bill and voted for it in this bill, to impose a restriction upon the hours of labor, but because I favor a principle of that character does not move me to the point where I would totally ignore and not consider other conditions which prevail in the industry while we were attempting to assist labor.

I do not see any reason why we should have half-baked legislation when we can have it more thorough and helpful for labor. If I may be pardoned for this comment, too much of the legislation we have passed through this body from time to time has been half-baked and has only considered one side of the case instead of going into the entire issue. On the night when the Senate was considering the first banking bill at this session I ventured to say on this floor—and I said it in a rather low tone, although I meant every word—that I was disappointed that legislation had not been brought forward that dealt more thoroughly with the situation, that only a part of the situation had been dealt with, and that we should enact legislation of a more general nature that would deal with the different features which constituted the American banking system. Of course it was regarded as almost silly by some of those who heard me for me to say that I was disappointed, but it just happened that within 3 or 4 days amendments were offered for the purpose of trying to strengthen the new banking law in some of the features I had criticized, and some of those amendments were of a very beneficent nature and very much needed.

From time to time we have measures coming before the Senate with all kinds of misnomers in their titles. I will say that during the last Republican administration it was heralded all over the country that we were going to have legislation in behalf of the home owner, and such a measure finally came forth in the form of what was known as "the home loan bank bill. I do not blame citizens who live five hundred or a thousand or two thousand miles from the Capitol for thinking that if they have mortgages on their homes and are in distress, with foreclosures facing them and their families probably in poverty and expecting to be ejected from their homes and being compelled to live on public charity—I do not blame such citizens for thinking, when such legislation was enacted, from what they had heard about it, from what had been heralded by the press throughout the country relative to the bill, that we had enacted a law which would take care of them; but up to the present moment I have not heard of any private citizen who has received a loan under that legislation.

The main object and purpose of that legislation was to take care of insurance companies, building and loan associations, and banks, and the last thing in the world that it was ever intended—and a person who will read the measure intelligently will know that to be so—was to help the common, every-day home owner, the poor person who has a mortgage which is about to be forcelosed. I sometimes think that we get merely a general idea about legislation and do not go into its provisions or its details with sufficient particularity. We are swept off our feet with the idea that the legislation embraces an admirable purpose, a commendable purpose, such as the idea embraced in the bill proposing to shorten the hours of labor and making two jobs where there is now but one. That is a very laudable sentiment, a sentiment with which almost any person would feel in accord; but when one comes to look into the provisions of the measure or its details and finds that the bill lessens the opportunity of the American laborer to place the product of his labor on the American market; when he ascertains that under its provisions it curtails the opportunity of the American factory to place its products in a large part of the territory of this country, then he realizes that, instead of carrying out the very commendable purpose of helping American labor and American industry, while it starts out with a good purpose, a noble motive, yet, under the provisions of the legislation, the benefit which was really intended for American labor has been given to the foreign laborer and to the foreign manufacturer.

I have no apology to make for the entering of the motion to reconsider the vote whereby the bill was passed for the purpose particularly of having that question—and that is the one idea I had in mind—again considered by the Senate.

Of course, I do not like to take any time today. I have always been interested in the farmer. I was born on a farm; I spent considerable time in my boyhood upon a farm, probably until I was 15 or 18 years of age; and in my State during my public career I have devoted every endeavor within my ability to assist the farmer; I do not want to delay the pending measure one moment so far as the question of farm relief is concerned; but I did feel, with a motion staring me in the face to lay the motion made by me on the table, that I was thoroughly justified in occupying a few moments at this time in discussing the discrimination, as I see it, contained in the so-called "Black bill", which will work to the interest and benefit of the foreign laborer and to the detriment of the American laborer.

A good deal of discussion goes on in the Senate from time to time—and I have no criticism to make of it.

We often get in great haste here after we have finished our particular part of the program. I have seen it happen that Senators would speak for 2 or 3 hours, electrify the occupants of the galleries at least, even if they may have put some of their fellow Senators to sleep, and as soon as they got through with their speech they would suggest that we have a unanimous-consent agreement to end debate and vote on the pending question immediately. In other words, it seemed to be their idea that no one else could contribute any information or any enlightenment to the subject and that no other Senator had any right even to have his opinion recorded.

I have not talked 30 minutes altogether on the pending bill. I have heard a good deal of discussion in regard to it. I have heard Senators talk an hour or two and not say anything about the bill. I have heard others talk half an hour or an hour about the bill, and from what they said and the controversies which would arise among the experts we would be more confused when they finished than when they began.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Texas?

Mr. TRAMMELL. Certainly.

Mr. CONNALLY. The Senator is making comments on the methods followed in the debates in the Senate. The Senator knows in what bad repute, though undeserved, the Senate is over the country now. Does the Senator think he is raising our batting average any by his estimate of the deliberations of the Senate?

Mr. TRAMMELL. I do not think so, not since the controversy in which the Senator from Texas himself and the Senator from Kentucky [Mr. BARKLEY] indulged yesterday. I do not think that raised the batting average any. I am not sure, however, whether it was the Senator from Texas who engaged in the discussion about tobacco stems.

Mr. CONNALLY. I disclaim the implications of the soft impeachment which the Senator lays at my door. I have never discussed the question of tobacco with the Senator from Kentucky.

Mr. TRAMMELL. Then I beg the Senator's pardon. However, he was engaged in a controversy with someone.

Mr. CONNALLY. I trust the Senator will withdraw that very serious charge.

Mr. TRAMMELL. I will withdraw the charge so far as the Senator from Texas is concerned, and let it stand against the Senator from Kentucky.

Mr. CONNALLY. Mr. President, will the Senator yield for the purpose of enabling me to suggest the absence of a quorum?

Mr. TRAMMELL. Oh, no; I do not yield for that purpose.

Mr. CONNALLY. Oh, let us have a quorum!

Mr. TRAMMELL. Oh, no; I would lose the floor then, and I do not want to do that.

Mr. CONNALLY. I do not intend that the Senator should lose the floor, but I thought we ought to have a quorum present to hear the Senator.

Mr. TRAMMELL. I do not intend to talk very long.

Mr. CONNALLY. I think it is well for the Senators to whom the Senator has referred to be here and get the benefit of his observations about their methods of speaking 2 or 3 hours and then leaving the Chamber. I am sure the Senator does not mean his characterization to apply to any of the diligent Senators who are now here giving attention to their duties. I think the Senator from Florida must have in mind those Senators who rush up to the oratorical breastworks and fire a salvo and then retire to the cloakroom or to their private rooms in the Capitol to take a little nap, or go out to the golf course.

Mr. TRAMMELL. That would apply to many of the Senators.

Mr. CONNALLY. I think those Senators, if they are going to get any benefit from the speech of the Senator from Florida, ought to be here. I think it ought to soak into their minds. It does not do any good for the Senator from Florida to lecture those of us who are here and diligently applying our energies to the public business. Of course, however, I defer to the Senator's wishes.

Mr. TRAMMELL. I do not wish to occupy any unusual and distinguished position at all in regard to this matter. The Senator would apparently have it understood that other Senators would listen to me and pay attention to me, and he would thus apply to me a position which I do not occupy and which no other Senator occupies, so far as I know. While I have a great deal of respect and appreciation for them, I often think that Senators do not have that respect and appreciation which they should have for the utterances of other Senators or the position of other Senators.

But, Mr. President, I come back to the original subject. I had stated that we have a good many Senators who like to talk a good deal themselves and after they have finished they apparently think everything has been said that ought to be said and that it is then time to take a vote.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Texas?

Mr. CONNALLY. If I do not irritate the Senator, I should like to interrupt him again.

Mr. TRAMMELL. The Senator does not irritate me in the least, I assure him. I am glad to yield to him.

Mr. CONNALLY. What the Senator just said about Senators who take up a lot of time and then absent themselves only accentuates what he said a little while ago. I think, as to those Senators who lecture us for 2 or 3 hours, who make labored, uninteresting, dull, inane, colorless speeches and then rush out of the Chamber to play golf or retire to the lunchroom downstairs or for a nap in their offices, that good sportsmanship would suggest to them that they stay here and take their punishment, too. [Laughter.]

I do not mean by that remark to refer to the Senator from Florida. [Laughter.] I mean to refer to all of us. It is not fair to the rest of us who do stay here and listen to other Senators. They ought to remain here and listen to others when they speak. I am not referring to the Senator from Florida.

Mr. TRAMMELL. The only comment I have to make on that suggestion is that the Senator ought to set a better example than he does.

Mr. CONNALLY. But I am here listening.

Mr. TRAMMELL. Yes; the Senator is here part of the time.

Mr. CONNALLY. I am listening to the Senator with a great deal of interest.

Mr. TRAMMELL. I do not care whether Senators are here or out playing golf.

Mr. CONNALLY. I was speaking of absent Senators whose place is really on the floor of the Senate when it is in session. I think they ought to remain here and listen to the debates. I quite agree with the Senator from Florida. It is Saturday afternoon and many Senators are out on the golf course or at the baseball park. It is all right to play golf, it is all right to watch a baseball game, but the first duty of a Senator is here on the floor where the public business is being transacted. [Applause in the galleries.]

Mr. TRAMMELL. I fully agree with the Senator.

The PRESIDING OFFICER (rapping with his gavel). The Chair must admonish occupants of the galleries that they are here as guests of the Senate and that under the rule of the Senate no demonstrations of any kind are permitted in the galleries.

Mr. CONNALLY. O Mr. President, that applause in the galleries is the first response I have received to any remark I have made today. [Laughter.] Why should the Chair interfere?

Let me observe to the occupants of the galleries that what I said about Senators remaining on the floor and attending to the public business also applies to the occupants of the galleries. It is the business of the occupants of the galleries to be seen and not to be heard. Occupants of the galleries are here by courtesy of the Senate and are not permitted to make any demonstration. Were I in the chair and the occupants of the galleries should violate the rule, I would order the galleries to be cleared. But the Presiding Officer, as is the habit of our Presiding Officers, lightly taps with his little gavel and observes that occupants of the galleries must be quiet, and that is all that happens. The only way to enforce the rule is to enforce the rule. If I were in the chair and the occupants of the galleries violated the rule, I would order the galleries cleared and I would start with the Senators' private gallery.

The PRESIDING OFFICER. The present occupant of the chair would suggest to the Senator from Texas that it is time for the Chair to have lunch, and he would be glad to have the Senator from Texas relieve him and take the Chair.

Mr. CONNALLY. I am making no personal reference to the present occupant of the chair. I mean the occupant of the chair impersonally. All Presiding Officers do it. The present occupant of the chair is simply following the precedents when he taps lightly with his gavel. I know if the Senator from Iowa had his way, he would probably bring in a maul, such as we use in splitting rails, and would hammer violently on the desk with it, instead of tapping lightly with a little gavel. He is simply following precedents in tapping lightly with his little gavel and admonishing the occupants of the galleries as to what their duty is in the circumstances. I have great respect for the present occupant of the chair, and I hope he will not go to lunch. I would dislike to see him leave the chair, because of his very graceful and dignified manner of presiding over the Senate.

Mr. TRAMMELL. Mr. President, I have a little more sympathetic feeling toward the occupants of the galleries than is displayed on the part of the Senator from Texas.

Mr. CONNALLY. The Senator from Florida has more favorites in the galleries than has the Senator from Texas.

Mr. TRAMMELL. I have probably more in the galleries than I have on the floor of the Senate. I hope I have some somewhere. I should appreciate it very much if I did have. I have often seen the occupants of the galleries admonished in a very courteous way by the Presiding Officer when there was more noise and more disturbance on the floor of the Senate than there was in the galleries. I think the occupants of the galleries might be excused when such things happen occasionally. We have the rule, however. Of course, it is a good rule and we should not permit any general violation of it, but I do not think the galleries should be cleared by the Sergeant at Arms under any circumstances.

Mr. President, I did not intend to be diverted from the question I was discussing when I referred to what I thought was the fact about my friend from Texas debating the question of tobacco stems yesterday. I have apologized to him for that statement. Perhaps it was somebody else. Certainly some Senators were engaged in the debate. All I

really rose to do was to utter my protest against legislation that I do not consider sufficiently broad in its terms or sufficiently flexible to give the proper amount of protection and aid to American labor and to American industry.

Instead of having the beneficent purposes for which the bill was originated and for which it is sponsored by the Senator from Alabama [Mr. BLACK] and others given over to foreign labor and to foreign industry, I think it should be so broadened as to protect completely our own labor and our own industries. Let any Senator go down on the streets of the cities in any State, and he will meet hundreds of American laborers out of employment. Talk to them about their idleness and the unemployment situation and ask what they think about a law which permits foreign products, made by foreign labor working 12, 14, or 16 hours a day, to come into the United States in competition with the goods manufactured in factories where they formerly worked. Ask how they like that kind of protection of American labor. We well know what the response will be.

From time to time I come in contact with people, many of whom are laborers, mechanics, people engaged in different kinds of labor, and I have not yet found any men who do not think that they ought to get the benefit of this legislation and not have the intended benefits switched to foreign labor and foreign factories. The way for them to obtain the benefits of the legislation is to write into the bill a provision that goods made by foreign laborers, produced by foreign manufacturers, shall be subject to the same provisions as the goods which are made in America and sold in interstate commerce.

Of course, some will talk about an embargo, some will talk about the tariff. The old bugaboo of the tariff on either side has been absolutely overcolored and overdone for years and years by both the advocates of a high tariff, the advocates of a low tariff, and the free-traders. So far as I am concerned, I think we have to have a reasonable tariff in this country; what we might call a happy-medium tariff. Such a tariff as was defined in the Democratic platform of 1928. In our last platform we really had no definite and plainly set forth definition of the tariff favored by our party. I think we need a tariff of the kind mentioned in our platform of 1928. Some, however, want an unduly high tariff and others want it entirely too low. Some apparently do not want any tariff at all.

If anyone wants to bring in as a matter of criticism the suggestion that my proposal is an embargo, I deny it. There is no semblance of an embargo in it when it merely provides that foreign-made goods, made by foreign labor, shall be subjected to the same conditions as American-made goods made by American labor. There is no resemblance between my proposal and an embargo, and any claim that there is is a dodging of the issue. If we are going to speculate as to the manipulations brought about by legislation, it is just as reasonable, or more reasonable, to say that legislation which takes into consideration only American goods and only American labor in the American market may be used so as to discriminate against our home markets and our home people and American labor, and no tariff question is involved in it one way or the other.

I think, however, that we should safeguard our people who have protection, or did have some protection, from the tariff. They have some, in some respects, yet. There are mistakes in the tariff law. I do not question that. Those mistakes have brought about some conditions which we would have preferred avoiding; but I think American labor and American producers have already suffered enough as a result of the depreciated currency and the cost of exchange, when today the average American who had any protection—some of them had about what they needed, some had too much, and some had too little; that would be my description of it—the average American today has had whatever benefit he might have had from tariff protection reduced two thirds.

So I take the position that if we are going to bring the tariff question or the embargo question into this discussion, American labor, generally speaking, and American products, generally speaking, have already suffered a reduction of about 66⅔ percent. They have already suffered to that extent. I hope and pray, as a friend of the laboring man, that we are not now going to pass legislation that will give the foreigner another opportunity to take from the American laboring man his home market, to take from him his opportunity—I do not mean totally, of course, but partially—to take away from him his chance to keep this home market and sell American-made goods to the American people in American markets. That right should exist without having legislation passed under the guise of being in the interest of American labor which in operation will prove beneficial and helpful to foreign labor and to foreign industries.

I have made the motion to reconsider in order that that particular provision of the bill may be reconsidered. I have spoken today because a threat was made, a positive statement, that if no one else should do it, the Senator from Arkansas [Mr. ROBINSON] would call up this motion on Monday and would make a motion to table it, and therefore cut off debate entirely. Fortunately for me—not for anyone else—it happened that the Senate remained in session after he had made that threat to use gag rule where it is absolutely unnecessary to make a motion to lay on the table. That has always been characterized, and properly so, as gag rule. The Senate having been in session after that threat was made, again within my rights I have availed myself of the opportunity to occupy a few moments in expressing my views on this question, regardless of how the motion to reconsider may go.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. TRAMMELL. I do.

Mr. LOGAN. Do I understand the Senator to say that he does not think a gag rule ought ever to be applied?

Mr. TRAMMELL. I did not say that. I said except in extreme cases.

Mr. LOGAN. I just wanted to be perfectly clear about that. Does not the Senator think we have an extreme case now?

Mr. TRAMMELL. I do not think so. When we are going to convene on Monday, after an adjournment, for the purpose of giving this matter consideration, and we are to have a 2-hour session in which it can be considered, I do not think there is an extreme condition which justifies anyone in getting up 5 or 10 minutes after the morning hour begins and calling up a particular motion and then moving that it be laid upon the table.

Mr. LOGAN. But this is a matter, is it not, that has been discussed and passed upon by the Senate? Now the Senator is taking the time to talk about a motion to reconsider when the people are waiting for us to do something.

The only disagreement I have with the Senator from Arkansas is that he should have made the motion to lay this motion to reconsider on the table when it was originally made.

Mr. TRAMMEL. Fortunately, under the rules he could not do that.

Mr. LOGAN. Just as soon as he could, then, I mean.

Mr. TRAMMELL. That is the Senator's view. Of course, if we are going to indulge in matters of that kind; while the Senator from Kentucky and I have been good friends, I have often seen the time when I should have liked to have some of his motions or measures laid on the table.

MURIEL CRICHTON

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably, with amendments, Senate Resolution No. 60, to reimburse Muriel Crichton for certain expenses incurred because of injuries received in the Capitol Building; and since it will involve no debate, I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The Senate proceeded to consider the resolution (S.Res. 60) submitted by Mr. COPELAND on the 10th instant.

The PRESIDING OFFICER. The amendments of the committee will be stated.

The amendments were, in line 4, after the word "sums", to strike out the comma and "not to exceed a reasonable amount", and in line 5, before the word "expenses", to insert "actual", so as to make the resolution read:

Resolved, That the Secretary of the Senate is authorized and directed to pay, out of the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1933, to Muriel Crichton, such sums as may be necessary to defray her actual expenses incurred for hospitalization and medical care as a result of injuries suffered in the Senate wing of the Capitol Building.

The amendments were agreed to.

The resolution, as amended, was agreed to.

AMENDMENT TO CONSTITUTION—PREVENTION OF PROFITEERING IN WAR

Mr. VANDENBERG. Mr. President, 2 years ago, by act of Congress, a so-called "War Policies Commission" was created, representing the House, the Senate, and the Cabinet, for the general purpose of taking the profit out of war. The Senate members were the Senator from Arkansas [Mr. Robinson], the then Senator from Virginia [Mr. Swanson], the Senator from Pennsylvania [Mr. Reed], and myself.

About 1 year ago a complete report and recommendation was submitted, together with certain legislation that was tendered for the purpose of accomplishing the objective, namely, to take the profit out of war so far as possible—a notable objective not only for peace but also for democracy.

The legislation died upon the calendar last year. I now ask, out of order, to resubmit the same legislation for appropriate reference; and I am introducing it in the name of the Senator from Arkansas [Mr. ROBINSON], the Senator from Pennsylvania [Mr. REED], and myself. The legislation addresses itself to a purpose fostered for a decade by the American Legion.

The joint resolution (S.J.Res. 42) proposing an amendment to the Constitution of the United States providing for the fixing of prices in time of war and the prevention of profiteering was read twice by its title and referred to the Committee on the Judiciary.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY

Mr. HEBERT obtained the floor.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Nevada?

Mr. HEBERT. I do.

Mr. PITTMAN. I thank the Senator.

Out of order, I ask leave to introduce a joint resolution for proper reference.

The PRESIDING OFFICER. The joint resolution will be received and properly referred.

Mr. COPELAND. Mr. President, is this joint resolution relative to the St. Lawrence Canal?

Mr. PITTMAN. Yes.

Mr. COPELAND. To what committee did the Senator ask to have it referred?

Mr. PITTMAN. To the Committee on Foreign Relations.

Mr. COPELAND. Mr. President, this is not a foreign-relations matter. This is purely a domestic matter. It has to do with the division of costs between the State of New York and the National Government. In my opinion, it ought to go to the Committee on Commerce.

Mr. PITTMAN. Mr. President, I am sorry that I cannot agree with the Senator; but the question involves a treaty, because the joint resolution refers to the treaty. It deals entirely with the conditions and terms of the St. Lawrence Treaty. The committee that has studied the St. Lawrence Treaty will have the information upon which to report favorably or adversely on this joint resolution. In fact, this joint resolution is referred to in the committee's report on the treaty.

Mr. COPELAND. Mr. President, in spite of what my friend has said, I am of the opinion that the joint resolution should be considered by the Committee on Commerce. It is a question which has nothing whatever to do with the relations between the United States and Canada. It has to do with the relationship between the State of New York and the Federal Government in the distribution of costs. Therefore, while I do not want to be disagreeable, I must be insistent that in my opinion reference to the Foreign Relations Committee is the wrong reference.

Mr. PITTMAN. Mr. President, the Committee on Foreign Relations have for a long time been dealing with the treaty between the United States and Canada relative to the use of the water of the St. Lawrence River for two purposes—for navigation and, incidentally, for power.

The whole question in the negotiations between the two Governments turned on a phase of the matter involved in this joint resolution. In other words, the use of the water for power purposes subsequent to its use for navigation was allocated to Canada on the one hand and the United States on the other hand upon the condition that the Province of Ontario would receive from Canada the use of the water for power and would pay a certain proportion of the costs of the project; and that if the United States allocated it to the State of New York, they would pay a certain proportion of the costs of the project.

The water has already been allocated to Ontario under the treaty. The question is, How much of the costs should be allocated to the State of New York, what are to be the terms of the treaty of allocation to New York if it is allocated to New York, how much New York should pay if it is allocated to New York, and to what extent, if any, the use of this water for power purposes by the State of New York will interfere with the treaty? The whole matter is interconnected to such an extent that the committee that has had it all under consideration should determine this question, which is collateral to the treaty.

The PRESIDING OFFICER. The Chair will suggest that this is a unanimous-consent matter; and that unless unanimous consent is given, the reference will have to be made by the proper motion.

Mr. PITTMAN. I move that the joint resolution be referred to the Committee on Foreign Relations.

Mr. COPELAND. Mr. President, this is a debatable motion that is made by the Senator, as I understand. If carried, it would displace the pending bill.

Mr. HEBERT. Mr. President, I cannot yield for anything that would have that effect.

The PRESIDING OFFICER. The Chair is of the opinion that if any Senator objects, the motion cannot be entertained at this time, because this is all a unanimous-consent matter.

Mr. COPELAND. Mr. President, I regret that I must object, and I want to say why—because this particular matter has nothing whatever to do with the treaty insofar as the relationship between Canada and the United States may be concerned. It has to do purely with a domestic matter—the question of how much New York State shall contribute to this particular undertaking.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Michigan?

Mr. HEBERT. I yield, though I do not want to lose the floor.

Mr. VANDENBERG. Will the Senator permit me to say to the Senator from New York that I completely agree with him that this is exclusively a matter of relationships between the State of New York and the Federal Government?

Will the Senator permit me also to say to him that I am perfectly sure he will facilitate the objective he has in mind if he permits the joint resolution to go immediately to the Foreign Relations Committee, for the following reasons:

The subcommittee of that committee which has been dealing with the entire St. Lawrence matter is in complete accord with the Power Authority of the State of New York. It has canvassed every phase of that relationship at great length. If the Senator will permit me to say so, it is wholly unnecessary, from the viewpoint of New York, to have the subject reopened de novo. I assure him that the way to procure the speediest possible consent to the precise viewpoint

held by the power authority of his own State is to proceed in the manner suggested by the Senator from Nevada.

Mr. COPELAND. Mr. President, I am much impressed by what the Senator from Michigan says. It may be, on further contemplation of the matter, that I shall agree with him; but in the meantime I object.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Objection is made.

The joint resolution (S.J.Res. 43) providing for the use of the water of the St. Lawrence River for the generation of power by the State of New York under and in accordance with the provisions of the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada was read twice by its title and ordered to lie on the table.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States, submitting nominations (and also a message withdrawing a nomination), which were referred to the appropriate committees.

(For nominations this day received and nomination withdrawn see the end of Senate proceedings.)

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. HEBERT. Mr. President, I listened with more than ordinary interest to the discussion of the so-called "30-hour week bill" indulged in by the distinguished Senator from Florida [Mr. TRAMMELL]. I have been particularly interested in his observations as to the effect which that measure, if enacted into law, would have upon American workingmen and American manufacturers.

I am inclined to agree with many of his observations on that point. I should say more. I should be glad, of course, if the bill should pass and be enacted into law, to have it contain some provision to protect American labor and American manufacturers against importations from abroad, where labor may work almost limitless hours and be in serious competition with our people in the United States under the limited hours which are proposed. But at this time I desire to revert to the pending question, and to discuss some of the provisions of the farm relief measure now before the Senate.

We have had a Government of laws and not of men. This bill subverts that idea and makes of our Government one not of laws, but, to the extent of its application to our everyday lives, a Government dependents upon the whim, the caprice, the will, or the opinion not of a majority of our citizens, not even of anyone among us holding an elective office, and hence responsible to the people, but to that of a single individual—the Secretary of Agriculture.

I hesitate to think that the voters of this country ever had an idea that any such measure found lodgment in the mind of the President of the United States when he was a candidate for office. Nothing to which he voiced expression during the campaign of 1932 could lead one to such a conclusion. I propose, in the course of my remarks, to allude to the President's pronouncements on this subject during his campaign. I propose to show that in lieu of that definite, practical program which he promised the American people, he now offers a nebulous, chimerical, impractical scheme.

This bill creates a new Government bureau necessitating employment of thousands of agents under autocratic control, giving the Secretary of Agriculture power to make all rules and regulations having "force and effect of law" and exempting expenditures of money from review or audit by any other officer of the Government.

It provides for the erection of a political machine with limitless power to control elections by granting favors to either producers or processers and susceptible of flagrant corruption.

Section 8 of the bill defines the general powers of the Secretary of Agriculture. Paragraph 1 of section 8 gives to the Secretary of Agriculture the most sweeping dictatorial powers ever conferred upon any official in the United States, not even excepting the President. There is no limitation in this section to the powers which he may exercise in order to put into effect the general provisions of the law. Neither is there any definition of the manner in which he may exercise these unlimited powers. Moreover, paragraph (c) in section 10 provides that any regulations which the Secretary of Agriculture may make to carry out the policy set forth in paragraph 1 of section 8, or to carry out any of the other powers vested in him by this bill, shall have "the force and effect of law."

These powers are to be exercised not only in dealing with producers of the commodities named in the bill but also producers of any commodity which may be used as a substitute by the consumer in preference to the commodities named in the bill.

Moreover, these powers are to be exercised in dealing with all processors or cooperative farm organizations or any other agencies engaged in handling the commodities named in the bill, or with products of those commodities or substitutes for those commodities or substitutes for the products of those commodities, as, for example, rayon, which would be a substitute for cotton goods—the product of cotton.

The Secretary of Agriculture is empowered to use whatever means he desires to provide for the reduction in the acreage of cereals, cotton, and tobacco named in the bill, and for the reduction in production of dairy products and livestock named in the bill.

Several plans have been suggested to accomplish a reduction in the acreage planted in cereals included in this bill. These suggestions have appeared in similar bills introduced in previous Congresses, in public discussions, and in the public press and magazine articles. But every plan suggested depends upon a far-flung system of inspectors and agents to insure its being enforced. Paragraph (b) of section 10 recognizes this fact by authorizing the Secretary to establish State and local committees, or to delegate authority to cooperative farm organizations to do the policing necessary to bring about a reduction in the production of the commodities named in the bill.

The bill makes a further amazing provision that any money expended or any agreements entered into between any of these officers or agents of the Secretary of Agriculture and any producer shall not be reviewed by any officer of the Government other than the Secretary of Agriculture or the Secretary of the Treasury. In other words, this bill puts the Secretary of Agriculture above and independent of the Budget Bureau and the General Accounting Office.

Some idea of the vast army of agents or inspectors necessary to enforce merely those provisions of the act which look toward the reduction of production may be obtained from the fact that there are in the United States 3,072 counties. Over 2,500 counties are listed as raising wheat. Over 2,800 counties are listed as raising corn, 1,070 counties are listed as raising cotton, and every county produces some class of livestock enumerated in this bill. To see to it that any agreements entered into by the producers of all these commodities in any one county were lived up to would require the whole-time services of several agents. The number has been variously estimated from 3 to 10 per county.

Then there is another army of inspectors that must police the processors, cooperatives, and other agencies handling the commodities or products thereof mentioned in the bill. The bill gives the Secretary of Agriculture absolute power over all such processors. They cannot operate unless they are licensed by him. Being licensed, they must comply with the regulations laid down by him, and there is no possible way to ascertain whether they are doing this or not except through adequate inspection. According to the Industrial Census of 1931, there are 2,452 flour-milling and corn-products plants; 54 rice cleaning and polishing plants; 306 macaroni, spaghetti, and vermicelli plants; 124 tobacco factories; 1,310 cotton-textile plants; 1,209 meat slaughtering and packing plants; 209 creameries; and 2,383 cheese factories. Not only must there be an army of inspectors to see that these various processors live up to the regulations pre-

scribed by the Secretary of Agriculture, but the law provides processors shall install a system of accounts and keep records of the agricultural commodities or products thereof they buy and sell, the prices they obtain, and other trade practices. This calls for another army of accountants or auditors to see that these records are accurate.

The important point is the fact that the duties and powers of these two vast armies of inspectors are not defined by Congress but by the Secretary of Agriculture. This vast organization is answerable only to the Secretary of Agriculture. The House amended the bill so as to take all of these employees from under Civil Service and make them purely political appointments. The possibilities and potentialities of this vast organization as a political machine to play favoritism among both producers and processors in return for political support of the administration and political party of which these agents are the representatives is limitless, while the possibilities of graft are greater and easier than anything which disgraced the prohibition enforcement unit.

It does not require a far stretch of the imagination to picture a situation in a doubtful agricultural State where, by showing favors to the producers of commodities named in this bill, the vote of that State could be controlled. Neither does it require much vision to foresee what could happen in the way of campaign contributions from processors completely under the domination of an official of an administration who did not have to account for his actions to Congress and who was left with a free hand by Congress to make such rules and regulations as he saw fit in dealing with the processors.

Neither is it necessary to point out the hypocrisy of an administration which promises the elimination of bureaucracy, the reduction of the Federal pay roll, and the balancing of the Budget on the one hand, and then sponsors a bill setting up not merely a bureaucracy but an autocratic bureaucracy entailing an organization of tens of thousands of employees and its financial transactions with the millions of agricultural producers in the country exempt from any review by any officer of the Government other than the officer who directs this autocratic political machine.

WOULD MORE THAN DOUBLE LIVING COSTS OF CONSUMER

The plan would more than double retail costs of commodities and products of commodities named in the bill. Section 9, paragraph 1, of the bill stipulates the manner in which farm prices are to be advanced to the producer. They are to be advanced by giving the farmer the proceeds of a tax levied against the processors. That tax shall "equal the difference between the current average farm price for the commodity and the fair exchange value of the commodity."

The fair exchange value of the commodity, according to the bill—

shall be the price therefor which will give the commodity the same purchasing power, with respect to articles farmers buy, as during the pre-war period, August 1909–July 1914.

Testifying before the House Committee on Agriculture regarding the domestic-allotment plan, December 14, 1932, Frederick P. Lee, attorney on behalf of the farm organizations supporting the measure—see Hearings on Agricultural Adjustment Program before the House Committee on Agriculture, Seventy-second Congress, second session, December 14, 1932, page 9—explained to the committee how this formula was worked out. His explanation was as follows:

First, you obtain the current index of prices paid by farmers for all commodities which they purchase; second, you obtain the 1910–14 5-year average of actual farm prices paid to producers of the commodity to which the formula is to be applied; third, you multiply that 5-year average actual farm price by the current index of prices paid by farmers. The answer is the price which should be paid to farmers at present in order to bring the price of their products up to a fair exchange value of the commodity. The bill further states that in making this computation the Secretary of Agriculture shall use statistics of the Department of Agriculture.

The March issue of a bulletin issued by the United States Bureau of Agricultural Economics gives the index number of prices paid by farmers for commodities for the month of February 1933 as 104. The average of actual farm prices paid to producers for the 5-year period, 1910–14, is obtained from the United States Department of Agriculture's Yearbook. Multiplying that 5-year average of actual farm price of every commodity by the index number 104, we obtain what the farm prices of those commodities should be today, according to the domestic-allotment formula. The following table gives that computation:

Commodity	Index of price paid by farmers, February 1933	Actual farm prices, 1910–14 average	Prices to be paid as of today under allotment plan	Farm prices as of February 1933
Wheat	104	$0.881 per bushel	$0.916	$0.323
Cotton	104	$0.119 per pound	.124	055
Corn	104	$0.632 per bushel	.657	.194
Rice [1]	104	$0.838 per bushel	.871	.392
Tobacco [1]	104	$0.104 per pound	.108	.107
Hogs	104	$7.24 per hundredweight.	7.53	2.94
Cattle (prime beef)	104	$7.57 per hundredweight.	7.87	3.31
Sheep and lambs [2]	104	$4.91 per hundredweight.	5.11	[3] 2.16 / [4] 4.19
Butter	104	$0.30 per pound	.312	.181
Cheese [1]	104	$9.156	.162	.10

[1] The farm prices in the last column of the above table for rice, tobacco, and cheese are not as of February 1933, but are the last available data obtainable at the U.S. Department of Agriculture.

[2] The Agricultural Yearbook gives the 5-year average farm prices of sheep and lambs combined, as indicated in the above table. However, current quotations separate sheep and lambs, as indicated in the last column.

[3] Sheep.

[4] Lambs.

In the above table the farm prices as of February 1933 are taken from a bulletin issued by the U.S. Bureau of Agricultural Economics, Mar. 1, 1933.

This table shows that were the domestic-allotment plan to become effective as of today, the farm prices of the commodities indicated would be increased, as follows: Wheat 183.6 percent, cotton 125.5 percent, corn 238.6 percent, rice 122.2 percent, tobacco 0.9 percent, hogs 156.1 percent, cattle 137.7 percent, sheep and lambs 59 percent, butter 69 percent, and cheese 62 percent.

Without taking into account any legitimate and necessary pyramiding which must take place in the handling of a commodity between the time it leaves the farm and the time it reaches the consumer, the prices of products made from commodities which I have enumerated would be more than doubled to the consumer. However, inasmuch as each middleman handling the commodity or the product thereof must take his profit on the basis of the cost of the commodity to him, prices of products made from those commodities would be doubled over present prices by the time they reached the consumer.

Furthermore, under the bill the consumers will have no recourse from this legislative hold-up. Section 15 of the bill is devoted to provisions whereby the consumer cannot escape from increased prices of processed commodities, due to the law. That section of the bill provides that whenever, by reason of high prices of products of any of the named commodities, the consumer attempts to escape by purchasing substitutes, such as oleomargarine in place of butter, or rayon and silk in place of cotton goods, and so forth, the Secretary of Agriculture shall stop any such attempt by levying a processing tax on the substitutes.

All of section 15, as well as paragraph B of section 9, makes the admission that, as a result of this plan, there will be a decrease in the consumption of the commodities brought under the plan, and the purpose of section 15 is to block, if possible, any such decrease in consumption by resorting to substitutes.

THE BILL VIOLATES ALL PRINCIPLES OF EQUITABLE TAXATION AND REPUDIATES ALL DEMOCRATIC PLATFORMS

Mr. President, it is axiomatic that the smaller the wage or income of a family, the greater the proportion of that income which must be spent for food and clothing.

In other words, every family must first provide for food, clothing, and shelter—the three prime necessities of life. These items must be taken out of every family budget before anything else is purchased. Consequently, the smaller the family income the larger the percentage of that income which must go for food, clothing, and rent. Those who are "merely existing" take practically all their income for these three items.

A survey made by the United States Labor Bureau about 3 years ago of the manner in which the average industrial worker of the United States spends his dollar showed the following division of the average working man's budget:

	Percent
Food	32.3
Rent	22.6
Clothing	12.2
Fuel and lights	6
Household furniture and fixtures	5.2
Doctors and medicine	3.8
Insurance	3.4
Car and bus fare	2.2
School expenditures	0.4
Miscellaneous	11.9

From this analysis it is seen that food and clothing, under normally prosperous conditions with the wages and the standard of living which prevailed at that time, took 44.6 percent of the income of the industrial workers of the United States.

As wages decrease, the items contained in the classification of "miscellaneous", which includes recreation, travel, and so forth, and the other items, with the possible exception of doctors and medicines, must necessarily decrease, and it takes a larger and larger percentage of the family income to provide food and raiment.

Under the present industrial conditions it is safe to assume that practically all the income of industrial workers is consumed in an effort to provide food, clothing, and shelter. This is evidenced by the decrease in the purchase of other commodities not classified as necessities, such as automobiles, radios, household furniture, and so forth.

It is a fundamental principle of taxation that taxes should be levied according to the ability of the individual to pay. That is the principle followed in the formulation of the income tax.

The opposition to the general sales tax was based upon the argument that it taxed the poor man out of all proportion to his ability to pay. To rectify this inequality the sales tax as presented to the House proposed to exempt from its provisions all articles of food and clothing.

The domestic-allotment plan is a sales tax confined exclusively to food and clothing. It, therefore, is a violation of the fundamental principles of just and equitable taxation, in that under present conditions it would levy upon practically all of the income of industrial wage earners and other wage earners who are working on greatly reduced salaries. Under the provisions of the bill as introduced the prices paid the farmer for cattle, sheep, hogs, wheat, cotton, corn, butter, and cheese would be from 150 percent to 300 percent greater than the prices now paid, without allowing any pyramiding, which is inevitable in the processing and merchandising of any agricultural commodity. These figures mean that the cost of food and clothing made from the agricultural commodities named would be increased by that much to the consumer.

Furthermore, the bill allows the consumer no escape from this increase in living costs by the substitution of other articles. For example, if he seeks to avoid an increase in the price of butter by buying oleomargarine, the bill provides the Secretary of Agriculture shall stop such substitution by levying a processing tax on oleomargarine. Section 15 of this bill is designed to prevent the consumer's resorting to substitutes in order to escape high living costs.

Or take clothing made from cotton. If, by reason of this bill becoming a law, cotton goods would double or treble in price and the ultimate consumer endeavored to escape this increase by switching to rayon or other textiles, the bill provides the Secretary of Agriculture shall immediately levy a tax on such substitutes.

This proposal is not only a violation of the fundamental principles of equitable taxation, but it is a repudiation of practically every Democratic platform that has been written since the Civil War. All such platforms have demanded that all general taxes should be levied upon wealth. The Democratic platform of 1924 states that any system of Federal taxation should not "take from the poor any part of the necessities of life", and that all Federal taxes should be—

so adjusted as to lay the burden of government upon the taxpayers in proportion to the benefits they enjoy and their ability to pay. We oppose the so-called "nuisance taxes", "sales taxes", and all other forms of taxation that unfairly shift to the consumer the burdens of taxation.

The same thought has found place in practically every Democratic platform.

For instance, in 1888 the platform said:

All unnecessary taxation is unjust taxation. It is repugnant to the creed of Democracy that by such taxation the cost of the necessities of life should be unjustifiably increased to all our people.

The Democratic platform of 1884 was almost prophetic in its denunciation of this very bill, for it said:

We are opposed to all propositions which upon any pretext would convert the General Government into a machine for collecting taxes, to be distributed among the States or the citizens thereof.

And the Democratic platform of 1880 was scarcely less prophetic in its denunciation of the present Democratic proposal, for it said:

The Democrats of the United States in convention assembled declare opposition to centralization and to that dangerous spirit of encroachment which tends to consolidate the powers of all the departments into one, and thus to create, whatever be the form of government, a real despotism.

DOMESTIC-ALLOTMENT PLAN WOULD ABSOLUTELY DESTROY FOREIGN MARKETS FOR ANY OF THE PROCESSED COMMODITIES INCLUDED IN THE PLAN

It is not necessary in an analysis of the bill to reason why there has been a decrease in the foreign markets of America's agricultural products. But if such analysis were made it could be summed up as follows: Agricultural products from other agricultural countries, such as the Argentine, South Africa, Russia, Australia, and New Zealand, are entering the world markets at a price so low that the American farmer cannot meet that price, and therefore is driven from foreign markets by the operation of the law of competition.

European countries which are large importers of food supplies are exerting every effort to increase their domestic supply of foodstuffs. One of the methods generally adopted is the application of antidumping regulations against food imports and other manufactured goods. Section 17 of the bill not only provides for but encourages and puts a premium upon the exportation of the processed commodities named in the bill and their sale in foreign markets at a lower price than they are sold in this country. It does this by providing for a rebate or refund of the processing tax to the exporter of such products.

The moment the bill became a law, European countries having antidumping provisions would instantly put up the bars against the importation of such products.

A BILL TO PUT MANUFACTURERS OUT OF BUSINESS

The domestic allotment bill might well be entitled "A plan to put processors of agricultural commodities out of business." Paragraph 2 of section 8 of the bill admits that the taxes levied against the processors of the commodities named in the bill will be so heavy that the processors affected may not be able to pay those taxes out of their own corporate income. The bill provides that such processors may borrow enough money to pay the processing tax from the Reconstruction Finance Corporation at a rate of interest of 3 percent per annum. Incidentally, that adds that much more to the ultimate cost of living to the consumer.

It would seem that when comparatively few industries of any kind are operating at a profit, even after they have cut wages and all overhead to the bone, and when hundreds of our industries have been unable to weather the storm, this

would be a most inopportune time to add to the staggering burdens industry is carrying by adding a tax which is variously estimated at from $1,500,000,000 to $2,000,000,000.

It would seem when the railroads of this country are facing the most critical period of their existence, when they are exerting every effort to increase their car loadings and freight revenue, it is a most inopportune time to pass a law that will reduce by 20 percent to 25 percent car loadings of the agricultural commodities named in this act.

The bill not only is oppressive to the degree of extortion upon the processors who handle commodities after the bill has become effective, but it is retroactive in its provisions. Section 16 of the bill provides the processing tax must be levied against handlers of the agricultural commodities named on all products they have on hand at the time the bill becomes effective. Some idea of what this means may be obtained from a story in the Chicago papers that, if the bill were to become effective at present, the floor tax or stock tax provided for in section 16 would cost the packing industry of this country $200,000,000.

It would be difficult to imagine a more disastrous blow to our already crippled industrial activities or a more effective measure to prevent a restoration of prosperous industries and the increase of employment in those industries.

SOVIETIZATION OF AGRICULTURE

The bill provides no definite plan for bringing about a reduction in the acreage of cereals, cotton, and tobacco named in the bill, or in the reduction of livestock and dairy products. Those details are left entirely to the Secretary of Agriculture in paragraph 1 of section 8. Several plans have been suggested whereby reduction of acreage may be obtained through agreements with those farmers who already are engaged in growing the commodities named. Assuming, for argument's sake, that all such agricultural producers would enter into an agreement to reduce acreage and would live up to that agreement, the question arises, what of those farmers who have not been engaged in raising the cereals named in the bill, or in raising cotton or tobacco? How are they to be prevented from engaging in the growing of such products?

The agricultural census shows every State in the Union grows wheat and corn. It further shows that in many States the acreage planted in wheat and corn has constantly increased over a period of years. For example, Ohio's acreage of wheat harvested steadily increased from 872,000 acres in 1928 to 1,723,000 acres in 1931. Indiana's acreage of wheat harvested increased from 910,000 acres in 1928 to 1,678,000 acres in 1931. Kansas, the largest wheat-growing State in the Union, which produces over 25 percent of the total wheat harvested in the United States, had an average acreage of less than 10,000,000 acres in the period 1924 to 1928, but in 1928 it harvested 10,473,000 acres of wheat, and this acreage steadily increased to 1931 when the acreage harvested was the record-breaking total of 12,632,000. Texas has more than doubled its wheat acreage in the last 5 years and is still developing. What is to prevent a continuation of this development of wheat acreage all over the country by farmers who hitherto have raised no wheat, going into the wheat-raising industry in order to avail themselves of the bonuses provided in this bill? Suppose, for example, that when the plan is finally worked out it is provided that all wheat growers must reduce their acreage 25 percent from the acreage they have had in wheat for the last 3 years, or 5 years, or even from the acreage they had last year.

If they do this in all good faith, they become beneficiaries under the law of whatever bonuses are paid to wheat growers complying with the law. A farmer who has grown no wheat could put 100 acres in wheat this year, and there would be no way in the world to stop him except by the arbitrary power and ruling of the Secretary of Agriculture. He could, under the provisions of this bill, make a rule or regulation prohibiting any farmer who has hitherto not raised wheat from engaging in production of wheat, and, under the provisions of this bill, such rule or regulation would have "the force and effect of law" and any violation of such a rule or regulation would subject such a farmer to a fine not in excess of $100. This same argument exactly could be applied to the farmer who wanted to engage in raising corn or cotton or tobacco, or who, not having engaged in any livestock industry, decided to begin raising hogs or cattle or sheep.

This is Russian sovietization pure and simple. It is not only the theory of the Soviet Government, but it is the practice of the Soviet Government in dealing with its agricultural producers. If our Government, through an arbitrary rule of the Secretary of Agriculture, can forbid any farmer's raising wheat or corn or hogs or cotton or tobacco under penalty then it can also compel him to raise wheat or corn or any other commodity, even though he does not care to do so, and it can compel him to deliver all or part of that production to the Government or to any processor for a fixed price. The power to forbid any farmer's engaging in production is also the power that can compel him to engage in production. The power of the Government to increase the price of any agricultural commodity by an arbitrary ruling of an officer of the Government having the full force and effect of law, carries with it also the power to decrease the price of any agricultural commodity.

FUTILITY OF ATTEMPTING TO CONTROL PRODUCTION BY REDUCING ACREAGE

Assuming that the plan set up by the Secretary of Agriculture for the reduction of acreage of cereals, cotton, and tobacco should be both practicable and foolproof and that it would be honestly administered upon the part of the Government officials and honestly observed upon the part of the producer, there yet remains the uncontrollable factor of the elements of weather and pests, which render it absolutely impossible for the most perfect human plan to determine how much of a crop may be harvested from a given number of acres planted.

Mr. President, I have prepared a table showing acreages in the different agricultural commodities over a period of years, which I shall not take the time to read, but which I ask may be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

CORN

1928, acreage 100,673,000; yield, 2,818,901,000 bushels.
1930, acreage 100,829,000; yield, 2,081,048,000 bushels.

WHEAT

1928, acreage 58,272,000; yield, 914,876,000 bushels.
1929, acreage 62,671,000; yield, 812,573,000 bushels.
1931, acreage 54,949,000; yield, 892,271,000 bushels.
1924, acreage 52,535,000; yield, 864,482,000 bushels.
1925, acreage 52,367,000; yield, 676,765,000 bushels.

TOBACCO

1917, acreage 1,517,800; yield, 1,249,276,000 pounds.
1924, acreage 1,537,843; yield, 1,106,340,000 pounds.
1923, acreage 1,877,000; yield, 1,515,110,000 pounds.
1930, acreage 2,110,330; yield, 1,510,308,000 pounds.

COTTON

1927, acreage 40,138,000; yield, 12,955,000 bales.
1931, acreage 40,495,000; yield, 16,918,000 bales.

Mr. HEBERT. Mr. President, from these figures it is readily seen that there is no definite relation between acreage and yield, and any plan for the reduction of the quantity of any harvested crop which depends upon its acreage for its success, is certain to fail.

IS THE PROBLEM ONE OF DECREASING PRODUCTION OR OF INCREASING CONSUMPTION?

A statement issued by the department of rural economics of Ohio State University shows that production of agricultural products has been steadily declining, until today it is at a lower ebb than it has been for many years. It does not need statistical tabulation to establish the fact that consumption of food products, as well as of other commodities, is at the lowest point today of two generations, due to the industrial depression. Conservative figures place the number of unemployed wage earners at 10,000,000. Counting two individuals dependent upon each wage earner, we would have 30,000,000 people today without any income. The other 90,080,000 of our population are on a greatly reduced income,

no matter whether they are wage earners or capitalists, employers or employees.

Moreover, it is a matter of historical record as well as of statistical record that every industrial depression in the United States which has resulted in any appreciable number of unemployed has been inevitably followed by a decrease in the consumption of farm products and a corresponding decrease in the price of farm products. Furthermore, the economic history of the country shows that when the industrial wage earners were put back to work, almost immediately there resulted an increase in the consumption of farm products and an increase in the prices thereof.

Apparently, then, the way to attack the farm depression is not by still further decreasing an already low level of farm production but to increase employment in industrial centers. We cannot starve an individual or a nation into prosperity and higher price levels by attempting, through curtailment of his food supplies, to compel him to pay higher prices for what little food he does buy.

THE PROMISE AND THE PERFORMANCE

As a candidate for the Presidency, Governor Roosevelt repeatedly informed the country that he had a very definite agricultural relief program which he would submit to the Congress if he were elected, and if he were given a Democratic Congress would guarantee its speedy enactment into law.

At San Francisco, September 23, in his address at the Civic Auditorium, Governor Roosevelt said:

> The farm problem is probably the most serious that faces our Government today, and you people in the cities know how dependent you are for your prosperity on the purchasing power of the farmer of your Nation. Until the purchasing power of the farm is restored industry itself will never revive. * * * And I propose as a temporary measure, until we reestablish world trade through a sensible method of tariff by negotiation, to provide for the farmer what he calls a tariff benefit.
>
> That, my friends, in simple terms means that the farmer is to receive a price for his product, that portion of his product that is consumed in the United States, a price equal to the world price on these commodities plus the amount of the tariff.
>
> Now, my friends, that is something definite. It is something that intelligent farm leaders have been asking for and advocating year after year. It is not visionary. It is practical.

Referring to his Topeka speech of September 14, Governor Roosevelt at Sioux City, Iowa, September 29 said:

> The meeting of the farm problem is going to be successful only if two factors are present. The first is a sympathetic administration in Washington, and the second is the hearty support and cooperation of agriculture itself and its leaders.
>
> The proposals I made in Topeka were set forth in this spirit. * * * I have set up these proposals as a definite standard to which men and women of all parties could repair, to the end that the desperate plight of agriculture may be remedied.

At Wheeling, W.Va., October 19, he said:

> I have suggested a program for the rehabilitation of agriculture. * * * This program is practical and I pledge to you that it will be carried out with speed and dispatch.

At Springfield, Ill., October 21, Governor Roosevelt said:

> I want to call your attention to one of the aspects of the great American agricultural problem. More than a month ago at Topeka, Kans., I set forth a comprehensive national program for agriculture. * * * This program is conceived to meet a condition which cannot longer be endured in a nation endowed with so much natural wealth. I indulge in no magic formula. * * * May I also add that I would be the last person to claim sole credit for the program which I enunciated at Topeka. * * * It is a program worked out in cooperation with the wisest leaders of agriculture itself.

At Atlanta, Ga., October 24, he said:

> I wish to outline tonight the cardinal points in my agricultural program. * * * Another principle of farm relief is to make it possible for the farmer to get a larger return for his product. * * * The basic purpose of my farm program is to raise prices on certain agricultural products by some form of what the farmers of this country know as a tariff benefit. There is nothing mysterious about this and nothing visionary. It is recognized by the leaders, not only of agriculture but of the industrial world as well, that this is a perfectly sound method.

Later on in the same speech, he said:

> During these weeks I have made it abundantly clear that I propose a national agricultural policy which will direct itself not only to the better use of our hundreds of millions of acres of every type of land in the United States, but also to the rehabilitation of that half of our population which is living on, or directly concerned with, the products of the soil.

In closing his campain, in a speech at the Metropolitan Opera House, New York City, November 4, Governor Roosevelt reviewed what he had promised the people in the way of a definite program of reconstruction which would lift them out of the depression. The following is an excerpt from that speech:

> I have sought during these months to emphasize a broad policy of construction, of national planning, and of national building, in harmony with the best traditions of the American system. * * * At Topeka I outlined a complete national plan for the restoration of agriculture.

So much for the promises which he made.

What is his definite plan, which he repeatedly stated during the campaign had been worked out, that it was practical, that it was not visionary, that it had received the endorsement not only of agricultural leaders but of industrial leaders, that it was workable? He submitted this plan to Congress in a special message Thursday, March 16. The best he could say for it was as follows:

> Deep study and the joint counsel of many points of view have produced a measure which offers great promise of good results. I tell you frankly it is a new and untrod path, but I tell you with equal frankness that an unprecedented condition calls for the trial of new means to rescue agriculture. If a fair administrative trial of it is made and it does not produce the hoped-for results, I shall be the first to acknowledge it and to advise you.

Quite a difference between the President's official presentation of the measure to the Congress and the definite, unequivocal promises he made during the campaign!

His message indicates he does not know whether or not it is workable—although in the campaign he said he had a plan which was workable.

In his message he clearly states he does not know whether it is practical—although in the campaign he said the plan he had worked out was practical.

In his message he clearly indicates that he does not know whether or not it is visionary—although in the campaign he assured the people it was not visionary.

In his message he clearly indicates there is nothing definite in his mind as to whether or not it will bring about the desired results—although in his campaign he repeatedly told the people his plan was definite.

I am not unmindful of the results which will flow from the operation of this bill, as I interpret its provisions. I am convinced that, so far as cotton textiles are concerned, the bill is most discriminatory.

The bill admits, as I see it, that the operations of the law would undoubtedly raise the price of cotton goods to such an extent that buyers would seek substitutes, such as rayon, linen, and so forth. Then it attempts to set up preventives or safeguards against such substitutions by authorizing the Secretary of Agriculture to impose a processing tax.

There is nothing in the bill, however, and there can be no provision that would prevent the American buyer from substituting foreign cotton goods for domestic cotton goods; and with cotton goods increased in price by reason of this bill, as they would be—for the bill would double the price of raw cotton—foreign manufacturers of cotton textiles would be able to jump our tariff walls and undersell our cotton manufacturers in this market. Even at the present price of raw cotton and the corresponding present price of cotton textiles there are many cotton textiles being imported and sold at a profit to the importer. Increase our domestic prices and the imported cotton goods would drive the domestic cotton goods out of the market.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from West Virginia?

Mr. HEBERT. I do.

Mr. HATFIELD. Has the Senator given any consideration to the farmers who own farms in a State that has within it cities of large population, and what advantage the millers or processors in those States would have over the millers or processors in States where the population is small?

Mr. HEBERT. Mr. President, undoubtedly an advantage may come under those conditions in a State like my own, for instance, where most of the farmers do not have to travel more than 20 or 30 miles to an ideal market. That is not true all over the country.

Mr. HATFIELD. For instance, take the State of New York. Would not the farmer in the State of New York fare far better than a farmer out in the Central West or out in the Northwest who produced like commodities, in that the New York farmer could sell his products within the State of New York and not come under the processing law at all?

Mr. HEBERT. Of course, Mr. President, so far as the commodities produced and consumed in a given State are concerned, as I understand the operation of this measure, they would not be subject to its provisions; and, therefore, to that extent, the local producer would have a marked advantage over a producer in another State transporting his goods there for sale.

Mr. HATFIELD. Then the far-away farmer in the West or the Northwest would have a very great disadvantage in selling his products in the thickly populated sections—in the eastern sections, say—that he could not very well overcome, as compared with the local conditions that exist respecting the preference given to the local farmer.

Mr. HEBERT. Unquestionably there would be that differential.

It should not be difficult to convince the American farmer who produces foodstuffs that he would not gain by destroying the cotton-textile industry in this country.

In my consideration of this measure I have not been unmindful of the failures which have been met in previous attempts of Congress to relieve the distress of the farmers. I voted for the appropriation of $500,000,000 which was made in 1929 for the relief of agriculture. I then had some misgivings about the success of the proposal. I was never convinced that we could change by legislative fiat the laws of supply and demand. Experience has again shown that to be true. My only hope in supporting that measure was the possibility of affording some relief to agriculture through the organization of cooperatives and some sort of marketing arrangements which would give to the farmer the full benefit of the price of his product. That, in a measure, I think, has resulted; but clearly every attempt to fix prices of actual commodities has met with abject failure. I am convinced that the provisions of the pending bill, looking to similar action, will meet with a like failure and will leave the farmer in a worse plight than that in which he now finds himself. Not only that, but the burdens which will be imposed upon the other three fourths of our population will be unbearable if my analysis of the bill is in any way correct.

We speak of the necessity of increasing the buying power of the people of the Nation. I wonder how that is to be done if, as I understand the provisions of this bill, we are to raise the price of foodstuffs to the consumers. It is to be borne in mind that approximately 32 percent of the wages of the people engaged in industry goes to the purchase of food. If that be so, and I do not think it will be denied, then manifestly if this bill becomes a law and the price of foodstuffs is doubled, it goes without saying that people engaged in industry must either devote twice as much of their earnings to the purchase of foodstuffs, or reduce their consumption to one half the volume they now use. I am convinced they will not do the former. Rather will they limit themselves, and in limiting themselves the markets for farm products will be destroyed, at least to a very considerable extent.

And so I have reached the conclusion that this bill will not benefit the farmer. Then too, as was well stated by the Senator from Pennsylvania [Mr. REED] in his argument yesterday, the allocation of costs to the various States offsetting the benefits to the farmers in those States, is worthy of very serious thought. For example, the State I have the honor to represent, will pay into this fund from 75 to 100 times as much as it will receive back. The farmers of Rhode Island themselves will pay approximately as much as they get out of it, and the urban population of my State will pay 7½ millions of dollars without any corresponding return.

While I have not studied the measure with the view of satisfying myself as to its constitutionality, I am not unfamiliar with some of the cases to which reference has been made in the course of this debate, and I have reached the conclusion that it will not stand the test of constitutionality if submitted to the Supreme Court for an opinion.

Throughout this special session of Congress I have repeatedly said to my constituents that I desired to support the administration in the measures it proposes, in the hope that some relief may come to the people of this country. I have done that insofar as it has been possible for me to reach the conviction that those measures would be beneficial. If I could be convinced that this bill would benefit the country in any way, or benefit any considerable group of our citizens without doing a most serious injustice to all of the other groups, I should hesitate to oppose it; but my conviction is that its enactment is not going to be beneficial to that class of our citizens in whose interests it is proposed, and most assuredly it will impose very onerous burdens upon the great majority of the citizens of the country.

Because we are faced with an emergency there is no valid reason why we should disregard all the lessons of the past. It will not serve any useful purpose to have action without knowing what will be the result. It were better to know the probable effects of any action we propose to take before taking it than to be forced to the necessity of retracing our steps later on out of the morass in which I am convinced this measure is bound to lead us.

Mr. AUSTIN. Mr. President, I shall vote against this measure so long as there are contained in it parts 2 and 3.

I regret that I am obliged by my conscientious convictions to vote against this measure, because such conduct might imply that I am not in sympathy with the objectives of the measure, whereas in fact I would support, and if I had the intelligence to do so I would draft a measure that would accomplish those very objectives, namely, the limitation of production and the elevation of the purchasing power of agricultural products.

There are two main reasons why I cannot vote for this measure in its entirety.

In the first place, I am firmly persuaded that in letter and in theory these two parts of the measure to which I object are unconstitutional.

The other reason is that if this law were so put into operation in the wisdom and the sacred regard for the Constitution which characterize that great man who is now our Secretary of Agriculture, and in whom personally I have great confidence, so as to avoid the faults which are written out plainly on the face of it, and which permeate the theory of it entirely, it is my opinion that it would bring utter disaster to that great class of our inhabitants for whom it is designed, the farmers of this country.

I hope, in the few moments which I shall take of the time of the Senate, to adhere to those two grounds of objection to the enactment of the bill. As to the first one, regarding its constitutionality, I am not criticizing any other Member of the Senate when I take the position which I do take here regarding the constitutionality or unconstitutionality of the measure which is before the Senate for adoption. I feel bound to exercise my very best judgment at the first opportunity to ascertain whether any and every measure which is proposed in the Senate will stand the test of constitutionality, and if, in my opinion, it does not bear that test, I feel conscientiously bound to oppose the passage of the measure, and not to pass it up to the judiciary to determine that we have enacted a law which is unconstitutional.

Mr. President, I find myself not taking a new position in that regard. I cite, for the consideration of Senators, a very distinguished authority for that stand. I call attention to what a President of the United States stated, and I refer to William Howard Taft, in his veto message to the Congress on February 28, 1911. This was a veto message on the

Webb-Kenyon bill. I read a short extract from the CONGRESSIONAL RECORD proceedings of the Senate at page 4292, as follows:

It is said that it should be left to the Supreme Court to say whether this proposed act violates the Constitution. I dissent utterly from this proposition. The oath which the Chief Executive takes and which each Member of Congress takes, does not bind him any less sacredly to observe the Constitution than the oaths which the Justices of the Supreme Court take. It is questionable whether the doubtful constitutionality of the bill ought not to furnish a greater reason for voting against the bill or vetoing it than for the Court to hold it to be invalid. The Court will only declare a law invalid where its unconstitutionality is clear, while the lawmaker may very well hesitate to vote for a bill if of doubtful constitutionality because of the wisdom of keeping clearly within the fundamental law. The custom of legislators and executives having any legislative function to remit to the courts entire and ultimate responsibility as to the constitutionality of the measures which they take part in passing is an abuse which tends to put the court constantly in opposition to the legislature and executive, and, indeed, to the popular supporters of unconstitutional laws. If, however, the legislators and the executives had attempted to do their duty, this burden of popular disapproval would have been lifted from the courts, or at least considerably lessened.

For these reasons, and in spite of the popular approval of this bill, I have not felt justified in signing it, because I feel that under principles of proper constitutional construction it violates the interstate-commerce clause of our fundamental law.

Mr. President, I adopt that as a clearer and better statement of my position than I can make myself, and, being under that conscientious devotion to duty, I could not, even in the name of emergency, support a measure which, like this, has glaringly set out on the very face of it and in its very language unconstitutional provisions or provisions which violate in their exact words the simple terms and provisions of the Constitution of the United States.

Mr. President, it is not necessary to construe its words or to seek the objective of this legislation in order to find this bill in conflict with the Constitution of the United States. It expressly transgresses that clause of the Constitution which forbids the laying of any tax or duty upon articles exported from any State.

The learned Senator from Alabama [Mr. BANKHEAD] adverted to that subject yesterday and cited a case. I have no conflict whatever with the position he took, nor do I disagree with the case he cited. It is true, in my opinion, that that section of the Constitution relates to goods which are transported without the dominion of the United States and is not applicable to those transactions interstate. So there is, in fact, no conflict between him and me in this respect.

My objection is that by subdivision (b), found on page 23 of the proposed act, a bond is required "satisfactory to the Secretary of the Treasury for the faithful observance of the provisions of this title requiring the payment of taxes" from any person who wishes to export, in the sense of the interpretation by the Senator from Alabama; that is, transport without the United States any of these commodities or any commodities which are in competition with them. That part of the bill is not subject to the claim that it does not relate to exports, because it says it does relate to exports, in the following terms:

Upon the giving of bond satisfactory to the Secretary of the Treasury for the faithful observance of the provisions of this title requiring the payment of taxes, any person shall be entitled, without payment of the tax, to process for such exportation any commodity with respect to which a tax is imposed by this title, or to hold for such exportation any article processed wholly or in chief value therefrom.

There is no need of trying to interpret that. It means the processing of an article that is to be transported across the Canada line, or across the Atlantic Ocean, or across the Mexican border, or across the Pacific Ocean. All the men who are exempt from the power of Congress to tax must, under the terms of this bill, give a bond to the Secretary of the Treasury of the United States that they will conform to the terms of this proposed law; and those terms are extraordinary. Not even in time of war have there been any terms of any law which equal these in exposure of the people of this country to the tyranny of one individual.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. BANKHEAD. I would like to have the distinguished Senator point out where there is any provision in the bill which would lay a tax or a duty upon exports. The Senator's objection to the bill formerly was that it violated clause 5 of section 9 of article I of the Constitution, which prohibits the imposition of a duty or tax on articles exported from any State. I take it the Senator does not claim that because a processor is put under bond when he is engaging in the export business that he will not sell the goods elsewhere on account of not being required to pay the tax; that then there is no duty or tax placed upon the exported article; and the bond to which the Senator refers, I doubtless assume he will concede, is for his protection, because of the fact that the export tax does not apply.

Mr. LONG. Mr. President, will the Senator yield that I may ask for a quorum? I suggest the absence of a quorum and ask for a roll call.

The PRESIDING OFFICER. Does the Senator from Vermont yield for that purpose?

Mr. AUSTIN. No; I think, if the Senator does not insist upon it——

Mr. LONG. I certainly hope the Senator will let us have a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Pittman
Ashurst	Costigan	Kean	Pope
Austin	Couzens	Kendrick	Robinson, Ark.
Bachman	Cutting	Keyes	Robinson, Ind.
Bailey	Dickinson	King	Russell
Bankhead	Dieterich	La Follette	Schall
Barkley	Dill	Logan	Sheppard
Black	Duffy	Lonergan	Shipstead
Bone	Erickson	Long	Smith
Borah	Fletcher	McAdoo	Steiwer
Bratton	Frazier	McCarran	Stephens
Brown	George	McGill	Thomas, Okla.
Bulkley	Glass	McKellar	Thomas, Utah
Bulow	Goldsborough	McNary	Trammell
Byrnes	Gore	Murphy	Vandenberg
Capper	Hale	Neely	Van Nuys
Caraway	Harrison	Norbeck	Wagner
Carey	Hastings	Norris	Walcott
Clark	Hatfield	Nye	Walsh
Connally	Hayden	Overton	Wheeler
Coolidge	Hebert	Patterson	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. AUSTIN. Mr. President, at the time when a quorum was called an interrogatory had been propounded by the distinguished Senator from Alabama [Mr. BANKHEAD], who asked, as I recall, what part of this proposed law laid a tax upon any goods that were to be exported from any State. My answer now is that that part of the bill providing for a tax lays such a tax as I have indicated. That provision will be found on page 10, section 9, of the bill. It requires no particular acumen to understand the bond provision of the bill with respect to exported goods, and clearly to observe that if no bond shall be given, then the goods will not be exempt from the tax, because the only condition in the bill which prevents such goods from taxation is that a bond shall be filed by the exporter.

If it needs any further interpretation, one has only to turn back one paragraph to find a provision for refunding of taxes already paid on exported products of a State. However, take other provisions of the bill, which have been so ably argued here already and which I do not intend to reargue, and consider how they will operate. We discover that it is perfectly clear that this bill cannot operate as to intrastate transactions, because Congress has no power to regulate commerce in intrastate transactions. We see, of course, as I have tried to point out, that it cannot operate as to exports from a State, because no tax can be levied by Congress on exports from a State. Therefore, this bill must be so administered by the distinguished Secretary of Agriculture as it shall apply only to interstate transactions.

Now, Mr. President, theoretically apply the measure to such transactions, and where do we arrive? We arrive at

one of the major reasons why the bill should not pass and become a law, and that is that in the commerce conducted inside the boundaries of every sovereign State no tax can be collected upon the commodities transported in such commerce.

For instance, take milk. Can Congress collect a tax upon the producers of milk in the State of Massachusetts who sell their milk within the confines of that State? Oh, no; that is absolutely prohibited by the Constitution; and the great Secretary of Agriculture will not try to enforce any such collection. If, however, he should do so, do you think, Mr. President, that the citizens of Massachusetts would pay the tax? I am suggesting the thought that there would be a conflict over the execution of this proposed law in the State of Massachusetts. On the other hand, the milk producer in the State of Vermont who undertakes to market his milk in the city of Boston, which is one of his largest markets, must pay the tax. In other words, there is a tax on Vermont milk in Boston and there is freedom from that burden for milk produced in Massachusetts and marketed in Boston. I ask whether that is going to produce a stabilization of the price and of the buying power of milk in New England? Senators know the answer. And when that situation is extended to every commodity that may be classed as one of the basic commodities included in the bill, and to all the substitutes therefor, I suggest to the consideration of the Senate that that kind of commerce will be thrown into chaos. It was to prevent just that kind of chaos and to obviate disaster to the farmers of the country and to all its liberty-loving citizens that the great convention which met in Philadelphia framed the Federal Constitution, which we are now invoking.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield to the Senator from Michigan.

Mr. VANDENBERG. May I say to the Senator, confirming the hypothesis which he now lays before the Senate, that the very able ex-Senator from Wisconsin, Mr. Blaine, takes practically the same view, and has said to me that the milk producers of Wisconsin now contemplate the complete loss or the possibility of the complete loss of their Chicago market as a result of this legislation, if it shall be enacted?

Mr. AUSTIN. I thank the Senator from Michigan for his suggestion.

Mr. STEIWER. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Oregon?

Mr. AUSTIN. I yield.

Mr. STEIWER. With reference to the question of the power of the United States to deal with intrastate traffic, has the Senator considered the application of the rule employed in rate making by the Interstate Commerce Commission? I have in mind the *Minnesota Rate cases* and the proposition that the Interstate Commerce Commission may properly regulate intrastate rates as an incident to the power to regulate interstate rates. Does the Senator feel that that principle has application here?

Mr. AUSTIN. It is some time since I read those cases, but I have read them; and I am familiar, I believe, with the principle upon which those decisions rest. They rest upon the ground of the public service and the public welfare and upon the peculiar control which the Government has over the transportation of persons and goods. They are not parallel at all with the proposition of reaching over the boundary of a sovereign State and saying, "I will tax your transactions of purchase; I will license your contracts of sale; I will put in the penitentiary all who do not conform to my regulations prescribing how the business inside State lines shall be conducted."

Mr. STEIWER. In other words, the Senator is contending that the difference is in the diverse character of the two proposals?

Mr. AUSTIN. I believe so, Mr. President. The rate cases obviously are affected with a public interest. In respect to the products of the farm the only way we can possibly save our faces in undertaking to enact such a bill as would regulate their transportation in interstate commerce by a tax upon them is to declare and to force through the proposition that farm products in interstate commerce are also affected by a public interest. To that I do not agree, and that ought to be one reason for opposing this bill, because I understand the bill expressly declares that doctrine in its opening paragraph.

Since the question has been asked, I wish to add to the list of serious cases, well considered, which already have been put in the RECORD here, supporting the proposition that the Government of the United States cannot exceed the powers which have been vested in it by the sovereign States. The people of the country who ordained that Constitution were the people of the sovereign States. It has been so first, last, and all the time. They retain in themselves the great reservoir of power, and Congress only has those powers which have been delegated to it. When they delegated to Congress the power to regulate commerce between the States, they said to all the world, "We save unto ourselves the power and the right to regulate the commerce within our sovereign States respectively." The Supreme Court of the United States, which they set up as that unique feature of our form of Government to have the exclusive, final, absolute word upon whether a law transgresses that power, said in this case which I wish to add to the other cases in the RECORD—that is, the case of *Bailey* v. *Drexel Furniture Co.* (259 U.S. 39), as follows:

> Out of a proper respect for the acts of a coordinate branch of the Government—
>
> Meaning the Congress, of course—
>
> this Court has gone far to sustain taxing acts as such, even though there has been ground for suspecting from the weight of the tax it was intended to destroy its subject.
>
> But in the act before us the presumption of validity cannot prevail, because the proof of the contrary is found on the very face of its provisions. Grant the validity of this law and all that Congress would need to do hereafter in seeking to take over to its control of any one of the great number of subjects of public interest, jurisdiction of which the States have never parted with and which are reserved to them by the tenth amendment, would be to enact a detailed measure of complete regulation of the subjects and enforce it by a so-called "tax" upon departures from it. To give such magic to the word "tax" would be to break down all constitutional limitation of the powers of Congress and completely wipe out the sovereignty of the States.

Mr. President, I have referred to my own dear State. I cannot help but recognize the traditions of her people, her remarkable history of independence, and her wonderful struggle against hostile neighbors and against the Continental Congress and against British tyranny in order that she might found in the Green Mountains a republican form of government. I cannot fail to take cognizance of the fact that we are inspired by the spirit of those pioneer forefathers who carved out an independent republic which endured for 14 years, carried on its own public affairs, coined its own money, conducted international negotiations, financed its own army, contributed a well-equipped and very dextrous regiment to the Continental Army, and by means of international negotiations known as "the Haldimand negotiations" kept 10,000 British Regulars north of the Canadian line for 2 whole years until Cornwallis surrendered at Yorktown.

I cannot forget, as I sit here and try to do my duty humbly, that there is nothing more sacred to them than the sovereignty of the little State of Vermont, and any attempt to break down the safeguards which they erected in that Constitution excites me to battle. I predict that any attempt to enforce this bill when it becomes a law, as the indications are that it will, by the collection of a tax, by the levying of a license against an individual, by the imprisonment of a Vermont citizen on account of anything that he may do which is the sole jurisdiction of the Government of the State of Vermont, will meet with that opposition, which will be effective. Of course, it will be by due process of law, but it will be determined; and I believe that every other State in the

Union will take the same position and will fight for its rights as a sovereign State and will not submit to any dictatorship being placed over the power and the right of the citizens of its State to contract among themselves freely and to transfer from one to the other their own property. I believe they will resist to the last ditch any attempt by the Federal Congress to lay a direct tax upon the stocks of merchandise in their warehouses and in their grocery stores throughout the several States.

That is another feature of the bill which I regard as a direct violation of the Constitution. That is another feature of the bill which undertakes to shear away from the several States a power that is very essential to them and which must be saved unto them in order that they may be able to operate their governments effectively, for they must have the right of direct taxation. We cannot take it away from them by an act of Congress unless we do it in the manner pointed out by the Constitution, and that is by the method of apportionment according to the census.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Delaware?

Mr. AUSTIN. I am glad to yield.

Mr. HASTINGS. I desire to inquire of the Senator in order that I may be certain that I understand his contention. Do I understand the Senator to contend that it will be impossible for the Secretary of Agriculture to require of the processor in Kansas a license before he can process the wheat grown and sold to him by a grower in Kansas?

Mr. AUSTIN. That is my interpretation of the bill—that is, if it is executed according to the Constitution. On the other hand, if it is executed according to the letter of the law and according to its theory he can do so, and then the Kansas taxpayer will probably assert his rights.

Mr. HASTINGS. Does the Senator contend that it is impossible under our Constitution for the Congress to enact any law that will force upon a processor in Kansas the necessity for taking out a license before he can process the wheat grown in Kansas?

Mr. AUSTIN. That is my contention.

Mr. HASTINGS. If that be true, it may be necessary for the Kansas wheat grower to transfer his wheat to some other State in interstate commerce before it can possibly be brought within the terms of the bill.

Mr. AUSTIN. Yes, Mr. President, that is my theory, and that is one of my objections to the bill. Although there is much to be said upon it, I have said enough.

Let me now consider the conditions generally as they stand today in this country with reference to like commodities produced in other countries. Of course, it is natural for a person who lives right close to a friendly foreign country to consider the competition that flows over the line. We all know—it is a matter of public knowledge, it is a matter of common knowledge, every workman in this country knows, every employer of labor in this country knows, and every consumer knows—that all of the protection which was designed by tariffs for our labor and for our producer has been borne down and in some cases destroyed by the difference in the value of our gold dollar and the sterling pound.

Senators have noticed a gift from someone, laid on our desks within a few moments, a copy of the Saturday Evening Post for April 15, 1933, of which there should be one in every family, in which the leading article, written by Garet Garrett, calls emphatically to the attention of the world the fact that against the economic pressure of all the countries whose dollar or whose other unit of exchange has been depreciated we have nothing, not even a compensating tariff in the United States, to protect and defend the commerce, the industry, and the labor of this country. He quotes on page 36 from a bulletin of the Department of Commerce, which I wish to read, as follows:

> Imports of many commodities are increasing, particularly of dutiable or largely competitive products. * * * Commodities numbering 232 were imported in greater volume during 1932 than in 1931. Of this number, 75 were free of duty (largely noncompetitive products), and 157 were dutiable (largely competitive products). * * * Imports accounting for 18 percent of the total value of dutiable goods were received in increased quantities.

The writer calls attention, Mr. President, to the fact that the first result of that tremendous change in the situation is bad, namely, the lowering of the price which we are trying to support in part by this bill; but he also points out an evil that is still greater than that, and that is the promise or the threat of an increase in that condition, and he quotes from the Department of Commerce as follows regarding that. I suppose one could not summon here to the Senate a more reliable witness upon the fact than the Department of Commerce, could he? It is as follows:

> The extent to which import competition in our domestic trade has developed during the past year, as a result of depreciated currencies, is not an adequate indication of the potential development. * * * With conditions as they are today—more than half of the world's trade being carried on by depreciated-currency countries and stocks of important raw materials and foodstuffs exceedingly large—costs of production and prices in gold-standard countries tend to seek the levels prevailing in nongold countries. Until the costs of production and prices of some of our commodities are further reduced, or some tariff adjustments are made, imports should tend to supply an increasing proportion of our domestic needs.

And right in the face of that condition, which I say is known to every one in this country, we have to consider a bill of this character, which lays an additional burden upon the producer and upon the processor in this country in his competition with foreign goods!

Of course, this bill contains a provision that the man who will be the dictator of its administration may lay upon the imported product a tax similar to the tax that is laid upon the domestic product; but what provision is there in this bill or any other bill which will put the domestic products in a position of fair or equal competition with the foreign product which is now getting in here over the tariff wall as a result of the depreciated currencies of foreign countries? Absolutely nothing.

Mr. GORE. Mr. President, what was the Senator reading from?

Mr. AUSTIN. I was reading from page 36 of the Saturday Evening Post, which someone brought in here a few moments ago. I had previously read that article, and was struck by those facts, because I think they are evidence to be taken into consideration in determining the policy of passing this bill.

What I am trying to say is that in this condition of affairs, in this general depression, and in this special depression of agricultural products caused by the competition of such products from abroad, we now have a bill introduced to increase the chaotic conditions of commerce and agriculture. We have a bill introduced which is going to provide one price for the Government cotton—and that is a large quantity, and will last for a long time—and another price for the cotton which the grower sells from his farm; is it not? Yes, indeed. We are going to bring about that result because we expressly exempt the Government cotton from this tax, and do not exempt the grower from this tax. We are also going to have two different prices on cotton for the reason that the cotton which is transferred from the producer to the processor in the State where it was grown is exempt from this tax by the Constitution, and if the Secretary of Agriculture administers this law according to the Constitution—as we are promised he is likely to do—those transactions will be free from the tax, and we will have a tax-free price in that State; but over the border, in the next State, where that cotton is transferred to a processor, we will have another price, because there the tax must be added.

That is true of every one of these commodities. There will be two prices—the domestic price, using the word "domestic" as meaning intrastate, and the foreign price, using the word "foreign" as meaning the price in interstate commerce. Add to that this international confusion, and I submit that in the administration of this bill by any intelligent man who designs to prevent the bill from transgressing the Constitution of the United States there can be but one result on the farmer, and that is further disorder, further chaos, further instability in his price level; and goodness

knows that every one of us here desires something else, and that that is what we should be glad to vote for if we had the opportunity to do it.

Mr. President, I shall not take the time of the Senate further.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Texas?

Mr. AUSTIN. Yes.

Mr. CONNALLY. Has the Senator any suggestions along the line of farm relief which he thinks would give the farmer these benefits?

Mr. AUSTIN. No; I stated earlier in my remarks that I professed no special skill; that I wished I did have the intelligence to devise a measure that would stabilize farm prices, that would increase the purchasing power of farm products, and that would limit the production; but I cannot offer any such suggestions. Unfortunately, I have not the honor of being a member of the committee to which this matter was referred. I would readily accept a measure which was experimental, as this is declared to be, if it were apparent that it would help the farmer, provided it did not clearly and on its face transgress the Constitution.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. AUSTIN. Yes.

Mr. CONNALLY. In other words, the Senator confesses that he has no plan at all, he has no idea as to what will be helpful, but he is against this plan, and will be against any other plan unless it is apparent in advance that it is helpful and beneficial and sure to be constitutional, and unless he is sure that it will be workable, and sure that it will be practicable, and sure that it will be popular, and sure that it will be something else.

Does the Senator think we will ever solve the farm problem, or any other problem, if Senators approach such questions in the mental attitude of the Senator from Vermont—one of negation and of opposition?

Mr. AUSTIN. Mr. President, I realize that that question is not a fair question. Nevertheless, I shall try to answer it.

Mr. CONNALLY. I beg the Senator's pardon. If the question is unfair I withdraw it.

Mr. AUSTIN. No; the Senator from Texas need not beg my pardon in that connection. I think I am able to understand the implication of that question, which charges that the state of mind of the Senator from Vermont is not favorable to aiding the farmer.

Mr. CONNALLY. Oh, no, Mr. President! I think I have a right to have the Senator yield to me. The Senator says my question is unfair. Therefore, I withdraw it. I do not want to be under the implication of propounding an unfair question.

Mr. AUSTIN. The Senator may withdraw his question, but the Senator from Vermont is going to reply to it.

I say that I am not competent, and I know it, to do the thing suggested by the Senator from Texas; and I am not willing to go out before the people of the United States and support a measure which I feel certain is destined to damage my neighbors.

I will say that I have seen tried with some degree of success a measure of cooperation in the marketing of farm products which did tend to stabilize the price and to raise its level, and I favor that; and if I stay in the Congress of the United States I am likely to try as best I may to attain that objective by some other measure which will be constitutional, and which will seem to me more likely to accomplish the objective. What I am trying to do here at this instant, however, is to interpose such objection to the passage of this measure as I have uttered here, because I believe that the paramount thing for us to do is to save the blessings of liberty to our people, and to keep government free at a time when the excitement of a great people, caused by distress and suffering, has such an appeal to our emotions that it may sweep us off our feet and make us do things which, upon sober consideration, we would not do.

Mr. LONG. Mr. President, if some other Senators desire to speak at this time I do not want to debate my amendment, for which the Senator from Montana [Mr. WHEELER] has offered a substitute. I gladly will yield the floor, because I do not want a vote taken this afternoon, and I am not anxious to have the Senator from Montana speak to the very light membership that has stayed around the Senate on this late Saturday afternoon. I would rather hear from some other Senators on this farm legislation for the remainder of the evening, or I would rather suggest to the Senators from South Carolina and Arkansas and Oregon that they consider the question of taking a recess at this time.

Mr. SMITH. Mr. President, if no Senator is desirous of speaking on or pressing the amendment, or the substitute for the amendment that has been offered, I think we ought to address ourselves to some of the other amendments. There are quite a number of them here that should be disposed of.

Mr. WHEELER. Mr. President, I should much prefer to do that. I had intended to speak today, but I was not able to get the floor earlier in the day because of the fact that other Senators did. It is late now. This is an important subject, and many Senators are absent who want to be here when it is discussed. I should much prefer not to be compelled to go on and speak this afternoon.

Mr. LONG. The Senator will not be compelled to go on this afternoon, because I can speak a while myself.

Mr. WHEELER. I do not want to take up the time of the Senate, nor do I want to do anything which will prolong the discussion. I do not intend to speak for a long time, but I do want to speak Monday, when we are apt to get a vote on it.

Mr. ROBINSON of Arkansas. Mr. President, there are a number of perfecting amendments.

Mr. SMITH. That is what I had reference to.

Mr. ROBINSON of Arkansas. Those amendments may very readily be disposed of, and I think will not require a great deal of time. I think we ought to consider them, and then perhaps it will be approaching the time when we shall discontinue the session for the day.

If the Senator will permit me at this juncture to offer a perfecting amendment——

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. LONG. I have no objection, Mr. President.

The PRESIDING OFFICER. The Chair assumed that the Senator from Louisiana had yielded the floor.

Mr. LONG. I had, but I understand that my amendment is before the Senate.

Mr. ROBINSON of Arkansas. It is temporarily laid aside for the consideration of other amendments.

Mr. LONG. I have no objection to its being temporarily laid aside for the cosideration of other amendments.

Mr. ROBINSON of Arkansas. Mr. President, I offer the following amendment:

On line 2, page 17, of the bill, after the word "title", insert the following:

and expansion of markets and removal of surplus agricultural products.

Mr. President, the effect and purpose of this amendment are to broaden the use permitted by the proposed statute of the funds acquired under the bill, so that a portion of the same may be used for expanding markets. I think the purpose will meet with general approval.

Mr. SMITH. Let me understand, Mr. President. The purpose of this amendment is that part of the proceeds of the tax collected may be used for the purpose of expanding our markets in foreign countries?

Mr. ROBINSON of Arkansas. Yes.

Mr. SMITH. That has been brought to my attention, and there was an amendment other than this one—of course, I shall not object to the pending amendment—looking toward putting a tax on certain articles for that specific purpose. I shall not object to the adoption of the pending amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas.

Mr. McNARY. Mr. President, I should like to have the amendment stated.

Mr. ROBINSON of Arkansas. I will have to read it. I propose to add the words "and expansion of markets and removal of surplus agricultural products."

Mr. McNARY. Mr. President, is that calculated to affect wholly the surplus, over and above the domestic consumption?

Mr. ROBINSON of Arkansas. Yes.

Mr. McNARY. Where is the tax to come from; is it on the processor?

Mr. ROBINSON of Arkansas. Yes.

Mr. McNARY. From processing products domestically consumed or importations of products?

Mr. ROBINSON of Arkansas. The provision is attached to section 12. The language is:

The proceeds derived from taxes imposed under this title—

which would mean, any kind of tax imposed under the title may be used in addition to the payment of the benefits under the administration expenses for this additional purpose.

The suggestion was made that the language employed in the amendment should be "such other purpose as shall, in the discretion of the Secretary, affect the purpose of the Secretary of Agriculture under this title." I thought it better, however, to propose to amend in this restricted form. It is not a probability that a greater proportion of the proceeds will be used for any other purpose than those originally stated in the bill.

Mr. McNARY. The contemplation of the proposed act is that a processor's tax will go to the farmer in order to guarantee him the difference between the current base price and the current average price and the base price pre-war, 1909 to 1914. If that be true, there will not be any money left for the purpose of exporting any surplus to foreign markets, and, without additional provisions, it occurs to me that the Senator's amendment would be wholly futile to accomplish the purpose which he now indicates.

Mr. ROBINSON of Arkansas. I should like to have the amendment incorporated.

Mr. McNARY. I suggest that the amendment be studied further and let the Senate take up another amendment.

Mr. ROBINSON of Arkansas. Very well.

Mr. SMITH. Mr. President, I have been requested to offer the following amendment—and it seems to me to be a good one—on page 11, after line 12, to insert the following:

No processing tax shall be levied under this law on articles purchased by a State or political subdivision thereof for use solely in the exercise of an essential governmental function.

The PRESIDING OFFICER. That amendment is not in order unless the vote by which the committee amendment was agreed to is reconsidered or unless the Senator desires to ask unanimous consent that notwithstanding that vote, his amendment may be considered.

Mr. SMITH. Taking the parliamentary suggestion of the Chair, I ask unanimous consent as indicated.

The PRESIDING OFFICER. The Senator from South Carolina asks unanimous consent that the amendment he has just offered may be considered notwithstanding the previous adoption of the committee amendment. Is there objection?

Mr. McNARY. I probably shall not have any objection, but I want to ask a question of the Senator from South Carolina. His amendment reads:

No processing tax shall be levied under this law on articles purchased by a State or political subdivision thereof for use solely in the exercise of an essential governmental function.

What does the Senator mean by that latter expression?

Mr. SMITH. Mr. President, as explained to me, there might be certain food products, or certain clothes, which it might be essential for the State or a subdivision of the State to purchase, either for those in its eleemosynary institutions or its penal institutions, and the tax should not be imposed in such cases.

Mr. McNARY. Does the Senator mean contributions to the poor by the Red Cross, for instance, of flour or bread or pork or cotton goods?

Mr. SMITH. Wherever it is essential for the use of the State.

Mr. McNARY. The Senator is doing the thing attempted to be done a moment ago. He is proposing to reduce the processing tax, which may not, according to my opinion, be adequate to do the things the Senator wants done, namely, to give the farmer his pre-war purchasing power.

Mr. SMITH. Mr. President, the Secretary of Agriculture will certainly be conversant with the terms of the measure, and he can so regulate this processing tax as to take care of whatever is incorporated in the bill.

Mr. McNARY. He certainly cannot do it at all. That processing tax is fixed; it is just as definite as words could make it, namely, to add to the average price the value the farmer received for his products from 1909 to 1914. They cannot get any higher than that, and when the farmer has reached the ultimate price, it stops there, and there is no more money to come from the processing.

Mr. SMITH. Mr. President, my colleague from Oregon, who collaborates with me perhaps as sympathetically as any other member of the committee, knows that in connection with this bill we worked for a long time over one section that would give the Secretary the right, within the exercise of the power delegated here, to take into consideration unemployment in the cities, the amount of the reduction in any given article where the tax had reduced the consumption, and so forth and so on.

Mr. McNARY. Mr. President, the Senator well knows that he has a right to decrease the tax from the maximum period, but he cannot go above the purchasing power which the farmer had during the base period.

Mr. SMITH. But I am calling the Senator's attention to the fact that the Secretary has the power to determine what that amount is during the period selected. Who is to determine it but his experts and those who have sent us in tables? I have one which I am going to put into the RECORD.

It seems to me, without quibbling over this, that where a sovereign government, such as a State or a subdivision of a State, wants to purchase certain necessary articles for use by the State in its penal institutions or its eleemosynary institutions, things which are carried on every day, they should not be forced to pay this tax.

Mr. McNARY. I have just one purpose, and that is to keep inviolate the source from which the farmer is to receive his benefit, and I know, and the Senator from South Carolina knows, that there is a maximum benefit he can receive. There is a maximum charge that can be made against the processor, and that is as definite as can be, and beyond it we cannot go. But if there is a diminution in the sale of commodities by reason of this tax, it can be lowered by the arbitrary power of the Secretary of Agriculture.

If we are to make exceptions, and let eleemosynary institutions have some of these articles for nothing, if we are going to use part of the money for exporting wheat and cotton and other basic commodities mentioned in the bill to foreign markets, we are going to deplete the sum until we will not have the required amount of money in the fund to give the farmer the benefit the Senator is now holding out to him. That is the only interest I have in the proposition. There is a limited fund, and why draw upon it to make exceptions which will be repeated from day to day?

Mr. SMITH. Mr. President, all of us understand both the amendment offered by the Senator from Arkansas and the one I have offered by request. They raise a question which we could debate here for some time.

There are some men who are tremendously interested, have tremendous investments in certain articles produced in this country, a major portion of which is exported, and they have said that they believe that, with what assistance Congress could give, they would levy a tax voluntarily on their

goods in order to create a fund to be used for the purpose of exploiting American goods in foreign countries. In connection with the amendment introduced, coming under a farm relief bill, with the Senator from Arkansas, I thought that if we could find that we could use some of this tax money to better advantage in expanding foreign markets than we could in reflecting it in the domestic price, it might be well used, and, by the same token, the people pay the taxes for the States and the subdivisions thereof, and if we could relieve the taxpayer to the extent that we used these goods, we would be aiding the farmer and a part of the taxpayers as well.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. VANDENBERG. May I ask the Senator how the processor is to know that the commodity he is processing is intended ultimately for some of these favored municipal agencies?

Mr. SMITH. When an order is given, it would be very easy for him to ask for a remittal of the fund to that amount.

Mr. VANDENBERG. In other words, he would have to get a refund?

Mr. SMITH. A refund.

Mr. VANDENBERG. The Senator does not figure that he has further complicated the situation and made it almost incomprehensible?

The PRESIDING OFFICER. The Chair thinks that the question ought to be put as to whether there is any objection to the consideration of the amendment. Is there objection?

Mr. LONG. Reserving the right to object, I want to ask the Senator this question: The Senator from Michigan has suggested what appears to me to be the difficulty with this amendment, which is this: We have to have a deadline by which to enforce the collection of the processing tax. If a large quantity of goods is not to come within the processing tax, how are the penal provisions to be enforced? A man comes in with a shipment of milk and he does not pay the tax. His defense is that he intended to sell it to the charity hospital. Another man comes in with a large amount of cotton goods, and he does not pay the tax. His defense is that he intended to sell it to the State penitentiary. Another man comes in with a large shipment of flour, and he does not pay the tax. His defense is that he intended to sell that flour to the asylum for the insane. The Senator would add further complication, which I do not think we could enforce, even if we could enforce the complications now in the measure.

Mr. SMITH. The bill as it stands provides for the machinery whereby on whatever is exported abroad there will be a refund; on whatever proportion the producer exports he will get a refund. It is a very easy matter. When an order as large as a State or subdivision of a State would send in were given, the State perhaps would get the refund and the subdivision would get what it was entitled to through the State. It will be a very easy matter to ascertain on what proportion of the goods the tax was paid or what was diverted, and to pay the refund on that proportion.

Mr. LONG. But how is a man going to know that those goods are bought for convicts at the penitentiary? He has got to pay the processing tax when he manufactures cotton goods, he has got to pay the creamery tax when he makes the butter, and he has got to pay the processing tax on the hog when he kills it. How does he know when he gets the bacon cured and smoked and salted down that 3 months later it is going to be sold to a charity hospital?

Mr. SMITH. If it is thus sold a rebate will be paid.

Mr. LONG. Does the amendment provide that the State shall get a refund?

Mr. SMITH. It amounts practically to the same thing. It says there shall be no tax on it.

Mr. CAREY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Wyoming?

Mr. SMITH. I yield.

Mr. CAREY. I should like to ask how when this refund is granted it will be possible to know its amount? As I understand, the tax will vary from day to day. Say, the tax on cotton is 7 cents today and 8 cents tomorrow and a State buys some cotton goods; now, would anyone know the amount of the tax on the particular goods the State bought on which a refund would be made under the bill?

Mr. SMITH. The tax would be computed on the day the order was issued; the tax would be levied according to the cost of the material on the day the order was given.

Mr. CAREY. Then, would the manufacturer have to keep track of the raw material in order to know what the tax was?

Mr. SMITH. Not necessarily. He would know what he had to pay on the raw material, and out of the raw material he would make certain goods to order, and would file his claim for refund according to that.

Mr. CAREY. But the tax would vary from day to day.

Mr. SMITH. Suppose it did; the order would not vary from day to day. On whatever day the order was made, I assume, the claim for the refund would be based upon the cost of the material on that day.

Mr. CAREY. I cannot see how the manufacturer would know just the amount of the tax.

The PRESIDING OFFICER. The amendment has to be considered by unanimous consent. The debate is more or less out of order unless there is consent given to the consideration of the amendment.

Mr. HASTINGS. Mr. President, I should like to have the amendment printed, so that we may have notice of it before it is considered, and therefore I object.

The PRESIDING OFFICER. The Senator from Delaware objects.

Mr. SMITH. Mr. President, it seems to me that it is not worth while for us to be quibbling over it. We understand the principle, and, if necessary, I can offer the amendment to a part of the bill that has not been passed upon; I can offer it to another part of the bill, because it certainly is germane to any part of the bill. So I will just ask the clerk to insert the amendment at any appropriate place in the bill which we have not considered.

The PRESIDING OFFICER. The Senator from South Carolina offers an amendment to be inserted at the proper place in the bill. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert in the proper place in the bill the following:

> No processing tax shall be levied under this law on articles purchased by a State or political subdivision thereof for use solely in the exercise of an essential governmental function.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina.

Mr. CONNALLY. Mr. President, the Senator from South Carolina knows that I am supporting this bill. Other Senators have raised the question of the impracticability of the administration of the drawback and all that. I desire to raise the more fundamental questions: Why should we exempt States and eleemosynary institutions? Why should we make exceptions of anybody under this proposed law? We are proposing to pass an act to raise the price of agricultural commodities, and at the same time it is proposed to make preferences and discriminations. That, in my opinion, is unsound. Why should any State government buy something from the farmer at a lower rate than I buy it from him or you, Mr. President, buy it from him?

Mr. SMITH. For the reason that the charitable spirit throughout the country caused us to give about 250,000,000 bushels of wheat and about 3,000,000 bales of cotton to the Red Cross. Why should we donate such commodities free of any benefits to the farmer? The fact of the business is that it was detrimental, because the 250,000,000 bushels of wheat were used for purposes that ordinary wheat in the market would have been used for and the 3,000,000 bales of cotton came in competition with the cotton being produced by the planter. That is why.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Oregon?

Mr. CONNALLY. In just a moment I shall do so. Let me answer the Senator from South Carolina. He wholly misses the point that I undertook to make. He is complaining that we gave away wheat and cotton to the Red Cross and thereby hurt the farmer's market. Now the Senator from South Carolina is proposing to increase the misery of the farmer by providing that charitable institutions and States and subdivisions of States shall buy the farmer's goods more cheaply than an individual or other institutions may buy them. I think there should be no discrimination.

Mr. SMITH. If the Senator will allow me, I do not want him to interpret to me what the amendment proposes.

Mr. CONNALLY. The Senator will have his own time. I do not want to take up too much time. I have yielded to the Senator once.

Mr. SMITH. In this connection I do not want the Senator to misinterpret my spirit toward the Red Cross and the effort to aid people who needed help.

Mr. CONNALLY. Is this a bill in aid of charity or is this a bill to raise the price of agricultural commodities?

Mr. SMITH. It is a bill to aid the farmers of the country, and I am simply asking that a provision be put in the bill under which, along with the main idea, the States—and we all know that it is a notorious fact that the farmers pay the taxes—will not be charged a double tax, a tax on the processing and then a tax on what they use for State institutions.

Mr. CONNALLY. That goes to the fundamentals of the bill. If it is unjust to tax the States and charitable organizations in behalf of the farmers, then it is unjust to tax you and me and everybody else in favor of the farmer.

Mr. HASTINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield?

Mr. CONNALLY. I yield first to the Senator from Oregon, who asked me to yield a few moments ago, if he now desires me to do so.

Mr. McNARY. I want to make this observation: The amendment offered by the Senator from South Carolina refers only to States or political subdivisions thereof. I say the Red Cross is neither. We are dealing not with charitable organizations; we are dealing with political organizations for political reasons. It is a noble sentiment which the Senator from South Carolina so eloquently expresses; but if he wants it written in the bill, he had better change his amendment.

Mr. CONNALLY. Let me say that the statement of the Senator from Oregon does not change my attitude at all. If we are going to pass this bill, it ought to apply to everybody—States, subdivisions of States, and everybody else.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Delaware?

Mr. CONNALLY. I yield to the Senator from Delaware.

Mr. HASTINGS. I want to say to the Senator from Texas that I thoroughly agree with what he has said and I want to ask him this question: Would it not be just as reasonable to exclude all persons earning under $10 a week and each having five people to support as it would be to make the exemption provided by the amendment?

Mr. CONNALLY. To be sure it would. It would be just as reasonable to say, "Provided, however, That no man who has but one leg shall be taxed on any bread he buys, and he shall get a refund of the tax he pays because he has only one leg and is crippled and cannot work", and so forth and so on. We might just as well say, "Provided, however, That all widows that have been married twice or all women who have sorry husbands shall be exempt from paying any tax because to pay it will be a hardship on them." We might just as well say that all poor folks shall not pay any tax and we shall tax only bread and food that the rich have to buy. It is wholly inconsistent with the purposes of a bill of this kind to make exemptions of Tom, Dick, and Harry.

Mr. HASTINGS. It certainly ought to include the unemployed; they ought to be exempted.

Mr. CONNALLY. Surely it ought to include the unemployed.

Mr. SMITH. Mr. President, may I say to the Senator, if he will allow me, it did include the unemployed—this very bill.

Mr. CONNALLY. If it does, it only makes the bill more vulnerable.

Mr. SMITH. It did include them in the first draft, because it provided that before the tax was fixed there should be considered the number of unemployed and the ability of the people to buy the commodity.

Mr. CONNALLY. If the Senator keeps on whittling, he will not have any bill or any processing tax left.

Mr. SMITH. I have not whittled at all. I have simply tried to make it as acceptable as possible. I have not made much headway, but I am still trying.

Mr. CONNALLY. The Senator will whittle his bill away if he permits great numbers of people to evade the processing tax, because the processing tax is the heart of the bill. We are either going to have a bill that will do some good and will work or we are going to have just another old makeshift bill for the farmer. [Laughter.]

Mr. RUSSELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Georgia?

Mr. CONNALLY. I yield.

Mr. RUSSELL. I should like to call the attention of the Senator from Texas to the fact that there is already an exemption in the bill providing for a refund of this tax. I read from the bill, as follows:

> (c) Any person delivering any product to any organization for charitable distribution or use shall, if such product or the commodity from which processed, is under this title subject to tax, be entitled to a refund of the amount of any tax paid under this title with respect to such product so delivered.

Mr. CONNALLY. That ought to be taken out of the bill.

Mr. LONERGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Connecticut?

Mr. CONNALLY. Let me first answer the suggestion and then I shall yield. Mr. President, if we want to give anything to charity, the way to do it is to go down in our pockets and give it. The Government has given the Red Cross cotton and wheat and commodities of that kind; and if we are going to pass a law to exempt from it everybody who has some particular plea, then we are not going to have any law that will be worth very much when we get through with it. It is all right to talk about charity, but let us not legislate charity out of other people's money. If we want to give something to charity, to the Red Cross, give it to them out of our pockets or out of the Treasury if that is desired, but we make this kind of legislation a cheap affair when we exempt this fellow and that fellow. The result will be we shall destroy it by exemptions and exceptions.

Mr. LONERGAN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONERGAN. On June 22, 1932, the House of Representatives passed a joint resolution amending the Revenue Act of 1932 and providing an exemption in the case of articles used in the exercise of governmental functions. I read the joint resolution, as follows:

> That section 621 (a) of the Revenue Act of 1932 is amended by adding at the end thereof a new paragraph as follows:
> "(3) To a State or political subdivision thereof, in the amount of any tax under this title which has been paid with respect to the sale of any article purchased by it for use solely in the exercise of an essential governmental function."

As I have said, that joint resolution passed the House of Representatives on June 22, 1932.

Mr. CONNALLY. What act did it propose to amend?

Mr. LONERGAN. The Revenue Act of 1932.

Mr. CONNALLY. Notwithstanding the merriment of the Senator from South Carolina, that is a wholly different situation from that which now confronts us. That amendment had reference to a tax law passed under the Constitution for taxation purposes and for the maintenance of the Government. That is a different thing from passing a

bill levying a processing tax, which has nothing on earth to do with the general expenses of the Government but is for the benefit of some particular industry. Under the Constitution the Federal Government cannot lay a tax on any State agency for the purpose of collecting revenue from that agency to support the Federal Government, and, of course, that is why the act to which the Senator referred was enacted. McCulloch against Maryland, an early case of Judge John Marshall on constitutional powers, laid down the principle that the Federal Government cannot tax the agency of a State nor that a State can tax Federal agencies; but when a commodity is being sold to a State just as it is being sold to everybody else and at the same price at which it is sold to everybody else, the State is not being taxed, nor is the agency of the State being taxed.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I yield.

Mr. LOGAN. I do not know that I understand just how it is proposed that this amendment shall work. I gather from what has been said that it is proposed that there shall be refunded to the processor the amount of the tax. I do not see how it will work. I want to know what becomes of the tax after it goes to the processor? Does he keep it, and thereby make a profit by the amount of the tax over and above what he would otherwise have made?

Mr. CONNALLY. I assume the Senator from South Carolina will contend that he would hunt up the individual from whom he bought the product and give him the benefit of it.

Mr. LOGAN. I do not see how it will work.

Mr. CONNALLY. The Senator will have to ask the Senator from South Carolina.

Mr. LOGAN. It is not known what portion of a commodity is going to be sold to a charitable institution when it is processed, and, therefore, of course, it cannot be exempted at the time it is processed. After it is bought by a State, the State will have to make a refund to someone. Does the processor get that refund?

Mr. CONNALLY. I do not know.

Mr. LOGAN. I should like to know what becomes of it. I agree with the Senator from Texas that there ought to be no exemption of that kind.

Mr. CONNALLY. I thank the Senator from Kentucky. While I cannot answer his question as to where the refund would go, I think his observations emphasize the objections which I am urging against making any exceptions.

If we should adopt an amendment of this kind, it might be necessary to brand articles so that they might be traced to their ultimate source. Where is this pair of cotton underclothes going to be sold? Is it going to be sold to a State? Nobody knows. And when the State finally buys that pair of underclothes for one of the convicts at the State prison farms, it has got to be traced to where it came from. The State bought it from a retailer, perhaps, and the retailer bought it from the wholesaler, and the wholesaler bought it from the factory; and more money would be spent tracing the source of one pair of cotton underclothes than would be obtained by the processing tax.

Mr. LOGAN. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. LOGAN. That seems to be true, but another thing I should like to suggest to the Senator is that the tax is on the individual who produces any commodity which has been processed. If we are going to exempt anyone from the payment of the tax, why should we not exempt the individual citizen rather than the State or the county?

Mr. CONNALLY. I think the Senator was not in the Chamber a while ago when the Senator from Texas undertook to suggest that there was no reason on earth why, if we are trying to raise commodity prices, the commodities should be sold to a State or county at a lesser price than is made to one of its citizens.

Mr. BANKHEAD. Mr. President——

Mr. CONNALLY. I yield to the Senator from Alabama.

Mr. BANKHEAD. I rose a moment ago with the intention and purpose of explaining the provisions of the bill in response to the inquiry of the Senator from Texas. I am in accord with the philosophy of the Senator. I am opposed to the exemption. The tax is paid by the processor. If the purchaser is given a rebate or refund, of course that would go back to the processor and he would then be relieved from the payment of that amount of processing tax. That is the basis of the processing fund.

Mr. CONNALLY. But it would have to be traced back to the original processor.

Mr. BANKHEAD. Undoubtedly.

Mr. CONNALLY. When the State bought a pair of overalls for one of its convicts it would have to go back and find the factory that actually made those overalls.

Mr. BANKHEAD. That is true. The Senator wanted to know who gets the tax, and so far as the provisions of the bill are concerned I wanted no one to misunderstand them.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield.

Mr. COUZENS. So far as I understand the amendment of the Senator from South Carolina, it would have nothing to do with the processor nor with the producer on the farm. In other words, the State or municipality that purchased the goods would pay the tax and make application to the Treasury for a refund. There is no other way for them to get the refund. In effect the refund would come out of the Treasury. The Treasury would not be able to go out and collect from the farmer to whom the processing tax was paid.

Mr. CONNALLY. It would have to come out of the processing fund in the Treasury.

Mr. COUZENS. Yes; that is true. The Treasury having paid the farmer, it cannot go back to the farmer and collect it again.

Mr. CONNALLY. I am opposed to the exemption.

Mr. COUZENS. I do not think it is workable.

Mr. CONNALLY. It is not workable and it is not sound. One thing about the drift of the Government today is that the trend is to exempt Bill Jones and Sam Smith. Why should not everybody stand on the same level? We want to do this for this group and that for that group and the other for the other group, and interest and enthusiasm are generally measured by the size of the group and the number of people in the group who may vote at the next election. There is no reason on earth why a State or county should be exempted from paying the same price for wheat and bacon and sausage and every other agricultural product that Bill Jones, who is a taxpayer and a citizen, has to pay. There is no reason for it.

I am not hostile to the bill. I am not hostile to the Senator from South Carolina. I am going to vote for the bill. But let us make a bill that is sound and that is workable. Let us not put on its forehead at the very outset a blazing brand that it is unfair and discriminatory and merely a little gallant gesture to the farmer that "we have been promising to do something for you for 12 years, and we have not done it, but here we are going to do something for you again", and then fill it up with a lot of contradictions and exemptions and denials of its efficacy at the very outset.

I hope the Senator from South Carolina will withdraw his amendment. It is unsound. If we are going to exempt cities and counties, why not exempt municipalities? Why not exempt irrigation districts? Why not exempt school districts? Why not exempt road districts? Why not exempt railroads? Why not exempt the Reconstruction Finance Corporation?

Some Senator asks me sotto voce if I think the Reconstruction Finance Corporation is a charitable institution. Yes, I do! [Laughter.] I think it is charitable to the extent that when we get through with the Reconstruction

Finance Corporation the Government will own a lot of railroads, and it will own a lot of banks that have played out and handed over to the Government a lot of old notes that nobody will ever be able to collect. I think the life-insurance companies are going to unload on us a lot of bad debts and obligations. I believe we are going to have mortgages and debts against a lot of other corporations.

Mr. President and Senators, as I observed on the floor some time ago, since the Reconstruction Finance Corporation has come into existence promoters and others are busy trying to work up some new scheme to get the Government to finance it, when they never dreamed of having such a project financed in normal times out of normal money.

Mr. COUZENS. Mr. President——

Mr. CONNALLY. I yield to the Senator from Michigan.

Mr. COUZENS. Does not the Senator recognize it is the greatest three-ball institution in America?

Mr. CONNALLY. It has not the sound judgment of the man who hangs out three balls. The man who hangs out three golden balls in front of his shop sees to it that we put up a dollar's worth of security in order to borrow a dime. [Laughter.] He gets his money back. We have to leave our watch in his shop until the money is forthcoming.

I am not attacking the Reconstruction Finance Corporation as it is constituted. I am not blaming the members of the Board. I am blaming the conception of the plan. I am blaming the scheme that Mr. Hoover and those who voted for the bill devised. Everybody was taught to believe that the Government was to be their "uncle." It was said, "Come up and get all you want." The Board is not entirely to blame. They think they are under the mandate of Congress and they will tell anyone so. "Congress passed this bill and said we had $3,500,000,000 to loan. We were told to loan it. Congress told us to loan it to certain concerns that were eligible." Consequently they are loaning it. They are probably performing their duties with greater industry than any other department of the Government. [Laughter.]

Mr. COUZENS rose.

Mr. CONNALLY. I yield again to the Senator from Michigan.

Mr. COUZENS. We all understand the Senator's viewpoint of the qualifications of the members of the Board, because they have at the head of the Board one of the finest men from Texas. There is no question about it.

Mr. CONNALLY. I do not think the Senator from Michigan, who is ordinarily most gracious and considerate, ought to advance the implication that because I said the Board was not entirely to blame I had reference to the fact that one of its members is from Texas. It is true that one of the members of the Board is from Texas.

Mr. COUZENS. I am complimenting him. I am not condemning him. He is the finest man I ever knew from Texas. [Laughter.]

Mr. CONNALLY. I thank the Senator. Entertaining the estimate that the Senator from Michigan evidently does of the Reconstruction Finance Corporation and its member from Texas, and considering his knowledge and estimate of the junior Senator from Texas, and then his statement that the Reconstruction Finance Corporation has as a member of its board the finest men he ever knew from Texas, I am rather at a loss to know just where the Senator from Texas stands in the estimation of the Senator from Michigan.

But that is mere pleasantry. Seriously, I am glad to have the Senator from Michigan testify regarding the member from Texas. I have a very high regard for the member of the Reconstruction Finance Corporation from Texas, but I did not have him in mind when I said the Board is not to blame. He is only one member of the Board. He could not control the Board. I understand, in fact, that he has been in the minority on many of the issues, with which the Senator from Michigan is no doubt more familiar than I.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. CONNALLY. The Board is composed of seven members, is it not?

Mr. COUZENS. It is skeletonized now to all Democrats.

Mr. CONNALLY. They have a very able member from Arkansas and an able member from New York. They had the former Vice President of the United States, Mr. Dawes, who is a neighbor, of course, of the Senator from Michigan. I am not criticizing the personnel of the Reconstruction Finance Corporation. I am criticizing the system. It is the wrong system. I am not defending them, because I do not know about all their loans. I am criticizing the policy of making Uncle Sam the banker for the rest of the people in the United States, because we are going to rue the day. On final settlement the Treasury of the United States will be the loser by a billion or more dollars, and Congress and our people will have to liquidate a lot of the concerns that are borrowing.

I am glad to yield now to the Senator from New York.

Mr. COPELAND. I am sorry the Senator did not yield earlier, because I did not want him to get into a battle with the Senator from Michigan.

Mr. CONNALLY. Oh, Mr. President, that is impossible!

Mr. COPELAND. The other day the Senator from Michigan said he thought more of a Democratic Senator than any other Senator in this body. I asked him who that Senator might be, and he said it was the junior Senator from Texas, who is now speaking. He even intimated to me that he would lend the Senator from Texas money!

Mr. CONNALLY. Let me say to the Senator from New York that nothing would impel the Senator from Texas ever to draw the sword, intellectually or otherwise, against the Senator from Michigan.

Mr. SMITH. After that statement?

Mr. CONNALLY. After the statement or before the statement, I shall say to the Senator from South Carolina. The Senator from South Carolina comes from a State that is always bristling with belligerency. He seems to be thoroughly saturated with the traditions, the fussy, quarreling, fighting qualities of South Carolina.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. CONNALLY. Oh, Mr. President, I should prefer not to yield.

Mr. BYRNES. I have been enjoying the speech of the Senator from Texas up to this time.

Mr. CONNALLY. Does the Senator from South Carolina deny the fine and splendid traditions of South Carolina as being willing to fight whenever she felt like it?

Mr. BYRNES. I was objecting solely to the "fussy" part. [Laughter.]

Mr. CONNALLY. When the junior Senator from Texas cannot speak without both Senators from South Carolina inserting their objections into the middle of his speech, I think the fair implication is that South Carolina is fussy! [Laughter.]

Mr. President, I regret the Senator from New York made the observation he did with reference to the Senator from Michigan because of the inability of the Senator from Texas in any wise to express in fitting terms his gratitude to the Senator from Michigan for what the Senator from New York reports as having been his sentiments.

I am sure the Senator from Michigan is aware of the limitations of the Senator from Texas to express the very tender and high regard which he entertains for the Senator from Michigan. Having been a member of the Senate Finance Committee with the Senator from Michigan for some years, the Senator from Texas has learned to place a high valuation on his ability, his integrity, his courage, his character, and, above all, upon his fine personal qualities.

Mr. COUZENS. I thank the Senator.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. COPELAND. I am sure the Senator from Michigan now will not only lend money to the Senator but actually give him money. [Laughter.]

Mr. CONNALLY. No; the Senator from Michigan has many possessions, but I regard his money, of which he has much, as the poorest one of them. The Senator from Michi-

gan knows that the Senator from Texas does not want any of his money.

The Senator from Texas does not even want to borrow any of his money; and the Senator from Texas, notwithstanding the statement of the Senator from New York, has no idea on earth that if he did he would be able to get any out of the Senator from Michigan—not because he would not feel impelled to do it, but because, entertaining as the Senator from Michigan does and as the Senator from Texas does the belief that a loan never ought to be made unless there is adequate security, the Senator from Texas would not be able to meet the requirements of eligibility. [Laughter.]

Mr. SMITH rose.

Mr. CONNALLY. I yield to the Senator from South Carolina.

Mr. SMITH. No; I am just waiting for the Senator from Texas to get through. I desire to speak in my own time.

Mr. CONNALLY. Mr. President, the Senator from Texas was about to conclude, and he thought the Senator from South Carolina wanted him to yield. The Senator from South Carolina has used some little time on the bill heretofore; and I did not realize that his standing in juxtaposition to the Senator from Texas here, in a rather belligerent attitude, was really a threat as to what little time I am undertaking to consume. Does the Senator desire that I yield?

Mr. SMITH. No; I just wanted to preempt the floor to keep others from getting it in case the Senator from Texas stopped.

Mr. CONNALLY. I will say that the Senator is not entirely without success in that regard.

Mr. President, there ought not to be any exemptions in this bill. There is no reason to exempt States or counties or municipalities or charitable organizations or cripples or widows or anybody else if it is going to work. I oppose the amendment of the Senator from South Carolina.

Mr. SMITH. Mr. President, every time I attempt to do a kindly deed, I catch the dickens. [Laughter.] A new Senator brought that proposal to me, and I wanted to help him out. It looked to me like a reasonable thing, and about the easiest way in which I could show him that I appreciated his efforts to try to add something to the bill. Therefore, I did not mention his name, and assumed all the violent wrath that has been poured on my devoted head. [Laughter.]

Mr. CONNALLY. Mr. President, I think the Senator misunderstood the spot where that wrath was poured.

Mr. SMITH. Anyhow, it was wrath.

Mr. CONNALLY. It was not poured on his head.

Mr. SMITH. Well, that would have been the most vulnerable spot [laughter]; and I thought the Senator had such a keen appreciation of a battle that he would instinctively know the vulnerable spot.

This request was made, and in good faith I have presented it; but in listening to this debate, if it may be called that, I am reminded of what Josh Billings told his nephew. He said, "My son, come to the Capitol and see how great an amount of conjecture they can get out of so little fact"; and that characterizes most of these debates.

I still think that there is in this amendment that I have offered an element of equity; and I have done the very best I could for my new, unfledged comrade on this floor. I do not think it will detract anything from this bill. The fact of the matter is, Mr. President, that if time were not so limited, I might have taken occasion to point out in this bill provisions to which there may be greater allegiance with less justification of fact than could be found in this amendment.

I am going to take the time of the Senate to call attention to the fact that for 24 long years I have not only worked here for the farmer, but being one myself and having suffered all of the intolerable ills of Federal legislation, I think I can speak with some authority. I have worked, and am working now, for the benefit of the man who makes his living solely and entirely by his efforts in the field. He is now losing the power to do other than keep body and soul together. It is notorious that on the farms and on the cotton fields in the South the negroes and the whites have actually patched their overalls until they look like one of these jigsaw puzzles. [Laughter.] I defy any man from the South to rise up and contradict that statement. They are making so much cotton that it has lost the power of even giving the fellow who makes it a suit of overalls, just as the wheat people have made so much wheat that 12,000,000 of them have to get in the road and go hungry.

Then we are accused here of trying to inject into a bill for the benefit of the farmers something that would take something away from them. They are down to the irreducible minimum now. To exempt the institutions enumerated in my friend's proposed amendment would not have subtracted one nickel from the power of the Secretary of Agriculture.

Mr. LONG. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I do.

Mr. LONG. I begin to see more virtue and logic in what the Senator has been saying. I notice that on page 19, in subdivision (c), all the things that are sold to charitable and eleemosynary institutions are exempted. The subdivision reads:

> Any person delivering any product to any organization for charitable distribution or use—

Without reading further, he is entitled to have the tax refunded. That is a great deal broader than the exemption to the State.

Mr. SMITH. Do not mention it, and start another outpouring of sympathy for the man in the field. I am supposed not to have any.

I heard a man say the other day that he had planted, I believe, 3,000 acres; and I wondered how in the name of God he ever got to Washington, if he had that much liability.

This amendment was a simple request to this body to exempt States and municipalities in the discharge of their sovereign functions from paying the tax.

Mr. President, I fear that if I should go on I might make an assault with intent to make a speech, and I might not be convicted on the evidence after I did so; but I do not feel disposed to go any farther with this matter. I am willing now to have a vote taken, and let us try to get to the farmer the blessings that are in this bill that will relieve him of his ills.

The PRESIDING OFFICER. The question is on the amendment of the Senator from South Carolina [Mr. SMITH].

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Carey	Logan	Russell
Bachman	Clark	Lonergan	Schall
Bailey	Connally	Long	Sheppard
Bankhead	Copeland	McCarran	Shipstead
Barkley	Couzens	McGill	Smith
Black	Duffy	McKellar	Stephens
Bone	Frazier	McNary	Thomas, Okla.
Brown	George	Murphy	Thomas, Utah
Bulow	Hastings	Overton	Trammell
Byrd	Hebert	Pittman	Vandenberg
Byrnes	Kendrick	Pope	
Capper	King	Robinson, Ark	

The PRESIDING OFFICER. Forty-six Senators have answered to their names. There is not a quorum present.

ADJOURNMENT

Mr. SMITH. Mr. President, in view of the situation, I move that the Senate adjourn.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to; and (at 4 o'clock and 45 minutes p.m.) the Senate adjourned until Monday, April 17, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 15 (legislative day of Apr. 11), 1933

SOLICITOR GENERAL

James Crawford Biggs, of North Carolina, to be Solicitor General to succeed Thomas D. Thacher.

UNITED STATES DISTRICT JUDGE

James A. Donohoe, of Nebraska, to be United States district judge, district of Nebraska, to succeed Joseph W. Woodrough, nominated to be United States circuit judge, eighth circuit.

UNITED STATES ATTORNEY

Clifton Mathews, of Arizona, to be United States attorney, district of Arizona, to succeed John C. Gung'l, whose term expired March 2, 1933.

COMMISSIONER OF INDIAN AFFAIRS

John Collier, of California, to be Commissioner of Indian Affairs, vice Charles J. Rhoads.

PROMOTIONS IN THE NAVY

Pay Director Christian J. Peoples to be Paymaster General and Chief of the Bureau of Supplies and Accounts in the Department of the Navy, with the rank of rear admiral, from April 29, 1933, for a term of 4 years.

WITHDRAWAL

Executive nomination withdrawn from the Senate April 15 (legislative day of Apr. 11), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

James Michael Curley, of Massachusetts, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Poland.

SENATE

MONDAY, APRIL 17, 1933

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Blessed Savior, who in Thy earthly life didst reveal the innocence of perfect holiness and, like some river born among the snows in the sunshine of the mountain top pouring its transparent waters into the turbid, tumultuous current of our humanity, didst refresh us by the love and purity of God; grant that we may know the joy and power of Thy resurrection, as through the avenue of sense we behold the earth mantling herself anew in robes of loveliness.

In the conviction of our immortality, set us free from the worldly tyrannies that bind us, and from every disposition to be cowardly and mean, that we may be consecrated to each new duty that confronts us, thus binding ourselves by a new chain to eternity, strong and confident in Thee, for Thou hast said: "Fear not; I am the first and the last; I am He that liveth and was dead; and behold I am alive for evermore." Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of Saturday, April 15, 1933, when, on request of Mr. ROBINSON of Arkansas and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum and request a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Capper	Couzens
Ashurst	Borah	Caraway	Cutting
Austin	Bratton	Carey	Dickinson
Bailey	Brown	Clark	Dieterich
Bankhead	Bulkley	Connally	Dill
Barbour	Bulow	Coolidge	Duffy
Barkley	Byrd	Copeland	Erickson
Black	Byrnes	Costigan	Fletcher
Frazier	King	Nye	Stephens
George	La Follette	Overton	Thomas, Okla.
Glass	Lewis	Patterson	Thomas, Utah
Goldsborough	Logan	Pittman	Townsend
Gore	Lonergan	Pope	Trammell
Hale	Long	Reed	Tydings
Harrison	McAdoo	Reynolds	Vandenberg
Hastings	McCarran	Robinson, Ark.	Van Nuys
Hatfield	McGill	Robinson, Ind.	Wagner
Hayden	McKellar	Russell	Walsh
Hebert	McNary	Schall	Wheeler
Johnson	Metcalf	Sheppard	White
Kean	Murphy	Shipstead	
Kendrick	Neely	Smith	
Keyes	Norris	Steiwer	

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is absent on account of illness, and I desire that this announcement may stand until his recovery has so far progressed that he will be able to leave the hospital.

Mr. McKELLAR. I desire to announce that my colleague the junior Senator from Tennessee [Mr. BACHMAN] is necessarily detained attending the funeral of the late Mr. Meehan, a distinguished citizen of Tennessee.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

5-DAY WEEK, 6-HOUR DAY—MOTION TO RECONSIDER

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that at the conclusion of the morning business the Senate proceed to the consideration of the motion to reconsider the vote by which Senate bill 18, regulating the hours of labor, was passed, and at not later than 1 o'clock and 50 minutes p.m. the Senate proceed to vote on said motion without further debate.

The VICE PRESIDENT. Is there objection?

Mr. TRAMMELL. Mr. President, I did not hear the latter part of the Senator's request.

Mr. ROBINSON of Arkansas. I requested that at not later than 1:50 o'clock p.m. the Senate proceed to vote on the motion to reconsider.

Mr. HATFIELD. At 1:50 o'clock?

Mr. ROBINSON of Arkansas. Yes; at 1:50 p.m.

Mr. McNARY. Mr. President, I objected Saturday, as I did the day before, to a unanimous-consent agreement of this kind. I have now just one suggestion to make, namely, that the hour be fixed at not later than 1:30 p.m.

Mr. ROBINSON of Arkansas. Very well; I modify my request so as to fix the hour at not later than 1:30 p.m.

The VICE PRESIDENT. Is there objection to the request as modified? The Chair hears none, and it is so ordered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the Territory of Alaska, which was referred to the Committee on Education and Labor:

IN THE LEGISLATURE OF THE TERRITORY OF ALASKA,
ELEVENTH SESSION.

Senate Joint Memorial 4 (by the committee on mines, manufacturing, and labor)

To the President of the United States, to the Congress, and to the Committees on Labor in the House and Senate of the Congress of the United States:

Your memorialist, the Legislature of the Territory of Alaska, has learned with consternation that Alaska is included in the provisions of a bill introduced into the Congress of the United States by Representative CONNERY known as House bill No. 2867; and

Your memorialist respectfully represents:

That more than 95 percent of all laborers in Alaska are employed in seasonal occupations and that the average working hours for the year do not exceed 4 hours per day;

That more than 25,000 of these laborers are engaged in the fishing industry covering a coastal distance of more than 3,000 miles; that fishing operations in Alaskan waters are by regulation of the Bureau of Fisheries arbitrarily limited to a period less than 60 days for each season, which obliges the fishing industry to concentrate the year's effort within that short period, involving the production of some $50,000,000 worth of fishery products; that 80 percent or more of the revenues of the Territory are derived from the fishing industry; that many of the companies have operated at a loss for the past 2 years, and the enactment of the proposed legislation would compel them to discontinue operations, and the Territory of Alaska would be bankrupt and unable to support its schools, dependents, and indigent persons and to continue other essential activities;

That more than 6,000 laborers are engaged in the placer-mining industry in Alaska, covering an area of 590,000 square miles; this work is also seasonal and laborers are employed not more than 120 days during the year. Most of the mining is carried on by individuals or small companies in isolated places who employ less than 10 persons each, and it would be impossible for them to continue mining under the proposed schedule;

That the remaining wage earners, not exceeding 2,000 persons, are engaged in lode mining and other industrial pursuits throughout this vast Territory, and their employment does not exceed an average of 50 hours per week;

That workmen who are engaged in seasonal vocations will be deprived, under the proposed law, of the employment to make it possible for them to sustain themselves and their dependents and will be forced to leave the Territory and seek employment elsewhere;

That the extension of the proposed enactment to the Territory of Alaska would be ruinous to our industries, our canneries would be compelled to cease operations, most of our mines would be closed, unemployment would be greatly increased, and our Territory reduced to a state of bankruptcy and our people to want; Now, therefore, your memorialist, the Legislature of the Territory of Alaska, in the eleventh regular session assembled, most humbly and respectfully petitions and prays that the Territory of Alaska be exempted from the operations of House bill No. 2867 and all similar legislation limiting the hours or days during which any industry in Alaska may operate.

And your memorialist will ever pray.

Passed by the senate April 4, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

Passed by the house April 4, 1933.

JOE MCDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

A true copy:

AGNES F. ADSIT,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Board of Supervisors of the County of Los Angeles, Calif., favoring amendment of the Reconstruction Finance Corporation Act so that work-relief projects may be provided for worthy unemployed residents who own homes or farms or equities therein, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a petition of sundry citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate 2 memorials and 8 letters and 58 telegrams in the nature of memorials, signed by approximately 600 citizens of the State of Louisana and 4 citizens of the States of Illinois, Kansas, and New York, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

Mr. COPELAND presented the petition of members of the Buffalo (N.Y.) branch of the American Association of University Women, praying for the prompt ratification of the World Court protocols with no obstructive reservations thereto, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the East Buffalo (N.Y.) Real Estate Association, favoring the passage of legislation to equalize the cost of railroad transportation with competing busses and trucks " in order to save the railroads from ruin ", which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the board of directors of the Young Women's Christian Association of Jamestown, N.Y., opposing the building of a larger navy, and favoring instead a constructive and needed public-works program, which was referred to the Committee on Naval Affairs.

He also presented resolutions adopted by a special meeting of Forest City Branch, No. 40, National Association of Letter Carriers, of Cleveland, Ohio, favoring the giving of work on routes to substitute carriers whenever the regular carriers are off duty for any reason whatsoever, and favoring the reestablishment of a 2-cent postage rate on first-class mail matter, which were referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of sundry citizens, being employees of The Hazel-Atlas of New York, Inc., of Lancaster, N.Y., remonstrating against the passage of legislation limiting working time to five 6-hour days per week, which was ordered to lie on the table.

REPORTS OF THE COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the concurrent resolution (H.Con.Res. 15) creating a joint committee to investigate the causes of the wrecks of dirigibles, reported it with an amendment.

He also, from the same committee, to which was referred the resolution (S.Res. 55) to investigate the delay in prosecuting alleged law violations by the Harriman National Bank, New York City, reported it without further amendment.

CLAIM OF SCHOOL DISTRICT 13, OKLAHOMA

Mr. THOMAS of Oklahoma. Mr. President, during the last session of Congress there was passed by the Senate a bill for the relief of a small Indian orphan school in Oklahoma. It did not carry any appropriation, but authorized the Indian Office to pay out of the existing appropriation the contract price for taking care of certain orphan children. The bill passed the Senate in the closing days of the Senate, but did not get through the House.

A similar bill was introduced at this session, being Senate bill 73. From the Committee on Indian Affairs I report back favorably without amendment Senate bill 73; and, if there be no objection, I will ask unanimous consent for its present consideration.

Mr. ROBINSON of Arkansas. I have no objection to the present consideration of the bill.

Mr. MCNARY. Mr. President, I ask that the clerk report the bill; I am not familiar with it.

The VICE PRESIDENT. Without objection, the clerk will report the bill by title.

The CHIEF CLERK. A bill (S. 73) to authorize the Comptroller General to allow claim of district no. 13, Choctaw County, Okla., for payment of tuition for Indian pupils.

Mr. MCNARY. I inquire what is the amount involved?

Mr. THOMAS of Oklahoma. It takes about $3,500 of an existing appropriation to be paid on contracts between the Government and the school districts for taking care of these orphan children. No new appropriation is required. It is merely designed to meet the requirements of the Comptroller General.

Mr. MCNARY. Is the money to be taken out of an unexpended balance or is it to be taken out of the tribal funds?

Mr. THOMAS of Oklahoma. It is a gratuity appropriation, I will say.

Mr. MCNARY. A similar bill passed the Senate at the last session?

Mr. THOMAS of Oklahoma. Yes.

Mr. MCNARY. And this bill has been reported favorably by the committee?

Mr. THOMAS of Oklahoma. It has.

Mr. MCNARY. I have no objection.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was read, considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General is hereby authorized and directed to allow payment of claims of the public-school district no. 13, Choctaw County, Okla., for tuition of Indian pupils during the fiscal year 1931, in the sum not to exceed $3,435.61 from the appropriation entitled " Indian schools, Five Civilized Tribes, Oklahoma, 1931."

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRAMMELL:

A bill (S. 1383) for the relief of Adam Paul Small; to the Committee on Naval Affairs.

A bill (S. 1384) granting a pension to Elise M. Lum; to the Committee on Pensions.

By Mr. HEBERT:

A bill (S. 1385) for the relief of the Wakefield Trust Co., of Wakefield, R.I.; to the Committee on Claims.

By Mr. DILL:

A bill (S. 1386) to provide for a preliminary examination of Nisqually River and its tributaries in the State of Washington with a view to the control of their floods; to the Committee on Commerce.

By Mr. CAREY:

A bill (S. 1387) to provide for the immediate settlement of the obligations of the United States under the World War Adjusted Compensation Act, as amended; to the Committee on Public Lands and Surveys.

By Mr. NEELY:

A bill (S. 1388) granting a pension to Stanley N. Rice; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 1389) to amend section 2 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (38 Stat.L. 730; U.S.C., title 15, sec. 13); and

A bill (S. 1390) to amend section 5 of the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes", approved September 26, 1914 (38 Stat.L. 719; U.S.C., title 15, sec. 45); to the Committee on Interstate Commerce.

A bill (S. 1391) for the relief of the Brooklyn Trust Co., of Brooklyn, N.Y.;

A bill (S. 1392) for the relief of the Chemical Bank & Trust Co., successors to United States Mortgage & Trust Co., of New York City, N.Y.;

A bill (S. 1393) for the relief of the Glens Falls National Bank & Trust Co., formerly Glens Falls Trust Co., of Glens Falls, N.Y.;

A bill (S. 1394) for the relief of the Lawyers Trust Co., formerly Lawyers Title Insurance & Trust Co., successors to the Central Realty Bond & Trust Co., of New York City, N.Y.;

A bill (S. 1395) for the relief of the Marine Trust Co., of Buffalo, N.Y.;

A bill (S. 1396) for the relief of the Marine Trust Co., of Buffalo, N.Y.;

A bill (S. 1397) for the relief of the Marine Trust Co., successors to Buffalo Trust Co., of Buffalo, N.Y.;

A bill (S. 1398) for the relief of the National City Bank of New York, successors to the Peoples Trust Co., of Brooklyn, N.Y.;

A bill (S. 1399) for the relief of the Title Guarantee & Trust Co., of New York City, N.Y., successors to Manufacturers Trust Co., of Brooklyn, N.Y.; and

A bill (S. 1400) for the relief of the United States Trust Co., of New York City, N.Y.; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 1401) to pay a gratuity to Emma Ferguson Starrett; to the Committee on Foreign Relations.

A bill (S. 1402) for the relief of Gerardo Fernandez; to the Committee on Military Affairs.

By Mr. KING:

A bill (S. 1403) to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes; to the Committee on the District of Columbia.

By Mr. McNARY:

A bill (S. 1404) for the relief of officers and soldiers of the volunteer service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 1405) for the relief of John Z. Lowe; to the Committee on Claims.

A bill (S. 1406) to provide that transferors for collection of negotiable instruments shall be preferred creditors of national banks in certain cases; to the Committee on Banking and Currency.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. SHEPPARD submitted six amendments intended to be proposed by him to the bill (S. 509) to amend the Emergency Relief and Construction Act of 1932, which were referred to the Committee on Banking and Currency and ordered to be printed.

RELIEF OF AGRICULTURE—AMENDMENT

Mr. KING submitted an amendment intended to be proposed by him to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was ordered to lie on the table and to be printed.

6-HOUR DAY, 5-DAY WEEK—MOTION TO RECONSIDER

The VICE PRESIDENT. Morning business is closed; and under the unanimous-consent agreement the question is on the motion of the Senator from Florida [Mr. TRAMMELL] to reconsider the vote on the passage of Senate bill 158.

Mr. HATFIELD. Mr. President, I understand the motion of the Senator from Florida [Mr. TRAMMELL] to reconsider the vote by which S. 158 was passed is now before the Senate for consideration.

The VICE PRESIDENT. The Senator is correct. The question is on agreeing to the motion of the Senator from Florida.

Mr. HATFIELD. I wish to address myself to that motion.

The VICE PRESIDENT. The Senator from West Virginia is recognized.

Mr. HATFIELD. Mr. President, I trust the motion to reconsider, offered by the able and patriotic Senator from Florida [Mr. TRAMMELL], will prevail. I wish to support his motion by submitting before the vote is taken briefly a few facts which I believe pertinent and informing.

The representatives of labor have given serious thought to this legislation and favor it with a protective amendment, as do many industrial operators and owners who are anxious to assist in relieving the distressed and who have to my personal knowledge operated their plants for the last 2½ years for two purposes solely. First, to give their employees something in the way of work that will enable them to support their families; secondly, because the shutting down of many industrial plants means their utter deterioration and ruin. With these aims in mind they have continued to operate their plants notwithstanding they have suffered substantial losses each succeeding quarter when balance sheets are made up and invoice taken as to the financial status of the industry. There has not been a period in this industrial depression that the average industry, in my judgment, has not lost money.

To vote for this bill as it passed the Senate means that the loss to these industries would increase to an extent where this additional burden could not be absorbed. The same principle applies to the wage earner in that it means a reduction from one third to one half the paltry consideration he is receiving for what little work he is able to obtain at the present time.

The Black bill in its present form, instead of providing employment for our millions of unemployed workers, to my mind will actually force additional hundreds of thousands of American workers out of jobs.

I have been wondering if we, as a legislative body, are correctly appraising the proper relations of our own Government with the other governments of the world in this transitional period of reconstruction.

I wonder if those who are responsible for the conduct of our Government are approaching these difficult problems with the conviction that all the financial theories in the world brought together in one combined effort and inacted into law cannot redeem a single dollar of our national or individual indebtedness, or even put a part of the unemployed to work for any great period of time, financed by the Government, and by so doing bring to an end the direful

industrial and economic condition that now confronts the American people at this hour. The brief executive messages advocating single pieces of legislation do not indicate the theory of reconstruction nor do they vision the entire plan of the present administration so as to enable us to answer the question, whither are we drifting and what type of government are we creating by this hastily prepared and briefly considered legislation?

The debts which are piled upon the backs of the American taxpayers as a result of our participation in the World War, and the obligations that have continued with but short intervals intervening, must be paid some day, in some way, and the greater the principal, the greater the burden of interest which now has reached the colossal sum of $700,000,000 per year, with an additional $400,000,000 per year for the sinking fund to redeem this debt.

I am wondering if these directors of our country's destinies are taking into consideration that these obligations made by law can only be redeemed by our toiling millions when gainfully employed and unhampered by the Government with numerous impractical laws.

We know that the rank and file of the American people not only have the courage, but the industry to work. What they most desire at this hour is steady employment, with a return worthy of their hire. If they can be secure in their employment, they will have the thrift and patriotism to pay the Nation's debt. We cannot do this, however, by giving to foreign labor their work opportunity here at home. The same results would obtain should this body adopt a law requiring one group of States, before shipping their products into interstate markets, to adopt a limited number of work hours and limit of days for a work week, as against another group of States that have an 8-, 10-, or 12-hour workday with 6 days per week.

It is true that all of the States will be alike affected by this law, but how about Canada, separated from the United States by an imaginary line, with a land area greater than our own, with no statutory limitation as to hours of work and that has a yearly trade with us of $327,000,000, largely competitive with our adjoining States.

It is, however, true that Europe and Asia would be even more destructive in case of the adoption of this law without proper protection to labor, due to the great depreciation in their currencies which have a much lower value than the currency of Canada. European and Asiatic currencies have decreased in value to the point where our tariffs are now ineffective. The results of this competition could be narrated by many within the sound of my voice if they desired to bear testimony. Outstanding examples of the ravages of depreciated currency are the condition of many of the industries of the Pacific States, especially the great State of Washington, where many industries there have been almost entirely wiped out.

Mr. President, I favor the principle advocated in limiting the hours for labor so that there will be greater work spread. It is a rational step; one that will assure results if properly safeguarded in the interest of both industry and labor.

However, I believe the road to prosperity for our common country in the years immediately ahead is to make it as nearly as possible self-sufficient, maintaining a proper balance between its basic industries and supplying its own orders. I am aware of the fact that this attitude is criticized by some as being narrow nationalism. A study of Europe's dilemma, almost impossible of solution, and a review of our own progress as a nation of people, justify this attitude from my viewpoint, and our experience with Europe during and since the war confirms it.

From conversations I have had with some Members of this body since the bill was passed, I am convinced that some were unintentionally misled into voting against the amendment which I offered and which was rejected by a vote of 41 to 39.

Section 482 of the Tariff Act of 1930, paragraph (a), reads:

> Every invoice covering merchandise exceeding $100 in value shall, at or before the time of shipment of the merchandise, or as soon thereafter as the conditions will permit, be produced for certification to the consular officer of the United States.

That is the existing law, and, so far as I have been able to learn, there has been no complaint that such certification was onerous. Incidentally, these restrictions were in force in 1913 and prior to even that date.

As an indication that the foreign producers are able to comply with requirements of American law and that they will be able to produce their merchandise on the basis of the 30-hour work week, if such requirement is made necessary, it might be well to call the attention of the Senate to section 481 of the Tariff Act of 1930.

Briefly, this section of the existing law provides that invoices shall set forth the destination of the merchandise, the place from where it was shipped, a detailed description of the merchandise, the quantities, the purchase price of each item, and whether the goods were sold or are consigned and, if not sold to the importer, the wholesale value of such merchandise.

These provisions have been in effect for more than 20 years. The additional requirement that goods seeking entry into the American market in competition with American-made goods should comply with the same restrictions which Congress imposes on products of American labor certainly will not permit of honest complaint on the part of any fair-minded person.

Mr. President, it will be noted that all merchandise imported must be accompanied by an invoice and that this invoice must be certified to by an American consul. It will be noted also that the present law requires:

> Any other facts deemed necessary to a proper appraisement, examination, and classification of the merchandise that the Secretary of the Treasury may require.

Naturally, if the Black bill is amended to require that products of foreign labor seeking a market in the United States be produced on a 30-hour-per-week basis they will be produced under the conditions Congress sets forth.

The amendment, which provides that the same restrictions apply to products of foreign workers as apply to products of workers of our own country, will not add any additional burdens to either the foreign producers or our consuls in foreign countries.

The Secretary of the Treasury will notify, through the State Department, our consuls in foreign countries that in certifying invoices the shipper of those foreign-made articles shall certify that the articles were produced by workers employed not more than 30 hours per week. This requirement is thoroughly in keeping with the provisions of the Black bill which impose on American workers and those American producers who seek the privilege of entering into interstate trade in our country a limitation of the 30-hour work week.

Surely it will not be contended that we should place such restrictions on the products of workers in each of our own 48 States and hesitate to place similar restrictions on the products of aliens in foreign countries, the products of which compete in the American market with the products of our own workers.

As an illustration, let me cite some specific cases. We have in my State the largest American factory devoted to the production of hand shovels. The factory is located in Parkersburg, which is across the Ohio River from the State of Ohio and only 100 miles from Pennsylvania. The Black bill, unless properly amended, will permit of foreign-made shovels, produced by workers employed from 40 to 60 hours per week in foreign countries, being sold in Pennsylvania and Ohio while the shovels produced in West Virginia cannot be sold in either Pennsylvania or Ohio unless the American workers are restricted to 30 hours per week. Is such legislation fair to our American workers and to our American industries?

One of the largest sugar refineries in Cuba is owned and operated by the Hershey Co. The Hershey Co., I un-

derstand, is owned entirely by American capital. This company, under the Black bill as it is now written, can employ workers in its Cuban refinery from 50 to 60 hours per week, and sell the product of these workers all through the United States in competition with products of workers employed in American refineries, where the workers, under the Black bill, would be restricted to not more than 30 hours per week.

Even without this added restriction on the products of American workers, I understand that refineries in Baltimore, in Atlanta or Savannah and Galveston, employing American workers, have been forced to close because even under present conditions they cannot compete with the American-owned Cuban product. What will happen to employment opportunities for American workers if we add to the advantages already possessed by this American concern, with its manufacturing plant located in Cuba, some 90 miles from our own country?

Less than a year ago Congress found it necessary to place an excise tax on imports of gasoline and its products in order to permit employment opportunities for American oil-field and refinery workers in America.

Should the Black bill be passed without proper amendments, it is only a question of a few months when those now employed in American oil fields and refineries will find it impossible to compete with products of oil fields and refineries of South and Central America.

The Western and Southwestern States benefit largely through the sale of wool used in American woolen and worsted mills. How many of these mills will be able to continue to operate, using American wools, working only 30 hours per week, in competition with the products of foreign mills, using foreign wools, working their workers from 40 to 60 hours per week?

What will happen to those workers of Maine, Michigan, Wisconsin, Washington, and other States now employed in the lumber and paper mills if American workers are restricted to not more than 30 hours per week, while Canadian mills are able to ship in the product of workers employed from 40 to 50 hours per week?

What, may I suggest, will happen to the employment opportunities of those American workers employed in the copper and metal mines and smelters of Michigan, Montana, Utah, Arizona, New Mexico, Colorado, and other States when American workers are restricted to not more than 30 hours per week, while the products of the mines and smelters of Mexico, Canada, and other countries produced with workers employed from 50 to 60 hours per week are offered in the American market?

Mr. President, the illustrations which I have cited can be multiplied many thousands of times. I only recite these few instances to impress upon those who are giving me attention in my discussion of this motion the effect that the bill will have upon the industries that are to be found in every one of the 48 States of the Union.

In all sincerity, I ask, is it fair for an American Congress deliberately to enact legislation which will result in the loss of employment opportunities for American workers under the mistaken idea that because we call it a shorter work week it is beneficial to our workers?

I want to say that I do not believe there is an American wage earner today within the confines of this Republic who would be in favor of this bill as it passed the Senate if he knew what would happen to him with respect to his working opportunities, which it is very difficult for him to get at the present time, regardless of the wage that may be offered him.

Should we enact such legislation, especially with some 15,000,000 of American workers out of employment, when even the slightest consideration should indicate that our actions will force additional hundreds of thousands out of employment unless we make the restriction apply to all goods, whether of foreign or domestic production?

Mr. President, some Members of the Senate have contended that placing on products of foreign workers the same restrictions that are placed on the products of American workers may handicap the present administration in making reciprocal treaties with foreign countries.

Such a contention is so absurd that it is hardly worthy of consideration, even should the Congress abdicate its authority in treaty-making and authorize the President to negotiate and conclude such treaties.

However, in view of the fact that such thoughts may influence some Members of the Senate, permit me to suggest that the passage of legislation placing on the products of foreign workers the same restrictions that are placed on the products of American workers should make it much easier for the State Department to negotiate the contemplated treaties with foreign governments. With the legislation in force which I hope will be adopted, it will give the State Department something to trade with should they so desire. On the other hand, if we should pass the Black bill in its present form we would automatically make it harder for the State Department to secure those concessions which undoubtedly they have in mind at the present time.

Mr. President, I do not advocate, as some have contended, any embargo. Some Members of the Senate who have in the past indicated a hostility to legislation which would place the products of foreign workers under the same restrictions that the Black bill applies to products of American workers have openly advocated a complete embargo on the products of foreign agriculturists. Why not protect the purchasing power upon which the American farmer is dependent?

I do not seek to place any restriction on products of foreign workers different from those which we apply to products of our own American workers.

I have pointed out how, under existing law, the foreign producers, shipping products of foreign workers into the United States, must furnish an invoice certified by an American consul. If the Black bill is properly amended, all that will be necessary for the foreign producers seeking entry into the American market will be to employ their workers not more than 30 hours per week, and to have the American consul so certify. Such products will then be able to find entry into our country just as freely as they do now in competition with our home products.

I sincerely trust that the motion to reconsider will prevail, and that we will then be able to proceed properly to amend the Black bill in a way which will make it a real relief measure, and which will enable many to support it who cannot support it at the present time because, in our judgment, it destroys the work opportunities of American wage-earners to the advantage of those who are now largely in possession of our commerce and trade, which is responsible in part for the continued depression which exists under the American flag today.

Mr. VANDENBERG. Mr. President, I desire briefly to supplement the observations that have been submitted by the able and courageous Senator from West Virginia [Mr. HATFIELD], who always speaks in behalf of protection and in behalf of American labor.

I remind the Senate that I voted in favor of the 30-hour week bill. I believe in its general principle although I should prefer to express the principle differently. I shall vote for it again; but I shall also vote to reconsider for the purpose of permitting considered contemplation of the problem involved in the amendment which the Senator from Florida proposes to attach, and which, as I understand it, will duplicate the amendment which the Senate rejected by a narrow majority of one upon motion of the Senator from West Virginia when the bill was originally under consideration.

I submit, Mr. President, that those who believe in the theory of the 30-hour week itself ought to want this amendment attached. The 30-hour week would lose most of its charm and its attraction if it is accompanied by a reduction in wages proportionate thereto. The able Senator from Alabama [Mr. BLACK], who sponsors this legislation, has repeatedly expressed his hope that the net result would not be a reduction in pay proportionate to the reduction in working hours; but how can a proportionate reduction in

pay be avoided if we are opening the American market to a competition from foreign production that is not similarly restricted in respect to hours of labor?

There is not a Senator in this Chamber who would dare to propose to repeal or relax our immigration restrictions today. There is not a man who would stand upon the floor of the Senate and propose any such relaxation. Why not? Because that relaxation would bring into the United States new competition by way of foreign labor for the poor supply of jobs now available for our own men.

What is the difference between letting foreign labor come in and compete with us under our own flag and permitting their products to come in on a basis which puts our products at a disadvantage? The net result is precisely the same.

Therefore, I submit that at the very moment when we would deny any relaxation in immigration we certainly should deny any relaxation in other differentials which make it possible for us to retain such employment and such industrial activity as we still preserve for ourselves.

Mr. President, I submit that in the very theory of the shorter work week bill itself—namely, the theory that we are not to reduce wages but that we are to reduce time and maintain wages—it is necessary, for the protection of the genius of the bill itself, to attach the amendment which it is proposed by the Senator from Florida [Mr. TRAMMELL] and the Senator from West Virginia [Mr. HATFIELD] to attach.

Mr. President, I call your attention to another thing:

We are working here on a farm relief bill. Under the terms of that farm relief bill we are proposing to increase the price upon agricultural commodities within the United States. At the same time we are providing in that bill that this increased commodity price index in the United States shall be protected against foreign competition by a proportionate increase in the tariff upon the related commodities. That is entirely appropriate. In other words, when we are dealing with agriculture we frankly confess our purpose to protect the opportunity of agriculture to enjoy these new benefits which we propose to give them. Will you tell me why, in the same breath, we should deny American industry and American labor the right to enjoy the benefits which we propose to give them under the shorter work week bill? Why are not those two problems upon a dead parity? Upon what theory do we propose to increase the agricultural advantage of the American farmer and protect him in that advantage against foreign competition, when in the same breath we propose tentatively to give American labor an advantage, and then decline to protect American labor against the type of foreign raid which would nullify and take away every single advantage which the shorter work week bill could bring?

Mr. President, I wish that the able Senator from West Virginia [Mr. HATFIELD] had reiterated to the Senate the telegram from Mr. Matthew Woll, of the American Federation of Labor, which he submitted on April 6, and which is found at page 1320 of the RECORD. I propose to read it again to remind the Senate of the fact that our task is only half done when we create the shorter work week. Along with the shorter work week, if it is to be in any degree a blessing, must go protection for the earnings which are possible by labor under the terms of that shorter work week program.

This is what Mr. Woll has to say on the subject:

> The pending 30-hour work week limitation to products of American labor will prove most harmful unless the bill is broadened to include those products of labor of foreign nations which compete in the American market with the products of American labor.

It seems to me that is an axiom.

> We fear that limiting pending bill to products of American labor will result in work being done in Canadian and foreign branch factories of American concerns as well as products of foreign concerns.

Mr. President, one can put his finger right on that hazard, and it cannot be escaped. One of the baneful things that has happened in the past decade is expatriation of American capital and its establishment of branch plants and mass production in Canada and other foreign nations. Is it not perfectly patent that if we put restrictions upon hours of labor within the United States without at the same time protecting our markets against imports not similarly limited we put a new premium upon the expatriation of American capital into branch factories, and that we have put a special premium upon the extension and the expansion of those branch factories established under other flags by way of production which otherwise might stay here at home? I continue reading from Mr. Woll:

> Therefore we respectfully request your forceful action toward the adoption of an amendment which will make the pending bill effective on all manufactured products entering into interstate sale, whether the product of American workers or the product of foreign workers.

That is just a plain, simple appeal for fair play and equality, for parity and a square deal as between foreign production and domestic production.

> Will appreciate your presenting these views and appeal to Members of Senate before final action on pending bill.

Mr. President, the Senator from West Virginia [Mr. HATFIELD] ably presented those views. They have been supplemented by the presentation of the Senator from Florida [Mr. TRAMMELL]. I rise only to say that I am voting to reconsider for the purpose of permitting the Senate to look this challenge squarely in the eye, and answer it on its merits, a thing which I fear was not wholly done before because of the very limited consideration that was given to it, although, in spite of that limited consideration, the roll call on the amendment submitted by the Senator from West Virginia stood at a tie vote, until one of our colleagues across the aisle changed his vote ere the announcement was finally made. The view of the Senate was that close upon preliminary presentation of the subject, and was that close to an adequate consideration of the American viewpoint.

I am voting to reconsider solely for the purpose of voting again to attach this amendment to the bill, and I repeat, so that there may be no misunderstanding about my views, that I shall then vote for the bill, with or without the amendment, but I shall vote for it feeling that it is infinitely more advantageous as a charter to American labor if the amendment is attached.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. HEBERT. I was interested in the observation of the Senator regarding the loss of advantage in the restriction of immigration which comes because of our admission of foreign products. As I understood the Senator, his argument was that whatever of advantage came to us from a restriction of immigration was lost because of the importation of goods produced abroad. I wonder whether it would not be better to permit immigration, rather than to permit the products of foreign factories to come into the United States, since, if we had immigration, we would at least have the consuming power of those who came here, and at the present time we do not have it, though we have the products with which to compete.

Mr. VANDENBERG. Mr. President, I think the Senator's position is well taken. We both agree that America should be saved against all these hazards.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Florida [Mr. TRAMMELL] to reconsider the vote by which the bill was passed.

Mr. HATFIELD. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BLACK. Mr. President, I want to say just about two words in connection with this question. I cannot see how any real friend of the bill will vote for reconsideration. If the amendment proposed could be placed on the bill, we know that the luggage would be too heavy to carry. So I hope that no one will be deceived into believing that he could vote for reconsideration and for putting that amendment on the bill, without at the same time, in effect, voting against the bill.

The PRESIDENT pro tempore. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McKELLAR (when Mr. BACHMAN'S name was called). The junior Senator from Tennessee [Mr. BACHMAN] is absent on account of the death of a friend, but he has a general pair with the Senator from Vermont [Mr. DALE].

Mr. HAYDEN (when his name was called). On this vote I have a general pair with the Senator from South Dakota [Mr. NORBECK]. If permitted to vote, I should vote "nay." If the Senator from South Dakota were present and voting, he would vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. BLACK. I desire to announce that the Senator from Illinois [Mr. LEWIS] and the Senator from Mississippi [Mr. STEPHENS] are necessarily detained from the Senate on official business.

Mr. KING. Mr. President, on this vote, I have a general pair with the Senator from Connecticut [Mr. WALCOTT]. I understand that if that Senator were present he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. COPELAND (after having voted in the negative). I have a pair on this matter with the senior Senator from Ohio [Mr. FESS]. I transfer that pair to the Senator from Illinois [Mr. DIETERICH] and permit my vote to stand. If the Senator from Ohio were present and voting, he would vote "yea", and the Senator from Illinois [Mr. DIETERICH] would vote "nay."

The result was announced—yeas 31, nays 52, as follows:

YEAS—31

Austin	Dickinson	Hatfield	Reynolds
Bailey	Fletcher	Hebert	Schall
Barbour	George	Kean	Steiwer
Bulkley	Glass	Keyes	Townsend
Byrd	Goldsborough	McNary	Trammell
Byrnes	Gore	Metcalf	Vandenberg
Carey	Hale	Patterson	White
Coolidge	Hastings	Reed	

NAYS—52

Adams	Connally	Lonergan	Robinson, Ark.
Ashurst	Copeland	Long	Robinson, Ind.
Bankhead	Costigan	McAdoo	Russell
Barkley	Couzens	McCarran	Sheppard
Black	Cutting	McGill	Shipstead
Bone	Dill	McKellar	Smith
Borah	Duffy	Murphy	Thomas, Okla.
Bratton	Erickson	Neely	Thomas, Utah
Brown	Frazier	Norris	Tydings
Bulow	Harrison	Nye	Van Nuys
Capper	Johnson	Overton	Wagner
Caraway	Kendrick	Pittman	Walsh
Clark	La Follette	Pope	Wheeler

NOT VOTING—12

Bachman	Dieterich	King	Norbeck
Dale	Fess	Lewis	Stephens
Davis	Hayden	Logan	Walcott

So the motion to reconsider was rejected.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY

Mr. LA FOLLETTE. Mr. President, on Saturday last the Senator from Nevada [Mr. PITTMAN], now occupying the chair, introduced a joint resolution providing for the enactment into law of an informal agreement reached between the officials of the State of New York and the officials of the Federal Government concerning the allocation of power in the construction of the works on the St. Lawrence waterway. I understand that at the time the joint resolution was introduced the Senator from New York [Mr. COPELAND] suggested that it should be referred to the Committee on Commerce. It is my understanding that the Chairman of the Committee on Foreign Relations thought that the joint resolution should be referred to his committee. In view of the discussion which took place the joint resolution was permitted to lie on the table without reference. I seek now, Mr. President to invite the consideration of the Senate to the question of the reference of that joint resolution, and I want to make a brief statement in connection with it.

The Senate Committee on Foreign Relations held protracted hearings on the St. Lawrence Waterway Treaty. Those hearings were conducted by the subcommittee, of which the then chairman of the committee, the Senator from Idaho [Mr. BORAH], was chairman. That committee heard, so far as I know, every witness, pro and con, concerning the treaty who indicated a desire to be heard. The testimony is exhaustive and covers a great many pages.

In the course of those hearings the question of the allocation of costs between the State of New York and the Federal Government naturally was brought before the committee. Representatives of the New York Power Authority, as well as representatives of the Engineer Corps of the Army and representatives of the State Department, were heard by the committee.

During the course of those hearings the late Senator from Montana, Mr. Walsh, suggested that it would be possible for representatives of the State of New York, through their power authority, legally constituted, and the Engineer Corps of the Army, to reach an informal agreement as to the allocation of cost of these works. Pursuant to that suggestion made by the late Senator from Montana there were informal conferences between representatives of the Government of the United States and representatives of the State of New York, and they finally presented to the subcommittee of the Committee on Foreign Relations the result of those conferences. The joint resolution introduced by the distinguished Chairman of the Committee on Foreign Relations provides for the enactment of that agreement into law.

In view of this history of the proceedings with reference to the treaty, in view of the genesis of this agreement between the representatives of the State of New York, through their power authority, and the representatives of the Government of the United States, it seems to me that no Senator could have any question but that the proper committee to assume jurisdiction of the joint resolution is the Foreign Relations Committee, which has considered this whole matter from every angle, and through the activities of which this informal agreement was reached.

Furthermore, I may say, Mr. President, that the committee has at this session of Congress, by an overwhelming vote, reported favorably the St. Lawrence Seaway Treaty to the Senate; but it is important that this joint resolution should precede the consideration of the treaty by the Senate. Therefore, Mr. President, I am very hopeful, in view of this brief résumé of the facts which I have given to the Senate, that the Senator from New York will withdraw his objection to the reference of the joint resolution to the Foreign Relations Committee, and, in order to bring the question to a head, I move that the joint resolution be so referred.

Mr. LONG. Mr. President, I am very glad to see the Senator from New York taking the position which he is taking in regard to this treaty. It is high time that someone was thinking about the commerce of the United States instead of about foreign commerce. When this treaty shall be ratified the only thing for those of us living in the Mississippi Valley and in the Eastern States to do will be to move to Canada, anyway. I understand that this treaty project proposes putting up about $600,000,000 of American money for the purpose of building up waterways and ports of Canada, so that the present advantage which they have will be more enhanced, to the point where we will have nothing but Canadian ports for America. With the flood-control work being needed to be done in this country as it is, with people down in Mississippi and Louisiana, Arkansas, Missouri, and Illinois being inundated by the flood waters of the North, the proposal at this time to take $600,000,000 of public money to carry on a project to build up ports in Canada is not feasible. We have not had enough domestic consideration given to this St. Lawrence Waterway Treaty. I am entirely in sympathy with the position of the Senator from New York, and think that we ought to have

a committee which is studying the commerce of our own country to consider this matter, particularly as it relates to a contract between the State of New York and the Federal Government and to a contract which is proposed to be made for the benefit of the Dominion of Canada. I hope the Senator from New York, in undertaking to protect the welfare of his own State, will maintain his position and will see that this resolution, which is strictly a matter of domestic consideration, shall remain in the hands of the Committee on Commerce.

Mr. LEWIS. Mr. President, I rise to a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LEWIS. I have just returned from the Supreme Court of the United States, where a cause on argument compelled my attendance. May I ask the Chair to state what is the particular motion before the Senate as to the St. Lawrence waterway treaty, as I am interested in behalf of the State of Illinois.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Wisconsin to refer Senate Joint Resolution 43, relative to the distribution of the waters of the St. Lawrence River under the St. Lawrence Treaty between the United States and Canada, to the Foreign Relations Committee.

Mr. LEWIS. May I ask what is the issue, Mr. President? The motion is to refer the subject to the Foreign Relations Committee. Is there any other motion before the Senate to create an issue opposing such disposition?

The PRESIDENT pro tempore. That is the only motion pending before the Senate at the present time.

Mr. BORAH. Mr. President, the argument presented by the able Senator from Louisiana [Mr. LONG] seems to me to go to the question whether the treaty as a treaty should be ratified; but, so far as the particular question involved in Senate Joint Resolution 43 is concerned, it is now a part of the hearings and has been considered by the Committee on Foreign Relations. I cannot see why it should be separated from the proceedings thus far had in the Committee on Foreign Relations. It has been a part of the hearings; it has been considered by the committee; it will have to be considered in connection with the treaty when that document comes before the Senate; and why it should be taken away from the Foreign Relations Committee it seems to me rather difficult to understand. I take it that the Foreign Relations Committee will give as sincere and earnest consideration to domestic commerce. It is a subject which the Foreign Relations Committee has taken charge of under the jurisdiction which fundamentally belongs there, and it seems to me the joint resolution should go to the Committee on Foreign Relations.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Wisconsin.

Mr. COPELAND. Mr. President, this is probably not the time to discuss the merits of the St. Lawrence Waterway Treaty. Of course, I cannot conceive it possible that the Senate would vote to spend $325,000,000 of American money on an all-British canal at a time when we are reducing the pensions of veterans and the wages of employees. It would be very strange if we thought of doing such a thing. When the treaty comes up for consideration it will be demonstrated that it is so filled with provisions unfavorable to America that certainly it will never receive the favorable consideration of the Senate.

But the matter at issue is not the question of the treaty. It relates to what charge shall be made against the State of New York for the power developed in the international section of the St. Lawrence River. The matter at issue has nothing whatever to do with our relationship to a foreign country; it is purely a domestic problem. It was perfectly right for the Foreign Relations Committee to consider the treaty, to consider what should be put into the treaty with Canada, and to make an agreement regarding the terms of such a treaty.

But the series of resolutions introduced by the Chairman of the Foreign Relations Committee, and which have not been before us to be read until this morning, have nothing whatever to do with the treaty. Part of the language of the preamble is as follows, found on page 2 of the printed resolution:

> Whereas the United States engineers and the Power Authority of the State of New York have, as a result of a series of conferences, entered into a joint recommendation with respect to the allocation of cost of the works in the international rapids section of the St. Lawrence River for power and navigation, which is embodied in a memorandum dated February 7, 1933.

There is not a Senator here, unless he be a member of the committee, who has ever read that memorandum. I live in the State of New York and in part represent that State in this body, but until I sent this morning to the Army engineers for a copy of that memorandum I never had seen it. I have it in my hand, and have had it in my possession about an hour. Other Senators do not know what is in it.

Why, as a matter of fact, should the Foreign Relations Committee have any power to deal with a problem purely domestic? Senators do not have to take my word that it is a domestic problem. When the treaty was transmitted to the Senate by the President—and what I refer to is found on page 7 of the hearings on the St. Lawrence waterway—the President said:

> The disposal of this power is reserved as a purely domestic question in the United States.

That was the statement of the President of the United States when he transmitted the treaty. The treaty related only to the international relationships and had nothing to do whatever to the disposal of power.

I find also in the statement of the Secretary of State in transmitting the treaty, as it appears on page 10 of the hearings, in speaking about power development, the following:

> This provision, of course, leaves each of the Governments free to settle the purely domestic question of utilization of water power.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. VANDENBERG. The Senator discusses the Foreign Relations Committee as though he thought it a committee of foreigners. I am quite at a loss to know why the Foreign Relations Committee cannot be trusted to conclude a contract with the power authority of his own State when that power authority, so far as I know, is in complete concurrence with the Foreign Relations Committee at the present moment. Do I misstate that so far as the Senator knows?

Mr. COPELAND. Of course the Senator from Michigan is facetious.

Mr. VANDENBERG. No; I am not facetious. I am intending to be very serious.

Mr. COPELAND. It is perfectly absurd for any Senator to suggest to another Senator that any committee of the Senate is made up of foreigners. I have no doubt about the loyalty and patriotism and qualifications of each and every member of the Foreign Relations Committee; but we have committees in the Senate organized for specific purposes. The Committee on Foreign Relations has nothing to do as a committee with domestic concerns, and of course nobody knows that better than the intelligent Senator from Michigan.

Mr. VANDENBERG. The Senator knows I agreed with him last Saturday that his statement is scrupulously correct; that if this were a new matter, in my judgment, it would have no place in the Foreign Relations Committee. But I remind him again that after 3 months of work in constant and harmonious contact with the power authority of his own State the whole subject matter has been completely probed and surveyed and concluded, so far as I know, to the satisfaction of the Power Authority of New York. I am asking the Senator whether his quarrel over the reference indicates that I am right in my opinion that the power authority is dissatisfied with the treatment it has received or the con-

clusions which have been reached in contact with the Foreign Relations Committee?

Mr. COPELAND. No matter what may be the motive back of the question I shall answer as courteously and as responsively as I can.

The power authority is in favor of the resolution and, if I am rightly informed, prepared the resolution. At least I was told by the chairman of the power commission that this is what they desire. I said to him as frankly as I say to the Senate now, that this relates to a domestic question and ought to be referred to the Committee on Commerce. That is where it ought to go.

The Senator asks why. He spoke about the 3 months of effort on the part of the Foreign Relations Committee. I suppose I am almost the only Member of the Senate, outside of the distinguished members of that committee, who has read the hearings. I observe that the Senator from Michigan was assiduous in his attendance and faithful in his duties in connection with the hearings. I pay him that tribute.

I might say, too, as a matter of sentiment, that a few days before he left Washington, former Senator Walsh, of Montana, handed me his copy of the hearings and asked me to read the particular testimony which he had indexed on the front of the volume. He knew of my opposition to the all-British canal and he desired, if he could, to weaken my opposition. He said he was satisfied if I would read the testimony I would change my opinion regarding the matter. So it is with considerable emotion that I speak as I do this morning.

But we are not today discussing the treaty. We are speaking about what shall be done with the power incidental to the building of the all-British canal.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from New York yield to the Senator from Illinois?

Mr. COPELAND. I am glad to yield.

Mr. LEWIS. Having very great interest in the treaty because of its relations to the State of Illinois, particularly to the waters that surround the city of Chicago, which I and my honorable colleague represent here in this body, might I ask the Senator from New York or our able friend the Senator from Michigan [Mr. VANDENBERG] what is the particular thing that is sought to be accomplished by the resolution? What is the particular subject matter upon which it enters and that is to be disposed of as distinguished from that which the treaty itself represents?

Mr. VANDENBERG. Mr. President, will the Senator from New York yield to enable me to answer the Senator from Illinois?

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

Mr. VANDENBERG. The resolution deals exclusively and solely with the contract that shall be made with the State of New York in respect to power if, as, and when a treaty is executed. The pending question has nothing to do with the merits of the treaty or the project. It is solely a modus vivendi under which New York and the Federal Government shall live in respect to the power contract if subsequently the treaty is ratified. The whole quarrel seems to be whether the resolution shall go to the Foreign Relations Committee, which has jurisdiction of the contract as well as the treaty heretofore, or whether it shall go to the Committee on Commerce, I assume for the purpose of starting the inquiry all over again.

Mr. LEWIS. May I ask the Senator from New York if he concurs in the response of the able Senator from Michigan?

Mr. COPELAND. I do not, and I will answer him in a moment.

Mr. VANDENBERG. In what respect did I misstate the facts?

Mr. WAGNER. Mr. President, will my colleague yield?

The PRESIDING OFFICER. Does the senior Senator from New York yield to his colleague?

Mr. COPELAND. I am glad to yield.

Mr. WAGNER. May I ask the Senator from Michigan a question? Is the Senator from Michigan of the view that because the Committee on Foreign Relations had under consideration this treaty between the United States and Canada, as it has jurisdiction over all treaties between the United States and other countries, that, therefore, that committee shall forever consider all questions that relate in any way to the carrying out of the treaty? For instance, in the event the treaty is ratified undoubtedly bills will be introduced providing for an appropriation to construct the dams or submerged weirs or whatever may be constructed in connection with navigation. Does the Senator contend that because we had hearings in relation to the treaty the Committee on Appropriations shall be divested of jurisdiction of that appropriation question, and that it ought to be referred for consideration to the Committee on Foreign Relations?

Mr. VANDENBERG. Mr. President, will the senior Senator from New York permit me to respond to his colleague?

Mr. COPELAND. I yield for that purpose.

Mr. VANDENBERG. Certainly not; and I thought I had made it repeatedly plain that the only reason on earth why I joined the Senator from Nevada [Mr. PITTMAN] and the Senator from Wisconsin [Mr. LA FOLLETTE] in suggesting that this particular resolution should go to the Foreign Relations Committee is that all of the preliminary hearings and work and contract in respect to this specific phase of the matter already have been canvassed in that committee.

Mr. WAGNER. So have we in that committee canvassed the probable cost of construction of the whole project, the amount of appropriations that would probably be required in order to carry it out. The argument of the Senator from Michigan would apply equally to any appropriation bill that may be offered because we have had these preliminary considerations of the subject. I do not think it is sound reason for divesting of jurisdiction a committee we have established in this body to deal with purely domestic questions, where all questions of expenditure for the promotion of commerce have heretofore been considered. I hope my colleague prevails in his demand that the resolution be referred to and considered by a committee which has always considered such questions and of which he is a member.

Mr. VANDENBERG. Mr. President, will the senior Senator from New York yield to enable me to ask his colleague a question?

Mr. COPELAND. I yield for that purpose.

Mr. VANDENBERG. The junior Senator from New York has been very frank. He will be equally frank, I hope, in stating that he hopes the entire subject matter can be postponed so far as any conclusive consideration in this session is concerned.

Mr. WAGNER. I do not understand the implication in the question of the Senator from Michigan. I am willing to trust the Committee on Commerce to do that which is for the best interests of the United States, just as I trust the Committee on Foreign Relations; but I say that merely because a committee has had preliminary consideration of the subject is no reason why thereafter it shall consider all phases of all legislation that may relate to subjects which have been heretofore considered by other standing committees of the Senate.

If I may say so to the Senate, I think it is rather a reflection upon the Committee on Commerce that it shall be divested of jurisdiction over this matter which, except for the fact that the Foreign Relations Committee has had hearings upon the treaty, would unquestionably have been referred to the Committee on Commerce.

Mr. VANDENBERG. Mr. President, if the Senator will be generous with me for just one further moment——

Mr. COPELAND. I will be, because I want to demonstrate to the Senator that I am not in a "quarrel" with him, as the Senator suggested I would be.

Mr. VANDENBERG. I am not in any degree interested in a quarrel over jurisdiction. It makes not the slightest difference to me which one of these committees should have original jurisdiction over this matter. I am interested in proceeding to a conclusion in the matter with the least possible delay; and I submit that with the contract completely surveyed, with the entire satisfaction, so far as I know, of the Power Authority of the State of New York, from my point of view it is nothing but needless delay to institute a new hearing of the entire subject matter.

I am not reflecting at all upon the motive, or impugning any motive, or implying any motive in respect to the reference to the Committee on Commerce. I am saying as a matter of cold fact that the reference to the Committee on Commerce means a substantial delay, and that is the sole reason why I am opposed to it.

Mr. WAGNER. Mr. President——

Mr. COPELAND. I yield to my colleague.

Mr. WAGNER. I suppose the Senator also contends that if legislation is proposed making an appropriation to carry out some of the provisions of this treaty or this agreement, that legislation ought not to be sent to the Committee on Appropriations, because perchance they may have to inquire as to the merits of the proposed legislation.

Mr. COPELAND. And consequently would delay action.

Mr. WAGNER. Yes.

Mr. VANDENBERG. I think the Senator knows that that analogy is not accurate.

Mr. WAGNER. I do not know it. Of course, the Senator knows everything. I do not pretend to know nearly so much.

Mr. VANDENBERG. The Senator knows that that statement is not accurate.

Mr. WAGNER. But there are some things that, with all humility, even I may understand.

Mr. COPELAND. Out of the abundance of his wisdom and knowledge, will the Senator from Michigan tell the Senate when it was that the Committee on Foreign Relations gave consideration to the material suggested by this joint resolution? In the hearings, did the Committee on Foreign Relations discuss how much the State of New York should pay for the allocation of the power privileges?

Mr. VANDENBERG. The Committee on Foreign Relations, under the particular attention of the late Senator from Montana, Mr. Walsh, brought together the engineers of the Government and the engineers of the New York Power Authority, and as a result of repeated conferences, and as a result of at least three hearings before the Committee on Foreign Relations, in which both the power authority and the War Department engineers were heard, a tentative agreement was had upon a miximum of $89,000,000 in respect to this phase of the undertaking.

Mr. COPELAND. But at no time has the committee had before it the final memorandum of the two groups; has it?

Mr. VANDENBERG. The committee had the complete tentative agreement which the engineers were authorized to put into final form.

Mr. COPELAND. Did the committee have before it for study the report made by this joint committee of the engineers and the power authority? Has the committee had that before it?

Mr. VANDENBERG. Which report does the Senator refer to? We have had so many reports.

Mr. COPELAND. I refer to the one which is mentioned in the joint resolution before us.

Mr. VANDENBERG. I think we did.

Mr. COPELAND. You did? Then why did you desire any further information or any further joint resolution?

Mr. VANDENBERG. No further information is necessary, but further authority is necessary.

Mr. COPELAND. Mr. President, I am here to say that further information is necessary.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Illinois?

Mr. COPELAND. I do.

Mr. LEWIS. I fear the Senator from Michigan, without intending so to do, has confused the subject; for it is my judgment, being a member of the Foreign Relations Committee and interested in the subject, that the Foreign Relations Committee have never investigated or had this subject before them. It was a subcommittee that had been appointed to listen to and investigate certain features to which I am sure my friend from Michigan is alluding.

Mr. VANDENBERG. That is entirely correct.

Mr. COPELAND. And, as a matter of fact, the memorandum was not prepared until the 7th of February. It has not been investigated or studied by the Foreign Relations Committee.

Now, Mr. President, let me go into this matter a little farther. I want to explain why it is that I want this matter sent to the Committee on Commerce. The Senator from Michigan may in his heart feel that my only reason for doing so is to delay the ratification of the treaty.

Mr. VANDENBERG. Will the Senator permit me to complete one set of facts to which he has just adverted? I know he wants to be entirely fair.

Mr. COPELAND. All right; go ahead.

Mr. VANDENBERG. The Senator referred to the fact that this memorandum was dated the first week in February, and inferred that the committee could not have had it before it because of that date. I remind him that our concluding consideration in the committee was the last week in February and the first week in March, and that we had hearings supplemental to the bound volume which the Senator has in his hand.

Mr. COPELAND. All the more reason, Mr. President, why there should be some leisure on the part of the Senate, some time taken, to consider supplementary hearings, if there are any such.

I am not surprised that the Senators from Illinois are interested. This is a very serious problem. Under this treaty, the United States abandons its ancient contention that Lake Michigan is an American lake. It gives it hereafter the same status as that possessed by the lakes on the international boundary. It puts Chicago and the State of Illinois absolutely at the mercy of Canada so far as the diversion of water through the drainage canal at Chicago is concerned.

Mr. LEWIS. Mr. President——

Mr. COPELAND. I yield to the Senator from Illinois.

Mr. LEWIS. That is in direct opposition to the declarations of former Secretary of State Root, who in his official capacity made the announcement in behalf of this Government that Lake Michigan was a domestic water, and not one over which the Committee on Foreign Relations had any jurisdiction.

Mr. COPELAND. Let me warn the Senator from Illinois and his colleague that when this treaty is ratified by the Senate, Lake Michigan will have exactly the same relationship to Canada that the St. Lawrence River has today. A careful reading of the treaty will convince any fair-minded man of the truth of what I say.

Under the agreement which has been entered into between the engineers of the United States and representatives of the Power Authority of the State of New York, it is proposed that the State of New York shall pay $89,726,000 of the cost of this improvement—practically $90,000,000. As a citizen of the State of New York and one of its representatives in this body, I want to know whether that is a fair charge to make against my State for what it is to receive. As a Senator of the United States, I want to know if that figure is fair to my country.

The Committee on Commerce, presided over by one of the fairest and truest men in this body—the junior Senator from Mississippi [Mr. STEPHENS]—has charge of problems like this, which have to do with river and harbors. It is that committee that has to do with flood control and power development. Why should an exception be made here?

My particular object in having this joint resolution referred to a committee competent by experience and authority to deal with the problems involved is that an

economic study may be made. There is not any evidence of such a study in these hearings. Nobody knows how much the State of New York is going to suffer by the opening of the all-British canal. Nobody knows how much this country is going to suffer in its commerce by the development of the St. Lawrence route to the sea. There may be those here who are willing to have the port of Montreal—which now, next to New York, is the chief port of North America—made the chief port of North America. I am not. I am not interested alone in the commerce that goes out of the great port of New York; but I want the port of Boston, and the port of Philadelphia, and the port of Baltimore, and the port of Savannah, and other ports, to be guarded against the destruction of commerce which, in my opinion, would be sure to follow the ratification of this treaty and the fulfillment of its purposes.

I fail to find in this volume of hearings any careful study of what would happen in the way of diversion of commerce from American ports by the opening of the all-British canal. Anyone who dreams, as perhaps my friend from Michigan does, who believes in Santa Claus and fairy tales—anybody who believes that the *Leviathan* will ever tie up at a dock in Grand Haven, Mich., is very much mistaken. There will be no lines of service from remote parts of the world through the St. Lawrence Canal to the Great Lakes, to Detroit and Duluth and Milwaukee and Chicago. There will be occasional tramp steamers going up the river, but there will be no lines of service. How could there be?

Nobody on the face of the earth who has studied the problem can believe that there will be any west-bound freight which would justify regular lines of service. The only value that this St. Lawrence Canal could possibly have is for the transportation of wheat from the Northwest to Liverpool; and how any American wheat farmer could be deluded into the thought that he is going to benefit on that account by the development of this waterway is beyond my comprehension.

It is perfectly apparent that the wheat farmer living in Montana or the Dakotas who is benefited by this cheaper transportation must still compete with the farmer of Saskatchewan or Alberta in Canada. Whatever benefits in the way of freight rates that come to the American farmer will go likewise to the Canadian farmer. So in the race of competition in price there will be no advantage.

We know exactly what will happen as regards traffic upon this waterway, because we have a waterway there now. We have wheat taken in barges from Fort William and from Duluth down the Great Lakes, through the Welland Canal and the St. Lawrence to Montreal. Will you tell me what those barges take back? They come back empty.

Where is there an American who wishes to encourage the transportation of carload lots of goods from Europe to those western cities? Do we want plumbing supplies or stoves or furniture to be thus transported? We want our own manufacturers to make them. We are not going to look eagerly and cheerfully upon the importation through this waterway of shiploads of products which can be raised or made in the United States.

Mr. President, the Foreign Relations Committee did a very good job in determining the engineering features of this project. They have decided that it is feasible to build the canal. They have decided that power-development works can be built which will not be taken away by the ice. Some estimates have been given as to the cost of all this great undertaking. But where is there in the volume of the hearings the report of any study as to what is going to happen to our country by reason of the development of this proposed canal? That is what I want to know.

The Senator from Michigan need not complain; he can be just as quarrelsome, if it is to be a quarrel—and he suggested that word himself—in the Committee on Commerce as in the Committee on Foreign Relations, because he serves on both. He is not deprived of any of his natural-born or acquired privileges.

Mr. President, I wish every Senator would give himself the benefit of reading an editorial from the Toronto (Ontario) Mail and Empire, printed under date of July 19, 1932. When he reads this and discovers the glee with which the editor wrote the editorial because of the advantages given Canada and the check made on the efforts of Americans to guard the rights of this country, he will not longer be very enthusiastic over this treaty. It is filled with references to the advantages gained by Canada.

Of course, that is all right; I do not blame the Canadian delegates to the treaty convention.

Mr. LONG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. LONG. As a matter of fact, the Canadian representatives get a good deal more trade by coming over here and helping us than they do by helping their own citizens. They have been over here with various and sundry negotiations, and in this case they are actually having us build them with American money an all-British canal to take away commerce from the United States. Our people have been trying to have the Mississippi waterway completed, but are told that the Government has not the money, even when it is solving the problem of flood control and is proposing to pay $600,000,000 to take traffic away from United States ports. Those Canadian representatives ought to stay here. They are doing their Government good.

Mr. COPELAND. They did very well while they were here, I will say for them.

Mr. President, I want to call attention to article 3, although I had not thought at all to discuss any of the parts of the treaty. I had thought merely to point out what I think is an error in attempting to refer this matter to the Committee on Foreign Relations, when it ought to go to the Committee on Commerce; but while we are about it, we might just as well say a few words about the treaty.

I call attention to article 3 of the treaty. This has to do with the international section of the river, the part where the Lachien Rapids are, and where the powerful currents of the river are capable of developing immense quantities of hydroelectric power.

This is what article 3 provides:

> The High Contracting Parties agree to establish and maintain a temporary St. Lawrence International Rapids Section Commission, hereinafter referred to as the Commission, consisting of 10 members, 5 to be appointed by each Government, and to empower it to construct the works in the international rapids section included in the project described in the final report of the Joint Board of Engineers (not included in the works provided for in articles I and II hereof, and excluding the power-house superstructures, machinery, and equipment required for the development of power) with such modifications as may be agreed upon by the Governments, out of funds—

Note this—

> which the United States hereby undertakes to furnish as required by the progress of the works, and subject to the following provisions.

"Out of funds which the United States hereby undertakes to furnish." Did anyone ever hear anything like that?

Mr. LONG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Louisiana.

Mr. LONG. I just wanted to say that there is such a thing as living on the interest of what you owe. In this instance we are asked to make a payment to Great Britain of $600,000,000 interest on what they owe us.

Mr. COPELAND. Mr. President, are we going to vote for a treaty which specifically and solemnly provides that the development of this international section of the river shall be done wholly at our expense? That is what the treaty provides.

I am not content to have the purely domestic features of this project referred to a committee which is willing to give away the money of the United States to Canada. With that money of ours—and I am speaking by the record; I am not making this up out of my head—with that money which we supply, "insofar as is possible in respect to the works to be constructed by the Commission, the parts thereof within Canadian territory, or an equivalent proportion of the total of the works, shall be executed by Canadian engineers and Canadian labor and with Canadian material."

Mr. President, that is what the treaty provides. We supply the money, we give all the money, and since a part of the work is to be done on Canadian soil with our money, the treaty solemnly proposes that wherever the work is done on Canadian soil the work shall be prepared by Canadian engineers, with Canadian labor employed, and Canadian material used.

Mr. President, here we are, with 13,000,000 unemployed in our country. We cannot get money enough to help the poor in our country, but we would actually supply these millions of dollars to build a canal largely on Canadian territory by the use of American money and Canadian labor. That is the absurdity of it. I did not want to speak about that this morning. But Senators will see how wrong it is to proceed with a project without having given any thought as to what will happen to our country if we carry it into execution.

I wish every Senator, if he does not choose to read the report of the hearings, at least will read the treaty itself. It is not long. It is perfectly surprising how much we can give away by the use of a little language. On pages 2, 3, 4, and 5—five pages of this volume I have in my hand—appears the treaty. Any citizen of the United States can have a copy of this volume containing the report of the hearings before a subcommittee of the Committee on Foreign Relations by writing to the Foreign Relations Committee. When our citizens come to realize what is proposed, that we are actually asked to give away the money of our country to provide a canal upon which will ride vessels carrying the British flag, when they once know that, they will rise up in protest.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. LEWIS. I may add, with the Senator's consent, that after the United States had contributed the large sum necessary to pay for this undertaking, and it then becomes a British property, as the canal shall be used it is to be supervised and administered, during the time of its existence, by a body which, in the nature of things, under this treaty, must remain wholly British because directed by Canada. Therefore we are to be without voice, utterly without one, even in the administration of the water, and in any other place of authority where we could protect American ships carrying American grain on behalf of citizens of the United States.

Mr. LONG. Mr. President, I want to ask the Senator from Illinois if that will not mean that, for the first time in the history of the United States, we will have the British Government passing upon rates and charges we are to pay on our own commerce, being financed with our own money?

Mr. LEWIS. I have always conceived and frequently asserted, in my opposition to this treaty when it was in process of preparation, that the power would be granted under it, and in its administration, after it is completed, for Canada, in the protection of her own, to put such charges and burdens upon the ships that come through that canal as to make it impossible for American grain to go through on water on the way to Liverpool upon an equal basis with Canadian grain, while we have been deluded upon the theory that Canada, with intelligent people, is going to sit quietly and allow American grain, through the waters of Canada, to have privileges equal with British grain to a British market. Why anyone ever conceived that Canada could be so indifferent to its own interests as to allow that, I have never understood, and equally, therefore, since it is so apparent that the Canadian regulations and the wharf privileges will make it impossible for an American to get an equality of commerce with Canada, why, under the circumstances, the United States should be at all willing to ratify such a treaty.

Mr. COPELAND. Mr. President, and then, added to everything else, those favoring this treaty talk about a canal that is going to be useful to our country that will operate for only 6 or 7 months in a year. Day before yesterday the first ship reached Montreal this season. I myself have been over that river, have gone to Europe by way of the St. Lawrence and the Straits of Belle Isle. Even as late as early July the icebergs were so numerous that it was utterly impossible to traverse those waters with any degree of safety.

Mr. President, I would not think of taking any further time from the Senator from South Carolina [Mr. SMITH], who wishes to go on with the farm relief bill, but at another time I shall discuss this subject in detail. In the meantime, I hope the Committee on Commerce will be given the opportunity of studying the domestic problem involved.

RELIEF OF AGRICULTURE

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, being House bill 3835.

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The PRESIDING OFFICER. The pending question is on the amendment of the Senator from South Carolina [Mr. SMITH].

The amendment was rejected.

Mr. LONG. Mr. President, may I inquire what was the amendment just voted on?

Mr. SMITH. It was the amendment which I proposed providing that States and subdivisions of States should be relieved from paying the tax.

Mr. LONG. At this time we had temporarily consented to the consideration of other amendments.

The PRESIDING OFFICER. The Chair will state to the Senator from Louisiana that the amendment of the Senator from South Carolina was offered by unanimous consent. The question now recurs on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment offered by the Senator from Louisiana [Mr. LONG].

Mr. LONG. That is the next question. I wish to be recognized on that.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. POPE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bailey	Dickinson	Lewis	Schall
Bankhead	Dieterich	Logan	Sheppard
Barbour	Dill	Lonergan	Shipstead
Barkley	Duffy	Long	Smith
Black	Erickson	McAdoo	Steiwer
Bone	Fletcher	McCarran	Stephens
Borah	Frazier	McGill	Thomas, Okla.
Bratton	George	McKellar	Thomas, Utah
Brown	Glass	McNary	Townsend
Bulkley	Goldsborough	Metcalf	Trammell
Bulow	Gore	Murphy	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pittman	White
Connally	Johnson	Pope	
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

The PRESIDING OFFICER. On this call 89 Senators have answered to their names. A quorum is present.

Mr. SMITH. Mr. President, will the Senator from Louisiana allow me to make a brief statement?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from South Carolina?

Mr. LONG. I yield.

Mr. SMITH. Mr. President, I want to make one more plea to the Senate to expedite by all possible means the passage of the pending bill. We all know that it is going to pass, and if it is to be of any service at all, so far as this year's crops are concerned, it ought to be passed at the earliest possible time. It seems to me, having that thought in mind, we ought to expedite the passage of the bill, and as chairman of the committee I am going to use every effort I can to have it kept continually before the Senate until we shall reach a conclusion of it.

SILVER EXPANSION OF THE CURRENCY

Mr. LONG. Mr. President, I am in great sympathy with the thought expressed by the Senator from South Carolina.

I would be a little more definite than he, perhaps, in what I would say about the passage of the pending bill. I am desirous of great haste in passing a good bill for the farmers. I do not think the Senator from South Carolina and myself are in disagreement over the fact that if the bill shall pass in its present form it will not help the farmer. I do not think we are going to quarrel over that. Therefore I have a double notive—one, that which the Senator from South Carolina expresses, and one which the Senator from South Carolina has not expressed. In other words, the way I look upon this bill in its present form is illustrated by the remark of an old colored minister down in my section of the country who in preaching a funeral sermon said, "I hope that this brother has gone to the place where I expect he ain't."

Mr. President, at this time there is now before the Senate the question of the expansion of the currency, advocated by the Senator from Montana [Mr. WHEELER], the Senator from Oklahoma [Mr. THOMAS], and, incidentally, by myself. I have proposed what is known as the Cross bill, which was introduced in the other House and which received very favorable consideration, and, while I may be somewhat in error, if I remember aright it was reported favorably to the House by the committee to which it was referred in that body. I am going to read the first few lines of this bill in order that the Senate may understand the difference between my amendment and the substitute offered by the Senator from Montana [Mr. WHEELER]. Before doing that, however, I wish to say that there is only this difference between the Wheeler bill and the one I will call the Long bill: Both bills propose to remonetize silver. Under the amendment offered by the Senator from Montana we would simply go back to a law that was tried and proven to be sound and serviceable, while under my amendment we would go a little more to the side of experimentation such as has been urged by some of the authorities. I do not care whether the Senate shall vote for the Wheeler substitute—I may vote for it myself—or whether the Senate shall vote for the bill I have brought here, known in the House as the Cross bill. I think there is a great deal of merit to the argument of the Senator from Montana and of others that possibly the Wheeler substitute might be an improvement on the amendment which I have offered, but that is simply a matter for the Senate itself to decide.

The facts are, Mr. President, as they have been reported by the journals of the country—and I took the liberty to place on the desk of each Senator a copy of a magazine known as the Saturday Evening Post of the issue of April 15 containing an interesting article on this subject—the facts are that America and American commerce are at the mercy of foreign currency systems. England has gone off the gold standard in one respect, while in another respect she has not; but at least what England has done has been to depreciate the pound sterling to the point where, instead of its being maintained in the American market at $4.88, it is today quoted on the exchanges of the world at one third less than $4.88, or somewhere around $3.38 or $3.40. I have not noticed the market during the past few weeks particularly, but that is about the price at which the pound sterling is quoted on the exchanges.

Mr. President, England and France and Belgium and Spain and many other countries which I do not need to mention have so regulated their commerce that they can buy and sell from one another. England can ship shoes into Spain, and Spain can sell cowhides back to England. France can sell one thing to the Argentine and get her raw products from the Argentine; but the only kind of trade that can be normally carried on with America is what England can sell to America and France can sell to America, but America cannot sell much to France and America cannot sell much to England. I am not overstating that picture in any sense.

The fact is that the American money market has been practically regulated and manipulated by foreign powers. We have been talking about some kind of conference for the purpose of remonetizing silver; but we have been unable to get such a conference for the purpose of remonetizing silver, or, at least, to obtain any action on the part of foreign governments looking in that direction; but they have so regulated their currencies, their gold, and so recognized silver that it is traded in as a commodity of money with the countries with which they are dealing today. So successfully have they done this that the American Government sees the shoes of Great Britain, made of cowhides bought in Spain, sold in America; it sees the manufactured goods of Holland sold in America. Holland goes to other countries to get the raw materials and comes to America to sell the finished product, and unloads its manufactured or even raw commodities in this country without taking back to Holland a single thing in the way of American products for the use of the Hollanders. That is so true, Mr. President, that the only thing that England and France and Belgium and Holland have in America today is a trade balance payable in gold.

I wonder how many of us in the Senate have made any study of this matter at all? We have been waiting for our departments to report to us. About the time they get ready to report to us, some English statesman volunteer their assistance and offer to acquaint our department officials with the situation so far as it relates to America. They finally wind up over here by coming here with some kind of a bill or some kind of a recommendation, if they offer any recommendation, that fits the farmer and laboring man about as well as an ordinary sock would fit a chicken. How will this bill help anybody if we do not put currency in it?

I am not alone in that idea. The committee reporting the bill said practically that it is not going to do any good if we do not extend the currency. That is the report of the committee. Why did not the committee get down to business and do what it said ought to be done? the Senator from Kentucky [Mr. BARKLEY] inquired the other day. Why did not the committee, recognizing that the bill would not do what is actually desired, add to the bill a proposition for expansion of currency or remonetization of silver?

Mr. BANKHEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Alabama?

Mr. LONG. I yield.

Mr. BANKHEAD. I will answer the Senator by saying that the Committee on Agriculture and Forestry felt that it did not have jurisdiction to deal with legislation relating to the currency or currency matters.

Mr. LONG. That being true, and I can see how the committee could well have that idea, it is all the more necessary now, inasmuch as the committee did not want to do violence to the jurisdiction of another committee, that the Senate should now do what the Senate Committee on Agriculture and Forestry said ought to be done, but which it did not think it had jurisdiction to do. There may not have been jurisdiction in the Committee on Agriculture and Forestry to do what it thought the circumstances required, but there is jurisdiction in the United States Senate to do what we know is required, if the legislation is going to be of any practical relief to the farmers or the American people.

We are not going to be able to sell our products abroad, but that is not all. If the Senator from Alabama [Mr. BANKHEAD] and the Senator from South Carolina [Mr. SMITH] will give me their close attention for a minute or two, I will show them that we are not accomplishing much if we pass the bill as it is now without having remonetization of silver or inflation of currency in it. We are practically wiping America out of business. It is proposed to put a process tax on cotton, on wheat, on swine, on rice, and some other things. It is proposed that if I take a hog to sell I am going to say, "This hog is selling on the market today for 7 cents a pound, but in the period we have selected as a basis that hog used to sell for 20 cents a pound. I am going to sell you the hog for 7 cents a pound and you are going to give me one of these process certificates and you are going to pay the Government 13 cents a pound and then I am going to get back the 13 cents a pound, making the hog a 20-cent hog." That is the first proposition.

But, Mr. President, we have a little effort in here to protect this by a tariff which it will not do and I will show why before I get through. We are leading the American commodities to slaughter because the English pound has been depreciated to where the American dollar deals in the market at a 50-percent disadvantage to the English pound. On that basis the more we raise our own prices and the more we are going to help foreign trade, the more possible it will be for them to sell the commodities of the British Empire and of other countries in America, because they are already at a 50-percent advantage by reason of the fact that their currency has been depreciated that much and we have held the American dollar up to its former standard. Therefore, every time we raise the price of the products of agriculture in America by a subsidy, just that much more simple and easy we make it for countries with silver remonetized and a depreciated currency to hurdle the little tariff walls we have and sell their products in the American market.

Can we go to those countries and make trade with them? No, indeed. On the contrary, the American dollar is on the same basis it was when the pound sold for $4.84. If we go to England today with our dollar held up to the standard of the $4.84 value of the British pound, we find the British pound selling for $3.38, and so we are dealing with them at a 50-percent disadvantage, because we would have to exchange our dollars for their pounds, and that means we lose 50-percent of the value in order to sell American raw or manufactured goods in England today.

Let me prove how this is actually working out. Do not take my word for it. Mr. Ford, of the Ford Motor Co., is establishing manufacturing agencies in Ireland and other European places, and today they are actually shipping Ford tractors from Europe to the United States and plowing ground with them in the State of Alabama. As a result of the currency inequality, as the result of our niggardly policy of refusing to recognize silver, they are actually taking American capital over to Europe, employing European labor, shipping manufactured articles back on British ships, and American money is having to buy them because, on account of our own currency and our own tariffs, we cannot compete with foreign countries in what they raise and in what they manufacture. That is a sad predicament for us to be in.

We have an economic conference called. "America", so said one of our famous humorists, "has never been known to lose a war or to win a conference." We have another conference called. When this conference was first called, throughout the length and breadth of this country we read newspaper reports that Mr. Ramsay MacDonald, the Prime Minister of England, and representatives of other countries had said that they were not going to discuss anything except the war debts, that they were not going to extend the conference to include the currency, that they were not going to extend the conference to include any such thing as trade treaties or the like. All of a sudden they have had a very great change of heart. They were not going to send their Premiers or any of their big men over here. They were going to send some of the King's ordinary houseworkers, some third- or fourth-rate politicians from England, and whatever was submitted to them would be reported back by them to the Prime Minister for his final promulgation before the King.

But for some unknown reason they have suddenly changed their minds with reference to both of those declarations. The first one was that they were not going to talk over anything but war debts, but that has been broadened now to say that they will not only discuss war debts, but will discuss trade agreements and they are going to discuss the currency matter also. They did give that out in rather a veiled way. Not only are they going to permit discussion of those questions, but now they are going to send Prime Minister MacDonald back to see us, and the former Prime Minister of France, Mr. Herriot, is coming back, as well as the leading men of other countries. All of them are coming back to pay us a patriotic visit and now they intend to paint the skies just as they did when Woodrow Wilson once went to Paris, when they declared that America was the savior of the world. We have fallen for that kind of logic again. It is almost like ringing the funeral bells to hear them say it again.

But they have never changed their methods and practices of dealing with the American people. They always come out with a great placard that the hope of civilization is America. Six months ago they were calling us "Uncle Shylock" and saying we are nothing but money lenders and pirates; but at the same time they were unloading the German marks and English pounds and everything else on us, until they have taken practically everything we had to Great Britain and France and have financed themselves to the ultimate extent, and now they tell us that we should not go off our sound basis of currency, the gold standard, because it would injure our relationships with them. They urge that we should stay on the standard where we are in order that the depreciated currencies which they have taken advantage of themselves may be enjoyed abroad—to enable them to take American commerce in foreign countries away from the American trader, and then to come to America and sell their own raw products and manufactured goods without buying a single thing back from America, in such a manner that everything they bring to America is payable in the only American basis of currency we know and that is gold. Therefore, instead of taking back the goods of America, they establish nothing whatever but credit balances in the United States payable in gold.

How far have they gone? If they sell us $100,000,000 worth of goods and do not take back goods in payment for them, then America owes to Europe $100,000,000 in gold. They have finally gone on to where, according to the public dispatches I have had opportunity to read lately, they have in one country alone established a trade balance in a few months' time of $158,000,000 payable in gold. I will not be exactly certain of those figures. I am quoting them as nearly as I can from memory.

If they go on with that process, they can pay Argentina, they can pay Spain, they can pay Russia, they may be where they can pay Italy, and possibly be able to pay all the other countries with which they deal in the kind of currency which they are all recognizing today; but they have us refusing to recognize any basis of currency whatever except gold. Therefore they can trade with Spain and swap their currency for the currency of Spain; they can trade with Argentina and Brazil and trade their silver for the silver of those countries; but when they come to America to sell us we have to pay them in gold, because that is the only basis of currency that is recognized today by the United States.

What has been the result of it? We not only cannot get any of their trade, Mr. President, but they can get ours while we cannot get theirs. We not only cannot get our own trade—because they can leap what little tariff wall we have with their depreciated currency, and undersell our own manufacturers—we not only cannot get the trade of the other countries that they deal with, but we cannot even exchange them goods for the goods that they bring here. We have been required to establish trade balances payable in gold, to the disadvantage of the American people.

A while back we read that we were not going to allow gold to be exported; but now the Treasury has raised the ban, and announced to certain banking interests that they will be allowed to export our gold. I wonder if the Senator from South Carolina read that, and what he thought. We go down to the little man in South Carolina and say to him, "If you have any gold, you turn that gold into the United States Treasury or we will put you in the penitentiary." We have passed a law by which we have said that any man who keeps any gold in his pockets, and lives in America, will have to go to the penitentiary for doing so. That is what we have said to the American citizen; but after we get his gold in the Treasury, after we have taken it out of the pockets of the American people, after we have made the little American citizen give up the only kind of commodity base of currency that we recognize as a Government, then

we say, "We will allow this gold which we will not allow our own people to keep to be exported from America by the bankers of England."

It cannot be kept by the American citizens, because it is our only base of money, and therefore it is too valuable to let our own citizens keep it in their pockets; but we will allow it to be sent over to the foreign countries to maintain the American dollar in Europe in order to discharge the trade balances that have been created by the disadvantage that the American people have in the exchange of currency!

That is what is happening. I wonder if anybody doubts that. Rather I wonder if there is anybody here who does not know that. I am wondering if they do not know that the only result that can possibly come from this policy of allowing all the foreign goods to be sold here, the American manufacturing plants to be shut down, the American farmer's products to be at a disadvantage, even in his own market—I am wondering if they have not the legislative or the congressional discretion to discern that the only result that can possibly come from this kind of a policy is the continued depletion of the gold supply in America and the continued loss of American trade and the continued loss of an opportunity for America to do business even in its own markets.

Mr. President, I have no pride of authorship. I advocated the expansion of currency sponsored by the Senator from Oklahoma [Mr. THOMAS] here last year. I still advocate it. I have even more strongly advocated the remonetizing of silver as advocated by the Senator from Montana [Mr. WHEELER]. If I could not get that, I would also advocate depreciating the gold content of the dollar, as advocated by the Senator from Texas [Mr. CONNALLY]. I naturally prefer to go the constitutional route of gold and silver for money. That has been the Constitution, and that has been the policy since the day of Abraham. Gold and silver have been the base of currency and of money since the day that civilization first began. Gold and silver were the base preferred by Washington, by Alexander Hamilton, by Thomas Jefferson, by Abraham Lincoln. Gold and silver were the currency base of this country for years and years up until 1873.

When President Grant signed the bill taking silver out of the category of the base for currency, he himself said he did not know the law contained any such provision as that, and if he had he would never have signed the bill. Furthermore, Mr. President, we today know that 60 percent of the people of the world recognize silver as the basis of currency and as money. Sixty percent of the people of the world have so recognized silver. People who today are selling in the American market have so recognized it.

I think, Mr. President, that either the amendment of the Senator from Montana [Mr. WHEELER] or my own amendment should be adopted to this bill. The Senator from Montana is the recognized national authority on this question. I am more anxious that the Senate should hear him than myself; and in concluding I suggest the absence of a quorum, in order that the Senator from Montana may present the arguments on this question.

The PRESIDING OFFICER (Mr. OVERTON in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Gore	McCarran
Ashurst	Clark	Hale	McGill
Austin	Connally	Harrison	McKellar
Bailey	Coolidge	Hastings	McNary
Bankhead	Copeland	Hatfield	Metcalf
Barbour	Costigan	Hayden	Murphy
Barkley	Couzens	Hebert	Neely
Black	Cutting	Johnson	Norris
Bone	Dickinson	Kean	Nye
Borah	Dieterich	Kendrick	Overton
Bratton	Dill	Keyes	Patterson
Brown	Duffy	King	Pittman
Bulkley	Erickson	La Follette	Pope
Bulow	Fletcher	Lewis	Reed
Byrd	Frazier	Logan	Reynolds
Byrnes	George	Lonergan	Robinson, Ark.
Capper	Glass	Long	Robinson, Ind.
Caraway	Goldsborough	McAdoo	Russell
Schall	Stephens	Tydings	Wheeler
Sheppard	Thomas, Okla.	Vandenberg	White
Shipstead	Thomas, Utah	Van Nuys	
Smith	Townsend	Wagner	
Steiwer	Trammell	Walsh	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. WHEELER. Mr. President, I have hesitated somewhat about offering my amendment pertaining to silver to the present bill for the reason that I am as anxious as other Members of the Senate are to expedite the passage of the bill. I must confess, however, that when I say that I am anxious to see the passage of this bill, I do it with some fear and trembling as to what the result may be in the event that it is put into operation. I am so thoroughly convinced in my own mind that before agriculture can be put back on its feet something more fundamental must be done than the mere passage of a farm bill proposing by legislative enactment to raise the price of farm commodities that I reluctantly came to the conclusion that it was my duty as a Member of this body, and representing a great farming State, to offer my bill as an amendment to the farm bill.

Let me say to the Members of the Senate who suggested that that possibly should not be done, that the greatest farm organization in the United States of America, in their national convention held in the city of Omaha, went on record unconditionally for the passage of my bill, saying that it was one of the fundamental things that must be done and should be done in order to bring back the agriculture of this country.

Let me further call your attention to the fact that I am not suggesting some new and untried experiment in this country. The farm bill is admitted by the present President of the United States to be an experiment. Every piece of legislation that we have thus far passed at this session of Congress is admittedly an experiment. But I am suggesting to the Congress of the United States something that is not an experiment, something that was adopted by the fathers of this country and written into the law when they adopted the Constitution of the United States.

You men upon the other side of this Chamber who look upon Alexander Hamilton as the greatest Secretary of the Treasury of the United States will have to admit that Mr. Hamilton was one of those who wrote into the law of this country that we should have gold and silver upon a basis not of 16 to 1 but of 15½ to 1.

We had it in the law up to the year 1873, when the law was repealed. I should like to ask any Member of this body if he can tell us why silver was demonetized in 1873. I pause for an answer. Is there any man upon the floor of the Senate who can say that any agricultural group petitioned the Congress of the United States to demonetize silver? Is there anybody upon the floor of the Senate who can say that any group of bankers in the United States petitioned the Congress of the United States to demonetize silver? Is there anybody upon the floor of the Senate who can point to one single petition wherein the laboring men of this country petitioned the Congress of the United States to demonetize silver? There is not one. On the contrary, the man who introduced the bill which was afterward declared to have demonetized silver stated on the floor of the Congress that the bill would not have the effect of doing that which it was afterward contended it did. As has been well stated upon the floor of the Senate time and time again, President Grant, after he had signed the bill, stated that he did not know that that had been done.

Mr. President, I want to read a challenge which I issued when I introduced the bill which I am now offering as an amendment something over a year ago. I said then, and I say now, I assert, and challenge intelligent criticism, not mere denial, of the following statements:

First. The enactment of my bill into law would immediately thereafter nearly double the volume of the world's primary money, with the resultant increased conservative credit basis of twenty times the amount of primary money thus added to the world's stock.

Second. Within 1 year after the enactment of this bill the world's price of wheat, cotton, and all agricultural products would be more than trebled.

Third. The purchasing power of over 50 percent of the entire world's population now using silver as their sole yardstick of exchange and business transaction would contemporaneously be quadrupled; that is, the value of the silver stock would increase from 30 cents to $1.30, resulting in the creation of a market which would more than absorb all the surplus of our raw materials and manufactured products.

Within 2 years all our present agricultural land values throughout the United States would be more than quadrupled, thereby transforming the present frozen assets of the country banks in agricultural communities into liquid assets.

The unemployed-labor problem would be rapidly solved.

Contentment, happiness, and lucrative occupation would be substituted for discontent and despair, with the inevitably resulting tragedies which follow and which must follow unless something is done to relieve the present economic situation, and done very quickly.

Mr. President, I am not criticizing the administration. They were thrown unexpectedly, so to speak, into the situation in which they now find themselves, with banks failing all around them, almost in the worst chaotic condition in which this country has ever found itself. They were thrown into that condition, and, on the spur of the moment, it was necessary for them to enact legislation which was hastily conceived, and in many instances probably not well conceived. Nevertheless, every single piece of legislation that has thus far passed the Congress of the United States during the present administration has been of a deflationary character. According to Mr. Green, more men are out of employment today than were out of employment on the 4th day of March. Increasing unemployment during February and March has brought the total number of America's unemployed to above the 13,000,000 mark, President William Green of the American Federation of Labor said this week, basing his estimate on Government figures and reports from affiliated unions. According to Mr. Green's figures, about 230,000 workers lost their jobs during March, an alarming sign at this time of the year, when, he pointed out, industry generally takes on workers for the spring's busy season. The drop in jobs, he declared, means that buying power is still more reduced, deflation is greater, and that a larger number of persons are dependent upon charity.

Mr. President, let me read from an article with reference to world trade.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. Does not the Senator think his generalization is a little too broad? It occurs to me that the measure which we passed a few days ago providing for the development of forests, and so on, and calling for an appropriation of nearly $300,000,000, all of which will be expended in payment of labor—and that means consumption, of course—would relieve the situation of the charge which the Senator has made.

Mr. WHEELER. I will say to the Senator that $300,000,000 at the present time is infinitesimal in comparison with the tremendous deflation that has been carried on, by taking $500,000,000 of appropriations from the veterans at one time, cutting labor all over the country in another deflationary act. Spending $300,000,000 is so infinitesimal that it will not be felt in this country whatsoever.

Mr. KING. Mr. President, will the Senator yield further?

Mr. WHEELER. I yield.

Mr. KING. The $500,000,000 appropriation which was carried in a bill recently passed by the Senate, it does seem to me, could scarcely be denominated a deflationary measure.

Mr. WHEELER. What measure?

Mr. KING. The $500,000,000 measure, which has not yet, however, received the approval of the House. I agree with the Senator that many of the policies which were pursued by the last administration were deflationary, and I concede that deflationary activities are going on; nevertheless, I think that President Roosevelt, with a high degree of courage, and with a great deal of statesmanship, has attempted to arrest the deflationary movement, and the measure to which I have just referred, while it does not fill the gap, is a step in the right direction, and I am sure that other measures will be enacted into law prior to adjournment, which I sincerely hope will arrest the deflation which is going on.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. LONG. There is no question but that our President has tried to arrest the deflationary process. The fact remains, however, that it has not been arrested. We have been going in the direction of deflation, and an increase in the number of unemployed, regardless of the President's efforts to the contrary.

Mr. WHEELER. Mr. President, as I said a moment ago, I am not criticizing the President of the United States. On the contrary, let me say, so that there can be no misunderstanding about it, that I think the present President of the United States is the best man we have had as President of the United States in my memory, not excepting anyone I can think of. But it seems to me that we have now reached the time when we must take stock of the accomplishments of this administration up to the present and the probable future of legislation likely to be enacted in this session. I am sure that I am not alone in this body in feeling anxious when I contemplate the past and look forward to the future. We are not, I trust, infants here, to be beguiled with the tales of a Santa Claus. We have, I hope, reached a mental maturity that permits us to face and evaluate the realities of the situation.

No one can deny that up to date the sum total of our enacted program has resulted in a further deflation of the purchasing power of the people. I am not at this time going into the question of whether or not that deflation process was necessary to secure the stability of a market for Government securities presently to be issued. I merely state the bold and undisputed fact that so far unemployment has increased and purchasing power is diminished. Whatever changes have occurred in commodity prices, every thoughtful man realizes, are the result of temporary speculation rather than fundamental changes. But even in this field, in spite of these speculative benefits to a commodity here and there, the general level of commodity prices remains ruinously low.

The question then arises, What proposals are there in the administration program yet to be enacted which will lift us out of the depression in which we still flounder? Surely it should not be necessary to repeat that we cannot fake ourselves into prosperity by pretending to believe that it already exists. Let us make a very brief summary of the enactments to date.

There is the bank emergency law, which we were forced to enact by reason of the total collapse of the banking and financial structure of the Nation. Confessedly, that has not reached the essence of our difficulties, as thousands of banks are still closed and billions of dollars of the people's money is frozen in those institutions and therefore withdrawn from the ordinary uses of daily life in which it is so tragically needed. This is a good time to say that no banking law will ever be a success until the economic situation of the Nation is again sound, and until the farmers receive fair prices for their products and workmen are again employed at good wages. That fundamental economic truth surely must be recognized by all intelligent people.

Next there is the so-called "economy law." Without going into the merits or demerits of that measure or the necessity or lack of necessity for its passage, every intelligent person must concede that it was a deflationary measure which further reduced the purchasing power of a considerable element of our people, and, more important still, from the standpoint of general business, will withdraw from that rapid circulation so necessary to business recovery large sums of money.

The wage-reduction feature of that enactment is in direct opposition to the final results which all of us here hope to accomplish. I am sure that the President of the United States and every Member of this body realizes the fact that higher wages and a higher standard of living are absolutely essen-

tial to the satisfactory operation of the great industrial plants which we have built up in this Nation.

Next we have enacted a beer bill of some psychological effect but of no special economic importance. Outside of the temporary expenditures for the reorganization of the business incident to that enactment, the gains and losses in possible turn-over in that connection are about evenly balanced.

Next we come to the reforestation measure. When and if the 250,000 proposed to be employed thereunder are all in the service it will mean only 1 out of each 52 of the unemployed.

So much for the legislation that now stands on the statute books. Let us turn to that which will be presently enacted. There is the farm bill through which we hope to raise the price of the farmer's products. There is the farm-mortgage proposal which is designed to readjust the debt burden on the farmers of the Nation and give them a breathing spell until such time as an increased price for their products may enable them to meet their obligations. There is the proposed $2,000,000,000 bond issue to ease the burden on the city home owner. There is a suggested $2,000,000,000 bond issue for advancing employment, and a $500,000,000 relief measure which must be passed if for no other reason than to prevent the revolt of the hungry and the destitute. There is the proposed reorganization, or, more correctly, combination reorganization and bankruptcy of the railroad system. There is proposed a remodeling of the entire banking structure of the Nation.

In addition to all of these proposed legislative enactments we have an insurance situation in which thirty or more millions of Americans are creditors against the insurance companies to the extent of $103,000,000,000. And against those creditors necessarily is enforced what amounts to a moratorium on account of the inability of the insurance companies, due to the shrinkage in the value of their mortgages and securities, to meet the obligations of their contracts to the insured. We have $21,000,000,000 of interest-bearing Federal Government bonds. The amount of all indebtedness, public and private, is variously estimated at between $200,000,000,000 and $240,000,000,000. The steel business is at a low ebb; the copper business is in a state of practically complete suspension. Three million automobiles have been taken from the highways of America because their owners could no longer operate them, and month by month the wages received by the laboring people of the Nation diminish.

Mr. HATFIELD. Mr. President, what does the Senator include in the $240,000,000,000 of indebtedness?

Mr. WHEELER. I include practically all indebtedness.

Mr. HATFIELD. Is the indebtedness of counties, States, and the National Government included?

Mr. WHEELER. It is.

Mr. HATFIELD. I thank the Senator.

Mr. WHEELER. Mr. President, this is a somber picture, but unfortunately we all know it is a true picture. Shall we who are entrusted with the welfare of our people, merely because we eat our three meals a day and live in moderate comfort, permit this situation to continue and assume the fearful responsibility which our failure to act entails?

I have in my hand, for instance, a statement coming from one of the farm organizations, a statement which was published in one of the daily newspapers, saying that in the great farm States of this country in the Middle West, in Wisconsin, the richest farm State in the whole Nation, in Iowa, Minnesota, North Dakota, and other rich farming States in the most fertile territory in the whole world, the farmers by May 15 are going on a strike. It is said that they are going to refuse to sell milk and other products unless the Congress of the United States shall do something to help the farmers. One of the things that they are asking for is the remonetization of silver. I say to you, Mr. President, not only does that group of farm organizations say that, but likewise the Farmers Union, which contains the largest number of farmers of any farm organization in the Middle West and the West, more than in all the other organizations put together in that territory, has in its national convention asked for the remonetization of silver. Yet someone says to me, "You should not put such an amendment upon this bill because this is a farm relief bill."

The farmers to whom I have referred are not asking for the passage of this bill. As a matter of fact, they are asking for, and would much prefer to see, the remonetization of silver than they would be to see this particular farm relief bill passed. However, Mr. President, I am going to vote for the bill, because it is apparent to me that it is the best bill we can possibly get from the Congress of the United States; but I am asking the friends of the farmers of the Nation to stand up and be counted in the effort to put on this bill an amendment which will be of real assistance to the farmers. It is not an experiment and it will do more to raise commodity prices than all the farm legislation which the Congress of the United States may pass at this session of Congress.

As a matter of fact, when this bill came up previously and it was thought that it was going to be reported out of the committee, farm prices—commodity prices went up. So whenever there has been talk of inflation of the currency in this country farm prices have immediately gone up. Why? Because of the fact that everyone knows, even the speculators of the country who deal in such commodities, that inflation will do more to raise commodity prices upon a sound basis than all the legislation we are going to pass at this session of Congress.

Giving serious consideration to everything that has been done, to everything that it is proposed to do in the program so far before Congress, I am yet convinced that the total results will fall far short of a successful solution of our problems. The farm bill will inevitably fail unless the consuming public is endowed with a greater purchasing power than it now enjoys. I want to make the prediction, which will be recalled, I hope, at a subsequent time, that with 44 nations off the gold standard and with the United States remaining on the gold standard we cannot possibly make the farm bill a success unless we have inflation of the currency.

That brings me to the question of what is the best form of inflation in order to cheapen the American dollar. Mr. President, a Senator said to me the other day, "I favor paper inflation." Let me call attention to the fact that I was in Germany in 1923 when they inflated their paper currency to the extent that the mark became practically worthless. It helped the debtor class of that country; it did wipe out the debts of the farmers and the merchants; but it did not affect world commodity prices one iota. So, when the currency of Russia, the Russian ruble, was inflated by paper currency, it did help the debtor class, but it did not help raise world commodity prices in any manner whatsoever. So, too, when France depreciated her franc by, say, 80 percent, it had no effect whatsoever upon world commodity prices. But, Mr. President, if we remonetize silver, by reason of the fact that 60 percent of the people of the world, people who are competing with us, competing with our farmers in world markets in India, China, and many other countries, it will not only help the debtor class in this country but it will raise commodity prices.

I am not a professor of economics. I presume if I had the title of "professor" my words would have much more weight in this body than is given to them as coming from just a plain, ordinary United States Senator; I presume if I were connected with the House of Morgan and came before the Banking and Currency Committee of the Senate my words would carry much more weight than they do as just an ordinary Senator; I presume if I had been a clerk up in the Treasury Department and had given only cursory study to this subject and I came before the Banking and Currency Committee of the Senate my words would carry much more weight than they do as a Senator; but I submit, Mr. President, if you will consult any economist who has the nerve and the temerity to come before a committee of the Senate of the United States—yes; if you will consult some of the economists of the Federal Reserve Board—if they will tell the truth about it they will confirm exactly what I am saying today.

It has been said that we should issue bonds to help relieve the situation. Bond issues will mean added burdens unless earnings and consequent ability to pay taxes are tremendously increased. Issue more bonds; yes; but they mean, Mr. President, more debts; and they mean that unless the world commodity price level can be increased they will be of no avail. It is not just the commodity price level in this country which needs to be raised but it is the world commodity price level, and unless an increase can be brought about in that world commodity price level, this Government is going to sink into more debt and will have to issue more interest-bearing bonds that will further depress prices and further harm the people of the United States. Deferred payments merely mean the prolongation of misery unless the ultimate method of payment is provided for in our program of reconstruction. Reorganization and consolidation of railroad units will not add to a traffic which does not exist. Moratoria against policyholders will become permanent rather than temporary unless we vitalize the value of the lands and homes upon which the mortgages of the insurance companies are based. And finally and fundamentally, the credit of the Government itself will be destroyed in attempting to carry the load of unemployment and distress unless the agriculture, industry, and commerce of this Nation can be put on a sound and prosperous basis. I believe that every Member of this body and of the other House, in his mind and heart, knows that the first fundamental requirement to a successful reorganization of the Nation's business is an increase in the basic money not only of this country but of the world.

Let me read from an article in the New York Times, written, I presume, by some professor, and, consequently, I assume that the Senate will pay some attention to it:

WORLD TRADE IN YEAR DROPS $10,000,000,000—DECLINE STEADY SINCE 1929, SAYS THE NATIONAL INDUSTRIAL CONFERENCE BOARD

Foreign trade throughout the world has dropped at the rate of about $10,000,000,000 a year for the last 3 years, according to the National Industrial Conference Board, which reports on a survey covering the period of the depression.

Then it goes on:

From 1931 to 1932 the decline in the value of exports of the debtor countries was 36.5 percent, compared with a decline in imports of 33.8 percent, while the value of exports of the creditor countries declined 33.4 percent and that of imports 33.8 percent. In most of the individual debtor countries the decline in exports from 1931 to 1932 was considerably larger than the decline in imports.

This statement shows a decline in world business from approximately $52,000,000,000 to something like $20,000,000,000.

In the New York Times of yesterday, Mr. President, I read this statement written by Charles Merz:

We have a market at home which absorbed 90 percent of our total production in the prosperous years before 1930. But this did not signify our independence of world markets.

There are some Members of the Senate who say that we can live entirely within ourselves and depend upon our home market. I say it is an impossibility to do that, and at the same time to have prosperity in this country, and this statement shows why:

But this did not signify our independence of world markets. For the 90 percent was by no means evenly distributed among all industries.

And that is what we overlook, that the 90 percent is not distributed among all industries—

To many of them foreign trade was vital. In 1929 the United States exported 54 percent of the cotton it produced, 41 percent of the tobacco, 36 percent of the copper, 33 percent of the lard, 28 percent of the sewing machines, and from 21 to 40 percent of the agricultural machinery, printing machinery, locomotives, typewriters, lubricating oils and kerosene.

FOREIGN TRADE AND PROSPERITY

Inevitably the prices of these goods were established in world markets.

With depreciated currencies in 44 countries, with the currency of Japan depreciated 60 percent, with England's depreciated 30 percent, with that of the Argentine 40 percent, with depreciated currencies ranging all the way from 50 percent down to 10 percent, how do you expect, Mr. President, under those circumstances, to bring back prosperity in the United States, when England is manipulating at this very moment not only the pound sterling but is likewise manipulating the dollar? She wants to keep us upon the gold standard; she wants to keep the dollar high; and yet we sit here in the Congress of the United States and let the British Government manipulate our dollar, so that the minute it starts to go down the English start to buy the dollar so as to keep it up, because of the trade advantage they have with us when they have a depreciated pound sterling and we have a high-priced dollar.

The range of these prices determined in large measure the purchasing power of millions of Americans engaged in producing goods for export. Their purchasing power in turn affected vitally the price level of other goods produced primarily for home consumption.

Why is it? Some folks talk about a bill to bring up the price of wheat in order to get the advantage of the tariff, the price of hogs and the price of this and that so as to get the advantage of the tariff. Every product in the United States that is not artificially controlled by the Aluminum Co. of America, which controls the price of aluminum, whether protected by the tariff or not, has gone down with other commodities that have to be sold upon the world market, but those products that I have mentioned that have to be sold upon the world market—cotton and wheat and copper and other things—cannot do anything else but bring down the price of commodities that are used for home consumption.

But we are talking of raising the tariff to protect us. We can put on all the tariff we want, but we cannot bring up the price of products in this country as long as we have to do business abroad and ship 54 percent of our cotton, 33 percent of our copper, and a large percentage of our automobiles, steel, and everything else we produce in large quantities. What must we do? We must take one horn or the other of the dilemma. We must depreciate our dollar and bring it down to the price of the pound sterling or else bring up the cost of production of our competitor. I am not asking to join in a race in depreciating currency. I am saying we can bring up the cost to our competitors by remonetization of silver, and I challenge anybody here to deny the statement which I am making that the remonetization of silver as it was done under the laws of the country, not as an experiment, not by some professor who in the quiet of his room has written a bill, but under the laws of our country written by the greatest economists the world ever produced.

I am not proposing to tread some untried path, but to go back and do a fundamental thing. Yet we hear it said that we must not do it until we hear from the Treasury Department. Bless my soul, Mr. President, the Treasury Department has been wrong in every prediction it has made during the last 12 years. It is said we must wait until we hear from the representatives of the house of Morgan. They have been wrong, too. We must wait until we hear from the National City Bank, which we have followed blindly, and the Chase National Bank, which we have likewise followed blindly in outlining our economic course during the last 4 or 5 years of the Republican administration; but they have been wrong in every prediction made. We sat here supinely and jumped through the hoop when the financial masters came down here from Wall Street and appeared before the committees of Congress and told us what to do.

Is it not about time we assert our own independence and use our own intelligence, rather than follow somebody who is looking at the situation from his own selfish standpoint?

The article from which I have been quoting continues:

A thriving foreign trade was thus an indispensable factor in our prosperity before 1930, and the collapse of this trade has been ruinous for industries whose capacity is geared to foreign markets. Domestic demand for goods produced by these industries cannot easily be increased by as much as 30, 40, or 50 percent in order to offset the loss of exports. Nor can the capital and population formerly engaged in the production of these goods be shifted readily into other industries whose output could be sold at home.

For in most industries the United States is already equipped to produce goods in excess of the present capacity of its own markets, and it is difficult to find fields of production which are capable of being expanded so as to absorb capital and labor released from other fields.

Mr. President, on the same page of the same paper we have a chart showing the gold reserves in the United States. We have about $11,000,000,000 worth of gold. It is shown by the chart that seven creditor nations of the world have $9,000,000,000 of that gold and all the rest of the countries of the world have $2,000,000,000 of that gold. The seven creditor nations have $9,000,000,000 and all the debtor nations of the world have $2,000,000,000.

Let me invite particular attention to the change that has taken place in this country, as set forth in this article:

In considering world trade before the depression it is useful to note first the financial relationships of creditor and debtor countries.

Among the nations of the world there are many debtors. But there are only seven creditors—that is, only seven nations whose people owe less, on account of both the public debts of governments and the private debts of individual citizens, than they are owed in return. These seven are Great Britain, France, Belgium, the Netherlands, Switzerland, Sweden, and the United States. It is a small and select group, which the United States joined only during the World War. In 1914—

I want to invite the careful attention of every Senator to this, because it is a very vital factor in the consideration of the question which we have under discussion:

In 1914 we were a net debtor to the extent of about $3,000,000,000. At the end of the war our position had changed to a net creditor of about $10,000,000,000.

Mr. President, I talked with an economist of one of the leading banks in the city of New York with reference to this very subject. He was against any inflation whatsoever. Finally I said, "You are going to get one or the other. You are going to get paper or bimetallism. Which do you want?" He said, "I prefer bimetallism because it is not revolutionary, and after all there is a limit to the amount of silver there is in the world." I said, "Can we maintain as an independent proposition the price of silver at any fixed unit?" He said, "There is no question about it." I said, "Why do you say that?" He said, "Because we are a creditor nation today as against being a debtor nation before the war." I said, "Do you think we would be flooded with silver?" He said, "Of course not, because of the fact that the silver-using countries cannot divest themselves of the only money they have."

What nonsense it is to talk about China's flooding us with silver, when, as a matter of fact, by reason of the war going on between Japan and China, they began to lose some of their silver and had to put an export duty on it to keep the silver from leaving the country. New Zealand did the same thing. They cannot carry on their internal and external trade unless they have primary money, and silver is their primary money. It is as necessary for them to have it to carry on their trade as it is for us to have some gold to back up our currency.

Forty-four nations of the world have gone off the gold standard. Why did they do it? Because they had to have 40 percent of gold if they remained on the gold standard in order to carry on. When they could not keep the 40 percent of gold they had either to contract their currency to an extent that would cripple their business, or they had to go off the gold standard to maintain their currency upon some basis. Japan went down and, as I said a moment ago, has depreciated her currency 60 percent, and she is flooding our markets today with her manufactured products. Can we pass a tariff bill that will stop that sort of thing? It cannot be done because of the fact that what we have to do is to stabilize the exchanges, and what I am asking to be done will do more to stabilize the exchanges than any other piece of legislation we can possibly pass.

We talk about the amount of silver in the world. Let me call attention to some figures issued by the United States Mint:

The total production of gold and silver in the world for the years 1928, 1929, 1930, and 1931 is as follows:

Total gold, 82,291,368 fine ounces; total silver, 960,313,580 fine ounces.

During the same period the western hemisphere produced of this total: Gold, 22,032,667 fine ounces, or 26.77 percent of the total world production.

Silver, 810,055,614 fine ounces, or 84.35 percent of the total world production.

The figures given for 1931 in report of mint for 1932 are marked "subject to revision," but no doubt are accurate enough for all practicable purposes.

Mr. President, I am not going to take the time and trouble to read all of these figures, but I ask that the statement may be placed in the RECORD so that anyone interested may read the figures.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

STATISTICAL DEDUCTIONS FROM REPORTS OF UNITED STATES MINT FOR 1930, 1931, AND 1932

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Total gold	82,291,368
Total silver	960,313,580

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The figures given for 1931 in Report of Mint for 1932 are marked "subject to revision", but no doubt are accurate enough for all practical purposes.

Production of silver and gold in the world since the discovery of America:

	Fine ounces
Gold	1,084,835,651
Silver	15,170,272,102

Production ratio 13 98/100 to 1.

Total commercial valuation of gold, $22,413,757,117.

Total commercial valuation of silver, $19,195,587,185.

Total value of silver dollars of 371¼ grains, $19,613,644,800.

STATISTICS DEDUCTIONS FROM REPORT OF UNITED STATES MINT FOR 1932

Production of silver in United States from 1792 to July 1, 1834, insignificant.

From July 1, 1834, including 1847, 309,500 fine ounces; commercial value, $404,500.

Gold produced in United States from 1792 up to and including 1847, 1,187,170 fine ounces; value, $24,537,000.

Silver produced in United States from 1848 to and including 1872, 118,568,200 fine ounces; commercial value, $157,749,900.

Gold produced in United States from 1848 to and including 1872, 58,279,778 fine ounces; commercial value, $1,204,750,000.

Silver produced in United States from 1872 to and including 1931, 3,079,337,904 fine ounces; commercial value, $2,355,641,511.

Net loss to United States producers of silver due to demonetization, figuring ratio 16 to 1, $1,625,604,165.

Gold produced in United States from 1872 to and including 1931, 164,410,045 fine ounces; commercial value, $3,398,655,300.

ANNUAL REPORT OF MINT, 1932

Price of silver bullion on London market, 925 fine:

1919	125
1920	134

New York market, 1,000 fine:

1919	138
1920	137.83

Production of gold and silver in the world since the discovery of America

[Treasury Annual Reports, 1932—Director of the Mint]

Period	Gold		Silver		Production ratio
	Fine ounces	Value	Fine ounces	Commercial value	
1493–1600	24,266,820	$501,640,000	734,125,960	$1,013,093,825	1–30.25
1601–1700	29,330,445	606,315,000	1,197,073,100	1,651,960,878	1–40.81
1701–1800	61,088,215	1,262,805,000	1,833,672,035	2,534,667,154	1–30.02
1801–40	20,488,552	423,535,000	801,155,495	1,058,101,898	1–39.10
1841–60	82,087,951	1,696,909,000	538,823,550	714,994,937	1–6.56
1861–70	61,098,343	1,263,015,000	392,267,776	523,561,847	1–6.42
1871–80	55,670,618	1,150,814,009	710,463,078	865,432,040	1–12.76
1881–90	51,280,184	1,060,056,000	1,004,576,877	1,043,927,353	1–19.58
1891–1900	101,647,521	2,101,241,400	1,616,373,178	1,131,299,109	1–15.90
1901–10	182,891,525	3,780,703,900	1,826,234,623	1,052,194,838	1–9.98
1911–20	206,115,498	4,260,770,272	1,935,607,379	1,430,510,377	1–9.39
1921–31	208,909,979	4,305,952,545	2,579,899,051	1,537,277,036	1–12.34

Silver coined from 1793 to 1873

Silver dollars	$8,031,238.00
Half dollars	100,541,253.00
Quarters	22,288,021.50
Dimes	9,242,079.20
Half dimes	4,880,219.40
3-cent pieces	1,282,087.20
Total silver coined from 1793 to 1873	146,264,898.30
Silver dollars coined in 1871	1,117,136.00
Silver dollars coined in 1872	1,118,600.00

More silver dollars were coined in these 2 years than in any previous 4 years in United States history.

In 1929 was the peak production of silver in the history of the world, and the records show that the United States alone produced twice as much silver as all of Europe, Asia, and Africa combined.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Alabama?

Mr. WHEELER. I yield.

Mr. BLACK. I understood the Senator to give the present value of the total amount of silver in the world.

Mr. WHEELER. Yes; 19 billion. That is the total value of all the known production for the last 100 years.

Mr. NORRIS. Is that ounces?

Mr. WHEELER. No; that is dollars.

Mr. BLACK. What would be the value of all the silver on the increased basis of valuation that would result from passage of the Senator's bill? Has the Senator the increased valuation that would result from the passage of his bill?

Mr. WHEELER. This, according to my understanding, is the increased value as it would be under my bill.

Mr. PITTMAN. Mr. President, will the Senator from Montana yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Nevada?

Mr. WHEELER. I yield.

Mr. PITTMAN. The estimate by the Director of the Mint and other experts is that the total amount of silver in the world today is between 11 billion and 12 billion ounces.

Mr. WHEELER. That is monetary silver?

Mr. PITTMAN. No; that is all the silver in the world. The depletion is very much greater; but today those 12 billion ounces at 30 cents an ounce would have less than $4,000,000,000 purchasing power in the gold-standard countries. At $1.29 an ounce, the rate at which we maintain parity in the United States today, the rate at which we maintain $800,000,000 of silver currency today, it would have over $15,000,000,000 purchasing power in the gold-standard countries of the world.

Mr. WHEELER. The figure I gave is the total known production since the discovery of America down to the present time.

Mr. BLACK. Mr. President, will the Senator from Montana yield to enable me to ask the Senator from Nevada a question?

Mr. WHEELER. I yield for that purpose.

Mr. BLACK. Under the Senator's bill, which would provide for a ratio of 16 to 1, what would be the present value of that silver?

Mr. PITTMAN. May I answer that question?

Mr. WHEELER. Certainly.

Mr. PITTMAN. The value of that silver would be $15,000,000,000 instead of $4,000,000,000 if the price that would be established on the coinage basis were maintained throughout the world.

May I express that a little further in another way?

Today we exchange 10 silver dollars for a $10 gold piece. There are 7.8 ounces of silver in that silver dollar; and yet those 7.8 ounces in the United States exchange for $10, which means $1.29 an ounce at which the Government sells the standard silver dollar in gold. One dollar and twenty-nine cents an ounce is on a ratio of 16 to 1, because gold is $20.67 an ounce; so we maintain silver in this country at a ratio of 16 to 1, which is $1.29 an ounce under our law. If Great Britain, France, Germany, Italy, and Japan would do exactly the same thing that we are doing here, we would have silver at $1.29 an ounce throughout the world, with a parity of 16 to 1, and the 12,000,000,000 ounces of silver in the world would have a purchasing power in every country in the world, including our own, of $15,000,000,000 instead of $4,000,000,000 today.

Mr. WHEELER. Let me say to the Senator further what the Senator from Nevada has said—that all our silver money today is on the basis of $1.2929. All I am asking is that we open up the mints and continue the free and unlimited coinage of silver on exactly the same basis at which every silver dollar we have today is coined. Let me say to the Senator from Alabama that I called attention to the fact that since the war we have been a creditor nation, and by reason of the fact that we are a creditor nation there is not any question at all but that we could maintain the ratio even upon an unlimited basis. We would create an unlimited demand if we opened up the mints to the free coinage of silver, just as we have to the free coinage of gold upon the ratio of 16 to 1. It seems to me that there cannot be any question about it.

The Senator from Pennsylvania [Mr. REED] said upon the floor of the Senate, "Why, if we coin silver we will get all the silver. This country will be flooded with silver." He said, "There are 250,000,000 ounces of surplus silver in the world." Well, suppose that were true, and suppose we got the 250,000,000 ounces that the distinguished Senator from Pennsylvania says we could get—what would we get it for? We would get it in return for manufactured goods or products produced in this country, that would put men to work in our factories; and if we got it for anything else it would be a mere bagatelle. If we should get only 250,000,000 ounces of silver it would not inflate our currency very much. As a matter of fact, it would not go far enough; and Mr. Brownell, who is probably one of the greatest experts upon the silver question in the world, has said in his testimony before the House committee, as I recall, that over a period of 5 years the most we could possibly expect to get or hope to get would be, as I recall, about 650,000,000 ounces.

Mr. PITTMAN. Mr. President, may I interrupt the Senator there?

Mr. WHEELER. Yes.

Mr. PITTMAN. The testimony of Mr. Brownell before the Committee on Coinage, Weights, and Measures of the House was that a doubling of the price of silver could not possibly bring into the market in excess of 350,000,000 ounces as a maximum, but that he did not believe it would bring that, because other countries would start to purchasing it at the same time.

Mr. WHEELER. As I recall, he said over a period of 5 years the very limit that we could get would be 650,000,000 ounces.

Mr. PITTMAN. He did, in 5 years.

Mr. WHEELER. Yes.

Mr. PITTMAN. But that anticipated a very much higher rise of price, an unlimited rise of price during the period of 5 years.

Mr. WHEELER. Yes; exactly.

Mr. PITTMAN. Fifty cents an ounce, he said, could not possibly bring over 350,000,000 ounces into the market.

May I interject just there another matter? It will save my making a speech on the subject, which I know will be pleasing to the Senate.

If the 250,000,000 ounces of silver came into this country, whether it came in under a bill such as the Senator has or whether it came in under any one of the numerous bills that have been introduced in both branches of Congress providing for the purchase of $250,000,000 worth, we would still have only this: We would have 250,000,000 ounces of silver against which we would issue $250,000,000 of silver certificates. Today we have in the United States approximately $490,000,000 of silver certificates in circulation, which have been in circulation for 40 or 50 years. We would add to that circulation $250,000,000, making it, in rough numbers, $750,000,000 in silver certificates. We would have $300,000,000 in subsidiary coin; and yet the proportion of silver currency to the proportion of total currency and the proportion

of gold currency would be a third less, even with that added to it, than it was in 1900.

Mr. WHEELER. Yes.

Mr. BLACK. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Montana further yield to the Senator from Alabama?

Mr. WHEELER. Yes.

Mr. BLACK. As I understand, however, the Senator's bill would increase the value of silver from about 30 cents an ounce to $1.29 an ounce.

Mr. WHEELER. That is correct.

Mr. BLACK. May I ask the Senator what is the proportion of silver which we have in this country to the total amount there is in the world?

Mr. WHEELER. I cannot give it to the Senator offhand. Perhaps the Senator from Nevada [Mr. PITTMAN] will.

Mr. HATFIELD. Mr. President, will the Senator yield. I think I can give it.

Mr. PITTMAN. Mr. President——

Mr. WHEELER. Go ahead.

Mr. PITTMAN. The total amount of silver in the world, as before stated, taking the world's production and the depletion as it may be estimated, is estimated at between eleven and twelve billion ounces.

It is recognized that at least 7 billion ounces has been in India for ages in the form of jewelry that the women wear, and always will keep. When silver went to $1.38 an ounce in 1920, instead of its drawing silver out of India, India bought more silver than she bought annually before. That silver is there.

China has two or three billion ounces of the same kind of silver that never came out when silver went to $1.38 an ounce in 1919. China bought more of it at that time.

The Senator asks the direct question, What is the proportion of silver we have in the United States to the total silver in the world?

In the first place, we have more silver currency circulating in the United States than in any other country in the world—not bullion, like the jewelry in India, but currency. We have today $850,000,000 of silver currency actually circulating in this country. We have approximately $4,400,000,000 of gold currency circulating. So it can be seen that approximately 20 percent of our circulating currency in this country is silver currency; so it is $850,000,000 as compared to 12,000,000,000 ounces of silver in the world.

Mr. WHEELER. I want to go back now and call attention again to the world trade. This gentleman, Charles Merz, in the New York Times—a well-recognized economist, probably a doctor—makes this statement:

> Under the influence of these forces world trade has fallen drastically since 1929. The following figures, showing the combined value of exports and of imports, tell the story.

He states that in 1929 the combined value of exports and imports was $68,000,000,000. In 1930 it dropped to $55,000,000,000; in 1931 to $40,000,000,000; and in 1932 it dropped to $26,000,000,000—world trade and commerce.

What is it that we need today? We need today in the world, as we never needed it before in the history of the world, more primary money with which to carry on trade and commerce. While the supply of gold has increased, it has not begun to keep pace with the expansion of trade and population of the world. It has not begun to keep pace with it; and yet I want to call attention likewise to this article in the Saturday Evening Post, written by Garet Garrett, in which he shows how completely Great Britain and the other countries of the world are controlling our money here, and are driving down prices in this country and throughout the world, for their own selfish advantage:

> For more than a year this country has been the object of a world-wide economic drive, producing or tending to produce the following effects, namely:
>
> To intensify and prolong the American phase of universal depression—

This is the leading article in the Saturday Evening Post, of which you all have a copy—

> To increase unemployment here and to arrest it in foreign countries;
>
> To defeat the American Government in its undertaking, by use of public credit, to stop the disastrous liquidation of prices, commodities, and capital values;
>
> To annul our tariff laws and at the same time to override the laws whereby we meant further to protect American labor by limiting immigration from countries having a low standard of living; to stimulate unnaturally the sale of foreign merchandise in the American market and at the same time to hinder the sale of American merchandise in foreign markets;
>
> To unbalance the economic position of this country by bringing the weight of more than half the world's selling to bear upon it, while at the same time diverting from it the support of more than half the world's buying;
>
> To create in this country hoards of gold, impounded to the credit of foreign countries, the first effect of which was the same as if Americans themselves were hoarding the gold, as they have been exhorted not to do, and the second effect of which might be much worse, because the foreigner owners, having hoarded it here and earmarked it, could take it out of the country whenever it pleased them to do so;
>
> And, lastly, to propagate in this country a motive for war-debt cancelation as the price of economic peace.

Mr. NORRIS and Mr. LONG addressed the Chair.

Mr. WHEELER. Let me finish this statement before I yield.

Is it possible that the Congress of the United States, that the Senate of the United States, are so weak and so supine that they are going to stand idly by and say that we are going to let these other countries regulate our currency and depreciate our prices, flood us with their goods, and prevent us from exporting our products, and we have not the courage or the nerve to stand up and pass what the majority of this body knows is the sound and the sensible thing for us to do?

Somebody said, when I introduced this amendment on the bank bill, "You must not put it on the bank bill." Somebody said, "You must not put it upon this agricultural bill." Another one said to me, "You ought to get an expert from the Treasury Department." Another one said, "You ought to get some of these financiers down here." Another one said, "You ought to get some economists here."

As far as I am concerned, Mr. President, we have had a lot of these economists, as I said a moment ago, we have had a lot of these bank presidents, and we have had a lot of these financiers, dominating our Treasury Department, our financial policy, our fiscal policy, for the last 10 or 12 years; and are we going to continue to do so?

This writer points out further in this article how there is a determined effort upon the part of these countries——

Mr. SHIPSTEAD. Mr. President——

Mr. WHEELER. I yield to the Senator.

Mr. SHIPSTEAD. I simply want to observe to the Senate that we have the same weapon that they have, but we have not used it.

Mr. WHEELER. Of course.

Mr. SHIPSTEAD. Our Federal Reserve Board could buy pounds and sell dollars, as they have bought dollars and sold pounds. Not having used that weapon, either through ignorance or through deliberate intent, it may be necessary for Congress to take some action in self-defense of our general economic structure. If it is through ignorance that the Federal Reserve Board has failed to act, they ought to resign. If it is not through ignorance but through deliberate intent, they ought to be impeached.

Mr. NORRIS. Mr. President——

Mr. WHEELER. I yield to the Senator.

Mr. NORRIS. While the Senator is commenting on the article of Garet Garrett in the Saturday Evening Post I am wondering if he will not read the illustration that Mr. Garrett gives in that article about the Englishman who is manufacturing shoes and selling them in the United States.

Mr. WHEELER. Yes. I want to say to the Senator—I have the article here—that I called attention to that very thing in the speech that I made here on January 25. I took a supposititious case in my speech at that time of a man manufacturing shoes in this country and assumed that Canada had a currency which was depreciated 50 percent and was manufacturing shoes.

The American buyer of shoes could take the American dollar and go to Canada, assuming that their currency was depreciated 50 percent, and could buy two pair of shoes for what he could buy one pair for in this country. Likewise

the man who should go to Canada who might want to buy American shoes would have to pay twice what he would have to pay for them in the United States.

Mr. Garet Garrett points this out:

Let the case be that of a British manufacturer of shoes. He makes a pair of shoes to sell in Great Britain for £1 sterling. When the gold value of the pound sterling was $4.86 it made no difference whether he sold that pair of shoes in London for a pound sterling or in New York for $4.86. But since depreciation, the gold value of the pound sterling having fallen one third, there is a difference. If he sells that pair of shoes in London he will receive only £1 sterling, but if he can sell it in New York for $4.86 he will receive the equivalent of £1½ sterling. That is to say, formerly if he brought home his $4.86 from New York he could exchange it for simply £1 sterling, whereas now when he brings home the $4.86 received for the shoes in New York he can exchange it for £1 10s.

Mr. NORRIS. Mr. President, I hope the Senator will not stop reading there. See what he does.

Mr. LONG. Go on with the next paragraph.

Mr. WHEELER. It continues:

Then let this British shoe manufacturer be in need of leather. Will he buy it in the United States? Obviously not, because he would have to change his pounds back into dollars at a discount of one third to pay for American leather. Instead, he will seek his leather in some depreciated-currency country where the buying power of the British pound sterling is unimpaired—leather, that is to say, somewhere in Sterlingaria.

So, when the British Treasury, with a fund of more than three quarters of a billion dollars officially devoted to the manipulation of international exchange, sold the pound sterling to cheapen it and bought the American dollar to make it dear, it had these definite objects in view:

First, to penalize the purchase of American goods; for who can afford to change pounds sterling into dollars at a discount of one third to pay for American goods?

Second, to subsidize the sale of British goods in the American market, by giving the British exporter an artificial profit of approximately 50 per cent in the exchange, which enables him to land his goods over the American tariff wall at prices which are less than the cost of manufacturing similar goods in this country. Thus our tariff laws are annulled.

Third, to create large gold balances in this country.

Their gold balances have been going up since they have gone off the gold standard, because of the export of their products to the United States. Mr. Garrett continues:

These balances represent credits for British goods sold in the American market.

Mr. President, what the author says with reference to British goods is likewise true with reference to manufactures in China, in India, and in Japan. As I said a moment ago, according to Mr. Merz in the New York Times, the currency of Japan has been depreciated, not 30 percent, as the English pound has been depreciated, but it has depreciated 60 percent.

What has happened over in China, with the value of their money down really to one fifth of the value of the dollar? They are buying some more cotton in the United States, but what are they doing to our manufactures? They are buying because of the cheap price of cotton in this country, and they are taking our raw cotton and our raw tobacco to China and are manufacturing it in their own factories. Not only that, but to the men from the cotton States let me say that the low price of silver has stimulated as has nothing else the production of cotton in China and in India. If the men from the cotton States and those from the tobacco States really want to do something to help the tobacco growers and the cotton producers of this country, they can do it by remonetizing silver more than by all the farm relief bills they could pass at this session.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. PITTMAN. Right on that point, I think it is interesting to compare our exports to China for the years 1928, 1929, and 1931. We find that our exports of crude materials to China in 1928 were 30.5 percent of our total exports to that country. In 1931 they were 49 percent. The exports of crude materials to China had increased from 30 percent to 49 percent.

Let us follow that down and see what happened to the manufactures. In 1928, 47 percent of our manufactured exports were to China; in 1931 they amounted to 26.4 percent. In other words, our exports of raw materials, which are cotton and tobacco chiefly, have maintained a level and have actually increased, while our exports of manufactured materials from the United States in those 4 years have decreased 75 percent.

Our cotton men think that they are not hurt, but if we turn to another table furnished by our Department of Commerce we will find that the export of manufactured cotton-textile goods from Great Britain to China fell off in the same period 75 percent, and we will find that our cotton exports to Great Britain during the same time fell off 75 percent. So, while we held our own with China, since China is industrialized because she has increased her textile mills 25 percent in 3 years, our great cotton business with Great Britain has been destroyed by reason of the destruction of her textile mills.

I want to call attention to the report of the British Economic Mission to China, sent there in 1930, with which they had a great corps of experts, and they spent £80,000 on the examination. We find in that report that this loss in the export of manufactured products to China is due to the depreciation in the value of silver, thereby making the exchange value of silver money so low in comparison with gold-standard money that those people were unable to buy gold exchange in Great Britain with which to pay for products, and the industrialization of China had commenced. They said that unless they raised the exchange value of silver money in comparison with gold-standard money—and that could only be done by restoring the purchasing price of silver—the industrialization of China would go on to the point where not only would Great Britain have no market for manufactured material in China but that that industrialization would threaten the world with exports of manufactured materials.

Mr. WHEELER. Not only is what the Senator has said with reference to the industrialization of China and with reference to the industrialization of India true, but since Japan has depreciated its currency 60 per cent they are having the greatest period of prosperity they have had in years, because of the fact that they are able to conquer the markets of the world.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. WHEELER. I yield.

Mr. CONNALLY. Let me ask the Senator this question: In view of the fact that the Secretary of State has already publicly announced that the question of silver as money will be taken up at the coming International Economic Conference, does he think it is wise to press this matter at this time? The United States, of course, cannot alone fix the international value of silver, and does not the Senator think it would be the part of wisdom for us to defer action and let the International Economic Conference take this matter up and work out some system so that silver, if it is remonetized, will be worth the same all over the world instead of fixing its value in the United States alone?

Mr. WHEELER. I want to say to the Senator, in the first place, that I do not agree with his premise at all.

Mr. CONNALLY. What is my premise?

Mr. WHEELER. The Senator said we would have to have an international conference.

Mr. CONNALLY. No; I said in view of the fact that we would have one.

Mr. WHEELER. The Senator said, in view of the fact that we cannot do it alone.

Mr. CONNALLY. The Senator does not answer my question.

Mr. WHEELER. I will answer the Senator's question, but I first want to show him that he is wrong.

Mr. CONNALLY. I do not want the Senator to go off on a sidetrack. I asked him whether, in view of the fact that our own Secretary of State has publicly announced that he proposed to submit to the International Economic Conference the question of silver, he did not think it well that the United States wait and let him do that, instead of undertaking to settle the question alone?

Mr. WHEELER. If the Senator will let me answer his question, after he has stated it to me twice—I understood it the first time——

Mr. CONNALLY. I beg the Senator's pardon. He did not seem to understand it.

Mr. WHEELER. I understood it, because I understood the Senator to ask his question "in view of the fact" that we could not fix the price of silver alone. I say, in the first place, that I disagree with the Senator's statement, and I say that because of the fact that we are a creditor nation, and I say to the Senator that if he will consult some of the economists of this country who have given some thought and study to this matter, he will find that that assumption on his part is entirely incorrect.

Let me say to the Senator, further, in view of what we know of the position of England, and the reason why she is juggling at the present time the currency of the United States of America, that I have not the slightest faith that England is going to agree at the economic conference, and nobody else has any belief that they will agree, to a proposition to remonetize silver. Why should they? They have an advantage, as I called to the attention of the Senator just a moment ago from this article by Garet Garrett. They have an advantage over the United States. They want to keep us on the gold standard. It is to their interest to keep us on the gold standard. Every time the price of our money drops they go in through this fund they have created and buy American dollars. Let me read the statement to the Senator.

Mr. CONNALLY. It is not necessary; I have read the article entirely.

Mr. WHEELER. If the Senator read the statement and if he has studied the question, then, under the circumstances, it is inconceivable that he could believe for one second that out of that economic conference will come anything worth while. Ever since 1873 we have been calling these economic conferences, and I agree entirely with Will Rogers when he says that we never lost a war and that we never won a conference; and we are not going to win this one.

Mr. CONNALLY. Mr. President, is the Senator against the conference? Does he not want us to confer with the other nations with reference to all these economic questions?

Mr. WHEELER. I am not against it, but I have no faith that anything at all will come out of it. Nothing ever has come out of one of them, as far as benefit to the United States is concerned, and I make this prediction, and the Senator will, I am sure, after the conference is over agree with me, that nothing will be done at that conference worth while with reference to regulating international exchange and money.

There is one thing in which England is interested, and that is in cutting down the debt she owes to the United States of America. That is the one thing she is going into that conference for; that is the one thing she is going into any conference for. She has a double purpose. First of all, she is not going to permit commodity prices in the world to come up. She is not going to permit us, if she can help it, to cheapen the American dollar, unless we first agree that we will cut the debts of Great Britain and the other countries.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. WHEELER. I yield.

Mr. CONNALLY. Let me say to the Senator that it does not seem to me that he is rendering his country a very great service, when he knows that it is going into this economic conference and it is going to submit these matters, when he bitterly denounces one of the most powerful countries that will be at the conference and predicts that nothing will come of the conference, when the United States is one of the chief actors in the conference.

So far as wanting to pay the war debt is concerned, it seems to me that if we remonetize silver, as the Senator wants us to do, at 16 to 1, England could pay her war debts at about 25 cents on the dollar by sending her silver from India and other countries over here and paying them at the rate of 24 cents an ounce, when the Senator would make it worth $1.29 an ounce. Let me say to the Senator——

Mr. WHEELER. Let me answer the Senator's statement.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. The Senator from Montana has the floor. Does he yield further to the Senator from Texas?

Mr. WHEELER. Let me say, in the first place, that the Senator again is wrong. How, in the name of goodness, is Great Britain going to buy silver at 24 cents if there is an unlimited demand for it at $1.29? She would have to pay the same price as we would. So far as rendering service to the country is concerned, I say that when I am asking for the remonetization of silver I am asking for it from a patriotic standpoint. I am not interested in China; I am not interested in India; I am not interested in England; but, first of all, I am interested in the United States of America, and I am interested, Mr. President, because of what Great Britain and other countries have done. We, including myself and the Senator from Texas, have been sitting here idly by and have been jumping through the hoop at the dictation of a little group of Wall Street bankers who have dominated the finances of this country. I say to the Senator——

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield further to the Senator from Texas?

Mr. WHEELER. Just a moment and I will yield to the Senator.

Mr. CONNALLY. At that point I should like to interrupt the Senator.

Mr. WHEELER. I will yield in just a moment.

Mr. CONNALLY. If the Senator does not want to yield at that point, there is no use of my interrupting him.

Mr. WHEELER. Let me say to the Senator that when he says I am not rendering a public service to my country, I resent the statement, because the fact is——

Mr. CONNALLY. I did not say that.

Mr. WHEELER. Yes, the Senator did; and I resent the statement.

Mr. CONNALLY. I rise to a question of privilege.

The PRESIDING OFFICER. The Senator from Texas will state his question of personal privilege.

Mr. CONNALLY. I do not think the Senator has any right to refer to another Senator in that way. Will the Senator from Montana now yield?

Mr. WHEELER. I yield.

Mr. CONNALLY. Let me say that I have not attacked the Senator's patriotism. I merely said I thought he was not rendering his country a very good service——

Mr. WHEELER. If that is not attacking my patriotism, I do not know what it is.

Mr. CONNALLY. I feel that a man may do something entirely innocently, and I think the Senator is innocent. I would not say innocently ignorant, because I do not think that would apply to the Senator [laughter in the galleries], but let me say just one other thing——

The PRESIDING OFFICER. The Chair will admonish the occupants of the galleries that they are here as guests of the Senate. Demonstrations of approval or disapproval of remarks made on the floor of the Senate are strictly forbidden by the rules of the Senate. The Chair hopes the occupants of the galleries will adhere to the rule.

Mr. CONNALLY. Let me say to the Senator that I am entirely in sympathy with the idea of reducing the value of the American dollar, but I have a different view as to how it should be done than that which the Senator entertains. I favor reducing its gold content.

Let me say one other thing to the Senator, after apologizing for what he imagines is some attack on his patriotism, which, of course, is visionary and purely a phantom; he says that we have all, including himself, been jumping through the hoop of Wall Street. He may have been jumping through the hoop at the command of Wall Street, but I want to say that, so far as the Senator from Texas is concerned, I have not jumped through the hoop for Wall Street at any time and do not expect to do so; nor have I jumped through the hoop for Great Britain, either.

Mr. WHEELER. When I said that with reference to the Senator I meant it in the general sense that, as I think everybody will concede, the economic policies adopted by the Government of the United States during the last few years have been dictated and absolutely dominated by a little handful of people in the city of New York; and when I said that the Senator had been a party to it, too, I meant the Congress of the United States, and he is a Member of the Congress.

Mr. CONNALLY. No; the Senator mentioned the Senator from Texas.

The PRESIDING OFFICER. Does the Senator from Montana yield further to the Senator from Texas?

Mr. WHEELER. If the Senator is offended by reason of that statement, I retract it.

Mr. CONNALLY. I am not; the Senator cannot offend me.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. I think that the Senator, in his generalization as to the effect of international conferences, went a little farther perhaps than accuracy would justify. My recollection is that there has been no economic conference for the consideration of the silver question.

Mr. WHEELER. Oh, yes; there has been.

Mr. KING. If the Senator will pardon me just a moment further, and will permit me to interrupt him——

Mr. WHEELER. Yes.

Mr. KING. The Senator knows that after the defeat of Mr. Byran, in 1896, two measures were passed by Congress providing for international conferences. Mr. McKinley named a number of gentlemen to go to Europe to participate in a silver conference, among them a Republican, a distinguished Senator from Colorado. That Senator upon his return reported that the administration had in effect undermined him and his colleagues and that the conference had been rendered abortive. He was indignant at the treatment which had been accorded the American delegation by the administration.

My recollection is that since the defeat of Mr. Bryan there has been no silver conference or one for the purpose of bringing about the remonetization of silver. The Senator will remember that the Democratic Party declared in its platform in favor of the President calling an international conference for the purpose of rehabilitating silver; that is doubtless what the Senator from Texas had in mind; but we all know that President Roosevelt has taken great interest in the forthcoming Economic Conference, and that he conferred with two delegates who were sent to the preliminary meeting called for the purpose of formulating an agenda, comprehensive in character, that would, among other things, consider the question of remonetizing silver. That agenda has been prepared, and the President and the Secretary of the Treasury are now earnestly and sincerely engaged in conferences and activities preliminary to the London Economic Conference. Whether that was wise or unwise, I do not now make any comment, but I wanted the RECORD to show that the Democratic Party declared in favor of an international conference for the rehabilitation of silver.

Mr. LONG. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. Just a moment. I still say to the Senator that I have no doubt that the President of the United States is going to call the economic conference in good faith; and I still say that in view of the attitude of Great Britain, in my humble judgment, there is no more chance of getting anything worth while done for silver than there is of my flying to heaven at this very moment; and I do not expect to do that.

Mr. KING. Neither do I.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. Yes; I yield.

Mr. LONG. Mr. President, England did not call any conference when she established her basis of currency.

Mr. WHEELER. Of course not.

Mr. LONG. Other nations have gone ahead and established advantageous systems. I hope the conference will do some good, but whether it shall do good or not there is no reason why we should not do our own people what good we can with or without a conference. I am not opposing a conference; I would be the last one to do that.

Mr. WHEELER. Mr. President, as a matter of fact, England never consulted us when she went off the gold standard, when she depreciated her currency; Japan never consulted us; Germany never consulted us; France never consulted us; but it seems to me in this country we feel that before we can take any steps at all with reference to our economic policy the first thing that we must do is to consult Great Britain, that we must consult France, or we must consult some other country. For my part, I say that I am not in accord with simply submitting everything to Great Britain to see whether or not it is satisfactory to her before we go ahead and adopt our own course, when we have the power to do so.

Here is the statement by Mr. Garet Garrett, and in the correctness of his statement I have great faith. He says:

> To begin with, take the news of how international exchange has been manipulated from London in behalf of Sterlingaria. This is from the London Economist, January 7, last, the article entitled "Money in 1932", beginning on page 7:
>
> "Meanwhile, steps had been taken under the 1932 Finance Act to institute special machinery for the regulation of the exchanges. * * * This machinery consisted of the establishment of a special exchange equalization account, owned and operated by the Government, and empowered to hold assets in the form of gold, devises, or sterling, as seemed desirable. The funds at its disposal amount to £150,000,000, plus the balance of the old dollar-exchange account, and when it came into being on July 1 the floating debt was increased by £150,000,000, mainly in the form of Treasury bills, to provide it with the necessary resources."
>
> Who but a banker or one trained in exchange would know the simple meaning of that?
>
> Then this, from the Financial Chronicle in New York, February 11, as viewing some of the effects:
>
> "Sterling exchange, as during the past few weeks, continues exceptionally firm and is prevented from soaring to extremely high figures, it is thought, only by the intervention of the London authorities working in the various foreign-exchange centers through the exchange equalization fund. * * * The market has no way of gaging exactly the operations of the exchange equalization fund, as no official information is ever given out. Nor are the earmarkings of gold in New York officially explained. However, well-informed bankers and foreign-exchange authorities are convinced that most of the gold earmarked in New York during the past few weeks has been for the account of the Bank of England acting for the exchange equalization fund, which has been selling sterling and buying dollars, and converting the dollars into actual metal from day to day."

Yet we talk about expecting to get something from an international conference with Great Britain when she has been manipulating the dollar to keep it at a high price.

Somebody said to me when I was talking the last time, "What you are trying to do is to help China and to help India raise the price of silver. You are trying to help China and India." Just stop for a moment, Mr. President, and think of that. England is depreciating her currency because it is helping her to do so; it is helping her unemployment situation; it is helping her in her trade; it is helping her to sell her goods and send them to America. Japan is doing the same thing; the Argentine Republic is doing the same thing. What I am trying to do, Mr. President, is to raise the value of our money so that it will make it impossible for them to dump their goods upon the American market and make it possible for them to buy from us rather than to sell to us.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Kentucky?

Mr. WHEELER. I yield.

Mr. LOGAN. I should like to ask the Senator if he does not think that if we could first remonetize silver as proposed by his amendment there would be a much greater probability the conference would result in some good to America than it is apt to do if we go into an international conference and ask other nations if we may be permitted to do this?

Mr. WHEELER. Of course, I do not think there can be any question about that at all. In my judgment, the best service we could render the President of the United States in the forthcoming conference, the best thing we could possibly do for the Government of the United States, would be to have the Senate at this time adopt this amendment. It would serve notice upon Great Britain and upon the other countries of the world that unless they are going to come along with us and take some action on this question, the United States of America itself intends to do something.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Nevada?

Mr. WHEELER. I yield.

Mr. PITTMAN. The situation in China as I found it in 1931 was peculiar. The National Government of China was very anxious to restore the purchasing power of silver because it could not pay its foreign debt without restoring the price of silver. In other words, they collected $4 on the hundred in taxes in silver dollar; and when they applied that to their $500,000,000 foreign-debt service, each dollar was worth only 25 cents. Therefore, they had to go into default; and when they defaulted, they had no credit with which to buy munitions, rails, road machinery, engines, and cars; they could not carry out their promise. It was impossible for a government to be maintained in China on that exchange ratio. But the people of China, the merchants of China, had exactly the opposite view. They realized that it was injurious to Great Britain, a gold-standard country, and injurious to the United States, but it was profitable to them, because so high an exchange rate acted as a tariff barrier—that is, the people got no more dollars for their rice and their labor than they ever did—but they had to pay 4½ to 1 to buy our gold-standard dollar with which to purchase our products. They deliberately said, "It has injured the United States and Great Britain and other gold-standard countries, but this depreciated currency of ours as measured by the gold standard is bringing about a boom in China," and that is the fact; there was a boom in China. However, under this condition, they can never have a national government in China that will last. They will never have permanent development in China under this condition. That is the situation.

We are not by any legislation that restores the price of silver directly and immediately benefiting the Chinese people, but permanently we are benefiting them, and we are removing a barrier to trade that is industrializing China; we are removing it just as we would as if it were possible for us to compel Great Britain to go back to the gold standard, which we cannot do. The currency situation in regard to silver money is exactly the same as with regard to the gold-standard money of the countries that have gone off the gold standard. There is absolutely no distinction.

There seems to be a belief in the minds of the British people and of the French that we are interested solely in the commodity price of silver by reason of producing silver in the United States. The silver we produced in the United States last year was only 24,000,000 ounces. At the market price it was a little over $6,000,000 gross. It was not one fifth the value of the product of any one of the mining States. The whole world production of silver was only 160,000,000 ounces, and that was not worth over $40,000,000 gross. So their thought is absurd.

The British are far more interested in restoring the price of silver than is the United States. That applies to the British merchants and exporters. They had a larger trade in manufactured articles with China than we ever had. Not only that, but India has had a deathblow, as was stated in a speech of the president of the Bank of Issue of India, in which he called attention to the fact that the purchasing power of the people of India has been cut in half and that if they could restore their purchasing power it would be one step alone toward restoration of trade in the world.

Mr. WHEELER. I thank the Senator. There is a certain group in England that would be very glad to see a remonetization of silver because of the fact that it would increase the purchasing power of India. But there is another group in England bitterly opposed to it.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. The Senator's last statement is accurate. If he will permit me, I would say that more than 200 or 300 of the leading industrialists and some of the leading bankers and some 30 or 40 members of the House of Lords and the House of Parliament formed a silver association and have been advocating for more than a year the restoration of silver to the status of primary money. Many textile manufacturers have joined the association. I think, if a vote were taken in Great Britain today, there would be a majority in favor of the remonetization of silver. There is opposition by some bankers, but many of them have come over to the bimetallic standard. The contest is between a limited number of bankers and the mass of the industrialists and the people. To repeat, I believe a vote in Great Britain today would be in favor of remonetization of silver.

Mr. WHEELER. There is no doubt that if the people had a chance to vote on it, they would remonetize silver in England. If the people of this country had a vote on it, they would vote overwhelmingly for the remonetization of silver here. Someone said Mr. Bryan was defeated on that issue in 1896. He lost by something under 500,000. Mr. John W. Davis lost by 6,000,000 or 7,000,000. Mr. Cox lost by several million votes. Yet we do not want to repudiate everything they stood for in the Democratic platform of 1924 or 1920 merely because they were overwhelmingly defeated in those elections. Conditions have completely changed. At that time we were a debtor Nation while today we are a creditor Nation. That is why I assert without fear of contradiction, because of the fact that we are a creditor Nation, that we can maintain the ratio at any fixed, definite figure we want to adopt. Any economist of any note who has given study to the subject will agree with me upon that point.

Mr. President, I do not want to take more of the time of the Senate with reference to the subject. I should be very glad indeed if we were able to take a vote on it at any moment, because I feel convinced, as I said a moment ago, as the Senator from Kentucky [Mr. LOGAN] so well expressed it, that a vote to adopt my amendment to the bill would be rendering the President of the United States the greatest possible help in the forthcoming economic conference. The President would then be able to go to the conference and say that the people of the United States are favorable to doing something with reference to the subject and that we have to insist upon doing it. If the Senate votes down this amendment, he is placed in the rather embarrassing position of having others say that the Congress is not in favor of doing anything.

We all know that the President of the United States, in his speech in my home city of Butte, Mont., declared emphatically that he was for rehabilitating silver. We know that since that time he has uttered statements to the effect that he wanted to do something about it. Let us show him that the Senate of the United States is going to back him up in that statement. As the Senator from Utah [Mr. KING] has well said, the Secretary of State has said it is going to be a part of the agenda of the conference. A vote to attach it as an amendment to the pending bill would back him up and give him the power to say that the United States Senate is back of him in his effort to rehabilitate silver. Those who say that a vote at this time in favor of it would disturb the situation, it seems to me, entirely miss the point.

Mr. BORAH. Mr. President, before the vote is taken I want to occupy the attention of the Senate briefly. It is not

singular at all that in the discussion of the farm bill we should come directly to a discussion of the subject of inflation. As I take it, the silver proposition is a subdivision at least of the general subject of inflation. There is in my opinion no divorcing the subject of farm relief and inflation. They inevitably come together. Logically they are one and the same proposition. The great object of farm-relief legislation is to raise the price of commodities. Without that, any scheme which we may propose will ultimately fail. In my opinion we shall not succeed in raising the price of commodities permanently except through some system of inflation.

When we speak of inflation, the reply is that it means trouble, disaster, and greater distress. To my mind the answer to that is that unless we can arrest the fall of prices, the distress which is ahead is infinitely worse than anything we have experienced in the past. Our whole scheme for rebuilding the industries of the United States and rehabilitating agriculture rests upon the proposition of successfully arresting the fall of commodity prices and bringing about an increase in them. I ask in all sincerity, how are we going to do that except through a well-thought-out, controlled system of inflation? Has anyone suggested at any time during this period of depression any effective means of raising the prices of commodities other than through the currency or the money question?

Mr. President, it is about 4 years now since we were considering some of the first proposals made by the then President of the United States. One of the proposals which came in early was what is known as the "Farm Marketing Act." A review of the press and the general expressions of opinion at that time relative to that measure would disclose that they were to the effect that it gave reasonable assurance of maintaining farm prices and rehabilitating agriculture. For a time the effect of the measure seemed to be satisfactory. But prices continued to fall. The deflation continued on its course. The Farm Marketing Act proved to be wholly inadequate for the purpose for which it was enacted. It was built on a false foundation. The essential cornerstone of rebuilding was absent. We were endeavoring to bring prosperity to farmers without providing against the fall of prices.

From time to time measures were proposed and some of them passed, all having for their purpose the rebuilding of American industries and, as was said at the time, of restoring confidence in the American people. We came to the Reconstruction Finance Corporation measure. We recall well how it was prophesied that this would restore business, inspire confidence, and start the American people on the way to reasonable prosperity. It is interesting to go back and read the prophecies concerning those measures and what was expected of them and how it was hoped that they would have some tendency at least to stay the price of commodities and restore confidence in the American people. Prices continued to fall. Loans instead of being a blessing came nearer being a curse. The effect of the Reconstruction Finance Corporation measure was wholly disappointing. Nothing which was proposed had the effect of staying the fall of commodity prices. Therefore every measure and every proposal proved a failure. We could not even balance the Budget.

We come to the present administration and find the same situation. Let us pass by the merits or demerits of the measures which have been enacted, in and of themselves. Nevertheless there has been no stay of any moment of the fall of commodity prices. For a time there was a temporary rise, a temporary assurance of better conditions, and finally back again to the original prices and even lower than they had hitherto been.

I venture to say that the measure which we have here now will not restore the prices of farm commodities for any length of time unless we deal successfully with the money question. It will prove as unsatisfactory in the end as did the Farm Marketing Act. I regard the farm bill now before us as a sincere, honest, heroic effort to be of some service to American agriculture, but it is my belief that unless we have the courage to sit down regardless of party and work out a sound method of inflation, this measure will prove as unsatisfactory in 6 months as did the Farm Marketing Act. This measure will not of itself stop the fall of prices, and like all legislation it will crumble under the avalanche of depression if prices do not rise.

We are seeking by this measure to raise the price of farm commodities at the expense of the urban dweller. Bear in mind, my friends, that the entire income of the United States only a few short years ago was about $83,000,000,000 to $84,000,000,000. It is now about $37,000,000,000 to $40,000,000,000. We cannot successfully serve the cause of the American people by raising the price of commodities for one group at the expense of another group. We must find some method by which to increase the income of the Nation as a whole. With this impoverished national income no healthy or permanent relief will come of dividing it up again.

There is only $37,000,000,000 to $40,000,000,000 of income to be divided among the American people as an entirety; and unless we can find a means by which to increase that income to the people as a whole, we shall not succeed by giving a little more of it to this group and taking some from that group. That may give a higher price for a time to the farmer, but unless the national income is increased it will be only temporary.

It seems to me, therefore, that any of these measures, however sound they may be in and of themselves, must have the basis of increased price of commodities in order that they may be sustained and be of benefit to the American people.

Take the Economy Act: That act, as a matter of economy, reducing the expenses of the Government, is something with which all of us sympathize. Nevertheless, it was in and of itself a deflationary measure; and all these measures—the Economy Act, the banking bill, and the other measures which have been proposed—have the effect of further deflating American business. Unless we can add to that something in the way of an inflation of the currency, it seems to me inevitable that in a short time we shall land precisely where the other administration landed.

I learn from the press that the President of the United States is giving study and thought to the subject of inflation. I think uncontrolled inflation would be an evil equal to that of deflation; but that, in my opinion, does not for a moment argue against the wisdom and the effect of a reasonable or a controlled policy of inflation. If the President is giving thought to inflation, then I should like to move in harmony with the administration at least until it is determined whether any plan is to be pursued. I say this for the reason that while I favor inflation, yet I know it is a difficult and delicate problem and the Government and all departments of the Government should be in harmony, if possible, in order to insure success.

It is a subject upon which the administration and the Congress should agree before we can be sure of making the program successful. It would be utterly impossible, whatever measure we might pass, to make it successful without the cooperation of the executive department of the Government. The sentiment for inflation is increasing.

I notice that Mr. Walter Lippmann, formerly most conservative on inflation, only a few days ago had this to say:

> The speculative rally has subsided, and the deflation continues to run.

That is exactly what happened under the former administration. The former administration refused to touch the subject of the currency. We were warned, week after week and month after month, that the agitation of it would bring ruin and destruction to the country. The result was that prices continued to fall, deflation continued on its course, and an administration which came into power with an enormous vote and exceptional popularity was driven into retirement. Unless we can reverse the course of events and change the course of commodity prices, nothing in the world can preserve the popularity of any administration, however great it may be.

Mr. Lippmann says:

The idea which gives order and significance to the tasks that lie ahead is that we are engaged in a struggle to arrest the fall of prices, in other words, the deflation, and to bring about a moderate rise in prices, in other words, a controlled inflation.

People speak about "controlled inflation." Nobody expects or wishes uncontrolled inflation. But, says Mr. Lippman, in effect, unless we can arrest the fall of prices, and do so through inflation, the measures thus far enacted into law will be disappointing.

Thus, if the forces of deflation which are bearing down upon American producers are not dealt with, all these measures of Budget balancing and capital reorganization will clearly be quite ineffective. Unless prices rise and incomes increase, the new Budget will soon again be out of balance and the reduced mortgages of farmers and the scaled-down bonds of railroads will soon again be intolerable. It is possible to adjust debts and fixed charges down to a new level only if the new level is at least stable. It is probably practically impossible to adjust all debts and fixed charges down to the catastrophic level to which they have now fallen. Any successful readjustment of fixed charges calls for some substantial rise in prices and stabilization at a somewhat higher level than now prevails.

That, Mr. President, is the great problem before the civilized world today. In England, in France, and throughout all lands this question of how to stay the fall of commodity prices is the one which torments the minds of the great leaders of the nations. I take it that the main purpose of these conferences, singly and afterward collectively, is to find some way by which to stay the fall of commodity prices.

Civilization depends upon finding a solution. I am prepared to vote for any measure—whether in its details it satisfies me or not, whether in its details it seems to me wise or not—I am prepared to vote for any measure which endorses the principle of inflation. If I should vote for this amendment, it would be as an endorsement of inflation, rather than the method.

The Chicago Daily News a day or two since said:

Instead of passing the farm bill, it would be better for the Federal Government to initiate immediately a program of deliberate and controlled inflation, using the machinery established by the Emergency Banking Act. The experience of England since its departure from the gold standard has robbed such programs of much of their terror. "Off gold" English commodity prices and living costs have been stabilized and export trade has expanded slightly. There has been a decrease in unemployment. Those are important gains for a nation struggling toward commercial rehabilitation.

Professor Thompson, of the Columbia School of Political Science, a few days since said:

We are face to face with a grave situation at the moment, and currency reform has become imperative. The crushing weight of the depression has fallen upon debtors and producers without working capital, and they should not be left to the tender mercy of the relentless creditor and the sheriff. If, during an era of expansion and excessive credit, debts were contracted which cannot be liquidated, distress sales of commodities and foreclosure of real estate bring despair to the man who cannot quickly mobilize his assets to meet the demands of his banker.

Manipulations of greedy bankers and money lenders and the reluctance of capitalists and conservative statesmen to depart from past practice and the letter of the law which has brought on in large measure such deplorable conditions may well urge us on to the verge of desperation. No matter that live credits are being translated into bad debts, defaulted mortgages, and uncollected judgments, the banker who cashed in on an inflated market will not hear to a devaluation of the dollar; he wants to increase its potency and purchasing power.

The Democratic platform on which Mr. Roosevelt was elected stands for sound money, and with that principle we all are in accord.

Certainly we are. I do not admit for a moment that in arguing for inflation, for a cheaper dollar, I am arguing for a dishonest or unsound dollar. I maintain, as I have said here before, that a dollar which it takes three times as much wheat to buy, or three or four times as many hogs to buy as it did 2 or 3 years ago, is not an honest dollar or a sound dollar. What we are asking for, Mr. President, is such dealing with the money question as will give to the business men of the country, the farmers of the country, and all who must transact business, an honest measurement of values from year to year.

Suppose the price of commodities continues to fall: What becomes of the proposition of scaling down the debts under this program which we have before us? Although the debt may have been scaled down under the fall which is taking place, it will be only a short time until the farmer proportionately is in no better position to redeem himself than he was before it took place.

Suppose we undertake to balance the Budget, and succeed in balancing the Budget today, and prices continue to fall, and taxes continue to decrease, as of late. We will have an unbalanced Budget from month to month, just as we had under the previous administration. There is no escaping the fact that we are up against the proposition of considering the money question, and in order to do so successfully we must have the cooperation of the administration.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. Yes.

Mr. FLETCHER. May I suggest to the Senator along that line, in connection with this legislation, is not the farmer entitled to the same kind of a dollar for his products that he is obliged to pay his taxes with, and his interest on his obligations, and other items of expenditure?

Mr. BORAH. Mr. President, that is true. The farmer has seen his taxes rise in the last 10 years 300 percent. That is on the face of the paper; but when he comes to sell his commodity to secure means with which to pay his taxes, he finds that his taxes have risen from 600 to 700 percent. It is the same way with his mortgage. He may have had a mortgage of $5,000 in 1929. Now, although it stands as the same upon paper, he has a mortgage of from ten to twelve thousand dollars, through no act of his own, through no additional loan, through no change in the note, but through the constant increase in the value of the dollar.

Since 1929 bank deposits have shrunk $21,000,000,000. Eight and a half billion is in closed banks; two and a half billion is hoarded currency; and ten billions has been the result of a reduction of bank credits.

The following bank deposits have been frozen since the beginning of the depression:

1930	$864,700,000
1931	1,691,500,000
1932	730,400,000
1933, Mar. 3 to Mar. 22, about	5,000,000,000

Mr. President, if I had my way about it, I would be ready to attach a clause to this bill giving the Government the power and authority, and directing it, to pay 60 cents on the dollar for every one of these frozen dollars and take an assignment. That would be one way in which, with justice and perfect safety and fairness to American depositors, we could increase or inflate the currency of this country.

Mr. KING. Mr. President, will the Senator yield?

Mr. BORAH. In just a moment. While I do not propose to discuss it this afternoon, I would follow that as rapidly as I could by a bank guaranty law. If we are going to punish men for hoarding, let us first give them a safe place to deposit their money.

Mr. KING. While it is important, of course, to have an increase in the circulating medium, does not the Senator believe that the important thing is to find work for the people, and, therefore, if necessary, to have the Federal Government engage in large activities of a public character, but primarily to encourage private industry to resume activities, and to furnish employment for the millions who are out of employment? It seems to me that the important thing is to get men to work, and, of course, if by inflation, "controlled inflation", to use the expression so commonly used, that could be effectuated and the result accomplished in part, at least, then controlled inflation might be important.

Mr. BORAH. Mr. President, I do not know how we are to put men to work and keep them at work with a con-

tinuous fall in the prices of commodities. I do not know how we are to restore confidence to the American people with a continuous fall in the prices of commodities. I do not know how to arrest the fall in the prices of commodities except through action regarding the money question. If there is another way and a sounder way and a safer way, I am only interested in the result.

Mr. KING. Mr. President, will the Senator yield further?

Mr. BORAH. I yield.

Mr. KING. Does not the Senator agree that if four or five millions of unemployed could now be put back to work in profitable employment, that would increase production and increase consumption and, pro tanto, augment the prosperity of the country, or at least relieve us from some of the depression?

Mr. BORAH. Mr. President, if we put men to building public buildings, post offices, and so forth, in my opinion it will not produce the result which the Senator desires. If we can put men back to work at productive work, producing something which the human family needs, that would be of help, but if we are simply to build public buildings, in the end, in my judgment, the result will be unsatisfactory. We will have the public buildings on our hands, there will be no income from them, and we will have the expense of taking care of them.

Mr. KING. Mr. President, if the Senator will pardon me, in the construction of public buildings, brick and lumber and all the essentials which go into the construction of buildings will be required, and employment would be furnished to people in providing those essentials.

Mr. BORAH. Oh, yes, Mr. President; we could put men out here on the street digging holes and filling them up, and the machinery that would have to be used would have to be produced somewhere, and that would give some employment; but unless we are putting their efforts into some line of industry or some line of production which brings some return to the human family in the way of benefit through producing the things which they desire, the things which they must wear, or the things which they must eat, in my opinion, in the end there will be failure. I do not mean to say that in order to keep men from actually starving we might not have to do these things which we are now talking about. What I am speaking of is the restoration of the prices of commodities as the ultimate solution of the depression through which we are passing.

Mr. President, I have a statement before me, prepared by a research bureau, and I want to read a paragraph from it and call attention to some figures to show how utterly powerless we are to protect the American farmer or the American business man in his markets unless we can deal with this money question. This writer says:

> On the next page we will see an interesting comparison of the experience of the gold-standard countries, the restricted-exchange countries, and the "managed-currency" countries, during 1931 and 1932 in the matter of pig-iron and steel production—the best index of general business conditions within these countries. This study shows that the managed currency countries achieved a remarkable stability in their production, whereas the advocates of "sound money" would have predicted uncontrolled inflation and trade once a country definitely departed from gold. In the case of the restricted-exchange countries, it shows a 36-percent decrease and in the gold-standard countries a 44-percent decrease, with the most serious decline of all in the case of the United States. If we continue our present monetary policy much longer, this study would indicate that even Russia would pass us in the production of pig iron and ferro-alloys. One could list a considerable amount of other evidence which would prove beyond question that the real instability in currencies at the present time occurs in the case of those definitely linked to gold and not those "managed" with the welfare of a country's citizens in mind.

In support of that I want to put into the RECORD the figures which he has prepared, showing the prices of commodities in the gold-standard countries and the prices of commodities in the managed-currency countries.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Comparison of pig-iron and steel production in managed-currency countries, gold-standard countries, and restricted-exchange countries, 1931–32

	Metric tons			
	Pig iron and ferro-alloys		Raw steel	
	1931	1932	1931	1932
Restricted-exchange countries which work under the same disadvantages in export competition due to rigid exchange laws as countries on the gold standard				
German Customs Union	6,063,000	3,900,000	8,292,000	5,710,000
Spain	495,000	270,000	604,000	500,000
Rumania	50,000	40,000	120,000	80,000
German Austria	145,000	90,000	322,000	210,000
Yugoslavia	38,000	30,000	60,000	40,000
Hungary	160,000	120,000	316,000	200,000
	6,951,000	4,450,000	9,714,000	6,740,000
Gold-standard countries or countries whose currency is at or near par				
Belgium	3,232,000	2,470,000	3,135,000	2,800,000
France	8,199,000	5,500,000	7,808,000	5,500,000
Netherlands	257,000	250,000		
Italy	552,000	490,000	1,527,000	1,350,000
Czechoslovakia	1,165,000	450,000	1,521,000	670,000
Poland	347,000	200,000	1,037,000	530,000
United States	18,721,000	8,900,000	26,553,000	14,100,000
Canada	473,000	140,000	685,000	340,000
	32,946,000	18,400,000	42,266,000	25,290,000
Managed-currency countries or mandated regions whose currency has appreciably depreciated or which have no restrictions on foreign exchange				
Saar	1,515,000	1,320,000	1,538,000	1,430,000
Luxemburg	2,053,000	1,920,000	2,027,000	1,920,000
Great Britain	3,818,000	3,600,000	5,446,000	5,500,000
Russia	4,900,000	6,200,000	5,416,000	5,400,000
Sweden	418,000	240,000	552,000	530,000
Japan	1,408,000	1,200,000	1,864,000	2,200,000
British India	1,150,000	1,000,000	610,000	500,000
	15,262,000	15,480,000	17,453,000	17,480,000

	1931	1932	Percentage of change
SUMMARY			
Pig iron and ferro-alloys			
Restricted-exchange countries	6,951,000	4,450,000	36-percent decrease.
Gold-standard countries	32,946,000	18,400,000	44-percent decrease.
Managed-currency countries	15,262,000	15,480,000	1-percent increase.
Raw steel			
Restricted-exchange countries	9,714,000	6,740,000	30-percent decrease.
Gold-standard countries	42,266,000	25,290,000	40-percent decrease.
Managed-currency countries	17,453,000	17,480,000	0.2-percent increase.

Mr. BORAH. Mr. President, it is true that the managed-currency countries are now invading the markets of the United States, in addition to having already to a large extent taken possession of our foreign markets. At the present time the managed-currency countries have what is in effect a very high protective tariff by reason of their cheaper currency.

Suppose we undertake to lower the tariffs in this country in order to permit people to sell to us, and thereby find a means by which to buy from us. While that is taking place, the cheap-currency countries may so manipulate their currencies as, notwithstanding the lowering of the tariff, to give them the advantage of a high protective tariff upon their part. It is dangerous to lower tariffs until the currency question is adjusted.

There is no means by which we can stabilize anything—the tariff, prices, our markets—until there is a stabilized currency, both in this country and internationally.

There is no one in the United States who is more interested or should be more interested in the coming international conferences than the farmer. The farmer sells abroad—the cotton farmer 55 percent of his product, the

tobacco farmer 41 percent, the wheat and rye farmers 20 to 22 percent, the lard producers 23 percent. Until we can get back these foreign markets upon a reasonable basis there can be little permanent prosperity to the American farmer, and we can never get back those markets so that they will be ours with any degree of certainty until the international currency question is adjusted.

Mr. KING. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. KING. The Senator knows that when the last tariff bill was before the Senate for consideration, a number of Senators insisted that we needed foreign markets for our surplus products. However, when it was shown that many commodities were imported into the United States in insignificant quantities the tariff rates were put very high, with the avowed purpose of excluding imports from the United States. If we have that mentality and pursue that policy of excluding commodities by tariff duties, then it seems to me that much of the argument my friend is making, with which I substantially agree, would lose its potency. Many Americans, unfortunately, during the past few years have indicated a determination to have no commerce with other nations. Apparently they expect to find export markets, but absolutely refuse to receive imports in exchange.

Mr. BORAH. Mr. President, as the Senator knows, I am what they call a low-tariff man on this side of the Chamber. I have voted for a tariff bill but once since I have been in the Senate, 26 years, because I always thought the rates were too high. Nevertheless, I am not willing to lower the tariff duties in this country so long as the managed-currency countries, through their processes, can ship their goods over any tariff wall we may establish. I think tariff adjustments must go hand in hand with currency adjustments.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. PITTMAN. It is perfectly evident, and I may say admitted by the leading economists of Great Britain, that they are maintaining the pound sterling at the present level, as they say, to equalize costs of production in the United States and in Great Britain. Whether that reason be sound or not sound, I am calling attention to the admission.

It was only recently that I asked one of their prominent economists, who I think may speak with some authority, what, in his opinion, would be the action of the British Government if we should reduce the gold content of the dollar one half. He said:

> Of course, I cannot speak for the British Government, but I think the logical thing for them to do, and what I believe they would do, so as to maintain the same status quo as that which exists today, would be to reduce the value of the pound sterling in gold or dollars to $1.75.

Just one other thing and I will be through. There is a race for the depreciation of currencies in the world, as there was a race once for high tariffs, and probably still is, and for the same purpose. The race for the depreciation of currency can have no effect whatever except that the currencies will go to no value, as the German mark did. Consequently it seems absolutely essential that there must be a stabilization of currencies in all these commercial countries, based on metals, something that is fixed or approximately fixed as to quantity and production. If that is not accomplished, then this fight will go on, to the disruption of currencies and exchange values and the whole economic system of the world.

Mr. WAGNER. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. WAGNER. One aspect of this question which puzzles me somewhat is this: If these foreign countries with depreciated currencies have invaded our market to the point of dumping, how is it that we have maintained the balance of trade in our favor within the last year or two?

Mr. BORAH. I do not have the general figures, but I do know that our foreign markets for farm products have been greatly curtailed. Whether that has been made up by exportations of products of another kind, I do not know. I know that the foreign markets for our farm products have fallen away. For instance, the South during the last fiscal year sold about $200,000,000 worth of cotton abroad, while in a normal year they would sell $700,000,000 worth.

Mr. WAGNER. That is because of the inability of foreign markets to purchase, because of decreased purchasing power, but, as I understand, the relationship is the same; that we as a Nation still have a balance of trade in our favor.

Mr. BORAH. I am not sure that the Senator is correct about the figures; I do not know about that; but, for instance, take the fishing industry on the Pacific coast; Japan and other cheap-currency countries have practically taken possession of it, they have almost closed our industries, our business is practically at a standstill. That is a physical, demonstrable fact; and they are doing it by reason of their cheap currency.

Something has been said this afternoon about the forthcoming international economic conference and some doubt has been cast upon the possibility of its success. Of course, no one knows what can be accomplished; but if there is any one enterprise in which the whole United States is interested and to which it ought to give its support, in a sincere and intelligent way, it is the international conference which is to be held, we hope, some time early in the summer. Without the solution of such questions as the currency question, as the disarmament question, and kindred questions, without the solution of those problems as international problems, the United States must readjust her entire industrial and financial policies and proceed along an entirely different line from what it has proceeded since the organization of the Government. We will have to turn our attention to economic nationalism to an extent never dreamed of heretofore. Every reasonable effort should first be made to adjust these great essential economic problems.

Mr. SMITH. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from South Carolina?

Mr. BORAH. I will yield in just a moment. The United States must do that, because, as suggested by the Senator from Nevada a few moments ago, with this race in the form of currency depreciation going forward, there is no bottom except the abyss. Now I yield to the Senator from South Carolina.

Mr. SMITH. The Senator from Idaho is speaking of the impending meeting of the nations looking toward some kind of an agreement as to currencies. Does he think that we ought to wait on that conference in an attempt to arrest a condition that is so notorious in this country?

Mr. BORAH. Mr. President, my candid opinion is that we shall have to wait for some time. We may enact legislation, we may attempt to go forward as we have for the last four or five years without the adjustment of these international economic problems, but, in my opinion, we shall be disappointed in any legislation which we may enact. I do not mean to say that we should not ameliorate the situation as best we may, that we should not administer relief where it is possible to administer relief, but I am speaking of the permanent return of normal prosperity in this country and throughout the world. Without the adjustment of those international problems, I myself cannot see any immediate return or any return at all of normal conditions.

Mr. SMITH. One of the reasons I ask the Senator from Idaho the question is that he read some statistics to show that the countries that have a managed currency are already relieving themselves and are on the upward road, while those that are managed by their currency have gone in the other direction. It seems to me that if England and other countries have been able to maintain a more tolerable condition for their people, through their recognition of the necessity of modifying their currency laws, we certainly ought to follow suit to whatever degree we can bring about relief.

Mr. BORAH. Mr. President, as I said a moment ago, if these questions cannot be adjusted internationally, undoubtedly we shall have to adjust ourselves to the situation; but, in my opinion, the sound, the secure, the safe way to deal

with the money question is through an international agreement, through an international understanding.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield to me?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. Yes.

Mr. ROBINSON of Arkansas. I assume the Senator has in mind an arrangement for the stabilization of exchange?

Mr. BORAH. Yes, sir.

Mr. ROBINSON of Arkansas. The Senator, as I understand, does not advocate the effort on the part of the Government of the United States to depreciate its currency in competition with nations that compete with us for trade and commerce?

Mr. BORAH. What I was saying was that the only safe way to stabilize international exchange is through international agreement, and I think it is the same way with the silver question with which we are dealing. I think the safe, sound, secure way to deal with it is through international agreement. I very much doubt whether the United States alone can do very much with the silver question.

I know that my friend from Montana [Mr. WHEELER] holds an entirely different view; but if the President of the United States, as he has stated he is undertaking to do, can bring about a stabilization of the silver question through international agreement, it will be more permanent and better for the people of the United States than for us to attempt to do it by ourselves. While I say that, at the same time I recognize that some things may be done to ameliorate the situation here, but there can be no permanent prosperity and there can be no permanent relief, in my judgment, until we settle some of the international problems; and the most important conference to convene since the conference at Versailles, which ended the World War, will be the international economic conference to which attention is now being directed by the President of the United States. It is my deliberate opinion that the happiness and the prosperity and even the future stability of many governments depend upon the success of the conference which is to be held. If the peoples of the world are to pursue the course which they have pursued since the Versailles conference, if economic war is to take the place of military war and to continue indefinitely, God only knows what future has in store for the peoples of the world.

Mr. VANDENBERG and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield to the Senator from Michigan, who, I think, rose first.

Mr. VANDENBERG. The Senator is discussing managed currency and its success abroad. Manifestly its success, if any, has depended upon sympathetic management. I submit to the Senator that there is no chance for sympathetic management of any of these propositions in the United States under the existing attitude of the Federal Reserve Board. I assert that there has never been a moment when the Federal Reserve Board has given sympathetic ear or assistance or cooperation to a single effort the Congress has made in respect to the expansion of the currency; and I submit to the Senator that if we propose to do anything further by way of effort in this direction, we shall have to be more specific than we have ever been heretofore.

Mr. BORAH. Mr. President, one of the easiest things in the world to do is to get rid of that Board if that be necessary.

Mr. FLETCHER. Mr. President, may I suggest to the Senator just one thought?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield.

Mr. FLETCHER. I am quite impressed with what the Senator says as to the importance of an international agreement, but I feel, too, that the United States has not come out very well when it has entered into international agreements. With reference to silver we have had four or five different international conferences.

Mr. BORAH. No; the Senator is in error as to that.

Mr. FLETCHER. We have had three or four of them, anyway; there was one at Brussels.

Mr. BORAH. We are in a new era.

Mr. FLETCHER. But, anyway, we never got anywhere in any of those conferences; that has been the trouble.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I yield.

Mr. LONG. I now remember my question, having been reminded of it by the Senator from Florida [Mr. FLETCHER]. The Senator from Idaho does not think that there ought to be any restraint on us in voting for remonetizing silver today, does he, because a conference is going to be held? If we can do anything to help, we should do it, should we not?

Mr. BORAH. Mr. President, if the Senator wants my candid opinion about it, the way to deal with the silver question is through an international conference. I, in part, represent a silver State, and I have no prejudices, I suppose, which would blind me to the value of silver in our monetary system; I think it has an important place in our monetary system; but I do not see how we by ourselves can be successful in placing silver in the monetary systems of the world. I believe in the restoration of silver to its proper place in our monetary system, but I have long entertained the view that such restoration in order to be successful and permanent should be through international adjustment.

As I said a moment ago, if I vote for this amendment it will be because I am voting for a subdivision of the question of inflation. My deliberate judgment is that the way to deal with the silver question is through an international agreement, and that we ought to support the President in the way which will be most conducive to his success in that respect. If I knew that the President desired that this measure be not adopted, I would vote against it. He is to carry the silver cause through the international conference, and I would not want to embarrass him in so vital a matter.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. In just a moment I will yield. In other words, I think much depends on the success of the international conference, and I am willing to adjust my relationship to that by my action here in the Senate.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator now yield?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. I can inform the Senator from Idaho that the President does not desire either of these amendments adopted.

Mr. BORAH. Very well. I shall not vote for the amendment, as I feel nothing should be done to imperil the success of his efforts.

Mr. ROBINSON of Arkansas (and other Senators). Question!

Mr. ASHURST. I ask for the yeas and nays.

Mr. ROBINSON of Arkansas. Let the yeas and nays be ordered, and then I will suggest the absence of a quorum.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Montana [Mr. WHEELER] in the nature of a substitute for the amendment of the Senator from Louisiana [Mr. LONG]. On that question the yeas and nays are demanded. Is the demand seconded?

The yeas and nays were ordered.

Mr. PITTMAN. Mr. President, I beg leave to make a short statement, as I will be compelled in a few moments to leave the Chamber. I have a pair, so that my vote will not be lost; but I wish to say that I have already, during the speech of the Senator from Montana, called attention to a number of facts which, in my opinion, are in support of the remonetization of silver in aid of international trade. I am going to ask leave of the Senate to place in the RECORD

as part of my remarks two statements which I have made on this subject and which thoroughly express my views.

I am of the opinion that there is more encouragement for favorable action by the approaching international conference on the subject of silver money, as well as all other forms of monetary exchange, than there has been in a very long time. I think that the necessity for agreement is known to statesmen everywhere. Of course, it is difficult for one nation that is deriving an advantage from the present situation to forego that advantage, but all nations realize that the result will be complete destruction of the monetary systems of the world if the contest in depreciation shall continue without end.

I have never yet offered a proposal such as that contained in the amendment of the Senator from Montana. I have offered several bills looking to the purchase of silver by the United States, with the object of bringing back the world price of silver to its normal parity eventually based on production and consumption. I have introduced bills that have attempted to eliminate the unnatural supply that has been thrown on the markets of the world. I feel, however, that through an international conference we will be able to go very much farther than that.

We have had one vote already on the same bill the Senator now proposes as an amendment; I voted against it, and all except three western Senators voted against it. It gave the impression throughout the world that there was no substantial sentiment in the Congress of the United States in favor of the remonetization of silver. I am unwilling to have such an impression go out to the world. I know that there is a strong sentiment for the remonetization of silver. There is a great difference of opinion as to the method by which it should be accomplished, the limitations under which it should be accomplished, the period of time over which it should be accomplished; and yet the overwhelming sentiment, in my opinion, today of the people of the United States is for the remonetization of silver.

There is a grave distinction between bimetallism and abandonment of the gold standard. If one speaks of monometallism or bimetallism in the sense of a single measure or a dual measure, that is one thing; if one is thinking of monometallism as the base, whether it be gold or silver, with a maintenance of parity on the national ration of 16 to 1, that is an entirely different theory.

The United States might have the gold standard as its measure of money value and maintain, as it does today, the parity of silver on the basis of 16 to 1. China might have the silver standard and yet maintain in gold all other currencies that come into China on the basis of 16 to 1 in China. The main proposition is not to attempt to force on the world any particular standard of measure, but to have such standards of measures as are adopted throughout the world maintained as nearly as possible on a fixed standard of ratio so that the exchange value of money may be the relative value as between the countries, so that speculation in exchange may cease, so that moneys may not be used for the purpose of bearing down or raising the prices of commodities or giving one country an advantage in world trade over another country. These are the things we seek.

My views have been expressed time and again in this body as to what I think are the practical means to accomplish this purpose. But I want to say now that I do not think it will be injurious in any sense of the word for this body to express its views with regard to the remonetization of silver in our own country. I cannot see that it will. There are others who feel that it might have a deterrent effect on the international conference. I do not see how it can have. I believe that the world should know that this great country of ours is taking the silver question seriously—and when I say "the silver question" I mean the use of silver money throughout the world—that we recognize silver as money, that it always has been money and probably always will be money for five sixths of the people of the world, and that we realize it has its effect on trade through exchange with gold-standard countries. I think the world should know that. For that reason I ask leave that I may incorporate in the RECORD two statements which I have made with regard to the subject. I would not make the request except, first, that I know the Senate is anxious to vote; and, secondly, it is absolutely essential that I leave immediately for an appointment which I have at the other end of the Capitol.

The PRESIDING OFFICER. Without objection, the request of the Senator from Nevada is granted.

The statements referred to are as follows:

SILVER AND THE COMMODITY PRICE LEVEL

The fundamental and underlying cause of the present world crisis is the fall in commodity prices. The purchasing power of money has increased or, in other words, the value of commodities in terms of money has decreased. The prosperity of industry, trade, and commerce depends upon the ability of people to purchase not only the bare necessities of life but those things which make for comfort, enlightenment, high standards of living, and happiness. This purchasing power ultimately goes back to the price of commodities. The normal purchasing power that existed in most countries prior to 1930 has depreciated to its disastrous present level through the destructive fall in the price of commodities. The agricultural problem and the prosperity of agriculture, which is admitted to be the basis of all prosperity, is the problem of raising commodity prices to a point where there will be a profit to the producer. Today many of our chief agricultural products are selling below the cost of production. The effect upon the purchasing power of the producers is obvious. At least one third of our people are directly dependent for their purchasing power upon profits derived from the products of agriculture. When these people are unable to purchase the products of the manufacturer, the manufacturer is compelled to reduce his output and as he reduces his output he discharges labor. Labor, as a group, is admittedly second in importance as a purchaser in our markets. As labor is compelled to join the ranks of the unemployed it also joins the ranks of the nonpurchasers and thus continues the process of the necessary reduction in plant operations. There is a vicious and unending circle which cannot and never will be terminated until the purchasing power of those engaged in agriculture is raised through an increase in the price of their products to a level that will show a profit to the industry. The value of lands is dependent upon the profits that may be derived from them and that, in turn, is dependent upon the profits that may be obtained from the commodities raised thereon. The value of manufacturing plants is determined by their earning capacity and no plant operating at 15 or 20 percent of its normal capacity can show a profit.

So when commodity prices are below the cost of a profit level then property values decrease. As property decreases the power of governments to obtain moneys from taxation decreases, whether such taxes be levied against physical properties or income. So the Budget problem is inevitably and eternally involved in the price of commodities. Our real problem cannot be solved until the prices of commodities are raised not only above the cost of production but to a level that will show profit. When plant operations are reduced through loss of purchasers, car loadings fall off and nothing can restore such loss save the restoration of the purchasing power of the people within our country. So again I repeat that all our problems, both individual and governmental, are involved in the problem of commodity prices.

There is no overproduction as measured by the normal demands of our people for consumption. Production is less than it was prior to 1930, and yet our population has increased and the desires of our people for those things that they consumed prior to 1930 are unchanged. Surplus products in practically every country of the world have beaten down domestic prices. These surplus products restrained from their natural foreign markets have been thrown back on domestic markets with the natural inevitable destruction of domestic prices.

This cessation or stagnation of foreign trade may be due to several causes, but undoubtedly it is chiefly due to two major causes. Tariff walls erected by 41 governments of the world in the last few years for the purpose of protecting their own markets against importation from foreign countries have undoubtedly been one of the major causes in the present stagnation of trade. The second and perhaps the most fundamental cause is the depreciation in the currencies in most of the countries of the world as measured by the gold standard. This depreciation has had the same effect as a tariff wall, and in most cases has multiplied the effect of these walls. Even Great Britain's currency since she went off the gold-standard basis has depreciated over 30 percent. The currencies of other countries have depreciated very much more. Great Britain today in purchasing our products must buy our gold exchange with her depreciated currency and then pay our gold-standard price for our products. She can buy much more of the same products in countries where currency has depreciated as much or to a greater extent than has hers.

It seems to me inevitable that we will be isolated from world trade unless we lower the value as related to gold of our own currency or that the other countries of the world formerly on the gold standard restore their currencies to their normal value in relation to ours. We do not desire, if it may be prevented, to lower the standard of value of our currency. It would have a disrupting effect upon our economic system and upon many of our financial obligations and institutions.

The difficulty of other governments returning to the gold standard is obvious. What aid our Government may give them is not

clear. The United States and France have nearly three fourths of the monetary gold of the world. The problem of the redistribution of this gold in the immediate future at least appears almost insurmountable, and yet those governments that have gone off the gold standard cannot return to the gold standard until the normal distribution of gold throughout the world has been restored. I do not propose today to discuss the solution of this problem.

There is another money-exchange problem that is destroying our export trade. I refer to the problem involved in the tremendous depreciation of the price of silver and its consequent effect upon the purchasing power of those people of the world who use silver as their standard of currency. Over half the people of the world have no money save silver money. They have never used any other kind of money. To them it is money—good money that maintains its par value within their own country.

In discussing the silver problem I cannot too strongly emphasize the fact that I am discussing it not as a commodity but as money, and by money I cannot too strongly insist that what I mean is whatever is used as the means of payment, whether it be gold, silver, paper, checks, or anything else which is accepted as a means whereby a payment can be made. Silver as a commodity has had a larger fall than the average commodity. If, however, it were merely a commodity, there would be no more excuse for raising its price than for any other commodity of equal importance, and its importance as a commodity is not great any more than the importance of gold as a commodity is great. When, however, you consider it as a means of payment its importance becomes very great. As many people in the world use it as money as use gold or the currencies attached to gold, and as to the silver-using countries, their money has depreciated in terms of gold more than 60 percent since 1929. By raising the price of silver to a normal figure you will do more than any other one thing to increase the purchasing power of the world. Increased purchasing power means increased demand, and increased demand means raising commodity prices.

I wish briefly to outline what has actually happened as a result of the abnormal decrease in the purchasing power of silver and to show by the facts in connection with the supply and demand of silver how the very moderate plan which I propose can remedy this situation.

CHINA'S FOREIGN TRADE IN THE SILVER MARKET

Take China as an illustration. The currency of China is based on the silver standard. So far as the internal trade and business of China is concerned, the fluctuation in the price of silver in terms of gold has a negligible effect, but when it comes to purchases by China abroad from countries whose currencies are attached to the gold standard the price of silver has a marked effect, and the recent drastic decline in the price of silver from around 65 cents an ounce in 1926 to 27 cents an ounce at the present time has had a profound effect. Its effect is not only injurious to the present trade of China, but is even more alarming when viewed from a long-term trend. Let me briefly point out these effects. First, from the point of view of prophecies made of the inevitable effect of the drastic decline in silver which has occurred by those best qualified to judge of the probable effect; second, by presenting to you the actual results which have occurred from this decline in the price of silver; and, third, to outline the beneficial effects which will result from a rise in the price of silver to its normal ratio with the currencies of the other countries of the world.

The Secretary of State for Foreign Affairs and president of the Board of Trade of Great Britain appointed on March 18, 1930, the British Economic Mission to the Far East to inquire into the present condition of British trade with China and Japan and to report what action should be taken to develop and increase that trade. Mr. Ernest Thompson was appointed as chairman of the mission. The mission left London in September 1930 and returned to London in April of 1931, and during this time they made an exhaustive investigation of the trade situation in both Japan and China at a cost to the British Government of some £60,000. Their report, in dealing with the silver question, makes the following statements:

"At page 111, section 232:

"'The silver question: There exists in China today one outstanding problem which faces all nations desirous of selling their goods in the China market. The deplorably low silver values and the consequently much-reduced buying of the vast populace are factors contributing to restrict the increase of imports into China from foreign countries. Finding it increasingly difficult to buy (for payment in gold) goods from abroad, China will be driven to discover ways and means of producing her own requirements. Should she continue to remain on a greatly depreciated silver basis for some years it is obvious that she will of necessity not only quickly enlarge her industrial capacity and manufacture goods now made in foreign countries but will be able to export many of such goods to markets abroad now being served by Great Britain.' * * *

"And at page 127, section 302:

"'The continued depreciation of the value of silver has enormously reduced the purchasing power of China, and if it continues will hasten the growth of industries in China, the manufactures of which will compete with imported products from Great Britain. Reduction in the value of silver also increases the difficulties of China in meeting interest on foreign loans and so compels her to raise further revenue by increasing import duties. If the depreciation of silver were to affect the foreign-loan service, much damage would be inflicted on British interests.'

"303. 'In our opinion, every means should be sought of bringing about the stabilization of silver and so of restoring to China her full purchasing power.'"

On September 22, 1931, the China Association of Great Britain, under the chairmanship of Sir Robert Horne, formerly Chancellor of the Exchequer, adopted the following resolution:

"That this meeting states its conviction that the raising of the price of silver and its restoration to a place in the world's monetary system offers the quickest and most effective remedy to the present disastrous fall in prices, and expresses the hope that the governments principally concerned will at the earliest possible moment confer with this object in view."

In 1926 Mr. Montagu Norman, governor, and Sir Charles Addis, a member of the court, of the Bank of England, and certainly among the greatest authorities in the world today on currency questions, gave the following joint evidence:

"I think that one has to bear in mind the interaction between gold and silver prices. There is a reaction upon gold when an extreme fall or rise takes place in the value of silver, which is none the less serious, because it is indirect and not very apparent on the surface. The consequential changes in the price generally and in trade conditions which would be produced, the disturbance to the world's peace and confidence, the interference with the long-established social habits of the people of India in the use of silver, the shock to the reliance of a great country like China upon silver as a medium of currency and a common store of value could not fail to have important effects upon the gold prices of countries in Europe and, indeed, in America."

Now, let us analyze briefly what has happened to the import trade of China since the occurrence of the drastic decline in the price of silver, and to its industrial development. In 1928, 30.5 percent of the exports of the United States to China consisted of crude materials, 10.1 percent consisted of foodstuffs, 12.1 percent consisted of semimanufactured goods, 47.8 percent consisted of finished manufactured goods. In 1931, 49 percent of the imports consisted of crude materials, 13.9 percent consisted of foodstuffs, 10.7 percent of semimanufactured goods, and 26.4 percent of finished manufactured goods. The purchases of China from the United States of raw materials actually increased, while the purchase of finished manufactured goods were cut approximately in half.

This situation is still more strikingly shown by the report of China's import trade with the principal countries of the world. The decline of total imports from 1928 to 1931 was 45 percent. The decline in raw products and foodstuffs, however, was only 12 percent, while the decline in semimanufactured and manufactured articles was 55 percent. The significance of these figures is shown by an analysis by economic classes of the export trade of the United States to the whole of Europe. In 1928, 37.9 percent of the exports from the United States to Europe consisted of crude materials, 18 percent of foodstuffs, 14.8 percent of semimanufactured goods, and 29.2 percent of finished manufactures. In 1931, 25.5 percent of our exports were crude materials, 20.2 percent were foodstuffs, 13.4 percent were semimanufactured goods, and 40.9 percent were finished manufactured goods.

In other words, the percentage of our total sales to China consisting of crude materials has increased during this period, and the principal decline has been in manufactured goods, while the contrary is true of our trade with Europe, where the percentage of crude materials has declined and the percentage of manufactured goods has increased. This can perhaps best be shown by examining a three-cornered transaction. For many years Great Britain has had a large business in the sale of cotton piece goods to China and the United States has had a large business in the sale of raw cotton to England. Let us examine what has happened to this three-cornered trade. In 1928 Great Britain sold 153,399,100 square yards of cotton piece goods to China. In 1931 she sold 41,553,400 square yards, less than one third of her sales in 1928. In 1928 England bought 1,997,000 bales of cotton from the United States and in 1931 she bought 899,000 bales of cotton from the United States, a drop of more than 50 percent. In 1928 China purchased 170,000 bales of cotton from the United States and in 1931 she purchased 880,000 bales of cotton from the United States.

What is the significance of these figures? The reports of our trade commissioners to China are full of it. Throughout these reports are constant references to the declining imports, especially of manufactured goods, by China and a marked increase in the industrial development in China. The reason is simple. The purchasing power of a silver dollar in China has remained constant—increasing, if anything—so far as China is concerned, while, on the other hand, the purchasing power in terms of foreign merchandise has declined, decreasing to 40 percent of its 1926 level. The result is inevitable. China is buying where she can buy most cheaply, and that is at home; and to supply her requirements she has gone into industrial development, which is already seriously crippling our sales to China and which, if continued for a substantial length of time, will not only provide all of her requirements but constitute the most destructive competition for the rest of the world that the world has ever known. Our labor costs, to meet this competition, will be forced to the level of labor costs in China.

This situation has been aggravated in the fact that, as her foreign indebtedness is in gold and her normal income is in silver, the Government has been forced to place its import duties on a gold basis to provide sufficient revenue for loan service, thus increasing the barrier and raising the cost of foreign goods in China.

I quote the following extracts from reports of the Department of Commerce. On January 1, 1932, the China Monthly Trade Report says:

"China's industries enjoyed greater prosperity generally than in numerous years past. Increased import tariffs put into effect early in the year and low silver exchange, coupled with comparatively peaceful conditions, were the principal favorable factors. * * *"

Again, Mr. J. J. Ehrhardt, Chinese trade commissioner of the Department of Commerce, reporting in 1932, says:

"Increased import tariffs and low silver exchange have had an enormous effect on recent industrial expansion. * * *

"While the expansion of native industry has had the effect of decreasing the value of many manufactured imports, it has, at the same time, increased considerably the demand for many raw products. American exporters of manufactured articles have found it necessary to establish branch factories in the port cities in order to hold the market. These in most cases are only for the partial manufacture and assembly of goods but undoubtedly will eventually expand to the extent of manufacturing almost entirely within the country. While America has participated only to a small extent in branch factories in China, other nationalities, especially Japan, have come in in considerably greater volume. Japanese and British establishments now predominate. Commodities now being manufactured in port cities of China include such items as batteries and flashlights; electrical equipment, such as telephones, transformers, electrical fittings, and appliances; radio equipment, textile machinery, steel sash, and, recently, railway cars."

The American consulate general at Shanghai on October 4, 1932, reported as follows:

"Spindles in 1915, 1,008,986; in 1932, about 4,900,000. Looms in 1915 amounted to 4,564 and in 1932 to 44,000. Cotton mills in China in 1913 numbered 31, and in 1932, 127. In 1925 there were 719,000,000 pounds of cotton yarn and 120,000,000 yards of cotton cloth produced, which by 1932 had risen to 960,000,000 pounds of cotton yarn and 810,000,000 yards of cloth."

Not only this, but the same report shows that China is proceeding to supply its own raw materials, as no less than 6,000,000 acres have been planted to cotton in 1932.

I could extend these extracts indefinitely, but they would only be additional proof of the uncontrovertible fact that the drastic drop in the price of silver has not only had the immediate effect of a great loss in current trade with China but, what is even a more disastrous tendency to the western world, of enormously expanding industrial development of the country, which, if continued, will make China not only self-sustaining but the most devastating competitor that we have ever known in the neutral markets of the world.

A rise in the price of silver decreases the cost of foreign merchandise in China as compared to local merchandise, and must inevitably stimulate purchases from abroad with a resulting beneficial effect on the general level of prices. A rising price of silver increases the local costs in China and must inevitably result in checking artificial industrial development in that country. A rising price of silver strengthens the position of the Chinese Government in lessening the burden of their foreign-debt service and creating the possibility of foreign loans. All of these results are highly desirable from our point of view and must inevitably have a tendency to improve the world price level.

The same condition which I have outlined in connection with China applies to every country when the ultimate purchaser must pay for our products in silver. Take India for example: It is true that the British Government has taken steps whereby the Indian silver rupee has been placed on a sterling exchange basis, but a comparatively small percentage of the monetary wealth of the Indian people is in the silver rupee. Since time immemorial the savings of the people of India have been represented by gold and silver bullion. It is estimated that 4¼ billion ounces of silver is held by the people of India as their hoarded wealth. The recent drop in the price of silver has decreased the purchasing power of this hoarded wealth of India in terms of gold by $1,615,000,000. Economists will tell you that the purchasing power of the people of a country is dependent upon the amount of their sales. This may be true as to current transactions, but completely ignores savings, and the principal purpose of savings is to enable people to retain their purchasing power during periods of temporary depression. Certainly, to cut the savings of a nation 60 percent in value is to curtail by 60 percent the purchasing power represented by these savings.

In addition to these direct results a chain of additional results has followed in the wake of the present drastic drop in the price of silver. It has had the effect of destroying the confidence of people in silver as a currency. Indo-China and Siam have abandoned the silver standard and attached their currencies to gold. This has created an additional burden on our gold supply, admittedly none too large for the requirements of the countries previously on the gold standard.

All the world understands the injurious effects which have resulted from the depreciation of gold currencies. It cannot be successfully gainsaid (?) that every one of these injurious effects followed and are identically the same in the case of the depreciation in the value of silver in silver-using countries as the effect of the depreciation in the value of gold currencies in gold-standard countries.

THE CAUSES FOR THE DROP IN THE PRICE OF SILVER

Let us consider the chief causes of the depreciation of the price of silver. It has not been due to overproduction, because the production of silver during this period has decreased from 260,970,029 ounces throughout the world in 1929 to 160,600,000 ounces in 1932. In fact, so far as the question of mine production of silver is concerned, as over 70 percent of the silver produced in the world is produced as a by-product of other metals, the natural tendency of production is to shrink with declining prices and increase with rising prices so as to provide the natural stabilizing effect. While it has not been due to overproduction, it has been due to oversupply—actual and potential. First, Great Britain, France, and Belgium, after the war, started debasing their silver coins and throwing the residue of silver on the markets of the world. This caused an oversupply by the normal demand for silver. Then in 1928 the British Government for India commenced to melt up its silver rupee coins that were in the treasury and to dispose of the metal as bullion on the world's market. Over 500,000,000 ounces of silver have been dumped on the markets of the world from such sources since 1924.

The Treasury of India was authorized to melt up any quantity of silver coins and sell them in any quantities, at any time and at any price. This sale of silver commenced in 1927 and has continued. It has not only created an oversupply with all its bearing effects, but the maintenance of this policy, the threat that accompanies it and the large supply of silver still available for such purposes has undermined confidence as to any stable value in the price of silver. I present herewith the table appearing on page 1839, giving the world production of silver from 1919 to 1932, and showing the supply of silver thrown on the markets of the world during this period through the debasement of currencies. The significant fact about this table, as I have already indicated, is the constancy in the mining supply of silver and the fact that the oversupply with its resulting depressing influence on the price of silver, has been exclusively an artificial one. The world has been called upon to absorb the purely artificial and abnormal supply of nearly 550,000,000 ounces of silver in this way. The redeeming feature of this situation is that this artificial supply of silver is, except in the case of the Indian Government, largely exhausted and, in fact, the tendency has been reversed and the European governments are now purchasing silver and reintroducing silver subsidiary coinage.

The Committee on Coinage, Weights, and Measures of the House has recently conducted exhaustive hearings on the question of the supply and demand of silver, the testimony introduced before the House committee proving the following: That the only large government supply of silver hanging over the market is that held by the British Government for India. After including this supply an increase in the price of silver to 50 cents an ounce will probably bring out not more than 350,000,000 ounces of silver as a general market supply, with the probabilities that any definite step taken to raise the price of silver to its normal and natural level would so stimulate the demand as to absorb a large proportion of this amount in the normal channels of trade.

Since the discovery of America in 1492, the production of silver as compared to gold has been 13.925 ounces of silver for each ounce of gold. For reasons I have shown, the supply of silver is not elastic and an increase in price carries no threat of large increased production.

REMONETIZATION AND STABILIZATION OF SILVER WITHOUT DISTURBING GOLD STANDARD

Statement by Hon. KEY PITTMAN, United States Senator from Nevada, before the Committee on Coinage, Weights, and Measures of the House of Representatives on Feb. 2, 1933

Mr. Chairman, I have the honor and pleasure to be before your committee upon your invitation, to discuss legislation touching the world silver problem.

The traditions, habits, and conceptions of peoples developed throughout the ages cannot be changed—except possibly through long periods of evolution—by legislation. The money and the currencies based thereon of all civilized nations is now, and, since money has been used has been, gold and silver. Gold and silver were first used as an aid to and instrumentality in barter and trade. The ancient farmer discovered that a piece of silver of a certain size offered him in payment for a cow would be accepted in exchange for a horse. So the farmer accepted the piece of silver.

Laws did not make money of gold and silver. They were money before monetary laws were ever enacted. Laws were but declaratory for and served to fix the metal contents of coins for convenience in trade and the payment of debts. Gold and silver, whether in the form of bullion or coin, are and for ages have been accepted in exchange for goods throughout the world. There are sound reasons why such metals were accepted as mediums of exchange. These metals were found substantially everywhere, yet in all places they were scarce. Their production, while slow, was continuous and uniform. The ratio of the production of such metals was not only uniform but substantially certain. Since the beginning of time, as far as information can be obtained, there has not been produced throughout the world on the average more than 15 ounces of silver to 1 ounce of gold. During 1932 there were less than 13 ounces of silver produced to 1 ounce of gold throughout the world. This uniformity of

World's production and consumption of silver from 1919 to 1932, both inclusive

[In fine ounces]

PRODUCTION

Country	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932
United States	56, 682, 445	55, 361, 573	53, 052, 441	56, 212, 054	73, 295, 810	65, 366, 840	66, 106, 922	62, 672, 952	60, 394, 199	58, 426, 004	61, 233, 321	50, 627, 243	30, 822, 042	23, 400, 000
Canada	16, 020, 657	12, 793, 541	13, 134, 926	18, 581, 439	17, 754, 706	19, 726, 323	20, 228, 988	22, 371, 934	22, 736, 698	21, 936, 407	23, 143, 261	26, 435, 936	20, 558, 216	18, 300, 000
Mexico	65, 904, 224	66, 662, 253	64, 465, 347	81, 076, 899	90, 859, 083	91, 486, 136	92, 885, 465	98, 291, 466	104, 573, 919	108, 537, 307	108, 871, 442	105, 410, 912	86, 064, 457	71, 700, 000
Oceania	7, 187, 919	2, 684, 910	5, 362, 247	11, 484, 904	13, 818, 701	10, 769, 882	11, 114, 648	11, 225, 360	10, 309, 297	10, 304, 420	9, 926, 092	10, 164, 996	8, 679, 097	----------
Total 4 countries	145, 795, 245	137, 502, 277	136, 014, 861	167, 355, 296	195, 728, 300	187, 359, 181	190, 336, 023	194, 561, 403	198, 014, 113	199, 204, 138	203, 174, 116	192, 639, 086	146, 123, 811	----------
Central America and West Indies	2, 800, 000	2, 700, 000	2, 000, 000	2, 000, 000	2, 500, 000	2, 686, 150	2, 700, 935	3, 499, 198	3, 154, , 021	2, 558, 548	3, 000, 000	3, 900, 000	4, 000, 000	----------
South America	14, 753, 160	14, 587, 738	15, 614, 200	21, 395, 008	27, 323, 000	27, 065, 296	27, 630, 101	30, 463, 552	26, 859, 042	28, 883, 310	26, 843, 880	23, 536, 698	15, 266, 631	12, 400, 000
Europe	3, 599, 320	8, 371, 609	7, 774, 338	8, 342, 268	8, 647, 034	9, 421, 561	11, 064, 488	11, 404, 640	10, 933, 682	11, 250, 702	11, 490, 315	12, 064, 991	12, 927, 567	----------
Asia	8, 240, 185	8, 867, 286	8, 870, 167	9, 402, 869	10, 239, 894	11, 153, 562	12, 337, 441	12, 510, 155	13, 275, 236	15, 080, 065	15, 388, 715	15, 262, 270	12, 831, 818	----------
Africa	891, 304	1, 231, 670	1, 011, 876	9, 402, 869	1, 544, 233	1, 798, 953	1, 418, 619	1, 270, 623	1, 274, 033	1, 265, 411	1, 312, 616	1, 305, 381	1, 560, 050	----------
Total	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	34, 800, 000
World production	176, 459, 609	173, 260, 580	171, 285, 542	209, 815, 448	246, 009, 534	239, 484, 703	245, 213, 993	253, 795, 166	253, 981, 085	257, 985, 154	260, 970, 029	278, 708, 426	192, 709, 971	160, 600, 000

SOLD BY GOVERNMENTS FROM SILVER FORMERLY USED AS CURRENCY

England	----------	----------	6, 500, 000	24, 000, 000	25, 000, 000	2, 000, 000	7, 000, 000	700, 000	1, 200, 000	5, 500, 000	10, 000, 000	----------	----------	----------
France	----------	----------	----------	----------	----------	----------	----------	7, 000, 000	8, 000, 000	19, 000, 000	10, 000, 000	22, 000, 000	----------	----------
Germany	----------	----------	8, 000, 000	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------
Belgium	----------	----------	----------	----------	----------	----------	----------	----------	----------	13, 000, 000	----------	----------	----------	----------
Continent (various)	----------	27, 000, 000	22, 000, 000	19, 000, 000	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------
Russia	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	11, 600, 000
Continent (mostly Austria and Russia)	----------	----------	----------	----------	20, 000, 000	----------	----------	----------	----------	----------	----------	----------	----------	----------
Continent (more than half from Russia and Portugal)	----------	----------	----------	----------	----------	18, 000, 000	----------	----------	----------	----------	----------	----------	----------	----------
Continent (various, plus West Africa and Egypt)	----------	----------	----------	----------	----------	----------	23, 000, 000	----------	----------	----------	----------	----------	----------	----------
Egypt	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	2, 900, 000	24, 000, 000
Indian Government sales	----------	----------	----------	----------	----------	----------	----------	----------	9, 200, 000	22, 500, 000	35, 000, 000	29, 500, 000	35, 000, 000	10, 000, 000
Indo-China	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	12, 000, 000	20, 000, 000	6, 400, 000	----------
Siam	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	20, 000, 000	----------
Mexico	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	4, 200, 000	----------
Near East	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	1, 000, 000
Total other supplies	----------	27, 000, 000	36, 500, 000	43, 000, 000	45, 000, 000	20, 000, 000	30, 000, 000	7, 700, 000	18, 400, 000	60, 000, 000	67, 000, 000	71, 500, 000	68, 500, 000	46, 600, 000
Total silver offered on market	----------	200, 260, 580	207, 785, 542	252, 815, 448	291, 009, 534	259, 500, 000	275, 200, 000	261, 500, 000	272, 400, 000	317, 900, 000	327, 900, 000	318, 300, 000	262, 300, 000	207, 200, 000

production and ratio facilitated the use of both metals in trade and in the exchange of such metals. There was a natural ratio between such metals based upon equal demand and relative supply. Laws did not make gold and silver money, but laws decrease the demand for silver through restricting its use as money. This, of course, decreases its relative value. What I seek is first to remove or neutralize these restrictions so as to restore the normal law of supply and demand.

In the last 15 years the price of silver has fluctuated from $1.39 an ounce to 25 cents an ounce. The question naturally is asked, Why restore silver money to its fullest use and former exchange value with gold and prevent such wide fluctuations? The reasons that actuate me are these, namely:

1. Gold or silver is the measure of value of the currencies of all civilized governments whether those metals be in possession or in expectancy.

2. There are only about 12½ billion dollars' worth of monetary gold known to be in existence. It is estimated that there is three times this amount of currency outstanding resting on and redeemable by this gold base. This is exclusive of the bonds, notes, contracts, and all other obligations payable in gold, which amount to many times this figure. It is generally admitted that the monetary stock of gold is now, or will in the reasonably near future, be insufficient as a base for the world's monetary requirements. This burden upon gold is accentuated by lack of confidence in ability to redeem gold currencies and obligations and the knowledge of the maldistribution of gold, and the requirements of the payment of international war debts in gold, and incidentally hoarding of gold by governments and individuals.

3. There are only approximately 11,000,000,000 ounces of silver available in the world for monetary purposes. Of this conservative estimate of 11,000,000,000 ounces probably 7,000,000,000 are permanently locked up in the hordes of India and China. If all this silver were used as a base for silver currencies and as a supplement for currencies based upon gold, whether used in international trade or exclusively for domestic purposes, it could not possibly increase the basic money of the world over $12,000,000,000 even if the parity of such basic silver money were restored to a parity with gold based upon the relative production of gold and silver.

4. It is now, and for ages has been, the measure of values and the wealth reserve of over half of the people of the world.

5. The depreciation in the value of silver has pro tanto depreciated the value of the money of silver-using countries in the exchange of their money for gold-standard moneys for the purchase of products in gold-standard countries.

6. This depreciation with regard to the money of silver-using countries has had the same effect upon our trade and commerce as with countries formerly on the gold standard that have gone off the gold standard and now have a depreciated currency as measured by gold.

7. We understand this effect upon our foreign trade with countries formerly on the gold-standard basis. The same condition now exists, and has existed since 1928, relative to our trade with countries whose ultimate purchasers pay for our products in silver.

8. Depreciated currencies—and I mean depreciated currencies in international trade, because it is only there that it is measured by the gold standard—have raised a wall against our exports and proportionately reduced our tariff protection against such countries of depreciated currency to substantially the amount of depreciation.

9. We are becoming isolated from world trade. Our surpluses are thrown on the domestic market, creating oversupply and a constant depreciation of commodity prices. This result is destructive not only of our foreign and domestic market but the maintenance of stable governments in silver-money-using countries. It forces their people to an industrialization destructive of our market for manufactured products in such countries. In substantiation of this statement, I call attention to the records of our Department of Commerce and reports of our officials.

10. The depreciation of the capacity of silver-money-using peoples to purchase our goods, produced and sold on the higher gold standard, has almost extinguished some of our greatest potential markets.

11. We are forced to the alternative of lowering our money measure of values or of raising the money measure of values of our foreign customers.

12. The destruction of the monetary value of silver in international trade will tend to force all countries ultimately upon the gold standard, and thus place a greater strain upon gold as the monetary base.

I have outlined—hastily, I must admit—some of the reasons that impel me to seek the remonetization or at least the restoration and stabilization of the value of silver. This determination is not new on my part. I have been working to this end 2 or 3 years. The action of the United States Senate convinces me that it agrees with such necessity whether it agrees with the means suggested or not.

In February 1931, the United States Senate adopted uanimously a resolution introduced by me requesting the President to call an international conference for the purpose of the removal of restrictions to a higher use of silver as money. The Chief Executive did not call such a conference.

I sought, then, to accomplish something by the action of our own Government. I introduced in the Senate a bill, the substance of which is now under consideration by your committee, in the form of a bill introduced in the House by Congressman McKEOWN, of Oklahoma, and referred to your committee, directing the Treasury Department to accept tenders of silver produced in the United States and to pay therefor in silver certificates to be issued by our Government at the market price of silver, such price to be determined by the Treasury Department as of the date of tender. From the silver so purchased a standard silver dollar is to be coined, to be held in the Treasury for the redemption of each dollar silver certificate issued for the purchase of such silver.

There would, of course, be a surplus of bullion remaining in the Treasury. At the present market price the Treasury Department would purchase nearly 4 ounces of silver for a $1 silver certificate. As it only requires about seventy-eight one-hundredths of an ounce of silver to manufacture a silver dollar, there would remain a surplus of approximately 3.22 ounces of such silver in the Treasury in addition to such standard silver dollar so purchased by the dollar certificate. This surplus silver is to remain in the Treasury as additional security against any depreciation in the value of the silver certificate. This additional security, in my opinion, is unnecessary, but it satisfies the fear of those who are constantly uneasy with regard to the depreciation of our currencies. There are now in circulation in the United States nearly $500,000,000 in dollar certificates issued under similar laws, and these certificates have not during this century suffered any threat of depreciation.

I must confess that this act will not result in any material expansion in our currency. Such is not the intent of the act. The purpose of the act is to have our Government do something that seems necessary that individuals cannot do. The act will result in the reduction of the world's supply of silver on the market of the world for a period of 5 years. There is an oversupply of silver on the market. This word "oversupply" must be distinguished from "overproduction." There is no overproduction of silver. When I say production I mean mine production. When I say supply I mean silver thrown on the market of the world derived from all sources, including the debasing and melting up of silver coins in various countries.

For instance, in 1929 the world production of silver was 261,511,985 ounces. In 1931 it was 192,709,971 ounces. For 1932, based on estimates, it was approximately 160,000,000 ounces. But the total supply in 1929 was 328,511,985 ounces and in 1931 it was 255,266,700 ounces. The supply over production was derived from the melting up of silver coins in India and the selling of the metal on the markets of the world. This oversupply, coming from an unnatural source, had the natural effect of beating down the price of silver.

There was an even greater effect than in selling this silver, and that was the authority of the secretary of the treasury for India to sell any quantity of such silver at any time and at any price, while at the same time he had a supply on hand of such silver equal to the world's production for approximately 2 years. In other words, in 1928, when India started to sell silver from melted coins, it had approximately 400,000,000 ounces of silver in such form in its treasury. Today, after selling approximately 140,000,000 ounces of such silver, it has around 400,000,000 ounces of silver still available in the treasury for such sale. This is due to accretions in the treasury from general circulation. According to reports from India, such sales are continuing, notwithstanding the abnormal low price of silver. There is no indication that such sales will cease.

It is futile to discuss here the causes that have and now actuate the British Government for India in the initiation and continuance of such policy. The fact is it has been destructive to the exchange value of the silver moneys of such silver-using countries as China, and has destroyed the export trade to all those countries from countries on the gold standard, such as the United States.

The question was and is, What can we do about it? The British industrialists have protested against the policy. It is protested against by the president of the Imperial Bank of India and by the Indian people. These protests have been of no avail.

Sir George Shuster, the Treasurer for India, who seems to have arbitrary powers in the matter, has demanded that silver producers reduce their production. He is still as ignorant of the facts with regard to the production and consumption of silver as he was when he inaugurated the destructive Indian policy. He did not know then—and apparently he does not know now—that 70 percent of the silver production of the world is a by-product in the production of other metals, such as gold, copper, lead, and zinc, and that so long as there is a market for such metals they will be produced, and, of course, silver will be produced as a by-product. He did not know—and he probably does not know now—that the maximum production of silver in the world for all time was only 260,000,000 ounces in a year. He does not know that there was only a normal increase in the consumption of silver, which was accurately measured by the normal increase in production. He does not remember that when, during the war, a crisis arose by reason of the inability of the British Government for India to obtain silver for the redemption of their silver rupee notes that the only available surplus of silver in the world that could be found were the standard silver dollars in the Treasury of the United States, and that we had to take those silver dollars out of the Treasury and supply them to meet such demand. Such ignorance is not subject to criticism, for it is general, nor are my statements intended as a criticism.

A majority of our economists and financiers hold to the myth that silver can be supplied without limit. They know nothing

of the statistics of the production and consumption of silver throughout the ages.

I beg you to pardon me, Mr. Chairman, for diverting from my subject. Sir George Shuster has demanded that the producers of silver reduce their production. This cannot be accomplished for the reasons I have stated.

Our Government, however, can take off the market the annual production of the United States for the period of 5 years, as provided in my bill. This will, to a certain extent, comply with the arbitrary demands of Sir George Shuster, and will, to a certain extent, neutralize the oversupply that he insists must be thrown on the market of the world.

Let me explain this: Sir George Shuster desires to sell silver derived from such melted coins—from 30 to 50 million ounces of silver a year. The United States produced in 1932 only 24,000,000 ounces. The most it has ever produced is 61,000,000 ounces. That was during the great peak production of copper, lead, and zinc in this country. The withdrawal of silver from the market of the world through the process of my bill will neutralize, to a certain extent, the oversupply derived from the melting up of Indian coins. If the Governments of Canada and Mexico should follow a similar procedure, then all of the sale from India would be neutralized and the law of supply and demand, based upon mine production and normal purchases, could be maintained and silver would return to the normal price of around 60 cents an ounce.

Now let me cite to you some of the objections made to this bill of mine by the Secretary of the Treasury, Mr. Ogden Mills.

In the first place, he contends that if I seek expansion of currency my plan will not result in any material expansion. He is right in that, because it would only take about $6,000,000 in silver certificates to purchase all the silver produced in the United States for 1932.

He doubts whether it would aid the mining industry. It is true that the producer of silver would get no more money for his silver from the Treasury than he would obtain anywhere else in the world, because the market price of silver is the same throughout the world, being fixed by four brokers in London every morning. The miner, however, would be helped by being able to sell to the Government and thus reduce the oversupply of the world, caused by the action of the British Government for India; and, of course, the neutralization of the silver supply would tend to restore silver to its normal price of between 60 and 65 cents an ounce. In that manner the silver producer would be benefited. That, however, is a small part of the benefits to be derived from the act. What I seek is to restore the purchasing power of the depreciated currencies of China and other silver-using countries, as all of us seek to restore the normal value of the depreciated currencies of those countries that have gone off the gold standard. This will help in the purchase of the world's surplus production, thus lifting it off the world's domestic markets and thereby increasing commodity and property prices, which, in my opinion, is the essential thing to the return of universal prosperity.

The Secretary of the Treasury, in his correspondence with me, contends that silver is only a commodity and that there is no more reason why the Government should buy silver than it should buy any other commodity. He forgets that silver is not as much a commodity as gold. He forgets that four fifths of the silver now being produced, and that ever has been produced, has been used for monetary purposes, while only half of the gold ever produced has been used for monetary purposes. He forgets that over half the people of the world use silver as money in their own countries, and that they cannot use it as money in exchange for our money, with which to buy our products, because we value gold so high and silver so low. He suggests that the time might come when there would be an overbalancing of silver currencies as against currencies based on gold.

No one expects there will be much increase in the silver production of the United States in the next few years. It is now 24,000,000 ounces annually. Its maximum was 60,000,000 ounces. The purchases only exist for 5 years. If the average during that period was 45,000,000 ounces per annum, it would only mean 225,000,000 ounces. At the present price of silver it would be less than $60,000,000 in silver certificate issues. Even with this issue added to our present issue of silver in silver certificates, the proportion of silver issues as against gold issues in our country would be far less than they were in 1913.

The question is, Why do I support this bill, which has negligible power for currency expansion, against other silver bills which have greater power of currency expansion?

The first reason is that I am directly interested in obtaining a market for the surplus production of our country through the restoration of our export trade.

The second reason is that there may be other methods of expansion within our present monetary system, and the third reason is that my bill is the only bill of the many introduced in the United States Senate that has received a favorable report from any committee.

I realize that there are two principles involved in legislation. One of them is to take nothing less than what you think is right, and the other is to compromise upon the best you can obtain if it constitutes an advance. My bill, in my opinion—and I am only using my judgment as a legislator—is the most that can be obtained through congressional legislation in the near future, and certainly we are faced with an emergency that requires expeditious action. Other advances may be made in the future, but I doubt if any further advance can be made at the present. I have voted against more far-reaching silver measures because I knew that the advocacy of such measures was futile—yes; even more than futile. It would confuse the minds of legislators and arouse the suspicion of an intent to attack our present gold-standard monetary system.

I have no intention of undermining, weakening, or destroying our present gold-standard monetary system. I do not think that it is at all necessary to the remonetization, the restoration to parity with gold, and the stabilization of silver prices. Gold today measures the international value of every currency in the world, whether it be the pound sterling or the Chinese dollar. I am speaking of the value of money in the purchase of goods in other countries. The Chinese dollar has a par value in China and in purchasing goods in the United States it has only a value of 20 cents. Gold is accepted throughout the world today as the measure of the value of money in international trade. It has existed for 60 years at least. It would be difficult to change it by legislation. Nothing would be accomplished by changing it through legislation.

What we seek is to have other measures of value conform to the gold measure. That is what we have done and are now doing in the United States. We have more silver in circulation in the United States and silver currency than any other country of the world outside of China and India. One twelfth of our currency is silver currency. Our dollar is worth $1.29 an ounce in gold. The same size silver dollar in China is worth 20 cents in our gold. There is only approximately 20 cents' worth of silver in our silver dollar, measured by the market price of silver, and yet 10 of our standard silver dollars readily exchange for $10 in gold, which makes the price of the silver in the silver dollar $1.29 an ounce. If every great commercial country in the world had the same system, there would be no question about the parity of silver with gold, and that would be on the natural parity of 16 to 1. In that event the Chinese would not have to pay $3,000 for an automobile through the process of exchanging their money for gold, but would exchange their silver dollar for a dollar of our gold, and would only have to pay $600 for an automobile.

I came here at your invitation to discuss the reasons for my bill. I beg your pardon for having diverged onto the general silver problem. I am not here to oppose any other bill that has been introduced. I seek only that which may possibly become law without delay.

I am satisfied that purchasing power must be increased, not only in our own country but throughout the world, before prosperity can possibly return. I do not believe that purchasing power can be increased until a larger quantity of sound money can be made available for those who must purchase money with goods and property. I do not claim that the expansion of available money through the restoration of the purchasing power of silver is a panacea for all of our ills. I am convinced, however, after a long study of the situation that such restoration would instantly increase purchases in our country, reduce our surplus of production, and thus increase our purchasing power, increase the capacity of our manufacturing institutions and the employment of our laborers. I cannot content myself with the policy now indulged in by some of our statesmen that the only remedy is liquidation, liquidation, further and further liquidation.

I have no confidence in the theory that the depression has flattened out. I admit that it has been retarded. This frequently happens just before death. I admit that our airplane of finance spiraled too rapidly up into the stratosphere. We all know that it has been in a tail-spin, rapidly and dangerously approaching earth. The pilot may have gained some control, he may have flattened it out to some extent, but we know that the earth is close and that a crash will bring destruction and conflagration. It may be flattened out, but what obstacles are ahead of us in the fog we do not know. Isn't it time to pull back on the controls and elevate our financial plane so that it may assuredly and safely rise above all obstructions.

I ask leave to file with your committee as a part of my remarks the report of the Banking and Currency Committee of the United States Senate, in which it approved my silver purchase act, which in identical form is now under consideration by your committee as introduced by Congressman McKEOWN, of Oklahoma.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the Senator from Montana [Mr. WHEELER] in the nature of a substitute for the amendment of the Senator from Louisiana [Mr. LONG], on which the yeas and nays have been ordered.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Byrd	Dill	Keyes
Ashurst	Byrnes	Duffy	King
Austin	Capper	Erickson	La Follette
Bailey	Caraway	Fletcher	Logan
Bankhead	Carey	Frazier	Lonergan
Barbour	Clark	Goldsborough	Long
Barkley	Connally	Gore	McCarran
Bone	Copeland	Hale	McGill
Borah	Costigan	Harrison	McKellar
Bratton	Couzens	Hayden	McNary
Brown	Cutting	Hebert	Metcalf
Bulkley	Dickinson	Kean	Murphy
Bulow	Dieterich	Kendrick	Neely

Norris	Robinson, Ind.	Thomas, Okla.	Wagner
Nye	Russell	Thomas, Utah	Walcott
Overton	Schall	Townsend	Walsh
Pope	Sheppard	Trammell	Wheeler
Reed	Shipstead	Tydings	White
Reynolds	Smith	Vandenberg	
Robinson, Ark.	Steiwer	Van Nuys	

Mr. ROBINSON of Arkansas. I desire to announce that the senior Senator from Nevada [Mr. PITTMAN] is necessarily absent on official business.

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present. The yeas and nays have been ordered on the pending question, which is on the adoption of the amendment of the Senator from Montana [Mr. WHEELER] in the nature of a substitute for the amendment of the Senator from Louisiana [Mr. LONG]. The clerk will call the roll.

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. NORRIS. Are we to vote on the substitute or on the amendment.

The PRESIDING OFFICER. The question is on the amendment, in the nature of a substitute, offered by the Senator from Montana for the amendment of the Senator from Louisiana. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his named was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. If present, I understand he would vote "nay." If permitted to vote, I should vote "yea."

Mr. REYNOLDS (when his name was called). I have a general pair with the senior Senator from California [Mr. JOHNSON]. I am informed that if he were present, he would vote "nay." If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. WAGNER (after having voted in the negative). I inquire if the senior Senator from Missouri [Mr. PATTERSON] has voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. WAGNER. I have a general pair with that Senator. I transfer the pair to the junior Senator from Mississippi [Mr. STEPHENS] and allow my vote to stand.

Mr. REYNOLDS. I transfer my pair with the senior Senator from California [Mr. JOHNSON] to the senior Senator from Illinois [Mr. LEWIS], and vote "yea."

Mr. HEBERT. I desire to announce that the Senator from Ohio [Mr. FESS] has a special pair on this question with the Senator from South Dakota [Mr. NORBECK]. If present, the Senator from Ohio [Mr. FESS] would vote "nay", and the Senator from South Dakota would vote "yea."

I also wish to announce that the Senator from Vermont [Mr. DALE] has a general pair with the junior Senator from Tennessee [Mr. BACHMAN], and that the Senator from Delaware [Mr. HASTINGS] has a general pair with the senior Senator from Georgia [Mr. GEORGE].

I am advised that, if present, the Senator from Missouri [Mr. PATTERSON] and the Senator from Delaware [Mr. HASTINGS] would vote "nay".

Mr. ROBINSON of Arkansas. Mr. President, I desire to announce the following special pair on this question: The Senator from Virginia [Mr. GLASS] with the Senator from Nevada [Mr. PITTMAN]. If present, the Senator from Virginia [Mr. GLASS] would vote "nay", and the Senator from Nevada [Mr. PITTMAN] would vote "yea."

I also desire to announce the necessary absence from the Senate of the Senator from Massachusetts [Mr. COOLIDGE]. If present, he would vote "nay."

I also desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Alabama [Mr. BLACK], the Senator from Georgia [Mr. GEORGE], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. MCADOO], and the Senator from Mississippi [Mr. STEPHENS].

The result was announced—yeas 33, nays 44, as follows:

YEAS—33

Adams	Cutting	McGill	Shipstead
Ashurst	Dill	Murphy	Smith
Bone	Duffy	Neely	Thomas, Okla.
Bulow	Erickson	Norris	Thomas, Utah
Capper	Frazier	Nye	Trammell
Caraway	King	Overton	Wheeler
Clark	La Follette	Pope	
Costigan	Long	Reynolds	
Couzens	McCarran	Russell	

NAYS—44

Austin	Carey	Hebert	Schall
Bailey	Connally	Kean	Sheppard
Bankhead	Copeland	Kendrick	Steiwer
Barbour	Dickinson	Keyes	Townsend
Barkley	Dieterich	Lonergan	Tydings
Borah	Fletcher	McKellar	Vandenberg
Bratton	Goldsborough	McNary	Van Nuys
Brown	Gore	Metcalf	Wagner
Bulkley	Hale	Reed	Walcott
Byrd	Harrison	Robinson, Ark.	Walsh
Byrnes	Hayden	Robinson, Ind.	White

NOT VOTING—19

Bachman	Davis	Hatfield	Norbeck
Barkley	Fess	Johnson	Patterson
Black	George	Lewis	Pittman
Coolidge	Glass	Logan	Stephens
Dale	Hastings	McAdoo	

So Mr. WHEELER'S amendment, in the nature of a substitute for Mr. LONG'S amendment, was rejected.

Mr. SCHALL. Mr. President, the farm relief bill under discussion presents a program so involved and so speculative that I am constrained to urge this body to be reasonably certain that good is to come out of it before giving the bill approval. The Senate is fully informed as to the tragic conditions prevailing, both as to agriculture and the wage earners. Such conditions direct this body to minimize the elements of doubt in this bill, on the one hand, and, on the other hand, the inclusion in the measure of such reserve provisions as may some day be necessary for provident use against a calamitous situation.

Out of the hundred and one problems involved, I desire to address myself to just a few matters which are, to me, of much importance.

First. Reserve provisions.

Second. Acreage economy.

Third. Administration expense.

1. RESERVE PROVISIONS

Any important business has long since learned the necessity for creating and setting up provident reserves against unforeseen disaster. The same providence should be employed, as far as possible, in designing the gigantic plan now before us.

Speaking for wheat producers, I call your attention to the possibility of either an unbearable surplus of wheat or a serious shortage thereof. A huge surplus of wheat inevitably decreases the world price thereof and, in consequence, increases the tax rate per bushel which must be assessed to meet the promised result expected under this bill.

We should provide for disposition of our excessive surplus wheat on the world's market. That surplus would be encouraged by the use of the provision for paying the cost of production plus a reasonable profit for the portion used in domestic consumption. With the present program for national economy in the natural and former importing wheat countries, and which countries have created all sorts of artifices against importations of wheat, it must be apparent to a casual student of the question that our only hope for reacquiring a position enabling the exportation of our wheat depends upon a mutually satisfactory exchange of goods between a foreign nation and our own country. I commend to the attention of the chairman of the Agricultural Committee the responsibility of a further provision in this bill which would make it possible for those who are to bear the responsibility of administration to deal with an excessive and burdensome surplus of wheat. I suggest that it may be desirable—and I advocate it—that the Secretary of Agriculture may find it a reserve road against an otherwise calamitous situation if he may engage in a system of quotas, shar-

ing with other exporting countries a reasonable share of the world's wheat market.

The unknown future may one day find us short of wheat supplies. Reserve legislation to protect the Nation against such a catastrophe is also commended to the attention of our chairman in charge of this bill. For the price and maintenance of two battleships, we could buy, warehouse, and preserve in dead storage such an amount of sound, storable, hard wheat as would not only protect food stores, on the one hand, but, further and important, the long-time program of impounding such wheat would remove such a weight from the present world's stock as to immediately upon the effectuation thereof be the cause of a substantial enhancement of the world price thereof.

Two hundred million bushels of wheat stored under such a declared policy and program would not cost as much money as may be imagined. Dead storage in the primary markets would be the cheapest storage built. Cheap labor, low taxes, cheap insurance, only watchman expense, would not exceed 2 cents per bushel per year, $4,000,000. The cost of dead storage for buildings and equipment suitable for the next 40 years would not exceed a capital cost of 5 cents per bushel; on 200,000,000 bushels this would be $10,000,000. The investment in wheat at the primary market would be at present prices about 35 cents per bushel, or $70,000,000. The enhancement of the price of wheat would be substantial and immediate, without all the roundhouse methods and admittedly costly program which is about to be adopted.

The cost of this character of undertaking would fall on the taxpayers who pay into the Federal Treasury—the same people who are paying the old $300,000,000 charity bill and are about to pay the new $500,000,000 charity bill. I urge the Senate to sanely and deliberately consider the wisdom of legislation in contemplation of reserve against depleted wheat stocks and the crushing burden of excess wheat stocks which may be frozen in the primary markets for lack of any outlet from our shores.

Practically all our world market for durum wheat used for macaroni and spaghetti is to be found in Italy. That market has been lost during the depression. It must be regained or 5,000,000 acres in the Red River Valley in the spring-wheat area will find its way into other production.

2. ACREAGE ECONOMY

Why flax has not been included in this bill is a wonder to me. Normally, we produce 20,000,000 bushels and consume 40,000,000 bushels, the other 20,000,000 being imported from Argentina. The Nation is in need of more linseed oil—paint—today than could be furnished by farmers through flax production for the next 5 years. Why is flax not included in this bill? It should be. When and if normal times return, the American farmer should have the benefit of the market in his own country, and not the farmers of Argentina. The importation of 20,000,000 bushels of flax approximates, in terms of acres, about 3,000,000. A loss of 3,000,000 acres to the Northwest farmers is not acreage economy—in light of a program, presently before us, which contemplates leasing wheatland to lie fallow. That is a legislative paradox.

We must preserve our markets for the durum-wheat exports and against the flax imports, which approximates in acres about 5,000,000 and 3,000,000, respectively, or 8,000,000 farm acres.

3. ADMINISTRATIVE EXPENSE

This will, of course, cost money. The largest trained force available for carrying out the provisions in this bill is the county agents, directed by the Extension Service in the various States. By training, experience, understanding, geographic, and personal relationships they are preeminently qualified and readily available for service in this program. Contrast their use with a nondescript method of hunting help, to say nothing of the patronage phase of selection.

Another legislative paradox would be created if we pass this bill, on the one hand, and discontinue Federal aid to the States for support of the extension departments and the county agents, on the other hand. I am informed that the Director of the Budget contemplates beheading all county agents, and that is why I direct attention to a probable legislative paradox or abortive economy.

Mr. KING. Mr. President, I have here a short statement upon the silver question, more or less pertinent to the discussion today. This statement I prepared several months ago. I ask that it be inserted in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

It is axiomatic that the volume of primary money in circulation influences, if it does not determine, the price of commodities. Mother earth has yielded for thousands of years gold and silver at substantially the same ratio from 12 to 15 to 1; that is, during this long period, when 12 to 15 ounces of silver were produced 1 ounce of gold was dug from the earth.

This ratio of production stabilized the values of these metals and they circulated throughout the world as primary money and interchangeable upon a parity fixed by their production and validated by custom or by law or both.

Gold and silver were recognized by the United States as the money of this country, and, circulating side by side, interchangeably, they supplied the monetary needs of people, stimulated industry, and brought prosperity. During the last century financial interests in various countries conspired to destroy silver as a money, thus diminishing the amount of primary money and, of course, the volume of circulating medium. Gold has appreciated in value measured by human toil and the products of labor.

The world depression is in part due to the debasement of silver and the determination to make gold the only measure of value, and the base upon which would be constructed the edifice of world business and credits. The savings of one half of the peoples of the world consist of silver. This effort to destroy silver as money has robbed the people of the Orient of the greater part of the value of long years of savings. The purchasing power of a billion of people in the Orient has been reduced almost to the vanishing point. India and China, if the value of silver measured by gold had not been almost destroyed, would have been purchasing billions of dollars' worth of commodities from the United States and European nations. Their standard of living would have been advanced and their purchases of products from the United States and occidental nations would have annually materially increased. India would have been buying cotton goods from Great Britain and Great Britain would have been purchasing larger quantities of cotton from the United States.

The cotton growers of the Southern States have lost billions of dollars in the decline of cotton and in the reduced purchases of cotton by English manufacturers. With silver reduced to 24 cents an ounce, China's purchasing power has been reduced more than three fourths. China, India, Mexico, and several South American countries are struggling for their economic life, and their deplorable economic condition reduced American exports to the extent of hundreds of millions of dollars annually, and directly and indirectly reduces the price of American commodities, the wages of American labor, and contributes to the unemployment situation and the frightful economic depression now afflicting the United States.

With the stabilization of silver and its restoration to a proper place in the monetary system of the world, peace would come to China, and hundreds of millions of Chinese would be ready to purchase American products of the value of hundreds of millions of dollars annually. This would mean, of course, that American mills and factories would increase their output, American farmers would find additional markets for their surplus products, and hundreds of thousands of unemployed American citizens would find employment.

With silver restored, Canada would increase her purchases of American products, and that would mean larger American production, with more jobs for the unemployed. Mexico's mines which are now closed would open, hundreds of thousands of Mexicans would find employment, and Mexico's imports from the United States, which have shrunk almost to the vanishing point, would be increased to the extent of several hundreds of millions of dollars. Of course, this would mean that more American goods and commodities would be produced, which would require larger capital investment, greater consumption of American raw materials, and the employment of a larger number of American workmen.

With silver restored, hundreds of American mines now closed down would be reopened, smelters and mills that are not operating would soon be functioning, and hundreds of thousands of men would be employed in the mining industry. With their employment the demand for steel and iron in mills and mines and smelters would be increased. This would mean thousands of men now idle would find employment. It would also mean that more iron ore would be required, and boats upon the Great Lakes and railroad cars would be required for transportation of the ores from the mines to the plants. With the opening of mines, mills, and smelters, the demand for lumber would be imperative, and tens of millions of dollars annually would be expended to purchase timber supplies; forests which are now silent would resound with the woodman's ax, and sawmills now idle would furnish work to unemployed Americans. Our railroads, which show such a sharp decline in transportation, resulting in the discharge of tens of thousands of employees, would be compelled to

multiply their trains and varied activities, which would result in the employment of many thousands of persons who have been separated from the service. In my opinion the silver question is one of major importance, and its proper solution will contribute more to solve the unemployment problem and to bring back prosperity than any scheme or plan that has been suggested.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana [Mr. LONG].

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Would a substitute for the Long amendment be in order at this time?

The PRESIDING OFFICER. It would be.

Mr. THOMAS of Oklahoma. I present an amendment in the nature of a substitute, and ask that it be read.

The PRESIDING OFFICER. The amendment, in the nature of a substitute, will be stated.

The CHIEF CLERK. The Senator from Oklahoma offers the following as a substitute for the amendment of the Senator from Louisiana:

On page 43, after line 5, insert:

"PART 6—FINANCING—AND EXERCISING POWER CONFERRED BY SECTION 8 OF ARTICLE I OF THE CONSTITUTION: TO COIN MONEY AND TO REGULATE THE VALUE THEREOF

"SEC. 34. Pursuant to the policy stated in this act, and for the purposes of raising commodity prices, meeting the existing deficit in the Federal Treasury and expenses of maturing obligations and the expenses of the Federal Government, the President is hereby authorized, within his discretion, to do either or all of the following mentioned acts:

"(a) To cause to be issued, in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled 'An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States', approved February 25, 1862, and acts supplementary thereto, and amendatory thereof, in the same size, and of suitable color, as the Federal Reserve notes heretofore issued, and in denominations of $1, $5, $10, $20, $50, $100, $500, $1,000, and $10,000: *Provided*, That the Secretary of the Treasury may, with the approval of the President, issue such notes in meeting all forms of current and maturing Federal obligations, and in addition may buy United States bonds and other interest-bearing obligations of the United States in such amounts per week as may be approved by the President.

"(b) By proclamation the President may fix the ratio of the proportional value of silver to gold in all coins which are by law current as money within the United States according to quantity in weight of pure silver or pure gold: *Provided*, That after the issuance of such proclamation there shall be free coinage of both gold and silver, at the ratio fixed as provided herein, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coin, bars, or bullion of gold, shall apply equally, so far as practicable, to silver: *And provided further*, That the dollar, consisting of the number of grains of gold nine-tenths fine fixed as provided herein and/or of the number of grains of silver nine-tenths fine fixed as provided herein, shall be the standard unit of value and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard: *And provided further*, That it shall be the duty of the Secretary of the Treasury to maintain such parity between gold and silver and between all money issued or coined and the standard unit of value.

"(c) By proclamation the President may fix the weight of the gold dollar in grains nine-tenths fine, and in the event of the free coinage of silver, as provided in paragraph (b) hereof, may fix the weight of the silver dollar in grains nine tenths fine, and by such proclamation such gold dollar, and in the event of the free coinage of silver such silver dollar, with weights so fixed and maintained at a parity, one with the other, as provided in said paragraph (b), shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity.

"(d) By proclamation the President may create a Dollar Stabilization Board whose duty it shall be to regulate, stabilize, and maintain as nearly as practicable the stabilized purchasing power of the dollar: *Provided*, That such Board shall be composed of 5 members and shall embrace the Secretary of the Treasury, the Governor of the Federal Reserve Board, the Comptroller of the Currency, and 2 additional members to be appointed by the President, by and with the advice and consent of the Senate.

"SEC. 35. The Secretary of the Treasury, with the approval of the President, is hereby authorized to make and promulgate rules and regulations covering any action taken or to be taken by the President, respecting either paragraph (a), (b), (c), or (d), of this title.

"SEC. 36. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sum or sums as may be necessary for carrying out the purposes of this title."

The PRESIDING OFFICER. The question is on the amendment, in the nature of a substitute, offered by the Senator from Oklahoma [Mr. THOMAS], to the amendment of the Senator from Louisiana [Mr. LONG].

Mr. THOMAS of Oklahoma. Mr. President, as a member of the Committee on Agriculture and Forestry, I desire to state that hearings were held upon the pending bill. Practically every witness who appeared before the committee testified that, in his opinion, no substantial relief could be provided for the farmer unless and until the money question should be considered and adjusted.

In the report upon this bill the committee, by a vote of 16 to 0, went on record in favor of some form of monetary expansion.

At this time I ask unanimous consent to have placed in the RECORD a copy of that portion of the report upon this bill dealing with the money question.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

The committee also directed that there be placed in this report a statement as to the necessity of an expansion of the currency and the absolute necessity for an increase in commodity prices. The statement as prepared and adopted by the committee is attached hereto, as follows:

DEFLATION MUST BE CHECKED

"The policy of deflation of commodity prices and farm values inaugurated in 1920 still persists. The first groups to feel the effects of this policy were farmers and stockmen. Thereafter in turn merchants, factories, wage earners, and now railroads; life-insurance companies and banks are tottering, and unless the foundation of prosperity—agriculture—is repaired all must fall.

"In reporting this bill favorably we feel that we should advise the Senate that, in our opinion, the bill will not alone afford the relief which the farmer must have to enable him to survive economically.

"If we concede that the bill reported will bring about all the benefits claimed—agricultural price parity with other commodities—yet we are forced to the conclusion that such limited relief will not enable the farmers to meet their fixed charges, such as taxes, interest, debts, and necessary expenses.

"Experts, students of the trend of developments and influences, are practically agreed that the deflation process is resumed after the recent bank holiday.

"Prior to the bank holiday some 12,000 banks failed, resulting in the destruction of some 20 billions of bank credit or deposit money. With the ending of the holiday additional thousands of banks failed to open, resulting in the temporary if not permanent destruction of additional billions of what we call and use for money.

"Such holiday resulted in the further withdrawal from circulation of all gold and gold certificates.

"During the past 3 weeks the Federal Reserve System has disposed of bills and United States Government securities in the total sum of over $1,000,000,000; reserve bank credit has been contracted in a sum of $956,000,000, and the money in circulation has been deflated in the total sum of $1,185,000,000.

"We report these facts and state that no substantial relief is possible for agriculture until the policy of deflation is not only checked but reversed and a substantial sum of actual money is admitted and, if need be, forced into circulation.

"We report that it is not sufficient to have an ample supply of currency in the vaults of the Federal Reserve banks, and that it is not even sufficient to have an ample supply of currency in the vaults of the National, State, and private banks of the country.

"With some 25 billions of bank credit—deposit money—canceled and destroyed, and with the remainder frozen and unobtainable; with much of the actual currency outside the Treasury hoarded and inactive; with over 40 nations of the world enjoying a lower production cost than the United States by reason of their depreciated currencies, the people, without either money or credit, are stopped, business is at a standstill, and deflation not only continues but is accentuated.

ONE-HUNDRED-CENT DOLLAR DEMAND

"The Federal Reserve System, created to serve and promote the best interests of the people, commerce, and industry, while pretending to be trying to keep sufficient money and credit available, has failed. Some 10 other Federal agencies have been created to assist in making Federal credit available to those needing and demanding assistance.

"We report that with our present restricted volume of bank credit and with a like restriction of actual money in practical

circulation—owing to hoarding—we recommend that existing policies of selling bills, United States securities, and deflating the currency and credit be reversed and that a sufficient volume of money be placed in circulation to replace the currency hoarded and to supplement the bank credit or deposit money now frozen in the banks of the country.

DOLLAR MUST BE STABILIZED

"Agriculture demands an adequate supply of honest and sound money and reports that at this time we have neither.

"Agriculture does not demand a 50-cent dollar or an unsound dollar but does protest the retention of a 200-cent dollar. A dollar which fluctuates in purchasing power from 50 cents in 1920 to 200 cents in 1933 is neither a sound nor an honest dollar. Dollars so scarce as to be obscure, thereby forcing into existence systems of barter, trade, and scrip, are not adequate.

"Agriculture demands that the farmer should have a 100-cent dollar; that the purchasing power of the dollar should be fixed and established at that point to serve the best interests of the people, trade, commerce, and industry, and that when such value is once fixed it should be stabilized at such value.

"We report further that no just, substantial, reliable, or permanent relief can be provided agriculture or any other industry until the money question is considered and adjusted."

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. After a brief executive session, it is expected that a motion will be made to take a recess until 11 o'clock tomorrow morning. I make this announcement in order that Senators may understand what is contemplated. I spoke to the Senator from Oregon [Mr. McNary] about the matter, and it is satisfactory to him.

I now move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

The PRESIDING OFFICER. There are no messages from the President. Reports of committees are in order.

CLIFTON MATHEWS

Mr. ASHURST. I am authorized by the Committee on the Judiciary to report back favorably the nomination of Mr. Clifton Mathews, of Arizona, to be United States district attorney for the district of Arizona.

The PRESIDING OFFICER. The nomination will be read.

The Chief Clerk read the nomination of Clifton Mathews, of Arizona, to be United States attorney, district of Arizona, to succeed John C. Gung'l, whose term expired March 2, 1933.

Mr. ASHURST. I ask unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, without objection, the nomination is confirmed.

EDWARD M. WATSON

Mr. KING. From the Committee on the Judiciary I report back favorably the nomination of Edward M. Watson, of Hawaii, to be fourth judge of the circuit court, first circuit of Hawaii.

The PRESIDING OFFICER. The Senator from Utah reports favorably a nomination, which will be stated.

The Chief Clerk read the nomination of Edward M. Watson, of Hawaii, to be fourth judge, circuit court, first circuit of Hawaii.

Mr. KING. Mr. President, may I say to the able leader upon the other side of the Chamber that Judge Watson is now serving. His term has expired, and the Judiciary Committee were unanimous in recommending the approval of his nomination for reappointment.

I ask that the nomination may be acted upon at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. KING. I ask that the President be notified.

Mr. COUZENS. Mr. President, we got into trouble once before by notifying the President before the time had elapsed. I do not think he ought to be notified until the time has elapsed.

Mr. KING. Very well.

The PRESIDING OFFICER. Objection is heard.

THE CALENDAR

The PRESIDING OFFICER. If there are no further reports of committees, the calendar is in order.

THE ARMY

The Chief Clerk read the following nominations in the Army:

PROMOTIONS IN THE REGULAR ARMY

William James Davis to be colonel, Infantry.

John Fleming Clapham to be colonel, Adjutant General's Department.

Albert Sidney Johnston Tucker to be lieutenant colonel, Infantry.

Marion Ogilvis French to be lieutenant colonel, Infantry.

Clarke Kent Fales to be major, Infantry.

Paul August Hodapp to be major, Quartermaster Corps.

George Henry Zautner to be major, Quartermaster Corps.

Ezra Davis to be major, Quartermaster Corps.

Solomon Foote Clark to be major, Field Artillery.

Stowe Thompson Sutton to be captain, Infantry.

James Ainsworth Brown to be captain, Infantry.

Elliott Raymond Thorpe to be captain, Infantry.

Oscar Douglas Sugg to be captain, Infantry.

George Elmer Pruit to be captain, Quartermaster Corps.

Le Roy Allen Walthall to be captain, Air Corps.

Lucas Victor Beau, Jr., to be captain, Air Corps.

Joseph Howard Gilbreth to be first lieutenant, Infantry.

James Francis Collins to be first lieutenant, Field Artillery.

Horace Alvord Quinn to be first lieutenant, Infantry.

Lee Roy Williams to be first lieutenant, Infantry.

James Virgil Thompson to be first lieutenant, Infantry.

Henri Anthony Luebbermann to be first lieutenant, Cavalry.

Harold James Coyle to be first lieutenant, Field Artillery.

Paul Edwin Meredith to be first lieutenant, Infantry.

Olaf Helgesen Kyster, Jr., to be first lieutenant, Coast Artillery Corps.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

THE MARINE CORPS

The Chief Clerk read the nomination of Rosco Ellis to be chief quartermaster clerk in the Marine Corps.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. SMITH. I move that the Senate take a recess until 11 o'clock a.m. tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to; and (at 5 o'clock and 38 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 18, 1933, at 11 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 17, 1933

FOURTH JUDGE, CIRCUIT COURT, FIRST CIRCUIT OF HAWAII

Edward M. Watson to be fourth judge, circuit court, first circuit of Hawaii.

UNITED STATES ATTORNEY

Clifton Mathews to be United States attorney, district of Arizona.

PROMOTIONS IN THE REGULAR ARMY

William James Davis to be colonel, Infantry.

John Fleming Clapham to be colonel, Adjutant General's Department.

Albert Sidney Johnston Tucker to be lieutenant colonel, Infantry.

Marion Ogilvis French, to be lieutenant colonel, Infantry.

Clarke Kent Fales to be major, Infantry.

Paul August Hodapp to be major, Quartermaster Corps.

George Henry Zautner to be major, Quartermaster Corps.

Ezra Davis to be major, Quartermaster Corps.

Solomon Foote Clark to be major, Field Artillery.

Stowe Thompson Sutton to be captain, Infantry.

James Ainsworth Brown to be captain, Infantry.

Elliott Raymond Thorpe to be captain, Infantry.

Oscar Douglas Sugg to be captain, Infantry.

George Elmer Pruit to be captain, Quartermaster Corps.

Le Roy Allen Walthall to be captain, Air Corps.

Lucas Victor Beau, Jr., to be captain, Air Corps.

Joseph Howard Gilbreth to be first lieutenant, Infantry.

James Francis Collins to be first lieutenant, Field Artillery.

Horace Alvord Quinn to be first lieutenant, Infantry.

Lee Roy Williams to be first lieutenant, Infantry.

James Virgil Thompson to be first lieutenant, Infantry.

Henri Anthony Luebbermann to be first lieutenant Cavalry.

Harold James Coyle to be first lieutenant, Field Artillery.

Paul Edwin Meredith to be first lieutenant, Infantry.

Olaf Helgesen Kyster, Jr., to be first lieutenant, Coast Artillery Corps.

PROMOTIONS IN THE NAVY

MARINE CORPS

Rosco Ellis to be chief quartermaster clerk.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 17, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who art our all-glorious, Heavenly Father, be merciful to accept the poverty of our gratitude. We pray that the spirit of our divine Teacher may purge out the leaven of envy, of jealousy and selfishness, that we may all be brought together in common sympathy, in common desire for the common welfare of our country. As we walk in the midst of care and labor, give us a sense of Thy overruling sovereignty and of that life that is above this life. Let our thoughts and feelings carry no pain, but joy, well-wishing, and good will. Father in Heaven, look graciously upon all classes and conditions of men. May our hands be open and our hearts warm to encourage and succor those who are in need and in misfortune. In the name of the world's Saviour. Amen.

The Journal of the proceedings of Friday, April 14, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 158. An act to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

IMPEACHMENT PROCEEDINGS AGAINST UNITED STATES DISTRICT JUDGE HAROLD LOUDERBACK

The SPEAKER laid before the House the following communication from Edwin A. Halsey, the Secretary of the Senate, transmitting a copy of the answer of United States District Judge Harold Louderback to the articles of impeachment exhibited against him by the House of Representatives, which was referred to the managers on the part of the House conducting the impeachment proceedings:

I, Edwin A. Halsey, Secretary of the Senate of the United States of America, certify that the Senate, sitting for the trial of Harold Louderback, United States district judge for the northern district of California, upon articles of impeachment exhibited against him by the House of Representatives of the United States of America, did on April 11, 1933, adopt an order, of which the following is a full, true, correct, and compared copy:

"*Ordered*, That the Secretary of the Senate communicate to the House of Representatives an attested copy of the answer of Harold Louderback, judge of the United States district court in and for the northern district of California, to the articles of impeachment, and also a copy of the foregoing order."

I do hereby further certify that the document hereto attached, consisting of 38 sheets, is a photostatic copy of the answer of said Harold Louderback to the articles of impeachment exhibited against him by the House of Representatives, presented by said Harold Louderback to the Senate, sitting as Court of Impeachment, on April 11, 1933.

In testimony whereof, I hereunto subscribe my name and affix the seal of the Senate of the United States of America this 12th day of April A.D. 1933.

[SEAL] EDWIN A. HALSEY,
Secretary of the Senate of the United States.

THE TAXING OF CRUDE OIL

Mr. PARKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a very brief statement on the oil situation by a distinguished citizen of my State.

Mr. KVALE. Mr. Speaker, I reserve the right to object, and do so only for the purpose of obtaining the floor for a moment to ask the majority floor leader if he cannot tell the House where the direct relief bill is and when it may come out.

Mr. BYRNS. The direct relief bill is under consideration by the Committee on Banking and Currency. I am sorry I cannot give the gentleman any definite information as to when it will be reported. The chairman of this committee is here. I shall ask him to answer the gentleman's question.

Mr. STEAGALL. In deference to the wishes of some of the members of the committee we have conducted short hearings on this bill. We hope to finish the hearings, and probably finish the bill tomorrow.

Mr. KVALE. Of course, the gentleman is fully aware of the desperate need there is in many sections of the country.

Mr. STEAGALL. Yes.

Mr. KVALE. And he is anxious to expedite this legislation.

Mr. STEAGALL. Certainly.

Mr. KVALE. Mr. Speaker, I withdraw my reservation of objection and apologize to the gentleman from Arkansas for the delay.

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the gentleman from Arkansas if it was his own remarks he wished to extend?

Mr. PARKS. I made the statement that I wished to extend my remarks by including about 20 lines of a statement of a distinguished citizen of my State on the question of oil taxation.

Mr. RICH. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. PARKS. Mr. Speaker, under permission granted me to extend my remarks in the RECORD, I include a statement by Judge George M. LeCroy, of El Dorado, Ark., on the Taxing of Crude Oil.

Judge LeCroy is a profound lawyer and an able judge. For many years he has been judge of the second division of the seventh chancery district of Arkansas. In the past 10 years he has heard thousands of cases involving every conceivable question pertaining to oil and oil production; he has been a student of taxation, and while he is an independent producer he has made a careful survey of the entire field of oil production, and I think this statement is worthy of being printed in the RECORD for the benefit of all who are interested in this subject.

The statement follows:

EL DORADO, ARK., April 14.—There is offered with the discovery of each big oil field a technical, new plan of rules and regulations controlling flush production, which nobody can understand or knows anything about and which is usually discussed and litigated until the oil is gone. The truth of it is that purchasers of crude oil have never paid very much for flush production in any oil field, neither are they going to until a plain common-sense solution or regulation is arrived at, and we suggest the following:

Let our Federal Government levy a production and import tax of $1 per barrel on every barrel of oil produced in the United States or imported; then exempt from this tax the first 100 barrels per day produced from each and every well in the United States.

This will solve the problem; it will put them all alike to looking for tax-free oil; it will put the internal revenue department to checking for its taxes, and we will have no more hot oil; it will put the whole industry on a firm, substantial basis, and the country will go forward with a program of exploitation and development; it will cause our little stripper wells to be reclaimed and operated at full capacity; it will put the idle and unemployed of the oil industry to work at once, and with such a program we can go forward and make some money.

THE WAY TO CARRY THE NEW DEAL HOME

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent to extend my remarks by including a radio address I delivered Saturday night.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. FLANNAGAN. Mr. Speaker, under leave granted me to extend my remarks in the RECORD, I include an address I delivered over the radio on the Way of Carry the New Deal Home, under the auspices of the American Taxpayers League, from the studio of the National Broadcasting Co., Washington, D.C., Saturday night, April 15, at 7 o'clock.

The address is as follows:

When I was a small boy my mother talked and read to me a great deal. Most of her talks were about the great fundamentals of life, but in simple language that I could understand. I remember one evening she told me about the law of retribution. No, she didn't call it by that name; she called it the law of "in return", and I understood that. She gave me several simple examples so this fundamental law would register upon my young and immature mind. I remember she told me, among other things, that if I treated my playmates in the right way they "in return" would treat me in the right way; that if I were good to people they "in return" would be good to me; that if I led a clean life God "in return" would give me a clean mind and body. And she told me that this law was just another way of stating the proposition that we reap what we sow.

I have been thinking a great deal lately about what my mother told me, and I am wondering tonight if what is wrong with the American taxpayer today is not the fact that the law of "in return" has set in to work.

Do not think for one moment that the law of retribution, or, as my mother was wont to call it, the law of "in return", does not apply to governments but is just a moral law that brings punishment for some spiritual delinquency. It is the law of State as well as church. It applies to our social system, to our economic system, to our business system, and to governments, national, State, county, and municipal. It is recorded, you will remember, that in the days of long ago it applied to the prodigal, to the business men to whom the Master intrusted the investment of the talents, and, likewise, to the governments of Sodom and Gomorrah.

And do not think that I am trying to preach to you. I am not. I am only a grown-up country boy who was reared by a godly old-fashioned country mother, and who still believes in her philosophy of life. The trouble with some of us is that we look upon religion as some fantastic, idealistic, intangible kind of thing that is good for the old and sick and the women and children. Well, get this: Religion is good, hard, common sense, and is good for men—red-blooded men, tax-paying men, office-holding men—and is also good for governments. The man who thinks he can run his own life, his business, or this Government any other way except in accordance with the principles of Christianity will wake up some day and find out that it can't be done.

We have been trying it, and let me give you, purely from the standpoint of the taxpayer, a few of the results:

Twenty years ago $1 out of every $15.50 earned went to the support of the Government. Do you realize the toll governments took last year? Why, last year $1 out of every $3 earned went to the support of the governments.

Twenty years ago the cost of the Federal Government was around $750,000,000. Last year the cost of the Federal Government was around $5,000,000,000.

Twenty years ago the cost of State and local governments was around $1,250,000,000. Last year the cost of State and local governments was around $10,000,000,000.

Twenty years ago the cost of the Federal Government was around $10 per person. Well, what did it cost last year? Around $40 for every man, woman, child, and baby in America.

Twenty years ago the cost of State and local governments was around $38 per person. Well, what did it cost last year? Around $80 per person.

Twenty years ago the Federal indebtedness was $1,028,564,055. Today the Federal indebtedness is $21,362,464,177.

Twenty years ago the State and local indebtedness was $3,196,300,000. Today the State and local indebtedness is around $15,000,000,000.

Twenty years ago farm taxes were $278,000,000. Last year farm taxes amounted to $629,000,000.

And, Mr. Farmer, get this: The expenses of the Federal Government for the fiscal year ending June 30, 1932, were practically as much as the value of all farm products. When I say farm products I mean exactly what I say—all your grain, hay, livestock, poultry, and dairy products.

We have, indeed, come to a sad pass when it takes all the farmers produce—get that—produce and not earn—in a year to run the Federal Government for a year. Do you realize what that means? Listen: It means that one fourth of our population—because the farmers and their families comprise over one fourth of our population—is working from 10 to 14 hours per day producing grain of all kinds, livestock of all kinds, poultry of all kinds, and dairy products of all kinds, and selling same in order to realize enough money to support the Federal Government alone.

I only wish I had time to give you a few more results.

When I get through talking I want you to sit right where you are and answer for yourselves if the sad estate to which we have fallen is not—

"In return" for surrendering powers that should ever remain in the people to some centralized governmental agency?

"In return" for electing to office those who put self above the common good and for permitting the influence of selfish interests to dominate our policies of State?

"In return" for running our governments on borrowed money?

"In return" for the indifference we show to the God-given right of suffrage?

Well, you ask me, What are you going to do about it? Let me tell you, Mr. Taxpayer, this Government belongs to you—get that—and if it is not being run in the right way it is your fault—get that, too. How about running our governments, Federal, State, county, and municipal, in such a way that the law of "in return" will work in our favor, reducing the tax rate, instead of against us, increasing the tax rate? How about putting more common sense and less bureaus and commissions into our governmental set-ups? How about putting more ordinary honest minds and fewer master minds in positions of power and trust? How about holding down governmental expenditures to governmental receipts so buckle and tongue will meet at the end of each fiscal year? How about qualifying yourself to vote and then protecting your interest by taking an active part in affairs of state?

Oh, let me tell you how to carry the new deal home. Here is my prescription:

(1) Quit surrendering powers that should ever remain in the people to some governmental agency over which the people have no control and about which the people know very little if anything. There can be no such thing as a centralized democracy. The most costly and dangerous thing a democracy can do is to centralize power. This centralization of power accounts for our overlapping, inefficient, and useless departments, bureaus, and commissions, of which there are over 200 here in Washington within the 13 major branches of the Federal Government; and do not think that the Federal Government is the only government afflicted with these useless departments, bureaus, and commissions, because most of the State, county, and municipal governments are honeycombed with them. A good way to reduce your taxes—Federal, State, county, and municipal—is to reduce your departments, bureaus, and commissions, and bring the governments back to the people to be administered by their chosen representatives.

(2) Quit electing just anyone to office. Be careful in electing men to man your governments. If you want a clean, efficient, and frugal government, elect clean, efficient, and frugal men. And in electing your officials above everything else put honest minds above master minds. The trouble with our country today is the fact it has been afflicted with too many master minds. Sleep on this tonight: I would not give one honest mind for a cow pen full of master minds.

And another thing: Quit permitting selfish interests—interests whose highest conception of patriotism is loyalty to the gang and whose love of country is measured in terms of dollars—to dominate the policies of governments.

(3) Quit running our governments on borrowed money, because pay day will certainly come around. You had just as well try to get rid of sassafras sprouts as to get rid of pay day. Do not get it into your head that it is possible for governments to pay for the extravagances of today out of the taxes of tomorrow. Governments, like individuals, that live beyond their income sooner or later come to grief. In order to have stable governments, governmental budgets must be kept in balance.

(4) And, lastly, quit remaining a governmental slacker. Become not only interested but active in affairs of state. Do you realize, Mr. Taxpayer, that on an average less than 50 percent of our potential voting population actually vote? And yet many taxpayers who do not vote, who take no part, active or inactive, in our elections are complaining of high taxes! Some, you know, think they are too busy to devote a little time to affairs of state. Well, I know that some of the taxpayers are pretty busy and that their time is important, but I know, too, that if they would

devote a little time to governmental affairs that they would find that it will pay them big dividends in the way of tax reduction. And then some, you know, are too pure to mix in elections. Poor deluded things! If elections are rotten, it is because the really good men and women are inactive. Let me tell you this: I have no patience with men and women who pretend to be too good to take a part in politics. When people begin to think they are too good to participate in affairs of state they are, in my opinion, already damned or should be knocked in the head before they fall from grace.

Mr. Taxpayer, answer these questions:

If the Government is being run in an extravagant manner, will you lower the tax rate by letting it remain in extravagant hands?

If the Government is being run in an inefficient manner, will you obtain efficiency by letting it remain in inefficient hands?

If the Government is being run in a corrupt manner, will you purify conditions by letting it remain in corrupt hands?

My boy in knee breeches can answer those questions. And yet the taxpayers, indifferent to the ballot, seemingly assume that affairs of government in some miraculous way will right themselves. It is taking the American taxpayer a long time to realize that, under our system of government, if affairs of state are not being administered in the right way it is within their power, through the ballot to bring about the needed corrections and reforms.

Mr. Taxpayer, can you hope to improve conditions unless you actively participate in elections and thus create new conditions?

Qualify yourself to vote and then get on the firing line and stay there. Eternal vigilance is not only the price of liberty, it is the price of a clean government and a low tax rate.

Now, I have given you a pretty long prescription. Let me boil it down so you will remember it. Here it is: Every taxpayer a voter; if you please, a politician, not in the sense of an office-seeker but in the sense that he is interested in a frugal government impartially administered in the interest of all.

Let your slogan be: Every taxpayer a voter.

THE 5-DAY WEEK AND 6-HOUR DAY BILL

Mr. MUSSELWHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the 6-hour day bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MUSSELWHITE. Mr. Speaker, in answer to scores of inquiries from all over Michigan as to my stand on the 30-hour week bill introduced by Senator BLACK, permit me to state:

I am not opposed to the principle of the measure, but to the form in which it was presented. It was not, as originally offered, an administration bill, and if it is finally approved with the endorsement of the administration, it will have many modifications that may make it acceptable.

Surprise is expressed that I made reference to the canning industry as an example, in view of Senator VANDENBERG'S amendment to the original bill. My statement was made before this amendment was submitted, with a full knowledge that under its terms the principal agricultural industries—and some others perhaps—of my district would be ruined.

I am in hopes that the measure, with the approval of the administration, will reach the House in some more palatable form; for, as I wish to emphasize, I am in full accord with the principle of the bill. Its application is just something else under present conditions.

I urge critics to withhold censure until they study provisions of the measure if or when it is submitted to the House. So far it is wholly a Senate measure, very drastic in its original form and already subjected to some modifications.

In my judgment, a 30-hour week in industry in interstate commerce under prevailing conditions would merely be another share-the-misery move unless it provided also minimum wages. It would drive pauper labor still lower. It would make American industry one vast sweatshop and drive many decent industries to the wall. It would reduce the mass market to the demand of coolies and the purse of slaves. It is the hard reality to which we are now headed unless wages and purchasing power can be stabilized at an American level, and that quickly.

The 30-hour week in industry will come; it must come. I favor it to the full extent of its practical application. But let us not get hysterical about it. It will inevitably come through the workings of social progress, just as the 8-hour day was adopted—not by legislation, but largely in spite of it.

I have full confidence in the wise leadership of President Roosevelt and am firmly supporting his policies. He can save American industry. I am certain he will. I believe he is preparing to lead Congress in rewriting this 30-hour bill so as to protect industry, protect the worker, protect wages, to create buying power, to control production, and start business forward again.

In such heroic effort President Roosevelt will have the support not only of Congress but of the people.

I opposed, and still oppose, the measure as submitted by Senator BLACK, because it is my firm conviction that in that form it would injure rather than benefit labor.

I will support any measure for a shorter workday and work week that I can satisfy myself is fair to labor and industry. It can be done; it will be. But the Black Senate bill is not the solution.

LEAVE OF ABSENCE

Mr. GOLDSBOROUGH. Mr. Speaker, my colleague the gentleman from Maryland [Mr. GAMBRILL] is ill at the Naval Hospital. I ask unanimous consent that he be relieved from attendance until he recovers.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. AYRES of Kansas. Mr. Speaker, my colleague the gentleman from Kansas [Mr. MCGUGIN] is absent on account of important business. I ask that he be excused until further notice.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

COMMITTEE ON MILITARY AFFAIRS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs be allowed to sit during the sessions of the House today and tomorrow.

Mr. JAMES. Mr. Speaker, reserving the right to object, and I do not intend to object, I hope it is not the intention of the chairman to have the committee sit beyond 5 or half past 5. I do not want any night sessions.

Mr. McSWAIN. I assure the gentleman from Michigan I am just as anxious as he to have supper, and shall cooperate to that extent.

Mr. JAMES. In other words, the gentleman will have no night sessions?

Mr. McSWAIN. The gentleman means night sessions of the committee?

Mr. JAMES. Night sessions of the committee, yes.

Mr. McSWAIN. Not tonight, anyway.

Mr. JAMES. I would like to have it understood there will be no night sessions at all.

Mr. McSWAIN. Very well; we will agree to that.

Mr. GOSS. Mr. Speaker, reserving the right to object, can the gentleman state when the bill will be reported? What is his desire now?

Mr. McSWAIN. My desire is that the committee authorize me to report the bill not later than tomorrow. That is the reason I have asked only for permission to sit during the sessions of the House today and tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

EXPORTATION OF ARMS AND MUNITIONS OF WAR

Mr. McREYNOLDS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McREYNOLDS. My understanding is that the matter to be taken up first, the unfinished business before the House, is the vote on House Joint Resolution 93, to prohibit the exportation of arms or munitions of war from the United States under certain conditions.

The SPEAKER. The gentleman is correct. The previous question has been ordered on the resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

Mr. FISH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. FISH. I am, Mr. Speaker.

The SPEAKER. The gentleman is also a member of the committee?

Mr. FISH. Yes.

The Clerk read as follows:

Mr. FISH moves to recommit the bill to the Committee on Foreign Affairs with instructions to that committee to report the same back to the House forthwith with the following amendment:

At the end of the bill add a new section to be known as section 3 and to read as follows:

"*Provided*, That nothing in this resolution shall violate or authorize the President to violate the neutrality of the United States."

Mr. McREYNOLDS. Mr. Speaker, on that motion I move the previous question.

The previous question was ordered.

Mr. FISH. Mr. Speaker, I demand the yeas and nays on the motion to recommit.

The SPEAKER. All those in favor of taking this vote by the yeas and nays will rise and stand until counted. [After counting.] Fifty-four Members have risen, a sufficient number.

Mr. BLANTON. Mr. Speaker, I ask for the other side.

Mr. GOSS. Mr. Speaker, I make the point of order you cannot demand the other side at this time.

Mr. BLANTON. Oh, yes; the other side can be demanded, because 54 is not necessarily one fifth of the number present.

The SPEAKER. The Chair will count. [After counting.] Two hundred gentlemen are present, and 54 is a sufficient number to demand the yeas and nays.

The question was taken; and there were—yeas 114, nays 248, answered "present" 1, not voting, 67, as follows:

[Roll No. 13]

YEAS—114

Andrews, N.Y.	Ditter	Kinzer	Rogers, Mass.
Arens	Dockweiler	Knutson	Sadowski
Bacharach	Dondero	Kvale	Secrest
Bacon	Doutrich	Lambertson	Seger
Bakewell	Dunn	Lehlbach	Shoemaker
Beck	Eaton	Lehr	Simpson
Beedy	Eltse, Calif.	Lemke	Sinclair
Blanchard	Englebright	Luce	Stalker
Boileau	Evans	Lundeen	Strong, Pa.
Bolton	Fish	McCormack	Swick
Britten	Focht	McLean	Taber
Burnham	Foss	McLeod	Taylor, Tenn.
Cannon, Wis.	Frear	Maloney, Conn.	Thurston
Carter, Calif.	Gilchrist	Mapes	Tinkham
Carter, Wyo.	Goodwin	Martin, Mass.	Tobey
Cavicchia	Goss	Martin, Oreg.	Traeger
Chase	Granfield	Merritt	Treadway
Christianson	Griswold	Millard	Wadsworth
Church	Guyer	Monaghan	Welch
Clarke, N.Y.	Hancock, N.Y.	Mott	Whitley
Cochran, Pa.	Healey	Murdock	Wigglesworth
Collins, Calif.	Hoeppel	O'Malley	Withrow
Connery	Holmes	Parker, N.Y.	Wolcott
Connolly	Hooper	Pettengill	Wolfenden
Crowther	Hope	Powers	Wolverton
Culkin	James	Ransley	Woodruff
Darrow	Johnson, Minn.	Reece	Young
De Priest	Kahn	Reed, N.Y.	
Dirksen	Kelly, Pa.	Rich	

NAYS—248

Abernethy	Buchanan	Cole	Doughton
Adair	Buck	Collins, Miss.	Doxey
Adams	Bulwinkle	Colmer	Driver
Allgood	Burke, Calif	Condon	Duffey
Arnold	Burke, Nebr.	Cooper, Tenn.	Duncan, Mo.
Ayers, Mont.	Busby	Cravens	Durgan, Ind.
Ayres, Kans.	Cady	Crosby	Eagle
Bailey	Caldwell	Cross	Eicher
Berlin	Cannon, Mo.	Crosser	Ellzey, Miss.
Biermann	Carden	Crowe	Faddis
Black	Carley	Crump	Farley
Bland	Carpenter, Kans.	Cullen	Fernandez
Blanton	Carpenter, Nebr.	Cummings	Fiesinger
Bloom	Cary	Darden	Fitzgibbons
Boehne	Castellow	Deen	Fitzpatrick
Boylan	Celler	Delaney	Flannagan
Brennan	Chapman	DeRouen	Fletcher
Briggs	Chavez	Dickinson	Ford
Brooks	Claiborne	Dickstein	Foulkes
Brown, Ky.	Clark, N.C.	Dies	Fuller
Brown, Mich	Cochran, Mo.	Dingell	Fulmer
Browning	Coffin	Disney	Gasque
Brunner	Colden	Dobbins	Gillespie
Gillette	Lanham	Parker, Ga.	Smith, Va.
Glover	Larrabee	Parks	Smith, Wash.
Goldsborough	Lea, Calif.	Parsons	Snyder
Gray	Lee, Mo.	Patman	Somers, N.Y.
Green	Lesinski	Peavey	Spence
Greenwood	Lewis, Colo.	Peterson	Strong, Tex.
Gregory	Lindsay	Peyser	Stubbs
Haines	Lloyd	Pierce	Studley
Hamilton	Lozier	Polk	Sullivan
Harter	Ludlow	Pou	Sumners, Tex.
Hastings	McClintic	Prall	Sutphin
Henney	McDuffie	Ragon	Swank
Hildebrandt	McGrath	Ramsay	Tarver
Hill, Ala.	McKeown	Ramspeck	Taylor, Colo.
Hill, Knute	McMillan	Randolph	Taylor, S.C.
Hill, Sam B.	McReynolds	Rankin	Terrell
Howard	McSwain	Rayburn	Thom
Huddleston	Major	Reilly	Thomason, Tex.
Hughes	Maloney, La.	Richards	Thompson, Ill.
Imhoff	Mansfield	Richardson	Turner
Jacobsen	Marland	Robertson	Umstead
Jeffers	Martin, Colo.	Robinson	Utterback
Jenckes	May	Rogers, N.H.	Vinson, Ga.
Johnson, Okla.	Mead	Rogers, Okla.	Vinson, Ky.
Johnson, Tex.	Meeks	Romjue	Wallgren
Johnson, W.Va.	Miller	Rudd	Walter
Jones	Milligan	Ruffin	Warren
Kee	Mitchell	Sabath	Weaver
Keller	Montet	Sanders	Weideman
Kelly, Ill.	Morehead	Sandlin	Werner
Kemp	Musselwhite	Schaefer	West
Kenney	Nesbit	Schuetz	White
Kleberg	O'Brien	Schulte	Whittington
Kloeb	O'Connell	Scrugham	Wilcox
Kniffin	O'Connor	Sears	Williams
Kocialkowski	Oliver, Ala.	Shallenberger	Wilson
Kopplemann	Oliver, N.Y.	Shannon	Wood, Ga.
Kramer	Owen	Sirovich	Wood, Mo.
Lamneck	Palmisano	Sisson	Woodrum

ANSWERED "PRESENT"—1

Byrns

NOT VOTING—67

Allen	Douglass	Jenkins	Norton
Almon	Dowell	Kennedy, Md.	Perkins
Andrew, Mass.	Drewry	Kennedy, N.Y.	Reid, Ill.
Auf der Heide	Edmonds	Kerr	Smith, W.Va.
Bankhead	Gambrill	Kurtz	Snell
Beam	Gavagan	Lambeth	Steagall
Beiter	Gibson	Lanzetta	Stokes
Boland	Gifford	Lewis, Md.	Sweeney
Brand	Griffin	McCarthy	Truax
Brumm	Hancock, N.C.	McFadden	Turpin
Buckbee	Harlan	McFarlane	Underwood
Burch	Hart	McGugin	Waldron
Cartwright	Hartley	Marshall	Watson
Cooper, Ohio	Hess	Montague	Wearin
Corning	Higgins	Moran	Willford
Cox	Hoidale	Moynihan	Zioncheck
Dear	Hollister	Muldowney	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Gibson (for) with Mr. Willford (against).
Mr. Snell (for) with Mr. Byrns (against).
Mr. McFadden (for) with Mr. Steagall (against).
Mr. Hartley (for) with Mr. Gavagan (against).
Mr. Hess (for) with Mr. Beiter (against).
Mr. Higgins (for) with Mr. Douglass (against).
Mr. McGugin (for) with Mr. Griffin (against).
Mr. Perkins (for) with Mrs. Norton (against).
Mr. Watson (for) with Mr. Corning (against).
Mr. Cooper of Ohio (for) with Mr. Harlan (against).
Mr. Edmunds (for) with Mr. Drewry (against).
Mr. Jenkins (for) with Mr. Lewis of Maryland (against).
Mr. Hollister (for) with Mr. Gambrill (against).
Mr. Marshall (for) with Mr. Lambeth (against).
Mr. Buckbee (for) with Mr. Burch (against).
Mr. Brumm (for) with Mr. McFarlane (against).
Mr. Reid of Illinois (for) with Mr. Kennedy of New York (against).
Mr. Waldron (for) with Mr. Beam (against).
Mr. Allen (for) with Mr. Underwood (against).
Mr. Muldowney (for) with Mr. Boland (against).
Mr. Kurtz (for) with Mr. Cox (against).
Mr. Turpin (for) with Mr. Dear (against).
Mr. Stokes (for) with Mr. Hancock of North Carolina (against).
Mr. Moynihan (for) with Mr. Lanzetta (against).

Until further notice:

Mr. Auf der Heide with Mr. Andrew of Massachusetts.
Mr. Bankhead with Mr. Dowell.
Mr. Swank with Mr. Gifford.
Mr. Hart with Mr. Kennedy of Maryland.
Mr. Kerr with Mr. Montague.
Mr. Brand with Mr. Moran.
Mr. Sweeney with Mr. Zioncheck.
Mr. Cartwright with Mrs. McCarthy.
Mr. Smith of West Virginia with Mr. Wearin.
Mr. Hoidale with Mr. Truax.

Mr. IMHOFF. Mr. Speaker, the gentleman from Ohio, Mr. UNDERWOOD, is unavoidably detained. If present, he would vote "no."

Mr. BYRNS. Mr. Speaker, I have a pair with the minority leader, the gentleman from New York, Mr. SNELL, who is unavoidably absent today. On this vote I voted "no." If the gentleman from New York were present, he would vote "aye." I therefore withdraw my vote and answer "present".

Mr. WIGGLESWORTH. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. GIFFORD, is ill and therefore unable to be present. He desires me to announce that if he were present he would vote "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the joint resolution.

Mr. McREYNOLDS. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and therewere—yeas 254, nays 109, answered "present" 2, not voting 65, as follows:

[Roll No. 14]

YEAS—254

Abernethy	Dies	Kopplemann	Richards
Adair	Dingell	Kramer	Richardson
Adams	Disney	Kvale	Robertson
Allgood	Dobbins	Lamneck	Robinson
Andrew, Mass.	Doughton	Lanham	Rogers, N.H.
Arnold	Doxey	Lanzetta	Rogers, Okla.
Ayers, Mont.	Driver	Larrabee	Romjue
Ayres, Kans.	Duncan, Mo.	Lea, Calif.	Rudd
Bailey	Durgan, Ind.	Lee, Mo.	Ruffin
Berlin	Eagle	Lewis, Colo.	Sabath
Biermann	Eicher	Lindsay	Sadowski
Black	Ellzey, Miss.	Lloyd	Sanders
Bland	Faddis	Lozier	Sandlin
Blanton	Farley	Luce	Schaefer
Bloom	Fernandez	Ludlow	Schuetz
Boehne	Fiesinger	McCarthy	Schulte
Boylan	Fitzgibbons	McClintic	Sears
Brennan	Fitzpatrick	McCormack	Shallenberger
Briggs	Flannagan	McFarlane	Shannon
Brooks	Fletcher	McGrath	Sirovich
Brown, Ky.	Ford	McKeown	Sisson
Brown, Mich.	Foulkes	McMillan	Smith, Va.
Browning	Frear	McReynolds	Smith, Wash.
Brunner	Fuller	Major	Snyder
Buchanan	Fulmer	Maloney, La.	Somers. N.Y.
Buck	Gasque	Mansfield	Spence
Bulwinkle	Gilchrist	Martin, Colo.	Strong, Pa.
Burke, Calif.	Gillespie	May	Strong, Tex.
Burke, Nebr.	Gillette	Mead	Stubbs
Busby	Glover	Meeks	Studley
Cady	Goldsborough	Milligan	Sullivan
Caldwell	Gray	Mitchell	Sumners, Tex.
Cannon, Mo.	Green	Montet	Sutphin
Carden	Greenwood	Moran	Swank
Carley	Gregory	Morehead	Tarver
Carpenter, Kans.	Griswold	Musselwhite	Taylor, Colo.
Carpenter, Nebr.	Haines	Nesbit	Terrell
Cary	Hamilton	O'Brien	Thom
Castellow	Harter	O'Connell	Thomason, Tex.
Celler	Hastings	O'Connor	Thompson, Ill.
Chapman	Henney	Oliver, Ala.	Turner
Chavez	Hildebrandt	Oliver, N.Y.	Umstead
Clark, N.C.	Hill, Ala.	Owen	Utterback
Cochran, Mo.	Hill, Knute	Palmisano	Vinson, Ga.
Coffin	Hill, Sam B.	Parker, Ga.	Vinson, Ky.
Colden	Howard	Parks	Wallgren
Cole	Huddleston	Parsons	Walter
Collins, Miss.	Hughes	Patman	Warren
Colmer	Imhoff	Peavey	Weaver
Cooper, Tenn.	Jacobsen	Peterson	Weideman
Cravens	Jeffers	Peyser	Werner
Crosby	Jenckes	Pierce	West
Cross	Johnson, Okla.	Polk	White
Crosser	Johnson, Tex.	Pou	Whittington
Crowe	Johnson, W.Va.	Prall	Wilcox
Crump	Jones	Ragon	Williford
Cullen	Kee	Ramsay	Williams
Cummings	Keller	Ramspeck	Wilson
Darden	Kemp	Randolph	Wolverton
Deen	Kenney	Rankin	Wood, Ga.
Delaney	Kleberg	Rayburn	Wood, Mo.
DeRouen	Kloeb	Reed, N.Y.	Woodrum
Dickinson	Kniffin	Reilly	
Dickstein	Kocialkowski	Rich	

NAYS—109

Andrews, N.Y.	Cannon, Wis.	Connery	Eaton
Arens	Carter, Calif.	Connolly	Eltse, Calif.
Bacharach	Carter, Wyo.	Crowther	Englebright
Bacon	Cavicchia	Culkin	Evans
Bakewell	Chase	Darrow	Fish
Beck	Christianson	De Priest	Foss
Beedy	Church	Dirksen	Gibson
Blanchard	Claiborne	Ditter	Goodwin
Boileau	Clarke, N.Y.	Dockweiler	Goss
Bolton	Cochran, Pa.	Dondero	Granfield
Britten	Collins, Calif.	Doutrich	Guyer
Burnham	Condon	Duffey	Hancock, N.Y.
Healey	Lemke	Pettengill	Tinkham
Hoeppel	Lundeen	Powers	Tobey
Holmes	McLean	Ransley	Traeger
Hooper	McLeod	Reece	Treadway
Hope	Maloney, Conn.	Rogers, Mass.	Wadsworth
James	Mapes	Secrest	Welch
Johnson, Minn.	Marland	Seger	Whitley
Kahn	Martin, Mass.	Shoemaker	Wigglesworth
Kelly, Ill.	Martin, Oreg.	Simpson	Withrow
Kelly, Pa.	Merritt	Sinclair	Wolcott
Kinzer	Millard	Stalker	Wolfenden
Knutson	Monaghan	Swick	Woodruff
Kurtz	Mott	Taber	Young
Lambertson	Murdock	Taylor, S.C.	
Lehlbach	O'Malley	Taylor, Tenn.	
Lehr	Parker, N.Y.	Thurston	

ANSWERED "PRESENT"—2

Byrns	Dunn

NOT VOTING—65

Allen	Dowell	Kennedy, Md.	Reid, Ill.
Almon	Drewry	Kennedy, N.Y.	Scrugham
Auf der Heide	Edmonds	Kerr	Smith, W.Va.
Bankhead	Focht	Lambeth	Snell
Beam	Gambrill	Lesinski	Steagall
Beiter	Gavagan	Lewis, Md.	Stokes
Boland	Gifford	McDuffie	Sweeney
Brand	Griffin	McFadden	Truax
Brumm	Hancock, N.C.	McGugin	Turpin
Buckbee	Harlan	McSwain	Underwood
Burch	Hart	Marshall	Waldron
Cartwright	Hartley	Miller	Watson
Cooper, Ohio	Hess	Montague	Wearin
Corning	Higgins	Moynihan	Zioncheck
Cox	Hoidale	Muldowney	
Dear	Hollister	Norton	
Douglass	Jenkins	Perkins	

So, the bill was passed.

The following pairs were announced:

Mr. Byrns (for) with Mr. Snell (against).
Mr. Steagall (for) with Mr. McFadden (against).
Mr. Gavagan (for) with Mr. Hartley (against).
Mr. Beiter (for) with Mr. Hess (against).
Mr. Griffin (for) with Mr. Higgins (against).
Mr. Douglass (for) with Mr. McGugin (against).
Mrs. Norton (for) with Mr. Perkins (against).
Mr. Corning (for) with Mr. Watson (against).
Mr. Harlan (for) with Mr. Cooper of Ohio (against).
Mr. Drewry (for) with Mr. Edmonds (against).
Mr. Lewis of Maryland (for) with Mr. Jenkins (against).
Mr. Gambrill (for) with Mr. Hollister (against).
Mr. Lambeth (for) with Mr. Marshall (against).
Mr. Burch (for) with Mr. Buckbee (against).
Mr. Kennedy of New York (for) with Mr. Allen (against).
Mr. Underwood (for) with Mr. Brumm (against).
Mr. Boland (for) with Mr. Muldowney (against).
Mr. Dear (for) with Mr. Turpin (against).
Mr. Hancock of North Carolina (for) with Mr. Stokes (against).
Mr. Auf der Heide (for) with Mr. Moynihan (against).
Mr. Cox (for) with Mr. Focht (against).
Mr. Lesinski (for) with Mr. Reid of Illinois (against).
Mr. Kerr (for) with Mr. Waldron (against).

Additional general pairs:

Mr. Bankhead with Mr. Dowell.
Mr. McDuffie with Mr. Gifford.
Mr. Montague with Mr. Kennedy of Maryland.
Mr. Cannon of Missouri with Mr. Cartwright.
Mr. Beam with Mr. Almon.

Mr. BYRNS. Mr. Speaker, I voted aye. I have a pair with the gentleman from New York, Mr. SNELL. I therefore withdraw my vote and answer "present." If Mr. SNELL were present, he would vote "no."

Mr. IMHOFF. Mr. Speaker, my colleague, Mr. UNDERWOOD, of Ohio, is unavoidably detained. If present, he would vote "aye."

Mr. BOYLAN. Mr. Speaker, the gentlewoman from New Jersey, Mrs. NORTON, is unavoidably absent. If present, she would be recorded in favor of the proposition.

The result of the vote was announced as above recorded.

On motion of Mr. McREYNOLDS, a motion to reconsider the vote whereby the bill was passed was laid on the table.

ARMS EMBARGO—EXTENSION OF REMARKS

(Mr. ZIONCHECK asked and was given permission to extend his remarks in the RECORD.)

Mr. ZIONCHECK. Mr. Speaker, due to an unavoidable delay, I was unable to be present when the vote was taken on the so-called "embargo bill." Had I been present I would have voted in the negative. Never before has any measure caused me so much difficulty in deciding which way to vote. I have listened to all the speakers on both sides of the question, and, after carefully rereading their argu-

ments in the RECORD, I am convinced that neither side was absolutely frank and open in its discussion.

I am not unmindful of the fact that it was stated that many pacifist organizations came before the Committee on Foreign Affairs advocating the bill's passage and that the opponents of the bill before the committee largely consisted of representatives of munition manufacturers and airplane companies. I must confess that usually I would vote contrary to the wishes and desires of such interests, but, nevertheless, I recognize that even they in their greed for immediate profits might be looking at the matter from a short-sighted standpoint, as they have done so many times in the past.

The particular provision in this bill to which I object is that which allows the President, after cooperating with other governments, to determine which nation is the aggressor of a war then existing and to declare an embargo against the sending of munitions or arms to the aggressor nation. This seems to me to be a rather dangerous interference in foreign troubles and is liable to involve the United States, by reason of such action, in another foreign war. Under the present so-called " pacific reprisal concept " of international law and relationships it is difficult to determine which nation is the aggressor, and it is my understanding that there is an honest difference of opinion at this late date as to which nations were the aggressors in the last World War. It seems to me that it is a matter of betting on a horse race and taking the chances of betting on the wrong horse.

I can understand that many people with idealistic concepts feel that this embargo act is a partial step toward a world peace, but it is my sincere belief that they fail to recognize the impossibility of world cooperation under our competitive scheme of things in anything but warfare. It is my belief that if these people analyze the developments of the last 100 years in particular this truth would become self-evident. They seem to fail to recognize that the causes for present-day wars are prompted by a struggle for world markets and for the protection of foreign investments abroad. There is no one who would like to see world peace more than I, but I am satisfied that this measure will only lead to turmoil, strife, and warfare, no matter how carefully and cautiously it is exercised. I would have no hesitation in voting for this measure if it gave the President power to declare an absolute embargo on the shipment of arms and munitions in the event of a foreign war. That would be a forward step. I would further like to see a measure that would nationalize all industries which make arms and munitions, for such a measure, if passed, would give the President of the United States absolute control over the disposition of the products of these industries.

Until we come to a more equitable and cooperative way of living and letting live, both individually and collectively, it is my belief that we should adhere to the philosophy announced by Washington and Jefferson. I am particularly impressed with this philosophy, due to our geographical location, and feel that for the time being we must work upon a basis of a national self-contained economy as far as it is practicable, and studiously avoid any foreign entanglements whatsoever.

Our President has made no request for the passage of this bill—it is not a part of his emergency program—therefore, I feel absolutely free to take the position I now take and feel compelled to do so in my representative capacity.

CROP-PRODUCTION LOANS

Mr. JONES. Mr. Speaker, I ask unanimous consent for the present consideration of the joint resolution (H.J.Res. 135) to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

The Clerk read the joint resolution, as follows:

House Joint Resolution 135

Resolved, etc., That section 2 of the act of February 4, 1933 (Public, No. 327), be, and the same is hereby, amended by adding at the end of the first sentence thereof the words: " and in the case of summer fallowing or winter wheat, a first lien, or an agreement to give a first lien on crops to be harvested in 1934, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security."

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, I understand this is to correct a law that was passed last February and to provide that the Government shall have a lien on crops planted this year and harvested next?

Mr. JONES. Yes; and without this provision, in the case of fallowing, they would have no security at all.

Mr. MARTIN of Massachusetts. Is it a unanimous report from the Agricultural Committee?

Mr. JONES. It is a unanimous report.

Mr. HASTINGS. Mr. Speaker, reserving the right to object, I want to ask the gentleman if the committee has given consideration to amending the law so as to permit tenants to mortgage their interest in their several crops. I think it was a mistake, when the bill was originally passed, not to have incorporated such a provision in it.

Here is the situation as it affects my district in Oklahoma, and for that matter, the entire country: The Department of Agriculture is now requiring a waiver on the part of the landlord of his lien. Under the law in Oklahoma the tenant farmer can mortgage his interest in the crop. That provision ought to have been incorporated in the original bill. The Department of Agriculture construes it otherwise and insists on the waiver of the landlord's lien. I understand that in practically all cases the Department of Agriculture has required the landlord to waive his interest.

In many sections of the country much of the land is held in foreign ownership and is occupied and tilled by tenant farmers. It is estimated that in certain counties in my State 65 percent of the land is not occupied by the owners. That means, of course, that the Department of Agriculture declines and refuses to make crop loans to the tenant farmers on their interest in the crop unless and until the tenants get waivers from the landlords of their liens. Many of these landlords live outside of the State and some of them live long distances away. In effect this is a denial to tenant farmers of any opportunity to take advantage of the act of Congress providing for crop loans to farmers. The tenant farmers can go to the local banks or supply houses and, under the law in Oklahoma, mortgage their interests in their crops. That provision ought to have been incorporated in the original act when it was enacted.

I am not going to object now to the request from the Chairman of the House Committee on Agriculture [Mr. JONES] but do rise to protest against the rules and regulations adopted by the Department of Agriculture. The Department places the blame upon Congress but in my judgment the act was capable of interpretation which would have permitted tenant farmers to mortgage their interest in their crops without obtaining waivers of the landlords' liens.

I am not going to object now but serve notice that if this bill is brought up in the House at any future time, if I am a Member at the time I shall insist upon an amendment's being placed in the law making it clear that the landlord is not required to waive his lien. No tenant farmer can take advantage of this crop loan law who has an absentee landlord.

I am submitting herewith a letter from the crop production loan division of the Department of Agriculture, showing that the interpretation placed upon this law is as I have stated:

THE SECRETARY OF AGRICULTURE,
CROP PRODUCTION AND FARMERS' SEED LOANS,
Washington, D.C., April 11, 1933.

Hon. W. W. HASTINGS,
House of Representatives.

DEAR MR. HASTINGS: With reference to your telephone inquiry as to landlord waivers on crop-production loans, the only case in which we do not require a first lien on the entire crop, including a waiver from the landlord, is with reference to crops on which no part of the Government loan is used. If any of the money advanced by the Secretary of Agriculture is used for the production of a crop on the borrower's farm we then require a first lien, including waivers from holders of prior mortgages or waivers from the landlord if the borrower is a tenant. In certain sections where winter wheat is an important crop and we are now making loans

for spring-planted crops, we are including winter wheat in our mortgage as additional security, although we are not in any way financing the production of winter wheat. On this winter wheat included as additional security we are not requiring a waiver from the landlord. In western Kansas, for instance, loans made this spring would be used for the planting of corn, sorghums, and other spring-planted crops which in themselves do not provide sufficient security for a loan. We require a first lien on these crops, including waivers from landlords or holders of prior mortgages, but in addition to a mortgage on these crops we ask the borrower to give us a lien on any winter wheat he may have. This usually is a second lien, the landlord's rights or those of other mortgagees being prior to ours so far as wheat is concerned. The situation with reference to this winter wheat is quite different from that with reference to cotton or any other spring planted crops which are being financed with the Government loan.

Very truly yours,

C. W. WARBURTON,
In Charge of Crop Production Loans.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read a third time, and passed, and a motion to reconsider laid on the table.

IMPEACHMENT OF JUDGE LOUDERBACK

Mr. SUMNERS of Texas. Mr. Speaker, I call up a privileged matter, which I send to the desk and ask to have read.

The Clerk read as follows:

AMENDMENT TO ARTICLE 5 OF THE ARTICLES OF IMPEACHMENT BY THE HOUSE OF REPRESENTATIVES EXHIBITED AGAINST HAROLD LOUDERBACK, JUDGE OF THE UNITED STATES IN AND FOR THE NORTHERN DISTRICT OF CALIFORNIA

Article 5 is amended to read as follows:

"Article 5

"It is intended by article 5 to charge, and it is charged, that the reasonable and probable result of Harold Louderback's action in his capacity as judge in making decisions and orders in actions pending in his court and before him as said judge and by the method of appointing receivers and attorneys for receivers, by appointing incompetent receivers and attorneys, by his relationship and transactions with one Sam Leake, and by the relationship and transactions of the said Sam Leake with such appointees of the said respondent made possible and probable by the action and attitude of the said Harold Louderback, and by displaying a high degree of indifference to the interest of estates and parties in interest in receiverships before him and his court, and by displaying a high degree of interest in making it possible for certain individuals and firms to derive large fees from the funds of such estates, has been to create a general condition of wide-spread fear and distrust and disbelief in the fairness and disinterestedness of the official actions of the said Harold Louderback, and to create by his said acts, deeds, and relationships, contrary to his individual and official duty, a favorable condition and a cause for the development naturally and inevitably of rumors and suspicions destructive of public confidence in and respect for the said Harold Louderback as an individual and a judge to the scandal and disrepute of his said court and the administration of justice therein and prejudicial generally to the public respect for and public confidence in the Federal judiciary. Wherefore, the said Harold Louderback was and is guilty of misbehavior as such judge and of misdemeanors in office.

"It is hereby alleged and charged that the conduct of said Harold Louderback, as alleged in articles 1, 2, 3, and 4, and as hereinafter alleged, in its general and aggregate result has been such as reasonably and probably calculated to destroy public confidence insofar as he and his court are concerned in that degree of disinterestedness and fidelity to judicial duty and responsibility which the public interest requires shall be held by the people in the Federal courts and in those who administer them, and which for a Federal judge to hurt or destroy is a crime and misdemeanor of the highest order;

"First, specifying as indicative of and disclosing the character and judicial attitude of said Harold Louderback revealed by his acts and official conduct to the people among whom he has jurisdiction, and the cause for the loss of public confidence of the bar and people of the northern district of California and particularly of the city of San Francisco, where the principal business of such court is transacted, on or about December 19, 1929, the said Harold Louderback appointed one Guy H. Gilbert receiver of the Sonora Phonograph Co., a going concern extensively engaged in the business of receiving and distributing radios and phonographs, the said Guy H. Gilbert being a personal and political friend of the said Harold Louderback, and an intimate friend and financial contributor to one Sam Leake, hereinafter referred to, the said Harold Louderback knowing at the time of such appointment that the whole training and experience of the said Guy H. Gilbert had been as operator and employee of a telegraph company, and the said Harold Louderback at the time of such appointment knowing with certainty that the said Guy H. Gilbert was without qualification to discharge the duties of such receivership, that the said Guy H. Gilbert was appointed such receiver by the said Harold Louderback without regard to the interest of such estate in receivership and in disregard thereof and of the interest of creditors and parties in interest and in violation of the official duty of the said Harold Louderback. That the said Gilbert after said appointment continued in his regular and usual duties and employment as employee of said telegraph company, drawing his accustomed salary during his employment of approximately 6 months as such receiver and received for such services from the funds of the estate of said Sonora Phonograph Co. the sum of $6,800, all of which facts became the subject of newspaper comments and matters of common knowledge throughout and beyond the northern judicial district of California, to the hurt of public confidence in the said Harold Louderback, judge of said court, and to the hurt and standing of the Federal judiciary. It also became a matter of newspaper comment in connection with that receivership matter and others, that theretofore, about 1925 or 1926, the said Gilbert had been appointed by the said Harold Louderback when the said Harold Louderback was a judge of the Superior Court of California, an appraiser of certain real estate, the said Harold Louderback well knowing at the time of such appointment that the said Gilbert was without any qualification to appraise the value of such real estate, and in truth the said Gilbert never saw said real estate and that the said Gilbert did not undertake to assist in the appraisal of said real estate, only signing the report which was presented to him, for which services he was allowed the sum of $500.

"The said Gilbert was also theretofore appointed receiver by Harold Louderback in the Stempel-Cooley case in 1929, bankruptcy, collecting during 3 or 4 months $12,000 rents for which he was allowed a fee of $500. In this matter, after conversation with the said Sam Leake, the said Gilbert appointed as his attorney one John Douglas Short who was an employee in the law office of Erskine & Erskine.

"The said Short was afterward, in March 1931, appointed attorney by one H. B. Hunter, receiver in what is known in this proceeding as the Russell Colvin Co. case, and which will hereinafter be specified with reference to. In the said Russell Colvin case the said H. B. Hunter, having been appointed such receiver by the said Harold Louderback, at the suggestion of the said Sam Leake, who theretofore had suggested to the said Gilbert the appointment of the said John Douglas Short in the Stempel-Cooley case, and the said H. B. Hunter, after his appointment as such receiver, appointed the said John Douglas Short as his attorney in said Russell Colvin case, the said Harold Louderback allowing the said John Douglas Short the sum of $50,000 on account as attorney for said receiver, H. B. Hunter.

"Preceding the appointment of the said H. B. Hunter in the said Russell Colvin case the said Harold Louderback had appointed one Addison G. Strong to be receiver therein, who, because he would not designate as his attorney the said John Douglas Short, as claimed by the said Addison G. Strong, or either the said John Douglas Short or certain other attorneys, as claimed by the said Harold Louderback, the said Addison G. Strong was summarily dismissed as receiver and the said Hunter appointed in his stead, who, on the same day of his said appointment as receiver by the said Harold Louderback, tendered to the said John Douglas Short the attorneyship in said receivership matter.

"On the 25th day of March 1931 one W. L. Hathaway, father-in-law of the said John Douglas Short, advanced as a loan to the said Sam Leake the sum of $1,000 in cash, and two days thereafterward the said John Douglas Short in an involved family transaction paid to the said W. L. Hathaway, from the compensation received as attorney in the Russell Colvin Co. matter, the sum of $5,000. Three months later the said Hathaway gave to the said Leake the further sum of $250.

"When the said Harold Louderback appointed the said H. B. Hunter, as aforesaid, receiver in the said Russell Colvin Co. case at the suggestion of the said Sam Leake, and the said Hunter in turn appointed the said John Douglas Short attorney for him in the Russell Colvin Co. case, he, the said Harold Louderback, resided at the Fairmont Hotel in a room registered and held in the name of the said Sam Leake, such arrangement being effected in conspiracy between the said Harold Louderback and Sam Leake to aid the said Harold Louderback in carrying out a certain plan and design, the said Harold Louderback pretending to reside in Contra Costa County, while actually and in fact residing in the city of San Francisco at the Fairmont Hotel in a room registered in the name of the said Sam Leake, the purpose and design of which arrangement having to do with the possible venue of a legal action which the said Harold Louderback contemplated might be brought against him. To further strengthen and add color to this pretended residence in Contra Costa County the said Harold Louderback registered as a voter in said Contra Costa County in violation of the laws of California, all of which transactions by the acts and conduct of the said Harold Louderback are involved in and mixed up with the official status and standing and transactions of the said Harold Louderback and are known to the people of the northern district of California and beyond such district to the disgrace and discredit of his office and to the hurt of public confidence therein and of the Federal judiciary. Thereby, as a result of such transactions, putting himself under obligation to, dependent upon, and under the influence of the said Sam Leake in a manner and to a degree utterly inconsistent with that required by the public interest of a Federal judge, and thereby putting himself, the said Harold Louderback, in an attitude with regard to obedience to law and the rights granted to litigants by the law and with regard to the standards of open candid conduct necessary to preserve for the public official that respect and confidence required by the public interest within the

meaning of the provision of the Constitution requiring of Federal judges good behavior as a condition upon which their tenure of office depends. That said conduct is bad behavior and constitutes a forfeiture of the right of the said Harold Louderback to hold his the said office of judge of the northern district of California.

"In August 1931 the said Harold Louderback, without a hearing, upon a petition verified by an attorney 'upon information and belief' and without bond of indemnity, granted an equity receivership for the Prudential Holding Co., a concern engaged in extensive real-estate transactions, and appointed the said Guy H. Gilbert as receiver, who in turn designated Dinkelspiel & Dinkelspiel as his attorneys. The first information the company had of the matter was when Gilbert and Dinkelspiel & Dinkelspiel appeared in the office of said Prudential Holding Co. to take charge of its affairs. The petition filed without truth or justification was resisted by said Prudential Holding Co., but the said Harold Louderback refused to dismiss the equity receivership matter until an application for receivership in bankruptcy was applied for, which application was based upon the grounds of the said equity receivership, wrongfully entertained. The bankruptcy matter fell in the division of Judge St. Sure, one of the judges of the said northern district of California. During the temporary absence of Judge St. Sure the said Harold Louderback, sitting in Judge St. Sure's division, named the said Gilbert and Dinkelspiel & Dinkelspiel receiver and attorneys, respectively, in the bankruptcy matter, and 2 days later dismissed the equity receivership. Upon the return of Judge St. Sure to his division, he, Judge St. Sure, promptly dismissed the bankruptcy proceeding because no insolvency was shown. No fees were allowed by Judge St. Sure.

"The proceedings in the matter and the facts, transactions, and statements therein became a matter of general knowledge within and beyond the said northern district of California, with its reasonable and probable and inevitable consequence to arouse dread and apprehension of the court and judicial power possessed by the said Harold Louderback on the part of the people generally, and particularly of those whose property might be seized upon through the instrumentality of such court, and generally to make said court disrespected and hateful. The said Dinkelspiel & Dinkelspiel had theretofore and over the protest of the parties in interest on the ground that it was excessive been allowed a fee of $20,000 by the said Harold Louderback in the Sonora Phonograph Co. case, in which case they had also been associated with the said Gilbert, appointed by the said Harold Louderback as receiver therein.

"Some 6 months after the appointment of the said Gilbert & Dinkelspiel & Dinkelspiel as receiver and attorneys, respectively, in the said Prudential Holding Co. case, to wit, on the 17th day of February 1932, they were appointed by the said Harold Louderback receiver and attorneys, respectively, in the Fageol Motors Co. case. This company was known in the said northern district of California as one of the more important concerns in that part of the country. It had assets of $3,000,000 book value and liabilities amounting to $1,700,000, with automobile manufacturing, assembling, plants, branch offices, properties, and extensive operations in California, Washington, Oregon, and Utah. The said Harold Louderback knew and the people of that community knew at the time the said Guy H. Gilbert was appointed as receiver of said Fageol Motors Co. that the said Guy H. Gilbert was utterly without qualifications to discharge the duties of said receivership. That said appointment of said Gilbert and said Dinkelspiel & Dinkelspiel was made in tyrannical and oppresive disregard of the rights and interest of the parties in interest, of the duty to conserve the assets of said company, and in disregard of his duty by the said Harold Louderback to the Government which had commissioned him to be one of its judges. That the facts and circumstances surrounding the appointment of the said Gilbert as receiver and the said Dinkelspiel & Dinkelspiel attorneys in said receivership matter and the method of procedure therein on the part of the said Harold Louderback inevitably as a necessary consequence were prejudicial to the judiciary and was to the scandal and disrepute of the court presided over by the said Harold Louderback and to the administration of justice therein, in that the said Fageol Motors Co. getting into financial difficulty the principal creditors of said company and the representatives of said Fageol Motors Co., after full conference and consideration, decided by agreement to apply to the Federal court for a receivership, and after careful consideration agreed upon Edward Fuller, of Oakland, a former official of the Chevrolet Motor Co., with extensive experience and demonstrated business and financial ability not only in the automobile business but in other matters of large proportions. Pursuant to said agreement, on the 17th day of February 1932, the papers were all prepared carrying out the plan agreed upon by Fageol Motors Co. and its creditors and the petition for receiver was filed in the Federal court of the northern district of California. By plan of assignment, determined by drawing numbers from a bag, this matter fell to the said Judge Louderback, there being three judges of said district. The parties in interest, representatives of the company and of the principal creditors, went to his chambers to see the said Judge Louderback with the papers in said matter, arriving shortly before the time for the noon recess of his court, but were advised by the clerk of the said judge that the noon recess would be delayed until 12:30, the said clerk asking what it was desired to see the judge about, and was told that it was the receivership matter of the Fageol Motors Co.; that the persons present represented the company and the larger creditors of said company; and that they had agreed upon Edward Fuller as a proper person for receiver, and to advise the judge of that fact, and that it was desired to discuss the matter with him at 1:30 p.m. At that time the parties in interest returned to see Judge Louderback and were told that Judge Louderback had got off for lunch earlier than anticipated, had some engagement, and would not return until 2:30. At 2:30 the parties in interest returned and were told by the clerk of the said Harold Louderback that Judge Louderback had already appointed the said Gilbert in said matter and that Judge Louderback was not there. In this matter the said Dinkelspiel & Dinkelspiel were also appointed attorneys for said receiver. The parties in interest, under threat of going into bankruptcy, which action would probably have ousted the said Gilbert and Dinkelspiel & Dinkelspiel entirely, effected an agreement with the said Gilbert and Dinkelspiel & Dinkelspiel by which other representatives chosen by the said parties in interest were to have effective control of the business and legal matters of the said motors company, the said Gilbert and Dinkelspiel & Dinkelspiel offering no obstruction to said representatives. The said Dinkelspiel & Dinkelspiel accepted under the circumstances from the assets of said company the sum of $6,000 and the said Gilbert received approximately the same amount. The facts and circumstances connected with this matter show to the people of said district that the said Gilbert and Dinkelspiel & Dinkelspiel were not selected by the said Harold Louderback primarily because he deemed the said Gilbert and Dinkelspiel & Dinkelspiel best qualified to administer said estate, but resulted in large degree from the desire of the said Harold Louderback to procure for the said Gilbert and Dinkelspiel pecuniary benefits from the assets of this concern, which had been driven by financial difficulty to seek the protection of the court of the said Harold Louderback, all of which facts and circumstances received general publicity in the said northern district of California, to the scandal and disrepute of the court of said district, and when taken in connection with the explanation and excuse offered by the said Harold Louderback for the appointment of the said Gilbert as receiver in this matter and in other matters where the public knew the said Gilbert was utterly unqualified that he, the said Harold Louderback, in so appointing the said Gilbert, was acting under the control of a sense of judicial responsibility requiring him to appoint persons known to him of efficiency and integrity to manage the affairs of estates in receivership, which explanation and excuse also has been given wide publicity in said district, the reasonable and necessary and inevitable result of the claim of such high motive under the circumstances was to create the impression and public belief that the said Harold Louderback was attempting by such claim to hide his lack of such actuating motive and to hide his real motive for making such appointments by an insincere and hypocritical claim of having been actuated by them, to the disgust and humiliation of the people of the northern district of California and to the hurt of the public interest.

"In September 1930, in the court of the said Harold Louderback, an equity receivership petition was filed in the Golden State Asparagus case seeking an economical conduct of the business while its obligations were being adjusted. When the receiver was appointed the said Harold Louderback agreed to submit to said receiver a list of attorneys from which he could name his counsel, but the list was not furnished. Instead the said Harold Louderback designated as attorney for said receiver the said Dinkelspiel & Dinkelspiel without reference to the receiver. The legal work connected with the conduct of the receivership was not appreciably more difficult or voluminous than that incident to the ordinary running of the business, which had theretofore cost the business less than $1,000 per year. The said Harold Louderback allowed the said Dinkelspiel & Dinkelspiel $14,000 on account, while he denied the uncontested application for $1,500 each, reasonable fees, made by the attorneys for plaintiff and defendant who had performed the only substantial legal services rendered in the case when they prevented a forced sale of the property. These attorneys, in an effort to protect the assets of the said Asparagus Co. had opposed the payment of the fees allowed to Dinkelspiel & Dinkelspiel on the ground that they were excessive. These acts of said Harold Louderback were well known to the public in and beyond said northern district of California and cumulatively added to the disrespect, apprehension, and public contempt.

"In the Lumbermen's Reciprocal Association equity receivership, a Texas insurance corporation doing business in California, the company getting into financial difficulty, the insurance commissioner for the State of California seized the assets of said company in the State of California for the benefit of California policyholders. It was determined as a matter of procedure to ask for an equity receivership with the plan that said insurance commissioner be appointed so as to permit him to continue to hold said assets and administer them without extra cost for a receiver and resultant diminution of the company's California assets. Instead, however, the said Harold Louderback designated one Samuel Shortridge, Jr., as receiver. Thereupon the official of the State of California took proper steps to terminate proceedings in the Federal court. The said Harold Louderback enjoined the insurance commissioner from proceeding under the laws of the State of California. Appeal was taken to the Federal Circuit Court of Appeals and reversal had on the ground of lack of Federal jurisdiction, and the property ordered to be turned over to the officials of California. To this order and mandate of the circuit court of appeals the said Harold Louderback, without any authority of law, imposed a condition that said order and mandate should be complied with provided there be no appeal taken from the order made by him, the said Louderback, allowing a fee of $6,000 to the said Shortridge and his attorney. All of which facts and circumstances became published and known in said northern district of California.

By such acts the said Harold Louderback exhibited himself to the public as being willing to obstruct the officials of the State of California in their effort to conserve for citizens of California the assets of said insurance company which they had impounded, willing to assert a jurisdiction which he did not possess, willing to defy a mandate of the circuit court of appeals and attach an illegal and unconscionable condition to said mandate in order to penalize and discourage the exercise of a constitutional right of appeal for the definite and obvious purpose of making sure, so far as possible by such illegal action and coercion, that the said Shortridge and his attorney would be paid from the assets of said insurance company so impounded the fees which he, the said Harold Louderback, had allowed, all to the scandal and discredit of the said Harold Louderback and his court and prejudicial to the dignity of the judiciary.

"Wherefore the said Harold Louderback has been and is guilty of high crimes and misdemeanors in office and has not conducted himself with good behavior."

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MARTIN of Massachusetts. This is simply a bill of particulars that is to be presented to the Senate, that meets with the approval of all of the managers on the part of the House.

Mr. SUMNERS of Texas. Mr. Speaker, with regard to the matter which the Clerk has just read, it is in effect a bill of particulars. This is an amendment to section 5 of the impeachment charges, and the matter has been agreed to by all the managers on the part of the House. I move the adoption of the amendment.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SUMNERS of Texas. Mr. Speaker, I call up House Resolution 108, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 108

Resolved, That a message be sent to the Senate by the Clerk of the House informing the Senate that the House of Representatives has adopted an amendment to article 5 of the articles of impeachment heretofore exhibited against Harold Louderback, United States district judge for the northern district of California, and that the same will be presented to the Senate by the managers on the part of the House.

And also that the managers have authority to file with the Secretary of the Senate, on the part of the House, any subsequent pleadings they shall deem necessary.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A STATESMAN WHO IS MISSED

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an article written by our colleague the gentleman from Kansas [Mr. GUYER].

The SPEAKER. Is there objection?

There was no objection.

The article is as follows:

ARTICLE BY HON. U. S. GUYER, OF KANSAS, PAYING TRIBUTE TO THE LATE WILLIAM R. WOOD, OF INDIANA

For 20 years the late William R. Wood, of Indiana, former Chairman of the Committee on Appropriations, fed the pigeons at the corner of the House Office Building adjacent to the Library of Congress. After having his breakfast, and promptly at a certain time each morning, Mr. Wood would come to this corner with an abundant supply of cornbread or other suitable food which he tossed on the pavement and the plot of grass bordering the walk.

When in Washington he never failed his pigeons, and most of the time he was detained in the Capital both by the Committee on Appropriations and also by the Republican Congressional Committee, of which he was chairman for many years. Thus many generations of burnished, blue, and purple pigeons learned to know him, and as he talked to them he insisted that they "sassed" him back in pigeon language.

Then, on last November 8, he finally met defeat for Congress and became one of that distinguished group of seasoned statesmen, of whom there were more than a hundred, who retired from public life at the close of the last session of Congress—the last "lame duck" session of Congress which will ever convene. Their names form an imposing roster of the great men of the Nation. During this last short session Mr. Wood worked, as usual, like a galley slave from 5 o'clock in the morning till late at night. Then one day Congress adjourned sine die, and another morning the retiring statesman sadly but affectionately fed the pigeons he loved, whispered good-bye to them, and took a train to New York, where he was to sail on an Atlantic liner for a good rest and a cruise on the Mediterranean.

But before he could sail he was mortally stricken, and ever since the purple pigeons wait in a pathetic vigil, looking up with expectant gaze at every passer-by, hoping again to hear the voice of their old friend. But he has sailed on a ship that never comes back. So, after 20 years of devoted service to his country, during which he saved millions for the people, and after raveling out his life like a prodigal spendthrift in their service, he is missed—by the pigeons. Sic transit gloria mundi, which, being translated, means that there is a vast difference between pigeons and people.

THE SITUATION IN CUBA

Mr. FISH. Mr. Speaker, I ask unanimous consent to speak out of order for 20 minutes on the obligation of the Congress under the Platt amendment in regard to the Cuban situation.

The SPEAKER. Is there objection?

Mr. BYRNS. Mr. Speaker, I regret very much to object to the request of the gentleman from New York, but I am compelled to do so at this time.

BRIDGE ACROSS MISSOURI RIVER, KANSAS CITY, KANS.

The SPEAKER. This is consent day, and the Clerk will call the Consent Calendar.

The first business on the Consent Calendar was the bill (H.R. 48) to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. Mr. Speaker, I reserve the right to object. I notice there are six bridge bills on the calendar today and all of them grant consent to a municipality or some subdivision of a State to construct a bridge, with the exception of this one. In the first place, let me ask who composes the Interstate Bridge Co.?

Mr. GUYER. Mr. Speaker, that is composed of an organization in both the States of Kansas and Missouri. The Governor of Missouri is one of the directors, and distinguished men in both States are on that commission.

Mr. COCHRAN of Missouri. I notice that the gentleman's letter to the committee says that legislation has been enacted by the State of Missouri and legislation is pending in the State of Kansas for the purpose of providing approaches to this bridge. This is a toll bridge. It is a private toll bridge. This very question has come up on the floor of the House time and time again, and this House has voted down every effort to spend the people's money to construct approaches to private toll bridges. What does that mean? It takes the money of the people to construct concrete roads up to a bridge and then charges the people whose money has been spent to construct the approaches, for the right to go over the bridge.

Mr. GUYER. These approaches are merely connections with great highways.

Mr. COCHRAN of Missouri. Yes; but how far is the highway likely to be from the entrance to the bridge?

Mr. GUYER. Not far.

Mr. COCHRAN of Missouri. Oh, it is likely to be 5 or 10 miles.

Mr. GUYER. It is not a mile.

Mr. COCHRAN of Missouri. How close is the highway to this bridge?

Mr. GUYER. In Kansas City, Kans., it is not more than a few hundred feet, and in Missouri it is less than a mile.

Mr. COCHRAN of Missouri. If that is the case why could not the bridge corporation build its own approaches?

Mr. GUYER. The Reconstruction Finance Corporation did not want to loan the money to anybody except just to the bridge itself.

Mr. COCHRAN of Missouri. And for that reason the States of Missouri and Kansas must build the approaches to the bridge? The promoters should do it; and if they are not willing, the bridge should not be built.

Mr. GUYER. Well, the States and municipalities and everybody are doing it.

Mr. COCHRAN of Missouri. This report also shows that the Department of Agriculture, in making a favorable re-

port on this bill, is under the impression that the work has started.

Mr. GUYER. Well, it has.

Mr. COCHRAN of Missouri. To what extent?

Mr. GUYER. Some piers have been put in.

Mr. COCHRAN of Missouri. Does the gentleman feel there is any chance the Reconstruction Finance Corporation would advance this money?

Mr. GUYER. Oh, yes. They are ready to put it up just the moment this bill is passed. It will mean work for months for many people.

Mr. COCHRAN of Missouri. That means work for the unemployed, and in view of that situation and the gentleman's assurance that distinguished citizens compose the corporation, I will not object, but I am going to look over these private toll bridge bills during this session, as I have in the past, and they will not get by unless it can be shown there is reasonable ground that they will be built and that there is a necessity for the bridge, and it is not solely for convenience.

Mr. GUYER. This one will be.

Mr. COCHRAN of Missouri. I withdraw the reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans., authorized to be built by the Interstate Bridge Co., its successors and assigns, by an act of Congress approved May 22, 1928, heretofore extended by acts of Congress approved March 2, 1929, and June 30, 1930, is hereby further extended 2 years from May 22, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS PEE DEE RIVER AND WACCAMAW RIVER, GEORGETOWN, S.C.

The next business on the Consent Calendar was the bill (H.R. 1596) to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C., authorized to be built by the county of Georgetown, S.C., by an act of Congress approved May 29, 1930, are hereby extended 2 and 4 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 1, line 8, strike out the words "two and four" and insert the words "one and three"; page 2, line 1, after the word "from", strike out the words "the date of approval hereof" and insert the following: "May 29, 1933."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS WACCAMAW RIVER NEAR CONWAY, S.C.

The next business on the Consent Calendar was the bill (H.R. 4127) to extend the time for the construction of a bridge across the Waccamaw River near Conway, S.C.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge authorized by act of Congress approved February 10, 1932, to be built by the State Highway Commission of South Carolina across the Waccamaw River near Conway, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended to read: "A bill to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C."

BRIDGE ACROSS ALLEGHENY RIVER NEAR PARKERS LANDING, PA.

The next business on the Consent Calendar was the bill (H.R. 4225) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. SNYDER. Mr. Speaker, I object.

Mr. STRONG of Pennsylvania. Will the gentleman withhold his objection?

Mr. SNYDER. I will reserve the objection in order that I may have a little time to look into this matter.

Mr. STRONG of Pennsylvania. It is all set forth in the report. Permit me to say this is an emergency matter. The State of Pennsylvania builds the highway bridges.

Mr. SNYDER. I understand.

Mr. STRONG of Pennsylvania. This bridge is simply to replace an old bridge which has been there for a hundred years. It has been rebuilt a couple of times. The old bridge is about ready to fall down. There is no reason why any objection should be made. They simply overlooked for a little while the necessity for obtaining this enabling act, and their contracts are awarded, and everything is held up until this bill is passed.

Mr. SNYDER. When was this bridge destroyed?

Mr. STRONG of Pennsylvania. Oh, it is still standing, but they have to creep across it. Anything heavy cannot cross it. It is absolutely necessary to construct this bridge, and it would be a serious matter to delay it under the circumstances. I hope the gentleman will not object.

Mr. SNYDER. Is this right at Parkers Landing?

Mr. STRONG of Pennsylvania. Yes; it is right where the old bridge is placed. They will tear the old bridge down.

Mr. SNYDER. What is the proposed cost of this?

Mr. STRONG of Pennsylvania. Oh, I do not know. It will be one of the kind of bridges which the State of Pennsylvania builds. It will be a good bridge, a very heavy structural-steel bridge.

Mr. SNYDER. Mr. Speaker, I will withdraw my reservation of objection.

Mr. CANNON of Wisconsin. Reserving the right to object, may I ask the majority leader what is the program for the balance of the afternoon?

Mr. BYRNS. We will complete this Consent Calendar, and there is nothing else.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge and approaches thereto across the Allegheny River, at a point suitable to the interests of navigation, at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS ALLEGHENY RIVER NEAR FOREST-VENANGO COUNTY LINE, PA.

The next business on the Consent Calendar was the bill (H.R. 4332) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at

a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge and approaches thereto across the Allegheny River, at a point suitable to the interests of navigation, near the Forest-Venango county line, in Tionesta Township, Forest County, in the Commonwealth of Pennsylvania, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS MAHONING RIVER, AT STRUTHERS, OHIO

The Clerk called the next bill, H.R. 4491, granting the consent of Congress to the Board of County Commissioners of Mahoning County, Ohio, to construct a free overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress be, and it is hereby, granted to the Board of County Commissioners of Mahoning County, Ohio, and its successors in office, to construct, maintain, and operate a free overhead viaduct, together with the necessary approaches thereto, across the Mahoning River, at a point suitable to the interests of navigation, at Struthers, Mahoning County, Ohio, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"That the times for commencing and completing the construction of an overhead viaduct authorized by act of Congress approved February 10, 1932, to be built by the Board of County Commissioners of Mahoning County, Ohio, across the Mahoning River, at Struthers, Mahoning County, Ohio, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

"SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended to read as follows: "A bill to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio."

KEEP THE DEMOCRATIC PARTY LIBERAL

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD concerning the discharge rule.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. O'MALLEY. Mr. Speaker, it is proposed by our Committee on Rules to recommend to this House a change in the discharge rule which, as it now stands, permits 145 Members, upon the signing of a petition, to discharge a committee from further consideration of particular legislation and bring the measure to the floor for debate and decision by the entire Membership of the House. Our Rules Committee, now that the Democratic Party is in the majority, comes forth with the proposition that this discharge rule be changed, raising the number of Representatives necessary on a discharge petition from 145 to 218. If ever a proposition were advanced by any committee and the Committee on Rules in particular, to test the individual sincerity of the Membership of this House in their endeavors ably to represent their constituency, this proposal to apply even more stringent gag rule to the Membership than has been applied heretofore during the session, is the most direct. If I were writing a page of history which discussed this particular proposition, I might use for a title, "Stepping Backward with the Democratic Party."

This is no time to bring in any rules of this kind to a House of Representatives or to a party elected because the mass of the American people believed we would be a liberal party insistent upon liberal legislation. I am told that this is designed to prevent the Republican minority in the House from embarrassing the President by bringing controversial measures to the floor of the House. To my mind that is the same kind of half-truth we have been handed for a good many weeks in the past on everything connected with this question of gag rule.

Let us review the few arguments in favor of this proposed change as propounded by its sponsors. First of all, argument no. 1, is that unless this rule is changed 27 Democrats may align themselves with the Republican minority to embarrass the President. Do these gentlemen who advance that argument wish to convey to me or to any of the rest of the Democratic Membership that our President, up in the White House, has looked over the Democratic Membership and said to our leaders, "Gentlemen, there are 27 potential traitors among you. You have to fix up the rules to prevent them committing treason." Such an argument is an insult and a damnable libel on every Democratic Member of this House. I am just as much entitled to say that among our committees, controlled by the Democrats, there are committees that may be traitors as anyone is entitled to say that among the whole delegation there are 27 unknown Democrats awaiting the opportunity to turn traitor to our President.

Argument no. 2, advanced in favor of this proposed reactionary change in the rules, is that it is just an emergency proposition and does not give the real meaning of the Democratic Membership on the question of liberal or restrictive rules in the House. That is some more bunk! A lot of crimes have been committed in the name of emergency and in the name of the President in the past few weeks; and as only one example to prove this contention of mine, I point to the press-censorship law which was passed by this House a few days ago.

This measure, gentlemen, is not aimed at the Republican Party; it is aimed at the Democrats. It is not designed to choke off Republican legislation because it is a laughable proposition to go before the press and the American people and say we are more afraid of fewer Republicans today than we were of the larger group of them less than a year ago, when we supported and approved the present liberal rule. This measure is designed to throttle the expressions of Democrats in this House who were elected as liberals, who are expected to be liberals, and are going to do their best to carry out the liberal policies for which both they and the President campaigned.

The whole proposition has a strong odor of hypocrisy when I find that it is supported by men who in the last session of Congress openly favored liberalization of the rules so they could bring the subject of beer and whisky to the floor of the House, but now want the rules changed to keep other measures off the floor of the House, that are just as important to the American people as beer and whisky is or ever will be. This very measure camouflaged under the guise of stifling a Republican minority, is in reality intended to stifle a Democratic majority who have come down here to enact liberal legislation and not make a racket out of holding a seat in Congress by doing only enough to give them an excuse and an issue for a reelection campaign. There are some of us here who are anxious to see this House of Representatives carry out the pledges made to the American people as quickly as possible regardless of the set opinions of any chairman of any committee in the House. And lest we forget, permit me to point out that the change in the Membership of this House, by the election of 169 new Members, was not alone a question of party. The people of the United States were sick and tired of the antics of Congress, and the election in a good many districts was an election decided upon a basis of the "ins" against

the "outs". That is proved by the fact that a good many Democrats who once sat here were defeated in primaries by new Democrats. That had nothing to do with the Roosevelt landslide or any other kind of a landslide.

Now, for the benefit of those who sponsor this backward step of the Democratic Party which will create a schism in our ranks that there is no need for at this time and which will make us look like machine politicians suddenly in view of the feed trough, I want to review a few choice remarks by my esteemed friend from Illinois, who spoke in another session of this Congress in favor of liberalizing the rules. He is such an artist with words and I so admire his ability to handle words in defense of liberality, that I cannot refrain from reading to you some of the gems from the remarks of the distinguished Mr. SABATH when he spoke for the adoption of this present liberal rule which we now have been asked to change. I quote from the CONGRESSIONAL RECORD. These remarks are on page 81, volume 75, first session of the Seventy-second Congress. Mr. SABATH says:

When I entered the House Uncle Joe Cannon was its Speaker. * * * At that time the Speaker was the House, but in 1910, during the Sixty-first session of Congress, with the aid of the press and a few true Progressives from Wisconsin, after a most determined fight, which was tantamount to a revolution of procedure under the leadership of our then leader, Champ Clark, our present Speaker, John N. Garner, the present majority leader, Henry T. Rainey, Claude Kitchin, and Judge Shackleford, of Missouri, we succeeded in amending the rules and freeing the Membership from the tyrannical rule and dictatorship of the Speaker. * * * Today, after 22 years, thanks to the Democratic majority, we again have a chance and an opportunity to liberalize the rules and to relieve the Membership from the extremely restrictive and established rulings which have been in effect the last 10 years of Republican rule. * * * To me, who continually demanded the liberalization of these rules, it is a great satisfaction that we are about to protect the Members in their rights and privliges so long denied them, for not only was the House often at the mercy of the Speaker, but also at the mercy of the conferees and of the various chairmen of the committees.

Now, just as Mr. SABATH opposed the dictatorship of the Speaker and fought so long to break down this dictatorship, I stand here and oppose giving a dictatorship to committees of the House.

Let me interject here that the contention that unless we change this rule we place the fact and the future of our President and his measures in danger through the action and opposition of a small Republican minority is stretching the facts. For, if this contention is true, we likewise place the President, by a change to a stricter rule, in the dangerous position of being entirely at the mercy of these committees as they are now constituted in the House. With the rule raised to a total of 218 or more members, as is now proposed, every committee in this House is in a position to say to the President, "Unless we approve the provisions of the measures you advocate, or unless you make us these concessions, you, Mr. President, have not a chance of getting your measures to the floor of the House from the Democratic side or any other side." In arguments in favor of this proposed change the remark has been made that it is a matter of practical politics. I have studied this proposal to incorporate the gag rule more definitely in the House rules than heretofore, from a political standpoint, and I should like to point out a few of the political aspects for the benefit of those Members who are not completely familiar with the set-up of this Seventy-third Congress. First of all, I have noticed that a delegation from one financially and industrially powerful Eastern State seems to be unanimous in supporting this proposed change which would prevent a committee from being discharged when it refused to act upon a measure of interest to the great majority of the Membership of this House. It is interesting to note that this particular Eastern State is represented with a chairmanship on seven important committees in the present Congress. Most of the Members of the House know that the chairman of a committee is usually the deciding authority on whether or not any legislation shall be reported out of the committee for hearing and decision by the Membership of the House as a whole.

Practical politics would lead me to wonder if a minority block of votes in the Democratic Party in the present Congress was not seeking a means by which a few eastern financial and industrial centers would be in a better position to make their power felt in decisions affecting not only the people of the United States but the peoples of the great Middle, North, and Southwest sections when this eastern block of votes in the House were in a postion to throw their weight from one side to another under the stricter rules. It is practical politics to suspect that a block of 30 or 40 votes in the Democratic House, well organized and controlled, would be far more effective under the 218 rule than they would be under the present 145 rule. That is the practical-politics side of this proposed change, and it perhaps would not have occurred to me had not some of the eastern delegations in the Democratic Party in this House taken such an active and positive stand in favoring the application of a stricter rule against the entire Membership of the present Congress. It is practical politics from the side of an organized minority in the Democratic Party to wish their position strengthened in their ability to affect Democratic policies through a change of this rule, but it is most impractical for any Democratic Member not aligned with a definite, organized minority within the Democratic ranks to support such a change which will in the future, I am sure, react most unfavorably toward the liberal legislation which the majority of Democrats have come here to endeavor to enact.

Now we come to the argument that is being advanced to a good many new Members that perhaps the President wants this rule changed. Perhaps he wants the Democrats to become reactionaries now that they are in power? Perhaps he wants the Democrats to play machine politics, to bring machine or "boss" politics on the floor of the House and choke off liberal thought not only in our party but in the House as a whole? I do not believe that is true, and the reason for my disbelief is my knowledge of Mr. Roosevelt's political career, which is a guaranty that he would never sponsor such a "boss" measure.

There are a lot of new Members here, of which I am one, and I should like to call their attention to some incidents in the career of Franklin Roosevelt which set him on the road to the White House, where he is today, and then they may judge for themselves, if Frankling Roosevelt were a Member of this House, on which side of this question he would vote. I quote from the articles written by our President's mother, Mrs. James Roosevelt, and appearing at the present time in the Hearst newspapers. How would our President vote on this issue of departing from a liberal rule, when his own mother says of him in his early career, and I quote:

Franklin was one of the opposing senators who refused to stop thinking and do as he was told. On the contrary, he set quietly to work organizing an up-State opposition movement. Franklin, who had been elected on an anti-bossism platform, was determined to carry out his pledge to his constituents, even though it meant an open break with the bosses of his own party. And further, he had run on a self-imposed platform which promised that he would try to represent the voters insofar as they made their desire known to him through their votes.

Now let us go on farther in the Roosevelt career as our President's mother portrays it in her articles in the daily papers. From the Wilson campaign I quote the following:

It was not long before he (Franklin Roosevelt) was bucking a powerful lobby that was threatening his program to regulate commission merchants.

And then we see him as Governor of New York, and his mother says of his career:

It was no time at all before there was antagonism to Franklin's water-power bill and the then Governor of New York had to go to law to prove the justice of his contention.

Now let me point out that the very President in whose name some are endeavoring to convince us that we should change this liberal rule under the pretense of blocking a Republican minority refused to let even a lower court reversal stand in his way to fight for what was right. When the Democratic Party departs from this liberal rule, fostered and promoted by it for years, it is departing not only from

the liberals of the United States and divorcing itself from a principle for which the Democratic Party has always stood, but it is straying from the path of our own President's personal political philosophy. The people are not going to be fooled by the hokum that a vast majority of Democrats are afraid of the political tricks of a ridiculously small minority of Republicans. When a Member votes for a departure from this liberal rule he votes to pass the buck to a committee in order that he can go back to his constituents and say, "I could not carry out my pledges to you because the committees were against me." The citizens of every district represented here in the House expect their Congressmen to fight just as hard as they can to promote the interests of their districts and the carrying out of pledges made in the campaign. And the last election should be a warning that the people will not tolerate a "buck passer", regardless of whether he is a Democrat or a Republican. A great many of the new Members, including myself, have strived since the first day of our seating in this House to find and attach ourselves to some principle of conduct that will guide us in our duties toward our constituency and toward the House. There is no better place than here and now to recall the able and brilliant remarks of Edmund Burke made to his constituents in 1774:

> It should be the glory as well as the honor of a representative to live in the strictest union, the closest correspondence, the most unreserved communication with his constituents. Their wishes should at all times have great weight with him, their opinions high respect, their business his unremitted attention But his mature opinion, his unbiased judgment, his enlightened conscience he should not surrender to any men or set of men. These he does not derive from the law or the constitution. They are the gift of Providence, for the use of which he is deeply responsible

And then Mr. Burke, in concluding, says something that should be burned in the mind of everyone who casts a vote on this measure, and that is:

> Your representative owes you not only his industry but he owes you his judgment as well, and he is betraying instead of serving you when he sacrifices that judgment to the opinion of others.

Now, ladies and gentlemen of the House, the motto of the great State from which I come is expressed in one word. It is "forward". I want to go forward with the Democratic Party in this Congress. I want to go forward without sacrificing my right to support and fight for the interests of my constituents by every possible and legitimate means. In this unfortunate attempt to saddle upon the Democratic majority and the President of the United States a dictatorship of committees in this House through a change in the rules, I must vote against the proposed change. In the caucus which discussed this matter it was said that all we had to do was change the rules of the caucus to pledge that no Democrat would sign a Republican petition. If this measure were not aimed at the Democrats instead of the Republicans this alternative proposition which I have just mentioned would solve any threat of danger from the Republican minority, and we could settle our party problems within our party ranks, where they belong, and not out on the floor of the House, where we are about to make ourselves ridiculous and place the Democratic Representatives in a position of consenting to be gagged by the very rules of the House which, in my opinion, are not even now as liberal as they should and could be. I want to go forward with the President and the Democratic Party. I cannot go backward by supporting this change and shall vote against this rule brought in by the Committee on Rules.

EMBARGO ON ARMS AND MUNITIONS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the embargo bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Speaker, the question before the House is, Shall the President of the United States receive from the Congress the right and authority to place an embargo on munitions of war against an aggressor nation?

The claim cannot be made or urged here, by those who favor this legislation, that this measure comes to this body clothed in that familiar garment called "emergency." No one here has heard that an emergency exists for the passage of this kind of legislation. To confer upon the Chief Magistrate such tremendous, discretionary power is to constitute him judge and jury of a situation which could lead this Nation into war. The President of the United States, either acting alone or in concert with other powers, could declare who the aggressor is. Such a power would supersede all the laws of neutrality.

Under this bill the President could declare in a conflict of arms between belligerent nations who was in the right and who was in the wrong. He could render a verdict of guilty or not guilty in a case over which we might have no jurisdiction. Such a declaration, no matter how righteous it might appear, would at once be an unfriendly act, to say the least, against the nation declared to be the aggressor, and it would be an act of sufficient cause to lead to ultimate hostility between this country and the offended nation. It would be a severe departure from the established policy of this Government since it took its place among the civilized powers of the world. It would be an unneutral act. It would be meddling in business that is none of our business. We would declare, by passing this legislation, that the Father of our Country was wrong when he advised the young Republic to keep free from foreign entanglements. We would herald to the world a new policy of action in which we would say that after 140 years the principle laid down by the fathers of the Republic is all wrong. It is the Congress of the United States and not the President that is charged with the solemn right of laying embargoes and declaring war under the Constitution.

Any legislation that would make it easier to embroil this country in conflict ought to be defeated, and any law that would make it harder to engage in conflict should be passed.

Let the United States keep the even tenor of its way.

This legislation instead of preventing war would have a tendency of leading us into war.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. REID of Illinois, indefinitely, on account of illness.

To Mr. SABATH, for 4 days, on account of illness in family.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 158. An act to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day; to the Committee on Labor.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 51 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 18, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

21. A letter from the chief scout executive, transmitting copy of the Twenty-third Annual Report of the Boy Scouts of America (H.Doc. No. 20); to the Committee on Education and ordered to be printed.

22. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, House of Representatives, for the fiscal year 1933, in the sum of $15,000; to the Committee on Appropriations.

23. A communication from the President of the United States, transmitting supplemental estimates of appropria-

tions pertaining to the legislative establishment, United States Senate, for the fiscal year 1933, in the sum of $18,000; to the Committee on Appropriations.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H.R. 4956) granting a pension to Daniel W. Tidmore, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AYERS of Montana: A bill (H.R. 5037) creating a memorial postage stamp in honor of Thomas J. Walsh; to the Committee on the Post Office and Post Roads.

By Mr. WELCH: A bill (H.R. 5038) authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. AYERS of Montana: A bill (H.R. 5039) to amend section 1 of the act of June 25, 1910 (36 Stat.L. 855), entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", and to repeal the act of March 3, 1928 (28 Stat.L. 161); to the Committee on Indian Affairs.

By Mr. DOUGHTON: A bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes; to the Committee on Ways and Means.

By Mr. McLEOD: A bill (H.R. 5041) to restore certain constitutional rights at present denied citizens of the United States by the Economy Act of 1933; to the Committee on Expenditures in the Executive Departments.

By Mr. STUDLEY: A bill (H.R. 5042) to increase the compensation of letter carriers in the Village Delivery Service; to the Committee on the Post Office and Post Roads.

By Mrs. NORTON: A bill (H.R. 5043) to require financial responsibility of owners and operators of vehicles for hire in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. MARLAND: A bill (H.R. 5044) to aid in the conservation of crude petroleum and prevent the transportation and sale in interstate and foreign commerce of crude petroleum or the products thereof, which crude petroleum has been unlawfully produced, and to invest the Secretary of the Interior with power to carry out this act; to the Committee on Interstate and Foreign Commerce.

By Mr. HANCOCK of North Carolina: A bill (H.R. 5045) to amend section 5219 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

By Mr. MARLAND: A bill (H.R. 5046) to raise revenue by prohibiting oil pipe-line companies from filing consolidated returns and to increase the income tax on such companies; to the Committee on Ways and Means.

By Mr. COCHRAN of Missouri: A bill (H.R. 5047) to exempt the national headquarters of the American War Mothers from real-property taxation; to the Committee on the Judiciary.

By Mr. O'CONNOR: Resolution (H.Res. 109) to amend clause 4 of rule XXVII of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. HASTINGS: Joint resolution (H.J.Res. 154) proposing an amendment to section 7, article I, of the Constitution of the United States, permitting the President of the United Sates to disapprove or reduce any item or appropriation of any bill passed by Congress; to the Committee on the Judiciary.

By Mr. O'MALLEY: Joint resolution (H.J.Res. 155) proposing an amendment to the Constitution of the United States granting power to the Congress in time of war to take property for military and nonmilitary purposes without payment of profit when conscripting persons for military or nonmilitary purposes; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H.R. 5048) for the relief of Edith L. Peeps; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 5049) granting a pension to William Dunn; to the Committee on Pensions.

Also, a bill (H.R. 5050) for the relief of Lena E. Allen; to the Committee on Claims.

Also, a bill (H.R. 5051) granting a pension to Steve Hendrick; to the Committee on Pensions.

Also, a bill (H.R. 5052) for the relief of Mr. and Mrs. G. G. Gross; to the Committee on Claims.

Also, a bill (H.R. 5053) granting a pension to Ella Schaeffer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5054) for the relief of Joseph McRay; to the Committee on Military Affairs.

Also, a bill (H.R. 5055) granting a pension to Jessie F. Langridge; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5056) granting a pension to Presley T. Jenkins; to the Committee on Pensions.

By Mr. KVALE: A bill (H.R. 5057) for the relief of John E. Fondahl; to the Committee on Naval Affairs.

Also, a bill (H.R. 5058) for the relief of the Waterous Co.; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H.R. 5059) for the relief of Louis Alfano; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5060) granting a pension to Mahlon S. Jones; to the Committee on Pensions.

By Mr. SECREST: A bill (H.R. 5061) granting a pension to Maretta Anna Booher; to the Committee on Invalid Pensions.

By Mr. TABER: A bill (H.R. 5062) granting a pension to Anna L. Rumsey; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5063) granting a pension to Laura E. Stacy; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5064) to pay certain fees to Maude G. Nicholson, widow of George A. Nicholson, late a United States commissioner; to the Committee on Claims.

Also, a bill (H.R. 5065) granting a pension to Lydia E. Perkins; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

548. By Mr. DONDERO: Petition of the State of Michigan, through its legislature in regular session of 1933, by Senate Concurrent Resolution No. 10, urging the United States Congress to reflate the dollar; to the Committee on Banking and Currency.

549. By Mr. JOHNSON of Minnesota: Resolution by the members of the New York Mills (Minn.) National Farm Loan Association, that Federal land banks should abate and defer all foreclosures and evictions; to the Committee on Banking and Currency.

550. By Mr. KVALE: Petition of Duluth Chamber of Commerce, Duluth, Minn., opposing a transfer of the Hydrographic Office from the Navy Department to the Department of Commerce; to the Committee on Economy.

551. Also, petition of Joe Paul Post, No. 334, American Legion, Redby-Red Lake, Minn., urging protection of preference rights of veterans and widows of veterans holding civil-service jobs; to the Committee on the Civil Service.

552. Also, petition of Osceola Farmers' Union, Local No. 238, Bird Island, Minn., unanimously urging enactment of the Frazier bill and the Swank-Thomas bill; to the Committee on Agriculture.

553. By Mr. LEHR: Senate Concurrent Resolution No. 10 of the State of Michigan, Fifty-seventh Legislature, regular

session of 1933, urging the United States Congress to reflate the dollar; to the Committee on Banking and Currency.

554. By Mr. LINDSAY: Petition of National Organization Masters, Mates, and Pilots of America, New York City, favoring House bill 4557; to the Committee on Labor.

555. Also, petition of Amalgamated Ladies Garment Cutters Union, Local No. 10, New York City, favoring the 30-hour week bill now before the House; to the Committee on Labor.

556. Also, petition of G. L. Richter Manufacturing Co., Inc., Glendale, Long Island, N.Y., opposing the 30 hour week bill reduction in tariffs; to the Committee on Labor.

557. Also, petition of Rockwood & Co., Brooklyn, N.Y., opposing the Black bill, S. 158, and the Connery bill; to the Committee on Labor.

558. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact legislation whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army on October 17, 1783; to the Committee on the Post Office and Post Roads.

559. Also, memorial by the Legislature of the State of Wisconsin, urging the President of the United States, the Congress of the United States, and the United States Veterans' Bureau not to abandon the Wisconsin Memorial Hospital, nor to remove to other hospitals the veterans now receiving care and treatment in this hospital, and expressing the readiness of the State legislature to consider other arrangements than those now prevailing in regard to payments from Federal funds to the State for the care and treatment of patients in the Wisconsin Memorial Hospital so that consideration of the necessity for effecting economies in Federal expenditures will not be involved; to the Committee on Public Buildings and Grounds.

560. By Mr. RUDD: Petition of the G. F. Richter Manufacturing Co., Inc., 102 Ridgewood Avenue, Glendale, Long Island, N.Y., protesting against the passage of the proposed 30-hour work week legislation; to the Committee on Labor.

561. Also, petition of the Common Council of the City of Buffalo, N.Y., opposing the construction of the St. Lawrence waterway and the signing of the treaty with the Dominion of Canada; to the Committee on Interstate and Foreign Commerce.

562. Also, petition of American Manufacturers Export Association, New York City, favoring the immediate negotiation of reciprocal, bargaining tariffs by the United States Government with other national governments, looking toward the freer interchange of commodities mutually advantageous, etc.; to the Committee on Ways and Means.

563. Also, petition of International Tailoring Co., New York City, favoring certain amendments to the proposed 30-hour work week; to the Committee on Labor.

564. Also, petition of National Organization Masters, Mates, and Pilots of America, New York City, favoring the passage of House bill 4557, 5-day work week; to the Committee on Labor.

565. Also, petition of Rockwood Co., Brooklyn, N.Y., opposing the passage of the Senate bill 158, providing for a 30-hour week; to the Committee on Labor.

566. Also, petition of Amalgamated Ladies Garment Cutters Union, Local 10, New York City, favoring the passage of the Connery 30-hour work week legislation; to the Committee on Labor.

567. By Mr. WELCH: Petition in the nature of Assembly Joint Resolution No. 15 of the California Legislature, relative to memorializing and petitioning Congress to adopt a national system of insurance to protect bank depositors in the national banks of the United States; to the Committee on Ways and Means.

568. By the SPEAKER: Petition of the Board of Supervisors of the County of Los Angeles, State of California.

SENATE

TUESDAY, APRIL 18, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Glass	Metcalf	Townsend
Bulkley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Hebert	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

Mr. LEWIS. I wish to announce that the Senator from New Mexico [Mr. BRATTON] and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

REPORT OF THE BOY SCOUTS OF AMERICA

The VICE PRESIDENT laid before the Senate a letter from the Chief Scout Executive of the Boy Scouts of America, submitting, pursuant to law, the Twenty-third Annual Report of the Boy Scouts of America for the year 1932, which, with the accompanying report, was referred to the Committee on Education and Labor.

NONRECOGNITION OF THE SOVIET GOVERNMENT OF RUSSIA

The VICE PRESIDENT laid before the Senate a communication from the recording secretary general, National Society of the Daughters of the American Revolution, which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., *April 17, 1933.*

The VICE PRESIDENT,
United States Senate, Washington, D.C.

MY DEAR MR. VICE PRESIDENT: It is my pleasure to transmit to you the following resolution which was adopted unanimously by a rising vote at the opening meeting of the Forty-second Continental Congress of the National Society of the Daughters of the American Revolution:

"Whereas the Union of Socialistic Soviet Republics exists as an inseparable part of the Third International, which has for its purpose the overthrow of all existing noncommunistic governments by violent revolution: Now, therefore, be it

"*Resolved*, That the Forty-second Continental Congress of the National Society of the Daughters of the American Revolution reaffirm its opposition to the recognition of the present dictatorship of Soviet Russia by the Government of the United States; and be it further

"*Resolved*, That copies of this resolution be sent to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives, and the Secretary of State."

Sincerely yours,

HELEN NEWBERRY JOY,
(Mrs. Henry Bourne Joy),
Recording Secretary General,
National Society of the
Daughters of the American Revolution.

EDITH SCOTT MAGNA,
President General.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the Territory

of Puerto Rico, which was referred to the Committee on Commerce:

SENADO DE PUERTO RICO.

I, Enrique Gonzales Mena, secretary of the Senate of Puerto Rico, do hereby certify:

That the following concurrent resolution was unanimously approved by the Senate and the House of Representatives of Puerto Rico on March 17 and April 3, respectively, 1933:

"Concurrent resolution to request the Congress of the United States of America to approve pertinent legislation for the dredging and improvement of the harbor of Mayaguez

"Whereas the Board of Engineers of Rivers and Harbors submitted to Congress, pursuant to law, a report which was printed in House Document No. 215, first session of the Seventy-second Congress, the pertinent part of which reads as follows: 'This channel is 30 feet deep and has a width of 500 feet from its inshore and to a point opposite the westerly end of the terminal; thence increasing in width to 1,000 feet at the 30-foot contour. The estimated cost is $179,000, with $3,000 annually for maintenance, subject to certain conditions of local cooperation';

"Whereas the said report refers to the harbor of Mayaguez;

"Whereas the municipality of Mayaguez is ready to cooperate in order that the dredging and improvement of the harbor may be carried out as soon as possible;

"Whereas the performance of the work depends on the prompt action which the Congress of the United States, about to meet, may take: Now, therefore, be it

"*Resolved by the Senate of Puerto Rico (the house of representatives concurring)*—

"First. To request the Congress of the United States of America, through the Resident Commissioner of Puerto Rico in Washington, to pass the necessary legislation to proceed to the dredging and improvement of the harbor of Mayaguez, pursuant to the report of the Engineers of Rivers and Harbors.

"Second. That copy of this resolution be sent to the Resident Commissioner of Puerto Rico in Washington, to the President of the United States, to the Speaker of the House of Representatives, to the President of the Senate, and to the Chairman of the Committees on Rivers and Harbors of said legislative bodies."

For transmittal to the President of the United States Senate, Hon. John N. Garner, I have hereunto set my hand and caused to be affixed the seal of the Senate of Puerto Rico on this the 3d day of April A.D. 1933.

[SEAL] ENRIQUE G. MENA,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of California, favoring the passage of legislation authorizing the Secretary of War to accept the cemetery at the National Military Home at Sawtelle as a national cemetery, etc., which was referred to the Committee on Military Affairs.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a letter in the nature of a memorial from W. E. Elmer, principal of the Santa Cruz High School, Santa Cruz, Calif., remonstrating against the elimination of appropriations for the States to carry on vocational education and rehabilitation, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Black Hills Mining & Industrial Association, South Dakota, favoring the passage of legislation relative to sales of corporate securities in interstate commerce, providing specifically the exact requirement that shall be essential to the enjoyment of the right to sell corporate securities in interstate commerce, etc., which was referred to the Committee on Banking and Currency.

He also laid before the Senate resolutions adopted by the Delegated Conference of Trade Unions and Fraternal Organizations, Chicago, Ill., favoring the immediate establishment of unconditional diplomatic and trade relations with the Government of Soviet Russia, which were referred to the Committee on Foreign Relations.

He also presented the petition of Gladys Breazeale and sundry other citizens of Natchitoches, La., praying for a continuation of the investigation by the special Senate committee on campaign expenditures of the senatorial election in Louisiana in 1932, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate the petition of Gladys Breazeale and sundry other citizens of Natchitoches, and a telegram in the nature of a petition from E. M. Whitman, of Amite, in the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate a letter and 48 telegrams in the nature of memorials from 145 citizens and organizations, all in the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by members of the Pampanga Civic Union, San Fernando, Pampanga, P.I., favoring the granting of immediate independence to the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial from the Higginbotham Bailey Logan Co., Dallas, Tex., remonstrating against the passage of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day, which was ordered to lie on the table.

He also laid before the Senate resolutions adopted by the Denver County Mining Association and the Mining Bureau of the Denver Chamber of Commerce, in the State of Colorado, favoring exemption of precious-metal mines, including all mines whereof more than one half the value of the output is gold and silver, from the operation of the so-called "Black 30-hour week work bill", which were ordered to lie on the table.

Mr. CAPPER presented a petition of sundry citizens of Salina and vicinity, in the State of Kansas, praying for the passage of legislation known as the "Frazier bill", to limit and refinance agricultural indebtedness at a reduced rate of interest, which was referred to the Committee on Agriculture and Forestry.

Mr. REED presented a memorial of sundry citizens of the borough of Port Allegany, McKean County, Pa., remonstrating against conferring upon the President discretionary power which might have the effect of increasing the cost of the necessities of life, including the cost of welfare work, the benefits thereof to go to the farmers or any other class of persons, which was referred to the Committee on Agriculture and Forestry.

Mr. ROBINSON of Arkansas presented a letter from Solon Humphreys, president of the Arkansas Building and Loan League, of Little Rock, Ark., relative to proposed Federal securities legislation, which was referred to the Committee on Banking and Currency.

Mr. WALSH presented a petition of sundry citizens of North Chelmsford and vicinity, in the State of Massachusetts, praying for the passage of legislation to revaluate the gold ounce, and also for the elimination of abuses associated with mass-productionism, which was referred to the Committee on Banking and Currency.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Banking and Currency:

Assembly Joint Resolution 15, relative to memorializing and petitioning Congress to adopt a national system of insurance to protect bank depositors in the national banks of the United States

Whereas the current period of economic stress and stringency has caused a great and undue financial strain on every bank throughout this Nation; and

Whereas the safety of the banking system of the Nation is the very basis of the business and economic structure of the community; and

Whereas there is available through the storing up of proper reserves the means whereby bank deposits may be made much safer than at the present time: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes and petitions the Congress of the United States to enact legislation relating to banks so as to provide a system of insurance to protect bank depositors therein based on reserves to be accumulated and maintained through the payment of premiums by each of said banks, according to its strength, resources, deposits, and other relating factors with regard to banking; and be it further

Resolved, That the Legislature of the State of California further petition the Congress of the United States to place such an insurance system under the supervision of the Secretary of the Treasury, with power in that officer to fix and determine the rate and proportion of premiums to be paid by each said bank; and be it further

Resolved, That a true copy hereof be transmitted by the clerk of the assembly to the President of the United States and each Representative and Senator of California in Congress.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Military Affairs:

Assembly Joint Resolution 25, relative to memorializing and petitioning the President of the United States and Congress to accept the cemetery situated at Sawtelle as a national cemetery

Whereas at the present time a cemetery is maintained at the National Military Home at Sawtelle for veterans; and

Whereas the care of those who served their country in the time of stress and peril is a matter of national scope and importance; and

Whereas this cemetery contains more than 10,000 graves of those who answered the call of their country: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That Congress is urgently requested to authorize the Secretary of War to accept the cemetery at the National Military Home at Sawtelle as a national cemetery to the end that jurisdiction and power of legislation be granted over such cemetery in accordance with section 8, article I of the Constitution of the United States; and be it further

Resolved, That a copy of this resolution be forwarded by the Governor to the President of the United States, the Vice President, the Secretary of War, the Speaker of the House of Representatives, and each of the Members from California of the Senate and House of Representatives of the United States.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK:

A bill (S. 1407) to increase employment on public-works construction projects; to the Committee on Education and Labor.

By Mr. ROBINSON of Arkansas:

A bill (S. 1408) granting an increase of pension to Sidney H. Bailey; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 1409) to make the Federal gasoline tax effective until June 30, 1934; to the Committee on Finance.

By Mr. TYDINGS:

A bill (S. 1410) to amend section 207 of the Bank Conservation Act with respect to bank reorganizations; to the Committee on Banking and Currency.

A bill (S. 1411) to amend section 2, chapter 418, of the act of August 29, 1916 (39 Stat. 649), and for other purposes (with an accompanying paper); to the Committee on Finance.

By Mr. CAREY:

A bill (S. 1412) granting a pension to John E. Wilson; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 1413) making it a crime to represent one's self to be an Indian, and providing punishment therefor; and

A bill (S. 1414) to amend section 1 of the act of June 25, 1910 (36 Stat.L. 855), entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", and to repeal the act of March 3, 1928 (28 Stat.L. 161); to the Committee on Indian Affairs.

By Mr. BULKLEY:

A bill (S. 1415) to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases; to the Committee on Banking and Currency.

A bill (S. 1416) for the relief of the Central United National Bank, successors to United Banking & Trust Co., of Cleveland, Ohio;

A bill (S. 1417) for the relief of the Central United National Bank, successors to United Banking & Trust Co., of Cleveland, Ohio; and

A bill (S. 1418) for the relief of the City Savings Bank & Trust Co., of Alliance, Ohio; to the Committee on Claims.

A bill (S. 1419) granting a pension to Hanna Lewis; to the Committee on Pensions.

By Mr. TRAMMELL:

A bill (S. 1420) to assist in relieving unemployment and reviving industry by authorizing emergency appropriations for highway construction; to the Committee on Post Offices and Post Roads.

By Mr. METCALF:

A bill (S. 1421) granting a pension to Annie Coan; to the Committee on Pensions.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. RUSSELL, Mr. SHIPSTEAD, Mr. CONNALLY, Mr. FRAZIER, and Mr. TRAMMELL each submitted an amendment, and Mr. MCCARRAN and Mr. CLARK each submitted two amendments, intended to be proposed by them, respectively, to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which were severally ordered to lie on the table and to be printed.

THE HARRIMAN NATIONAL BANK OF NEW YORK

Mr. COSTIGAN. Mr. President, some days ago I submitted a resolution providing for investigation by the Judiciary Committee of the reported failure of the Department of Justice under the last preceding administration to investigate certain alleged law violations attributed to some officers and directors of the Harriman National Bank, of New York City. The resolution has been favorably reported by the Committee on the Judiciary and by the Committee to Audit and Control the Contingent Expenses of the Senate. I ask unanimous consent that the resolution may now be considered by the Senate.

The VICE PRESIDENT. The Senator from Colorado asks unanimous consent for the present consideration of the resolution which the clerk will read.

The Chief Clerk read the resolution (S.Res. 55) submitted by Mr. COSTIGAN on the calendar day of March 31, 1933.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on the Judiciary with an amendment, on page 2, line 9, after the word "exceed", to insert "$500", so as to make the resolution read:

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed to investigate the reported failure on the part of the Department of Justice to prosecute promptly alleged violations of law by the Harriman National Bank, New York City, or the officers or directors thereof. The committee shall report to the Senate, at the earliest practicable date, the result of its investigations, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The amendment was agreed to.

Mr. MCNARY. Mr. President, may I inquire if under the rule the resolution should be referred to the Committee to Audit and Control?

The VICE PRESIDENT. The resolution was referred to the Committee on the Judiciary and to the Committee to Audit and Control and has been reported favorably by both committees. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to.

ADDRESS BY SENATOR COPELAND ON SAFETY OF LIFE AT SEA

Mr. WHITE. Mr. President, on Saturday, April 15, the twenty-first anniversary of the sinking of the *Titanic*, the Senator from New York [Mr. COPELAND] made a radio speech on the safety-of-life-at-sea convention which has been pend-

ing before the Senate now for some 4 years' time. I ask unanimous consent that that address may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

Twenty-one years ago today the American people were shocked at the tragic sinking of the great liner, the *Titanic*, with a loss of 1,517 souls. Every person throughout our broad land trembled with horror. Their hearts went out to the families of those who died. At the same time there were thrills of pride as stories of unselfish heroism came trickling in over the wires. With bated breath and racing pulse we read how the brave male passengers and crew put women and children into the life boats and stood calmly by, awaiting their own fate.

That tragedy demonstrated sharply and for the first time the value of radio in making lives safe at sea. In those days we called the new contraption the "wireless." We did not dream that the human voice would ever be projected through the air as mine is now being sent out to my listeners.

The radio did not save the *Titanic*, but it saved her pitifully few survivors. For weeks the air rang with public demands for every sort of appliance, device, contrivance, and method to make ocean travel safer. Many reforms were achieved, and for them we are duly thankful, but today, more than 2 decades later, the world still lags behind in its responsibility to provide the maximum of prevention of disaster.

We of the United States have always led the world in the adoption of reforms for the benefit of humanity. We led the world in efforts to increase safety of life at sea 20 years ago. We did this despite the fact that our material stake at that time was negligible. We then had but 17 American-flag ships in foreign trade. Today, as a result of wise national shipping policies made operative since the World War, we have 600 American vessels in foreign trade. We employ thousands instead of hundreds on our ships at sea. We transport one third, instead of one ninth, of our own commerce. This changed condition in addition to our unselfish, altruistic impulse to help preserve human life, has given us a selfish, material interest in our great merchant fleet, the second largest in the world. Nothing must happen to stay our maritime program.

We have had repeated evidence of the efficiency and bravery of the officers and men of that merchant fleet. Time and time again the country has run with tales of heroism as American officers and crews from our own gallant flag ships have gone to the succor of brothers in distress. We have the ships. We have the men. Through them we are bringing about a renaissance of American shipping. Our position has become comparable to the glorious days of the American clipper. Certainly, there rests upon us a solemn obligation to these brave men as well as to passengers on their ships. We are solemnly obligated to do all in our power to protect their lives.

On this day, particularly, the anniversary of one of the most appalling tragedies in the history of the sea, we might well turn our attention to the treaty for safety now pending in the United States Senate. This covenant was drafted and agreed to in 1929 by representatives of 18 nations, including our own. It has been ratified by 11 nations and adhered to by 6 others. Only 7 nations, including our own, have failed to accept it. This is a sad commentary on the slowness of our legislation. There is no question that, under the operation of what is proposed by the pending treaty, many lives now lost at sea would be saved. I do not hesitate to state that had the treaty been in effect and in force in 1928 the terrible accident to the *Vestris* would have been prevented. That, my friends of the radio audience, is something to think about. The tragedy of the *Vestris* was one of the worst in peace time since the *Titanic*. Here, again, heroic American officers and crews from American-flag ships played a noble part. We have such a large merchant marine now that ships carrying the Stars and Stripes are almost certain to be found near the scene of any disaster on any of the world trade routes. We are proud of this. But how much better it is to prevent disasters. Shipping experts show that the *Vestris* disaster comes under the head of preventable accidents, and it offers just one more convincing argument for early ratification of the treaty.

The provisions of the treaty constitute a great advance in compulsory safety measures over the United States laws and over the laws of most nations. Its provisions are superior to the previous requirements of any nation. It embodies all that the experience available in 1914–15 could give and, in addition, the great amount of experience and knowledge derived from the all-too-practical tests during the World War.

The treaty takes advantage of the progress in science, invention, and practical experience gathered since the war. The convention of 1914, following the loss of the *Titanic*, made great strides forward in the protection of life at sea. It is but natural, however, that, after 20 years, any regulations affecting construction, equipment, radio installations, and matters connected with the operation of ships, including the giving of succor at sea, should need revision and improvement.

If we were to compare the figures for loss of life at sea with those for loss of life in other fields—motor traffic, for example—we might be led to believe that no urgent need for the pending treaty exists. Statistics as to sea casualties are not appalling. For the past 10 years they have averaged only 50 per annum, but these figures should be considered from two points of view other than that of their magnitude. One is that about every so often some horrible disaster like the sinking of the *Titanic* occurs. That makes average figures pale into insignificance. In that disaster 1,517 lives were lost and only 706 were saved.

The other point of view from which to consider statistics on ocean disasters is their preventability. The best opinion of experts today is that 20 percent of the lives lost during the past 10 years could have been saved had this treaty been in operation. That number of lives is worth saving. Still another viewpoint is that of the peace of mind of passengers on ships and the peace of mind of dear ones whom they leave at home. With this treaty in operation loss of life at sea would be reduced to the minimum. A passenger embarking for an ocean trip would do so with a feeling of practically complete security, and, of course, this would stimulate travel. Business would be better for the steamers and more and more of our citizens would broaden their horizons by seeing more and more of the world.

In thinking back to the *Titanic* and the awful fate which befell that great superliner—the biggest and finest of her day—you might, naturally, say to yourself, "Why, the *Titanic* struck an iceberg. That accident was unavoidable. Any ship might hit a submerged or partly submerged iceberg, any day, with similar results."

All very well, but icebergs are one of the things covered in this very treaty. Ever since the *Titanic* disaster efforts have been made to locate icebergs and warn vessels of their presence. Under the treaty now pending systematic patrol, recording, and warning as to icebergs will be carried out by coordinated, international activities. Furthermore, since 21 years ago today devices have been invented and applied by which the near presence of icebergs can be detected and automatically recorded through temperature changes in the water. When this treaty is ratified by all parties signatory to it the iceberg menace will be a thing of the past.

I have already mentioned the *Vestris* disaster once or twice, but must do so again to explain one of the most vital provisions of the treaty—that pertaining to radio installations. The *Vestris* of course, had a radio send out its distress calls. Nearby, it afterward developed, was another ship, only a few miles away. It could easily have reached the *Vestris* in time to save all on board, but—and this is a very big "but" indeed—that ship had no radio. There it was, but a short distance away, able, willing, and equipped to save the lives aboard the *Vestris*, but it knew nothing about the disaster until long after the ill-fated vessel had sunk.

This treaty greatly widens the classes of ships and voyages where radio equipment is compulsory. Many more ships carry radio equipment now than are required by law to do so, but, under the pending treaty practically all vessels of any size going any considerable distance to sea would have to have the latest radio equipment. Such a network of radio equipment, scattered across the trade routes of the world, would make it practically impossible for a ship to sink before somebody reached her. Surely, this is a reasonable provision, which should appeal to the humanitarian heart of our people and to our well-known common sense. Radio is no longer an experiment. Its value has been demonstrated over and over again. It is indispensable to ship operation today. The treaty requirements on this point alone justify its prompt ratification.

During the past 2 or 3 years you've probably read of the "radio compass" as a remarkable device used in locating a ship in distress. The term is actually a misnomer. It would be more accurate to call it a radio "direction finder." It sounds like something mysterious, but it is really something very simple. If you are a radio "fan" and if your experience goes back to the "indoor" antennae, you probably remember the diamond-shaped frame of wire which you turned about until the radio signals came in clearly. The direction in which that diamond pointed indicated the direction from which the waves came to you. That, practically, is the principle of the radio compass. By its use each ship receiving a radio distress call can tell the direction from which the call comes. Of course, it cannot tell how far away it comes from. It can and does, however, "plot" the bearings and find that it comes from a point such and such degrees north or south. It immediately broadcasts this, together with its own position. If two other ships get the SOS and do the same thing, the problem is solved in a matter of seconds. A line is drawn on the map of the sea showing the bearings from the ship in distress to each of the three ships receiving the SOS. At some point within the boundary marked by those three ships those three lines will intersect—and that's where the distress ship lies, to within a mile.

It is not an exaggeration to say that, assuming three ships get the SOS the moment it is sent out, the exact position of the ship in distress can be determined within 2 minutes. Once that position is determined, it is broadcast by the three ships which determine it, and the news is picked up by ships which may be closer, and the race for life is on.

The pending treaty greatly increases the number of ships required to carry this "radio-compass" equipment. A great many more than the present law requires already carry such equipment, but such a valuable—or, rather, invaluable—device should be compulsory, and will be under this treaty.

This is but one of numerous inventions and improvements calculated to prevent loss of life at sea. The others are all important and every one is a reasonable requirement.

A major part of the treaty deals with the construction of the ship itself. This is the most important factor of safety. It

requires the greatest possible advantage as to water-tight compartments and other construction features which tend to prevent sinking, no matter what type of accident befalls a vessel. The requirements for life-saving apparatus are based on the wide experiences with ships of all kinds during and since the World War. Life boats, rafts, fire prevention, and so forth, must all come up to the highest standards evolved from long experience. Most vessels of size, of course, are now thoroughly equipped in this respect, but existing law requirements are broadened and strengthened under the treaty.

You might ask, at this point, why we cannot stiffen and broaden our own laws without a treaty. We could and have, as have other nations, but Americans travel on the ships of practically all foreign lines and we need the treaty to bring not only our own ships but the ships of all nations under the same regulations. This treaty, then, not only lifts the standards of American ships but of the ships of the world.

Twenty-one years ago today, while making her maiden voyage, the *Titanic*, then the largest and finest passenger liner afloat, was lost with more than 1,500 souls. Many were Americans, both of high station and from the humble walks of life. Many known and unknown heroes on that occasion, with as great courage as it took to go "over the top," stood aside that others, women and children, might be saved. Such heroism deserves recognition. What more fitting tribute can be paid to their sacrifice, even after this long lapse of time, than to remember the lesson of that disaster, and of the all-too-many since, by ratifying the pending convention and making certain that such sacrifice has not been in vain.

30-HOUR WEEK AND 6-HOUR DAY

Mr. BLACK. Mr. President, I desire to send to the desk and have read a letter. I request that the name signed to the letter and the writer's address may be omitted. I do that at the request of the writer of the letter.

I request also that the letter may be returned to me after it shall have been read at the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chief Clerk read the letter, as follows:

TOLEDO, OHIO, *April 17, 1933.*

Hon. HUGO BLACK.

SIR: Are you sponsor of the 30-hour week? If so, I would like to inform you that the Electric Auto Light & Co., Logan Gear Co., and Bingham Stamping Co. have made threats that if we don't sign papers that we do not want it passed we are subject to discharge on refusal to sign paper. We are all in favor of the law. If you are not sponsor please pass this to one who is.

Thanking you, I am,

———— ————.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to a resolution (H.Res. 108), as follows:

Resolved, That a message be sent to the Senate by the Clerk of the House informing the Senate that the House of Representatives has adopted an amendment to article V of the articles of impeachment heretofore exhibited against Harold Louderback, United States district judge for the northern district of California, and that the same will be presented to the Senate by the managers on the part of the House.

And, also, that the managers have authority to file with the Secretary of the Senate, on the part of the House, any subsequent pleadings they shall deem necessary.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C.;

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania;

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at a point near the Forest-Venango County line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania;

H.R. 4491. An act granting the consent of Congress to the Board of County Commissioners of Mahoning County, Ohio, to construct a free overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio;

H.J.Res. 93. Joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions; and

H.J.Res. 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment in the nature of a substitute offered by the Senator from Oklahoma [Mr. THOMAS] to the amendment of the Senator from Louisiana [Mr. LONG]. The Senator from Oklahoma is recognized.

Mr. THOMAS of Oklahoma. Mr. President, the pending amendment was prepared to be inserted on page 43, after line 5. It was to be offered at a time when the bill before the Senate had been otherwise completed. In other words, my amendment was intended to be part 6. Because the bill has not been otherwise completed, I ask permission at this time to withdraw the amendment offered in the nature of a substitute; and when the bill shall have been completed I then desire to reoffer the amendment. I reserve the right to reoffer the amendment at that time.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Oklahoma is withdrawn.

The question is on the amendment offered by the Senator from Louisiana [Mr. LONG].

Mr. MCNARY. Mr. President, I am not familiar with the amendment offered by the Senator from Louisiana. May we have it stated?

Mr. ROBINSON of Arkansas. Mr. President, before leaving the Senate yesterday the Senator from Louisiana [Mr. LONG] requested me to withdraw his amendment when the opportunity was presented. I therefore ask unanimous consent to withdraw his amendment.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Louisiana is withdrawn.

Mr. MCNARY. Mr. President, the Senator from New Jersey [Mr. BARBOUR] has an individual amendment which he desires to offer at this time.

Mr. BARBOUR. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The CHIEF CLERK. The Senator from New Jersey proposes to amend, on page 21, beginning with line 13, by striking out through line 19, on page 22, as follows:

FLOOR STOCKS

SEC. 16. (a) Upon the sale or other disposition of any article processed wholly or in chief value from any commodity with respect to which a processing tax is to be levied that, on the date the tax first takes effect or wholly terminates with respect to the commodity, is held for sale or other disposition (including articles in transit) by any person other than a consumer or a person engaged solely in retail trade, there shall be made a tax adjustment as follows:

(1) Whenever the processing tax first takes effect, there shall be levied, assessed, and collected a tax to be paid by such person equivalent to the amount of the processing tax which would be payable with respect to the commodity from which processed if the processing had occurred on such date.

(2) Whenever the processing tax is wholly terminated, there shall be refunded to such person a sum (or if it has not been paid, the tax shall be abated) in an amount equivalent to the processing tax with respect to the commodity from which processed.

(b) Notwithstanding the provisions of subsection (a), such subsection shall apply with respect to such portion of retail stocks on hand at the date the processing tax takes effect as is not sold

or otherwise disposed of for consumption within one month after such date.

(c) For the purposes of this section the term "retail trade" shall not be held to include the business of an establishment which is owned, operated, maintained, or controlled by the same individual firm, corporation, or association that owns, operates, maintains, or controls any more than two other establishments of the same character.

Mr. BARBOUR. Mr. President, this section provides that in the case of goods processed from any commodity subject to the processing tax, if included in the inventories at the time the act becomes effective, they shall be taxed the equivalent as if they had been processed after the act takes effect.

A commodity, for instance, made only partly of cotton would be subject to the processing tax to the extent of the cotton in it. This would necessitate very complex figuring in converting the completed article back to the amount of raw cotton actually required in making the commodity. A large house might find thousands of items that would have to be "broken down" to find the content of the raw material contained therein and subject to the processing tax.

Inventory reports for the purpose of this taxation would have to be made more or less on arbitrary rules laid down by the Government, and the task of working out such rules would require many months, and the entire procedure would be extremely complicated. The final result of this would be that some taxpayers with adequate inventory records would eventually supply the Government with all the information required and pay the tax thereon, while the vast majority of people in business, having less complete records, would evade the tax, whether knowingly or otherwise.

The act further provides that retail stores shall not have to pay this inventory tax if the goods are sold for consumption within 1 month from the passage of the act. There is not one retailer out of many thousands who has his inventory records in such shape as to inform the Government with any real degree of accuracy the age of the articles on his shelves. In other words, the auditing task that the Government would face would not only be tremendous but would be almost impossible of accomplishment. The act also provides for a refunding at the termination of the life of the act, based, of course, on another inventory at that time. The result of this would be that the Government would be deluged with claims which it would either have to pay or refute the claim by conducting another audit. The whole procedure would be cumbersome, expensive, and generally unsatisfactory.

I feel that for the Government to impose any tax on inventories at all would be to multiply the administrative effort of the Government many times over the amount of the tax involved, besides being discriminatory, in that concerns with adequate inventory records would pay the full amounts due, while concerns with less adequate records would find the door open to evasion, whether, as I have said, knowingly or otherwise.

In a word, Mr. President, I feel that this provision of the bill is impossible of operation. I believe I know something whereof I speak, and I speak for a great many others who agree with me. I do not see how this provision of the bill could possibly be administered. I believe it would lead to a great deal of confusion and in many instances, whether intentional or otherwise, injustices will grow out of it. I hope, therefore, Mr. President, that my amendment to strike out the section will prevail.

Mr. WALSH. Mr. President, I have had a great many protests filed with me against the particular provision of the pending bill which the amendment proposes to eliminate. I am in sympathy with the amendment offered by the Senator from New Jersey.

I should like to inquire of the Senator from South Carolina [Mr. SMITH], who is in charge of the bill, what objection there can be to the adoption of the amendment? It seems to me every principle of equity and justice should direct us to the elimination of the provision by accepting the amendment.

Mr. SMITH. Mr. President, the committee discussed this question very fully. It was the judgment of the committee that when the processing tax goes into effect there will be held by many processors a large volume of raw material and therefore the tax should be levied against such material. The provision also proposes to levy a tax against that which is in transit.

So far as the equity of the matter is concerned, I think if we are going to levy the tax it should be equitably distributed, and as it is applicable to the material wherever stored this is an essential part of the provision. I am afraid that elimination of the provision will open the door to the accumulation of a tremendous stock previous to the going into effect of the bill, and therefore will enable a great many of the producers to escape payment of the tax.

Mr. WALSH. When does the bill become operative after passage?

Mr. SMITH. The Secretary of Agriculture is to determine when it shall become operative as to any particular commodity and is to issue his proclamation to that effect. As to each commodity there is what is called a consuming or productive period. Each commodity will have a basic year. In the case of cotton the year will begin the 1st of August. Whether the Secretary of Agriculture will issue a proclamation declaring that the year during which the tax on cotton shall apply shall coincide with what is known as the "cotton year", I do not know, of course. The fact is, I think no one can determine definitely under the terms of the bill what would be a year to be set aside for operation of the tax except by an arbitrary declaration on the part of the Secretary of Agriculture.

Mr. WALSH. The point which the Senator is making is that it may be any period of time between the signing of the bill by the President and the time when the processing tax upon any given commodity may be first applied by the declaration of the Secretary of Agriculture?

Mr. SMITH. Yes. If the bill were to take effect immediately, there might be an inconsequential amount of what is known as "floor stock", that is, stock already bought. But if any appreciable time should elapse, it is perfectly evident that if the tax is going to be applied everyone will avail himself of that interim to accumulate an amount of stock which would not be taxed.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator permit an interruption?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. SMITH. Certainly.

Mr. ROBINSON of Arkansas. That would place those who are compelled to pay the tax at a very great disadvantage in competing with those who would have accumulated stocks for the express purpose of avoiding the tax.

Mr. SMITH. Yes. That was brought out before the committee. If the taxing year would become operative immediately upon the passage of the bill——

Mr. WALSH. Why could not that be done?

Mr. SMITH. That is left entirely to the discretion of the Secretary of Agriculture under the terms of the bill as it now stands. He is to declare by proclamation at what time the taxing year shall begin. I appreciate fully the point of the Senator from New Jersey in offering the amendment.

Mr. WALSH. The provision is protested very vigorously, as the Senator knows.

Mr. SMITH. Yes; because many people have stocks on hand which they bought in good faith and have since sold against them. Therefore there is provision in the bill that in the case of those who hold an accumulated stock against which they have already sold for future delivery goods made out of such stock, the processor is not liable for the tax. The vendee becomes liable and not the vendor. Whenever it is made known that the goods produced out of the stock on hand when the tax goes into effect have already been sold for forward delivery, then the vendee pays the tax and not the vendor. But if he has not sold the goods against his stock or if there is any doubt about it, he pays the tax on the floor stock he possesses, and his right to pass the tax on will be according to his ability to

show that he made a contract previous to the time when the tax was levied.

Mr. BARBOUR. Mr. President, I am entirely in sympathy with the situation described by the able Senator from South Carolina, who is in charge of the bill. I have spoken to a number of people about the point he raises. I am still convinced, however, that this very complicated bill—and certainly without any criticism I can say it is a very complicated bill—contains probably no feature, which from a mercantile point of view is going to be more difficult to operate, so far as those who pay the tax are concerned, than is this particular feature; and the Government, in order to collect the tax, in my opinion, if it shall do so with any degree of fairness, will be put to an expense for auditing that will exceed the amount that it can possibly collect. The result, I am sure, as I said a few moments ago, is going to be that many concerns which are in a position to do so will be able to make a good statement of their situation as covered by this section, while others will not be, and there will be definite discrimination and confusion.

While I realize that the wishes of the Senator from South Carolina probably will prevail, I do hope that this amendment will be adopted, and I make that statement with nothing but the friendliest feeling. I offered it because I felt it my duty to do so in the light of the widespread protests that came to me from people who are anxious to conform to this law, whatever it may be, when it shall be passed, as I suppose it will be.

Mr. SMITH. Mr. President, as a matter of course, taking this title in its entirety, if this part is eliminated it will lead, in my opinion, to confusion, and I think will further complicate the bill. However, I will leave the matter entirely to the judgment of the Senate. Let them vote on it.

Mr. WALSH. Mr. President, I ask permission to insert in the RECORD some written protests I have had against this provision of the bill which the amendment seeks to correct.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

BOSTON, MASS., *April 12, 1933.*

Hon. DAVID I. WALSH,
United States Senate:

Associated industries of Massachusetts believes it would be impractical to impartially collect proposed tax on retail floor stocks in the farm bill, and is of the opinion that the Bankhead amendment is unfair.

O. L. STONE.

WATERTOWN, MASS., *April 12, 1933.*

Senator DAVID I. WALSH,
Senate Office Building:

We wish to protest against tax on retail floor stocks in proposed farm bill as being unfair and practically impossible to impartially collect.

W. HARVEY LUCAS,
President Watertown Chamber of Commerce.

BOSTON, MASS., *April 12, 1933.*

Hon. DAVID I. WALSH,
Senate Office Building:

We strongly disapprove processing tax, as well as tax on retail floor stocks in proposed farm bill. Think Bankhead amendment unfair and discriminatory.

AMORY COOLIDGE,
Vice President Pepperell Manufacturing Co.

NEW YORK, N.Y., *April 12, 1933.*

Hon. Senator DAVID I. WALSH:

Representing our 1,500 Massachusetts employees, we think tax on floor stock in proposed farm bill unreasonable. Impracticable to collect tax fairly. Also think Bankhead amendment unfair and discriminatory. Your cooperation in blocking this measure would be appreciated.

S. M. JONES,
President Arnold Print Works, North Adams, Mass.

MILFORD, MASS., *April 15, 1933.*

Senator DAVID I. WALSH,
Senate Office Building:

We protest vigorously against the floor tax contained farm relief bill, especially against discriminatory feature contained Bankhead amendment. If same should come to vote, we urge you vote against it in interest simple justice, because to do otherwise would lend administration stamp approval to unwarranted discrimination between different business classes.

ARCHER RUBBER CO.

GARDNER, MASS., *April 11, 1933.*

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D.C.:

As a voter, taxpayer, and employer of labor in the Commonwealth of Massachusetts, I hereby enter a protest to a proposed provision in the proposed farm bill, namely, the tax on floor stocks, and emphatically against the discriminatory parts of the Bankhead amendment. Practically impossible to collect floor tax from most merchants.

F. A. HARNISH.

BOSTON, MASS, *April 9, 1933.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D.C.:

C. F. Hovey Co., a Massachusetts corporation, 100 years in retail business in Boston, lately affiliated with other stores, its officers, stockholders, and employees numbering 600, object to discriminatory features of Bankhead amendment to farm relief bill, which singles out certain stores and puts an unfair and unequitable tax on them as against other stores.

C. F. HOVEY CO.

WATERTOWN, MASS., *April 12, 1933.*

Senator DAVID I. WALSH,
Senate Office Building:

We believe Bankhead amendment to farm bill unfair and discriminatory, and it seems to us that a tax on retail floor stocks would be almost impossible to collect fairly.

ARTHUR B. NEWHALL,
President Hood Rubber Co.

FIRST NATIONAL STORES, INC.,
Somerville, Mass., April 10, 1933.

Hon. DAVID I. WALSH,
United States Senate, Washington, D.C.

MY DEAR SENATOR: The farm relief bill, if enacted in its present form, is going to be a serious blow to the consumers of our State, and particularly so under present conditions of unemployment and general depression.

The unfair discrimination in the taxing of stocks on hand in chain stores, to which must be immediately added processing charges, will still further accentuate the New England consumer's problem. Such discrimination not only is unjust but possibly unconstitutional. The preponderance of patronage of the chain store comes from the wage earner and those of moderate income, and this class is certainly entitled to equal consideration with those that are more fortunate in world's goods and can afford the comfort and expense of credit and service. This latter class has in effect a 30-day privilege, exempt from this particular taxation. The less fortunate are taxed immediately.

I am sure your voice and influence will be offered in opposition to such discriminatory provision, and as well must believe that you will contest vigorously for the general interest of Massachusetts citizens.

We believe that the agriculturist should be helped in some way, although their troubles are largely due to overproduction. The farmer is not the only one that has made a similar mistake. In sugar, copper, and generally all along the line, overproduction has been permitted, in fact, encouraged. Farmers in northern Maine complain of their low potato market, but when they have practically doubled the acreage in the last 6 or 7 years and are producing more potatoes than people can ordinarily consume, whose fault is it but their own?

Sincerely yours,

C. F. ADAMS, *Treasurer.*

Mr. BAILEY. Mr. President, it is my intention to speak on the bill as a whole, and in the course of the discussion to undertake a rather definite analysis of certain of its parts.

The purpose of the bill is to relieve the farmers of America, and thereby turn the tide of general disaster—a purpose to which every one of us subscribes and which none of us would resist.

This purpose, I do not hesitate to say after very earnest examination, cannot be accomplished by this bill, not so long as 2 and 2 make 4. Assuming every premise and every price increase predicated, this bill cannot succeed.

Mr. President, if it cannot succeed, and we go to the country in this year, after a long period of disappointed hopes, and after 45 months of depression which we cannot say we have successfully coped with in any degree, if we fail now, I hesitate to consider the consequences.

It is my judgment, Mr. President, that this is no time for experiments with the Government or with its processes; and that if we may possibly find, by hesitation and deliberation,

an assured way of accomplishing the purposes which every one of us has at heart, we can well afford the delay entailed.

Mr. President, let me read to the Senate the declared policy or purposes of the bill:

It is hereby declared to be the policy of Congress—

(1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, September 1919–August 1928.

That is the first objective of the bill.

(2) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets.

(3) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909–July 1914.

In a word, it is the declared policy of the bill—and if the Congress adopts it, of the Congress—to turn back the clock 20 years. Old King Canute undertook to beat back the waves of the sea; but, so far as I know, this is the first time that any human being since has undertaken to turn back the tides of time.

They tell us that we are to look for "happy days"; that "happy days are here again"; and those happy days, Senators, are to be the happy days of the Taft administration! The consumers of America and the farmers of America are to be returned to the conditions under the Payne-Aldrich tariff of the Taft administration, of the return from Elba, and of that discontent in America which drove from power the party responsible for those conditions, and left it, as I recollect, with but two States to its credit in the electoral college.

But even if it were good to return to those days, since our memories are not so accurate, and since at least we Democrats have subscribed to the view that the revolution in America that brought on "the new freedom" and Woodrow Wilson was justified by the underlying conditions—even if the return to those days would improve in any measurable way our condition, I am here to say that, while there may be something of infinite power hidden somewhere in the earth of which I know nothing, there is no power in this Government and there is no power in this Congress to undo the processes of 20 years of history, of 20 years of the most portentous history in all the story of mankind, and restore to farmers and consumers, or to either or to anyone, the status quo of 1909–14.

The water under the dam, the extravagances and the follies, the Great War itself, with consequences to be compared only with the consequences of Adam's first disobedience and the fall—all these stand in our way with a peculiar power and force, and would block us even though we might assume that under happier conditions, and at the end of a period less tremendous in its events, we might make some measurable progress by way of turning back the clock for 20 years and undoing all the processes of history and of experience.

Mr. President, it was Joshua, the great captain of the conquest of the Promised Land, who made the sun to stand still on Gibeon and the moon to pause in the vale of Ajalon, but it is not in the power of Ezekiel. No modern and no ancient Ezekiel could arrest the tide of time; and he might just as well have ordered, in the bill which has been prepared for us, that this old world should reverse her course and turn backward 365 days in the year on her axis from the east to the west, and then reverse her course upon her great orbit and go the other way for 20 years.

We may apply logarithms to hogs and the formulas of calculus to wheat, but we cannot restore the status quo between consumers and producers in our land as of 20 years ago.

Something has been said about relative prices. I am here to say that while Mr. Einstein has made something of a contribution by way of the theory of relativity in the vast universe which surrounds us, I do not understand that the Einstein theory of relativity can be applied to a great population, or to the hogs and the wheat and the corn and the cotton which they produce from year to year. Yet nothing less than that is solemnly proposed in this bill.

It is as if we should undertake to get from the Arabian Nights and Bagdad a magic carpet, and undertake to sail back and find ourselves not moving from place to place but from one era back to another, from one set of conditions back to another.

Suppose, Mr. President, we could move backward in the mere matter of relation of prices; what does this bill do with the $11,000,000,000 of the farm debt? That goes back, and will someone tell me that the farmers of the United States could pay $11,000,000,000 of their indebtedness under the conditions of 1909 to 1914?

Suppose we could ride upon this magic carpet, and place ourselves once again under the conditions of prices and profits, the relative relation of purchasing power, as of that far date. Suppose we could. What would we have to say as to the capacity of ourselves so placed, and particularly as to the capacity of the farmers of the United States so placed, to pay the annual taxes, which have risen in this 20-year period by from 700 to a thousand percent; and of America as a whole, for this bill takes in the consumer and the producer, undertaking on the basis of the relative purchasing power of the farmer in 1909 to 1914 as compared with the things he sells and the things he buys? Go back to it, and then tell me how the American people with that income will bear the load of $150,000,000,000 of debt, of $14,000,000,000 of annual taxes, and of from six to seven billion dollars of annual interest.

I submit that these are the facts and these are the conditions with which this bill proposes to deal, and I submit that it is more impossible to bring prosperity to the American people, more impossible to arrest the fateful tide of this series of disasters which we call the depression, it is more impossible to do that thing in this way, than it is to turn the sun backward in its course from day to day for 20 long years.

Mr. President, it never occurred to me before that the period from 1909 to 1914 was such a good period. That was the period when the discontent was so thoroughgoing in this country that "Roosevelt the First" bolted his party, led a revolt, tore down the old temple of the party which had made him President, and made the way for the first Democratic administration since the days of Grover Cleveland. Yet we Democrats here now, invested with the power of the country, propose nothing better for ourselves, nothing better for our fellow men, nothing better for our country than that we shall return to precisely the same conditions which thrust the Republicans out of power, which laid the foundation of the Bull Moose movement, and gave us an 8-year tenure of office, not to carry out the policies then in vogue but to destroy them, and place the doctrines of the new freedom in their stead.

Mr. President, the whole fallacy of this bill is this: It attempts, with the 1914 parity, to establish something in the nature of an income for the farmer, and, with all due respect to the scientific gentlemen and the great economists who prepared it, omits the primary and overwhelming factors of the farmer's debt, the farmer's taxes, and the farmer's wages.

I have here the chart prepared by the Department of Agriculture of the United States of prices received by the farmers and prices paid for commodities by farmers, farm wages, and farm taxes. If we have any authority for our information, this is the official authority. Upon the reading of the map one can well understand why the 1909 to 1914 base was taken. It does happen that in 1909 to 1914 the

line of farmer's prices received and the line of farmer's prices paid and the relative line of farmer's taxes and the relative line of wages he paid his workers ran together, until about 1915. Watch the lines and see where this chart places us on the threshold of this legislation at this very hour.

Where are the farmer's taxes? They are at point 170. What does this bill proposed to do? It proposes to lift the farmer's prices from the point 80 to the point 100, a mere matter of the relation of the figure or quantity 20 to the figure 170. I hope Senators get the force of that. We help him 20 points, when, so far as taxes are concerned, he is in the hole 170 points. It is as if a man were in a well 170 feet deep and we lifted him 20 feet from the bottom, and told him we had done something for him.

Take the commodities. The commodities purchased by farmer are at point 130. The farmer's point is the point 80. We propose to carry the farmer to the point 100, which is 20 points, and he still has 30 points to go to get on the former level.

We may take the same thing with regard to the farmer's debt. We propose to lift the prices which the farmer receives by the sum of a possible 20 to 30 points, getting back to the 1910 to 1915 level, and we leave him there with a debt of $11,000,000,000 around his neck and tell him we have done something for him. I wonder what he will say to that. How will he ever pay that debt? The debt has risen, as we know, from about three billion to eleven billion, 250 points, and we tell him we are going to do something for him, and we lift him up 20 to 30 points in his prices. That is the size of this bill.

Mr. President, here is the document of the Department of Agriculture. Here is the price level; and if we hold out to the farmer the hope, if we tell the farmer we have done something for him, we tell him that knowing that we lifted his prices 30 points, knowing that his debts and his taxes and his wages were still from 50 to 200 points above the level of 1910 to 1915, I wonder what he will say when the realities come home to him.

The President offers us this bill as an experiment. I want to know where is the compulsion here for us blindly to proceed in the performance of an experiment with the American people?

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. FLETCHER. I am very much interested in the Senator's argument that we are only helping the farmer to increase commodity prices 20 to 30 points and that we are doing nothing with reference to his taxes and his debt. Can the Senator point out how Congress can give the farmer any relief with reference to his taxes and his debt?

Mr. BAILEY. Mr. President, I shall come to that, and I would not have undertaken to say what I have said without the full intention of coming to that.

The President proposes this vast undertaking as an experiment. I am going to offer my humble opinion with the utmost respect. I desire to uphold the President's hands. I desire to defend his administration. I want it to succeed, not for his sake, and not for the sake of the Democratic Party, either, but I want it to succeed for the sake of the masses of mankind here and throughout the world.

Mr. President, it is my sober judgment that we cannot render a better service to the President, to the party, to the country, when a matter is proposed to us here as an experiment, than to look it over, try to see through it, and, if we are convinced that the experiment cannot succeed, to have the courage and the candor and the sympathy and the friendship for the President himself frankly to say so, and to seek, as the Senator from Florida has just now suggested, a way by which we can have some assurance that it will meet the demands of a situation so great and so crucial.

I wish now to address myself, just for a moment, in passing to the rather natural urgency that we have had here for the passage of this bill. I can understand the attitude of Senators who press us to abandon our arguments and to make way for votes; but, Mr. President, we had better delay a week or 10 days and not disappoint the hopes of the American people and not make a blunder of which they and we will be the victims so long as we live and our children after us; we had better delay rather than make such a mistake.

Moreover, it is entirely too late, Mr. President, for this bill to do the American farmers any good whatever this year, and, since the time is past, why should we not take time to find a better way? Here is what the President himself said:

> The proposed legislation is necessary now for the simple reason that the spring crops will soon be planted—

That was on March 16—

> and if we wait for another month or 6 weeks the effect on the prices of this year's crops will be wholly lost.

That was on March 16, and this, if I mistake not, is April 18; the month is gone. There is not one of us here who believes that the bill will pass the other House and the Senate and emerge from conference on the Senate amendments within the space of 5 or 6 more days. There is nobody in America who takes the view that this bill can be put into any sort of substantial effect in 2 weeks or 3 weeks or 4 weeks or 5 weeks. When we look abroad over our land today, we see that all the wheat that will ever be gathered this year is up; all the hogs that will be slaughtered this year have been farrowed; practically all the cotton that will be gathered this year has been planted or the land has been prepared for it. I think, in all of Texas except for the panhandle, all of Alabama, all of Mississippi, all of Georgia except the extreme northern part, all of eastern North Carolina—I can speak for that section definitely—practically everywhere through the Cotton Belt we know that by the 1st of May every seed that is going to be worthwhile has been placed in the rows.

So far as tobacco is concerned, it requires no stretch of imagination to see the plant beds with the plants 5 and 6 inches high on every hillside in the Tobacco Belt, and if the rains and the seasons are favorable the tobacco planters will be transplanting those plants into the furrows every day now, with a view to having all the tobacco that is going to be planted set out by the 1st of May. Yet this bill was projected in contemplation of inducements to the farmers, by way of certain rewards held out through the medium of a rather hopeless taxation, to cut their crops in the year 1933.

So I say, Mr. President, that, so far as the time limit of this bill is concerned, and so far as any necessity for expedition is demanded, the time has passed, and every one of the crops will have been planted before the Congress or the President or the Secretary of Agriculture can offer any inducement to even 10 percent of them. There is, therefore, no reason for haste.

Mr. President, so far I have argued that the bill cannot in any manner meet the necessities of the farmer's plight. I will not undertake to sum it up; I have given the Senate the facts; I have given them the chart. I think I must have demonstrated that there is very little hope; there is very little of reward; there is nothing of compensation; there is nothing of antidote to the woes of the farmers or our woes in this proposal to restore the purchasing power of the period, from 1909 to 1914, in view of the fact that they must deal with and they must bear the burden of 1933 debts, of 1933 interest, of 1933 taxes, and of 1933 wages.

I will proceed now to an examination of some of the details of the bill, and more especially with respect to cotton. I am going to address my remarks very largely to the Senators from the cotton States. I affirm with the utmost deliberation, and knowing the meaning of my words, that there is not in this bill one penny for any farmer in the South, so far as cotton is concerned.

What does it propose? It proposes to levy a tax on the domestic processor that will lift the price of cotton from its present level of 6½ cents a pound to from 12 to 12½ cents a pound. That is not disputed. It proposes to do

that with respect only to the American consumer and the American mills. It happens to be one of the facts, with which we somehow find ourselves unwilling to reckon, that the farmers who produce the cotton of our land sell 9,000,000 bales in the foreign market, and not one penny of any tax will ever go to them. We know that and they know that, and nobody will contend to the contrary. So, assuming that the tax will be effectual and that it will be 6 cents, we find that that 6 cents is confined to five fourteenths of the normal crop, or the 5,000,000 bales consumed in this country.

Now, let us make the calculation: Five fourteenths is approximately one third, and one third of 6 is 2. So, on the face of this bill, all the cotton farmer could get is 2 cents more a pound. But he will not get that. He will have to pay his part of the tax if he ever buys a shirt or a pair of cotton socks. If he is a consumer, like the rest of us—and the bill predicates that he will be a consumer—he pays his share of the tax; and so we will take that off. Further, he will get the benefit of the tax only on condition that he reduces his crop; he has got to reduce it out of that 2 cents. So we will take that off. I do not know how much it will be. Further, he has got to stand for the expense. I do not know what that will be, but I can see the swarms of new officeholders, and I can read the bill, and I can read the testimony of the Secretary of Agriculture when he calls for $15,000 salaries, although I think the committee finally persuaded him that he had better stick to $10,000 salaries.

So, when the farmer pays his part of the tax, reduces his part of the crop, pays his part of the expense of the administration—trusting, after those deductions have been made, to the tender mercies of the Secretary of Agriculture to give him the balance—I think it will be a case of minus rather than plus. All of that is taken from the 2 cents; and there never has been a 2-cent piece on earth that would account for that much.

That is the size of the cotton proposition. I would not hold out to the cotton farmers of North Carolina, to whom I am responsible, the hope—I would be ashamed to go home if I did—that there was one penny in this bill for them.

So far as tobacco is concerned—and that is now the principal crop of my State——

Mr. SMITH. Mr. President——

The PRESIDING OFFICER (Mr. FRAZIER in the chair). Does the Senator from North Carolina yield to the Senator from South Carolina?

Mr. BAILEY. Certainly.

Mr. SMITH. Perhaps there has been a mistake made by the Department and those who drafted this bill in reference to cotton.

Mr. BAILEY. I think there have been several mistakes made.

Mr. SMITH. Let us devote ourselves to this one. The inclusion of the provision establishing the basic period as that from 1909 to 1914 contemplated evidently 12 cents a pound or 12½ cents a pound for all the cotton, for the entire crop, and not merely for that portion domestically consumed. Therefore, if the Senator will make the computation, he will find that, in order to bring the cotton crop, all of it, up to the 12-cents-a-pound price, which is supposed to be the objective——

Mr. BAILEY. That is to bring up to that price the 5,000,000 bales domestically consumed.

Mr. SMITH. No; to bring the entire crop up to that point.

Mr. BAILEY. Then call it 14,000,000 bales.

Mr. SMITH. Let us assume that during the base period all cotton brought 12 cents, that every bale, both exported and domestically consumed cotton, brought that amount. In order to bring that parity back, we must have 12 cents on the entire cotton crop. In order to do that, cotton now being worth 6½ cents and 45 percent of it being domestically consumed and 55 percent being exported, it is necessary to get a price on the 45 percent which, added to the present price of 6 cents a pound would bring the average of the entire crop to 12½ cents. Therefore, we would have for the domestically consumed portion 21 cents, or $105 a bale in order to obtain an average of 12½ cents a pound.

Mr. BAILEY. And unquestionably the consumers of America would pay that bill.

Mr. SMITH. That is the real condition. To take 100 bales of cotton as an illustration, 55 of them at 6 cents a pound and 45 of them at such a price as will make the average crop bring 12½ cents, it will be found that it is necessary to have 21 cents, or $105 a bale, for the 45 bales domestically consumed in order to bring the average up to 12½ cents a pound.

Mr. BAILEY. The Senator will agree that that line of argument was not made in the hearings and was not made by the Senator himself. I recall the speech he made in which he used the figure—not 21 but 12½.

Mr. SMITH. I call attention to the fact that it was provided both in the previous bill and in this bill that the extreme amount of the tax would be 6 cents a pound. I figured out then that there would be a little less than 2 cents a pound, and that was the official statement that we received—that there would be added only 6 cents a pound.

Mr. BAILEY. That is exactly what I am arguing, if I may say so.

Mr. SMITH. Precisely; but there is where I claim there has been a very serious and fatal mistake.

Mr. BAILEY. I thank the Senator. That is exactly what I was undertaking to say. There has been a very serious and fatal mistake, I believe. The same serious and fatal mistake is proposed with reference to tobacco. We must bear in mind that on the average 40 percent of the tobacco produced in America is exported. The tax should not apply except on the other 60 percent. I am going a little farther and bear in mind with respect to the tobacco in my own State that 60 percent of it is exported and 40 percent is consumed domestically. The authors of the bill—I do not know who they were—were so startled by their own theory, were confronted with the facts of 1909 and 1914 with respect to tobacco with such force that they actually abandoned the entire theory of the bill and fixed tobacco on post-war prices, and that in itself condemns the intellectual honesty of the men who conceived the plan. They cannot blow hot and cold with this question. It is either right to find the pre-war basis or right to find the post-war basis, but they cannot play both ends against the middle.

So much for that. I am now going into the bill. The bill appears to me to be in the nature of and in the manner of and after the form of a sandwich. Part 1, the authorship of which is justly due to the Chairman of the Committee on Agriculture and Forestry, the senior Senator from South Carolina [Mr. SMITH], and which I have supported heretofore and will support as long as I have the opportunity, is the good section of the bill. It would do more to get rid of the surplus, to lift the price of cotton, to relieve the farmers of the South, than all the rest of the bills that have been proposed in the Congress in 2 years. I am for it. That is the top layer of the sandwich and it is very attractive. I voted for it. I shall vote for it again, and I shall welcome an opportunity now to vote for it as a separate measure. I hope to introduce an amendment which will give me that opportunity.

Title 2, the agricultural-credit section of the bill, is also acceptable. Relief of the financial or farm-mortgage debtors' burden is absolutely indispensable. Mr. President, the farmers of America are bearing the burden of these mortgages upon their back; and whether at present prices or at the pre-war basis of prices, the burden is unbearable. With respect to these mortgages and these debts and these burdens we have to face the alternative of relief or ruin.

I make the assertion that the financial features of the agricultural-credit section of the bill will do a great deal more for the land banks than for the farmer. I am much more concerned with relief for the farmers than I am with relief for the land banks, but I am willing to relieve both if thereby I can relieve the farmer. I think it will boost the price of land-bank bonds. It might relieve the stockholders of the land banks from threatened assessments, but

it also cuts down the farmer's interest, it cuts down the farmer's debt, gives the farmer a breathing spell. But with interest down and debts down and a breathing spell altogether, if he is not to get any more out of his harvest this year relatively than he got in 1909 and 1914, then God help him! The bill will not avail. He needs something more.

Between those two layers of the sandwich, the attractive upper portion and the attractive under portion, is the middle part of the sandwich, and it ought to be the meat of the sandwich. But instead of meat I undertake to say that the processing tax and the price-fixing theory are the most veritable concoction of legislative confusion and ineffectiveness, the most veritable composition of political and economic poison, the most far-fetched and far-reaching vagaries that ever gave promise of passage by the Congress. This section will not only not save the farmer but it will tend to destroy the Republic, and I wish to be heard on that for a moment.

It never occurred to me that I would live to see the day when it would be coolly proposed anywhere in America that we should so far forget the liberties which we received from our fathers, and which are guaranteed in the Constitution as to undertake to fix a price by actual law anywhere in this land. When we fix it by taxation, we fix it just as much as if we did it by an imperial decree from a throne. It never occurred to me that it would be proposed in this Congress that we should make it a crime to pay less than the price fixed by a Secretary or the Congress or a President. We have tried to mollify that damnable proposition by making the thousand-dollar penalty recoverable in a civil suit. I do not know that there is any great difference. The penalty is a penalty and the effect of it is to destroy liberty in America.

I said something about the preservation of the Republic. She is not going by way of arms. I am not afraid of that. She is not going by sedition and conspiracy. This Republic will go when American liberty goes, in every step we take, giving way here and giving way there, negativing personal liberty or the right of personal property or the right of personal security almost unawares—here and here, there and there, forgetting the great traditions of the past that ought to guide us, forgetting the great standards by means of which the Republic has ever lived and must live, forgetting the spiritual fountains that have made her the source of light and life for 144 years. When we forget, when we cease to exercise eternal vigilance, we begin to see the Republic taking a transformation and losing a character which amounts to more than revolution.

What happened abroad? Everywhere this depression has had the effect of destroying liberty. It destroyed it in Italy. It destroyed it in Russia. The other day it destroyed it in Germany. Here we are setting out upon a course of fixing prices by decree, fixing prices by taxation, setting up over the whole fabric of industry and agriculture one man with supreme power, and it does not occur to us that we are thereby throwing into the crucible of this depression the character of the Republic itself.

To go into a more definite and specific analysis of the bill:

The bill proposes the most oppressive series of taxes that were ever proposed by any government, whether free or tyrannic. One of our Senators referred the other day to taxes on wheat imposed by Louis XVI in France as being 55 percent. If the Senator from South Carolina [Mr. SMITH] is correct, we propose a tax on cotton of 300 percent, we propose a tax on wheat of 100 percent, and we propose a similar tax on hogs. What comfort is it to the American citizen to lay that tax and then tell him we are going to take it from the consumer and hand it over to him? If it does not oppress him, it oppresses the other man, and if he hates oppression of himself, he will hate the oppression of other men.

On the other hand, this tax will not be paid by the mills. We know that. It will not be paid by the cotton or tobacco factories. We know that. If this tax is to be laid, it is going to be paid by the consumers of America, and we all know that.

Who are the consumers of America? Who are the people that wear cotton shirts in America? Who are the people that eat the wheat of America? Who are the people that eat the pork of America? It is the American people. It is the poor fellow in the bread line. It is the man out of work. It is the man whose wages have already been cut in half. It is all America. When these taxes go on, if they ever go on, they are going on by way of reduced consumption and oppression and privation, and they will reflect themselves in the last analysis in an unbearable burden on the back of the farmer himself. Cut off his domestic consumption, deprive or limit him in his domestic market, and we will compel him to sell what he has left in the merciless markets of the world. He will pay it in the last analysis. That is the proposition. The poor have always paid the taxes in the last analysis. We may lay it on whom we please, we may lay it any way we please; but if I know anything about taxes, they are a burden on the back of the man who bends between the plow handles, who runs the machine, who works in the ditch. Taxes press down upon the great body of the helpless population in every respect.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Utah?

Mr. BAILEY. I yield.

Mr. KING. Will it interrupt the Senator to ask whether, from his very careful examination and analysis of the bill, he has reached the conclusion that the bill will increase the burdens upon the consumer?

Mr. BAILEY. It will place burdens on the consumer first. Apparently it puts a burden on the processor, but he passes it on to the consumer.

(At this point the Senate, sitting as a court for the trial of articles of impeachment against Judge Harold Louderback, resumed its session, and Mr. BAILEY temporarily yielded the floor. The impeachment proceedings appear following his remarks.)

Mr. BAILEY. Mr. President, when we were interrupted by the impeachment proceedings, the Senator from Utah [Mr. KING] had asked me if I was claiming that the consumer would bear the burden of these processing taxes. That is correct; is it not?

Mr. KING. Mr. President, I intended to inquire whether, in the opinion of the Senator, all of the burdens imposed by this bill—burdens which it is alleged will be brought about by reason of the increase of prices of farm commodities—will not finally rest upon the poor consumers throughout the United States.

Mr. BAILEY. Does the Senator wish me to answer that?

Mr. KING. I do.

Mr. BAILEY. I did not claim that, and I am glad the Senator has asked me the question. I think I can make something clear here about taxes.

This tax will rest first as a burden upon the processor; and it will be a real burden, as all taxes are. He will pass it on to the consumer, and it will be a real burden to the consumer, as all taxes are. He will pass it on to everybody else he can, back to the farmer; and finally it will manifest itself in reduced consumption, and the farmer will pay the bill at the expense of selling his surpluses in the world market.

That is the iniquity of taxation. It curses every human being it falls upon whenever it gets beyond the point of being for the necessities of the Government. Old Adam Smith said that 150 years ago and it looks as if the world will never learn it; and, last of all, it seems as if the taxpayers will never learn it. The great body of the people do not seem to learn it.

There is no escape from the burden of a tax on the whole body politic. It strikes the consumer in the present circumstances with terrifying power and ruinous force, but it does not rest there. It goes all the way through. I trust I have made that plain.

Mr. KING. As I understand the Senator, then, this bill is not for the benefit of the consumer; and no one here, apparently, unless it is the able Senator, is making any plea

in behalf of the great body of consumers of the United States upon whom these burdens ultimately must rest.

Mr. BAILEY. I would not claim to be making any plea for anybody. I never in my life got up and said I was a friend of this one or that one. I am undertaking to analyze the bill and tell the truth about it. I think every man in the Senate is just as good a friend of the farmer as every other man. I have always thought so; and I do not like it when people assume that they are the special friends of anyone. We are Senators. We are legislators. We have our oaths to keep and our duties to perform. I do not make any professions of great friendship in any direction. I let men judge me by what I do. I think every Senator here is just as good a friend of the American people, all of them together, as every other man is; and I shall always maintain that attitude. I think every man here wants to get rid of this depression just as earnestly as every other man does. Of course he does—every man in America.

I think it is time somebody said in the Senate that we Senators are not sitting here indifferently. We have the same concerns that the fathers of the little families have in their homes. We have the same problems. We have the same hearts. We are all in earnest about this. We are trying to find the truth about this matter. We are trying to do the right thing.

I do not hesitate to say that if I thought this bill would meet the demands of this situation and not destroy the character of our Republic, no power would keep me from supporting it. Thinking as I do, no power in the world can make me support it. I know it is wrong. I have already shown by the facts and figures that it is wrong; but I am not through with the analysis.

This bill has a lot of comfort for the processors. This bill, by way of comfort and consolation to the processors and getting them to support it, and having succeeded in very large measure, coolly proposes to abrogate the antitrust laws of the United States; and I want to drive that home. Where are the processors? Where is the process taxpayers' lobby? They folded their tents like the Arabs and silently stole away 2 weeks ago. We are not having any trouble here by any lobby of that sort. They have gone. You cannot find one in Washington. Why? Here is why:

Mr. Ezekiel—

This is the testimony before the Committee on Agriculture and Forestry, on page 19:

The language of paragraph 2—

Which I will read, if necessary—

modifies the application of the antitrust laws to a degree and in the same way that the Capper-Volstead Act modifies the application of the antitrust law to cooperative-marketing associations—

And that is an absolute abrogation.

Again—

Under the discretion of the Secretary of Agriculture instead of the Department of Justice—

We simply get a new king.

I think the English-speaking race has labored some 500 years to put up a structure forbidding unreasonable restraints of trade and destroying monopolies; but, as the price of the acquiescence of the process taxpayers in this legislation, we propose at one swoop to let them combine, fix rules, and determine charges; and Mr. Ezekiel, the author of the thing, as I am informed—I do not know—himself tells us that it will abrogate the antitrust laws.

Now, what is the picture?

Here is the farmer on one hand. He is taxed. Here is the consumer over here. He is taxed. Here is the industry over here. It is combined; and the new ruler of America, not responsible to the American people in any way whatever, not the Congress and not the President but the Secretary of Agriculture, is supreme over all.

It is a singular commentary that I make here, that the man who rules Russia is not a president, and not a king; he is a secretary. The title of Mr. Stalin is "Secretary of the Soviet Union of Russia." I will not dwell on that.

Mr. KING. Mr. President, before the Senator leaves that subject, may I ask him if he does not wish to modify the statement as to the Secretary of Agriculture being the ruler? I notice in the morning Post the following:

Miss Perkins asks control of production. Held backed by President.

It would seem as if there is to be a competitor to the Secretary of Agriculture, to wit, the Secretary of Labor, who is to control production in the United States. I thought the Senator might want to modify his statement.

Mr. BAILEY. Mr. President, I believe it is a good rule, since we go back to the past—and I hope I may speak it lightly—that wherever we have a king, we ought to have a queen. I do not think there is any trouble about that. [Laughter.]

Mr. President, I am through with the point I was making, and I want to take up the next point. We Democrats commit ourselves in this bill to a prohibitive-tariff policy, being a party pledged against the existing tariff system. I have heard of paradoxes in my life, but that is the chief. In the very hour when we propose it we see in every paper that comes forth the statement that the Secretary of State of the United States, and the President himself, are making overtures to the other nations with a view to readjusting the tariffs. We here build a wall to heaven in one moment and invite them to cut it down in the next. If that policy is sound, then we, in the enactment of this measure, are destroying that very policy.

Mr. President, that is not all. The bill proposes a tax on commerce between the States after a manner and in a degree without precedent and without parallel in our history. I think I get the meaning of that. This Union has four great bonds. One is the Constitution, one is the Federal courts, one is the banking and currency system, and the other is freedom of commerce between the States. Whenever any one of those bonds is impaired, we are striking a blow at the bonds of the Union. We think it is well entrenched, we think it will last forever, but empires and republics do not fall by force; they fall by disintegration, and they die in the hands of men who do not know they are dying. Their destroyer is not the assassin, not the deliberate man with a stiletto who strikes in the night, but the man who does not think on the meaning of his acts or the import of the legislation which he espouses. That is the way it happens. Starvation will not kill us, but forgetfulness will destroy us.

The taxes proposed in the bill are taxes on commerce between the States; we cannot avoid it that they are. The tax on cotton is a tax on the commerce of the South with the North. The tax on tobacco is a tax on the commerce of North Carolina with the rest of the Union. The tax on wheat is a tax on the West in its commerce with the South. I notice all the way through the bill there runs the little legend, "in the current of interstate commerce." It is there that we undertake to found the tax.

Now hear me, Mr. President and Senators, if we break this country up into tax zones, and if we proceed along a line which will induce a manufacturer to confine his manufactures to his State in order to escape the burden of this tax, it will not make any difference any more whether we call it the American Union or not. If I understand the bill and understand the Constitution and the law, that could be done. The hosiery mill in my State, which sells throughout the Union, could establish a little mill in some fair hamlet in the Commonwealth, buy its yarns within the State, and announce to the Union and to the taxgatherer that it would never sell a pair of hose outside of the bounds of North Carolina. Then its product would not be in the current of interstate commerce, and would not be taxable; and what would we have as a consequence of that? We would destroy the great capital structures which employ the labor of the land, and we would segregate every State into a little commercial empire of its own. That is the fair implication of this bill. We have had enough of nationalism in the world, but this bill looks to a State nationalism.

Again, the bill predicates an unprecedented transfer of both the taxing power and the appropriating power from the Congress, elected by and responsible to the people, to the Secretary of Agriculture. We live in the presence of amazing things. What is proposed? We are not to tell the Secretary what the tax shall be; he is to tell us. We do not even fix the limits of the tax; it is an indefinite tax. That is bad enough.

I never thought we would come to the time when we would let a President of the United States lay a tax upon the American people, but here we are asked to give the power to the Secretary of Agriculture, who never received a vote in his life, and will never have to answer to the people. I say to Senators, that is the beginning of the end of representative government in the United States. If I cannot be represented, if I cannot hold the man who taxes me to answer to me, I have the word of the Constitution itself, and of the Supreme Court, as to what happens. The Supreme Court declares that the only real check on the taxing power is the answerability of the taxing power to the people, and that it will not look behind it. In case after case it has said that. Yet here is a man who does not answer to the people, and here is the end of tax limitation.

Mr. President, that is not the worst of it. The most singular thing to me is that we not only would give him the taxing power, uncontrolled and unchecked, but we would give him the appropriating power. Here is a great fund. None of us knows how much it is; some say $500,000,000, some $800,000,000; I do not know. I will take one or either or both. Who distributes it? The Secretary of Agriculture. Who gets it? Whoever he says gets it. He can take every dollar that is derived from tobacco and give it to the cotton farmer. He can take every dollar derived from cotton and give it to the wheat farmer. He can take every dollar taken from the hog processor and give it to the rice people. There are no limits, no checks, no balances.

I did think, Mr. President, that if anything was secure in the United States, it was the system of checks and balances fixed in the old Constitution. And here we are asked to throw the power to tax and the power to appropriate into the hands of a man who is not responsible to the people. Arbitrary? Uncertain? We will never know how much the tax is to be from one month to the next. It is in his sole discretion.

Mr. President, on top of that, it is proposed to have every industry in the United States which deals with these articles come humbly upon its knees to the Capital here at Washington, crawl the steps of the Department of Agriculture, and ask the Secretary for a license to do business. He says that by means of that license he will make them behave. That is in the testimony here.

Mr. President, I want to know when the American people were looking for a taskmaster. When did we ever get to the point where we would put a man up with the supreme power of taxation, and the supreme power of appropriation, and tell him that we and our fellow citizens do not intend ever again to do business except at his leave and with a license from his hand? That is in the bill.

I spoke just now about liberty, and there is some more to be said about liberty, there is some more to be said about the character of the American Republic. I say, Mr. President, she has a character that was built in the hearts of the fathers. She has a character that was created by 140 years of glorious history; and, when we put a taskmaster over the people, and allow him to lay the taxes which he wishes to lay, and make the appropriations which he wants to make, and issue the licenses he chooses to issue, I say with great lamentation, and I regret to say it, she has lost her character; she is not the old Republic; she is not the ship of state our fathers knew; she is not the vessel to take us through this night and storm.

What further? It is proposed in this bill, Senators, to lay taxes not for the Government and not for public purposes. I have the decisions here, but I am not going to trouble Senators or the RECORD with them. The definition of taxation is so elementary that it never occurred to me that any human being would conceive of taxes in the United States as anything except something for the support of the Government in its public functions as established by the Constitution. We always thought the welfare clause in section 8 and the first paragraph was a limitation on taxation. If this bill goes through and the Supreme Court sustains it, the welfare clause will from thenceforward on be the authority for taxation. That is where we stand, and on that point I should like to make a remark in passing. When we convert the welfare clause into authority for taxes rather than a limitation upon taxes, we have removed the last limit upon the taxing power.

Assume that the tax will come to $600,000,000. It was a courageous thing, it was a great demand made upon the Congress, it was very noble in the President to call upon us to pass the Economy Act. Every man here had to go through it in a sacrificial sort of spirit just as the President did. We thought we had a defense for it. I thought I could go home and tell the boys whose allowances were being cut down, tell the widows whose allowances were being cut down that I was sorry, but that it was a necessity of the great Government which they loved and for which the boys had fought. I thought I could make that argument.

Pass this bill and put $600,000,000 taxes on the consumers of the United States and where is the argument? If it was necessary, in the interest of this hoped-for recovery and the welfare of our Government, to take from 400 to 800 million dollars off the backs of the people, by what reasoning do we propose now calmly to put that tax right back on them and in a worse way than it was before?

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. MCADOO in the chair). Does the Senator from North Carolina yield to the Senator from Illinois?

Mr. BAILEY. Certainly.

Mr. LEWIS. I would ask the able Senator from North Carolina if he has had time to make comparisons between the provisions of the pending bill, at which his able address seems to level criticism, with the bill for the establishment of the War Industries Board and the procedure which followed it under the Wilson administration? Where is the difference between the two?

Mr. BAILEY. I must say that I have not made that comparison, and I would not undertake to make a comparison of this measure with any other measure growing out of conditions existing during the World War. I think some of us have gotten into a strange state of confusion in that we argue many things here in time of peace as if we were in a state of war. The war acts are not precedents.

Mr. LEWIS. May I not ask the eminent Senator from North Carolina if in the present condition of this country and the needs and demands of its people the situation is not parallel to that which exists in time of war?

Mr. BAILEY. I answer the Senator by saying by no means, and perhaps it is the opposite. America was prosperous during the war; we were making money as we rarely had ever made it. Cotton was selling at $200 a bale during the war; it is selling now at $30 a bale. There never was such a tide of prosperity in any land as we had during the war. This is a depression, and present economic conditions are entirely opposite from those which then prevailed. I hear men say that our present situation is worse than war. It may be, but granted that it is worse than war, how does that argue that precedents under the National Defense Act, when the Government really has supreme power, the Constitution not being abrogated but concentrating on defense, all authority being thrown into the saving of the country against insurrection or the invader, justify us in similar measures in time of peace when we are confronted by economic problems and difficulties?

Mr. LEWIS. May I take the liberty to refresh my mind or find myself in error? The high price of cotton at the time to which the Senator alludes was not because it was cotton but because as cotton it was a constituent element of munitions of war.

Mr. BAILEY. I beg the Senator's pardon. Wheat went up practically in the same way, and the Government had to stop its rise.

Mr. LEWIS. The rise in the case of wheat was due to a similar cause, that it was a necessity for all the soldiers engaged in the war, which made a larger demand than ordinarily.

Mr. BAILEY. No; I will go farther, and say that land went up in the same way.

Mr. LEWIS. That was because it produced the wheat, as well as the cotton.

Mr. BAILEY. Very well. Poultry went up in the same way; beef went up in the same way.

Mr. LEWIS. May I not ask the Senator if it was not the exigency of war that caused it?

Mr. BAILEY. I have no doubt that the war was the underlying cause. I am not dealing with that difficulty at all, but am simply trying to answer the suggestion as to cotton.

Mr. LEWIS. May I ask the Senator if in time of peace we may not take the doctrine of taxation, to which he addressed himself in the way of criticism, laid down in the *Oleomargarine case?* Did not the Government in that case adopt the method and exact form of taxation now proposed, and was it not sustained by the Supreme Court of the United States?

Mr. BAILEY. I realize that that act was sustained, as a number of other acts of similar character were sustained, and that they may be, in some sense of the word, in the nature of precedents, but by no means can we make the leap from the tax on oleomargarine or from the decision in the *Oleomargarine case* to the pending measure which seeks to put taxes not on articles such as oleomargarine, not as contrasted with some other articles, but to put taxes upon articles enumerated, ranging from 33 to 150 percent; and not for the support of the Government, not as a matter of inspection, not as a matter of preventing the sale of a deleterious article, but wholly as a matter of revenue for the purposes of public distribution or group distribution. I think there is a very wide difference.

Mr. LEWIS. The Senator does not recognize, then, that this tax is proposed to be levied for the benefit of the Government in order that the Government may preserve its citizens.

Mr. BAILEY. I would very greatly restrict that. I just made some remarks on the welfare clause apropos of just what the Senator is saying; but the tax here proposed is not a tax for the Government; it does not go to the Government. The Government collects it and agrees on the face of the bill to send it, distribute it to a certain group.

The Government's functions are described in the Constitution. We are all familiar with what the Government has to do. This is not a governmental tax in that sense at all. This is a tax to gather a bounty to be paid to the farmers at the will of the Secretary of Agriculture as he may say when, how, and how much. It does not relate at all to the functions of the Government.

Now, Mr. President, we crown the whole structure with a marvelous bureaucracy. Here is the Democratic Party, which went out on ten thousand stumps in 1930 and 1932 and brought down all the curses of heaven upon bureaucracy everywhere. Now look at the one which will follow the enactment of this bill. We have some bureaus in Washington; we have had some before; but under the one now proposed, every industry is answerable to the Secretary of Agriculture; every farmer is dependent upon him, and there is a horde—how many I cannot estimate; 30,000, 50,000, 100,000—of agents, inspectors, collectors, and accountants, going forth to run agriculture and the industry of the land, all of it answerable to a bureau at Washington, and a bureau not elected by the people.

I think it was a former Senator, James A. Reed, of Missouri, who described the officeholders under the Republican administration as more multitudinous than the lice of Egypt and more pestiferous than the frogs and grasshoppers that drove Pharaoh to desperation. I invoke his spirit when we are about to create this bureau, the spirit of one who stood for simplicity of government, who denounced bureaus, and strove to reduce their number.

Mr. President, I have given my reasons. I am going to sum up just a little now by saying that, while I feel, in all probability, the bill will pass, I am comforted by two facts: One is that the President himself claims nothing for the bill and he promises to revoke it after the damage has been done; if it proves a failure, he will be the first to come into court and take it back. But it does not do a dead man's friends much good to have the doctor come in and admit his mistake.

The other thing that comforts me more than that is this: I know that the common judgment of the Senate of the United States is against this bill. I may appear to vote with the minority, but my heart will be with the hearts of the majority. I have never since I have been here heard a bill advocated on this floor with less enthusiasm and denounced in the cloakrooms with more ardor than this one has been. Somebody ought to go up to the White House, and, with great respect and with utter friendship such as I have for the President, tell him in solemn truth that that is the fact.

Mr. President, I read the moving story the other day of that disaster in the air, the wreck of the *Akron*. The testimony in the court of inquiry was very simple. The discipline was perfect; the men on board were strong, noble men; the captain was a good captain, and the admiral himself was there. They were not wanting in brains; they were not wanting in courage; and it seemed to me a tragic sort of thing that that majestic ship and those seventy-odd men, caught in a storm that appeared to surround them on every side, should, by some strange fatality, take precisely the wrong direction at precisely the moment of destruction. The whole explanation, Mr. President, of the wreck of the *Akron* is that instead of going west the ship turned east, was caught in the center of the storm, and in the twinkling of an eye all was lost. I have, Mr. President, some sense of responsibility here. After 45 months of struggle with the great storm that sweeps our country, and in a great measure all the world, with its darkness and its night, I have some sense of the crucial character of the hour, and I have a profound feeling that it cannot last forever; it cannot last much longer; and if now we take the wrong direction, who can answer for the consequences?

I have sometimes thought lately, Mr. President, that there might be on the skies a little cloud the size of a man's hand, from which we could take hope that the long drought is to pass. If I may change the figure, I have read the newspapers recently of the increase in carloadings; I have seen the price of cotton a little stimulated; I have seen price of hogs rising just a little; I have seen the price of wheat leap rather remarkably and corn even more remarkably. As I read the figures of commerce, I said, "Well, after all, the tide that left us in 1929, that swept out in such a flood and so far to sea and left the shores with us upon them, so dark, drear, and forbidding; the tide that swept so far and left all of us in such a dread and hopeless state must again return"; and I thought that in these prices I could see the little silvery ripple, such as one may mark along the shoreline of our Atlantic, and marking, note a freshness and a color there that tells us at last the tide has turned, and hour by hour will rise until it floods again and all the dark and forbidding shore be swept with light and joy. It is not beyond the possibilities, Mr. President, that after 45 months, nearly 4 years, of ebbing tide we stand now at the return of the flood, and if we do, and then a fatal mistake shall be made, neither ourselves nor those who come after us will ever be able to justify it or make a sufficient apology for our existence.

So, Mr. President, I come now to the point of the better remedy, as I promised the Senator from Texas I would. Is there a better remedy? Is there a remedy in America available to the Congress and to the American people which will meet the demands of $11,000,000,000 of debts and from 250 to 1,000 percent increase in taxes? Is there a hope that

the farmers of America can make such profits on their harvest as will enable them to pay their debts? That has been the problem from the outset. I know that I am going to tread on dangerous ground, but I am going to tread carefully.

I read the report of the committee. The committee was not satisfied with the bill. The committee dared to utter the word "inflation", and I wondered at its courage. I think we have fallen under a misapprehension on that subject. I am not an advocate of inflation in the wild or incontinent and foolish sense, and no other man in the possession of his senses could be. We have here in the library, and I have read a great deal of it, the story of inflation in Belgium and France and England and Germany following the conclusion of the Great War. The German inflation was a deliberate plan of a deeply indebted and hysterical government, indebted to its own people, to extinguish as rapidly as possible its debts. It was a policy of wreck and ruin, and while there have arisen in Germany since then some 25 political parties and there have been many campaigns, every party in every campaign has stated as a principal plank in its platform that there shall be no such inflation as that.

When men talk to me about inflation in those terms, I think of the German experience. I have heart that there can be a measure of regulation of our currency of the dollar value—no longer the gold value, but the dollar value now, for we are off the gold standard. There can be a measure of regulation, I think within the laws now on the books. That will not be inflation in the German sense, which we all abhor, but will correct the course of the deflation that has ruined us all. Tell me the plummet sank 6 feet below level whereas it should have been 6 feet above, and I might at least have the right to bring the plummet back to the level.

Here are the conditions now existing in our land for that sort of inflation—I mean now in the sense that the President used when he uttered the expression, "Sound and adequate currency." Here are the conditions: The floating debt of our Treasury today is approaching $7,000,000,000. That debt will never be funded except by inflationary methods. It cannot be done. The power is not here. The realities are not here. Congress has appropriated $500,000,000 for relief of the destitute to be paid probably within a year. We have in the bill now before us $2,000,000,000 for refinancing the farmer. We have another bill for refinancing the home owners on a different plan, but calling for considerable money. Altogether, the American Republic is face to face with the fact that it has to handle something like $10,000,000,000 of floating debt. That is what it will be—not a dollar from the taxpayer as such, but all from the taxpayer in the long run, to be sure.

If we should move in that direction—and we have got to do it sooner or later—if we will come to meet that situation in the only manner in which it can be met, we will have all the inflation as the crops come in that is necessary to restore prices to a reasonable normalcy. We will cut down the debts, cut down the taxes, and lift the commodity values. There is no trouble about that. Walter Lippmann, the publicist, was denouncing that sort of thing 3 months ago, and in last Sunday's paper he is advocating it. Arthur Salter, the economist of the League of Nations for 12 years, and recognized as probably the foremost of all the economists of Great Britain, had an article in the New York Times of last Sunday in which he attributes the improved condition in England to precisely that sort of inflation—a drop in the pound value with which we are all familiar.

Adam Smith, the father of political economy and to whom we can look, notwithstanding many events and many changes, with more assurance even now than we ever could look to anybody that has written since, has laid down in his book, The Wealth of Nations, that it is always in the power of a king or government to regulate money and to increase prices. It must be controlled. It must be held in hand. It is held in hand in England. It is held in hand in France. It is held in hand in Germany. It is being held in hand in the United States of America at this moment.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from North Carolina yield to the Senator from Kentucky?

Mr. BAILEY. I yield.

Mr. LOGAN. Does the Senator know of a single historical instance where the commodity prices were ever forced up in any way save through the inflation of currency in some manner such as has been indicated?

Mr. BAILEY. I take the point of the suggestion; but when I come to tell what I know about anything so broad, I hesitate to make a statement.

Mr. LOGAN. Let me ask the Senator if he is not acquainted with many efforts during the last two or three thousand years to force prices up by some method of legislation such as we are now considering, but does the Senator know of any instance when it ever succeeded permanently?

Mr. BAILEY. No, I do not think we could predicate anything by saying with a view to a permanent and lasting set-up. I am not dealing with that, and the bill is not dealing with it. I am dealing with the immediate necessity of enabling producers of raw material, the providential wealth of our land, for that is what it really is, to receive a return from their products comparable to the return they received before the infernal deflation set in. I am trying to correct it. I do think that we can strike a balance that will be, so far as you and I are concerned, a permanent thing, but I am not going to guarantee a great deal for any great period of years, because I know that is a vain undertaking in a world like this.

Mr. LOGAN. Is it not the opinion of the Senator that we can accomplish all that it is sought to accomplish by this bill and by other similar bills now pending by an inflation or expansion of the currency? Is not that the only feasible and sensible way to increase commodity prices?

Mr. BAILEY. That is just what I am urging.

Mr. LOGAN. I am agreeing with the Senator.

Mr. BAILEY. I am saying we cannot guarantee permanently anything of that sort, and I am not going to try to guarantee permanency in anything in a world that is as temporal as this one.

Mr. LOGAN. About the only thing that is permanent is human misery, and that has always been with us. We have been trying to correct it throughout the ages, but so far it appears we have not made very much progress.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Utah?

Mr. BAILEY. I yield.

Mr. KING. Does the Senator think any great increase in currency without its being employed in commercial and industrial activities would be of much avail?

Mr. BAILEY. Let me interrupt the Senator. I am not subscribing merely to the quantitative theory of currency. That is only part of it. I spoke of the $10,000,000,000 that we will have to raise in one way or another, and that will go into circulation. We have to have not only quantity, but we have to have circulation, and then we have to have velocity of circulation. I would not give a straw for $100,000,000,000 of paper dollars stuck down yonder in the Treasury. I want to make that perfectly clear.

Mr. LOGAN. Mr. President, if the Senator will yield further——

Mr. BAILEY. Certainly.

Mr. LOGAN. Simply an increase in the quantity of currency, unless there is some method to get it into the hands of the people in some legitimate way, would be of no assistance. Of course velocity of circulation has as much to do with it as the quantity of the money outstanding.

Mr. BAILEY. It is like a river. If the river does not run, it is a pond. The minute it begins to run, it is a river, and the faster it runs the more power there is in the river.

Mr. KING. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Utah?

Mr. BAILEY. Certainly.

Mr. KING. We have an illustration at hand. Many banks today have larger resources and a larger amount of currency than they ever possessed, but it does not flow out into the channels of trade and commerce. It does not add to the happiness, prosperity, or production of the American people. What we need is a safe and sound currency, an adequate currency, a currency that will be used in industry and employment to furnish work for the great masses of the people.

Mr. BAILEY. I thank the Senator. The sooner the money piled up in the banks gets into circulation in profitable enterprise, and no other, the better for the country. I could make a speech at this point on that subject, but I am not going to detain the Senate. I am simply going to say that as long as the Senate of the United States—and I say it with every respect—pursues a policy that is always threatening business and industry, we cannot hope that human beings will put their money into those institutions. They will hide it in the vaults; and when the vaults give way, they will bury it in the ground, and they will be wise to do it. I say that with great emphasis, but it should be so said.

Mr. LOGAN. Mr. President, will the Senator yield again?

Mr. BAILEY. Certainly.

Mr. LOGAN. In speaking, however, of the protection of business, would the Senator make that superior to the happiness of the great masses of the people which must likewise be protected?

Mr. BAILEY. I am glad the Senator asked that question. The happiness of the American people is always dependent upon the prosperity of enterprise. May I say to the Senator from Kentucky that it is not a mere matter of which one of the two we seek to make happy. If I had the magic wand to make a million children happy, I would rather do it than to make the Senator from Kentucky happy, and he would be glad for me to make that choice. But that is not the question here. Will the Senate hear me when I say this? The number of men employed is always measured by the number of dollars invested.

Mr. LOGAN. I assent to that. That is true.

Mr. BAILEY. All right. Now, if we want to make the unemployed man happy, or the employed man happy, let us follow a course in this Congress that will make men feel like putting their money into enterprises. We now tax them out of confidence, we ask them to build factories and then make it impossible for them to succeed. We fix prices, we limit hours, we regulate, and pile on the taxes. I do not wonder that they seek the ways and means of extricating their capital from such a situation, lest it be taken from them.

Mr. LOGAN. Mr. President, will the Senator yield further?

Mr. BAILEY. Yes; certainly.

Mr. LOGAN. I do not believe the Senator means to say that capital should resent the attempts of Congress to pass laws regulating the activities of capital. I do not believe the Senator means to convey the idea that the Senate and the Congress ought to keep their hands off big industry and capital, and make no attempt to restrain it, and prevent its exploiting the poor.

Mr. BAILEY. I am satisfied with the Senator's statement. I do not mean to say anything foolish while I am in the possession of my senses. That would be foolish for anybody to say.

Mr. LOGAN. Does the Senator think there have not been many who have advocated in the past, and many who are advocating now that we ought never to touch the big business of the country, that money is sacred, and that Congressmen and Senators have not sense enough to legislate about big financial institutions? There are many who believe that; many adhere to it, and many preach it, but I cannot agree to any such doctrine as that.

Mr. BAILEY. I am sorry that the memory of the Senator is so short, and that my speech is so long. It has not been long since I was saying that it had been one of the supreme efforts of the English-speaking people to prevent monopolies and unreasonable restraints upon trade. I will go with the Senator anywhere for a reasonable and a righteous supervision of the Government over commerce. We have that. I hate fraud, and I will stay the hand of greed, and you will, too. But——

Mr. BONE. Mr. President——

Mr. BAILEY. Let me finish, if you please. But that is quite a different proposition from the proposition now, and the proposition of the last several years, I may say, which has kept practically every business man in America in terror of the tax gatherer and the meddler. We know about that.

The Senator asked me if I was encouraging capital not to invest money. The feeble words I might say would serve no purpose. I am telling you now that nobody will invest money in a land where the Government tells you how long a man shall work, threatens to fix his wages, and leaves the employer to the mercies of the politician to get a return on his capital. No, sir! I think one of the great points in the turn of the tide of this depression would be the adoption by the United States Government of a policy that would induce men who have money—I do not mean especially the rich man, but the man with $500, or the man with $10,000, or the man with a million dollars—that would induce them to put it out, and give them some assurance that if they did it would not be taken up with taxation and regulation.

Now I am glad to yield to the Senator from Washington.

Mr. BONE. Mr. President, the Senator made one statement that interested me greatly. I desire to ask him if he feels that he is accurate in that statement. Perhaps I misunderstood him; but I believe he stated that the number of men employed in industry is proportionate to the investment.

Mr. BAILEY. In direct ratio; yes.

Mr. BONE. In the light of what is now happening in the world of industry in the perfection of machinery, I wonder if the Senator feels that that is a wholly accurate statement.

Not long ago I walked into a factory where 10,000 men formerly had been employed in the process of producing automobile frames. I saw those men supplanted by the introduction of a great machine by means of which now 200 men turn out these 10,000 automobile frames. I have seen the same process employed in the production of hydroelectric energy. I have seen the step-up, the increase in the tempo of production, within the past few years. It has become the outstanding phenomenon of our industrial life; and I wondered if the Senator really meant his statement in that way.

Mr. BAILEY. I will say to the Senator that he is going to see a great deal more of it. The more we meddle with business the more it is going to be induced to employ machines rather than men. The effect of the 30-hour law that we passed the other day is going to be to put the man with capital to the necessity of getting some sort of a machine that is not subject to any laws, that can run all night and all day—and, unfortunately, we have that sort of machines in the world now.

I will answer the Senator, however. The statement I made was simply the old statement of political economy that I do not know has ever been challenged. I do not think the Senator here meant to challenge it. This is the formula: The number of men employed is in direct ratio to the amount of capital invested.

Mr. BLACK rose.

Mr. BAILEY. Now, wait. I see the Senator is going to spring, but probably I can anticipate somewhat. I know that with the development of machinery and the bringing in of motors the ratio as of the time prior to that must undergo a readjustment; but in the new condition the same rule applies with the same force.

Now, hear me further:

How could men be employed if capital were not invested? How could a man work in a mill if somebody had not subscribed to its stock? How could a man work in a print shop if somebody were not running it with capital? Why, it is self-evident. How could a man build a house as a

carpenter unless somebody were back there with capital to pay him his wages? And, of course, if you go into the philosophy of it, you will find that the capital is the wage working in one way and the worker is working to make the wage in the other way, and both are working together and neither wanes without the other.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BAILEY. Yes; certainly.

Mr. BLACK. First with reference to the suggestion of the Senator that a reduction of hours will increase the use of machinery, may I state to the Senator that it is a formula as well known and perhaps better supported than the one to which he has referred that in times of depression, when people are out of work, the improvement of machinery is more greatly accelerated than at any other time. But, now, with reference to the formula which the Senator mentions, that the employment of men is directly in proportion to the investment of capital——

Mr. BAILEY. Always in direct ratio; yes, sir.

Mr. BLACK. At the present time we have enough shoe factories in the United States to manufacture 900,000,000 pairs of shoes in a year. The most we have ever sold is 300,000,000 pairs. Does there not have to be an explanation of the formula to which the Senator refers?

Mr. BAILEY. There might be, but I think——

Mr. BLACK. Mr. President——

Mr. BAILEY. Let me answer the Senator at that point.

Mr. BLACK. I should like to add just this——

Mr. BAILEY. I should like to answer the question, may it please the Senator, that he has asked.

Mr. BLACK. I have not finished it.

Mr. BAILEY. I beg the Senator's pardon. The Senator may ask two questions then and I will answer two at once. Go right ahead.

Mr. BLACK. By reason of the fact that today all over America every factory, every type of business, is overbuilt, instead of the employment of men being in direct ratio to the amount of invested capital, the exact opposite has occurred. Because capital has invested more of the products of labor and capital than it should it has thereby deprived labor of its purchasing power which could have been used to purchase the output of factories, and now the factories themselves find that they cannot employ men in direct ratio to the amount of invested capital.

Mr. BAILEY. I do not exactly get the Senator's question. It is just a remark, but I will respond to the remark.

I am well aware of the state of facts that the Senator states. I raise no question about it. Here is, say, a cotton mill worth $5,000,000. There is that much capital invested. The Senator argues that because that cotton mill has $5,000,000 invested, therefore the thing should run and employ men. The Senator was simply saying, just now, that there were a lot of idle mills in the country, and a lot of unemployed people; that capital was invested, and still was not employing anyone. That is what I understood he meant by his remarks. I am willing to be cleared up if I have misapprehended what the Senator said.

Mr. BLACK. What I meant was that it was impossible to state that the employment of men now was in direct ratio to the amount of invested capital or dollars, by reason of the fact that there is an overinvestment of capital in manufacturing enterprises.

Mr. BAILEY. There may be. I will agree that there may be an overinvestment; but that does not affect the rule.

Mr. BLACK. And therefore that the rule cannot apply, by reason of the fact that there would be more men employed today if there had been less money taken from labor to invest in overbuilding machinery and factories, and more of it left to the men to buy the products of the factories. So that the rule cannot fit modern conditions today with reference to the overbuilding of factories.

Mr. BAILEY. Mr. President, neither this rule nor any other rule that I know of should be expected to fit momentary or passing conditions. The whole principle of life is one of variation and exception; but let us get this matter straight.

The capital invested and not employing today is what is troubling the Senator's mind. It is true that capital is invested, but it is gone. The value went. It has shrunk.

Mr. LOGAN. Mr. President——

Mr. BAILEY. Let me finish. I should like to answer one question, and then I will yield to the Senator for another.

When the shrinkage in the value of capital structures occurred in America, the Senator must realize that by a fair estimation more than $100,000,000,000 were withdrawn from investment and disappeared as completely as Banquo's ghost, and that has as much to do with unemployment as anything I know of.

Now, wait. I know the Senator is going to say that one came first, and the other second. Let that go. I will not undertake to discuss that. Whether the hen laid the egg or the egg hatched the hen is an interminable question. I prefer not to get into that. We are dealing with the principles of political economy. We return right back to the proposition that nothing employs labor to any great extent except money invested; and the more the money invested the more the men are employed. I should think that would be so elementary that no question would ever be raised about it; for, as I said just now, on what basis is a human being employed in this world except on the basis of an investment of capital? Even the farmer has to invest capital, and even the tenant farmer has to go on the farmer's invested capital. I think you will find that that applies all the way down. What I am saying is that I have no patience with a line of political action and thinking at a time like this which advises men they must not borrow money because if they do they will lose it, and they must not put it in any investment, whether land or houses or mills, or the tax gatherer will get it. I am not asking people to hoard. I am not advocating that; but when men hide their money away under circumstances of that sort I can but admire their prudence.

Mr. BLACK. Mr. President, will the Senator yield again?

Mr. BAILEY. Certainly.

Mr. BLACK. I agree with the able Senator fully in a part of what he has said, that capital will not be invested unless there is some hope of obtaining a profit in our capitalistic system.

Mr. BAILEY. I am in favor of the capitalistic system. I am glad to say that.

Mr. BLACK. So am I.

Mr. BAILEY. This is the system we have, and I am glad the Senator is in favor of it.

Mr. BLACK. I am not in favor of the abuses which have grown up, and I am not willing to sit silent and permit the capitalistic system to destroy itself by reason of a blind adherence to old forms.

Mr. BAILEY. Perhaps the capitalistic system might be heard now and then to cry out, "God save us from our friends."

Mr. BLACK. I think the Senator is correct; I think it could cry out in loud tones, "God save us from our friends who are not willing to recognize that abuses are destroying it and eating at the very vitals and fundamentals of our Government."

What I started to say was this: There is no question about the sufficiency of the money in the banks, as the Senator has said, if it can be invested in some place where it can be utilized to the profit of the investors. But in what particular line of industry is it to be invested? If we must permit people to work others 15 hours a day, or 12, or 16, or whatever they want to work them, where may money be invested in any factory where the industry is not overbuilt? The cotton factories are overbuilt, the hosiery mills are overbuilt, the shoe factories are overbuilt, every other line of endeavor in this country is overbuilt. Therefore until there is some operation whereby the purchasers may buy the output of the factories so that more money needs to be invested, of course industries cannot expand. So I say that today the number of people at work is by no means in direct ratio to the amount of capital invested in business. It can-

not be, because there is all that surplus capital that has been invested in business which cannot sell its products.

Mr. BAILEY. Mr. President, the Senator rose to ask me a question, and he has made several affirmations and no interrogatory, so I feel I ought to thank him for his commentary.

Now, I yield to the Senator from Kentucky.

Mr. BLACK. I am glad to have added to the Senator's remarks.

Mr. BAILEY. I am very much obliged.

Mr. LOGAN. Mr. President, I want to make this suggestion to the Senator, that the rule to which he has adverted about the investment of capital and the employment of labor is perfectly sound, and no one can dispute it. But I believe it should be modified, and probably has always been, and that is understood, that it implies capital wisely invested and not capital that is unwisely invested.

Mr. BAILEY. I should say there that the rule would be, if the Senator wants to make it very strict, that it implies capital profitably invested.

Mr. LOGAN. That would be better. Then one other thing, and I will not trouble the Senator any further. I simply desire to remind the Senator that the trouble with Banquo's ghost was that it would not disappear, instead of not appearing, as suggested.

Mr. BAILEY. I would say that this is the first human being I have seen who has seen it. I was very much amazed. I thought he had finally disappeared. But perhaps he walks the watches of the night in Kentucky, certainly not elsewhere. [Laughter.]

Mr. President, I said just now that I was for the capitalistic system. I wish to make that perfectly clear. I did not intend to dwell on it. The American system is not essentially the capitalistic system. Capitalism in America is an incident of the character of the Government. Capitalism is an incident of liberty. I am for the liberty system. Individualism implies capitalism. Collectivism destroys both liberty and capital. I think that ought to be very simply said and very easily understood.

When I attach myself to the right of personal security, to the right of personal property, to the right of personal liberty, I lay the foundations of the individualistic system, and one of the incidents of that system is capitalism. We have to make a choice in the United States. I think sometimes we are pretty close to it. We are closer to it than we suspect. We have to choose in this land whether this will be a collectivism Government negativing the liberties, or an individualistic Government affirming the liberties. The Constitution, thank God, still affirms the liberties.

Mr. President, I do not read the preamble of the Constitution for nothing.

To secure the blessings of liberty to ourselves and our posterity.

I think I know what that means. That does not stop with the writers of that Constitution. That stretches through 3,000 years, culminating and flowering in the English civilization first. I could go back to Cicero himself in the Roman Senate, who cried out, "Preserve, O Romans, the liberties which the fathers have won for our inheritance."

Mr. President, I have finished. I am very grateful to the Senators who have listened to me and discussed the matter with me. I wish to come very quickly to my conclusion.

The pending bill strikes at the character of the Government. It serves no good purpose for the farmer. It is an impossibility which contradicts itself; an anachronism.

I feel that it is a very solemn thing for us here, in the springtime, and knowing that the harvest is to come next fall, to set out upon a course which would do nothing for the farmer when he gathers his wheat or picks his cotton or grades his tobacco. I should like to go a way that would mean something for him. I would rather do that than anything I know. But next to that and in its way above that, incomparably above it all, I think we have the character of the Republic at stake in this series of measures we are carrying on here and considering, and I think this one vitally strikes at the character of our Republic.

Mr. President, I conclude with just one remark. It was just about a hundred years ago in this city that Andrew Jackson was President of the United States. It was a troubled time. At a banquet his friends proposed to him a toast, not knowing what he would say, the toast being "The American Union." The President, the soldier, the patriot, answered, "It must be preserved."

I propose another toast to America, to the Senate: "The character of the American Union: it must be preserved."

IMPEACHMENT OF JUDGE HAROLD LOUDERBACK

The VICE PRESIDENT. The hour of 12:30 o'clock having arrived, the Senate is now sitting as a court in the impeachment of Harold Louderback, United States district judge for the northern district of California.

The managers on the part of the House of Representatives were announced, and they were conducted by the secretary to the minority to the seats assigned them.

The respondent, Harold Louderback, accompanied by his counsel, Walter H. Linforth, Esq., and James M. Hanley, Esq., entered the Chamber and took the seats assigned them.

The VICE PRESIDENT. The Sergeant at Arms will make proclamation.

The Sergeant at Arms made the usual proclamation.

The VICE PRESIDENT. The Journal of the proceedings of the last session of the Senate sitting for the trial of the impeachment of Harold Louderback will now be read.

Mr. ASHURST. Mr. President, I ask unanimous consent that the reading of the Journal of the previous sitting of the court be dispensed with, and that the Journal be approved.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Chair lays before the court a resolution from the House of Representatives, which will be read.

The resolution (H.Res. 108) was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
April 17, 1933.

Resolved, That a message be sent to the Senate by the Clerk of the House informing the Senate that the House of Representatives has adopted an amendment to article 5 of the articles of impeachment heretofore exhibited against Harold Louderback, United States district judge for the northern district of California, and that the same will be presented to the Senate by the managers on the part of the House.

And, also, that the managers have authority to file with the Secretary of the Senate, on the part of the House, any subsequent pleadings they shall deem necessary.

The VICE PRESIDENT. Have the managers on the part of the House any suggestions to offer?

Mr. Manager SUMNERS. Mr. President—

Amendment to article 5 of the articles of impeachment by the House of Representatives exhibited against Harold Louderback, judge of the United States in and for the northern district of California:

Article 5 is amended to read as follows——

The VICE PRESIDENT. The clerk will read the amendment unless the managers on the part of the House desire to do so.

Mr. ASHURST. Mr. President, with no intention to violate any rule of procedure, and affirming the greatest respect for the honorable managers on the part of the House and the honorable attorneys on the part of the respondent, I ask unanimous consent that the reading of the amended article, or the article made definite and certain, be dispensed with for this reason: The honorable managers on the part of the House have caused to be printed at length in the CONGRESSIONAL RECORD of yesterday's proceedings, and it appears on our desk today, the amended article in extenso; and tomorrow morning the appropriate officers of the Senate will reprint the said amended pleading in the pamphlets which will be placed on our desks.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona? The Chair hears none.

The amended article is as follows:

AMENDMENT TO ARTICLE 5 OF THE ARTICLES OF IMPEACHMENT BY THE HOUSE OF REPRESENTATIVES EXHIBITED AGAINST HAROLD LOUDERBACK, JUDGE OF THE UNITED STATES IN AND FOR THE NORTHERN DISTRICT OF CALIFORNIA

Article 5 is amended to read as follows:

"Article 5

"It is intended by article 5 to charge, and it is charged, that the reasonable and probable result of Harold Louderback's action in his capacity as judge in making decisions and orders in actions pending in his court and before him as said judge and by the method of appointing receivers and attorneys for receivers, by appointing incompetent receivers and attorneys, by his relationship and transactions with one Sam Leake, and by the relationship and transactions of the said Sam Leake with such appointees of the said respondent made possible and probable by the action and attitude of the said Harold Louderback, and by displaying a high degree of indifference to the interest of estates and parties in interest in receiverships before him and his court, and by displaying a high degree of interest in making it possible for certain individuals and firms to derive large fees from the funds of such estates, has been to create a general condition of wide-spread fear and distrust and disbelief in the fairness and disinterestedness of the official actions of the said Harold Louderback, and to create by his said acts, deeds, and relationships, contrary to his individual and official duty, a favorable condition and a cause for the development naturally and inevitably of rumors and suspicions destructive of public confidence in and respect for the said Harold Louderback as an individual and a judge to the scandal and disrepute of his said court and the administration of justice therein and prejudicial generally to the public respect for and public confidence in the Federal judiciary. Wherefore, the said Harold Louderback was and is guilty of misbehavior as such judge and of misdemeanors in office.

"It is hereby alleged and charged that the conduct of said Harold Louderback, as alleged in articles 1, 2, 3, and 4, and as hereinafter alleged, in its general and aggregate result has been such as reasonably and probably calculated to destroy public confidence insofar as he and his court are concerned in that degree of disinterestedness and fidelity to judicial duty and responsibility which the public interest requires shall be held by the people in the Federal courts and in those who administer them, and which for a Federal judge to hurt or destroy is a crime and misdemeanor of the highest order;

"First, specifying as indicative of and disclosing the character and judicial attitude of said Harold Louderback revealed by his acts and official conduct to the people among whom he has jurisdiction, and the cause for the loss of public confidence of the bar and people of the northern district of California and particularly of the city of San Francisco, where the principal business of such court is transacted, on or about December 19, 1929, the said Harold Louderback appointed one Guy H. Gilbert receiver of the Sonora Phonograph Co., a going concern extensively engaged in the business of receiving and distributing radios and phonographs, the said Guy H. Gilbert being a personal and political friend of the said Harold Louderback, and an intimate friend and financial contributor to one Sam Leake, hereinafter referred to, the said Harold Louderback knowing at the time of such appointment that the whole training and experience of the said Guy H. Gilbert had been as operator and employee of a telegraph company, and the said Harold Louderback at the time of such appointment knowing with certainty that the said Guy H. Gilbert was without qualification to discharge the duties of such receivership, that the said Guy H. Gilbert was appointed such receiver by the said Harold Louderback without regard to the interest of such estate in receivership and in disregard thereof and of the interest of creditors and parties in interest and in violation of the official duty of the said Harold Louderback. That the said Gilbert after said appointment continued in his regular and usual duties and employment as employee of said telegraph company, drawing his accustomed salary during his employment of approximately 6 months as such receiver and received for such services from the funds of the estate of said Sonora Phonograph Co. the sum of $6,800, all of which facts became the subject of newspaper comments and matters of common knowledge throughout and beyond the northern judicial district of California, to the hurt of public confidence in the said Harold Louderback, judge of said court, and to the hurt and standing of the Federal judiciary. It also became a matter of newspaper comment in connection with that receivership matter and others, that theretofore, about 1925 or 1926, the said Gilbert had been appointed by the said Harold Louderback when the said Harold Louderback was a judge of the Superior Court of California, an appraiser of certain real estate, the said Harold Louderback well knowing at the time of such appointment that the said Gilbert was without any qualification to appraise the value of such real estate, and in truth the said Gilbert never saw said real estate and that the said Gilbert did not undertake to assist in the appraisal of said real estate, only signing the report which was presented to him, for which services he was allowed the sum of $500.

"The said Gilbert was also theretofore appointed receiver by Harold Louderback in the Stempel-Cooley case in 1929, bankruptcy, collecting during 3 or 4 months $12,000 rents for which he was allowed a fee of $500. In this matter, after conversation with the said Sam Leake, the said Gilbert appointed as his attorney one John Douglas Short, who was an employee in the law office of Erskine & Erskine.

"The said Short was afterward, in March 1931, appointed attorney by one H. B. Hunter, receiver in what is known in this proceeding as the "*Russell-Colvin Co. case*", and which will hereinafter be specified with reference to. In the said *Russell-Colvin case* the said H. B. Hunter, having been appointed such receiver by the said Harold Louderback, at the suggestion of the said Sam Leake, who theretofore had suggested to the said Gilbert the appointment of the said John Douglas Short in the *Stempel-Cooley case*, and the said H. B. Hunter, after his appointment as such receiver, appointed the said John Douglas Short as his attorney in said *Russell-Colvin case*, the said Harold Louderback allowing the said John Douglas Short the sum of $50,000 on account as attorney for said receiver, H. B. Hunter.

"Preceding the appointment of the said H. B. Hunter in the said *Russell-Colvin case* the said Harold Louderback had appointed one Addison G. Strong to be receiver therein, who, because he would not designate as his attorney the said John Douglas Short, as claimed by the said Addison G. Strong, or either the said John Douglas Short or certain other attorneys, as claimed by the said Harold Louderback, the said Addison G. Strong was summarily dismissed as receiver and the said Hunter appointed in his stead, who, on the same day of his said appointment as receiver by the said Harold Louderback, tendered to the said John Douglas Short the attorneyship in said receivership matter.

"On the 25th day of March 1931 one W. L. Hathaway, father-in-law of the said John Douglas Short, advanced as a loan to the said Sam Leake the sum of $1,000 in cash, and 2 days thereafterward the said John Douglas Short, in an involved family transaction, paid to the said W. L. Hathaway, from the compensation received as attorney in the Russell-Colvin Co. matter, the sum of $5,000. Three months later the said Hathaway gave to the said Leake the further sum of $250.

"When the said Harold Louderback appointed the said H. B. Hunter, as aforesaid, receiver in the said *Russell-Colvin Co. case* at the suggestion of the said Sam Leake, and the said Hunter in turn appointed the said John Douglas Short attorney for him in the *Russell-Colvin Co. case*, he, the said Harold Louderback, resided at the Fairmont Hotel in a room registered and held in the name of the said Sam Leake, such arrangement being effected in conspiracy between the said Harold Louderback and Sam Leake to aid the said Harold Louderback in carrying out a certain plan and design, the said Harold Louderback pretending to reside in Contra Costa County, while actually and in fact residing in the city of San Francisco at the Fairmont Hotel in a room registered in the name of the said Sam Leake, the purpose and design of which arrangement having to do with the possible venue of a legal action which the said Harold Louderback contemplated might be brought against him. To further strengthen and add color to this pretended residence in Contra Costa County the said Harold Louderback registered as a voter in said Contra Costa County in violation of the laws of California, all of which transactions by the acts and conduct of the said Harold Louderback are involved in and mixed up with the official status and standing and transactions of the said Harold Louderback and are known to the people of the northern district of California and beyond such district to the disgrace and discredit of his office and to the hurt of public confidence therein and of the Federal judiciary. Thereby, as a result of such transactions, putting himself under obligation to, dependent upon, and under the influence of the said Sam Leake in a manner and to a degree utterly inconsistent with that required by the public interest of a Federal judge, and thereby putting himself, the said Harold Louderback, in an attitude with regard to obedience to law and the rights granted to litigants by the law and with regard to the standards of open candid conduct necessary to preserve for the public official that respect and confidence required by the public interest within the meaning of the provision of the Constitution requiring of Federal judges good behavior as a condition upon which their tenure of office depends. That said conduct is bad behavior and constitutes a forfeiture of the right of the said Harold Louderback to hold his the said office of judge of the northern district of California.

"In August 1931 the said Harold Louderback, without a hearing, upon a petition verified by an attorney 'upon information and belief' and without bond of indemnity, granted an equity receivership for the Prudential Holding Co., a concern engaged in extensive real-estate transactions, and appointed the said Guy H. Gilbert as receiver, who in turn designated Dinkelspiel & Dinkelspiel as his attorneys. The first information the company had of the matter was when Gilbert and Dinkelspiel & Dinkelspiel appeared in the office of said Prudential Holding Co. to take charge of its affairs. The petition filed without truth or justification was resisted by said Prudential Holding Co., but the said Harold Louderback refused to dismiss the equity receivership matter until an application for receivership in bankruptcy was applied for, which application was based upon the grounds of the said equity receivership wrongfully entertained. The bankruptcy matter fell in the division of Judge St. Sure, one of the judges of the said northern district of California. During the temporary absence of Judge St. Sure the said Harold Louderback, sitting in Judge St. Sure's division, named the said Gilbert and Dinkelspiel & Dinkelspiel receiver and attorneys, respectively, in the bankruptcy matter, and 2 days later dismissed the equity receivership. Upon the return of Judge St. Sure to his division, he, Judge St. Sure, promptly dismissed the bankruptcy proceeding because no insolvency was shown. No fees were allowed by Judge St. Sure.

"The proceedings in the matter, and the facts, transactions, and statements therein became a matter of general knowledge within and beyond the said northern district of California, with its rea-

sonable and probable and inevitable consequence to arouse dread and apprehension of the court and judicial power possessed by the said Harold Louderback on the part of the people generally, and particularly of those whose property might be seized upon through the instrumentality of such court, and generally to make said court disrespected and hateful. The said Dinkelspiel & Dinkelspiel had theretofore, and over the protest of the parties in interest on the ground that it was excessive, been allowed a fee of $20,000 by the said Harold Louderback in the *Sonora Phonograph Co. case*, in which case they had also been associated with the said Gilbert, appointed by the said Harold Louderback as receiver therein.

"Some 6 months after the appointment of the said Gilbert and Dinkelspiel & Dinkelspiel as receiver and attorneys, respectively, in the said *Prudential Holding Co. case*, to wit, on the 17th day of February 1932, they were appointed by the said Harold Louderback receiver and attorneys, respectively, in the *Fageol Motors Co. case*. This company was known in the said northern district of California as one of the more important concerns in that part of the country. It had assets of $3,000,000 book value and liabilities amounting to $1,700,000, with automobile manufacturing, assembling plants, branch offices, properties, and extensive operations in California, Washington, Oregon, and Utah. The said Harold Louderback knew and the people of that community knew at the time the said Guy H. Gilbert was appointed as receiver of said Fageol Motors Co. that the said Guy H. Gilbert was utterly without qualifications to discharge the duties of said receivership. That said appointment of said Gilbert and said Dinkelspiel & Dinkelspiel was made in tyrannical and oppressive disregard of the rights and interest of the parties in interest, of the duty to conserve the assets of said company, and in disregard of his duty by the said Harold Louderback to the Government which had commissioned him to be one of its judges. That the facts and circumstances surrounding the appointment of the said Gilbert as receiver and the said Dinkelspiel & Dinkelspiel attorneys in said receivership matter and the method of procedure therein on the part of the said Harold Louderback inevitably as a necessary consequence were prejudicial to the judiciary and was to the scandal and disrepute of the court presided over by the said Harold Louderback and to the administration of justice therein, in that the said Fageol Motors Co. getting into financial difficulty the principal creditors of said company and the representatives of said Fageol Motors Co., after full conference and consideration, decided by agreement to apply to the Federal court for a receivership, and after careful consideration agreed upon Edward Fuller, of Oakland, a former official of the Chevrolet Motor Co., with extensive experience and demonstrated business and financial ability not only in the automobile business but in other matters of large proportions. Pursuant to said agreement, on the 17th day of February 1932, the papers were all prepared carrying out the plan agreed upon by Fageol Motors Co. and its creditors and the petition for receiver was filed in the Federal court of the northern district of California. By plan of assignment, determined by drawing numbers from a bag, this matter fell to the said Judge Louderback, there being three judges of said district. The parties in interest, representatives of the company and of the principal creditors, went to his chambers to see the said Judge Louderback with the papers in said matter, arriving shortly before the time for the noon recess of his court, but were advised by the clerk of the said judge that the noon recess would be delayed until 12:30, the said clerk asking what it was desired to see the judge about, and was told that it was the receivership matter of the Fageol Motors Co.; that the persons present represented the company and the larger creditors of said company; and that they had agreed upon Edward Fuller as a proper person for receiver, and to advise the judge of that fact, and that it was desired to discuss the matter with him at 1:30 p.m. At that time the parties in interest returned to see Judge Louderback and were told that Judge Louderback had got off for lunch earlier than anticipated, had some engagement, and would not return until 2:30. At 2:30 the parties in interest returned and were told by the clerk of the said Harold Louderback that Judge Louderback had already appointed the said Gilbert in said matter and that Judge Louderback was not there. In this matter the said Dinkelspiel & Dinkelspiel were also appointed attorneys for said receiver. The parties in interest, under threat of going into bankruptcy, which action would probably have ousted the said Gilbert and Dinkelspiel & Dinkelspiel entirely, effected an agreement with the said Gilbert and Dinkelspiel & Dinkelspiel by which other representatives chosen by the said parties in interest were to have effective control of the business and legal matters of the said motors company, the said Gilbert and Dinkelspiel & Dinkelspiel offering no obstruction to said representatives. The said Dinkelspiel & Dinkelspiel accepted under the circumstances from the assets of said company the sum of $6,000 and the said Gilbert received approximately the same amount. The facts and circumstances connected with this matter show to the people of said district that the said Gilbert and Dinkelspiel & Dinkelspiel were not selected by the said Harold Louderback primarily because he deemed the said Gilbert and Dinkelspiel & Dinkelspiel best qualified to administer said estate, but resulted in large degree from the desire of the said Harold Louderback to procure for the said Gilbert and Dinkelspiel pecuniary benefits from the assets of this concern, which had been driven by financial difficulty to seek the protection of the court of the said Harold Louderback, all of which facts and circumstances received general publicity in the said northern district of California, to the scandal and disrepute of the court of said district, and when taken in connection with the explanation and excuse offered by the said Harold Louderback for the appointment of the said Gilbert as receiver in this matter and in other matters where the public knew the said Gilbert was utterly unqualified that he, the said Harold Louderback, in so appointing the said Gilbert, was acting under the control of a sense of judicial responsibility requiring him to appoint persons known to him of efficiency and integrity to manage the affairs of estates in receivership, which explanation and excuse also has been given wide publicity in said district, the reasonable and necessary and inevitable result of the claim of such high motive under the circumstances was to create the impression and public belief that the said Harold Louderback was attempting by such claim to hide his lack of such actuating motive and to hide his real motive for making such appointments by an insincere and hypocritical claim of having been actuated by them, to the disgust and humiliation of the people of the northern district of California and to the hurt of the public interest.

"In September 1930, in the court of the said Harold Louderback, an equity receivership petition was filed in the *Golden State Asparagus case*, seeking an economical conduct of the business while its obligations were being adjusted. When the receiver was appointed the said Harold Louderback agreed to submit to said receiver a list of attorneys from which he could name his counsel, but the list was not furnished. Instead the said Harold Louderback designated as attorney for said receiver the said Dinkelspiel & Dinkelspiel without reference to the receiver. The legal work connected with the conduct of the receivership was not appreciably more difficult or voluminous than that incident to the ordinary running of the business, which had theretofore cost the business less than $1,000 per year. The said Harold Louderback allowed the said Dinkelspiel & Dinkelspiel $14,000 on account, while he denied the uncontested application for $1,500 each, reasonable fees, made by the attorneys for plaintiff and defendant who had performed the only substantial legal services rendered in the case when they prevented a forced sale of the property. These attorneys, in an effort to protect the assets of the said Asparagus Co. had opposed the payment of the fees allowed to Dinkelspiel & Dinkelspiel on the ground that they were excessive. These acts of said Harold Louderback were well known to the public in and beyond said northern district of California and cumulatively added to the disrespect, apprehension, and public contempt.

"In the Lumbermen's Reciprocal Association equity receivership, a Texas insurance corporation doing business in California, the company getting into financial difficulty, the insurance commissioner for the State of California seized the assets of said company in the State of California for the benefit of California policyholders. It was determined as a matter of procedure to ask for an equity receivership with the plan that said insurance commissioner be appointed so as to permit him to continue to hold said assets and administer them without extra cost for a receiver and resultant diminution of the company's California assets. Instead, however, the said Harold Louderback designated one Samuel Shortridge, Jr., as receiver. Thereupon the official of the State of California took proper steps to terminate proceedings in the Federal court. The said Harold Louderback enjoined the insurance commissioner from proceeding under the laws of the State of California. Appeal was taken to the Federal circuit court of appeals and reversal had on the ground of lack of Federal jurisdiction, and the property ordered to be turned over to the officials of California. To this order and mandate of the circuit court of appeals the said Harold Louderback, without any authority of law, imposed a condition that said order and mandate should be complied with provided there be no appeal taken from the order made by him, the said Louderback, allowing a fee of $6,000 to the said Shortridge and his attorney. All of which facts and circumstances became published and known in said northern district of California. By such acts the said Harold Louderback exhibited himself to the public as being willing to obstruct the officials of the State of California in their effort to conserve for citizens of California the assets of said insurance company which they had impounded, willing to assert a jurisdiction which he did not possess, willing to defy a mandate of the circuit court of appeals and attach an illegal and unconscionable condition to said mandate in order to penalize and discourage the exercise of a constitutional right of appeal for the definite and obvious purpose of making sure, so far as possible by such illegal action and coercion, that the said Shortridge and his attorney would be paid from the assets of said insurance company so impounded the fees which he, the said Harold Louderback, had allowed, all to the scandal and discredit of the said Harold Louderback and his court and prejudicial to the dignity of the judiciary.

"Wherefore the said Harold Louderback has been and is guilty of high crimes and misdemeanors in office and has not conducted himself with good behavior."

The VICE PRESIDENT. The fifth article as amended will be printed for the use of the Senate. Are there any further suggestions on the part of the managers of the House?

Mr. Manager SUMNERS. Mr. President, we have no further suggestions.

The VICE PRESIDENT. Do the counsel for the respondent desire to say anything further?

Mr. LINFORTH. Mr. President, we desire an opportunity of answering the amendment, and an opportunity also to

make a motion with reference thereto. We will have an answer ready and a motion prepared——

Mr. ASHURST. Mr. President, I beg pardon for interrupting the honorable attorney, but my audition is poor, or else the honorable attorney is speaking too low. I do not hear a word, I am sorry to say.

The VICE PRESIDENT. The counsel on the part of the respondent will permit the Chair to state the request as he understands it.

Counsel for the respondent suggest that they desire an opportunity to respond to the amended article 5, and to submit some pleadings concerning it. Counsel was about to say at what time he thought he would be prepared to offer the pleadings. Counsel will make his further statement.

Mr. LINFORTH. Mr. President, we desire to file a motion directed at the amendment to article 5, and also to file an answer in regard to article 5 as thus amended. We shall be prepared to do that by 2 o'clock today, if that will be agreeable to the honorable Senate. We have the motion and the answer ready, but we have not had an opportunity to read them since they were typed.

The VICE PRESIDENT. The Chair assumes that counsel on the part of the respondent puts his suggestion in the form of a request.

Mr. LINFORTH. Yes, Mr. President.

The VICE PRESIDENT. Counsel for the respondent requests that the Senate, sitting as a Court of Impeachment, permit him to file a motion and an answer to article 5, as amended, and states that he will be prepared to do so at 2 o'clock. Will the Senate take order in the matter, or have counsel any further suggestion to make?

Mr. ASHURST. Mr. President, what do the honorable managers on the part of the House have to say as to that?

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House have no suggestion to make, except that they have no objection to the suggestion made by counsel for the respondent.

The VICE PRESIDENT. Does the Senate sitting as a court desire to make any order concerning the matter?

Mr. ASHURST. I move that the Senate, sitting as a Court of Impeachment, take a recess until 2 o'clock.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

The motion was agreed to; and (at 12 o'clock and 40 minutes p.m.) the Senate, sitting as a Court of Impeachment, took a recess until 2 o'clock p.m.

On the expiration of the recess, at 2 o'clock p.m., the Senate, sitting as a court for the trial of articles of impeachment presented by the House of Representatives against Harold Louderback, United States district judge for the northern district of California, resumed its session.

The PRESIDENT pro tempore assumed the chair.

The respondent, Judge Harold Louderback, accompanied by his counsel, Walter H. Linforth and James M. Hanley, entered the Chamber and took the seats provided for them.

The managers on the part of the House of Representatives were announced and were conducted by the secretary to the majority to the seats assigned to them.

The PRESIDENT pro tempore. The Chair will be pleased to hear from the counsel for the respondent.

Mr. LINFORTH. Mr. President, at this time, on behalf of the respondent, Harold Louderback, we tender and ask to be filed his answer to article 5, as amended. Along with that answer we tender a motion to strike out certain portions of article 5, as amended, and ask that that motion likewise be filed. We should like to be heard, Mr. President, a very few moments on the motion.

The PRESIDENT pro tempore. The answer presented by counsel for the respondent to article 5, as amended, and the motion relative to article 5 submitted by counsel will be received and filed.

The answer presented by counsel for the respondent to article 5, as amended, is as follows:

IN THE SENATE OF THE UNITED STATES,
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA *v.* HAROLD LOUDERBACK UPON ARTICLES OF IMPEACHMENT PRESENTED BY THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA

Answer of respondent, Harold Louderback, to article 5, as amended, of the articles of impeachment exhibited against him by the House of Representatives of the United States

ANSWER TO ARTICLE 5, AS AMENDED

For answer to article 5, as amended, the respondent says that this honorable court ought not to have or take further cognizance of said fifth article of impeachment so exhibited and presented against him, because, he says, the facts set forth in said fifth article, as amended, do not, if true, constitute an impeachable high crime and misdemeanor as defined by the Constitution of the United States, and that therefore the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said fifth article as so amended.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said fifth article, as amended, said respondent saving to himself all advantages of exception to said fifth article, as amended, for answer thereto saith:

Further answering said article 5 as so amended, the respondent admits, denies, and alleges as follows:

Respondent denies that the reasonable and probable, or reasonable or probable, result of respondent's action in his capacity of judge in making of any decision or order in any action or actions pending in his court and before respondent as judge thereof, and/or, by any method of appointing any receiver or receivers, or by appointing any alleged incompetent receiver or receivers, or attorney or attorneys, and/or by any relationship or transaction or transactions with W. S. Leake, and/or by any relationship and/or transaction or transactions of said W. S. Leake with any such appointee or appointees of receivers, has made possible and/or probable and/or brought about the alleged condition in the first paragraph of said article 5, as amended, set forth.

Respondent denies that he ever displayed a high degree of indifference, or any degree of indifference to the interest of estates, or any estate, or any party or parties in interest in receiverships before him and in his court.

Respondent denies he ever displayed any such indifference or made it possible for certain and any individual or individuals to derive large fees or any large fee from any such estate or estates.

Respondent denies that any act of his has been to create, or has created, a general or any condition of widespread fear, and/or distrust, and/or disbelief in the fairness and disinterestedness of any of his official acts.

Respondent denies that by any act, deed, or relationship he has created any favorable condition, and/or a cause for the development naturally, inevitably, or at all, of rumors, and/or suspicions destructive of public confidence in and/or respect for respondent as an individual and/or as a judge, to the scandal and/or disrepute of his said court, and/or the administration of justice therein, and/or prejudicial generally, or at all, to the public respect for and/or public confidence in the Federal judiciary.

Respondent denies that he was and/or is guilty of misbehavior as such judge, and denies that he was or is guilty of misdemeanors or any misdemeanor in office.

Respondent denies that any conduct of his as alleged, is or has been as alleged in said article 5, as so amended, and denies that any alleged conduct of his in its general and/or aggregate result has been such as reasonably and probably or reasonably or probably calculated to destroy public confidence, insofar as he or his court is concerned, in that the degree of disinterestedness and/or fidelity to judicial duty and/or responsibility which the public interest requires shall be held by the people in the Federal courts and in those who administer them, and which for a Federal judge to hurt or destroy is a crime and misdemeanor of the highest order.

Answering the allegations of article 5, as amended, insofar as the same relate or refer to *Russell-Colvin Co. case,* respondent hereby refers to and incorporates herein his answer now on file herein, to article 1 of the articles of impeachment, and further says:

Respondent did not know and never had heard, prior to the inception of these proceedings, that on the 25th day of March 1931, or at any other time, John Douglas Short had given to his father-in-law, W. L. Hathaway, $5,000, or any other sum or amount, from the compensation received by the said John Douglas Short as one of the attorneys for the receiver in the said *Russell-Colvin Co. case.*

And respondent denies that at any time prior to the inception of these proceedings he ever knew that W. L. Hathaway had advanced to W. S. Leake the sum of $1,000, or any other sum or amount.

Respondent, upon and according to his information and belief, alleges that on or about the time in said fifth amended article referred to, the said W. L. Hathaway and his said wife made a loan of the said sum of $1,000 to the said W. S. Leake, taking his promissory note therefor. Respondent denies that said sum so loaned or advanced to the said W. S. Leake was part or portion of the $5,000 referred to in said fifth article, as amended, but alleges said sum was obtained by the said Hathaway and his said wife as a loan upon an insurance policy then outstanding and existing upon the life of said W. L. Hathaway.

Respondent further alleges, upon and according to his information and belief, that the payment of the sum of $5,000 by the said John Douglas Short to the said W. L. Hathaway referred to in said article 5, as amended, and no relation whatsoever to any loan to the said W. S. Leake. That such payment of said sum of $5,000 was made by the said John Douglas Short to the said W. L. Hathaway in repayment of moneys theretofore advanced by the said Hathaway to the said Short in the sum of $2,435, and the remainder of said $5,000 was to be applied as part payment of the purchase price of certain real estate theretofore conveyed by the said W. L. Hathaway to the said John Douglas Short and the wife of the latter.

Respondent denies that all or any transaction or transactions between the said W. S. Leake, W. L. Hathaway, and the said John Douglas Short, referred to in said article 5, as amended, or involved in and/or mixed up with the official status and standing or status or standing of this respondent and/or, are known to the people of the northern district of California and/or beyond such district, or elsewhere, or at all, to the disgrace and discredit or the disgrace or discredit of respondent's office and/or to the hurt of the public confidence therein and/or of the Federal judiciary.

Respondent denies that thereby, or otherwise or at all as a result of the transactions, or any of them, in said article 5 as thus amended, referred to, he has or ever did put himself under obligation to or ever was or now is dependent upon and/or ever was or now is under the influence of the said W. S. Leake in any manner and/or, to a degree utterly or at all inconsistent with that required by the public interests of a Federal judge or otherwise or at all; and

Respondent denies that thereby or otherwise or at all he ever put himself in an attitude with regard to obedience to law and/or the rights or any of them, granted to any litigant or litigants by the law and/or with regard to the standards or any standard of open, candid conduct necessary to preserve for public officials that respect and confidence required by the public interest within the meaning of the provision of the Constitution requiring of the Federal judges good behavior as a condition upon which their tenure of office depends; and

Respondent denies that he has at any time been guilty of bad behavior and/or such behavior as constitutes a forfeiture of his right to hold his said office of judge of the said northern district of California.

And, except as hereinbefore specifically admitted in his answer heretofore filed herein, and in this answer to said article 5, as so amended, respondent denies each and every allegation therein contained, relating or referring to the said *Russell-Colvin Co. case*, so called.

Answering the allegations of article 5 as amended, insofar as the same relate and refer to the *Lumberman's Reciprocal Association case*, so called, respondent hereby refers to and incorporates herein his answer now on file herein to article 2 of the articles of impeachment, and further says:

Respondent denies that all or any of the facts or circumstances set forth in said article 5, as so amended, became published and known or published or known in the said northern district of California.

Respondent denies by any act or acts referred to in said article 5 as so amended, he exhibited himself to the public as being willing to obstruct the officials or any official of the State of California in their efforts to conserve for any citizen or citizens of the State of California the assets of said Lumberman's Reciprocal Association either impounded or otherwise; and

Respondent denies that he ever exhibited himself to the public as being willing to assert a jurisdiction he did not possess or willing to defy a mandate of the circuit court of appeals, or of any other court; and

Respondent denies he exhibited himself to the public as being willing to attach an illegal and unconscionable or illegal or unconscionable condition to the mandate in said article 5, as amended, referred to for the purpose or reason in said article 5 as amended referred to, or for any other reason or at all.

Respondent denies that any act or step taken by him as such judge in the matter of the Lumberman's Reciprocal Association matter, so-called, was or is to the scandal and discredit or the scandal or the discredit of respondent and/or to his said court, and/or prejudical to the dignity of the judiciary.

And, except as hereinbefore admitted in his answer to article 2 of the articles of impeachment, heretofore filed herein, and in this, his answer to said article 5 as so amended, respondent denies each and every allegation contained and set forth in said article 5 as so amended, relating or referring to the said Lumberman's Reciprocal Association matter, so-called.

Answering the allegations of article 5, as amended, insofar as the same relate and refer to the *Fageol Motor Co. case*, so-called, respondent hereby refers to and incorporates herein his answer now on file herein, to article no. 3 of the articles of impeachment, and further says:

Respondent denies that he knew or that any of the people of the community referred to in said article 5 as amended, knew, that at the time the said G. H. Gilbert was appointed receiver of the Fageol Motor Co., said G. H. Gilbert was utterly, or at all, without qualification to discharge the duties of said receivership and respondent denies that said G. H. Gilbert was incompetent or without qualifications to discharge his said duties.

Respondent denies that the appointment of the said G. H. Gilbert was made in tyrannical and/or oppressive disregard of the rights and interests, or the rights or interests, or any party in interest of the duty to conserve the assets of said company and denies that said appointment was made by respondent in disregard of his duty to the Government which had commissioned him to be one of its judges.

Respondent denies that the facts and circumstances, or any fact or circumstance, surrounding the appointment of the said Gilbert or the appointment of the said Dinkelspiel & Dinkelspiel as his attorneys, and/or the method of procedure therein on the part of this respondent inevitably, or at all, as a necessary or any consequence, were prejudicial to the judiciary and/or was to the scandal and disrespect or scandal or disrespect of the court presided over by respondent and/or to the administration of justice therein.

Respondent denies that the plan of assignment followed by the judges of the court of which respondent was and is a member, ever was or is determined by drawing numbers from a bag.

Respondent denies that the parties in interest in said matter, or any of them, under threat of going into bankruptcy, or under any other threat, effected an agreement with the said receiver and his said attorneys by which any representative or representatives chosen by them were to have effective or any control, other than as hereinafter specified, of the business and/or legal matters of said company, and denies that the said receiver and his said attorneys offered no objection to said representatives of any such alleged plan or agreement. In this behalf respondent alleges, upon and according to his information and belief, that the said receiver and his said attorneys at all times during the administration of said receivership offered to and did cooperate with the representatives and creditors of said Fageol Motor Co. in bringing about an efficient and businesslike administration of the affairs of said receivership.

Respondent denies that under the circumstances set forth in said article 5 as amended said Dinkelspiel & Dinkelspiel accepted from the assets of said company the sum of $6,000, or any other sum, and/or the said receiver received approximately the same amount, or any amount.

Respondent alleges that at no time did he allow to said Gilbert as such receiver or to the said Dinkelspiel & Dinkelspiel, his attorneys, any compensation whatever for any service by either or any of them rendering in said receivership proceeding. That whatever compensation was allowed and whatever compensation was received by them was allowed, determined, and fixed in either some other department of the court not presided over by respondent or by the referee in bankruptcy.

Respondent denies that any fact or any circumstance connected with said Fageol Motor Co. receivership showed to the people of said district that said receiver and said attorneys were not selected by respondent primarily because he deemed them best qualified to administer said estate or that their selection or the selection of any of them resulted in a large degree, or at all, from the desire of respondent to procure for said receiver and said attorneys, or either or any of them, pecuniary benefits from the assets of said Fageol Motor Co.

And respondent denies that all or any of the facts and circumstances referred to or set forth in said article 5, as so amended, received general or any publicity in the northern district of California or elsewhere, to the scandal and disrepute or to the scandal or disrepute of the court of said district.

Respondent denies that at any time prior to the inception of these proceedings he ever made to the public, or to anyone, any explanation for the appointment of the said Gilbert as receiver or the said Dinkelspiel & Dinkelspiel as his attorneys, and denies that any alleged explanation or excuse of respondent has been given wide or any publicity in the said district, and further denies that any such alleged excuse or explanation was to or did create the impression and/or public belief that respondent was attempting to hide his actuating motive or real motive for making such appointments, or any appointment, by an insincere and/or hypocritical claim of having been so actuated, to the disgust and/or humiliation of the people of the northern district of California and/or to the hurt of the public interest.

And, except as hereinbefore specifically admitted in his answer heretofore filed herein, and in this answer to said article 5, as so amended, respondent denies each and every allegation contained and set forth in said article 5, as so amended, relating or referring to the said *Fageol Motor Co. case*, so called.

Answering the allegations of article 5, as amended, insofar as the same relate and refer to the *Prudential Holding Co. case*, so called, respondent hereby refers to and incorporates herein his answer, now on file herein, to article 4 of the Articles of Impeachment, and further says:

Respondent denies that G. H. Gilbert was appointed receiver in said matter without any hearing being had upon said petition and denies that the first information said Prudential Holding Co. had of the apointment of said receiver was when said receiver and his counsel appeared in its office to take charge of its affairs. In this behalf, respondent alleges when the petition in said matter was presented to respondent with a request for the appointment of a receiver, there appeared at said time with the attorneys for the petitioner, one J. H. Stephens, a director and vice president of said Prudential Holding Co., who then and there consented to and joined in the request for the appointment of a receiver of the affairs of said Prudential Holding Co.

Respondent admits that said petition was verified by one of the attorneys for said petitioner and alleges that said verification re-

cited that such attorney had been authorized by the plaintiff to verify and file the same.

Respondent denies that the said petition was filed without truth or justification and with reference to the remaining allegations of said article 5, as so amended, relating to said Prudential Holding Co., respondent respectfully refers to the matters and things contained in his answer on file herein to article 4 of the articles of impeachment.

Respondent further denies that the proceedings or any proceeding, fact, transaction, or statement made in or about or relating to the said Prudential Holding Co., became a matter of general knowledge within and/or beyond the northern district of California, or elsewhere, with its, or any reasonable, and/or probable and/or inevitable consequence to arouse, or that there was aroused dread and apprehension or dread or apprehension of said court, and/or the judicial power possessed by respondent, on the part of the people generally, and/or particularly of those whose property might be seized upon through the instrumentality of said court so presided over by respondent, and/or generally to make said court disrespected and/or hateful.

And, except as hereinbefore specifically admitted in his answer heretofore filed herein, and in this answer to said article 5, as so amended, respondent denies each and every allegation contained and set forth in said article 5, as so amended, relating or referring to the said *Prudential Holding Co. case*, so called.

Respondent admits that on or about the 19th day of September 1929, upon petition in due form, he appointed G. H. Gilbert receiver of the property of the Sonora Phonograph Co. That the order so appointing the said Gilbert also appointed as coreceiver the Irving Trust Co. of New York. Said receivership was an ancillary one, the main receivership being in the State of New York, and at which place the said Irving Trust Co. was the domiciliary receiver.

Respondent denies that at the time he so appointed the said G. H. Gilbert receiver he then was or ever since has been or is now either a personal or political friend of respondent. And in this behalf alleges the said Gilbert was and still is an acquaintance for whom respondent has at all times entertained a friendly feeling and one in whom respondent has placed confidence and trust.

Respondent admits that he knew the said G. H. Gilbert was a friend of said W. S. Leake, but respondent never knew the extent of the friendship existing between them. Respondent never knew until after the inception of these proceedings that the said G. H. Gilbert, or his wife, were patients of the said W. S. Leake or had contributed any sum or amount to him as compensation or otherwise for the services rendered by the said Leake to the said Gilbert and his said wife and respondent denies, upon and according to his information and belief, that the said G. H. Gilbert ever made any contribution to the said W. S. Leake except as and in payment for the said services so rendered by the said Leake to the said Gilbert and his said wife.

Respondent alleges that his appointment of said G. H. Gilbert as such receiver was not caused or brought about in any manner or form, directly or indirectly, by the said W. S. Leake and his appointment was not, to any extent whatever, influenced by the fact that said Gilbert was an acquaintance or friend of the said W. S. Leake.

Respondent denies that the said G. H. Gilbert was without qualification to discharge the duties of such receivership, and respondent further denies that the whole training and experience of said G. H. Gilbert had been as operator and employee of a telegraph company.

Respondent denies that said G. H. Gilbert was appointed such receiver without regard to the interest of the estate in receivership and/or in disregard thereof, and/or of the interest of the creditors or creditor or any party in interest and/or in violation of the official duty of respondent.

Respondent admits that for his services as such receiver the said G. H. Gilbert received in round numbers the sum of $6,800, and in this behalf respondent alleges that the amount of his compensation as such was fixed and determined by the provisions of section 48, subdivisions D and E, of the Bankruptcy Act of 1898, as amended, and not otherwise.

Respondent denies that all or any of the facts relating to said Sonora Phonograph Co., referred to in said article 5, as amended, became the subject of newspaper comment and/or matter of common knowledge throughout and beyond or throughout or beyond the northern judicial district of California, to the hurt of public confidence in respondent as judge of said court and/or to the hurt and/or standing of the Federal judiciary.

Respondent denies that it also became a matter of newspaper comment that about 1925 or 1926, when respondent was one of the judges of the Superior Court of the State of California, in and for the city of San Francisco, that the said G. H. Gilbert had been appointed an appraiser of certain real estate, respondent well knowing at the time of such appointment that the said G. H. Gilbert was without qualification to act as such.

Respondent denies that if he ever appointed said G. H. Gilbert as such appraiser he knew at said time that said G. H. Gilbert did not possess the requisite qualifications to appraise the value of such real estate, the respondent denies that he ever knew that said Gilbert never saw the real estate he was appointed to appraise, or that he did not undertake to assist in the appraisal of said real estate but only signed the report which was presented to him. Respondent denies that he ever presented any such report to the said G. H. Gilbert for signature, and for the reasons hereinafter stated respondent is unable to either affirm or deny that for such alleged services the said Gilbert received the sum of $500.

Respondent alleges that he cannot ascertain from said article 5, as so amended, and it does not appear therefrom, in what matter or proceeding it is claimed about 1925 or 1926 respondent appointed said Gilbert such appraiser. Respondent alleges he has no recollection whatsoever of the matters and things in said article 5, as amended, there referred to, and without such additional information respondent is unable to further or in more detail answer the allegations thereof relating to said matter.

Respondent denies that the fees allowed to Dinkelspiel & Dinkelspiel, the attorneys for said receiver in said matter, were excessive or that said fees, except as hereinafter explained, were allowed over the protest of any party in interest on the ground that the same were excessive. In this behalf respondent alleges, upon and according to his information and belief, the moneys collected or coming into the hands of the said receiver, within the State of California, amounted to the sum of $350,000, or thereabouts, and that upon application made by the said receiver and his said attorneys for compensation for said attorneys, respondent was informed that the Irving Trust Co. of New York and the committee of creditors at said place had consented to an allowance in full of the services of said attorneys of the sum of $15,000. Respondent upon the submission of said matter made an order allowing as compensation for said attorneys the said sum of $15,000, and thereafter upon subsequent application being made for an additional allowance in the sum of $7,500, which application came on to be heard in open court and which said application was opposed by said parties so theretofore stipulating to the allowance of said sum of $15,000, respondent as such judge, after a full hearing on such application, made an order allowing an additional sum of $5,000, from which no appeal was ever taken.

Respondent denies there ever was any loss of public confidence by the bar and/or by the people of the northern district of California, or particularly of the city of San Francisco, caused by or due to any act of respondent as such judge, with relation to any matter or thing arising from or growing out of, or connected with, the receivership of the said Sonora Phonograph Co.

And, except as hereinbefore specifically admitted, respondent denies each and every, all and singular, the allegations contained in said article 5 as so amended, relating or referring to the said *Sonora Phonograph Co. case*, so called.

Respondent admits that said G. H. Gilbert was appointed receiver in the *Stempl-Cooley case*, so called, referred to in said article 5, as amended.

Respondent alleges that the property involved in said receivership consisted of 5 apartment houses in the city of San Francisco and 1 building in the course of erection. Respondent alleges that the records of the court in which said action was pending show that Keyes & Erskine were the attorneys appointed for said receiver. Respondent further admits that the said receiver was allowed for his services in said matter the sum of $500 and alleges that said sum was and is a fair and reasonable sum for the services so rendered by the receiver in said matter and that no appeal was taken from the allowance of said sum.

Respondent admits that on the 5th day of September 1930, he appointed one George N. Edwards as receiver in the *Golden State Asparagus Co. case*, so called, in said fifth article, as amended, referred to.

Respondent further admits that the said George N. Edwards was named and appointed said receiver at the request of and with the consent of all attorneys interested in said case.

Respondent further admits that he suggested to the said George N. Edwards the appointment of said Dinkelspiel & Dinkelspiel as his attorneys in said receivership matter, which suggestion was acceptable to and accepted by the said George N. Edwards, respondent at said time, stating to the said receiver if such attorneys were not satisfactory to him he would suggest others.

Respondent admits that he allowed to said attorneys Dinkelspiel & Dinkelspiel the sum of $14,000 on account of services rendered by them as attorneys for said receiver, and in this behalf respondent alleges that such sum was a reasonable and proper amount to be allowed at said time, on account of services theretofore rendered by them.

Respondent denies that any act or acts of his referred to in said article 5, as amended, relating to or growing out of said *Golden State Asparagus case*, so called, were well known to the public in and/or beyond said northern district of California and/or cumulatively added to the disrespect, apprehension, and/or public contempt.

And, except as hereinbefore specifically admitted herein, respondent denies each and every allegation contained in said article 5, as so amended, relating or referring to the said *Golden State Asparagus Co. case*, so called.

Wherefore respondent having fully answered said article 5, as amended, declares that he is not guilty of any of the charges therein contained and denies that he has been or that he is guilty of high crimes and misdemeanors in office, or has been guilty of any high crime or any misdemeanor in office, and likewise denies that he has not conducted himself with good behavior.

HAROLD LOUDERBACK,
Respondent.
WALTER H. LINFORTH,
JAMES M. HANLEY,
Attorneys for Respondent.

APRIL 18, 1933.

IN THE SENATE OF THE UNITED STATES,
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA *v.* HAROLD LOUDERBACK—UPON ARTICLES OF IMPEACHMENT PRESENTED BY THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA

Filed April 17 (calendar day Apr. 18), 1933.

Answer of respondent, Harold Louderback, to article 5, as amended, of the articles of impeachment exhibited against him by the House of Representatives of the United States.

WALTER H. LINFORTH,
JAMES M. HANLEY,
Attorneys for Respondent, San Francisco, Calif.

The motion to strike out or make more certain portions of article 5, as amended, submitted by counsel for the respondent, is as follows:

IN THE SENATE OF THE UNITED STATES,
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA *v.* HAROLD LOUDERBACK—MOTION TO STRIKE OUT OR MAKE MORE CERTAIN PORTIONS OF ARTICLE 5, AS AMENDED

The respondent, Harold Louderback, moves the Honorable Senate, sitting as a Court of Impeachment, for an order as follows:

1. Striking from article 5, as amended, the first paragraph thereof, constituting the entire first page; and

2. Striking therefrom the following part and portion thereof contained on pages 3 and 4 and reading as follows:

"It also became a matter of newspaper comment in connection with that receivership matter and others that theretofore, about 1925 or 1926, the said Gilbert had been appointed by the said Harold Louderback when the said Harold Louderback was a judge of the Superior Court of California, an appraiser of certain real estate, the said Harold Louderback well knowing at the time of such appoints that the said Gilbert was without any qualification to appraise the value of such real estate, and in truth the said Gilbert never saw said real estate, and that the said Gilbert did not undertake to assist in the appraisal of said real estate, only signing the report which was presented to him, for which services he was allowed the sum of $500."

The first part of said motion is based upon the ground and for the reason that it is impossible for respondent to be prepared to meet the said charge therein contained or to summons witnesses in respect thereto without being advised, first, the nature of the act or acts there attempted to be complained of; second, the time or times of said act or acts were committed by respondent; third, in what action or actions, proceeding or proceedings, such alleged acts occurred; fourth, the nature of the relationship and transactions of said Leake there attempted to be referred to and, fifth, with what appointee or appointees of respondent said "relationship and transactions" with the said Leake occurred.

And the second part of said motion is based upon the grounds that the alleged offense there referred to was not committed in the office now occupied by respondent and that this honorable Senate, sitting as a Court of Impeachment, has not jurisdiction to inquire into the transaction attempted to be complained of in said article 5, as amended, in that the act there attempted to be complained of is not and cannot be the subject of this article of impeachment, and is not and cannot be a high crime or misdemeanor as defined by the Constitution of the United States, but if true is an act committed by respondent while an officer of a State and not a Federal court.

And, in the event of the denial of said motion, or either part thereof, then and in such event, respondent moves this honorable Senate, sitting as a Court of Impeachment, to require the House of Representatives of the United States within a time so to be fixed, to further amend said article 5 in the particulars and each thereof specified herein as the reason and grounds for the making of said motion to strike therefrom the portions of said article 5 as amended, above specified.

Dated: April 18, 1933.

WALTER H. LINFORTH,
JAMES M. HANLEY,
Counsel for Said Respondent.

IN THE SENATE OF THE UNITED STATES,
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA *v.* HAROLD LOUDERBACK—UPON ARTICLES OF IMPEACHMENT PRESENTED BY THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA

Filed April 17, 1933 (calendar day Apr. 18), 1933.

Motion to strike out or make more certain portions of article 5, as amended.

WALTER H. LINFORTH,
JAMES M. HANLEY,
Attorneys for Respondent, San Francisco, Calif.

The PRESIDENT pro tempore. Is there objection to counsel being heard on the motion at this time? Have the managers on the part of the House anything to say with regard to that matter?

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House have no objection to the present consideration of the motion. I believe counsel on the part of the respondent will indicate to the President and the Senate that agreement, in effect, has been reached between counsel for the respondent and the managers with reference to the matter.

Mr. ASHURST. Mr. President, unfortunately, I did not hear a single word said by the honorable attorney for the respondent. It would be a useless proceeding if in the conduct of the case none of the Senators hear anything counsel says. Counsel and the respondent are entitled to be heard. For the third time, I beg and plead with counsel to speak so that those immediately near him may hear. Not having heard a single word that the honorable attorney said, I cannot reply.

I have no suggestion to make other than that, in the interest of time, without attempting to prejudice either side, and without intending any discourtesy to either side, may not the pleadings be filed and considered as read? Unless the honorable attorneys for the respondent demand that their pleadings be read, I think time would be saved if they might be printed, as they will be tomorrow morning.

The PRESIDENT pro tempore. The Chair will state to the Senator from Arizona, for his information and for the information of the Senate, that counsel for the respondent have presented an answer and a motion; they have also asked that the answer and the motion be filed and that they may be permitted to make a statement with regard to it. The managers in behalf of the House have consented to that procedure and have intimated that counsel for the respondent will make some suggestions with regard to the motion and answer. The Chair recognizes the counsel on the part of the respondent.

Mr. ASHURST. If the honorable counsel will pardon me for a moment, witnesses and counsel in the various proceedings usually stand where the honorable Sergeant at Arms now sits. May I ask, in order that we may have audition and hear what honorable counsel have to say, that the honorable counsel stand in a position facing the Senate near where the Sergeant at Arms now sits?

Mr. HANLEY. Mr. President, and Members of the Senate sitting as a Court of Impeachment, the managers on the part of the House have filed their amendment to article 5. There are recited in the first paragraph of the article as amended certain matters which we have filed a motion to strike out or make more certain. We are now informed by the managers that they will agree that the reference in paragraph 1 of the amended article 5 shall only refer to matters set out in articles 1, 2, 3, and 4 and the rest of the amended article 5, and that no testimony other than refers to those matters will be offered or attempted to be introduced.

So far as our motion to strike out and make certain in reference to that particular matter is concerned, we are content, because we now know where we stand with reference to meeting proof.

With reference to paragraph 1, on page 1852—I am referring to the RECORD, so that it may be followed—there is a statement with reference to the conduct of the respondent while he was a State judge. We hold that that is not a matter over which the Senate has jurisdiction. We say to the Senate and to the President that it is not an impeachable matter, and therefore it has no place in any article or amended article of impeachment.

It is further uncertain in that the alleged appraisement set forth refers to some case happening in a certain year, but no case is named and no time is given. Therefore we are in no position, except by guesswork, to answer that particular article.

With reference to this matter the chairman of the managers has stated to us that he wants about 10 days or a little longer to find out what the case is, and then we will reserve the right to object to it upon the ground that it is incompetent and irrelevant when we meet the proof that will go to that article; and we think we have fully answered with reference to the new specifications in article 5, as amended, which were handed to us only yesterday. We sat last night until 12 o'clock and worked out the answer, and that is why we asked for a recess until 2 o'clock, so that the

case might be advanced and there might be no delay. We are anxious to go to trial at the earliest date, and the date which has been fixed is May 15.

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House would like to make a very brief statement with regard to the observations just made by counsel for the respondent.

The PRESIDENT pro tempore. The manager will make his statement.

Mr. Manager SUMNERS. Mr. President, the statement made by counsel for the respondent with regard to the position taken by the managers with reference to the allegation in the articles of impeachment is accepted by the managers as a correct statement within the understanding between counsel for the respondent and the managers.

I wish only to make one observation with regard to the other statement. I do not want to take up the time of the Senate except to say that the managers on the part of the House are not attempting to impeach Judge Louderback by reason of something which he did as a State judge. Without going into details, it is the belief of the managers that testimony with regard to the transaction referred to is admissible under at least two well-recognized rules governing the admissibility of testimony. I do not want to go any farther than that. I thank you, Mr. President and gentlemen of the Senate.

Mr. LINFORTH. Mr. President and Members of the Senate, I wish to supplement in one particular a matter mentioned by my associate in regard to the proceedings referred to in the amended article of impeachment as having taken place in the State court. It was agreed and understood between counsel representing the respondent and the learned managers that unless by the 5th of May next we were furnished the title of the proceedings and the time at which the matter there referred to took place, that part of the amendment would be withdrawn and no proof offered in support thereof, to which we also made the promise that if we, in the meantime, ascertained what that proceeding is we ourselves will at once notify the managers. With that statement, I think we are agreed on the question of this pleading.

The PRESIDENT pro tempore. Is there any further matter to come before the Senate sitting as a Court of Impeachment at this time?

Mr. ASHURST. Mr. President, if neither the honorable managers on the part of the House nor the honorable attorneys for the respondent have any further motion or suggestion to make, I am going to move that the Senate, sitting as a Court of Impeachment, take a recess until May 15.

Mr. LINFORTH. May I suggest that it might be well to have a meeting on May 1 in order that the replication may be filed?

Mr. ASHURST. Does the honorable attorney for the respondent wish the Senate, sitting as a Court of Impeachment, to convene again in order that he may file the replication?

Mr. LINFORTH. It being stated to me by the chairman of the managers on the part of the House that the replication will be in the usual and ordinary form, with that understanding I am content that the Senate, sitting as a Court of Impeachment, take a recess until May 15.

Mr. ASHURST. Then, Mr. President, predicated upon the agreement or understanding as stated here, I now move that the Senate, sitting as a Court of Impeachment, adjourn until Monday, May 15, this year, at the hour of 12:30 p.m., at which time the trial will begin.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Arizona.

The motion was agreed to; and thereupon (at 2 o'clock and 15 minutes p.m.) the Senate, sitting as a Court of Impeachment, adjourned until Monday, May 15, 1933, at 12:30 o'clock p.m.

RELIEF OF AGRICULTURE

The Senate returned to legislative session and resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. WALSH. Mr. President, is the pending question on the amendment offered by the junior Senator from New Jersey [Mr. BARBOUR]?

The PRESIDING OFFICER. That is the pending amendment.

Mr. WALSH. In connection with the amendment, and in support of it, I should like to read a letter from the Democratic editor of the leading Democratic paper of New England. It is dated April 12, and reads:

> MY DEAR SENATOR: As you know, the farm-relief food taxes will cost the wage earners millions of dollars at a time when wages have been severely reduced. But the Bankhead amendment, which taxes all food stocks on the floors of retail and wholesale grocers, will add to the plight of consumers. It means that those who buy for cash and cannot afford to stock up will be badly punished. Those who have money and credit can purchase their supplies before the bill goes into operation. I think you will agree that this is rough business.
>
> I can think of no other case where such taxes were imposed on goods actually in the hands of retailers. Therefore I am sure there is wide-spread protest against this unfairness.
>
> The farm-relief bill is bad enough without imposing the drastically unfair additional tax.
>
> Can you not do something for the great mass of consumers by eliminating this amendment?

Mr. President, that letter very directly and very concisely states the case in favor of the amendment proposed by the Senator from New Jersey. It is unnecessary to engage in any extended argument. I sincerely hope that the amendment will be adopted, and that this provision of the bill, which is a punishment upon the poor consumer, namely, those consumers who are not able in advance to stock up with sufficient food supplies to escape this tax, will be eliminated.

Mr. VANDENBERG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Glass	Metcalf	Townsend
Bulkley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Hebert	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

Mr. LEWIS. Mr. President, I desire to announce that the Senator from New Mexico [Mr. BRATTON] is necessarily detained from the Senate.

Mr. OVERTON. I desire to announce that my colleague [Mr. LONG] is necessarily detained from the Senate.

The PRESIDENT pro tempore. Ninety Senators have answered to their names. A quorum is present.

Mr. PATTERSON. Mr. President, I desire to register my protest against the pending bill. It is the most extraordinary and revolutionary measure ever presented to an American Congress. With its declaration of policy I am in agreement. It is a laudable purpose to attempt to establish and maintain a balance between production and consumption of agricultural commodities such as will bring about fair prices paid to farmers at a level that will give agricultural commodities a comparable purchasing power with respect to articles that farmers buy. I am sure that every Senator is interested in improving agricultural conditions. I would support any measure within the limits of the Constitution which I believed would improve the agricultural industry, and not work an injustice on the great mass of our people. This bill taken as a whole would do the country more harm than good and visit upon the mass of consumers additional

hardships and burdens. With the exception of that part relating to agricultural credits, I am opposed to the provisions of this bill.

The bill is reported to the Senate by the Committee on Agriculture and Forestry without any recommendation. It is stated in the report of the committee that considerable hearings were had by the Senate Committee, but on account of the desire of the administration that no change be made in the bill as it came from the House, the bill is presented to the Senate in practically an unchanged form, except there are added part 3 relating to the cost of production and title 2 relating to agricultural credits. Clearly that part of the measure relating to the allotment plan is not the product of the best thought and judgment of the committee. It is presented not as a measure that appeals to the reason of the majority of the committee but upon the ground that the administration demands it. No one in either the House or the Senate has been able to state with any degree of accuracy the effect of this legislation. No one sponsoring the bill has attempted to approximate the cost of administration, nor estimate the extent of the financial burden that would be placed upon the back of the consumer. It is presented solely as an experiment. The President in his recent message to Congress on this subject stated: "I tell you frankly that it is a new and untrod path."

Mr. President, according to press reports the chairman of the Agricultural Committee of the House of Representatives refused to introduce the administration's measure in the House, and the chairman of the Agricultural Committee of the Senate, the able Senator from South Carolina, who has devoted a lifetime to the study of agricultural problems, has not yet subscribed to its provisions.

The allotment plan, if put into operation by the Secretary of Agriculture, would create a gigantic sales tax on the necessities of life which it is estimated by people in the trades would cost the consumer in the neighborhood of $1,000,000,000 based on present consumption. This increase in food costs would necessarily bring about a decrease in consumption in the industrial centers, thereby intensifying rather than ameliorating the present conditions. While it is urged by the proponents of the bill that a large part, if not all, of the increased cost of foodstuffs would be absorbed by the manufacturer, the fact remains that increased costs of the necessities of life are invariably passed on to the ultimate consumer. The increase in the cost of food and clothing at a time when need is so great and means of obtaining them so difficult violates every rule of sound economics and social policy. The growing demand for direct subsidies just now represents one of our gravest dangers.

Mr. President, this plan develops no new markets, creates no new national wealth, and would not increase the general purchasing power of the country. It simply takes from one class to give to another. I do not believe that our real dirt farmers as a whole want this bill passed in its present form. Representing as I do one of the great agricultural as well as industrial States, I have received a large number of communications from farmers in regard to the various proposed measures for farm relief. The overwhelming majority of those who have written state that the only relief they believe can be had in a legislative way is a lowering of their tax burdens—which, of course, as a general proposition addresses itself to the State government and the local subdivisions thereof—and easier credit facilities which would permit long-time mortgages at a lower rate of interest. To a proper proposal providing such credit facilities I would lend my support, provided it is not attached to other legislation of an experimental nature which might wreck and ruin the agricultural industry. The real dirt farmers of this country recognize the fact that economic problems of production and income cannot be solved by legislative action but depend upon the operation of natural economic laws.

There is no city in the entire country more interested in the welfare and the prosperity of those engaged in agriculture than Kansas City, Mo. Situated as it is, in the center of a great agricultural section, its welfare depends largely upon the prosperity of those who till the soil. Recently the agricultural committee of the chamber of commerce, in order to ascertain what the farmers themselves really desired in the form of relief, sent out a questionnaire addressed to farmers in Missouri, Kansas, Nebraska, Oklahoma, Texas, and Colorado. This gave them an opportunity to speak directly for themselves, instead of through spokesmen, upon the question of whether they desired the allotment plan. Every possible effort was made to obtain a fair expression, free from any organized or unorganized influence. Letters were mailed to editors of rural newspapers, bankers in agricultural communities, and county assessors, asking them to furnish a list of 25 names of farmers to whom the questions might be submitted. In all, the letters went to 484 counties in the 6 States. It was suggested that the names furnished be of those actually engaged in farming, either as renters or owner-operators, without consideration of political faith, financial standing, or former expressions on these subjects. The idea was to procure a list of representative men to whom their neighbors would go for consultation or advice on farm problems. That the list is truly representative is indicated by the receipt of more than 600 letters supplementing the ballots, in which reasons for their attitude on the questions were given. The letters came from farmers who think clearly. The dominating note was one of discouragement with present conditions but not one of despair. A surprisingly large percentage expressed the opinion that they would be able to work out of their present difficulties without governmental assistance, except in refinancing farm mortgages. There is almost universal demand for lower taxes, lower salaries of public employees, and lower cost of things which farmers must buy. The poll is not yet fully completed. A sufficient number of ballots have been received, however, to indicate definitely the train of actual farm thought. Approximately 6,000 replies have already been received, and the decision was about 2 to 1 against the domestic-allotment plan.

Mr. President, at this point I ask unanimous consent to have inserted in the RECORD as a part of my remarks the memorandum prepared on this subject by the agricultural committee of the Kansas City Chamber of Commerce.

The PRESIDING OFFICER (Mr. MCCARRAN in the chair). Without objection, it is so ordered.

The statement is as follows:

For several years those who designate themselves as spokesmen for farmers or for farm organizations have been very active in efforts to obtain farm legislation. The agricultural committee of the Kansas City Chamber of Commerce recently decided to permit the farmers in Missouri, Kansas, Nebraska, Oklahoma, Texas, and Colorado to speak directly for themselves instead of through spokesmen on these four questions:

Do you believe the Agricultural Marketing Act and the activities of the Federal Farm Board should be continued?

Do you favor a domestic-allotment plan?

Do you favor the Federal Government attempting to control prices or production through stabilization, allotments, or other schemes to direct price movement against natural influences?

Do you favor the Federal Government coming to the aid of farmers in refinancing mortgages and other indebtedness at lower interest rates with extended maturities?

Every possible effort was made to obtain a fair expression, free from any organized or unorganized influence. Letters were mailed to editors of rural newspapers, bankers in agricultural communities, and county assessors asking them to furnish a list of 25 names of farmers to whom the questions might be submitted. In all, letters went to 484 counties in the 6 states. It was suggested that the names furnished be of those actually engaged in farming either as renters or owner-operators without consideration of their political faith, financial standing, or former expression on these subjects. The idea was to procure a list of representative men to whom their neighbors would go for consultation or advice on farm problems. That the list is truly representative is indicated by the receipt of more than 600 letters supplementing the ballots, in which reasons for their attitude toward the questions were given. The letters came from farmers who think clearly. The dominating note was one of discouragement with present conditions but not one of despair. A surprisingly large percentage expressed the opinion that they would be able to work out of the present difficulties without governmental assistance except in refinancing farm mortgages. There is almost universal demand for lower taxes, lower salaries of public employees, and lower costs of the things which farmers must buy.

The poll is not fully complete. A few cards are coming in on every mail. A sufficient number of ballots have been received, however, to definitely indicate the train of actual farm thought. It is thought best to give out this report at this time before any

agricultural legislation is passed, so that Members of Congress, and others who have the best interest of the farmers at heart, may know how the farmers themselves feel about these questions.

On the first question the decision was practically unanimous. In each of the six States and in every county in these States the farmers are against the continuance of the Agricultural Marketing Act and the activities of the Federal Farm Board. The vote was 1,174 yes, 4,397 no.

There were several suggestions on this question indicating that the Marketing Act might be continued with modifying amendments, and that a differently constituted farm board would be acceptable.

On the second question the decision was approximately 2 to 1 against the domestic-allotment plan. This measure was favored more in Colorado and Texas, where the votes were almost equally divided. The results by States were: Missouri, 25 percent "yes", 75 percent "no"; Kansas, 37 percent "yes", 63 percent "no"; Nebraska, 23 percent "yes", 77 percent "no"; Oklahoma, 49 percent "yes", 51 percent "no"; Texas, 56 percent "yes", 44 percent "no"; Colorado, 49 percent "yes", 51 percent "no".

The 21 counties in Kansas which voted in favor of the allotment were in the Wheat Belt, yet the surprising fact is that even the majority of the wheat-producing counties were against the allotment although supposedly well-informed men frequently have stated that as high as 90 percent of the wheat farmers favored this measure.

On the third question, which really determined whether farmers were in favor of any efforts on the part of the Government to stimulate prices by stabilization, allotment, or other measures, the vote was quite similar to that on the allotment plan itself.

Every State except Texas voted "no" on this question. In Kansas there were 21 counties which favored governmental action of some sort, compared with 14 counties in Missouri, 2 counties in Nebraska, 28 counties in Texas, 28 counties in Oklahoma, and 14 counties in Colorado.

The outstanding conclusion from the answer to this question is that the large majority of farmers, 65 percent, are definitely opposed to governmental action of any sort that will interfere with the natural influences which determine values.

Many of the supplementary letters suggested that governmental activities which sustain prices in other industries, public-service corporations, and transportation should be discontinued to permit a return corresponding to that received by farmers for their efforts. Restoration of the purchasing power of the farm dollar is demanded without qualification. On question 4, which pertains to farm mortgages, the vote was most decisive. Every State and every county gave a majority favoring a lower rate of interest and a longer period of time for the payment of farm mortgages. The vote on this question was 5,019 "yes", and 681 "no".

Many letters accompanying the ballots indicated that there was also a necessity of reducing the face value of the loans as well as the rate of interest and extension of dates of payment. A few indicated that it might be better to permit liquidation to go through, even though many individuals would suffer, so that farming in the future would not be handicapped by the necessity of earning returns on an excessive valuation.

In reviewing the letters and comments it was found that practically every measure ever proposed for the relief of agriculture was suggested. There are still some who believe in the equalization fee or the export debenture; others, in fixing prices above production costs or controlling acreage or production by governmental edict. The suggestion that each farmer be permitted to market a definite and predetermined amount of commodities without any restriction and that a heavy tax be assumed against production in excess of that amount was occasionally expressed.

There is much criticism of the Government financing inefficient producers through crop and seed loans, encouraging greater production through agricultural research and extension agencies, protecting banks, railroads, and insurance companies through loans from the Reconstruction Finance Corporation, and deflating values of agricultural products through the Federal Reserve banks. Packers, millers, grain and livestock exchanges were criticized in a few letters. In several instances farmers were outspoken in their declarations that farm leaders in Washington do not represent the sentiment of those actually engaged in farming as a means of livelihood. In no case, however, was there any semblance of a majority who hold such views.

The letters clearly indicate that those who live on and operate the land and who depend upon production of farm commodities through their own efforts are thinking clearly and weighing their decisions carefully. They are particularly anxious that measures which might give temporary relief, yet be detrimental in the end, should not be enacted.

No one could go over these ballots and the letters accompanying them without reassurance that farm problems presented to actual farmers would be decided wisely and without detriment to those engaged in other lines of industry or business.

W. A. COCHEL,
(Editor Weekly Kansas City Star),
Chairman Agricultural Committee,
Kansas City Chamber of Commerce.

Mr. PATTERSON. Mr. President, the proposal in this measure goes far beyond any power previously believed to be possessed by our Government. We are asked to make the Secretary of Agriculture a dictator for the agricultural interests of this country, with power not only over the American farmer but over all those who process farm products. Under the provisions of this bill the Secretary of Agriculture is given authority to issue licenses to processors of farm products. He is empowered to suspend or revoke such licenses and to exclude any processor not licensed, under a penalty of a fine of $1,000 a day. Think of it! The head of a department of the Government is given the power to prevent a citizen from engaging in a lawful enterprise, and from his decision there is no appeal. The Secretary of Agriculture is authorized to fix prices for farm products equivalent to prices during the pre-war period from August 1909 to July 1914. Congress attempts to delegate to him the power to levy, assess, and collect a tax to be paid by the processor, to change this tax at will, and to abate or refund taxes. The Secretary is even empowered to levy, assess, and collect tariff duties upon imports into the United States, upon commodities which within the United States are subject to the processing tax. The duties so assessed are in addition to any other duties imposed by law.

Never in the history of this country were such broad powers delegated to one individual. If this bill becomes a law, the Secretary of Agriculture will become the legislative, the executive, and the judicial officer of the Government so far as agriculture is concerned. Is any dictator in all the world clothed with greater authority than that sought to be conferred upon the Secretary of Agriculture?

The farmer has always been the most independent individual in our citizenship. I do not believe that he wants a dictator in his business now, and even if he does, in this day of hysteria, I am sure that as soon as he feels the fetters of restraint he will rebel.

I am opposed to the allotment plan proposed in this bill because I believe that it is impracticable and unworkable. I believe it will do the farmer more harm than good and visit a grievous burden upon the consumer. I am opposed to it because I believe it constitutes a delegation of power on the part of Congress to the Secretary of Agriculture for which there is no warrant in the Constitution.

The real need of the farmer today is a reduction in his taxes, which largely addresses itself to State and local subdivisions, and a refinancing of his mortgage indebtedness over a long period of time at lower interest rates. I favor that part of the bill relating to agricultural credits, the purpose of which is to take care of the farmer's indebtedness, and if it were presented in separate form I would cast my vote for it. Attached to it, however, is a measure carrying so many objectionable features that I feel there is more bad than good in the bill, taken as a whole, and, therefore, I am compelled to vote against the bill in its entirety.

Mr. FRAZIER. Mr. President, I send to the desk an amendment, which I desire to offer to the pending bill.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. Is not the amendment offered by the Senator from New Jersey [Mr. BARBOUR] the pending question?

The PRESIDING OFFICER. The Senator from Oregon is correct.

Mr. McNARY. Some days ago the able Senator from New Jersey accepted an invitation to address the D.A.R. Convention today at 2 o'clock. He is now necessarily absent and will not return until about 3 o'clock. Therefore, I ask unanimous consent temporarily to lay aside his amendment and take it up later on his return to the Chamber.

Mr. ROBINSON of Arkansas. Mr. President, I do not see the Senator from South Carolina [Mr. SMITH] in the Chamber at the moment, but I have no objection to the request of the Senator from Oregon.

The PRESIDING OFFICER. Without objection, that will be the order.

Mr. FRAZIER. Mr. President, I renew the offer of my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from North Dakota proposes the following amendment:

On page 13, between lines 8 and 9, add the following new subsection:

"(e) When any processing tax, or increase or decrease therein, takes effect in respect of a commodity, the Secretary of Agriculture, in order to prevent pyramiding of the processing tax and profiteering in the sale of products derived from the commodity, shall make public such information as he deems necessary regarding (1) the relationship between the processing tax and the price paid to producers of the commodity; (2) the effect of the processing tax upon prices to consumers of products of the commodity; (3) the relationship, in previous periods, between prices paid to producers of the commodity and prices to consumers of the products thereof; and (4) the situation in foreign countries relating to prices paid to producers of the commodity and prices to consumers of the products thereof."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota.

Mr. FRAZIER. Mr. President, this is practically the same provision that was in the allotment bill that was passed by the House at the last session and that was also considered by the Senate Committee on Agriculture and Forestry. It provides that the Secretary of Agriculture shall give publicity to the amount of increase on the finished products that the processing tax would or might necessarily require.

A good deal of opposition has been made to this bill on the ground that the consumer would have to pay a larger amount for the finished product because of this tax. This amendment is supposed to take care of that situation, to protect the consumer.

Under the provisions of the bill, there is practically nothing to protect the consumer from paying a much larger price for the products because of the processing taxes that are provided here on the staple farm products that are included in the bill.

Very little increase in these prices to the consumer would be necessary, in my opinion. In the case of the processing tax on wheat, the representative of the Millers' Association who came before our Committee on Agriculture and Forestry stated that the increase of the tax on a barrel of flour would be approximately equivalent to 1 cent for a pound loaf of bread, and in his figures he apparently went the limit. I think it would be less than that, if figured accurately, but that was his estimate—that it should not exceed 1 cent per pound loaf of bread.

In the case of cotton cloth—the Senator from Arkansas [Mr. ROBINSON] gave figures the other day—it would make only 1 or 2 cents' difference in the price of a cotton shirt that ordinarily sells for about a dollar, and that the increase in other cotton goods would be along the same line.

There is always a danger of pyramiding, however. I remember very well that when the tariff bill was before the Senate some shoe men came to my office. One represented a comparatively low-priced shoe, and the other a high-priced shoe. One manufacturer was from the East, and the other from the Middle West. They came to my office, protesting against the proposed tax on hides. They said that an ordinary little tax of 1 or 2 cents a pound that was talked of would not be reflected to the farmer at all, but that the packers would get the benefit of it. I told those shoe men that the stockmen, the farmers who raised cattle, wanted a tax of 5 cents a pound on hides. They said that, of course, if they had a tax of 5 cents a pound on hides, it would be necessary to have a compensatory duty on leather and on shoes. I told them that would be all right; and I said to those shoe men, "How much would it increase the cost of a pair of shoes if we had a 5-cent tax on hides?" Each of them took a pencil and started to figure; and the man who represented the shoe factory in the Middle West, that sells a popular shoe at a high price, said, "It would increase the price of shoes a dollar and a half a pair to the purchaser." I laughed at him. I said, "Not more than a pound of leather goes into a pair of your shoes, and yet you say a 5-cent tax would increase the price of those shoes a dollar and a half." He said, "Yes; it would"; and he went on to explain how it would be pyramided from one to the other of the processors who handled that leather, until the manufacturer and the jobber and the retailer would all get a profit because of that 5-cent tax on the leather.

So, Mr. President, I want this amendment in this bill which will prevent the pyramiding of prices of these farm products because of the processing tax.

If the Secretary gives the information as to how much the tax would increase the price of the finished commodity to the consumer, then I do not believe there would be any danger of pyramiding, because the so-called "profiteers"—and we have them sometimes in the mercantile business and the wholesale business—would be mighty loath to increase their prices to make an excessive profit—in other words, to pyramid their profits because of the processing tax if the publicity was given.

So I believe this amendment that I have offered would be a protection to the consumers of these products under this processing tax.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

Mr. BANKHEAD. Mr. President, I have been out of the Chamber and am not familiar with the amendment. I should like to have an opportunity to look at it.

The PRESIDING OFFICER. Does the Senator desire recognition, or does he want the amendment stated?

Mr. BANKHEAD. Yes; I desire recognition if no other Senator is ready to speak on the amendment.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BANKHEAD. I do.

Mr. SMITH. As I understand this amendment, it is simply to keep those paying the processing tax from pyramiding the price to the consumer by adding a percent of return on the tax as well as on the goods themselves, and to publish that information; to ascertain the comparative prices that the goods sold for before the tax went on and what they sold for after the tax went on; and then, after the tax goes on, also to ascertain what is the comparative cost to the consumer here as compared to the cost of like articles imported. I think that is about what the proponent of the measure intends to accomplish. Am I right?

Mr. FRAZIER. Mr. President, that is exactly my intention. For instance, in the case of bread, if the tax on the processing of wheat into flour would amount to 1 cent per pound loaf, and the retailer of bread puts the price up 2 cents or 3 cents a loaf, the publicity given will let the consumer know what the price should be, and he is going to be able to protest immediately if he is charged 2 or 3 cents more for a pound loaf of bread than he should be.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

The amendment was agreed to.

Mr. BORAH obtained the floor.

Mr. GLASS. Mr. President——

Mr. BORAH. I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, I send to the desk an amendment of which I gave notice some days ago.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Virginia proposes the following amendment:

On page 13, after paragraph (4), insert a new paragraph, no. 4½, as follows:

"(4½) In case of peanuts the term "processing" shall mean the cleaning thereof, the preparation of the same for sale in the ordinary course of trade for consumption, the shelling and salting thereof, and other like methods of preparing the same for sale, including the making of peanut butter."

On page 16, line 9, after the word "tobacco", insert the word "peanuts,".

Mr. GLASS. Mr. President, I imagine that I was picked on to offer this amendment as being the chief exponent of peanut politics in the Senate. [Laughter.] Nevertheless, I have offered it in response to the request of the representatives of 300,000 farmers who are engaged in the production

of peanuts, with dependents computed to be numerically a million and a half of persons.

I find upon investigation that the peanut crop of the country has repeatedly exceeded in monetary value the rice crop, which is included in this bill, approaching one year not long ago nearly $100,000,000. The industry is in a frightfully distressed, if not destitute, state. Peanuts have gone down from 8 cents a pound to three fourths of 1 cent a pound. Aside from the 300,000 farmers, with their dependents, who produce peanuts, the various methods of processing peanuts in the production of peanut brittle, peanut butter, peanut oils, and other products of peanuts, employ some thousands of persons; and therefore I think they ought to be included in this bill.

I do not want anything I may say to be taken, in fact or by implication, as an approval of this bill. I want that distinctly understood; but if we are to pass the bill, I want peanuts included in it. I am sorry to see that so many of the Senators who have flocked to me and told me in person that they are in favor of peanuts are now absent; but I think there are enough here to include the amendment in the bill, and I hope we shall have a vote on it.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Virginia [Mr. GLASS].

Mr. BANKHEAD. Mr. President, I desire to make a point of order against the amendment.

The PRESIDING OFFICER. The Senator from Alabama will state the point of order.

Mr. BANKHEAD. This amendment involves an amendment of the section which provides what commodities shall be included in the bill. That section has once heretofore been reconsidered and acted upon. I make the point of order that it is not now open for amendment or reconsideration.

The PRESIDING OFFICER. The Chair would like to hear from the Senator from Virginia on the point of order.

Mr. GLASS. The Senator from Virginia knows very little about points of order and parliamentary procedure. I know that I offered this amendment about 6 days ago, and have been waiting around here every day in order to have action on it; but so many Senators have talked about irrelevant subjects that I have not been able to have it acted on.

The PRESIDING OFFICER. The result can be attained by unanimous consent to reconsider the committee amendment.

Mr. GLASS. I ask unanimous consent that it be done.

The PRESIDING OFFICER. The Senator from Virginia asks unanimous consent to reconsider the vote whereby the committee amendment was adopted.

Mr. BANKHEAD. I object, Mr. President.

The PRESIDING OFFICER. Does the Chair understand that the Senator from Alabama objects?

Mr. BANKHEAD. Yes.

Mr. SMITH. Mr. President, I suggest to the Senator from Virginia that he may offer this amendment to some other section of the bill, because I know the zeal with which he desires to have the industry of his State come under the terms of this bill.

Mr. GLASS. Not simply of my State but of 17 other States.

Mr. SMITH. Mr. President, I think the Senator ought to be granted the privilege of putting his amendment in the bill at such a place that a point of order would not lie against it.

Mr. BANKHEAD. Mr. President, I withdraw the point of order.

The PRESIDING OFFICER. The Senator from Alabama withdraws his point of order.

Mr. GLASS. I was just about to say that I have had suggested to me by an experienced parliamentarian that I might pursue the course suggested by the Senator from South Carolina, but that is not necessary, since the Senator from Alabama was kind enough to withdraw his point of order.

The PRESIDING OFFICER. The Senator withdraws the point of order. The question is on the amendment offered by the Senator from Virginia.

Mr. ROBINSON of Arkansas. Mr. President, I cannot understand why Senators who oppose the bill insist on having its benefits applied to products of their own State. It does seem to me that there is a measure of inconsistency in that course. If, as some Senators have said here today, the bill is fundamentally wrong, I cannot comprehend the basis upon which an argument may be rested to include other commodities than those designated as basic commodities in the bill as it has been presented.

Of course, the bill can be modified by adding any number of additional or new commodities, but I suggest to those who are in favor of this legislation, who wish to see it tried out, who recognize it as an experiment, but as a possibly practical one, that they do not include additional commodities to the commodities already mentioned in the bill at the instance of Senators who are opposed to the measure.

Mr. GLASS. Mr. President, I think the Senator from Arkansas ought to acquit me of any selfish motive in the matter. As a matter of fact, the largest staple crop of my State is already included in the bill, the crop of tobacco, and I have not spoken for or against the bill. I have not presented any fundamental objections to it. But the very fact that I have been picked on to offer this particular amendment to the bill suggested to me that I did not want it to be understood that that commits me to the bill. As a matter of fact, the crop of tobacco is the largest staple crop in my State and it is included in the bill.

Mr. FRAZIER. Mr. President, I have really no objection to including peanuts in the bill, but I want to serve notice that if a change of that kind is made and peanuts are included in the bill, I will propose to include flax and also oats. In my opinion there is vastly more reason why those two products should be included in the bill than that peanuts should be. I am not going to make any argument on the matter at this time.

Mr. BORAH. Mr. President, I want to ask those who understand the philosophy of the bill better than I why these commodities should not be included? If the bill is to aid in raising the prices of the commodities, why should it be limited to a very restricted number of commodities? If it is to prove beneficial, why not include peanuts and the other articles of which the Senator speaks? The Senator is for the bill?

Mr. FRAZIER. Yes, Mr. President. I have no objection to including these other articles. I thought they should be included, but it seemed to be the opinion of a majority of the Committee on Agriculture and Forestry that they should not be included.

Mr. BORAH. What I wanted to ascertain was why they should not be included. There may be a good reason for it. Why should they not be included?

Mr. FRAZIER. The Senator will have to get that information from someone else. I cannot answer the question.

Mr. NYE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from North Dakota?

Mr. BORAH. I yield.

Mr. NYE. As I understand it, when the bill was pending before the committee, peanuts and flax were at one time accepted by the committee and made a part of the bill. I should like to know what occurred that caused those two items to be stricken from the bill as it finally was reported.

Mr. GLASS. Mr. President, the only reason why the item of peanuts was stricken out was because they were peanuts.

Mr. ROBINSON of Arkansas. Is not that a pretty good reason?

Mr. GLASS. I do not think so. It is not any reason at all for a crop which approximates $100,000,000 a year in monetary value.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield for an inquiry?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. I wish to ask the Senator from Virginia what is the amount of the exports of peanuts?

Mr. GLASS. I cannot answer that question.

Mr. BAILEY. Mr. President, I can answer the question, if the Senator from Idaho will yield.

Mr. BORAH. I yield.

Mr. BAILEY. The exports amount to one half of 1 percent of the production, according to the statement of the Department of Agriculture. The amount of production is 1,400,000,000 pounds. The number of acres under cultivation is something below 2,000,000. North Carolina produces 387,000,000 pounds a year, Virginia about 325,000,000, and Georgia about 425,000,000.

While I am on my feet, I should like to say that there are 13 of the Southern States which produce peanuts; and, while peanuts are referred to facetiously, they are an extremely important crop in 30 counties in North Carolina. I just give that information for the benefit of Senators.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield further?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. Did I understand the Senator correctly when I thought I heard him say that the proportion of exports to production was one half of 1 percent?

Mr. BAILEY. That is the figure I gave the Senator.

Mr. ROBINSON of Arkansas. Is the Senator from North Carolina in favor of including peanuts in the bill?

Mr. BAILEY. Mr. President, I have been very frank to express my opinion of this whole bill. My judgment is thoroughly against it; but I am going to say this: That if the bill would work a benefit for any particular product it would work better on peanuts than on anything else.

Mr. ROBINSON of Arkansas. My object in asking the Senator from North Carolina that question was to show that while he is against the bill as a whole he has still enough confidence in it, enough faith in its provisions, to ask that a commodity which is not included at present as one of the basic commodities be embraced within the terms of the bill. In other words, I think that fact is a partial answer at least to the very able argument which the Senator has made against the bill.

Mr. BAILEY. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. BAILEY. I think the statement of the Senator may be justified in some respects; but I think that since this whole thing is an experiment very probably it would be wiser to confine the experiment to peanuts alone. That is the only justification on which I would be willing to put peanuts in.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. The statement which the Senator from North Carolina has just made, that he thinks the terms of the bill ought to be applied to peanuts alone, is my justification for voting against the amendment of my friend the Senator from Virginia.

Mr. BORAH. Mr. President, I am holding the floor for the purpose of finding out, if I can, why the commodities sought to be included were cut out of the bill. Was it thought that the bill would not operate successfully on these commodities, whereas it would operate successfully on these other commodities? Why were they eliminated?

Mr. SMITH. I think they were eliminated through request.

Mr. ROBINSON of Arkansas and Mr. GLASS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I think the Senator from Arkansas addressed me first.

Mr. ROBINSON of Arkansas. I defer to the Senator from Virginia.

Mr. GLASS. I think very likely peanuts were eliminated because certain persons thought that no Senator could be found who would be willing to propose peanuts. [Laughter.]

Mr. ROBINSON of Arkansas. Mr. President, I think it is regrettable that a jest should be made of this matter, and if I have contributed to that, I wish to make a serious statement, and then thank the Senator from Idaho, who has been kind enough to yield to me repeatedly.

Manifestly, every commodity could not be designated as a basic commodity. The bill is intended to apply to basic agricultural commodities, on the theory that if we uplift the prices of them, fair increases in the prices of other commodities will result. For that reason the very able Senator from Oregon [Mr. McNARY] sought at one time during the progress of this measure to limit consideration and the application of the terms of the bill to wheat and cotton. He sought and others sought to make it apply to those only as basic commodities.

In all fairness, without depreciating in any sense the importance of peanuts, I think it is not true that peanuts are a basic commodity, in the sense that the term is ordinarily applied, and while I can readily understand the intensity of the fervor of the Senator from Virginia [Mr. GLASS] in presenting this amendment and in advocating it, we ought not to include in this bill a commodity related with respect to exports as it appears from the hearings and from the statements made here peanuts are related.

I think we ought to treat the subject seriously, and if Senators who are against the bill insist on writing into the list of basic commodities such products as peanuts, they will accomplish their purpose and make the bill ridiculous.

I know there are some Senators who are for the bill who would like to see peanuts embraced as a basic commodity, but I believe that if we include peanuts, we will be justified in extending the list to such a number of commodities that there will be no limit, and the administration of the bill may be made a practical impossibility. The list as included in the bill is already quite large. The definition of basic commodities as embraced in the bill appears to me quite as elaborate as it should be.

It is quite disagreeable to me to oppose any amendment which the able Senator from Virginia offers, or which other Senators interested in the proposition favor including, but I think it is well for the friends of this legislation to remember that it is proposed by those who avow themselves in advance as against the bill and supported by some who apparently wish to make it ridiculous.

Mr. GLASS. Mr. President, if the Senator from Iowa will yield, I want to say just one concluding word.

I would not have the Senator from Arkansas or any other Senator think that I am treating this matter lightly or have any desire in the world to make the bill ridiculous. On the contrary, it is not a ridiculous proposition to 300,000 farmers, with a million and a half persons dependent upon them, whom they have got to feed, whose product has fallen in the course of this depression from 8 cents a pound to three fourths of 1 cent a pound.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Virginia yield to me?

Mr. GLASS. Those 300,000 farmers are now in a state of destitution; and if this bill is going to accomplish anything for the relief of farm products of some degree of importance I think peanuts might be included. I have already pointed out that in monetary value the crop exceeds some of the commodities already included in the bill.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I want to ask the Senator from Virginia the simple question, if he does not believe in the bill, if he does not believe that it will work and

result in an increase in the prices of the basic commodities named in the bill, why does he insist on including peanuts?

Mr. GLASS. I will be frank with the Senator, and will say, with the permission of the Senator from Idaho and the Chair, that I do not know why the producers of peanuts want to have their commodity included in the bill. Perhaps it is because they believe that it may increase the price of peanuts. I do not believe it will increase the price of anything; and I may say that there is no human being who has ever been created by God upon whom I would confer the authority and the power that this bill undertakes to confer upon the Secretary of Agriculture.

Mr. BORAH. Mr. President, I do not know why our risibilities should be so excited over the question of peanuts. The peanut is not the only product which is waiting here for an opportunity to get into the bill. What I want to know is why these commodities were left out? The Senator from South Carolina says they were left out by request. By request of those who produce the products? I do not so understand.

Mr. SMITH. No; they were left out by those who first drafted the proposed legislation.

Mr. GLASS. And they talk about the interests of 300,000 farmers and a million of people dependent upon them as being ridiculous!

Mr. BORAH. Those who raise peanuts in this country are entitled to the same consideration as are those who raise wheat. If the bill will work with reference to wheat, I ask the Senator from South Carolina why it will not work with reference to those who produce peanuts, or oats, or any important commodity?

Mr. SMITH. I see no reason in the world why it should not. Right here, however, let me call attention to the fact that the Senator from North Carolina has stated that less than one half of 1 percent of the domestic production of peanuts is exported. This bill undertakes to benefit only the portion of crops domestically consumed. Therefore the less exports there are of any commodity the greater the benefit to it will be. If there are no exports at all, then the entire crop is benefited by the operations of the bill.

Mr. BORAH. Which constitutes a very strong argument in favor of incorporating peanuts in the bill.

Mr. SMITH. As a matter of course, the point that I am making is that no peanuts are exported.

The Senator from Virginia calls attention to the vast number who are dependent upon the growers of peanuts for a living. The peanut is a purely domestically consumed product; therefore, taking the price for the base period, if that will make it profitable for peanut growers to raise that product, they will get the full benefit of whatever the domestic price may be.

Mr. BORAH. I understand that there are other amendments to be offered to the bill; for instance, one covering sugar beets. What I want to know is whether I should vote to open the gates, if such a procedure is going to destroy this bill. I am seeking information.

Mr. BANKHEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. I yield.

Mr. BANKHEAD. Mr. President, I, of course, know that the distinguished Senator from Idaho is making these inquiries for the purpose of determining his vote on this particular question. He has asked certain questions, and, as a member of the committee, I should like to undertake to some extent to show why peanuts were eliminated from the bill.

Mr. BORAH. Mr. President, may I yield the floor until the Senator from Alabama shall have made his statement? Then I may undertake to get it again.

Mr. BANKHEAD. Mr. President, in the beginning I desire to say that I am friendly to peanut producers. There is a very large peanut industry in my own State. So I speak as one who really has a large constituency interested as producers of peanuts. I mention that merely to indicate that I am not taking an offhand view of this problem.

I say further that my first impulse was to include peanuts in this bill, but on further consideration of the subject I changed my mind about it, for this reason: In the first place, this bill, as we all know, is one which peculiarly depends upon the character of its administration. We are proposing here to give exceedingly broad and general powers to the Secretary of Agriculture for the administration of the measure. The administration seeks that authority and that responsibility. In the preparation of the bill, in the first instance, the selection of what are known as basic commodities was given, as I understand, very careful consideration. The bill went to the House in its present form, so far as that particular subject is concerned, and as it passed the House it included only the basic commodities now covered by the bill. In its consideration by the Committee on Agriculture and Forestry of the Senate an effort was made to reopen that subject; that effort at one time succeeded, and peanuts and flax were included. It then appeared that there would be numerous other commodities offered to be included in the bill.

Mr. BORAH. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BANKHEAD. Certainly.

Mr. BORAH. Do I understand that the reason why these commodities were taken out was the fear that there would be a breakdown in the administration of the measure and that it would impose upon those administering it such a vast burden of activity that it would be impossible to execute or operate the bill?

Mr. BANKHEAD. I may say to the Senator, with perfect frankness, that that was the controlling consideration.

Mr. GEORGE. Mr. President, may I ask the Senator a question?

Mr. BANKHEAD. I yield.

Mr. GEORGE. May I ask the Senator if it is not optional with the Secretary of Agriculture whether he shall apply the processing tax or other benefits of the bill to any commodity covered by it?

Mr. BANKHEAD. It is, of course, optional, as the Senator from Georgia knows, as to what particular feature of the bill shall be applied.

Mr. GEORGE. I take it that he would not undertake to apply it to more commodities than he could possibly regulate.

Mr. BANKHEAD. The Senator understands the moral effect as well as the resulting pressure that will come from the representatives of any commodity included in this bill to have that particular commodity also considered in the administration of the measure.

Mr. GLASS. Mr. President, will the Senator permit me to make an inquiry?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Virginia?

Mr. BANKHEAD. Certainly; I am always glad to yield to my distinguished friend from Virginia.

Mr. GLASS. How many acres in Alabama are devoted to the raising of the rice crop?

Mr. BANKHEAD. Does the Senator really want that information?

Mr. GLASS. That is what I asked for.

Mr. BANKHEAD. None that I know of.

Mr. GLASS. Very well. There are 329,000 acres in Alabama devoted to the raising of peanuts.

Mr. BANKHEAD. I said, and I presume the Senator heard me say, that the growing of peanuts was a large industry in my State.

Mr. GLASS. But I am curious to know why the Senator is willing to bring rice within the "charmed circle" and exclude peanuts?

Mr. BANKHEAD. I did not bring rice in; I had nothing to do with bringing rice into the "charmed circle" or any other circle. I left rice where I found it, as I left the other

commodities included in the bill where I found them. It is purely a question, as I submit to the Senate, whether the friends of this bill who want to see it successfully administered are willing, because of local interests or because of their judgment that one commodity here and another commodity there should be added, that the bill should be loaded down—and we know what is going to follow as soon as the question is reopened in the least degree—to the point where at this time no adequate machinery and administrative agencies can be set up to administer an innumerable number of commodities additional to those already in the bill.

I dare say, Mr. President, that plans are in process of formation for the administration of those commodities which the administration up to this time has reason to believe are to be included in the bill; but if now the question is to be reopened and peanuts and flax and oats and barley and apples and numerous other commodities are to be included, then we can easily see the additional burden that will be placed upon the administration at this late time in the year, when the crop-planting season is rapidly expiring, although numerous speeches are still being made here on the philosophy of the bill, and we do not yet know where the end is. I submit that it would impose an undue hardship and burden upon the administration of this bill to open the question up and to enlarge its scope so as to include numerous other commodities.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BANKHEAD. I yield.

Mr. BORAH. It occurs to me that it will be impossible to bring back prosperity, which it is hoped this bill will bring, by limiting its operations to 2 or 3 commodities. Take flax and peanuts and sugar and that class of commodities. There is a vast amount of the wealth of the country invested in their production, and it does not seem to me quite conclusive in the way of an argument against their inclusion to say that it will increase the burden of administration. What we are seeking to do, if we can, is to try to enact a bill which will give the producers of commodities a reasonable price for them. What will Senators say to their constituents who are producing these commodities as to why they were not included in the bill? Shall we be content to say that it would impose some additional burden on its administration and expect that that will satisfy our constituents?

Mr. BANKHEAD. Will the Senator let me answer the question?

Mr. BORAH. I raise that question for the reason that only this morning I had a number of telegrams insisting that a certain commodity be included in the bill. I do not know what to say to the senders of those telegrams as to why that commodity should not be excluded, except to state the fact that its inclusion will increase the burden of administration. I could say to them that I do not think the bill will accomplish anything, but they would likely reply, "We are entitled to the same chance as the producers of other commodities".

Mr. BANKHEAD. Mr. President, of course if the bill is to be reopened, and there is to be included in it every commodity which Senators think would be helped by their inclusion, there is no occasion whatever for any definition of basic agricultural commodities. It is well known that this bill is framed upon lines to try out certain heretofore untried methods of bringing to the producer an increased price for his commodity.

Mr. GLASS. Mr. President——

Mr. BANKHEAD. I will yield in a moment. It was originally framed upon the basis of including only commodities with an exportable surplus, and it is still framed to include only those commodities, with one possible exception. But it has been frankly confessed from the beginning that experiments were being tried under the provisions of the bill, that new roads were being traveled, that the hope was entertained that by the exercise of the powers granted in the bill and without placing upon the administration of it undue and unnecessary burdens and friction, beneficial results would, in the judgment of those who are responsible for the bill, accrue not only to the producers of the basic agricultural commodities included in the bill but to the producers of all other agricultural commodities in the United States, upon the principle, well known to all students of the prices of farm commodities, that when the prices of basic agricultural commodities such as wheat and cotton rise, the prices of peanuts and oats and barley automatically and in sympathy and in competition rise with the prices of the fundamental basic agricultural commodities.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Kentucky?

Mr. BANKHEAD. I yield.

Mr. BARKLEY. It may be that the increase in the price of any one basic agricultural product might be sufficient to drag all the rest of the flock along with it; but if that be true, why put in more than one? Why not let it be the bellwether for the entire fold?

I should like to ask the Senator from Alabama also, purely for information, how does the geographical territory which produces peanuts compare with the geographical territory producing rice, for instance? How does the value of the peanut crop compare with the total value of the rice crop? How does the universality of the use of peanuts compare with the use of rice? Why is rice more basic than peanuts?

Mr. GLASS. It is not in Alabama, because there are 329,000 acres in Alabama devoted to peanuts and not 1 acre devoted to rice.

Mr. BARKLEY. I am not speaking of Alabama. I am speaking of the country as a whole.

Mr. GLASS. In my State of Virginia there are approximately 150,000 acres devoted to peanuts and not an acre to rice.

Mr. BARKLEY. I realize there are certain geographical questions that enter into the subject, but I was not speaking particularly of Alabama and Virginia. I was speaking of the country as a whole.

Mr. GLASS. What is the basic crop in one geographical section is not the basic crop in another section.

Mr. BARKLEY. That is undoubtedly true, but if the Senator from Alabama can give me information as to a comparison between the two crops, I should like to have it. It may be that other Senators have already furnished it; but if so, I am not aware of it.

Mr. BANKHEAD. I am sure the Senator from Kentucky knows in about the general way that the rest of us know that rice is not as large a crop as peanuts either in size or in financial returns. It is, however, a more nonperishable crop. It is furthermore a concentrated crop.

Mr. BARKLEY. Is the nonperishability of rice due to the fact that fewer people eat it than peanuts?

Mr. BANKHEAD. I do not care to yield for such a purpose, Mr. President. I thought my friend of Kentucky wanted some genuine information.

Mr. BARKLEY. I did want it, but I do not seem to be getting it.

Mr. BANKHEAD. The Senator has not been patient enough to wait for it. I am giving it to him in broken doses. I do not care to enter into a discussion of the comparative value of basic agricultural commodities which are now included in the bill or which should be included in it at its completion. There are reasons, which I have indicated, why rice was included. I would have no objection to taking it out. But the friends of the bill might as well know that if this matter is reopened we are to be confronted with a deluge of amendments. If there were nothing but peanuts involved here as an addition to the bill, I would not even rise to object. But I saw the actual developments in the Committee on Agriculture and Forestry. I saw that a reopening of the subject of which basic commodities were to be included in the bill was leading inevitably to a loading down of the bill, not by its friends entirely, I will say, but by many who were not interested in the passage of the bill

or, at least, who expressed no real hope or expectation of a successful operation of the bill.

As I said to the friends of the bill, in taking this position I am probably making more of a sacrifice than any other Senator who votes against including peanuts in the bill. I am interested in a paramount way in a bill that will tend along general broad lines to elevate the prices of agricultural commodities throughout the United States and not merely in one local community. If those who are now urging that peanuts be included in the bill had as much enthusiasm about the successful operation of the bill as I should like to see exhibited, I would have less reason for opposing a reopening of the bill to include various other commodities.

But, Mr. President, when we load the bill down with half a dozen more commodities, we simply bring about greater difficulties in the administration, we bring about more direct collision with the body at the other end of the Capitol which has passed upon the matter. I know that some Members of this body are willing to assist delay in the final passage of the bill and the turning over to the administration of an opportunity to put it into effective operation. So I say, considering all things, we are entering upon a dangerous ground unless we want to emasculate the bill and fix it so the administration will be overloaded with items for its effective administration. There is no one here who can tell, if it be reopened upon that subject, what it may include when we get through. For that reason, Mr. President, as a member of the committee and as one who has confidence in the successful operation of the bill, I feel it my duty to oppose the inclusion of further commodities in the bill.

Mr. GEORGE. Mr. President, I find no definition of basic commodities in the bill. I find an enumeration of basic commodities. Therefore, anything the draftsmen cared to enumerate as a basic commodity is included in the bill. As nearly as I can make it out, the only reason why peanuts or perhaps some other commodities should not be included is that those who originally drafted the bill did not regard them as basic commodities and did not see fit to include them. In that connection I want to call attention to what did occur.

Enumerated among the basic agricultural commodities originally were cattle and sheep. Both cattle and sheep were stricken out of the bill by the committee and, therefore, I think we must take it that the draftsmen of the bill were not altogether infallible in deciding what is or is not a basic commodity.

Mr. President, there is no reason why those who grow peanuts might not have whatever advantage the bill will bring to that particular commodity. For that matter, I can see no reason why any other agricultural product should not be included in the bill. What is there complicated about the administration of the bill? All we do is lease the acreage or impose the tax. The taxgatherers—that is, the Bureau of Internal Revenue—collect the tax, and then it is merely a question of passing it back, of course, to the producers of the particular commodities.

The peanut crop is grown very largely in that part of the country where cotton also is grown. We will be dealing substantially with the same farmers, with the same number of farmers, and I do not see how we will be overloading the bill in the sense that if we were now considering the Farm Marketing Act, where a board was charged with the responsibility of dealing in a particular commodity, such a statement might be literally true.

But here it is only a question of making some arrangement with the producer either to rent his acreage or to impose upon him a tax. I do not see how there is any insuperable objection to the inclusion in the bill of any particular commodity the producers of which would like to have it included in the bill.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Virginia?

Mr. GEORGE. I yield.

Mr. GLASS. May I interrupt the Senator with this question: There are 1,932,000 acres of land devoted to the production of peanuts. Suppose we practically destroy the peanut business, will not those acres of land be devoted to the production of cotton?

Mr. GEORGE. I think the Senator is undoubtedly correct.

Mr. GLASS. They are grown in the cotton States, and there would be nearly 2,000,000 acres more of land then devoted to the production of cotton.

Mr. GEORGE. Precisely. If there is virtue in the bill, we cannot separate one crop and make application of this or any other law to it because the very fact that we have excluded it will defeat the effort to benefit it. The one substitute that we have by way of a money crop in the Southeast, the weevil having destroyed or greatly reduced cotton production, is peanuts. That is to say, peanuts constitute one of the chief crops, if not the leading crop. If we exclude peanuts from the bill, we will undoubtedly open up the same acres to cotton. If there is any profit in cotton, if there is merit in the bill, and if it is profitable to raise cotton, the moment we exclude peanuts we put that land back in cotton. We cannot work it by simply taking one particular crop and excluding all others. There is every reason why any crop that is a sizeable crop, and in any large area of the country is a basic crop, should be included in the bill. Mr. President, you might as well give us no bill for cotton, you might as well give us no bill for tobacco, if you are going to turn back on us a large acreage that is just as easily tillable in cotton or tobacco as it is in peanuts.

Mr. CONNALLY. Mr. President, may I inquire of the Senator from Idaho if he desires the floor at this time? I understood that he yielded to the Senator from Virginia with the expectation of getting the floor again.

Mr. BORAH. No; I yield for the present.

Mr. CONNALLY. Mr. President, I desire to call the attention of the Senate to a measure which I have pending in the Senate which would obviate the necessity for some of the provisions of this bill; and that is a bill which I introduced, which I commend to the attention of Senators, bearing the number S. 1111, having to do with the reduction of the gold content of the dollar.

On yesterday, when the debate on inflation was before the Senate, I did not take part and urge the proposal which I now make, because my understanding was that the plans of the leaders did not contemplate the adoption of any amendment of that character because of the desire to hurry the consideration of this bill; but at the conclusion of my remarks I propose to ask that my amendment lie on the table, with a view of bringing it to the attention of the Senate at the conclusion of the bill.

Mr. President, it is generally conceded in this country that there will be no return of prosperity until the price level of commodities has been raised. There certainly can be no permanent recovery until property values are raised and commodity prices are raised. This bill has for one of its purposes raising the price of agricultural commodities.

Another purpose which this bill has in mind is the scaling down of farm mortgages. The process, as provided in the bill, must be voluntary. The creditor cannot be forced to reduce his mortgage or the debt which is owed to him by the debtor. It must be voluntary. We are proposing by this bill to tax the consumers of America and to bring into play the extreme powers of this Government. To do what? To make consumers pay more for the agricultural products covered by the bill.

The measure which I propose will accomplish both of those purposes. It will lift the prices of agricultural commodities and the prices of all other commodities, and thereby will make possible the reduction of mortgages upon farms, factories, and every other industrial business in the land.

Mr. President, every plan for inflation has for its purpose what? Cheapening the dollar; lifting the prices of com-

modities. Other plans are indirect. Other plans may work or they may not work, but I submit to the Senate that the reduction of the amount of grains of gold in the dollar is a direct inflation by increasing the volume of currency in inverse ratio to the reduction of the gold content, and the measure which I introduced some weeks ago reduces the gold content of the dollar by one third.

The direct and immediate effect of that reduction would be the lifting of the commodity price practically 50 percent. It would have the effect of scaling mortgage and other indebtedness approximately to the extent of one third.

Mr. President, how are the people of the United States ever to discharge the burden of mortgage debt, bonded debt of the States, counties, and cities, and the Nation itself, at the present price of the American gold dollar and at the present level of American commodities? It cannot be done. We face the alternatives of liquidation, bankruptcies, foreclosures, squeezing out the inflated values of other days, and getting back down on bedrock, or of increasing the money supply by reducing the value of the gold dollar.

It is said by some that Congress has no power to reduce the value of the gold dollar. I expect to address the Senate at some length on a future day upon the constitutional and legal questions involved; but at this time I shall be content with the statement that under the Constitution, which gives the Congress the power "to coin money" and "regulate the value thereof", Congress possesses now and always has possessed the power, whenever it may see fit to do so, to regulate the value of money by changing its value in relation to the value of other commodities.

The Constitution does not say "fix the value of money". It says "regulate the value" of money; and I submit that the word "regulate" means to change that relationship with regard to other commodities. What else could it mean? What did the fathers have in mind except to give the Congress the power to change the standard of money whenever it may see fit to do so?

What has the rest of the world done?

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I do.

Mr. LOGAN. Does the Senator make the contention that because of that provision in the Constitution every creditor who entered into a contract providing for the payment of money in gold took the contract with full knowledge of the fact that Congress had the right to regulate the value of money, and, therefore, it would not be in violation of the provisions of the contract, or impair the contract, if Congress should regulate the value of money?

Mr. CONNALLY. I shall say to the Senator in reply that, as I indicated a moment ago, I do not at this time desire to consume the time of the Senate with any lengthy discussion as to the constitutional and legal features of the subject; but I might observe to the Senator that when men make contracts they make those contracts with the knowledge of constitutional provisions. They make them with the knowledge of the power of the courts and of the limitations of the courts. They make those contracts in subordination to the powers of Congress to regulate them and to control them.

I might suggest that when a debtor and a creditor make a contract with reference to money—I am not speaking now of bullion contracts; I am speaking of contracts calling for dollars—they are contracting with reference to the lawful money of the country, knowing at the time they so contract that Congress always has had the sovereign right to regulate the value of money.

A high English court only a few weeks ago decided a similar question in Great Britain. That court said in that case that a contract calling for pounds of a certain standard of weight and fineness was either a bullion contract calling for so much gold bullion or it was a contract calling for pounds. The court held that it was not a bullion contract but was a contract calling for British pounds, and that that debt could be settled in new British pounds of the depreciated value which has followed England's going off the gold standard. I hope that answers in some measure the Senator from Kentucky.

Mr. President, what did England do when she went off the gold standard? England did not have to go off the gold standard. She went off the gold standard because she wanted to revalue her money. She reduced her money from $4.86 for a pound to about $3.20 for a pound. She calls it "controlled inflation." She does not redeem in gold. Her purpose was to reduce the value of the British pound; and what has followed?

Great Britain has been taking away from America trade in foreign countries because her lowered costs of production have enabled her to undersell America. Our imports are increasing. Our exports are decreasing. A similar situation is true as to every country which has depreciated its currency. The result has been that they are in position to sell more cheaply than America. The higher the dollar becomes, the greater the advantage to foreign countries.

Mr. President, now is the time of all times when the plan which I propose for the reduction of the gold content of the dollar can be accomplished.

When I spoke in this Chamber on the 24th of January, urging a reduction of the gold content of the dollar, there were Senators who held up their hands in fear that agitation of that bill would result in gold withdrawals from the Treasury and from the Federal Reserve banks. They said, "You must not urge that bill, because it will result in a run on the banks for gold, and our gold reserves will be depleted, and disaster will come to our country." I was not insensible to those appeals, and for many weeks I was not active in behalf of this measure. Finally there came the bank crisis and the passage of the emergency banking legislation. As a result of the enactment of that legislation, what occurred? An embargo on gold shipments abroad was proclaimed, and properly so. The Government issued an order suspending gold payments in America. Gold hoarders were ordered to return their gold to the Treasury or to the Federal Reserve banks. Those things have been done. Today we are actually off the gold standard, but theoretically we are still on the gold standard. However, for all practical purposes, we are on the gold standard because our money is redeemable in gold, and everybody regards it as redeemable in gold. This situation, however, is one which makes possible the enactment of a measure reducing the gold content of the dollar without permitting private profiteering. Gold hoarders cannot now profiteer at the expense of the public. The gold is in the Treasury. It is the Government's gold as a reserve. My bill provides that that gold shall be retained in the Treasury and new gold certificates issued against the gold reserves on the basis of a lower gold content.

So, of all times, now is the most propitious time within our history for the enactment of legislation lowering the value of the dollar by cutting its gold content by one third.

Mr. President, Senators who expressed grave apprehensions as to the powers of Congress to do this thing in January since that time have voted for bankruptcy laws to do what? To avoid contracts. Why do they vote to put the railroads under the bankruptcy law? They vote to allow the railroads to take advantage of the bankruptcy law for the purpose of scaling down their debts, for the purpose of affecting contracts which they have made with their creditors, for the purpose of defeating—if I may use that word—solemn contracts. In the legislation now pending we propose to use all of the persuasive powers of the Government and all of the inducements of this measure to cause mortgage holders to reduce their mortgages. Why do we do that?

We know that those mortgages can never be paid in full. We know that the mortgage holder will profit more if he gets two thirds of the amount of his bond than if he gets 100 percent in the form of a deferred debt. So how does it become immoral to cut down, under the clear authority of the Constitution, the number of grains of gold in a dollar? How is that immoral when it is perfectly moral to pass a

bankruptcy law for the protection of railroads and banks? Even municipalities have been suggested. How can Senators draw a contrast between those two propositions?

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. ADAMS. I wanted to make this inquiry of the Senator from Texas. He was discussing a moment ago the fact that if his proposal had carried sometime back there might have been gold withdrawals. That could only come about if his proposal when adopted would affect the price of gold by raising it. As I understand, it would not affect the commodity value of gold. It merely would affect the acceptability of gold for payment, which is quite different from the silver proposal which came up yesterday against which the Senator voted. That would have an effect beyond the borders of this country. The Senator's proposal would be to enable $1 of today's currency to pay tomorrow $2 of indebtedness—that is, it would affect gold as the standard of measurement—not as a commodity.

Mr. CONNALLY. Mr. President, the Senator is largely correct. My bill would not change the volume of gold in the world. It would not change the number of grains of gold in existence. But it would change the number of grains of gold which make a dollar, and American business, American property, American finance, and American industry are based, not upon gold as such but upon gold measured by dollars.

Let me say to the Senator that, of course, 23 grains of gold in the markets of the world would still be worth, after my bill passed, exactly the same they are worth now, with the exception that they would buy more dollars. Under my bill 23 grains of gold, instead of buying $1, would buy $1.50 in America.

Let me say to the Senator that this bill would also raise the price of silver. The bill which I propose would raise the price of silver just as it would raise the price of other commodities, because while it has no reference to silver as such, when a dollar of gold is made 16 grains instead of 23, that dollar of gold will buy less silver, and consequently silver, in terms of dollars, will be worth 50 percent more than it is worth today. Does the Senator follow me there?

Mr. ADAMS. Absolutely.

Mr. CONNALLY. So there is no quarrel between the Senator from Colorado and myself, I believe, as to the effects of this legislation.

Mr. ADAMS. My only question was whether or not we ought not to follow the broader policy, which would increase the value of silver in the Orient and in the silver-using countries and thereby increase the consuming capacity of the world, rather than merely apply it to the local debt-paying capacity.

Mr. CONNALLY. Let me say to the Senator, with reference to silver, that I never have been able to get it through my mind that we can arbitrarily fix a ratio here in the United States between gold and silver and make it effective in the rest of the world. When silver is worth 26 cents now, and we undertake by making the ratio 16 to 1 to bring that value to 129 cents, I cannot see but that all the silver in the world would be dumped upon us, and that our gold would be taken away, and that instead of having a gold standard we would have a silver standard. We would have, in effect, not a gold standard. I am not out of sympathy with the Senator, but I cannot see how we can arbitrarily fix a relationship between gold and silver, or gold and anything else. Why not coin peanuts at some ratio? We cannot do it.

Mr. GLASS. Mr. President, if the Senator will just let us do it, we will make peanuts a part of the bill. Is the Senator going to propose his depreciation of the gold dollar as an amendment to my peanut amendment?

Mr. CONNALLY. I shall say to the Senator from Virginia that I have no disposition to delay this amendment. I took no time on the money question yesterday, and I wanted to submit some remarks today, because of the fact that it affects both this bill as it applies to agricultural commodities in general, and particularly the mortgage feature. I am sorry the Senator from Virginia is so impatient and intolerant as to the course of debate.

Mr. GLASS. I will say to the Senator that I am neither impatient nor intolerant. I am simply ill, and I wanted to get a vote on my amendment.

Mr. CONNALLY. I am sorry for the Senator. If the Senator had advised me that he was ill before I took the floor, I should not have consumed any time, and I assure the Senator that I shall conclude very shortly. I merely selected peanuts as an extreme case to illustrate the impossibility of arbitrarily fixing by law a relationship between the value of any two articles and maintaining that relationship.

I may observe that gold is the only commodity on earth that I know about whose value is arbitrarily fixed by law. In the United States a dollar contains 23 grains of gold. If the gold supply should be doubled tomorrow, gold would still be worth the same, because each dollar would be composed of 23 grains of gold. If tomorrow half the gold in the world should be dropped into the Atlantic Ocean, the remaining half would still be worth 23 grains to the dollar. Why should gold, one commodity, have its value arbitrarily fixed by inflexible law, whereas the value of other commodities goes up and down with the recession of trade and of commerce and according to the law of supply and demand?

Mr. ADAMS. Mr. President, will the Senator yield again?

Mr. CONNALLY. I yield.

Mr. ADAMS. I would like to make just one observation. It seems to me there is a slight error in the Senator's contention. It does not seem to me that the value of the gold is fixed by statute. The weight of the gold dollar is fixed by statute, but the value of the gold dollar must be determined by the amount of commodities which can be received in exchange for it. Part of our complaint today is that the value of gold has gone up in terms of its exchange value in other commodities.

Mr. CONNALLY. The dollar has gone up, but the same number of grains constitute a dollar now that have constituted the dollar since 1834. The gold goes up in terms of commodities, but in terms of the dollars the value is fixed. That is the point I am trying to make. All other commodities are measured in the dollar. The dollar remains fixed in its relationship to gold. The value of gold measured in other commodities has gone skyward; but, measured in dollars, it is the same, while all other commodities are measured by the dollar, and therein lies the injustice of it.

I say to the Senator from Colorado that my bill further provides that after the gold content is once cut, thereafter all gold shall be retained in the Treasury in the form of bullion, and the number of grains which will be given in redemption for a dollar will vary from time to time according to the index price of a thousand selected basic commodities. That will obviate the objection of the Senator from Colorado.

Mr. President, in conclusion, this measure would have the effect of scaling down the farm mortgages to which the bill refers. It would have the effect of lifting commodity prices and property values throughout the United States instantaneously upon its enactment.

It would enable America to reclaim much of her foreign trade, and to offset the depreciated currencies of foreign countries.

It would stimulate employment. When business begins to move, when debts begin to be paid, when the banks are able to collect their indebtedness on these lower standards of the dollar, we shall find a renewed activity throughout the whole business world.

Mr. President, it is said that this is a drastic step. It is drastic, but let me remind the Senate that we are living in desperate days. We are living in one of the most tragic depressions of modern times. Conditions have not materially improved. Shall we go on with deflation? Shall we continue with liquidation? Shall we squeeze out the small business man and the farmer, many corporations, many insurance companies, perhaps, which may be wrecked, or shall we now, by one drastic operation, check the forces of

deflation, arrest the tide of liquidation, lift commodity prices, embark again on our successful world trade, and give America a chance to grow out of this depression, and once again enter upon rising ground?

Mr. President, this measure will eventually be adopted. I dare to venture the assertion that sooner or later, unless we are to have widespread bankruptcy, and almost complete national liquidation, some measure of this character, for the reduction of the amount of gold in a dollar, will have to be adopted by America to pull herself out of the position into which she has been maneuvered by foreign countries in the manipulation of their currencies, and of their money and their world trade.

It may require courage, but an aggressive and courageous institution of this reform to my way of thinking will do more to restore America than any half dozen measures which have been proposed.

Mr. President, I hope at some future date to address the Senate on the legal and constitutional aspects of this question, but for the present I shall be content with offering the amendment which I send to the desk, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

The question is on agreeing to the amendment proposed by the senior Senator from Virginia [Mr. GLASS].

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer an amendment which I send to the desk.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. McNARY. May I ask the Senator whether he desires to offer the amendment at this time?

Mr. BYRNES. I do.

Mr. McNARY. We were in the midst of the consideration of an amendment offered by the able Senator from New Jersey [Mr. BARBOUR], who was called from the Chamber, and at my request his amendment was temporarily laid aside. Will not the Senator allow us to go on with the consideration of that amendment?

Mr. BYRNES. Mr. President, I would be content to do that, but I will have to absent myself from the Chamber a little later, and the amendment which I have sent to the desk could be disposed of in a few minutes. If it would take very much time, I would not ask for its consideration at this time. Will not the Senator from New Jersey allow me to offer the amendment at this time?

Mr. BARBOUR. I am very glad to yield to the Senator to do that.

The PRESIDING OFFICER. The Senator from South Carolina offers an amendment, which the clerk will state.

The LEGISLATIVE CLERK. On page 11, line 1, after the word "processor", the Senator from South Carolina proposes to insert the following:

Provided, That in the case of cotton the tax shall be levied, assessed, and collected at the time that the goods are invoiced for sale by the processor.

Mr. BYRNES. Mr. President——

Mr. SMITH. At what point in the bill does my colleague propose that amendment?

Mr. BYRNES. On line 1, page 11, after the word "processor."

Mr. President, I know very little of the processing of the other commodities referred to in this bill. In the case of cotton, however, the fact is that under the language of the bill as reported the tax would be levied, assessed, and collected at the time the raw cotton entered the manufacturer's possession. Within recent years, so far as I am aware, no cotton mill in South Carolina has been able to operate at a profit. In order to maintain their organization they often operate when they cannot manufacture at a profit and then warehouse the manufactured goods until such time as it is possible for them to sell at a profit or at least at the cost of production. In order to preserve the organization and for humanitarian reasons they continue to operate.

The effect of the bill as reported, if enacted, would be that the manufacturer must pay the tax immediately upon the raw cotton coming to the mill, and if he should be unable to sell those goods for 6 months, then he would be out of his money for that length of time. The amendment I have offered provides that the tax shall be levied and collected at the time the goods are invoiced for sale, so that when invoiced for sale the manufacturers will pay the tax and will have an opportunity to be reimbursed thereafter as soon as the goods are paid for by the purchaser. That is the purpose of the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BARBOUR obtained the floor.

Mr. AUSTIN. Mr. President, will the Senator from New Jersey yield to me for the purpose of calling for a quorum?

Mr. BARBOUR. I yield.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Glass	Metcalf	Townsend
Bulkley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Hebert	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

The PRESIDING OFFICER. Ninety Senators have answered to their names. A quorum is present. The Senator from New Jersey [Mr. BARBOUR] is entitled to the floor.

Mr. SMITH. Mr. President, if the Senator from New Jersey will allow me, I wish to say that there has been given to me a proposed amendment to the very section to which the Senator desires to address himself. I will ask the clerk to read it, and I think it will meet the objection of the Senator.

Mr. BARBOUR. I have no objection to the suggestion made by the able Senator from South Carolina.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from South Carolina.

The LEGISLATIVE CLERK. On page 21, lines 20 and 21, it is proposed to strike out the words "other than a consumer or a person engaged solely in retail trade"; and on page 22, in lieu of the amendment proposed to be inserted in lines 14 to 19, inclusive, to strike out lines 9 to 13, inclusive, and insert in lieu thereof the following:

(b) The tax imposed by subsection (a) shall not apply to the retail stocks of persons engaged in the retail trade.

The PRESIDING OFFICER. Let the Chair suggest to the Senator from New Jersey and the Senator from South Carolina that the question now recurs on the committee amendment, being section 9 as reconsidered and as having since then been amended. The proposed amendment by the Senator from South Carolina refers to the amendment intended to be proposed by the Senator from New Jersey, which is a different amendment.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COPELAND. May I ask the Senator from South Carolina what happens to lines 14 to 19, inclusive, on page 22, in view of his amendment?

Mr. SMITH. That part of the amendment has not as yet been read. The Senate has already adopted an amendment here, and in order to substitute the amendment offered by me there must be a reconsideration of the action whereby the amendment was agreed to before my amendment would be in order.

Mr. COPELAND. Does the Senator propose that?

Mr. SMITH. If that is the parliamentary situation, I ask that the amendment of the committee which has been adopted may be reconsidered in order that I may offer the amendment which is now proposed as a substitute for the entire section.

The PRESIDING OFFICER. The Chair is advised that before that can be done the Senate must first act on section 9, page 10, the committee amendment, as amended.

Mr. SMITH. Very well; let that be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. The Senator from New Jersey is entitled to the floor.

Mr. COPELAND. If my friend from New Jersey will permit me, I should like to make a parliamentary inquiry. I am not clear yet as to what the Senator from South Carolina is proposing to do.

Mr. SMITH. I ask that the clerk read the amendment proposed as a substitute.

The PRESIDING OFFICER. Does the Senator from New Jersey yield for that purpose?

Mr. BARBOUR. I do.

Mr. SMITH. It is intended as in the nature of a substitute for subsection (b), on page 22, beginning with line 9 and going down to line 19, inclusive. If the clerk will read it, the Senate may understand the amendment.

The legislative clerk read as follows:

On page 21, lines 20 and 21, strike out the following: "other than a consumer or a person engaged solely in retail trade."

On page 22, in lieu of the amendment proposed to be inserted in lines 14 to 19, inclusive, strike out lines 9 to 13, inclusive, and insert in lieu thereof the following:

"(b) The tax imposed by subsection (a) shall not apply to the retail stocks of persons engaged in retail trade, held at the date the processing tax first takes effect; but such retail stocks shall not be deemed to include stocks held in a warehouse on such date, or such portion of other stocks held on such date as are not sold or otherwise disposed of within 30 days thereafter. The tax refund or abatement provided in subsection (a) shall not apply to the retail stocks of persons engaged in the retail trade, held on the date the processing tax is wholly terminated."

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from New York?

Mr. COPELAND. A parliamentary inquiry. Do I understand now that the Senate consented to a reconsideration?

Mr. SMITH. No; there has been no reconsideration in this instance.

Mr. COPELAND. I am concerned about the amendment which was inserted on page 22, lines 14 to 19. As I take it, if the amendment just offered by the Senator is adopted it will wipe out the other amendment.

Mr. SMITH. The Senator is correct.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. BARBOUR. I yield.

Mr. KING. I ask for information. Is it the intention of the bill, in the form in which it was reported, to impress upon stocks in the hands of retailers or wholesalers the terms of the bill and subject them to the limitations, restrictions, pains, and penalties therein provided?

Mr. SMITH. It applies to the wholesalers, but not the retailers. The substitute offered for subsection (b) exempts retailers with a stock on hand when this tax shall go into effect, except such stocks as are held in warehouses or that are unsold and no provision made for their sale up to the time the tax goes into effect.

Mr. KING. Does it affect such a situation as this: I have in mind a large establishment in my State which purchases millions of dollars worth of commodities, including food products, and so forth, as well as merchandise. It has necessarily, because of its large activity, to have warehouses. It has these commodities in its warehouses. Sometimes they might be there for 10 days or sometimes 2 or 3 or 4 months. All of the commodities it has in the warehouses, as I understand the Senator, that it has had on hand more than 30 days, would be subject to the provisions of the act.

Mr. SMITH. If they have not been disposed of or sold within 30 days after the tax goes into effect, the stocks would be subject to the tax.

Mr. KING. Would not that tend to encourage rapid disposition of stocks even to the point of reducing the market price and deluging the markets and injuring competing firms?

Mr. SMITH. I am simply stating to the Senate the terms of the bill. Just what the effect may be I am not able to say. The terms of the bill are such that there are 30 days given under the substitute I have offered for the disposal of such stocks as are held by retailers, which stocks are not included in warehouses.

Mr. KING. It needs several prophets, outside of those in the Department of Agriculture, to properly interpret the bill.

Mr. BARBOUR. Mr. President, I am very anxious to yield to the Senator from South Carolina in response to his suggestion, but I am quite sure that his proposal is not satisfactory as it reads. Wherever the term "retailer" is used in the amendment which he has submitted, there should be inserted likewise "wholesaler." We are going to have difficulty, in my opinion, in drawing the proper lines. We are going to run into the same complications I spoke about this morning unless the whole section is eliminated. However, I should be willing to compromise in order to expedite the matter if the Senator will couple the word "wholesaler" with the word "retailer" and let the clerk read it again in that form.

Mr. SMITH. If that were adopted, so far as the purposes of the section are concerned, it might defeat for a time at least the whole operation of the bill, for the reason that a provision is in the bill that the processor who has a stock on hand, has manufactured the stock, has the commodity on hand before ever the tax goes into operation, has already contracted for the consumption of all of his stock, does not pay the tax. Under the terms of the bill, when he processes whatever it is he has on hand, he does not pay the tax. He passes the tax on to the vendee. His contract has already been made with the vendee, and he is exempted from tax on all of the raw material he has up to the time the tax goes into effect. Upon all that he processes out of that product, he does not pay the tax. It is collected by the Internal Revenue Bureau from the vendee, so that the vendee, whoever he may be, the wholesaler in the first instance, has to pay the tax. The retailer is exempted. We will not get a double tax. The retailer is exempted so far as concerns the stock he has on hand or that he may receive within the 30 days.

Mr. BARBOUR. Mr. President, that is along the line of the argument advanced by the Senator from South Carolina this morning. I do not want to seem stubborn or arbitrary, because I do not mean to be either.

Mr. SMITH. If the Senator will allow me to correct him, under the terms of the bill, without the substitute which I have offered, the holder of the articles that would have been processed would pay the tax immediately. This is an exemption of the stock he has on hand, that he has not disposed of except such as he has in the warehouses. If he has not any stock in the warehouse but in his ordinary place of business, he must dispose of that within 30 days.

Mr. BARBOUR. I feel, particularly in the light of the explanation given by the Senator from South Carolina, that certainly the amendment suggested would be a great improvement in respect to the objections which I took the

liberty of raising this morning. I should like to have a vote on my amendment to strike out the whole section. I do not care to delay the Senate, but I should be glad to have that vote taken now. If my proposal is not adopted, it clears the way for consideration of the position taken by the Senator from South Carolina.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from New Jersey yield to the Senator from Idaho?

Mr. BARBOUR. I yield.

Mr. BORAH. Do I understand the section which the Senator desires to strike from the bill is in lines 14 to 19, on page 22?

The PRESIDING OFFICER. The Senator from Idaho is correct. The amendment of the Senator from South Carolina affects subsection (b) beginning in line 9 on page 22.

Mr. BORAH. The Senator from New Jersey is moving to strike out what section?

Mr. BARBOUR. The whole of section 16.

Mr. SMITH. The Senator will see at a glance that under the provisions of the section as it is proposed to amend it, some wholesalers or processors might rush into the market and purchase such a quantity of the commodities in which they are interested as to last them virtually a year and thus be exempted entirely from all tax whatever.

Mr. BARBOUR. The Senator from South Carolina, I am sure, does not mean to imply that I am trying to further any such undertaking as that?

Mr. SMITH. Oh, no. The Senator is trying to protect those who already have the goods and, therefore, having bought them and arranged to dispose of them, ought not to be taxed for that in which they have already invested. I understood that thoroughly and it was discussed in the committee. It seems to me if we could ascertain at the very moment this should go into effect just the amount that is owned even by the wholesalers and retailers, that which had been processed ought to be exempt from the tax. It would be an impossibility to draw the line or ascertain the amount definitely. It is almost impossible to do otherwise than as the bill provides.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Idaho?

Mr. BARBOUR. Certainly.

Mr. BORAH. I should like to have the amendment offered by the Senator from South Carolina read again.

The PRESIDING OFFICER. The clerk will again read the amendment offered by the Senator from South Carolina.

The legislative clerk again read the amendment.

Mr. AUSTIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Vermont?

Mr. BARBOUR. Certainly.

Mr. AUSTIN. I should like to ask the distinguished chairman of the committee a question with regard to the first part of his proposal to amend. Is it not a fact that when we strike out the words "other than a consumer or a person engaged solely in retail trade", the effect is to leave the tax upon every other person who has an inventory containing any of these basic commodities?

Mr. SMITH. No; it will be found that the subsequent amendment which I have proposed takes care of that very matter.

Mr. AUSTIN. May I invite the Senator's attention to the way the language would stand after striking out as he proposes? It would then read:

SEC. 16. (a) Upon the sale or other disposition of any article processed wholly or in chief value from any commodity with respect to which a processing tax is to be levied, that on the date the tax first takes effect or wholly terminates with respect to the commodity, is held for sale or other disposition (including articles in transit) by any person, there shall be made a tax adjustment as follows:

Is it not an irresistible conclusion that any man who has an inventory of goods containing these basic commodities, whether they are in his store or in transit in a freight car or other conveyance, is bound to pay this tax? There is no exemption and no exception. By striking out the words "other than a consumer or a person engaged solely in retail trade", we put them back into the bill and make the consumer pay a tax and make the men engaged in retail trade pay the tax except insofar as we take the retail trader out by the last part of the Senator's amendment.

Mr. SMITH. I am not a lawyer, but I think all were agreed that the word "person" covers all those who are in business as a merchant. The context of the bill, coming down to the proposed substitute which I have offered, would have the effect indicated, but there it takes out of the bill all but the wholesaler. There are but two persons engaged in the process of vending, the wholesaler and the retailer. Therefore, the only persons who could be affected would be the retailer, who is provided for in the section indicated, and the wholesaler, who must necessarily come under the following terms of the bill.

Mr. BARBOUR. Mr. President, I am perfectly frank to admit that, like every one else, I rather think this whole section is very confusing. There is no question about that. If the Senator's explanation of his proposal is correct—and I hope he will not misconstrue the spirit in which I make that observation—I am perfectly willing to withdraw my amendment, provided his will carry.

Mr. SMITH. Mr. President, I desire to make this statement: I presume I will be one of the conferees. I frankly admit that the wording of this floor-stocks provision is the most confusing wording that there is in the whole bill. I know what the intent of the framers of the provision is. I heard them explain it; and if this amendment can go in, when we get into conference, without doing violence to the rules governing a conference, I shall do all in my power to simplify this language so as to protect those engaged in the business.

Mr. BARBOUR. That is perfectly satisfactory to me.

Mr. COPELAND. Mr. President, I share the confusion that the Senator professes to feel regarding this matter.

As I understand, the Senator from South Carolina strikes out, on page 21, lines 20 and 21, the language "other than a consumer or a person engaged solely in retail trade." That is correct, is it?

Mr. SMITH. That is correct; yes.

Mr. COPELAND. Then he likewise strikes out, on page 22, section (b) of the original bill and section (c) added by the committee. That is right?

Mr. SMITH. Yes.

Mr. COPELAND. The Senator strikes out sections (b) and (c); and then, in place of sections (b) and (c), he inserts the language which he proposes, which has to do with the floor stocks. Then, under another section of the bill, on page 25, the distributors who have large quantities of their products in transit will have the same relief that processors have regarding loans from the Reconstruction Finance Corporation.

I think I may say to the Senator from New Jersey that while it takes a lot of imagination to understand what is before us, apparently the thing which he has sought to accomplish, and which I had in my mind by proposing a reconsideration of this new section (c), I think will be accomplished; but, of course, we have to have some faith to believe that in the interpretation thereof our friends will be given protection.

The PRESIDING OFFICER. The question is on the two amendments offered by the Senator from South Carolina [Mr. SMITH], which, without objection, will be treated as one.

The amendments were agreed to.

The PRESIDING OFFICER. Does the Chair understand the Senator from New Jersey to withdraw his motion to strike out?

Mr. BARBOUR. I do.

The PRESIDING OFFICER. The motion to strike out is withdrawn.

Mr. COSTIGAN. Mr. President, as one Member of the Senate who expects to vote for the pending bill, I offer the amendment sent to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 16, line 9, after the word "tobacco", it is proposed to insert the words "sugar beets, sugar cane."

Mr. COSTIGAN. Mr. President, the evident purpose of the tendered amendments is to include sugar beets and sugar cane among specified basic agricultural commodities, such as wheat, cotton, field corn, rice, tobacco, and milk and its products, included in section 11 of the bill.

Whatever else is pressed on our attention, farm and unemployment relief continue to be twin objectives of primary legislative importance. At this session of Congress we in the Senate have already dealt particularly with the one. It is well that we are about to deal, at least experimentally, with the other.

In tendering the pending amendment, I venture to recall the dominant purpose of the bill before us.

The measure is designed to alleviate farm distress, in part by market control and in part through benefit payments—which the Senator from South Carolina some days ago conceded to be essentially cash bounties procured from taxes on processors—by increasing the prices of certain agricultural commodities received by farmers to pre-war or other levels specified as "the base period" in section 2 of the measure. In the case of wheat, rice, and some other articles, the base period of average purchasing power is fixed as extending from 1909 to 1914, and, if the present bill is to become law, it is not only proper but also important and just that to the commodities thus to be dealt with sugar beets and sugar cane should be added.

The Senate does not need to be advised that farm distress is not localized in the United States. In spite of our boasted tariffs, farm bankruptcy has long existed and has continued to expand, in a fashion and to an extent difficult to describe, among the beet growers of some 17 States and the cane growers of two other States of the Union. Perhaps these States should be listed. As reported by the United States Tariff Commission in one of its summaries on tariff information in 1929, the 17 sugar-beet States are California, Colorado, Idaho, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, Ohio, South Dakota, Washington, Wisconsin, Wyoming, and Utah. The two sugar cane States, as is well known, are Louisiana and Texas.

The plight of farmers who look to sugar beets and sugar cane for all or part of their living is not less moving than that which has focused national attention on growers of wheat, corn, rice, and livestock. Many producers of livestock for reasons of their own have asked exclusion from this measure. By the same right of decision the application of a responsible group of farmers for inclusion in the bill, as an aid to individuals and communities essentially dependent on their branch of farm production and for the solution of their particular problems, would appear to be manifest.

For several years in various Western States I have been advocating a different treatment for the beet-sugar industry than one of unchanging and ever increasingly higher tariffs. In 1930 in various discussions of the tariff policies of the 12 successive years of Presidents Harding, Coolidge, and Hoover, I repeatedly pointed out that ever-mounting tariffs on sugar, instead of stabilizing and advantageously "protecting" sugar-beet growers, have, in my judgment, operated to their disadvantage. By extending, in the form of tariffs, large bounties through higher prices to island sugar producers under our jurisdiction—those of Puerto Rico, Hawaii, and particularly of the Philippine Islands—we have greatly expanded island sugar production. With favorable labor and other conditions, oriental in part, and liberated from the tariff impediments affecting imported Cuban sugar, duty-free island sugar, particularly of Philippine origin, has grown by leaps and bounds. With Cuban imports hampered by high tariffs, this country has been steadily stimulating effective competition and added production which tends to depress sugar prices. Philippine sugar, entering on the Pacific coast, is now trucked far inland into beet-sugar territory. It is invading the Salt Lake market. Years ago Gen. Leonard Wood declared that the Philippine Islands alone could in time produce approximately 5,000,000 tons of sugar annually—almost as much as has normally been consumed in the United States. The accuracy of that prophecy is no longer doubted.

Without any attempt to forecast our Nation's ultimate tariff policy, if this country is disposed, as in the past, to pay the price of stimulating our domestic sugar industry by tariff subsidies, a more economical and just attitude points, on the restoration of more normal conditions, to a combination of lower rather than higher tariffs for the industry and direct bounties for the benefit of sugar-beet and sugar-cane growers, instead of the continued and growing stimulation of other than continental sugar production. If we are to continue so-called "sugar protection", it is clear that in normal times farmers will be better protected and consumers can save substantially on the Nation's sugar bill by paying direct bounties saved out of the much larger indirect bounties of tariffs, when those tariffs are reasonably lowered. Fair bounties, if and when the return of normal times facilitate reduced sugar tariffs, might reasonably be made part of a modified sugar-tariff policy which would prove in the public interest, in contrast with our prior policy of ever-rising tariffs. Moreover such an experiment, with bounties limited to continental sugar, has an additional justification during that part of the period of transition to independence of the Philippine Islands in which large amounts of duty-free sugar are to be permitted to enter the United States.

There is, however, at present no little anxiety over our ruinously low sugar prices, to whatever degree affected by island sugar production and the general depression. The sensitiveness of markets at the hour even to minor disturbances leads many to believe we should halt tariff reductions until the restoration of more normal industrial conditions. With the price of Cuban 96° raw sugar c.i.f. at the port of New York recently ranging under 1 cent a pound, it is hardly necessary for the time being to inject any sugar-tariff reductions into market conditions. In fact this would rather appear to be a particularly suitable period in which to supplement bounties to beet growers by legislative provisions for a sliding-scale tariff which would increase as the price of sugar declines and decrease as the price rises. If the pending farm measure did not contemplate another method of dealing with farm products, and prices and marketing conditions, I should feel that such a proposal ought at once to be submitted to the Congress. If, however, it is possible at this hour to add sugar beet and sugar cane to the basic articles mentioned in the farm bill, that step would represent so definite an acceptance of the bounty principle applied to sugar production in the United States that it would be reasonable to ask sugar growers to accept and await the outcome of this new legislative experiment.

The Congress should bear in mind that, so long as nothing is done for the relief of our beet and cane farmers, their distress, like that of other farmers, continues and grows. It is not my purpose to elaborate on that distress beyond saying that it gravely affects the beet-producing regions in many States and farmers there who formerly were prosperous. Foreclosed farms, lost homes, closed banks, deserted fields, have set their incredible stamp, as in other parts of agricultural America, on some of our most fertile farm areas, long devoted to sugar production. For the present, therefore, and with justification, beet- and cane-sugar farmers ask to share in the present movement, aided by bounties secured from processors' taxes, to assist the revival of better farm conditions by raising present beet and cane prices to the pre-war levels.

It remains to answer the inquiry: What is involved in the amendment under the plan of the present bill?

The portion of the bill with which we are now concerned aims to permit the Secretary of Agriculture to give benefit payments to the producers of basic commodities enumerated

in section 11, so as to raise the purchasing power of farmers in terms of articles that the farmers buy to the level of the purchasing power of such articles in the base period specified in section 2. Benefit or bounty payments are provided for in sections 8 (1) and 12 (a). To raise the amounts necessary to reimburse farmers' taxes on processors are to be levied. These are provided for in section 9 (b) of the bill as amended during the period of the emergency which may be declared terminated by the President under section 13. Processors are to be licensed by the Secretary of Agriculture under section 8 (3) which also provides for the adjustment of marketing conditions so as to eliminate unfair practices and charges and to restore normal economic conditions.

So much has been said to make clear the general nature of the sugar problem and the appropriateness of consideration being given to it under a bill calling for farm relief and an increase in agricultural purchasing power. It will, of course, be asked what will be the effect on the price of sugar beets and sugar cane by their inclusion by amendment in the pending farm bill? It is possible to make approximate calculations indicating a gain to sugar-beet and sugarcane farmers of something like $1 per ton if the amendment is adopted and made effective. The precise sum is one for speculation; at the moment it appears possible only to make estimates. The Congress and the public, however, will alike wish to know whether such an increase if made would be excessive. The reverse appears to be clearly established.

With respect to the probable increase in prices I have had two unofficial estimates made, one by a governmental expert in Washington, another by an economist. Asked to calculate the increased prices which may be looked for by beet growers if the bill is enacted with the amendment, the Washington expert, who is associated with the Department of Agriculture, some time ago wrote me as follows:

> Applying the principles set forth in the bill, I reach the conclusion that inclusion of sugar in the bill would involve a guaranty at this time of $5.865 per ton for sugar beets as the average "fair exchange value" for the producing areas of the country as a whole. This compares with an average price during 1932, on the basis of reports thus far submitted to the Department of Agriculture, of $5.05 per ton. With reference to sugarcane, the result I get is $4.20 per ton, as compared with an actual average price in 1932 (based on partial returns) of $3.19 per ton. This estimate for sugarcane, however, is subject to a very considerable margin of error owing to the inadequacy of the pre-war price data that were used.
>
> The results arrived at were secured as follows:
>
> First, sugar beets. On the basis of statistics given in the Department of Agriculture Yearbook for 1915, page 497, with interpolations for the missing years 1909 and 1910, the average farm price received for sugar beets in the United States for the crop years 1909–13, inclusive, was $5.59 per ton. The crops harvested in the years 1909–13, inclusive, would, of course, be those falling within the pre-war price parity-base period contemplated in the farm relief bill, namely, August 1909 to July 1914, inclusive. On this latter 5-year base taken as an index of 100 in the farm bill, the index number of prices paid by farmers in the United States for commodities bought was, in December 1932, 106; in January 1933, 105; and in February 1933, 104. If, as was provided in the farm relief bill introduced in the last session, a 3-month moving average were to be applied in administering this provision of the pending bill, it would be necessary to multiply the actual average price of $5.59 as given above by 1.05, which gives $5.865 as the "fair exchange value" contemplated in the pending bill. In the next to the last column of the table on page 15 of the enclosed bulletin on The Agricultural Situation for March 1, 1933 (published by the Department of Agriculture), will be found the full series of index numbers of farm purchasing power since 1910.
>
> In the case of sugarcane the average price per ton prior to 1914 was not available in the records immediately at hand, and hence I have estimated the prices in 1909–13 on the basis of a study of the relationship between cane prices and beet prices for 1914 to 1931 and of the relationship between cane prices and prices of raw sugar, duty paid, New York, during the same period. Subject to a considerable margin of error, the derived price indicated for sugarcane in 1909–13 is in the neighborhood of $4 per ton. Multiplying this figure by 1.05 would give $4.20 as the "fair exchange value" contemplated in the pending bill.

The foregoing estimate has been checked for me by a competent economist. He reports that farmers received the following rates per ton of sugar beets between 1911 and 1914, and that during those years the New York duty-paid sugar prices, raw and refined, were as set out in the following table:

	Farm price of sugar beets (per ton)	New York duty-paid raw-sugar price	New York refined price
		Cents	*Cents*
1911	$5.50	4.5	5.345
1912	5.82	4.2	5.041
1913	5.69	3.5	4.278
1914	5.45	3.8	4.683
Average	5.60	4.0	4.8

	Farmers' price for beets (per ton) (average)	New York duty-paid raw-sugar price
		Cents
1930	$7.15	3.387
1931	5.92	3.329
1932	4.22	2.925

Mr. KING. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield.

Mr. KING. I am not sure that I understood the Senator with respect to the amount which, according to this representative of the Department of Agriculture, would be paid to the producer of beets. My understanding is that the beet producer has been receiving approximately from five to six dollars a ton, sometimes $6.50. I do not think it has been as low as $4, certainly not within my recollection. I was wondering where this economist, the representative of the Department of Agriculture, found figures justifying the assertion that $4 had been the price at times paid for sugar beets.

Mr. COSTIGAN. The average price, as first reported by the Department of Agriculture on partial returns, was $5.05 per ton. The later and apparently final figure appears to be $4.22. I may say to the able Senator from Utah that I have here the figures for the country as a whole, and while it is true, as the Senator from Utah has suggested, that the price in earlier years was from five to six dollars a ton, it is my information that, during the past year, in the absence of minimum payments formerly made to farmers by sugar companies, the average price in the country has been as low as indicated.

Mr. KING. The Senator was giving the average throughout the United States?

Mr. COSTIGAN. Precisely.

Mr. KING. I was speaking rather with reference to the prices paid in that part of the United States from which I come, the great State of Utah.

Mr. COSTIGAN. The Senator is fortunate. If the Senator is correct, there will be no grant of benefit payments to the farmers of his State under the amendment; but I suspect that the Senator from Utah will discover on further inquiry that the farmers in his State, according to the latest figures, were not paid in 1932 as liberally as he believes.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield.

Mr. VANDENBERG. Confirming the Senator's statement and arithmetic, I should like to testify that the beet-sugar farmers of Michigan—which State, I believe, is the second or third largest producer in the country—were paid $4 a ton on their entire crop last year.

Mr. COSTIGAN. Mr. President, on the basis of the first estimate, it appears that the increase in price of sugar beets over 1932 under the amendment would be approximately 81½ cents, and of sugarcane $1.01. Under the economist's estimate, which appears to be based on later figures, the return on beets would be higher.

Under this later estimate, it appears that in 1932, when the average duty-paid price was 2.925 cents and the average c.i.f. price was 0.925 cent, the farmer received an average of $4.22 per ton of beets—$1.38 per ton below the pre-war level. Recently the c.i.f. Cuban raw-sugar price has been,

roughly, 1 cent per pound. The duty on Cuban sugar is 2 cents per pound, which gives a duty-paid price of 3 cents per pound.

Incidentally, the respective prices received by farmers in different years under a 1-cent tariff and under a 2-cent tariff will be noted in the last foregoing tabulation. Under the 1-cent tariff rate prevailing from 1911 to 1914 farmers received an average of $5.60. In 1931, under a 2-cent duty, they were receiving an average of $5.92, and in 1932, still under a 2-cent duty, they were receiving approximately $4.23.

Generally speaking, on a review of sugar-beet and grain prices, there are indications that sugar-beet farmers will require about a 50-percent increase in price to bring their purchasing power back to pre-war levels. A higher percentage of increase will be necessary for grain growers, for the price-of-grain index appears to have fallen between 1913–14 and 1932 by about 50 percent and the price of sugar beets about 25 percent. The statistics apparently further show that the prices of nonagricultural products in 1932 were about equal to those in 1913–14. It is fair to say, therefore, that statistical justification exists for the inclusion of sugar beets and sugar cane in the present bill, and that such inclusion will not operate to produce any but moderate returns to beet and cane growers. Furthermore, if it should develop that under the law in actual operation the Secretary of Agriculture is free to consolidate processors' taxes for the benefit of all specified basic agricultural commodities, there would be manifest advantages in having sugar beets and sugar cane included, since the possibility of securing substantial processors' taxes is nowhere more certain of realization than with respect to sugar.

Enough has been said to make clear that the present motion is not designed for other than temporary farm-relief purposes. It does not attempt to be a final disposition of the sugar problem. With changing conditions, I trust there will be in due time, when the emergency passes, if we are to continue to stimulate our domestic sugar industry, a new approach to an old tariff issue. For the present it should suffice to say to the Senate that farmers in some 19 States will be given some relief from their back-breaking economic perplexities if the amendment now tendered shall be adopted. It is to be hoped that it will not be dismissed as adding complexities to the pending bill. In actual operation the problems of the Secretary of Agriculture may be simplified, rather than complicated, by the adoption of the amendment. Certainly there is no conflict between the provisions for reasonable prices for sugar beets and sugar cane and the marketing provisions of the bill, by means of which it is hoped to make further adjustments for the benefit of all branches of the domestic sugar industry.

Mr. President, in this connection I desire to call attention to an article published on April 16 in the New York Herald Tribune, written by Mr. Ernest K. Lindley, a correspondent of that newspaper, in which it is indicated that the administration is at this time giving consideration to a quota system applied to sugar production and to the marketing of sugar in the United States. This course, if ultimately adopted, will be under the marketing provisions of the bill now before the Senate. No one can read this interesting and presumably authentic suggestion of an administrative program without reaching the conclusion that if it is in prospect with respect to a commodity not enumerated as basic in the bill, there can be no sound reason why that commodity should not be definitely declared basic for such benefits as may accrue in connection with the total program of the Secretary of Agriculture. I request that this article may be printed in full at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, the article referred to by the Senator from Colorado will be printed in the RECORD as he requests.

(See exhibit A.)

Mr. COSTIGAN. Mr. President, for the reasons given, I move the adoption of the amendment.

EXHIBIT A

[From the New York Herald Tribune, Apr. 16, 1933]

UNITED STATES CONSIDERS SUGAR AID TO PACIFY CUBA—ADMINISTRATION SEEKING ECONOMIC INDUCEMENT TO QUIET UNREST WITHOUT RESORT TO INTERVENTION—TRANSITION REGIME MAY BE SUGGESTED—FIXED MARKET AT BETTER PRICES AMONG MEASURES FORMING IN WASHINGTON

By Ernest K. Lindley

WASHINGTON, April 15.—While it watches the rising tide of political terrorism in Cuba with the closest interest, the administration is quietly feeling its way toward a new Cuban policy which it hopes will furnish a solid foundation for the pacification and economic restoration of the island without American intervention.

The mainspring of the new policy, which has been under discussion for several months, is the allotment to Cuba of a definite quantity of the sugar needed for American consumption. This allotment would be made as part of a comprehensive scheme for controlling the production of sugar in this country and its insular possessions, with the equalizing of supply and demand and a moderate rise in the price of sugar as its main objectives.

The stabilizing of Cuban finances, which rests almost entirely upon sugar, is regarded as necessary to the return of Cuba to more nearly normal political conditions. Although no member of the administration can say as much, for obvious reasons, it is tacitly admitted by well-informed persons that the partial inclusion of Cuba in the American "closed sugar area" would be made contingent upon arrangements for an early free election in Cuba. It has been suggested that a short period of orderly transition might be furnished by agreement between the Machado government and leaders of the opposition on a neutral provisional President chosen outside the ranks of active politicians.

Because of the extreme delicacy of its situation, the administration is saying as little as possible about Cuba. In response to questions, Cordell Hull, Secretary of State, said today that the administration was giving no thought to intervention in Cuba. He emphasized that the relations of the United States to Cuba were those of one sovereign nation to another. He said that the only action with regard to Cuba that the administration was considering was the appointment of an Ambassador, just as it is appointing Ambassadors to other nations as rapidly as possible.

The administration's desire to avoid intervention in Cuba, if it is possible, is attributable partly to the cost, but preponderantly to its hope of maintaining and improving friendly relationships between this country and Latin America as a whole.

A disruption in Cuba which would bring the question of intervention to a head would be most unwelcome at this time, when the administration is conducting conversations preliminary to the world economic conference. Some of the results which the administration hopes to achieve, particularly in the way of tariff agreements and the controlled production of such commodities as wheat, copper, and silver, will demand warm cooperation with Latin America.

Although President Roosevelt has not taken official cognizance of the fact, persons close to him have been discussing the possibilities of controlling sugar production with representatives of all the leading sugar interests. In these discussions the following allotments have been suggested:

	Tons
American beet	1,100,000
Louisiana cane	200,000
Hawaii	900,000
Philippines	850,000
Puerto Rico	850,000
Cuba	2,000,000
Total	5,900,000

American consumption ranges from 5,500,000 to 6,000,000 tons annually.

FARM BILL LOOPHOLE CITED

Discussing the sugar problem, persons close to the administration have pointed out that the machinery for applying an allotment system and for lifting the price lies in the marketing features of the farm relief bill. Sugar is not mentioned in the bill, but the Secretary of Agriculture is empowered to extend control to competing commodities, among which sugar might be classed.

The advisability of lowering the tariff for the amount of sugar allotted to Cuba also has been discussed. At present Cuban sugar is entitled to a 20-percent preferential, but the Cuban producers have complained that in the recent demoralized state of the sugar market they have not been able to take advantage of the preferential, and that it has gone to the refiners instead. It is informally estimated that if the Cuban producer can net 1 cent or a little more a pound for raw sugar, Cuba can survive economically. The Cuban sugar crop has been brought down already from its maximum of more than 5,000,000 tons in 1928–29 to approximately 2,000,000 tons in the 1932–33 season. If the President receives from Congress the right to make tariff reductions up to 50 percent in negotiating reciprocal agreements, a 50 percent preferential for Cuban sugar would become possible without further congressional action.

CHADBOURNE BUSY IN CAPITAL

Because of the relatively small number of sugar refineries, it has been pointed out that sugar should be easier to control than most farm commodities. The possibilities of such control implicit in the farm relief bill have occasioned a great deal of discussion among representatives of sugar interests in Washington. Thomas L. Chadbourne, head of the committee appointed by American banking interests to work out a plan for the Cuban sugar industry in 1930 and author of the international "Chadbourne plan" signed in 1931, is understood to have been active here in recent weeks. However, the administration is not expected to take official note of Mr. Chadbourne's activities. Sugar representatives here have satisfied themselves that Mr. Chadbourne is not en rapport with the new administration. During the preconvention campaign, it is recalled, Mr. Chadbourne made a particularly bitter attack on Mr. Roosevelt. Furthermore, the impression prevails here that to consummate a satisfactory arrangement involving Cuba, fresh faces and fresh hands will have to be brought into the picture.

Charles W. Taussig, president of the American Molasses Co., a concern with Cuban properties, has been particularly active in sounding sugar interests on the plan for production control. Mr. Taussig is a member of the Roosevelt "brains trust", being a particularly close friend of Prof. A. A. Berle. Mr. Taussig and Professor Berle visited Cuba during the winter and conferred with Mr. Roosevelt at Warm Springs on their return.

About that time the group of Cuban exiles in Miami, led by Gen. Mario G. Menocal, former President of Cuba, ostensibly was making preparations for armed revolution against the Machado government. The alternative purposes of the opposition were to overthrow the Machado government or to force American intervention. A few weeks before March 4 word reached the Cuban revolutionary colony that if they would desist and bide their time a more peaceful means of solving the Cuban problem might be evolved by the incoming administration in Washington.

NEW LEADERS HELD NEEDED

The apparent thesis of the administration is that until a minimum of economic subsistence is assured to Cuba no government can expect to endure there without the use of extreme force. At the same time it is privately and unofficially observed here that the deep hatreds built up during the period of force and terrorism make it unlikely that Cuba can return to normal political life except under new leadership which has not been closely identified with any faction in the struggle.

With a new Ambassador on the ground and the power to make economic concessions to Cuba, the evident hope of the administration is that the Cuban problem can be solved with full regard for the amenities between sovereign nations, as well as for the country's special responsibilities to the island Republic.

Mr. VANDENBERG. Mr. President, before the Senator from Colorado takes his seat will he yield to me?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Michigan?

Mr. COSTIGAN. With pleasure.

Mr. VANDENBERG. I heartily concur with the Senator's suggestion that sugar beets and cane sugar are among the basic commodities that ought to be covered by the bill. I want to be sure, however, that I understand his calculations. He has quoted several authorities and has submitted several calculations. What is the Senator's final judgment as to the amount which it is necessary to add in order to accomplish parity in respect to the price of sugar beets?

Mr. COSTIGAN. As defined in the proposed act?

Mr. VANDENBERG. As defined in the proposed act.

Mr. COSTIGAN. For the reasons assigned, approximately $1 per ton, in my judgment.

Mr. VANDENBERG. Will the Senator indicate what that increase would represent in respect to the addition to the tariff rate which must be made under the compensating section of the bill?

Mr. COSTIGAN. I have made no calculation on that assumption, I will say to the able Senator from Michigan.

Mr. VANDENBERG. It would increase the sugar tariff by a proportionate amount, would it not?

Mr. COSTIGAN. As I read the bill, the processor's tax on all sugar, both domestic and imported, does not constitute an increase in the sugar tariff; so that the relation continues the same, if I understand the question of the Senator from Michigan.

Mr. SMITH. Mr. President, may I make this statement? Under the terms of this bill whatever amount is added to the price of the commodity by virtue of the imposition of the tax, automatically the identical amount is added to the existing tariff. To illustrate, if there were a duty of 2½ cents a pound on sugar, refined or raw, whatever it might be, and this tax should raise the price of sugar to 5 cents a pound, then the duty on sugar would be 7½ cents a pound.

Mr. VANDENBERG. I desire to ask the Senator from Colorado a further question. I was particularly challenged by the observation in his initial remarks respecting a sliding scale of tariffs upon sugar. Does the Senator agree that in the final analysis the answer to the sugar question, if it is to be a tariff answer, should be on the basis of a sliding scale which would reduce the tariff in inverse ratio as the price advantage goes to the consumer?

Mr. COSTIGAN. That is my judgment at the present time. Of course there should be minimum and maximum limits within which any such rule would be applied.

Mr. VANDENBERG. I want to take advantage, Mr. President, of the opportunity cordially to subscribe to the doctrine announced in that aspect by the Senator from Colorado and to say that if the sugar-tariff question, perplexing and irritating as it always is, could be reduced to that formula, we would have done great service, not only to our own tariff difficulties but also to the welfare of the consuming public in this country.

One further question, if the Senator from Colorado will bear with me. Do I understand that he considers that the adoption of this amendment would be in the nature of establishing the philosophy of bounties upon sugar as an alternative to tariffs on sugar?

Mr. COSTIGAN. I have assumed that the bill, in effect, applies the bounty principle to all basic commodities.

Mr. VANDENBERG. Was not the bounty principle tried upon sugar in the 1890's and was it not promptly repealed?

Mr. COSTIGAN. It was tried in 1890 under the McKinley law, as the Senator from Michigan well knows, and approximately $36,000,000 was paid in the form of bounties to sugar producers in the United States as a result of that experiment.

Mr. VANDENBERG. Why was the bounty withdrawn?

Mr. COSTIGAN. Subsequently, as the Senator knows, the Bounty Act was repealed, as I recall, under a Democratic administration, and the Republicans subsequently favored the tariff to stimulate the industry. In other words, they substituted a tariff bounty.

Mr. VANDENBERG. That is correct. I was wondering if there was any analogy. My recollection is that there was a very profound reaction in the country against the subsidizing of sugar with a bounty at that time.

Mr. COSTIGAN. There was a contention, as the Senator knows, that the bounty was unconstitutional. That question was taken to the courts. It was never precisely determined by the Supreme Court of the United States, but that Court did sustain an act of Congress, passed about 1895, which provided for payment of amounts regarded as due under the act providing for the bounty.

Mr. VANDENBERG. Mr. President, I thank the Senator from Colorado for his generosity to me in this exchange of questions. I simply want to add that sugar beets are unquestionably not only one of the basic commodities of the country, as the Senator has indicated, but certainly one of the most useful commodities of agriculture itself, not only in respect to the utility of the land and fertilization, not only in respect to revenue to the farmer, but also in relationship to the public welfare and the national defense, because we must be self-sustaining in this respect. Therefore, if I may be permitted to join with the Senator from Colorado, it seems to me that if we are to proceed into this experiment, most certainly the Senator's amendment is justified and should be adopted.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Colorado [Mr. COSTIGAN].

Mr. SMITH. Mr. President, the purpose of this bill fundamentally is to take care of those commodities produced in America of which we have an exportable surplus. One of the main features of the bill is what is known as the "leasing provision", under which it is proposed to tax the processors of certain commodities in order to raise sufficient

funds with which to pay for the elimination of land which is producing a surplus, such surplus reacting in further depressing prices. Now, as I understand, we have before us a proposition to reverse that process. We produce only about one sixth of the sugar used in America. By what method of procedure is it possible, under the terms of the bill and in view of the purposes of the bill, to increase the production of sugar to such an extent as that it can ever be hoped to raise within the period of the emergency a sufficient quantity to supply the American people?

We have had for years the notorious fights and some scandals in connection with the sugar industry and the tariffs imposed for its benefit. One of the slogans of the party to which I belong was that by the tariff on sugar we were taxing the breakfast table of every American citizen, taxing a commodity used and universally necessary; yet in spite of all our tariff duties, in spite of scandalous protection at times, we have not been able to produce in America more than one sixth of the amount of sugar the country requires.

I am not going to pretend to enter into any discussion of the policy of the protective theory. I think the present condition of the country is sufficient argument against it without my trying to make any. I think we have arrived at a point in that regard where we are confronted by a fact and not a theory, and I hope that this bill, complex and complicated as it is, will not be further burdened with the reverse of a reduction of production by attempting through a bonus to increase production. I hope the amendment may not be agreed to because it will renew a controversial point which should not, in my opinion, be reopened at this time.

I sympathize with the Senator who has offered the amendment. I know how agriculture suffers in every phase and form. The fact of the matter is the country seems to think that the farmer's duty is to suffer; that he is born for the purpose of bearing the burdens of the remainder of the American people, and, therefore, he should not be considered in the ordinary scheme of things. The fact is that up until now he has not been considered, and even now I do not think we are in a fair way to get him to the point where he will be very greatly considered. With all the sympathy in the world for the proposal of the Senator from Colorado I submit that this measure has now about all it can carry.

Mr. COSTIGAN. Mr. President, the Senator from South Carolina knows the respect I entertain for him. Therefore nothing that I shall say will be critical of his remarks. However, I should say to the Senate that some days ago I spoke to the able Senator who has the bill in charge with reference to this amendment, and his response in effect was that there is no reason why the amendment should not be incorporated in the bill, and that any commodity upon which communities are dependent for their prosperity at this time may properly be added under the theory which prevails with respect to the bill as it is now drafted.

That statement is strengthened by what took place this afternoon in the Senate. We have added to the bill a southern-grown commodity. No one contended here and the Senator from South Carolina did not argue that that commodity should be excluded from the bill. It is, I assume, not pretended that in the period of the emergency enough peanuts will be grown in the United States to meet the Senator's test. The opposition now manifested by the able Senator from South Carolina was not exhibited when the issue concerned that southern-grown commodity.

I take it that the bill is a farm relief bill, and that the original provision for basic commodities is designed to give farm relief in part by raising prices of basic commodities to their pre-war levels by the method set out in the bill. Farmers' prices of milk and its products are to be raised. Rice is to be raised to the pre-war level. The purpose and plan are to give farm assistance. If the purpose and plan are to be followed, they should be extended to the beet grower. This is something different from the tariff. I am simply stating that if the country desires to pursue the policy of the bill, it should extend it. If it desires to give benefit payments to the farmers of the country, there is no argument for withholding benefit payments from the sugar-beet and sugar-cane growers of the United States.

Mr. SMITH. Mr. President, I want to say that the Senator from Colorado has quoted me correctly. He brought the amendment to me and, thinking along general lines, I then saw no reason why this commodity along with others might not be added to the bill. But when I gave more serious thought to the fact that sugar is an indispensable article in every family in America—not only in every family but in many of our industries—I came to another conclusion. That is not true with reference to peanuts. They are a substitute for making a living that may or may not be taken by the American people, but they are taken and have advanced to where they are a considerable industry in the country.

But they do not come anywhere within the same category as sugar. There is nothing produced in the fields of America outside of actual bread and clothing that bears the same relation to the American people that sugar does. It is a notorious fact that after all the years of our experimentation and our bonuses and our tariffs, we fall short of supplying more than one sixth of that commodity. We have succeeded in supplying the world with cotton. We have succeeded in supplying America with wheat. We have produced corn and substitutes for it in abundance. We have substitutes for nearly every form of agricultural product outside of the two great staple products, namely, textiles and wheat. The animal industry producing wool and the vegetable producing cotton amply supply the American need. But this indispensable article of sugar we cannot produce in sufficient quantity and have not done so. From the foundation of this Government until today we have been trying by all means and methods, by experimentation, by bonuses and tariffs, to bring about an adequate production of sugar.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Delaware?

Mr. SMITH. Certainly.

Mr. HASTINGS. Can the Senator account for the low price of sugar under those conditions in view of the fact that we do not produce anything like as much as we consume?

Mr. SMITH. I account for it on the very identical principle that I account for the fact that productive land, agricultural land upon which the Senator and I are dependent for our food and our clothing, has no market. We do not import any land. We do not export any land. It is a fixture. Our population is increasing every day. The need for adequate clothing and food is increasing every day. Yet on account of that—which I shall not discuss now, but before this matter is ended I am going to take time to express myself more adequately about our miserable financial system than I have heretofore done—the reason why sugar is so low in price is because the people have not the money with which to buy it. That is all.

Mr. HASTINGS. Is it not just as important to the person growing sugar beets and sugar cane that he shall get an adequate price for his product as it is to those growing wheat and cotton and peanuts?

Mr. SMITH. But we have a law for that which we are enforcing, known as the "tariff law". It was tried out on wheat, but it could not accomplish anything because wheat is so universally grown and the numbers engaged in its production so great and their resources so impossible that when we put a tariff of 42 cents a bushel on wheat it practically went down 40 cents a bushel, proving that the man who bought it had the power to pay what he pleased in the face of and in defiance of the tariff law. Had the wheat growers been organized like the steel producers we would not be here with this bill. They would sell to the market at the tariff price and ship the surplus at the world price without any law. The same is true of cotton.

The reason why tariffs do us no good and are a mockery is because we have to take the price that is offered on account of our poverty and lack of resources and the numerous

ones engaged in its production without financial resources. I have stood here for 24 years and seen the mockery of the Republican Party attempting to put a tariff on farm products when they knew that it was worse than useless because the man that buys it fixes the price, and not the tariff.

In the case of sugar we have certain combinations which I have never adequately understood that have been able somehow or other to divide with the producers of sugar and keep them in the line of the high protectionists. I have seen Senators from Louisiana sit here, Democrats on everything but sugar, who would jump the fence whenever sugar was mentioned. [Laughter.] That disease spreads somewhat to other States. I saw it exemplified here not long ago. I saw certain Senators here who on the platform have denounced the high protective "robber" tariff, but when it came to their respective States they said, "Yes; this is a very small item, so I think I will take a shot at it just for my own home State." [Laughter.]

During the last session of Congress I stood here the loneliest man in America, the only man on this floor who voted against every schedule in that wonderful piece of legislation known as the Smoot-Hawley bill, and then I voted against the bill itself. I do not believe I had a comrade on the notoriously Democratic side. They seemed to be going on the theory of an old Senator who was once here when he said, "As long as good stealing is going on, give me my share." [Laughter.] I prefer to do without my share and stand by a principle. Unfortunately, the principle of the high protective tariff is in this very farm bill raised to the *n*th power, reaching to where it is an embargo, and yet we call ourselves Democrats.

Mr. President, I want to say here now, because it is more convenient for me to say it now than possibly any other time and because I want to get through with the bill, that I have never voted for a high protective tariff and as long as I am a Jeffersonian Democrat I am not going to do it. I believe that a false principle wrought into real life will work itself out in disaster. From the days of Alexander Hamilton down to date that false principle has distressed the American people until in the years 1930, 1931, and 1932 it worked itself out in unspeakable disaster for the American people. However, Mr. President, I did not intend to get started on the tariff and I am not going to continue any further on that subject.

Mr. President, I should like to have a vote on this question; and then I think we should take a recess, unless the leader desires an executive session.

Mr. ROBINSON of Arkansas. Mr. President, a number of Senators have left, and they do not expect a vote until in the morning. I think we ought to be able to dispose of this bill tomorrow; and I suggest to the Senator from South Carolina that he move a recess until 11 o'clock.

Mr. SMITH. Mr. President, I desire to give notice now that we will meet tomorrow morning at 11 o'clock; and if we do not finish the bill during the day I am going to use every effort to get my colleagues to stay here continuously tomorrow night until we do finish it.

Mr. CLARK. Mr. President, I ask that two amendments which I send to the desk may be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table.

Mr. TRAMMELL. Mr. President, I send to the desk an amendment which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. McCARRAN. I present two amendments to the pending bill and ask that they be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table.

Mr. FRAZIER. Mr. President, I offer a proposed amendment to the pending bill.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S. C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C.;

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania;

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at a point near the Forest-Venango County line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania; and

H.R. 4491. An act granting the consent of Congress to the Board of County Commissioners of Mahoning County, Ohio, to construct a free overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio; to the Committee on Commerce.

H.J.Res. 93. Joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions; to the Committee on Foreign Relations.

H.J.Res. 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes; to the Committee on Agriculture and Forestry.

JAMES A. DONAHOE

Mr. NORRIS. Mr. President, out of order, and as in executive session, on behalf of the Chairman of the Judiciary Committee, the Senator from Arizona [Mr. ASHURST], I ask unanimous consent to report back favorably from that committee, for the Executive Calendar, the nomination of James A. Donahoe, of Nebraska, to be United States district judge, district of Nebraska, to succeed Joseph W. Woodrough, nominated to be United States circuit judge, eighth circuit.

The PRESIDING OFFICER. Without objection, as in executive session, the report will be received and placed on the Executive Calendar.

EDITORIALS FROM BOISE CAPITAL NEWS

Mr. POPE. Mr. President, I ask unanimous consent to have printed in the RECORD two brief editorials from the Boise Capital News of April 5. They seem particularly appropriate to the time.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

NOW IT'S MOSTLY UP TO YOU

This newspaper has been happy—and proud—to record the rebirth of American confidence in America in the past few weeks.

But confidence without determined effort to back it up will prove futile. This wave of better feeling that sweeps the Nation will be but a flash in the pan without good, honest, shoulder-to-the-wheel drive behind it.

The people, as usual, will get exactly that to which they are entitled—and no more.

The question of high governmental costs is not solved just because Roosevelt has shown the way. Every branch of government must be made to follow the Roosevelt path. Our public officials must be forced to march up that trail.

The new deal means a better deal for our people. How long it remains so depends entirely on the people. And Roosevelt will remain potent only as long as the people back him up.

Today, the people will a thing; Roosevelt does it.

If we wish him to keep doing things we must keep willing them; eternally smash our enemies; constantly battle for the right.

As a people, we glory in our new-found power; and in our new-found way to make that power effective. Roosevelt has done

what he has done simply because the public mind made itself felt throughout the Nation.

Let us not rest on our laurels. The enemies of the public weal are not inactive just because they are not out in the open. They never sleep; they fight as hard today as ever. With any let-down in public aggressiveness they will come out into the open again to make our victory a hollow one.

Fight on, America!

TWO POETS WRITE AN EDITORIAL

We offer two poems, the sentiment of which seems appropriate to the times. First, one from Alfred Austin:

"So long as faith with freedom reigns,
And loyal hope survives,
And gracious charity remains
To leaven lowly lives;
While there is one untrodden tract
For intellect or will,
And men are free to think and act
Life is worth living still."

Then, Josiah Gilbert Holland's famous lines:

"God give us men. A time like this demands
Strong minds, great hearts, true faith, and willing hands;
Men whom the lust of office does not kill;
Men whom the spoils of office cannot buy;
Men who possess opinions and a will;
Men who have honor; men who will not lie;
Men who can stand before a demagog
And damn his treacherous flatteries without winking;
Tall men, sun-crowned, who live above the fog
In public duty, and in private thinking."

"AMERICA NEEDS STABLE MONEY"—ARTICLE BY CLARENCE POE

Mr. BAILEY. Mr. President, I ask unanimous consent to have inserted in the RECORD an article by Dr. Clarence Poe, editor of the Progressive Farmer and Southern Ruralist, stating what the necessities of the farmers of America are, and entitled "America Needs Stable Money."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AMERICA NEEDS STABLE MONEY

(By Clarence Poe, editor of the Progressive Farmer and Southern Ruralist; member Agricultural Committee, United States Chamber of Commerce)

Why permit our national standard of value—the dollar—to be as variable as a bushel measure that is sometimes 3 pecks, sometimes 5 pecks, in capacity?

For business recovery, one of America's greatest needs is stable money—an "honest dollar." And fortunately American business and American agriculture seem ready—or almost ready—to unite in this demand.

To find out just what the farmer wants, let us examine the resolutions adopted at the recent annual meetings of the two most powerful national farm organizations: the American Farm Bureau and the National Grange.

Meeting in Winston-Salem, on November 24, the Grange declared for a national monetary policy which will "secure restoration of the wholesale-price average of 1926 as computed by the United States Bureau of Labor Statistics and the stabilization of the price level as nearly as practicable at that point."

Two weeks later, in Chicago, the American Farm Bureau Federation likewise set forth the following as the fundamental objective to be sought for: "That the index figure of the average commodity prices prevailing from 1920 to 1929 shall be adopted as the base for calculation at 100; and, that it shall be the policy of the United States to establish and maintain the commodity price level at that point as near as is humanly possible."

It will be noticed that the Grange suggests stabilizing the dollar on the basis of 1926 prices, and the Farm Bureau on the basis of average 1920–29 prices. But 1926 prices were almost identically the 1920–29 average, so there is no conflict here.

How the dollar has changed

1920	$0.65
1926	1.00
1933	1.63

So much for the voice of organized agriculture. Now, let us consider a few typical business opinions. He is reputedly the wealthiest man in America, but just 30 days before the National Grange meeting Mr. Henry Ford said: "The next big job is to improve the money system. I am convinced that our money system is antiquated. We have plenty of men and plenty of material; but money, which is not so important as men or material, is holding up progress."

He is head of America's greatest business organization, but the next week after the American Farm Bureau met, President Henry I. Harriman of the United States Chamber of Commerce told the American Association of Life Insurance Presidents that five things are absolutely necessary for business recovery, no. 4 being as follows: "That we have a dollar whose purchasing power neither markedly increases nor decreases through a reasonable period of years; that is, a dollar whose value remains substantially constant with the general price index of commodities."

It is the journalistic spokesman of a great group of American business men, and not farmers, but the Business Week of New York City said recently: "The only remaining road to recovery for ourselves and the world is by concerted and courageous action, through governments and central banks, to raise the commodity price level and reduce the value of gold to the level at which it was when the bulk of the world's public and private debt burdens were contracted. Otherwise universal bankruptcy, default, and repudiation are unavoidable."

In our recent national campaign both major political parties declared for a "sound currency." The latest edition of Webster's International Dictionary carrying the term defines it as follows:

"Sound currency, a currency whose actual value is the same as its nominal value; a currency which does not deteriorate or depreciate or fluctuate in comparison with the standard of values."

Judged by this standard I submit that we now have no sound currency. We have no stable currency. We have no currency "which does not fluctuate in comparison with the standard of values" if we accept either commodity prices or general purchasing power as a standard. We not only have no such sound currency now, but we have not had one for years.

Consider what Dr. E. W. Kemmerer, the distinguished Princeton University economist, said at a meeting of the Stable Money Association 5 years ago:

"There is probably no defect in the world's economic organization today more serious than the fact that we use as our unit of value not a thing with a fixed value but a fixed weight of gold with a widely varying value. In a little less than a half century here in the United States we have seen our yardstick of value, namely, the value of a gold dollar, exhibit the following gyrations: From 1879 to 1896 it rose 27 percent; from 1896 to 1920 it fell 70 percent; from 1920 to September 1927 it rose 56 percent. If, figuratively speaking, we say that the yardstick of value was 36 inches long in 1879, when the United States returned to the gold standard, then it was 46 inches long in 1896, 13.5 inches long in 1920, and is 21 inches long today."

And since 1927 the situation then so effectively described by Dr. Kemmerer has not improved. Rather it has steadily gone from bad to worse, as is proved by the following official statistics of the Department of Labor, showing the purchasing power of the dollar expressed in terms of wholesale prices of 784 commodities (properly weighted), taking average 1926 prices as 100 or $1:

The fluctuating dollar

Year:	*Purchasing power of $1*
1916	$1.17
1917	.85
1918	.76
1919	.72
1920	.65
1921	1.02
1922	1.03
1923	.99
1924	1.02
1925	.95
1926	1.00
1927	1.05
1928	1.02
1929	1.04
1930	1.16
1931 (Jan.)	1.30
1931 (Dec.)	1.41
1932 (Mar.)	1.50
1932 (Sept.)	1.53
1933 (Jan. 14–21)	1.63

What could be more eloquent than this table in proving that we have no stable standard of values or purchasing power, no "sound currency that does not deteriorate or depreciate or fluctuate in comparison with the standard of values"? We have a standard of time that never varies—the hour; a standard of length that never varies—the yard; a standard for liquids that never varies—the gallon; a standard for measuring corn and wheat that never varies—the bushel.

And yet our national standard of value—the dollar—in real purchasing power, interpreted in terms of what it will buy, we permit to be as variable as would be a yardstick sometimes 18, sometimes 24, and sometimes 36 inches long; as variable as would be a bushel measure sometimes 2 pecks, sometimes 3 pecks, sometimes 4 pecks in capacity; as variable as if we had hours sometimes 30, sometimes 45, and sometimes 60 minutes in length.

President Hoover recently quoted Daniel Webster's declaration: "The prosperity of the working people lives, moves, and has its being in established credit and a steady medium of payment." Certainly nothing could be less "steady" or "established" than a medium of payment varying as shockingly as the value of a dollar in terms of general commodities. We find the financial committee of the League of Nations reporting that whereas in 1928 it took 100 units of commodities to pay a debt of 100 gold units, today it requires 170 units of commodities. We find that it takes 278 percent as much farm products to pay an average Federal land bank debt or interest payment as when the debt was created. And who can deny that these penalties represent a ghastly and flagrant perversion of essential morality?

As C. V. Gregory says: "If Congress had passed a law in 1926 requiring every debtor to pay back $1.50 for every $1 he had borrowed, besides interest, we would have had a revolution. Yet that is just what deflation has done. Suppose Congress had

passed a law in 1926 doubling the size of the bushel basket or the number of pounds in a bushel and had told us that in measuring out products to pay our debts we must give the same number of bushels of grain, but measure it out in these new and enlarged bushel baskets. By failing to take action to stabilize the value of money Congress has done what amounts to the same thing."

All business has suffered from this disastrous situation, but agriculture more than any other industry, because the price of farm products has dropped out of proportion to all other commodities. Farm products, which in 1928 would buy only 90 percent as much goods as in pre-war days, dropped to a ratio of 80 percent in 1930, to 63 in 1931, and now to 50. Only a few weeks ago a Midwestern banker summarized the iniquity of the farmer's present debt burden by saying:

"In our country farmers are loaded with debts—mortgages they contracted back in 1918 and 1919. Wheat that was $3.31 then is 47 cents now. Rye $1.90 then, 30 cents now. Then oats brought $1; now, 18 cents. Corn, $1.60; now, 30 cents. Hogs, 23 cents a pound then; 4 cents now. But the farmer's mortgage still remains. He pays, nominally, from 5 to 7 percent on it.

"But, as a matter of fact, he must pay from 25 to 35 percent, because he has got to sell five times as much produce now to pay that interest as he did at the peak. If he borrowed $5,000 back there in the peak days, he borrowed the equivalent of 1,515 bushels of wheat. But to pay off the same $5,000 now takes 10,640 bushels of wheat."

Of course, this is an extreme illustration, but the general principle applies in millions of cases. The difference is one of degree rather than kind. When a debt is contracted and the dollars loaned represent 10 bales of cotton or 500 bushels of wheat, it is immoral for the governments and financial systems of the earth to make it so that the creditor collects dollars which represent 30 bales of cotton or 1,500 bushels of wheat (and in similar proportions as regards all other commodities). In addition, all interest payments have been correspondingly increased. When this happens a robbery has been permitted as essentially immoral as the burglary of a home, or the hold-up of a train, or any pocket picking by modern thieves and gangsters.

When such a system results in the loss of homes, the destruction of educational opportunity for boys and girls, the failure of the sick to receive proper medical and hospital treatment, and the engulfing of millions in unjustifiable misery, the situation indeed cries aloud for remedy.

What is the remedy? Not the abolition of the gold standard, in the opinion of leaders in agriculture and business, but the maintenance of the gold standard with adjustment to the commodity index to insure stability as "the only way to perpetuate the gold standard", in the language of the American Farm Bureau.

The organized farmers of America are asking for no fiat money, no printing-press money, no 16-to-1 free silver. They are asking for a money system stabilized on the basis of the average purchasing power of a dollar in the years 1920–30, when most of America's staggering burden of public and private debt was created. Gold as a basis for currency could still be maintained, but the quantity of gold in the dollar would be adjusted to a commodity index. No doubt there are several methods by which such a stable currency, or sound currency, may be established.

For example, instead of making actual gold coin the basis of our currency, some such plan as that of Dr. Irving Fisher, of Yale, could be adopted. Gold bullion could be stored in the United States Treasury and certificates issued against it (just as in the case of our silver-certificate dollar bills in general use), saying in effect: "This certifies that there has been deposited in the Treasury of the United States gold bullion equal in average purchasing power to that of one gold dollar in 1920–30," etc.

The French plan of redeeming such certificates only in gold bars in a value aggregating about $11,000 could be adopted. And Congress could levy a maximum "excess profits" tax on creditors who demand payment in gold dollars of former weight and fineness, or in some way prevent such extortion—on the valid ground that this policy calls for the repayment of greater values than the debtor received.

Somehow or other some plan for stabilizing the dollar must be effected. It is necessary in order to secure a just settlement—or, in fact, any real settlement at all—of America's present crushing burden of public and private debt. It is necessary in order to alleviate present disorders in foreign exchange. It is necessary in order that creditors who lend, as well as debtors who borrow, shall know what actual values in goods or real purchasing power will be given or received when pay time comes.

Cautious creditors now specify that debts shall be payable in gold dollars "of present standard and weight and fineness", with the result that this may mean anywhere from 64.8 cents to $1.63 in purchasing power, as it has meant in the last 16 years, and thus affords no genuine protection even to creditors. But with the adoption of the commodity index dollar creditors could make sure of a settlement fair alike to borrower and lender by specifying in the contract: "If the value of the dollar as determined by the aforementioned commodity price index is hereafter increased or decreased by congressional action, then the amount of this loan in dollars shall be correspondingly increased or decreased." Both borrower and lender would in this way be safeguarded.

It is indeed gratifying that at last American agriculture seems sufficiently conservative and American business sufficiently progressive to unite in a demand for genuinely stable money. After the tragic experiences America has just been through all commerce will lag, all business will halt, all enterprise will be frightened, all development on the farm and in business will be checked, if every man must make future plans with no assurance as to whether the dollar at pay time will be worth 50 cents, $1, $1.50, or $2 in commodity values. It is a problem that must and can be solved.

While the foregoing figures show how the value of the dollar fluctuates in terms of all commodities, its fluctuation in terms of farm commodities have been even more severe and disastrous. If a farmer made a debt so recently as 1930 it now takes—in addition to interest—an average of 129 percent more farm products to pay the principal than then. In the following table one can (1) see what year any farm debt was made and see (2) how much the principal itself has increased in quantity of farm products required to pay it off (in addition to similar increase in all interest charges):

Year debt made:	*Increase in debt (percent)*
1930	129
1929	171
1928	173
1927	157
1926	167
1925	188
1924	163
1923	165
1922	143
1921	127
1920	302
1919	310
1918	292
1917	245
1916	129

INVESTIGATION OF DIRIGIBLE DISASTERS

Mr. TRAMMELL. Mr. President, I desire to call up House Concurrent Resolution 15, relative to the investigation of the *Akron* disaster, which has been reported back to the Senate with an amendment. It will take only a moment or two.

Mr. McNARY. Mr. President, a few days ago, when this report was made, I objected to the consideration of the concurrent resolution. I understand, however, that it has passed the House and has been referred to the Senate Committee on Naval Affairs and favorably reported, and also has gone to the Committee to Audit and Control the Contingent Expenses of the Senate, and is now reported out with an amendment. Is that the situation?

Mr. TRAMMELL. That is the situation.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution (H.Con.Res. 15) creating a joint committee to investigate the causes of the wrecks of dirigibles, which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment, on page 2, line 18, after the word "advisable", to insert a comma and the words "not exceeding $5,000, one half of said amount to be paid out of the contingent fund of the Senate and one half out of the contingent fund of the House", so as to make the concurrent resolution read:

Resolved by the House of Representatives (the Senate concurring), That there is hereby created a joint committee to consist of 5 Members of the Senate, to be appointed by the President of the Senate, and 5 Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. The committee shall select its own chairman.

Such committee is hereby authorized and directed to investigate the cause or causes of the wreck of the Navy dirigible *Akron* and the wrecks of other Army and Navy dirigibles, to fix responsibility for the same, to inquire generally into the question of the utility of dirigibles in the military and naval establishments, and to make recommendations to the Senate and House of Representatives with respect to the future use of dirigibles for military or naval purposes. The committee shall report to the Senate and House of Representatives as soon as practicable the results of its investigations, together with its recommendations.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions or recesses of the present Congress, to employ such experts, clerical, stenographic, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take testimony, to have such printing and binding done, and to make such expenditures as it deems advisable, not exceeding $5,000, one half of said amount to be paid out of the contingent fund of the Senate and one half out of the contingent fund of the House.

Subpenas shall be issued under the signature of the chairman of the committee and shall be served by any person designated by him. The provisions of sections 102, 103, and 104 of the Revised

Statutes shall be applicable to any person summoned as a witness under the authority of this resolution in the same manner as such provisions are applicable to any person summoned as a witness in the case of an inquiry before a committee of either House.

Mr. TRAMMELL. I move the adoption of the amendment.

The amendment was agreed to.

The concurrent resolution, as amended, was agreed to.

RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 11 o'clock a.m. tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to; and (at 5 o'clock and 34 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, April 19, 1933, at 11 o'clock a.m.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 18, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who madest the heavens and taketh up the stars as little things, whose oceans are as the palm of Thine hand and to whom the isles of the sea are as dust in the balance, Thou art the mighty and the everlasting God. We rejoice this hour because Thou dost bend to the earth, that all suffering humanity may be lifted up and saved. Gracious Heavenly Father, we praise Thee that there is nothing in all the world so patient, nothing so generous, nothing so considerate, nothing so long-suffering as the teachings of Thy only begotten Son. As we live on His levels, so shall we share in His strength, and faintness and failure cannot abound. Intrusted with these offices which we are to discharge, may they be expressed in good conscience, wise principle, and altogether in becoming behavior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the House of the following title, in which the concurrence of the House is requested:

S. 73. An act to authorize the Comptroller General to allow claim of district no. 13, Choctaw County, Okla., for payment of tuition for Indian pupils.

ORDER OF BUSINESS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a report from the Committee on Rules.

Mr. PATMAN. Mr. Speaker, reserving the right to object, and I do not intend to object, that is the rule, I presume, about changing the discharge rule?

Mr. O'CONNOR. Yes.

Mr. PATMAN. I should like to know what arrangement has been made about time for those of us on this side who desire to oppose any change in the rule.

Mr. O'CONNOR. The gentleman will recall that in Rules Committee today it was generally agreed that when the rule was called up, there would be 4 hours' debate on the resolution to change the rule, one half in favor and one half opposed to the rule. Of course, this will have to be obtained in the House under unanimous consent.

Mr. PATMAN. I withdraw any reservation of objection, Mr. Speaker.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, did I understand the gentleman from New York to say that the committee would report by tomorrow?

Mr. O'CONNOR. No; the request was that we have until midnight tonight to report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the following committees may have today and tomorrow to file reports regardless of whether the House is in session or not, Ways and Means, Military Affairs, and Banking and Currency.

Mr. SNELL. Mr. Speaker, reserving the right to object, I presume the gentleman's request includes the filing of minority views also?

Mr. BYRNS. Oh, certainly. I should have stated that in my request.

Mr. SNELL. And such views would be incorporated with the report?

Mr. BYRNS. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Thursday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. TRUAX, for 4 days, on account of death in family.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 10 minutes p.m.) the House, under its previous order, adjourned until Thursday, April 20, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

24. Under clause 3 of rule XXIV, a letter from the Secretary of War, transmitting a report from the Chief of Engineers, pursuant to the Rivers and Harbor Act of July 3, 1930, on preliminary examination and survey of Kaunakakai Harbor, Island of Molokai, Hawaii, together with accompanying papers and illustrations, was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. STEAGALL: Committee on Banking and Currency. H.R. 4606. A bill to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes; with amendment (Rept. No. 46). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H.R. 5040. A bill to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes; with amendment (Rept. No. 45). Referred to the Committee of the Whole House on the state of the Union.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Michigan, memorializing Congress to reflate the dollar; to the Committee on Banking and Currency.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CROSS: A bill (H.R. 5066) establishing a stabilized currency and adopting the wholesale commodity index line of 1926 as a standard of value; to the Committee on Banking and Currency.

By Mr. CELLER: Resolution (H.Res. 110) authorizing the Judiciary Committee to inquire into and investigate the matter of appointments, conduct, proceedings, and acts of receivers, trustees, and referees in bankruptcy; to the Committee on Rules.

By Mr. KELLY of Pennsylvania: Joint resolution (H.J.Res. 156) to make available funds of public and private charitable associations deposited in restricted and closed banks; to the Committee on Banking and Currency.

By Mr. McREYNOLDS: Joint resolution (H.J.Res. 157) providing for the use of the water of the St. Lawrence River for the generation of power by the State of New York under and in accordance with the provisions of the Great Lakes-St. Lawrence deep waterway treaty between the United States and Canada; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLANCHARD: A bill (H.R. 5067) granting an increase of pension to Fidelia L. Mitchell; to the Committee on Pensions.

By Mr. LUDLOW: A bill (H.R. 5068) for the relief of Charles G. Keiser; to the Committee on the Civil Service.

By Mr. McREYNOLDS: A bill (H.R. 5069) granting a pension to Sarah Hall Swafford; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5070) for the relief of William Harris; to the Committee on Military Affairs.

By Mr. ROBERTSON: A bill (H.R. 5071) granting a pension to Ida B. Cutright; to the Committee on Invalid Pensions.

By Mr. WIGGLESWORTH: A bill (H.R. 5072) granting an increase of pension to John J. Duffy; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

569. By Mr. LINDSAY: Petition of National Union Assurance Society, Toledo, Ohio, urging defeat of the McLeod-Norris bill; to the Committee on Banking and Currency.

570. Also, petition of International Tailoring Co., New York City, concerning the 30-hour-week bill; to the Committee on Labor.

571. Also, petition of National Association of Finance Companies, Chicago, Ill., favoring Senate bill 747 and House bill 4551; to the Committee on Banking and Currency.

572. Also, petition of American Manufacturers Export Association, New York City, urging immediate negotiation of reciprocal tariff arrangements between the United States Government and other national governments in the interests of a freer and mutually advantageous exchange of goods in international trade; to the Committee on Foreign Affairs.

573. Also, petition of Chas. M. Higgins & Co., Inc., Brooklyn, N.Y., manufacturers of inks and adhesives, opposing the Black bill, S. 158; to the Committee on Labor.

574. Also, petition of Joseph Dixon Crucible Co., Jersey City, N.J., graphite products, opposing the Black bill, S. 158; to the Committee on Labor.

575. Also, petition of Irish-American Unified Society of New York, Inc., Bayridge Branch, Brooklyn, N.Y., favoring the Black 30-hour-week bill; to the Committee on Labor.

576. Also, petition of Ethel Catlin and Martha Zentner, of Brooklyn, N.Y., opposing the Black 30-hour-week bill; to the Committee on Labor.

577. By Mr. LUDLOW: Petition from the Associated Employers of Indianapolis, the National Metal Trades Association (Indianapolis branch), and Foundrymen's Association, Inc., of Indianapolis, opposing the passage of the Black bill, S. 158, the 30-hour-week bill; to the Committee on Labor.

578. By Mr. LINDSAY: Petition of New York Typographical Union, No. 6, New York City, endorsing the Black-Connery bill; to the Committee on Labor.

579. By Mr. RUDD: Petition of National Union Assurance Society, Manhattan Council, No. 781, New York City, opposing the passage of the McLeod-Norris bill; to the Committee on Banking and Currency.

580. Also, petition of Charles M. Higgins & Co., Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour work week; to the Committee on Labor.

581. Also, petition of Ethel Catlin, Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour work week; to the Committee on Labor.

582. Also, petition of Joseph Dixon Crucible Co., Jersey City, N.J., opposing the passage of the Black bill, S. 158, providing for a 30-hour work week; to the Committee on Labor.

583. Also, petition of New York Typographical Union, No. 6, New York City, favoring the passage of the Black-Connery 30-hour work week with certain amendments; to the Committee on Labor.

584. Also, petition of Irish-American Unified Society of New York, Inc., Bayridge Branch, Brooklyn, favoring the passage of the Black bill, S. 158, providing for a 30-hour work week; to the Committee on Labor.

585. By Mr. WERNER: Memorial of the Black Hills Mining and Industrial Association, Deadwood, S.Dak., urging enactment by Congress of legislation to suspend for fiscal year 1933 assessment work on mineral claims in the public domain, and of sane, sound, carefully drawn legislation to regulate sales of corporate securities in interstate commerce, etc.; to the Committee on Mines and Mining.

586. By the SPEAKER: Petition of the Hazel-Atlas Glass Co. of California, protesting against the Black-Connery labor bill; to the Committee on Labor.

SENATE

WEDNESDAY, APRIL 19, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Reynolds
Ashurst	Couzens	King	Robinson, Ark.
Austin	Cutting	La Follette	Robinson, Ind.
Bachman	Dickinson	Lewis	Russell
Bailey	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fletcher	McCarran	Steiwer
Bone	Frazier	McGill	Stephens
Borah	George	McKellar	Thomas, Okla.
Brown	Glass	McNary	Thomas, Utah
Bulkley	Goldsborough	Metcalf	Townsend
Bulow	Gore	Murphy	Trammell
Byrd	Hale	Neely	Tydings
Byrnes	Harrison	Norbeck	Vandenberg
Capper	Hastings	Norris	Van Nuys
Caraway	Hatfield	Nye	Wagner
Carey	Hayden	Overton	Walcott
Clark	Hebert	Patterson	Walsh
Connally	Johnson	Pittman	Wheeler
Coolidge	Kean	Pope	White
Copeland	Kendrick	Reed	

Mr. LEWIS. I wish to announce that the Senator from New Mexico [Mr. BRATTON] is necessarily detained from the Senate.

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is detained from the Senate by illness.

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present.

CLAIM OF JOHN L. SUMMERS, DISBURSING CLERK, ET AL.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting draft of proposed legislation to provide relief for and to adjust certain accounts of John L. Summers, disbursing clerk, Treasury

Department; Frank White and H. T. Tate, former Treasurers of the United States; Guy F. Allen, former Acting Treasurer of the United States; Robert G. Hilton, former Assistant Treasurer of the United States at Baltimore, Md.; the Office of the Comptroller of the Currency for the period from April 5, 1912, to November 21, 1928; and to cover the settlement of outstanding claims of certain individuals, representing unrecovered amounts due them, which, with the accompanying papers, was referred to the Committee on Claims.

FUNCTIONS OF THE DEPARTMENT OF COMMERCE (S.DOC. NO. 36)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting, in compliance with Senate Resolution 351, Seventy-second Congress, a report as to the functions and activities of the Department, showing the total number of employees, the salaries and wages paid and other expenditures, the source of available funds, and the statutory authority for the Department to conduct its various activities; also a list of all employees whose compensation is $5,000 per annum or more, which, with the accompanying statements, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

Mr. ROBINSON of Arkansas presented a telegram from Peter Williams, director Indians of California, Inc., Klamath, Calif., relative to the qualifications of Hon. John Collier to serve as Commissioner of Indian Affairs, which was referred to the Committee on Indian Affairs.

Mr. COPELAND presented resolutions adopted by a mass meeting of the South Shore Small Home and Property Owners Defense League, of South Shore, Staten Island, N.Y., expressing appreciation of the President's efforts for the relief of home owners, but favoring a more complete program of relief, providing, among other things, for "no foreclosures or tax sales on small homes or pieces of property owned by workers or small business men", etc., which were referred to the Committee on Banking and Currency.

He also presented resolutions adopted by the Foreign Commerce Club of New York, Inc., and the board of directors of the American Manufacturers Export Association, both of New York City, N.Y., favoring the negotiation of treaties with foreign nations providing for mutual concessions in tariff duties for the promotion of reciprocal trade, which were referred to the Committee on Finance.

He also presented a resolution adopted by the Men's Club of Temple Beth Emeth, of Flatbush, Brooklyn, N.Y., condemning the persecution of, and alleged outrages perpetrated upon, the Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by members of the Young Folks League of the Yeshivah of Bensonhurst, Brooklyn, N.Y., favoring action by the Government, through diplomatic channels, looking to the protection of American citizens and the Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens, members of the Martin Street Parent-Teacher Association, of Wellsville, N.Y., praying for the passage of legislation to regulate the motion-picture industry, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by Finger Lakes Post, No. 961, Veterans of Foreign Wars of the United States, of Ithaca, N.Y., favoring compulsory military training of young men in the colleges and high schools, which was referred to the Committee on Military Affairs.

He also presented petitions of sundry citizens, being railroad employees, of Buffalo, N.Y., favoring the passage of the so-called "Hatfield-Keller bill", providing retirement pay to railroad employees, which were referred to the Committee on Interstate Commerce.

He also presented a telegram from the Hornell (N.Y.) Chamber of Commerce, embodying a resolution adopted by that organization endorsing Federal highway aid as a means of relieving unemployment, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution of the Pampanga Civic Union, San Fernando, Pampanga, P.I., favoring the granting of complete and immediate independence to the Philippine Islands, which was ordered to lie on the table.

He also presented resolutions adopted by Typographical Union No. 6, of New York City, N.Y., favoring the passage of the so-called "Black-Connery 30-hour-week work bill", and the inclusion therein of the newspaper and periodical industry, which were ordered to lie on the table.

He also presented a resolution adopted by Bayridge Branch, United Irish Societies of New York, Inc., of Brooklyn, N.Y., favoring the passage of the so-called "Black 30-hour-week work bill", particularly as to its effect on working hours of railroad employees, which was ordered to lie on the table.

Mr. TYDINGS presented a petition of sundry citizens of Baltimore, Md., praying for the passage of legislation to guarantee bank deposits, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Montgomery County, Md., praying for the continuation of appropriations for Federal vocational education, which was referred to the Committee on Appropriations.

Mr. SHIPSTEAD presented the following joint resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Irrigation and Reclamation:

STATE OF MINNESOTA,
DEPARTMENT OF STATE.

I, Mike Holm, secretary of state of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original instrument in my office of H.F. No. 1874, being Resolution No. 18 of the Laws of Minnesota, 1933, as filed in this office on the 15th day of April A.D. 1933, and that said copy is a true and correct transcript of said instrument and of the whole thereof.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State, at the capitol, in St. Paul, this 17th day of April A.D. 1933.

[SEAL] MIKE HOLM,
Secretary of State.

Joint resolution memorializing Congress to enact legislation for the refinancing of outstanding drainage bond indebtedness

Whereas many of the counties of the State of Minnesota, in common with a large number of drainage districts and communities of other States of the Nation, have large issues of drainage improvement bonds due and outstanding which were issued for drainage works planned and constructed during times of normal prosperous conditions; and

Whereas under the distressing economic conditions which have for the past several years affected agriculture, the payment of such bonds and other obligations and interest thereon has become impossible in many sections affected thereby by reason of the inability of farmers to meet installments on their drainage and other taxes and assessments; and

Whereas legislation is pending before the Congress of the United States aiming to extend Federal aid for the refinancing of outstanding drainage bond indebtedness by extending the time in which drainage costs are to be paid and reducing the rate of interest: Therefore be it

Resolved by the House of Representatives of the State of Minnesota (the senate concurring), That we must earnestly urge the Congress of the United States to pass legislation providing relief to hard-pressed counties and drainage districts on account of drainage bond indebtedness at the earliest possible time; be it further

Resolved, That the secretary of state of Minnesota be instructed to send copies of this resolution to both Houses of Congress and to each Member in Congress from the State of Minnesota.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 3d day of April 1933.
FRANK T. STARKEY,
Chief Clerk House of Representatives.

Passed the senate the 7th day of April 1933.
G. H. SPAETH,
Secretary of the Senate.

Approved April 15, 1933.
FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed April 15, 1933.
MIKE HOLM,
Secretary of the State of Minnesota.

EMPLOYMENT IN REFORESTATION WORK

Mr. ASHURST presented a telegram from the town clerk of Miami, Ariz., embodying resolutions adopted by the mayor and common council of that town, which was referred to

the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

MIAMI, ARIZ., *April 18, 1933.*

Senator HENRY F. ASHURST,
Care of United States Senate, Washington, D.C.:

A resolution for promoting work for the residents of the Globe-Miami district under the reforestation bill

Whereas the Congress of the United States has passed a bill providing for a national forestry program which calls for the planting of new timber, the making of fire breaks, and the construction of trails and highways throughout the numerous forests of the Nation; and

Whereas the President of the United States has been pleased to sanction such a program with a view of assisting in the relief of the unemployment that exists at this time and with this new project being placed under the direction of the National Forest Service; and

Whereas there are at the present time over 2,500 people in destitute circumstances in the Miami district alone who are compelled to exist upon the meager aid furnished by the Reconstruction Finance Corporation; and

Whereas in the Globe-Miami district there is a market for from fifty to a hundred million feet of lumber each year and as most of this lumber must be transported hundreds of miles before reaching this community we feel that the reforestation of our forests close at hand will prove a most profitable and worth-while feature; and

Whereas the reforestation of the forests near this locality will be of inestimable benefit to the watersheds of both the Roosevelt and the Coolidge Dams by eliminating the cause of erosion, by providing a better range condition for the cattle, and by slowing up of the disastrous result of excessive run-off from the melting snows in the spring and heavy rains in the summer: Therefore be it

Resolved by the mayor and the Common Council of the Town of Miami, That while we welcome and appreciate the importing of men from the East for this reforestation work, we still feel that the families in this district who are in dire distress should be given an opportunity for employment in this great national program. We feel that the planting of new timber on the slopes of the Pinal Mountains and in the Crook National Forest is quite essential in preventing the damage done each year to the property owners in this locality caused by the rushing of the drainage water from the steep slopes of the mountain sides during the rainy season in the summer months.

It is possible to place in the Crook National Forest two or more camps of 1,000 men each, who can be rotated with other men and in this way relieve the stagnant business condition of the district and shed a ray of sunshine as well as financial aid to the great number of unfortunate families who are in the most urgent need of immediate financial assistance; be it further

Resolved, That the clerk of the town of Miami be instructed to send a copy of this resolution by telegraph to Senator CARL HAYDEN and Senator HENRY ASHURST at Washington, D.C., calling their attention to our unemployment situation and have them get behind this excellent movement and seek immediate aid and relief for the thousands of citizens who are now reduced to a state of excessive poverty by conditions over which they had no control.

Passed and adopted this 6th day of April A.D. 1933.

Approved.

ARTHUR TURNER, *Mayor.*

Attested:

OREN F. FRARY, *Town Clerk.*

STATE OF ARIZONA, *ss:*

I, Oren Frary, clerk of the town of Miami, hereby certify that the above is a true and correct copy of the original resolution which was passed and adopted by the town of Miami on the 6th day of April 1933 at a regular meeting held in the town hall in the town of Miami, Gila County, State of Arizona.

OREN F. FRARY, *Town Clerk.*

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 1422) for the relief of the estates of Edwin G. Scott, Clyde R. Dindinger, and Ralph R. Fraley; to the Committee on Claims.

A bill (S. 1423) authorizing the President of the United States to investigate Federal reclamation projects, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. NEELY:

A bill (S. 1424) granting a pension to Charles E. Conner; to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 1425) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933; to the Committee on Banking and Currency.

By Mr. REED:

A bill (S. 1426) for the relief of the estate of Benjamin Braznell; to the Committee on Claims.

A bill (S. 1427) for the relief of Harry A. C. Hall, alias Charles A. Brooks (with accompanying papers); to the Committee on Naval Affairs.

By Mr. JOHNSON:

A bill (S. 1428) for the relief of Andrew M. Dunlop;

A bill (S. 1429) for the relief of Anthony J. Lynn; and

A bill (S. 1430) for the relief of M. Thomas Petroy; to the Committee on Claims.

A bill (S. 1431) for the relief of Elmer E. C. Armstrong;

A bill (S. 1432) for the relief of Henry Bartels;

A bill (S. 1433) for the relief of Ernest B. Butte;

A bill (S. 1434) authorizing the Secretary of War to issue a certificate of honorable discharge to Carl J. Canada;

A bill (S. 1435) for the relief of Martin De Vries;

A bill (S. 1436) authorizing the appointment of Frederick Funston, Jr., as a second lieutenant, Army Air Corps;

A bill (S. 1437) for the relief of Juan Garcia;

A bill (S. 1438) for the relief of William Goodwin;

A bill (S. 1439) for the relief of Patrick J. Lynch;

A bill (S. 1440) for the relief of Ambrose V. McKenna;

A bill (S. 1441) for the relief of Walter W. Newcomer;

A bill (S. 1442) for the relief of John O'Gorman;

A bill (S. 1443) for the relief of James T. Reynolds; and

A bill (S. 1444) for the relief of Samuel A. Welsh; to the Committee on Military Affairs.

A bill (S. 1445) for the relief of John M. McNulty; to the Committee on Naval Affairs.

A bill (S. 1446) granting a pension to Carlos J. Anderson;

A bill (S. 1447) granting a pension to John N. Aull;

A bill (S. 1448) granting a pension to Don E. Bartell;

A bill (S. 1449) granting a pension to John William Boland;

A bill (S. 1450) granting a pension to Laura F. Collins;

A bill (S. 1451) granting a pension to Ollie A. De Selm;

A bill (S. 1452) granting a pension to Charles Foye;

A bill (S. 1453) granting a pension to Josephine Johnson;

A bill (S. 1454) granting a pension to Kitty A. Miller;

A bill (S. 1455) granting a pension to David Poula;

A bill (S. 1456) granting a pension to Jesse Thomas;

A bill (S. 1457) granting an increase of pension to Madison M. Burnett;

A bill (S. 1458) granting an increase of pension to Harry A. Smith; and

A bill (S. 1459) granting an increase of pension to Alzina M. Wilson; to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 1460) for the relief of Edgar Stivers; to the Committee on Claims.

By Mr. TYDINGS:

A bill (S. 1461) for the relief of the Fidelity Trust Co., of Baltimore, Md.; and

A bill (S. 1462) for the relief of the Maryland Trust Co., successors to Continental Trust Co., of Baltimore, Md.; to the Committee on Claims.

A bill (S. 1463) for the relief of George F. Conlee; to the Committee on Military Affairs.

A bill (S. 1464) granting a pension to John Doane Gardiner; and

A bill (S. 1465) granting a pension to Mary Amanda Jones; to the Committee on Pensions.

DEVELOPMENT OF CHRISTIAN FAMILY IDEALS

Mr. SHEPPARD (by request) submitted the following concurrent resolution (S.Con.Res. 3), which was referred to the Committee on the Judiciary:

Whereas the United States of America is confronted with the conditions that have disturbed all of the nations of the world; and

Whereas it is manifest that these national disturbances in the fields of social, industrial, political, and religious life have been produced through failure to maintain family solidarity and caused a loss of the balance between the spiritual and material elements of national life; and

Whereas the alarming increase in the disturbance of domestic relationships and the increase of juvenile delinquency, as shown

by court records, are signs of the ravages being worked to destroy the family, the unit that incorporates the basic elements of national integrity; and

Whereas statesmanship must concern itself for the perpetuation of the state by building a future citizenship in the strength of morality, and is warranted to draw upon every spiritual resource to achieve this end, for, as Washington said in his Farewell Address: "Both reason and experience forbid us to believe that the Nation's morality can continue after the exclusion of religious principles"; and

Whereas experience—the history of humanity—has demonstrated that a Republic like ours is strong and a blessing to its people and the world according to the moral character and intelligent religion of the people, for the strength and efficiency of any government by the people is in the character of the intelligence and morals of its citizens, inseparable from their religion, no non-Christian nation having ever retained its civil liberties; and

Whereas in this two hundredth anniversary of the birth of the first President of our United States of America it is the purpose of the National Government to honor his service to his country: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That this Congress hereby appeals to the citizenship of the United States of America who are parents, pastors, and teachers, that they address themselves to serious and sustained effort to integrate within the family life of the Nation those ideals of spirituality represented by the simple virtues of the homely and humble life lived in the fear of God, that there be restored through the cooperation of those institutions growing out of the family—the home, the church, and the state—the balance between the spiritual and material, and that the remedy for these prevailing deteriorating conditions of society be effected through the inculcation in our growing youth of spirituality, morality, and good conscience toward the God of our Nation.

That it is the judgment of the Congress of the United States of America that only upon the lines herein suggested can there be the perpetuation of the home, the protection of the church, and the preservation of the state. In achieving these great ends it shall mean the crime checked, social conditions corrected, economic security maintained, industrial concord established, the future of the state assured, the conservation of our youth for future citizenship provided, and our Nation preserved for that destiny intended for it by the Almighty God.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. SCHALL and Mr. SHEPPARD each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 509) to amend the emergency relief and construction act of 1932, which were referred to the Committee on Banking and Currency and ordered to be printed.

RELIEF OF AGRICULTURE—AMENDMENT

Mr. BANKHEAD submitted an amendment intended to be proposed by him to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was ordered to lie on the table and to be printed.

PERSONNEL OF THE CIVIL SERVICE

Mr. THOMAS of Utah. Mr. President, I present for the information of Members of Congress a statement of the Independent Legislative Bureau, Richard W. Hogue, director, entitled "Reorganization or Disorganization."

There being no objection, the statement was ordered to be printed in the RECORD, and it is as follows:

REORGANIZATION OR DISORGANIZATION

This statement is issued in no spirit of political partisanship or class selfishness. It is motivated by a deep concern for the public interest and the good of the Government in the crisis that confronts our country and its people.

The efficiency of the Federal Government and its capacity to protect and to serve the public depend largely upon the large body of trained men in its scientific and professional departments. Practically all of these scientific workers entered the service in normal or prosperous times, many at lower salaries than were available in business and industry. They were selected after competitive examination and have given years of devoted, competent, and often significant service. They have contributed to the stability of the Government, the protection of the public, the progress of knowledge, and the material welfare of the Nation.

For their security, the protection of their work, and the good of the Government, Congress created the safeguard of the Civil Service. A serious depletion of their numbers or a drastic curtailment of their important activities at this time would be a costly experiment, wholly aside from the question of justice and fair dealing. It would not only be a blow to civil service and a contribution to prevailing unemployment but would inject a new element of competition in the overcrowded field of private employment and add another factor to help prolong the process of deflation.

The mere tightening of the purse strings of the Federal Treasury is not necessarily an act of wisdom or sound economy. There is a point at which retrenchment becomes a menace to life, with governments no less than with persons. To threaten the security and weaken the morale of the civil service at a time of such widespread insecurity and distress is fraught with manifold harm. Has the Government no moral obligation to preserve the sanctity of an implied contract with its civil-service employees, who logically assumed permanency of position when they entered the service?

A balanced Budget becomes a meaningless exhibit when produced by cutting down essential activities and discouraging public service.

There is a point at which reorganization becomes disorganization. A "pennywise and pound-foolish" policy is possible with governments as with people and is infinitely more far-reaching in its evil effects.

REPORT OF THE ROYAL COMMISSION ON COAST EROSION, ETC.

Mr. THOMAS of Utah. Mr. President, owing to the fact that we are indulging in some reforestation at the present time, it may be of interest to those people who are directing it to read, or at least have access to, a report of the Royal Commission on Coast Erosion and Afforestation issued in 1909. I therefore ask unanimous consent to have this report inserted in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, and it is as follows:

I. Royal warrant of March 1908 increasing the scope of the Royal Commission on Coast Erosion and the Reclamation of Tidal Lands.

II. Synopsis of principal conclusions of the Royal Commission on coast erosion and afforestation.

III. Summary of principal conclusions and recommendations of the Royal Commission on coast erosion and afforestation.

IV. Outline of the arrangement of the Royal Commission report on afforestation.

ROYAL WARRANT OF MARCH 1908 INCREASING THE SCOPE OF THE ROYAL COMMISSION ON COAST EROSION AND THE RECLAMATION OF TIDAL LANDS

1. By royal warrant of July 1906 the Royal Commission on Coast Erosion and the Reclamation of Tidal Lands was created.

2. By royal warrant of March 1908 the scope of this commission was increased by directing it to inquire and report:

"Whether in connection with reclaimed lands or otherwise, it is desirable to make an experiment in afforestation as a means of increasing employment during periods of depression in the labor market, and if so by what authority and under what conditions such experiment should be conducted."[1]

SYNOPSIS OF PRINCIPAL CONCLUSIONS OF THE ROYAL COMMISSION ON COAST EROSION AND AFFORESTATION[2]

The following is a synopsis of the principal conclusions reached in this report:

1. Afforestation is practicable and desirable.

2. Approximate available area in the United Kingdom without material encroachment upon agricultural land is 9,000,000 acres.

3. Best rotation to secure sustained timber yield requires 150,000 acres to be afforested annually.

4. Employment:

(a) Temporary.—Temporary employment is afforded annually to 18,000 men during the winter months. Further, an almost equal number would indirectly derive employment in the incidental and subsidiary occupations connected with forestry. This figure might be increased in any year to meet exceptional pressure of unemployment.

(b) Permanent.—Permanent employment is afforded to 1 man per 100 acres afforested, rising to 90,000 men when the whole area has been dealt with.

(c) Ultimate.—The employment connected with subsidiary industries—that is, conversion and manipulation, etc., of the timber crop—would afford occupation for a still larger population.

5. Any scheme of national afforestation should be on an economic basis.

6. Labor.—There are sufficient unemployed persons willing to submit to, and able to satisfy, ordinary labor tests, who could advantageously be employed without a period of special training.

7. Finance.—Afforestation represents a productive investment and should be financed by a loan. The annual sum required for the full scheme is £2,000,000. The interest on the loan should be defrayed out of taxation. The net deficit will be £90,000 in the first year and will rise progressively to £3,131,250 in the fortieth year, after which period the forest becomes more than self-supporting.

8. Profits.—After 80 years the net revenue from the forest, at present prices—which promise to be materially enhanced—should be 17½ millions. This represents 3¾ percent on the net cost cal-

[1] Second report (on afforestation) of the Royal Commission, appointed to inquire into and to report on certain questions affecting coast erosion, the reclamation of tidal lands, and afforestation in the United Kingdom. (Great Britain House of Commons, Sessional Papers 1909, vol. XIV, paper 341, p. v.)

[2] Second report (on afforestation) of the Royal Commission appointed to inquire into and to report on certain questions affecting coast erosion, the reclamation of tidal lands, and afforestation in the United Kingdom. Great Britain House of Commons, Sessional Papers, 1909, vol. XIV, paper 341, p. iii–x, 1–48.)

culated at accumulated compound interest of 3 percent. Looked at from another point of view, the state will then be in possession of property worth £562,000,000, or about £107,000,000 in excess of the total cost involved in its creation, calculated at 3 percent compound interest.

9. Administration and control.—The afforestation scheme to be entrusted to a special board of commissioners. In default of purchase by agreement, land to be acquired, if necessary, under compulsory powers.

10. Disturbance.—The acquisition of grazing areas for silviculture might necessitate a modification of the existing agricultural system on certain farms. There is no reason to suppose that the remaining lowland areas on such farms could not either be adapted to other forms of agriculture or could not, in many cases, be profitably utilized for small holdings. The acquisition of grazing areas, private or common, should present no difficulty which cannot be satisfied by arbitration and reasonable compensation.

11. Incidental.—Afforestation creates a new industry; it does not compete with private enterprise. The conversion of comparatively unprofitable lands into forests enhances the productiveness of the adjacent areas and should promote the development of the smallholdings movement. More than any other apparent remedy, afforestation will stem the tide of rural depopulation.[3]

PART VI OF THE ROYAL COMMISSION REPORT ON AFFORESTATION—SUMMARY OF PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS

106. Coming now to the summary of the conclusions and recommendations to which the evidence points, your commissioners find that—

(1) The natural conditions of soil and climate in the United Kingdom are favorable to the production of high-class commercial timber such as is annually imported into the country in very great quantities.

(2) The afforestation of suitable lands in the United Kingdom, if undertaken on an adequate scale and in accordance with well-recognized scientific principles, should prove at present prices a sound and remunerative investment.

(3) In estimating the profits of silviculture, account, must, moreover, be taken of two facts: The increasing consumption of timber per head of population all over the world, in spite of the introduction of alternative materials; and, further, the exploitation, waste, and destruction by fire of the virgin forests, especially those yielding the more important building timbers. Already a noticeable shortage of timber supply has resulted, as is evidenced by steadily rising prices and depreciating qualities in all markets. It seems impossible to escape from the conclusion that this tendency will be continued and accentuated, and that a steady and a very considerable rise in prices may be looked for throughout the present century. The security which afforestation offers for investment is, therefore, likely to be an improving one, with a corresponding increase in profits, but to avoid all that is speculative this prospect has been disregarded in framing our estimates.

(4) The amount of land suitable for afforestation but not now under timber in the United Kingdom may roughly be put at a maximum of 9,000,000 acres. In determining this figure two considerations have been taken into account, besides elevation and physical suitability of soil. The first is that the value of the land is not in excess of a sum on which a fair return may be anticipated on the expenditure. This will naturally vary according to the productive capacity of the soil and the crop which it will carry. The second consideration is that the land could not be more profitably utilized in any other way.

(5) A forest of 9,000,000 acres, in which are represented the various series of age classes, may be expected to yield 9,000,000 loads annually in perpetuity. The importation of foreign timber from temperate climates into the United Kingdom in the year 1907 exceeded 8,500,000 loads, or approximately the annual supply which could be expected from the afforestation of the above-mentioned area.

(6) The withdrawal of 9,000,000 acres from its present uses would cause some gradual curtailment of food supplies and displacement of labor. Land suitable for afforestation is mostly devoted to the production of mutton. Calculations on the basis of the present consumption show that at most 60,000 tons, or 4.8 percent of the total home production of meat, or 2.6 percent of the present national consumption, would be ultimately displaced. As to labor, the employment furnished by the present uses, mostly sheep farming, to which the land in question is devoted, may be taken to average 1 man to 1,000 acres. This does not represent one tenth of the permanent employment afforded by the maintenance of a similar area of land under forest.

(7) Systematic silviculture aims at the production of a steady and continuous supply of marketable timber. To insure the maintenance of these supplies the area should be divided for planting by the average number of years which the crop needs to mature; for example, if the life of the crop be taken as 80 years, the area to be afforested every year would, out of a total area of 9,000,000 acres, be 112,500 acres. But a more rapid system of planting may be adopted without seriously complicating the rotation, and further, some adaptation to the temporary fluctuations of the labor market is feasible.

[3] Ibid., p. x. This second report of the Royal Commission on Coast Erosion and Afforestation may be more briefly cited as Command Paper 4460, vol. II, pt. I.

(8) The distribution of this 9,000,000 acres of suitable land is somewhat irregular. By far the largest areas are to be met with in the west and north of England, and throughout similar regions in Scotland. Ireland and Wales also contain a relatively large amount of this type of land. In the south and east of England, on the other hand, the areas in the aggregate are less extensive. Great diversity exists in the size of these areas, some counties offering large contiguous stretches, while in others the areas are characterized by their discontinuous nature.

(9) The administration of national forest lands should be entrusted to special commissioners.

(10) In dealing with these lands, subdivision into distinct districts, with an executive and administrative subcenter, commends itself from various points of view. Thus local employment would be afforded, local subsidiary industries would be encouraged, public recreation grounds would be provided, and, in connection with the establishment of such forests, small holdings would undoubtedly be multiplied.

(11) Silviculture in the United Kingdom is an enterprise which rarely appeals to the private landowner or capitalist. The prolonged time for which capital must be locked up before any return can be expected, the loss of rent and burden of rates over the whole period, and the absence of security for continuous care and management, act as deterrents. None of these objections applies to the state whose corporate life and resources lend themselves in an especial degree to an undertaking of this character. If the state plants, it will certainly reap, which the individual owner can rarely hope to do.

(12) If afforestation be promoted on a large scale, the provision of suitable lands is the first step. For this purpose a general survey should be made, and the extent and distribution of such lands ascertained. As a rule, it will be found expedient for the state to purchase from time to time such areas as are destined for planting, but some progress may conceivably be made along the lines of profit-sharing, in which case the owner would forego the purchase price. Experience proves that, although much of the land required may be expected to be purchasable by voluntary treaty, yet compulsory powers would be necessary to facilitate transactions where voluntary treaty had broken down. The principle laid down in the Small Holdings Act of 1907 for the acquisition of lands should govern these proceedings, as to arbitration, restrictions, and safeguards. Where private owners can satisfy the forest commissioners that they are able and willing to afforest, under their supervision and to their satisfaction, and give an undertaking to that effect, compulsory powers should not be enforced against such owners so long as that undertaking is fulfilled.

(13) The value of land falling within the definition of "suitability" may be taken, except in rare instances, to lie between £2 and £10 freehold value; but the average value of suitable lands, including the necessary buildings and other preliminary equipment, may be taken as £6 10s. per acre, and the average cost of afforestation also at £6 10s. per acre. If 150,000 acres be annually taken in hand, a sum of about £2,000,000 would be needed annually to finance the undertaking.

(14) Money expended in afforestation differs in kind from other calls on the national purse. It is a productive investment of capital. To provide this capital sum out of taxes would be an act of unprecedented generosity on the part of the present generation of taxpayers in favor of their posterity. No stronger justification for proceeding by loan than a reproductive outlay exists. The loan should be based on actuarial calculations showing initial cost, expenses of upkeep and management calculated at compound interest over the whole period, and the value of the property when fully matured. Such actuarial statements we have given, which show, for the full scheme, that, after allowing 3 percent compound interest on all the capital invested, the approximate equalized revenue would at the end of 80 years amount to £17,411,000 per annum, while the value of the property might be expected to be £562,075,900, or £106,993,000 in excess of the sum involved in its creation. A smaller scheme involving the afforestation of 6,000,000 acres (75,000 acres annually for 80 years) would show a profit of about £10,000,000 annually, or a capital value of £320,000,000, being £60,944,000 in excess of the cost of production.

(15) Coming to ways and means by which a loan of this character may best be provided, a point of great importance to be borne in mind is that although the period of rotation of a timber crop may be taken as 80 years, yet after 40 years, owing to the value of thinnings and the receipts of some short-period crops, the forest becomes practically self-supporting. Between the fortieth and eightieth years the sales of timber will be sufficient to meet the annual charges, including the upkeep and the extension of the forest. After the eightieth year a large annual revenue will be derived. These considerations point to a free loan from the treasury to the forest commissioners; the net deficit to be met would in the first year be £90,000 or £45,000, according to the extent of the operation, and would reach its maximum in the fortieth year, amounting in that year to £3,131,250 or £1,565,625. After this period the deficit would be insignificant, while in the eighty-first year the revenue derived would be £17,411,000 or £10,000,000, respectively, representing about 3¾ percent on the total accumulated costs of the undertaking.

(16) On the question of labor and its relations to forestry, the conclusions to which the evidence before them leads your commissioners are that the operations involved in afforestation vary in the degree of requisite skill from little or none in rough road-making and surface-draining to a considerable amount in the planting. Your commissioners wish to make it clear that they have in contemplation a scheme of national afforestation on eco-

nomic lines. They have no hesitation in asserting that there are in the United Kingdom at any time, and especially in winter, thousands of men out of work for longer or shorter periods who are quite ready and able to perform the less skilled work without previous training and with satisfactory results. There is a still larger class of unemployed, who are capable of being trained to perform this or the higher class of labor, and such men can, if desired, be recruited through labor colonies, distress committees, labor bureaus, or charitable agencies. There is, then, no need to accept inefficient labor with the object of affording occupation tc the unemployed. The labor employed in the national forests should not fall below the ordinary standards, and should be remunerated at the ordinary rate of the district for similar labor. Subject to the requisite standard of efficiency being attained, preference should be given to those temporarily or permanently unemployed in the district, especially where evidence of such efficiency can be furnished by public or private agencies for the reclamation and training of the unemployed class.

(17) To establish afforestation on commercial lines does not, however, preclude its being used as an instrument of social regeneration. A broad view of economics cannot exclude from its cognizance the grave national charge which unemployment with all its concomitant results involves, to say nothing of the personal deterioration by which it is often accompanied. Silviculture is not unsuitable for building up the moral and physical fiber of even the most depressed of the unemployed classes, and its agency may well be invoked for this purpose, and advantage taken of its healthy and wholesome influences, provided that any additional expense incurred by the employment of less efficient labor be defrayed from a separate account.

(18) In estimating the amount of employment furnished by afforestation it is well to distinguish between the temporary labor involved in the creation of the forest and the permanent labor needed for its maintenance. Taking varying circumstances into consideration, it may be said that, on the average, it will take 12 men to afforest 100 acres in the planting season of 4 to 5 months, and that every 100 acres afforested will provide permanent employment for at least 1 man. If 150,000 acres be annually taken in hand, the labor of 18,000 men will be needed and permanent employment will in due course be afforded to 1,500 men, rising by an additional 1,500 every year until the end of the rotation. The number permanently employed would then approach 100,000. The labor absorbed by felling and converting timber, to say nothing of subsidiary industries which spring up around a timber supply, has been considered too remote to warrant detailed estimation, but there is undoubtedly a large field of employment in this connection. It is important to remember that, on the basis of £1,000,000 being annually spent on the operations of afforestation, apart from the cost of the land, employment would be afforded, directly and indirectly, to many more than 18,000 men. Indeed, the number employed may be roughly taken to be represented by about double that figure. For the incidental occupations, such as building, the making of implements, the provision of materials, etc., all involve the employment of additional labor.

(19) A special advantage of forestry in relation to labor is that it offers a new source of employment. The labor connected with timber and timber products imported into the country is performed abroad, and thousands of families are maintained on the produce of the labor associated with the timber industry. Another advantage bound up with the extensions of silviculture is that the market for its produce is so great that it is inconceivable that it could seriously interfere with the output from private woodlands, and no difficulty of competition between the State and individuals need be apprehended.

(20) The acquisition of grazing areas, private or common, for silviculture might necessitate a modification of the existing agricultural system on certain farms. It is unreasonable to suppose that the remaining lowland areas on such farms could not, in many cases, either be adapted to other forms of agriculture or be profitably utilized for small holdings. Further, the conversion of comparatively unprofitable lands into forests enhances the productiveness of the adjacent areas, and should materially assist the small-holdings movement. It has also the advantage of furnishing winter employment to small holders.

107. In view of the foregoing conclusions, your commissioners recommend that—

1. Parliamentary powers be obtained to: (a) Appoint commissioners charged with the duty of carrying out a national scheme of afforestation; (b) vest in them power to survey and determine what land falls under a statutory definition of "suitability", and to acquire such land as from time to time may be required for afforestation or purposes incidental thereto; (c) equip the commissioners with compulsory powers for the acquisition of such land on the precedent of the Small Holdings Act, 1907, so far as applicable, subject to the reservation of certain rights to private owners; (d) authorize the treasury to grant the commissioners an annual free loan for the necessary period.

2. (a) The commissioners should prepare a general scheme of afforestation for the whole of the contemplated area extending over the entire period of rotation; (b) an actuarial statement should be supplied by them to the treasury indicating when and in what manner the loan and interest would be repaid; (c) the afforestable area should be divided into convenient subdistricts; (d) work should be commenced in each, or as many as convenient, of the districts in such a way as to provide that the earlier operations, which may be regarded as experimental, should be capable of determination or of forming part of the complete forest scheme for eash district.[4]

OUTLINE OF THE ARRANGEMENT OF THE ROYAL COMMISSION REPORT ON AFFORESTATION

Part I examines the present position of British woodlands, shows that natural conditions in the United Kingdom are favorable to the growth of trees at a profit, and points out that, owing to the present scarcity of timber and the probable rise in prices, the prospects of afforestation are very encouraging.

Part II examines the question of unemployed labor in its relation to afforestation and considers the limits within which such labor can be profitably utilized. This part also deals with the question of the amount of labor which, permanently or temporarily, can be absorbed by afforestation, and incidentally refers to the effect which afforestation will probably have upon agriculture, rural depopulation, and the food suplies of the nation.

Part III deals with the question of the nature and the extent of the land suitable for afforestation in the United Kingdom.

Part IV refers to the proposal for a national scheme of afforestation, and deals with the question of the authority which should administer such a scheme and the measures which seem to be requisite for the acquisition of the necessary land.

Part V deals with the finance of the subject and includes financial estimates showing the detailed working of two schemes of planting, based on certain assumptions, and also the results, from a financial standpoint, which may be anticipated in connection with these schemes.

Part VI is a summary of the principal conclusions and recommendations.[5]

PALESTINE FOR THE JEWS

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by Hon. Walter M. Chandler, of New York, in the House of Representatives, Friday, June 30, 1922, on the subject of "Palestine for the Jews."

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

EXTENSION OF REMARKS OF HON. WALTER M. CHANDLER, OF NEW YORK, IN THE HOUSE OF REPRESENTATIVES, JUNE 30, 1922

"The wild dove hath her nest, the fox his cave,
Mankind their country—Israel but the grave!"
—*Lord Byron.*

Mr. Speaker, as an introduction to my speech I desire to read House Joint Resolution 322:

"Joint resolution favoring the establishment in Palestine of a national home for the Jewish people

"Whereas the Jewish people have for many centuries believed in and yearned for the rebuilding of their ancient homeland; and

"Whereas, owing to the outcome of the World War and their part therein, the Jewish people are to be enabled to re-create and reorganize a national home in the land of their fathers, which will give to the House of Israel its long-denied opportunity to reestablish a fruitful Jewish life and culture in the ancient Jewish land: Therefore be it

"*Resolved, etc.*, That the United States of America favors the establishment in Palestine of a national home for the Jewish people, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of Christian and all other non-Jewish communities in Palestine, and that the holy places and religious buildings and sites in Palestine shall be adequately protected."

Mr. Speaker, I am in favor of the pending resolution and shall vote for its passage because it embodies the highest and noblest ideals of liberty, humanity, and civilization.

It is a similar resolution to the one already unanimously passed by the United States Senate, and congressional action in this matter is entirely consonant with the spirit of our free institutions and with our oft-repeated official proclamations of national sympathy with the hopes and aspirations of struggling races for freedom and independence.

This resolution does not propose to involve our country in any foreign entanglements or to bind us by any financial obligations whatsoever. It simply expresses our sympathy, as the representatives of a free people, with the national desires and aspirations for a homeland in Palestine of a scattered and persecuted race, whose contributions to the intellectual and spiritual wealth of the world have been unequaled by those of any other people.

Our sense of justice and our sentiment of freedom alike should dictate the immediate passage of this resolution. National gratitude also demands its passage, for our country, like every other civilized nation on the globe, is under a heavy debt of gratitude

[4] Second report (on afforestation) of the Royal Commission appointed to inquire into and to report on certain questions affecting coast erosion, the reclamation of tidal lands, and afforestation in the United Kingdom. (Great Britain House of Commons, sessional papers, 1909, vol. XIV, paper 341, pp. 41–44.)

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to the Jews for their marvelous contributions to the uplift of mankind and to the civilization of the earth.

Aside from the lofty inspiration and the rich heritage of Jewish genius in history, of which we are the direct beneficiaries along with all the other races of mankind, Jewish sacred influences confront and surround each and all of us at all times and in all places—at the prayer meeting, in the Sunday school, in the church, in the cathedral, and in the synagogue.

When the Chaplain offers prayer at each day's opening of this House, he invokes upon its Members the benedictions of a Hebrew God and the intercessions of a Hebrew Savior.

The three great events of man's existence are said to be birth, marriage, and death. The spiritual food, solace, and inspiration of each of these great events are furnished by the Jew. The hallowing influence of Hebrew scriptures is invoked when infancy is christened into religious life. Jewish music, Mendelssohn's Wedding March, furnishes the entrancing accompaniment when bride and bridegroom meet at the marriage altar to pledge eternal love and to be bound to the duties of wedded life by the obligations of Hebrew sacred law. And, lastly, at every open grave in Christendom is read the funeral sermon of St. Paul, a Jew. Thus the Jew goes with us from the cradle to the grave as our spiritual guide and savior. I respectfully submit that every sentiment of decent gratitude should prompt us to help him when we can, and never to persecute him.

The gratitude that should prompt the adoption of this resolution is born not merely of the priceless legacy of spiritual hope, consolation, and assurance that he has bequeathed to us through the centuries. It springs, too, from the contributions of the Jew to the liberties of the human race in every land and time, for the Jew has been the child of revolution and the friend of freedom in every age.

The Mosaic commonwealth was theocratic in origin and character but democratic in function and effect. All the prophets of Israel were fearless champions of human rights. Isaiah and Jeremiah were the first great revolutionists of earth.

Not only have the Jews been friends of freedom in every age; the friends of freedom of every age—Montesquieu and Mirabeau, Cromwell and Macaulay, Cavour and Mazzini, and Washington—have been friends of the Jews. What more fitting tribute, then, could be paid, what finer, what more appropriate expression of appreciation could be offered by the Representatives of a free Nation than to vote this resolution of sympathy and encouragement to the people of a race that has always, in Senate and in Parliament and upon the battlefield, been found foremost among the champions of human freedom and of human rights?

The project of founding a new Jewish commonwealth in Palestine is familiar to all readers of the daily press. The so-called "Zionist movement" has many ardent advocates and able supporters among Jews and Gentiles throughout the earth. The overwhelming majority of the Jews of America, from all that I can learn, are enthusiastically in favor of it.

The great world struggle has given a powerful impetus to the movement. Besides, the national idea and the religious self-consciousness of the Hebrew race in all ages have been seeds awaiting ripening for such an event. It has been truly said that—

"Since the destruction of the second temple by Titus, since the dispersion of the Jews throughout the world, this ancient people has not ceased to long fervently for a return to the lost land of their fathers nor to entertain for it a determined hope."

"If I forget thee, O Jerusalem,
Let my right hand forget her cunning.
Let my tongue cleave to the roof of my mouth,
If I remember thee not;
If I prefer not Jerusalem
Above my chief joy." (Psalm, cxxxvii:5–6.)

This plaintive and pathetic song was chanted in Babylonian exile more than 2,000 years ago, and it finds today a sacred echo in the heart yearnings of every Zionist in the world.

To high patriotic purposes and to deep-seated race feelings and impulses is added the religious belief of millions of orthodox Jews that the time has come for the fulfillment of divine prophecy and promise in the gathering of the children of Israel again into the ancient homeland. The foundation of this prophecy is found in Deuteronomy, xxx:

"If any of thine be driven out unto the outmost parts of heaven, from thence will the Lord thy God gather thee, and from thence will He fetch thee: And the Lord thy God will bring thee into the land which thy fathers possessed, and thou shalt possess it; and He will do thee good, and multiply thee above thy fathers."

And in Amos, ix:14–15:

"And I will bring again the captivity of my people of Israel, and they shall build the waste cities, and inhabit them; and they shall plant vineyards, and drink the wine thereof; they shall also make gardens and eat the fruit of them.

"And I will plant them upon their land, and they shall no more be pulled up out of their land which I have given them, saith the Lord, thy God."

Patriotic pride, race impulse, and religious faith, fed and sustained by ancient prophecy and promise, are undoubtedly the great mainsprings of motive of the Zionist movement. Subsidiary and contributory to all these things is without question the cumulative effect of Jewish persecution of every age from the ancient Egyptians to the anti-Semites and Jew baiters of modern times.

Mr. Speaker, in all the history of prejudice the persecution of the Jew has no parallel. Whether born of human wickedness or divine vengeance, Jewish persecution is the strangest of all historical phenomena. When and where it originated and what have been its intensifying and perpetuating causes are still subjects of grave doubt and speculative debate. In any case it represents one of the blackest phases of human life, for it invariably involves all the elements of ignorance and bigotry, of cowardice and cruelty. I never hear any man engaging in wholesale slander of the Jewish race that I do not say to myself: You are either an ignoramus, a bigot, a coward, or all combined in one. Moreover, you are an ingrate of the meanest type, for you are the direct heir and beneficiary of all that the Jew has ever said or done to elevate and save mankind.

To describe the horrors and cruelties of Jewish persecution would be to narrate the history of the Jewish race during 2,000 years. Time does not permit and the occasion does not demand such a narrative. I will only quote in this connection Rabbi Ben Ezra's Song of Death, which gives pathetic utterance to the agonizing cry of his people of all ages to the God of their fathers for protection and relief:

"By the torture prolonged from age to age,
By the infamy, Israel's heritage,
By the ghetto's plague, by the garb's disgrace,
By the badge of shame, by the felon's place,
By the branding tool, the bloody whip,
And the summons to Christian fellowship."

In this poetic plaint are crowded the cruel memories of a thousand years of Jewish persecution.

But only yesterday in private conversation with a Member of this House, himself a Jew, while discussing this resolution, I was told that the days of Jewish persecution had practically passed forever, that the age of freedom and enlightenment was at hand, and that Jewish persecution was no longer a valid motive, a rational excuse, for the Zionist movement. I was astonished to hear him say this.

It is a truth well known to all intelligent men that racial prejudice against the Jew has not completely vanished from the minds and hearts of gentiles; that political freedom in an enlightened age has not brought with it full religious tolerance and social recognition; that the Jew enjoys the freedom of the letter, but is still under the ban of the spirit. It is not necessary to go to Russia or Rumania to prove this contention.

In 1896 Adolph von Sonnenthal, the greatest of modern actors, who covered the Austrian stage with glory, celebrated the fortieth anniversary of his entrance into threatrical life. The city council of Vienna refused to extend him the freedom of the city because he was a Jew.

In 1906 Madame Bernhardt, the most marvelous living woman, while acting in Canada, was insulted by having spoiled eggs thrown upon the stage amidst shouts of "Down with the Jewess!" This outrage called forth a letter of apology, which appeared in public print, from Sir Wilfred Laurier, Prime Minister of the Dominion.

In the summer of 1907 the sister of Senator Isidor Rayner, of Maryland, was refused admission to an Atlantic City hotel because she was a Jewess. Be it remembered that these several acts of prejudice and persecution did not happen in the middle ages or under the government of the Romanoffs. Two of them occurred at the beginning of the twentieth century, beneath the flags of two of the freest and most civilized nations of the globe. What have Americans to say of the exclusion of a virtuous, refined, intelligent sister of a great American Senator from an American hotel for no other reason than that she was a Jewess; that is, that she was of the same race with the Savior of mankind?

What have you to say, my colleagues, of the Leonard Kaplan incident at Annapolis, an occurrence of the last 4 weeks? Does this tend to show that the age of enlightenment and freedom is here and that Jewish persecution has ceased? The severe reprimand of the Government administered to the Christian midshipman for "cruelty"—to use a word of Mr. Roosevelt—to his Jewish classmate and comrade was a fitting and necessary rebuke, but it did not and will not cure Jewish persecution, for the very week following the Kaplan incident we learned from the public press that Harvard University, one of our greatest and oldest schools of learning, was to limit Jews among its students.

These considerations, among others, lead me to lend enthusiastic support to the passage of the pending resolution, for I want the Congress of the United States, of which I have the honor to be a Member, to express its sympathy with Jewish hopes and aspirations, register its approval of Jewish national rights, and condemn, indirectly at least, the spirit of bigotry and race prejudice, which gives the lie to the bill of rights in our Constitution and brands with hypocrisy our national professions of equality of citizenship in America.

If ungenerous and un-American impulses and fierce and unbridled passions must kindle the fires and stir the hatreds of religious bigotry among the people at large, let us here at least, in the sacred confines of this Hall, preserve a dignified and patriotic equanimity, a statesmanlike composure, and a courageous attitude as the legislative guardians of civil and religious freedom on this continent. Let us, above all things, not forget that this Republic was not designed by the Revolutionary fathers to be Protestant, Catholic, or Jewish, but was intended as a perpetual asylum of religious freedom, where Protestant, Catholic, and Jew might each worship Almighty God after the dictates of his own conscience and in his own way.

To say the least of it, if we are to continue to persecute the Jew we should as a matter of simple justice be willing to aid him in the establishment of a homeland beyond the seas where he can be free from persecution. There is all the greater truth in this, since we are practically shutting out from our shores by unreasonable rigid and discriminating immigration laws struggling and persecuted Jews, the majority of whom would be a benefit rather than a hurt to our citizenship and our country.

In a speech delivered by me in this House on April 20, 1921, in opposition to the immigration bill of that year, I used the following language with reference to Jewish immigrants to our shores:

"I note numerous exceptions to the general provisions of this bill, and I unhesitatingly declare to you, my colleagues, that if I had the framing of the measure for final passage I would make a distinct exception of the Jews. I would do it upon no ground of sentiment or whim. I would base the exception upon righteousness and eternal justice. In the framing of the bill and the enactment of the law I would boldly declare to America and to the world that the Jews are a distinct race, with a distinct history, presenting a distinct and irresistible appeal to the judgment and conscience and mercy of mankind. I would declare them to be a scattered race, with no willing and capable protectors against persecution and oppression. I would call the attention of the people of the earth to what they already know, that the Jews gave to Christianity its Savior, to mankind its noblest religion, and to civilization much that is grandest and most beautiful in literature, music, and art. These considerations I would make the basis of an exception to the general provisions of this bill—that all Jews, from whatever parts of the earth they came, who satisfied the requirements of the general immigration laws regarding tests of health, sanity, morals, and good citizenship, should be admitted. An exception of this kind would be in keeping with our national traditions of refuge and asylum for the downtrodden of the earth, and would be a fitting acknowledgment of our indebtedness to the authors and finishers of our religious faith, whose code of morals lies deep at the foundation of all our secular laws, State and national.

I wish to repeat and emphasize in this speech what I said in that one. I shall probably go a step farther when the next immigration bill is offered in this House. I shall probably propose an amendment embodying the principles and providing for the privileges for the Jews that I merely suggested in my speech of April 20, 1921. If I accomplish nothing more, I shall at least test the sentiments and feelings of the Members of this body in relation to the Jews and Jewish immigration.

Is there doubt and has there been discussion, you may ask, concerning these sentiments and feelings? Yes, indeed; more than once in the deliberations of committees and in the debates on the floor of this House concerning Jews and Jewish immigration. The question arose at the hearings before the Foreign Affairs Committee on this resolution before us in a colloquy between Mr. Smith of Michigan, a member of the committee, and Mr. Abraham Goldberg, of New York City, representing the Zionists of America. Mr. Goldberg seemed not willing to declare that our present immigration laws were aimed at the Jews, but merely contented himself with asserting that the Jews were of all races most severely affected by them. Mr. Goldberg, being a Jew, doubtless felt a certain delicacy and timidity in expressing his real sentiments on the subject. Being a Gentile Congressman, I have no such feelings of delicacy and timidity, and I declare to you that it is my sincere conviction that a desire to exclude both Jews and Catholics from our shores has been one of the most potent influences in modern American immigration legislation.

I declared this conviction in a speech against the Burnett immigration bill that I delivered on the floor of this House on March 25, 1916. In that speech I elaborated arguments in favor of my contention and was supported in the debate by ex-Representative William S. Bennet, of New York, and by my distinguished colleague, Mr. Gallivan, of Massachusetts, who still is an honored Member of this body.

At the hearings of January 20, 1916, before the Immigration Committee, Miss Grace Abbott, of Chicago, a Protestant lady of fine character and extensive experience in immigrant affairs, who is at the present time the efficient head of the Women's Bureau, gave expression to the following deeply significant sentiment:

"I think many people oppose the recent immigration because it is Catholic and Jewish instead of Protestant, as the earlier was. I am neither Catholic nor Jewish."

This declaration was born of the experience and observations of many years of devoted service spent in helping immigrants, and Miss Abbott knew full well whereof she spoke.

But why devote so much time, you may ask, to discussing the immigration question in its relation to the pending resolution providing for a homeland in Palestine for the Jews? The reason is that if we are to shut the Jew from our gates by stringent immigration laws, we should at least be willing to do what we can to aid him in the establishment of a country of his own where he can live in peace and happiness. The plainest dictates of humanity suggest and demand it.

A year and a half ago I traveled extensively in Germany, Austria, Czechoslovakia, Poland, Russia, and Lithuania. I studied the Jewish question at first hand, especially in Poland. I was amazed and shocked at what I saw and heard. Persecution, poverty, misery, disease, death, and destruction confront the Jew everywhere in southeastern Europe. He is at times hunted like a wild beast, for no other reason than that he is a Jew, and there is no boundary of territory that he can cross for refuge and asylum. He is brutally and cruelly chased by one band of pursuers only to be even more brutally and cruelly thrown back by another. And supposedly free America, with continental expanse of territory, with boundless natural resources, with the Mississippi Valley that, if intensively cultivated, would feed the human race for a thousand years, with the Goddess of Liberty in the harbor of New York brandishing forever a torch of freedom and of welcome to the oppressed and distressed of all mankind, and with professions of faith in Jesus, the Jew of Nazareth, forever upon our lips, this supposedly free America is willing to adopt and execute rigidly a 3-percent immigration law that practically shuts these wretched beings from the hospitality of our shores and the shelter of our flag.

There are about 15,000,000 Jews in the world. There are about 3,000,000 Jews in the United States. There are about 12,000,000 Jews scattered over the earth outside the United States. Considering the appalling state of affairs in Europe and the prospects of an indefinite continuance, I declare to you in all sincerity, my colleagues, that if I had the power I would bind my country by definite obligations to aid substantially the Jews in establishing a permanent home in Palestine. I would then admit the remaining millions of Jews who could not find room in their ancient homelands to our shores to become citizens of this free Republic, to enjoy the benefits of its citizenship, and to render obedience to its institutions and its laws.

I would, of course, demand satisfactory answers to the following questions from each and all and every one of them: "Are you sound and healthy in body, mind, and morals? Do you believe in our Constitution and our laws, and will you loyally obey them? Do you love our flag, and will you patriotically follow and uphold and defend it at all times?"

Upon receiving satisfactory answers to these questions, I would say: "Children of Abraham, descendants of the descendants of the creators of monotheism, who consented that their country should be conquered, their nationality destroyed, and their race dispersed throughout the world in order that this best and noblest gift of God to man, monotheism, might not be sacrificed to pagan and barbarian superstition but might instead be transmitted as a heavenly heritage to all future generations of men, I welcome you to America and bid you be at home."

Mr. Speaker, the obstacles to this new plan of erecting an independent Jewish state in Palestine are many, but not insuperable. The British Government and her allies, under the Balfour declaration, propose to guarantee to the Jews the return of the territory of their ancient Jewish fatherland after the country has been sufficiently colonized by the Jews under the British mandate.

Palestine is about the size of the State of Vermont and has a present population of about 700,000 souls. There are about 15,000,000 Jews in the world. It is reasonably contended that one half of all the Jews of the earth could live in Palestine under methods of modern intensive farming and under the electrification and irrigation of the country through plans of harnessing the water power of the Jordan and Yarmuk Rivers, plans that have been submitted by the great Jewish engineer, Pincus Ruttenberg.

Palestine is about the size of Belgium, which has a population of 7,600,000. If the plans of Ruttenberg for the redemption of the barren and waste places of the country around Jerusalem, through electrification and irrigation, by utilizing the waters of the Jordan and the Yarmuk are successful, and there is no earthly reason to believe that these plans will not succeed, then Palestine should be able to sustain a population as large as that of Belgium.

A successful culmination of the Zionist movement would probably realize, in time, an emigration of 7,000,000 Jews from other lands, as the innate love of the average Jew for the cradleland of his race, coupled with glorious and thrilling memories of long ago, and the hard lot of misery and grinding toil now endured by many of them in different parts of the world, would be a powerful incentive to join the new settlements in the East. The tide of emigration is already beginning to flow strongly that way, and many flourishing Jewish colonies already exist in Palestine.

There is no reason from a physical viewpoint why Jerusalem and the surrounding country should not become the seat of a prosperous and successful state. The popular notion that Palestine is altogether a barren country, not capable of yielding rich harvests, is a mistaken one. Its appearance is barren only during the dry season, when the grasses which cover the greater part of it are dried up and the herdsmen retire with their flocks of sheep and goats to the loftier mountains. The alluvial lowland to the south of Mount Carmel is as fruitful as ever, and it only needs an honest and vigorous administration, under the plans for electrification and irrigation devised by Ruttenberg, to create in Palestine a land of intensive farming as well as a center of industrial activity. There is no reason why Palestine should not be to the eastern Mediterranean what Belgium is to the North Sea, a perfect beehive of industrial creation and commercial output.

An enlightened political management would not only rekindle the olden Jewish love of agriculture but would revive the ancient glories of Phœnician commerce through the ports of Acre and Jaffa, which would give an outlet to all the world.

All the spiritual and intellectual elements would certainly be present in the building and perpetuating of a new Jewish commonwealth in Palestine. The Bible and the Talmud would again be their religious guides and the charters of their freedom. A Maccabean soldiery would again defend their national frontiers. A Jerusalem parliament would be heard to echo the splendid eloquence of new Disraelis, Gambettas, and Castelars. Some new

Josephus would record the growth of the expanding State, and the melodies of Mendelssohn and Meyerbeer would cheer and sanctify the domestic circles of happy Jewish homes. Such a commonwealth or republic is a consummation most devoutly to be wished if Jewish genius and civilization are to be lost, as is now feared, in some great maelstrom of war and in the readjustment of the boundaries of States and the realignment of races.

Why should not the nations of the world join in such an enterprise if the Jews desire it? Every kindgom of the earth has tried its hand at exterminating them and has failed. Why should they not now change the program for a while and extend to the patriarch of the tribes, the old man of the centuries, a kindly and helping hand? England will turn Palestine over to the Jewish people at the proper time. Can we not afford—does not a solemn obligation rest upon us as a free and Christian people, to lend sympathy and support to the millions of struggling Jews who desire to link their lives and fortunes to the land of their fathers and with the early memories of their race?

But why should we give legislative sanction, even in the mild form of a mere resolution of sympathy and encouragement, to this movement, you may ask? What business is it of ours where they go and where they stay? Who are the Jews, anyway, that they should be claiming the special attention of the congresses and parliaments of the nations of the earth?

My reply is that the Jews are the most extraordinary people that ever inhabited this earth and that they have been throughout all history the chief benefactors of mankind. Their achievements and benefactions have in every age been out of all proportion to their numbers. They have never numbered and do not now number more than 1 percent of the human race, and yet it has taken most of the time of the other 99 percent to keep up with them and find out what they were doing. No other race has contained and exhibited such dynamic energy in small compass. Somebody has said that 1 Jew in town creates a sensation, 2 a riot, and 3 a revolution. A man like this not only deserves but always commands special attention and respect not only from individuals and groups but from congresses and parliaments as well. This fundamental notion of race superiority and race achievement is one of the great reasons for national legislative approval of this resolution.

Another cogent political reason is that an overwhelming majority of the approximately 3,000,000 Jews of America desire the passage of this resolution, and we should certainly pay some respect to the desires of so important and respectable an element of our population and citizenship, especially when the action contemplated can do no possible harm to the rest of the country.

But how do you know, you may ask, that the majority of American Jews desire the passage of this resolution? I candidly admit that there has been no direct referendum on the subject among the Jews themselves, but I learn from the hearings before the Foreign Affairs Committee that there was an American Jewish Congress held not very long ago at Philadelphia, at which delegates representing some 360,000 Jewish voters adopted a resolution by a practically unanimous vote indorsing the Zionist movement. In this connection, I wish to quote a paragraph from the hearings containing the statement of Mr. Louis Lipsky, of New York City, who represented the Zionist Organization of America:

"The Jews of the United States held a congress 2 years ago, after the Balfour declaration of the British Government, prior to the peace conference. There were over 360,000 Jews who voted for the delegates who attended that congress. In addition to the 360,000 voters, who elected 300 delegates, there were also 100 delegates elected by the following organizations, practically every national Jewish organization: The American Jewish Committee, of which Mr. Lewis Marshall is chairman; the Independent Order B'nai B'rith, of which Mr. Adolph Kraus, of Chicago, is chairman; the Order B'rith Abraham; the Association of Orthodox Rabbis; the Independent Western Star Order; the Independent Workmen's Circle of America; the Progressive Order of the West; the United Synagogues of America, composed of the conservative congregations in the United States; the United Hebrew Trades, which represent an association of the Jewish trades-unions in New York City; the faculty of the Rabbinical College of America, of which Dr. Revell is the president; the Union of Orthodox Jewish Congregations, which is an organization of orthodox Jewish congregations somewhat similar to the United Synagogues, except that it is more orthodox. The United Synagogues of America represents those organizations that are affiliated with the Jewish Theological Seminary in New York, of which the late Dr. Schechter was president. * * *"

At this congress the following resolutions were adopted practically unanimously. There was one gentleman who voted against them:

"The American Jewish Congress, speaking for the Jews of America, expresses its appreciation of the historic and epoch-making declaration addressed by His Majesty's Government on November 2, 1917, to the Jewish people, through the Zionist organization, in which it approved of the establishment in Palestine of a national home for the Jewish people and pledged to use its best endeavors to facilitate the achievement of this object * * * it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of non-Jewish communities in Palestine or the rights and political status enjoyed by Jews in any other country."

It seems to me that the endorsement of the Zionist movement by an American Jewish congress, composed of delegates who were elected by the votes of 360,000 American Jews, is very good proof that the Jews of America very generally favor the pending resolution.

My personal observations and investigations also convince me that a large majority of them favor it. I represent a district in New York City in which at least 40 percent of the people are Jews. They represent in a high degree the wealth, culture, and refinement of American Jewry. I have talked with hundreds of them and have received letters from hundreds of others, and an overwhelming majority have expressed themselves in favor of the resolution before us. On this point, the opinion of Dr. Stephen S. Wise is the valuable testimony of an expert witness. The following telegram, signed by him, was sent during the hearings on the measure:

"Regret impossible to appear before Foreign Affairs Committee meeting Friday morning. Earnestly hope for favorable action by committee on your resolution, which represents the sympathies of the American people and meets the hopes of vast majority of American Jews.

"STEPHEN WISE."

I am proud to say that this brilliant Hebrew clergyman is one of my constituents and that I number him among my best personal friends.

I am well aware that no considerable number of American Jews will ever go to Palestine to live, even if a permanent homeland of their race is established there. But if they desire a refuge and an asylum in the land of their fathers for their suffering coreligionists scattered throughout the earth, it is our duty to pay some attention to their wishes in the matter of the passage of this resolution.

In the beginning of my speech I stated that our sense of justice and our sentiment of freedom should prompt us to pass this measure. I added that national gratitude should also prompt us, and with the subject of the gratitude of all the nations of the earth toward the Jews for immeasurable benefits received, I want now to deal briefly. I want to state why I believe that the nations of the earth are under a heavy debt of gratitude to the Jews and why they should all cooperate in the reestablishment and maintenance of a homeland in Palestine for the Jews, and in doing this I must of necessity attempt to define the just cause of gratitude and to describe the real attributes of true greatness.

I respectfully submit, my colleagues, that the true benefactor of mankind, the really great character of history, is not necessarily the king on the throne who, perchance, may have nothing upon a brainless head but a tinsel crown, nor the vulgar conqueror on the field of battle whose only title to greatness may be in the fact that millions of human beings have been slain through him. The true benefactor of mankind, the greatest character of all the race, is he who has contributed most substantially to the sum of human happiness and human good in the proclamations of the revelations of true religion, in the writing of good books, in the discovery of remedies for disease, in the founding of universities, libraries, hospitals, and asylums, and in those acts of personal service that alleviate human suffering, promote human joy, and elevate and ennoble human life.

The French people evidently acted according to the test of true greatness that I have just described when, a few years ago, at a popular election to determine which were the three greatest names in French history, they voted Pasteur first, Victor Hugo second, and Napoleon third. There are no gorgeous tombs, fit for dead deities, for Pasteur and Hugo, such as holds the ashes of the Corsican in the Invalides. No Arc de Triomphe is erected to their memory and to perpetuate their deeds. But the sane French judgment declared the physician and the writer greater than the warrior, proclaimed the discoverer of the remedy for rabies and the author of Les Miserables greater than the victor of Austerlitz and Marengo.

Under this test of greatness the Jew is the greatest man of all this world, and to him should go out the deep gratitude and unstinted praise of all the nations, for he has been the unchallenged leader of the race in religion and a close and dangerous competitor in every form of intellectual triumph.

In the British House of Lords recently Lord Balfour, author of the Balfour declaration, delivered a powerful and impassioned speech in favor of a homeland for the Jews in Palestine. In a cable from London to the New York Herald of Thursday, June 22, I find the following paragraph:

"An interesting feature of Lord Balfour's speech was a long and eloquent passage dealing with the tribulations of the Jewish race, their valuable contributions to art, philosophy, science, and religion, and the suggestion that Christendom should take the chance of giving the Jews a home where, in peace and quietness, they might develop their culture and traditions."

The sentiments attributed to Lord Balfour by this cabled dispatch are, in my humble judgment, the most just and powerful plea that can be made for Jewish rights to a distinct nationality and a separate home, namely, that his sufferings and tribulations, which I have sought to describe in the course of my remarks, as well as his spiritual and intellectual triumphs, which I shall now attempt briefly to describe, entitle him to special consideration and kindly treatment at the hands of the Christian nations of the world.

JEWISH ACHIEVEMENTS AS A GROUND FOR GRATITUDE

As religionist

In the religious triumphs of history the Jew has been incomparable and supreme. In the beginning God appointed him His vicegerent on earth, clothed him with authority plenipotentiary in Divine affairs, and revealed to him His oracles, with instruc-

tions to teach them to his own and to transmit them to all future generations of men.

The three great monotheistic faiths of mankind are Judaism, Christianity, and Mahometanism. The second is derived from the first and the third from the other two. All had their origin in Judean hills; all their birth and inspiration in the Old Testament of the Jews.

The mountains and valleys of Palestine are dotted with Jewish synagogues, Christian temples, and Mohammedan mosques, in which native worshippers and pilgrims from all the world kneel at the shrine of the Hebrew prophets.

"On the top of Mount Sinai", says Disraeli in Tancred, "are two ruins, a Christian church and a Mahomet mosque. In this the sublimest scene of Arabian glory, Israel and Ishmael alike raised their altars to the great God of Abraham."

Montesquieu likens the Jewish religion to the trunk of an old tree that has produced two branches which cover the earth. These branches are Christianity and Mahometanism. Again he compares Judaism to a mother who has given birth to two daughters that have turned upon and covered the aged parent with wounds:

"La religion juive est un vieux tronc qui a produit deux branches qui ont couvert toute la terre, je veux dire le Mahométisme et le Christianisme; ou plutôt c'est une mère qui a engendre deux filles qui l'ont accablée de mille plaies" (Lettres Persanes, LX).

It must be remembered that Mahometans do not reject Moses and the prophets; nor do they reject Jesus. Mohammed believed and taught that Jesus was inspired but not divine. Mahometans class Jesus among the great prophets of Jehovah, but deny that he was a man-God by immaculate conception. Mohammedanism rests upon the double basis of Judaism and Christianity. Paganism enters as an element but cannot be considered as a basic principle.

"We follow", says the Koran, "the religion of Abraham the orthodox, who was no idolator. We believe in God and that which hath been sent down unto Abraham and Ismael and Isaac and Jacob and the tribes, and that which was delivered unto Moses and Jesus, and that which was delivered unto the prophets from the Lord. We make no distinction between any of them, and to God we are resigned" (Koran, chap. 2).

Mohammedans contend that the Pentateuch was the moral and legal code of men in the early ages of the world; that when Jesus Christ appeared the law of Moses was superseded by the Gospels; and that with the coming of Mohammed the Koran displaced them all and became the final guide of men. This book they declare to be the completion of the law, since no more divine revelations are to follow, and they worship Mohammed as the last and very greatest of the prophets that have revealed the will of God to man.

It may be added that there are, in round numbers, about 565,000,000 Christians, 240,000,000 Mahometans, and 15,000,000 Jews on the earth, a total of 820,000,000. These numbers are in the aggregate only about one half the population of the globe, but they represent the progress, enlightenment, and civilization of mankind.

The Jew is thus the founder and master builder of the great spiritual temple of the human race, whose corner stone is Hebrew prophecy and whose gorgeous domes are the claims of Jesus and Mahomet to the messiahship of God.

All mankind should be profoundly grateful to the Jew for the precious gift of monotheism, which is the basis of all these faiths, and every nation should help restore him to his ancient homeland, in which monotheism flourished in pristine glory and in mortal combat with polytheism and paganism in the early ages of the world. No praise too high can be said, no help too great can be rendered to the children of the race that emerged from the plains of Mesopotamia in the twilight of history and from their Lilliputian kingdom in Palestine sent forth a religion not only for the earth but for the universe.

All praise, all honor, and all gratitude to the Jew for the gift of the Bible, whose Mosaic code is the most potent juridical as well as spiritual agency in the universe and whose Gospels are the most perfect flowers of all the religious literature of the world. The Bible is everywhere to be found—in the jungles of Africa, while crossing burning deserts, and amidst Arctic snows. No ship ever puts to sea without this sacred treasure. It is found in the cave of the hermit, in the hut of the peasant, in the palace of the king, and in the Vatican of the Pope. Its divine precepts furnish elements of morals and manliness in formative life to jubilant youth; cast a radiant charm about the strength of lusty manhood; and when life's pilgrimage is ended, offer to the dying patriarch who clasps it to his bosom a sublime solace as he crosses the Great Divide and passes into the twilight's purple gloom. This noble book has furnished not only the most enduring laws and the sublimest religious truths but inspiration as well to the grandest intellectual triumphs. It is literally woven into the literature of the world, and few books of modern times are worth reading that do not reflect the sentiments of its sacred pages. All honor to the Jew who wrote it and gave it to us!

All praise, all honor, and all gratitude to the Jew for the gift of the Talmud, defined by Emanuel Deutsch as "a Corpus Juris, an encyclopedia of law—civil and penal, ecclesiastical and international, human and divine."

To appreciate the message and mission of the Talmud its contents must be viewed and contemplated in the light of both literature and history. As a literary production it is a masterpiece—strange, weird, and unique—but a masterpiece nevertheless. It is a sort of spiritual and intellectual cosmos in which the brain growth and soul burst of a great race found expression during a thousand years. As an encyclopedia of faith and scholarship it reveals the noblest thoughts and highest aspirations of a divinely commissioned race. Whatever the master spirits of Judaism in Palestine and Babylon esteemed worthy of thought and devotion was explained in its pages. It thus became a great twin messenger, with the Bible, of Hebrew civilization to all the races of mankind and to all the centuries yet to come. To Hebrews it is still the great storehouse of information touching the legal, political, and religious traditions of their fathers in many lands and ages. To the Biblical critic of any faith it is an invaluable help to Bible exegesis, and to all in the world who care for the sacred and the solemn it is a priceless, literary treasure.

As a historical factor the Talmud has only remotely affected the great currents of Gentile history. But to Judaism it has been the cementing bond in every time of persecution and threatened dissolution. It was carried from Babylon to Egypt, northern Africa, Spain, Italy, France, Germany, and Poland. And when threatened with national and race destruction the children of Abraham in every land bowed themselves above its sacred pages and caught therefrom inspiration to renewed life and higher effort.

The Hebrews of every age have held the Talmud in extravagant reverence as the greatest sacred heirloom of their race. Their supreme affection for it has placed it above even the Bible. It is an adage with them that "the Bible is salt; the Mischna, pepper; the Gemara, balmy spice"; and Rabbi Solomon ben Joseph sings:

"The Kabbala and Talmud hoar
Than all the phophets prize I more;
For water is all Bible lore,
But Mischna is pure wine."

"More than any other human agency has the Talmud been instrumental in creating that strangest of all political phenomena—a nation without a country, a race without a fatherland."

As physician

Jewish achievements in medicine have been unsurpassed by those of any other race. To carry healing, both spiritual and physical, to the nations seems to have been the peculiar mission of the Jew. To preserve the body on earth and to save the soul in heaven have been the chief objects of his care and solicitude in history.

In human history as a whole the Jew has had less formidable competition in medicine than in any other science. He was the physician par excellence of the Middle Ages. A superstitious reverence attached to his healing powers, so much so that when he became a convert to Christianity he was rejected as physician, because it was supposed that the change of religion had robbed him of the secrets of his art. Francis I, King of France, refused to employ a converted Jew as court physician for this reason. Thus closely were Jewish genius and the science of medicine identified in olden days.

The practice of medicine was an integral part of the religion of the ancient Hebrews, who regarded health and disease as emanating from the same divine source. "I kill, and I make alive; I wound, and I heal", suggested to the Hebrew mind the origin of every malady to which the flesh was heir. Medicine, then, was a sacred science; its practice was a divine calling, and the physician was the messenger of God. The strength of this sentiment may be imagined when it is remembered that the Bible identifies the blood with the soul (Genesis ix, 4). The Talmudists regard blood as the essential principle of life (Hul. 125a).

Time forbids an enumeration of all the kings, emperors, and Popes who had Jewish physicians. Just a few may be mentioned by way of illustration. Maimonides was court physician to the Turkish Sultan Saladin, and, according to the Arabian historian Al-Kitti, he declined a similar position offered him by Richard Coeur-de-Lion, afterward Richard I, King of England. Queen Elizabeth of England had as court physician Rodrigo Lopez, a Spanish Jew. Farragut, a Jew, was court physician to Charlemagne. Jacob Ben Jechiel Loans, a Jew, was physician to Emperor Frederick III, of Germany, and received from that monarch the order of knighthood. Elias Montalto, a Jew, was physician to Maria di Medici. King Charles IV, of Denmark, had as court physician Benjamin Musafia, a Jew.

A complete list of Popes and potentates who employed physicians of Jewish blood would be too long to read. And let it be understood that Popes and princes had no monopoly upon the medical skill of the Jews. Their beneficent deeds enrich the pages of all history. Maestre Bernal, ship physician, and Marco, ship surgeon to Columbus, were both Jews. Suffice it to say that in all ages and in all lands, from the hut of the peasant to the palace of the king and the Vatican of the Pope, they have crept silently in to minister to the sufferings of humanity.

And it may be confidently asserted that the modern Jew as physician is not unworthy of his people's illustrious past. While the Jews cannot justly claim monopoly in the triumphs of modern medicine, every race having its great ornaments and lights, yet it cannot be truthfully denied that they are most worthy among the disciples of Æsculapius, Hippocrates, and Galen.

It may be safely asserted that before the Great War the medical department of the University of Vienna was without a superior in the world. Students from every continent flocked in great numbers to this celebrated school of medicine. Suffice it to say, as a final tribute to the skill of the Jew as physician, that 12 of the professorships of this famous university were held by Jews in 1900.

As philanthropist

Closely identified with religion and medicine, in the matter of healing, mercy, and love, is philanthropy.

One of the most stupendous acts of charity recorded in history was that of a Jew, Baron Hirsch, who donated $100,000,000 to philanthropic purposes. This donation was made to help his suffering and struggling coreligionists throughout the world.

A single sentence is a key to the character of this magnanimous, generous-hearted man. A friend sent him a message of sympathy when he lost his only child in 1887. Hirsch sent this reply:

"My son I have lost, but not my heir; humanity is my heir."

Another distinguished Jewish philanthropist was Sir Moses Montefiore, who devoted his life and fortune to works of charity. The celebration of his one hundredth birthday was almost a national event in England. Telegrams of congratulation were received from Queen Victoria, Albert Edward, Prince of Wales, as well as from thousands of beneficiaries of his philanthropy throughout the world.

The charity of no other race is so well organized, so systematic, and so universal as that of the Jew. Like everything else Jewish, it has a scriptural basis. "Thou shalt open thine hand wide unto thy brethren and shall surely lend him sufficient for his need in that which he wanteth" is the foundation of all Jewish philanthropy.

More than 200 years ago the burghers of New Amsterdam gave permission to a few Jews to settle among them "upon condition that they should always support their own poor." In the light of history, ancient and modern, this condition was superfluous and even amusing. In no age of the world have Jews permitted Gentiles to take care of their poor. They have frequently contributed generously to Gentile charity funds, but have generally refused to receive anything in return. Sir Moses Montefiore, at the age of 76, went to the office of the London Times after midnight to solicit relief for the Christians of Syria. He himself subscribed £200 and personally collected over £20,000. These things he did for the persecutors of his race.

In 1860 Adolphe Crémieux, the celebrated Jewish advocate of France, addressed an impassioned appeal to his coreligionists throughout Europe in behalf of the starving Christians of Lebanon. Was this appeal not genuinely of the spirit of Christ? Did not Crémieux ask his fellow Jews to "turn the other cheek" and to "do good for evil"?

Even the munificent gifts of Baron Hirsch were not confined to members of his own race. He is recorded as saying:

"In relieving human suffering I never ask whether the cry of necessity comes from a being who belongs to my faith or not; but what is more natural than that I should find my highest purpose in bringing to the followers of Judaism who have been oppressed for a thousand years, who are starving in misery, the possibilities of a physical and moral regeneration?"

As philosopher

Philo, Maimonides, Spinoza, and Mendelssohn were great Jewish philosophers.

Philo was an Alexandrian philosopher and a contemporary of Jesus. His learning was prodigious. He was deeply versed in grammar, rhetoric, music, Greek literature, and all the physical and mathematical sciences of his age as well as in everything that was Hebrew in religion and philosophy.

Maimonides, "the Jewish Aristotle", possessed the finest intellect of all the learned men of the Middle Ages. His great endeavor seems to have been to reconcile divine with human wisdom as manifested by Aristotle.

Spinoza was a Dutch-Jewish philosopher, a pupil oif the Amsterdam Talmud Torah, a man whose utter intellectual fearlessness embroiled him constantly, in matters of religion and philosophy, with his coreligionists, causing the Rabbis to try him and to place him first under the lesser and later under the great ban, and finally to drive him to a renunciation of Judaism.

In Professor Herz's studio at Berlin is a bust of Mendelssohn, upon which is the following inscription:

"Moses Mendelssohn,
The greatest sage since Socrates,
His own Nation's glory
Any Nation's ornament,
The confidant
Of Lessing and of Truth,
He died
As he lived
Serene and wise."

As historian

Josephus, Neander, Graetz, Palgrave, and Geiger were Jewish historians, who rank among the greatest in the world.

Josephus, after nearly 2,000 years, is the great authority on Jewish history of ancient times. His only rival for the first place among Jewish historians is Graetz, author of "The History of the Jews from the Earliest Times to the Present Day."

As astronomer and mathematician

The greatest astronomer and mathematician of Jewish blood was Sir William Herschel. Other great mathematicians were Sylvester, sometime professor of mathematics at Johns Hopkins University; Jacobi, German-Jewish mathematician, after whom certain intricate functions are termed "Jacobians"; Filipowski, compiler of antilogarithmetic tables; Gomperts, Terquem, and Kronecker.

The fame of Dr. Albert Einstein is not yet permanently established, but there are many competent judges in the world who believe that he will yet take his place in the history of the science of astronomy and mathematics at the side of Sir Isaac Newton.

As orator and statesman

Disraeli, Gambetta, Castelar, Lasker, Benjamin, and Rathenau were Jews.

Benjamin Disraeli in England, Leon Gambetta in France, Emilio Castelar in Spain, Judah P. Benjamin in America, Edward Lasker and Walter Rathenau in Germany were types of all that is superb in oratory and profound in statesmanship.

As British Prime Minister, Disraeli launched the world policy of Queen Victoria and made her Empress of India. The high-water mark of Jewish success in statesmanship was reached by this eminent Hebrew, and when he died the English laid him to rest in Westminster Abbey among their kings, statesmen, and heroes.

Gambetta, of Genoese-Jewish extraction, was the greatest orator of the French, with the possible exception of Mirabeau. He was a fierce and uncompromising republican, and his grandest oratorical efforts were panegyrics of republicanism.

Emilio Castelar, a Jew, was the most famous Spanish orator of any time. Instances are related where strangers traveled from distant points in Europe to Madrid to hear him speak an hour before the Cortes. When he addressed this body in later life the chamber was always crowded and cards of admission commanded an exorbitant price. His genius was so pronounced that all parties delighted to honor him. His oration on the candidacy of Amadeus for the kingship of Spain is the most gorgeous production in oratorical literature. It is a perfect "field of cloth of gold" in metaphor and imagery. He was chief magistrate and virtual dictator of the short-lived Spanish Republic from September 1874 to January 1875.

Judah P. Benjamin was the ablest and most illustrious Jew ever born in the Western Hemisphere. He was very great as orator, statesman, and lawyer. His political career was comprised in public service within the offices of United States Senator from Louisiana and of Attorney General, Secretary of War, and Secretary of State, successively, of the Confederate States of America.

Edward Lasker, once leader of the Liberal Party in the German Reichstag, was the only man whom Bismarck ever feared in parliamentary debate. He was an enthusiastic patriot and altogether above reproach. In general outline he closely resembled the late Carl Schurz in independent notions and lofty ideals.

Walter Rathenau, late Minister of Foreign Affairs of the German Republic, was a Jew. He was the mainstay of the cabinet of Chancellor Wirth, and the Germans were beginning to look to him as the Moses who would lead them out of the wilderness of economic disaster and death. His assassination a few days ago was an irreparable loss to Germany and a distinct menace to the peace of the world.

As financier

Jewish genius in finance has become proverbial and need not be discussed by me. Suffice it to say that the Rothschilds determined for decades in Europe questions of peace and war. Other great Jewish financiers in Europe are the Bleichröders, of Germany. The Schiffs, Seligmans, and Guggenheims are well-known American financiers.

As labor leader and political economist

The world has been so long accustomed to regard the Jew as a financier and to identify his genius and achievements with finance that the statement may seem strange to some that several among the world's greatest labor leaders have been Jews. The average Jew cannot decry either capital or labor without denouncing the occupations and assaulting the reputations of many of the most illustrious of his race. If capital has numbered among its greatest exponents the Rothschilds, Bleichröders, and Seligmans, labor has counted among its grandest champions other great Jewish names: Karl Marx, Ferdinand Lassalle, Victor Adler, and Samuel Gompers.

As actor

Jewish genius has been incomparable on the stage. The greatest actress dead, with the possible exception of the English actress, Mrs. Siddons, was Rachel, a Jewess. The greatest living actress, indeed, the greatest actress that ever lived, is Sarah Bernhardt, a Jewess. The greatest of modern actors was Adolph von Sonnenthal, a Jew, the dramatic idol of the Austrian capital during 3 decades. A few years ago the New York Herald printed an article on Sonnenthal. The following are two paragraphs from that article:

"In 1881 was celebrated the twenty-fifth anniversary of his connection with the Hofburg Theater. The people went wild with enthusiasm. After the performance they took the horses from the carriage and drew him through the streets. Among the distinguished persons who witnessed the performance was the Emperor of Austria, the Crown Prince, and all the members of the court.

"There is in Austria an imperial mandate forbidding audiences to call actors before the curtain, but on this night it was revoked by special permission and Sonnenthal was called out no less than 42 times."

As musician

Mendelssohn, Meyerbeer, Offenbach, Goldmark, Joachim, Rubinstein, and Strauss were Jews. It may be contended, and with truth, that no one of these musicians possessed the musical genius of Wagner, Mozart, or Beethoven; but, nevertheless, each one of

them was a master of his art and the history of music would not be complete without mention of the names of all of them.

As poet

The author of the Book of Job and the author of the Book of Psalms were doubtless Hebrews and were the greatest of all Hebrew poets, for the poetry of Job and the poetry of the Psalms are incomparably the noblest of all poetry of all the literature of the earth.

The greatest of modern Jewish poets were Jehuda Halevi, of Spain, author of the Elegy of Zion, and Heinrich Heine, of Germany, author of The Lorelei.

As painter and sculptor

Hebrew civilization has not been very greatly enriched by triumphs in art. In neither painting nor sculpture have the sons of Israel succeeded grandly. The annals of Hebrew great names reveal no Phidias, no Appelles, no Canova, no Raphael. In every sphere of intellectual and spiritual activity, excepting art, Hebrew genius has scored magnificent victories. And failure in art was not remotely due to barrenness of intellect or soul but to the heavenly decree, "Thou shalt not make unto thee any graven image, or any likeness of anything that is in the heaven above, or that is in the earth beneath, or that is in the water under the earth." During all the ages this divine command from Sinai paralyzed and destroyed Hebrew creative genius in works of art. More than once Josephus calls attention to the effect of this ordinance upon the national life of Israel.

It is worthy of note that the express command of the law forbidding images was not more potent in the destruction of plastic art than was the spirit of the Hebrew faith in its warfare upon idolatry among pagan nations. Greco-Roman polytheism offered the highest incentive to the development of art. To bring the gods in ever more beautiful forms before the eye of the worshipper was the great aim of the Greek and Roman artists.

But diametrically opposed to the pagan conception of the forms and number of the heavenly powers was Hebrew monotheism that believed in but one God, who was purely spiritual, and therefore invisible, intangible, and unapproachable. Judaism delighted to lift its deity above the sensual, material, and corporeal things of earth and to represent Him as a pure and sinless spirit. This conception of the Creator of the Universe and this monotheistic faith, which was in direct antagonism to polytheistic belief, were equally destructive of plastic art with the express command of the law itself. And this is more certainly true since the highest inspiration to triumphs in art in every age have been the actions of the gods and goddesses themselves. The masterpiece of ancient art was the Olympian Zeus of Phidias. The masterpiece of modern art is the Sistine Madonna of Raphael. And when the Hebrews forbade the representation of their Deity in plastic form they shut out the highest inspiration to artistic triumph.

Again, the Hebrew sense of chastity was offended by the immorality of pagan myths as embodied in plastic form. The artistic beauty of certain Greek and Roman statues the Hebrews believed was better fitted to deprave than to purify the moral sentiments of mankind. They saw that the Rape of Ganymede, sanctifying pederasty in marble, was a masterpiece of Grecian sculpture. They felt that the painting of Aphrodite, ensnared and caught in a net with Ares, was not too well calculated to instill pure and virtuous thoughts in the minds of tender youth and of modest maidens who looked upon and contemplated it. They knew that every street corner of Athens and of Rome was marked by an image of some god whose mythic history was filled with inebriety and lust. The Hebrew conscience shrank with terror and with loathing from the serpent of immorality coiled beneath the marble flowers of Grecian and Roman art.

The blighting effect of the Sinaic condemnation of art fell upon architecture as well as upon painting and sculpture. The houses of ancient Palestine were wholly destitute of artistic beauty, and the palaces and the temples at Jerusalem were constructed after non-Jewish models. Roman architecture was employed in the building of the magnificent palace of Herod; and the Phœnician workmen from Tyre and Sidon were imported to build the temples of Solomon and Zerubbabel (Ezra iii, 7).

Let it be said, however, that modern Judaism seems to have broken completely away from the ancient prohibition concerning images, and modern Jewish art is beginning to develop into forms of great beauty and power. Solomon J. Solomon ranks among the greatest of English artists, and Joseph Israels has glorified the art of painting in his celebrated delineations of Dutch fisher life. It is probable that the greatest of all Jewish sculptors was Moses J. Ezekiel, born in Richmond, Va., whose works have been exhibited in the chief art centers of Europe, and whose statue of "Religious Liberty" adorns Fairmount Park, Philadelphia.

Mr. Speaker, I could spend the entire day telling the Members of this House about the triumphs of Jewish genius in religion, literature, science, and art if time permitted and occasion demanded, but I must stop. I could proceed to describe further his triumphs in fiction and romance and in the minor subjects of botany and biology and philology and chess playing, in all of which Jewish genius has shone brilliantly. But I repeat that I must stop.

The only justification for this lengthy discussion of Jewish achievement is that it serves to emphasize my hearty approval of the contention of Lord Balfour in his recent speech before the House of Lords that Jewish achievements, constituting civilization's most valuable contribution, entitle the Jew to the sympathy, encouragement, and aid of the civilized nations of the earth in the matter of helping to reestablish for him a homeland in Palestine.

Reduced to the plainest terms of colloquial formula, the Jew may say this to the Christian peoples of the earth: I have given you the sublimest religious truths in the laws of Moses, in the prophecies of Isaiah and Jeremiah, in the songs of David, and in the teachings of Jesus of Nazareth. In these laws and prophecies and songs and teachings I have pointed you the way to a blessed and an eternal life. I have given you much that is grand and beautiful in literature, music, and art. With my hands tied behind me and my heart burdened to the breaking point with a bitter load of hatred and persecution, I have yet managed from the cave of the prophets and from the manger of the Christ, from the filth of the Judengasse, and from the darkness of the hovels of the ghetto to contribute more than my share to the great cause of liberty, humanity, and civilization among men. Now, will you not help me? Will you not aid me in the reestablishment of a homeland among the sacred places of my race, where I can escape persecution, where I can once again feel the pride and thrill of free and national life, and where the banner of the Jew can once again float proudly from the battlements of Jerusalem? If mankind is not ungrateful and if civilization is not craven, the answer to this question will be "yes" in language, and assistance in action translated immediately into deeds.

OBJECTIONS TO THE ZIONIST MOVEMENT

But are there no objections to the Zionist movement and consequently to the pending resolution, you may ask? Certainly. There was never a noble enterprise or a great movement in the history of the world that somebody did not rise and object. Christianity itself was not founded without the crucifixion of its Author and without centuries of persecution of His followers. The American Republic was not established until after the English people had offered bitter and bloody objection during 7 years and 8 months of arduous toil and bitter struggle. Tariff bills are never passed in this House without serious objection from the Democrats, and rivers and harbors bills providing for the irrigation of southern rivers would go through if objections were not made by Republicans. We should not be bothered by objections, but we should hear them freely and answer them candidly and fairly.

It must be candidly admitted that a considerable number of very intelligent and patriotic Jews in America are opposed to the Zionist movement and object to the passage of this resolution. I believe that they are in a decided minority, but the very structure and genius of our Government, as well as its finest traditions, demand fair play for minorities and protection for their rights whenever possible, and we must hear and consider their plea in this case patiently and fully. To this end, I have read the hearings on this resolution before the Foreign Affairs Committee carefully three times from beginning to end. I resolved in the beginning of the consideration of this subject not to act hastily, and I have arrived at my conclusions after prolonged and diligent research.

The time at my disposal does not permit me to consider other than the leading objections that have been made to the project of founding for the Jews a homeland in Palestine and to the passage of this resolution, and, in order to proceed clearly and systematically, I shall classify at once these objections.

The opponents of political Zionism, which is proposed by this resolution, as opposed to orthodox Zionism and to economic Zionism, about which there seems to be little dispute among the Jews, make the following main contentions:

1. That political Zionism—that is, a political state in Palestine for the Jewish people—is not desirable or permissible, since Judaism is a religion and not a nationality, and since the Jews are nationals of the country in which they are born and in which they live and should be faithful to the land of their birth and of their domicile.

2. That political Zionism cannot be realized in Palestine; that is, that a political state cannot be established with the Jews in dominant control without violating the rights, under principles of self-determination, of the non-Jewish races of the country.

I believe that this is a full and fair statement of the two great objections of the opponents of the pending resolution, and I shall discuss them as briefly as possible in the order in which I have stated them.

Regarding the first objection, I wish to quote Rabbi Philipson, of Cincinnati, one of the opponents of this resolution. At the hearings before the Foreign Affairs Committee, Dr. Philipson said:

"There are those of us who feel that Jewish nationalism does not express the true interpretation of Judaism. We feel that Judaism is a religion and that we are nationals of the country in which we are born and in which we live."

In support of his views and contention, Dr. Philipson read the following resolution of the Union of American Hebrew Congregations at one of their meetings at Richmond, Va.:

"We are unalterably opposed to political Zionism. The Jews are not a nation but a religious community. Zion was a precious possession of the past, the early home of our faith, where our prophets uttered their world-subduing thoughts, and our psalmists sang their world-enchanting hymns. As such it is a holy memory, but it is not our hope of the future. America is our Zion. Here, in the home of religious liberty, we have aided in founding this new Zion, the fruition of the beginning laid in the old. The mission of Judaism is spiritual, not political. Its aim is not to establish a state but to spread the truths of religion and humanity throughout the world."

This is all splendid and inspiring sentiment, and when the Jews at Richmond proclaimed America their Zion we are compelled to applaud their patriotism. But I know that they will pardon me

if I remind them, even with a slight touch of sarcasm and cynicism, that the Zionist movement is not intended primarily for American Jews, who are happy in the possession of American citizenship and in comparative freedom from religious persecution. It is intended primarily for the wretched Jews of Russia, Rumania, and Poland who are practically shut out from this American Zion by foolishly rigid immigration laws.

Dr. Philipson and the Jews at Richmond, in drawing too nice distinctions concerning the meaning and mission of Judaism, seem to have forgotten that there are certainly differences at times between a Jew as a man and a Jew as a religionist. A certain analyst is said to have discovered that Jews and Judaism are identical, and that if Jewish blood be examined under a microscope floating particles of the Bible and the Talmud may be found. This is all well as a matter of humor, but I insist that there is such a thing as a Jew who is a man, a human being, a citizen, and a patriot, and this aside from any consideration of religion or religious belief. I further contend that this man is entitled to the rights of a freeman, which include benefits of independent nationality and citizenship, and protection, furthermore, against bodily oppression as well as religious persecution.

Believing this, I shall support this resolution and vote for it, because it tends to establish and preserve these rights to the oppressed and persecuted Jews of southeastern Europe who will never be able to reach our shores because of the inhospitable barriers that have been erected against them.

Mr. Speaker, I respectfully submit that the attitude of Dr. Philipson and of the Jews of the Union of American Hebrew Congregations at Richmond and their attempt to define Jewish citizenship and nationality are nothing new in history. They are merely a revival of recurring inquiries and discussions of the subject that have taken place in every age of the world since the beginning of the Jewish dispersion. I ask the indulgence of the House while I discuss briefly this phase of the subject.

After the fall of Jerusalem (A.D. 70) the Jew was a wanderer for many centuries upon the earth without a home and country. Until the closing years of the eighteenth century the Christian governments of Europe denied him the simplest rights of a free man and a citizen. While not a slave in the sense of chattel property, the Jews were frequently regarded as an attachment of the soil, like the ancient Spartan helots, and were transferred from one sovereign to another. At other times, having been despoiled of their goods, they were expelled wholesale and without ceremony from the countries which they had come to regard as their homes.

The explusion of the Jews from Spain in 1492 by an edict of Ferdinand and Isabella was a most painful epoch in the history of the Hebrew race. The real reason of this wholesale persecution was the fact that the Jews refused to become Christians when commanded to do so by a fanatically pious Spanish sovereign. According to Isidore Loeb, 165,000 Jews left their homes and wandered away into exile in foreign lands. History relates many pathetic incidents that marked the beginning of this dispersion. Great numbers of the Jewish community of Segovia passed the last 3 days of their stay in the city in the Jewish cemetery, fasting and wailing over being parted from their beloved dead. Jews were not permitted to inhabit Spain again until 1858, when a republic was established, and a repeal of the ancient edict of expulsion was secured from General Prim through the influence of H. Guedella, of London. But even then they were not allowed rights of unrestricted citizenship.

The French Revolution brought liberty and equality to Jews as well as to Gentiles in France, and gave rights of citizenship to all.

The Jews were not completely emancipated in England until 1858, when they were admitted to Parliament without being compelled to take the oath, "On the faith of a true Christian."

It must not be imagined, however, that the free and enlightened policies of France, England, and the United States have been elsewhere pursued. Very few substantial rights of citizenship were enjoyed prior to the Russian Revolution under Kerensky by either Russian or Rumanian Jews; and, it may be added, nearly 7,000,000 Jews, about one half of the total Jewish population of the earth, lived at that time in Russia and Rumania.

The political status of the Jew 150 years ago was a puzzle to the brainiest statesmen of Europe. Although the year 1793 witnessed the revolutionary emancipation of the Jews in France, Napoleon did not afterward regard them as citizens. He once said:

"The Jews are not in the same category with the Christians. We have to judge them by the political not the civil right, for they are not citizens."

And to gain desired information concerning them for the purpose of framing appropriate legislation for the Jews in the general reconstruction of the Empire after the French Revolution, he propounded the following 12 questions to the Sanhedrin of France:

"1. Is it lawful for Jews to have more than one wife?

"2. Is divorce allowed by the Jewish religion? Is divorce valid, although pronounced not by the courts of justice but by virtue of laws in contradiction to the French Code?

"3. May a Jewess marry a Christian, or a Jew a Christian woman, or does Jewish law order that the Jews should intermarry among themselves?

"4. In the eyes of the Jews are Frenchmen not of the Jewish religion considered as brethren or as strangers?

"5. What conduct does Jewish law prescribe toward Frenchmen not of the Jewish religion?

"6. Do the Jews born in France and treated by the law as French citizens acknowledge France as their country? Are they bound to defend it? Are they bound to obey the laws and follow the directions of the Civil Code?

"7. Who elects the rabbis?

"8. What kind of police jurisdiction do the rabbis exercise over the Jews? What judicial powers do they exercise over them?

"9. Are the police jurisdiction of the rabbis and the forms of election regulated by Jewish law or are they only sanctioned by custom?

"10. Are there professions from which the Jews are excluded by their law?

"11. Does Jewish law forbid the Jews to take usury from their brethren?

"12. Does it forbid or does it allow usury in dealing with strangers?"

To these questions the French Sanhedrin made the following replies:

"1. That, in conformity with the decree of Rabbi Gershon, polygamy is forbidden to the Israelites.

"2. That divorce by the Jewish law is valid only after previous decision by the civil authorities.

"3. That the religious act of marriage must be preceded by a civil contract.

"4. That every Israelite is religiously bound to consider his non-Jewish fellow citizens as brothers and to aid, protect, and love them as though they were coreligionists.

"6. That the Israelite is required to consider the land of his birth or adoption as his fatherland and shall love and defend it when called upon.

"7. That Judaism does not forbid any kind of handicraft or occupation.

"8. That it is commendable for Israelites to engage in agriculture, manual labor, and the arts, as their ancestors in Palestine were wont to do.

"9. That finally, Israelites are forbidden to exact usury from Jew or Christian."

These questions and answers formed the basis of all subsequent legislation by the French Government in regard to Jewish religious affairs and plans.

Ascher, the great Jewish teacher, framed this catechism for the Jewish youth of England:

"Has the Jew a fatherland besides Jerusalem?

"Yes; the country wherein he is bred and born, and in which he has the liberty to practice his religion, and where he is allowed to carry on traffic and trade and enjoy all the advantages and protection of the law in common with the citizens of other creeds, this country the Israelite is bound to acknowledge as his fatherland, to the benefit of which he must do his best to contribute. The sovereign who rules over this land is (after God) his sovereign; its laws, so long as they are not contradictory to the divine law, are also the Israelite's laws, and the duties of his fellow citizens are also his duties."

This catechism and the answer of the French Sanhedrin defined clearly the Jewish notion of the citizenship and fatherland of the Jews under the dispersion.

But it must be conceded that in the case of this strange and extraordinary people there is a peculiar kind of fatherland known to no other race; a fatherland not based upon the soil of earth, nor bounded by streams or mountains, nor subject to the pains and penalties of physical decay and death; a fatherland whose kingdom is of the spirit and whose law is the word of God. Hear Heine describe this fatherland:

"The Jews may console themselves for having lost Jerusalem and the temple, and the Ark of the Covenant, and the golden vessels and the precious things of Solomon. Such a loss is merely insignificant in comparison with the Bible, the imperishable treasure which they have rescued. If I do not err, it was Mahammed who named the Jews 'the people of the book', a name which has remained theirs to the present day on the earth and which is deeply characteristic. A book is their very fatherland, their treasure, their governor, their bliss, and their bane. They live within the peaceful boundaries of this book. Here they exercise their inalienable rights. Here they can neither be driven along nor despised. Here they are strong and worthy of admiration. Absorbed in the city of this book, they observed little of the changes which went on about them in the real world; nations arose and perished, States bloomed and disappeared, revolutions stormed forth out of the soil, but they laid bowed down over their book and observed nothing of the wild tumult of the times which passed over their heads."

Zebulon B. Vance, quoting Prof. M. F. Maury, compares the great human current of this strange Jewish fatherland to the Gulf Stream:

"There is a river in the ocean; in the severest droughts it never fails, and in the mightiest floods it never overflows. The Gulf of Mexico is its fountain, and its mouth is in the Arctic Seas. It is the Gulf Stream. There is in the world no other such majestic flow of water. Its current is more rapid than the Mississippi or the Amazon and its volume more than a thousand times greater. Its waters as far out from the Gulf as the Carolina coasts are of an indigo blue; they are so distinctly marked that their lines of junction with the common sea water may be traced by the eye. Often one half of a vessel may be perceived floating in the Gulf Stream water while the other half is in common water of the sea, so sharp is the line and such is the want of affinity between these

waters, and such, too, the reluctance, so to speak, on the part of the Gulf Stream to mingle with the common water of the sea."

Then Mr. Vance adds—

"This curious phenomenon in the physical world has its counterpart in the moral. There is a lonely river in the midst of the ocean of mankind. The mightiest flood of human temptation has never caused it to overflow and the fiercest fires of human cruelty, though seven times heated in the furnace of religious bigotry, have never caused it to dry up, although its waves for 2,000 years have rolled crimson with the blood of its martyrs. Its fountain is in the gray dawn of the world's history, and its mouth is somewhere in the shadows of eternity. It, too, refuses to mingle with the surrounding waves, and the line which divides its restless billows from the common waters of humanity is also plainly visible to the eye. It is the Jewish race."

This conception of a fatherland above the earth and having no physical boundaries may seem to many a far-fetched thought, a strained political metaphor, but the idea is not new nor is it confined to spiritual kingdoms. Waldstein says:

"The abolition of slavery and the Renaissance are as much a fatherland as are England, Germany, France, or the United States."

Kosciusko was once asked where his country was. "Where freedom is not", was the reply of the valiant Pole; and whether in the wilderness of America or on the plains of Poland, Kosciusko felt at home and within the boundaries of his fatherland, provided his sword was unsheathed in the name of liberty.

Mr. Speaker, the historical considerations that I have just presented to the House merely show that the contentions of Dr. Philipson and his coreligionists at Richmond are nothing new, since the political status of the Jew for centuries past has been settled not only by the catechism of Ascher and the answers of the French Sanhedrin but also by the terms of the oaths taken by Jews under the naturalization laws of the different countries in which they have settled. The Ascher catechism says emphatically that "the country wherein he is bred and born" is the fatherland of the Jew. The French Sanhedrin emphatically answered the inquiry of Napoleon by saying "that the Israelite is required to consider the land of his birth or adopton as his fatherland."

All this is sensible and logical enough; indeed, it is the only rational solution of the problem of Jewish citizenship and nationality, while the Jews are scattered throughout the world and have no country of their own. No other solution or determination of the political status of the Jew could be made unless we admit the correctness of the principle that there can be a State within a State, imperium in imperio, or unless we make the Jew an outcast upon the earth, without home or country.

But in the name of reason and common sense what is there in all this that offers a serious objection to the Zionist movement or to the passage of this resolution? Is there anything fixed, eternal, unchangeable, and irrevocable in Jewish citizenship that holds the Jew forever chained to the country of his birth or adoption? Does not international law sanction change of citizenship from one country to another? Do not the immigration and naturalization laws of all nations permit expatriation and repatriation without the slightest trace of a stain of treason? Is anything more required by the laws of man, nature, or God of the Jewish citizen or of the citizen of any other race than loyalty to his country during the continuance of his citizenship?

Furthermore, is it not well to remember that the duties and obligations of the citizen toward the country and the country toward the citizen are mutual and reciprocal? Should the citizen be required to render obedience to the laws of the country, to pay taxes, to support the Government, and to defend the flag in times of war, unless the country is willing and able to protect the citizen in the enjoyment of his rights of life, liberty, and property, as well as the pursuit of happiness, at all times? If the country fails in its obligations, is not the citizen absolved from his duties?

American Jews are obedient to the laws of the country and have shown themselves true patriots in every period of our history, both in peace and war, and the Government of our country has protected them in the enjoyment of their legal and political rights. There would be no Zionist question if this state of things existed throughout the world. But what about the Jews of Russia, Rumania, and Poland? Will the opponents of this resolution seriously contend that they owe any particular love, loyalty, or allegiance to the Governments of their countries?

Permit me at this point, Mr. Speaker, to consider the second of the main objections to political Zionism and to the passage of this resolution. It has been urged by the opponents of this measure that the principle of the right of self-determination would be violated by the establishment of a Jewish state in Palestine with the Jews in dominant control. It is pointed out by these opponents that the entire population of Palestine is about 700,000, and that of this number about 500,000 are Mahommetan Arabs, about 110,000 are Christians of various sects and denominations, and that about 90,000 are Jews. It is urged that, upon the principle of the right of self-determination, these 500,000 Arabs should not be compelled to submit to the domination of a Jewish minority in the country.

Mr. Speaker, I believe firmly in the doctrine of self-government or self-determination as representing a sacred principle in government. Lincoln's "government of the people, by the people, and for the people" is not possible without strict observance and application of the rights of self-determination. But I must insist that it does not become the American Congress or the American Government to prate too loudly at this time about the sacred rights of the Arabs in Palestine, in the light of our treatment of the Filipinos during the last quarter of a century, and in view of the fact that every civilized nation of the earth, excepting the United States, has acknowledged the independence de jure of Estonia and Latvia upon principles of self-determination.

Our American theories of government are always glittering successes, but our practices are ofttimes dismal failures. We boast of personal liberty in America and then tolerate the Volstead Act upon the statute books. I say to you that there will be no genuine personal liberty in America again until that act is repealed or radically modified. But I shall not stop to discuss or denounce prohibition, since the subject of debate is the Zionist movement.

I want to make very clear and emphatic at this time, Mr. Speaker and gentlemen of the House, my attitude and views upon the Arab question in Palestine. I am in favor of carrying out one of the three following policies, to be preferred in the order in which they are named:

(1) That the Arabs shall be permitted to remain in Palestine under Jewish government and domination, and with their civil and religious rights guaranteed to them through the British mandate and under terms of the Balfour declaration.

(2) That if they will not consent to Jewish government and domination, they shall be required to sell their lands at a just valuation and retire into the Arab territory, which has been assigned to them by the League of Nations in the general reconstruction of the countries of the East.

(3) That if they will not consent to Jewish government and domination, under conditions of right and justice, or to sell their lands at a just valuation and to retire into their own countries, they shall be driven from Palestine by force.

Mr. Speaker, I wish to discuss briefly each of these alternatives in order. And first let me read the now celebrated Balfour declaration, dated November 2, 1917, during the progress of the Great War, and afterward incorporated in the preamble of the British mandate authorized by the League of Nations. The Balfour declaration was in the following language:

"His Majesty's Government view with favor the establishment in Palestine of a national home for the Jewish people and will use their best endeavors to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine or the rights and political status enjoyed by the Jews in any other country."

If this is not a condensed and at the same time a complete bill of rights both for the Arabs of Palestine and for the Jews who intend to remain in their present homelands outside of Palestine, I have never read or seen one. It is conceded by the Arabs themselves that the present government of the country under the British mandate and through the Zionist organization as an administrative agency is infinitely better than the government of the Turks who were chased out of the country by Allenby, the British general. It is probably better than any that the Arabs could create and maintain for themselves.

I respectfully submit that the Arabs in Palestine should be, and would be, happy and contented under the present government of that country if it were not for Turkish and Arab agitators, who travel around over the land stirring up trouble by making false representations concerning the true character of the Zionist movement, and by preaching a kind of holy war against the immigrant Jews who arrive from day to day. The Arabs are well represented in the personnel of the present Palestine administration, which has recognized their language as one of the official languages of the country, and has given official standing to the Moslem religion.

There is no good reason why the Jews and Arabs should not live together in perfect peace and harmony in Palestine. They are all Semitic in blood and language, and all worship the same God and the same Hebrew prophets. Instead of being antagonistic there is every racial and religious reason for peace and harmony.

In the second place, if the Arabs do not wish to remain in Palestine under Jewish government and domination, there is plenty of room outside in purely Arab surroundings. The British Government and her allies made overtures and gave pledges to the Arab people to furnish them lands and protect their freedom in consideration of Arab alliance with the Allies during the World War. That pledge has been kept. The Hedjaz Kingdom was established in ancient Arabia, and Hussein, Grand Sheriff of Mecca, was made king and freed from all Turkish influence. The son of King Hussein, Prince Feisal, is now the head of the Kingdom of Mesopotamia, and Arab predominance in that country has been assured by the Allies to the Arab people.

Mesopotamia is alone capable of absorbing 30,000,000 people, according to a report submitted to the British Government by the great English engineer, Sir William Wilcocks. Arab rights are also fully recognized and protected by the French mandate over Syria. There are also several flourishing Arabic cultural and political colonies in Egypt. In short, the Arab-speaking populations of Asia and Africa number about 38,000,000 of souls and occupy approximately 2,375,000 square miles, many times larger than the territory of Great Britain. In other words, under the reconstruction of the map of the East, the Arabs have been given practical control of Greater Arabia, Mesopotamia, Syria, and parts of Egypt, which gives them an average of 38 acres per person. If the Arabs are compelled to leave Palestine and turn it over entirely to the Jews, it is admitted that the Arab race would still be one of the wealthiest landowning races on the earth. Therefore I contend that if they will not consent to live peaceably with the Jews, they should

be made to sell their lands and retire to places reserved for them somewhere in Arabia, Syria, Mesopotamia, or Egypt, that suit them best, and where they can worship Allah, Mohammed, and the Koran to their heart's content. After all is said, the fact remains that the Arabs have more lands than they need, and the Jews have none. I am in favor of a readjustment under the Balfour declaration, without too great regard to nice distinctions in the matter of the question of self-determination. This thought brings me to my third proposal heretofore mentioned, that the Arabs should be driven out of Palestine by the British and Jews, or by somebody else, if they will not listen to the voice of reason and of justice.

I shall probably be told that, regardless of the question of land and property rights, the Arabs have an interest in the holy places around Jerusalem. Admitting that their claims in this regard are just, there should be no trouble along this line. There is no reason to believe that Jews and Christians would deny them access to the holy places in the pilgrimages that they might desire to make from their Arab countries. But if the rights of the Jews to their ancient homeland are to be made dependent, as a final question, upon Moslem interests in the holy places around Jerusalem, I am willing and prepared to repudiate these rights entirely and to shut the Arabs out altogether.

Mr. Speaker, I despise and hate race prejudice and religious bigotry worse than I do the devil and all his ways. But I must confess that feelings of intolerance arise in my mind and heart when I hear any attempted justification of Mahomet, his message, and his mission. My respect and homage go forth even reverently to all the great ethical and religious teachers of history, to those spiritual and intellectual leaders of the race who, at times in agony and in martyrdom, have delivered messages of regeneration to mankind.

I make my respectful salute to Confucius and Buddha, the ethical teachers, in whose writings are found many passages of sublimity and beauty. I pay my deep homage and reverence to the Hebrew prophets and teachers, to Moses, to Abraham, to Isaac and Jacob and the tribes, to the gentle Hillel, and to Akiba. My reverence and adoration go up to Jesus of Nazareth, the most precious gem of human life, "the noblest blossom of a noble tree, the crown of the cedar of Israel." But I draw the line on Mahomet, the military conqueror and robber, the forger of oracles, the polygamist.

I have read the Koran through twice from beginning to end. I have also read several standard lives of Mahomet, among them those of Washington Irving, Higgins, Sale, and Gibbon. Furthermore, I have made it a point to read translations from the books of his own Turkish and Arabian biographers. I feel justified, then, in saying that I am pretty well acquainted with Mahomet and his teachings, and I trust that you will not think that I am guilty of too great digression if I now pay my respects to both Mahomet and his followers.

The declaration may sound bold and even unjustifiable to some of you, but I am prepared to assert that Mohammed stole all that is worthy in his religion from the Jews and Christians, that the finer passages of the Koran are taken almost bodily from the Bible, and that the followers of Mohammed overran and captured Palestine by military force. If these things be true, it comes in bad grace from the Arabs of Palestine or from their friends and apologists to lay claim either to the territory or the sacred places around Jerusalem. I respectfully submit that even a thousand years of political or historical prescription give no valid title to lands or places originally acquired by fraud and force.

In closing, Mr. Speaker, I wish to say that we Christians should encourage the reestablishment of the Jews in Palestine for selfish and sentimental reasons as well as from motives of gratitude and a sentiment of justice. We should rush to the assistance of the Jews in the matter of the Zionist movement as Lord Byron went to Greece to fight for the independence of the Greeks. We should speak in Congress with the same feelings and the same inspiration that caused him to write The Isles of Greece, feelings born of a love of freedom and of a passionate desire to preserve a civilization and a type.

No garden of flowers is perfect or complete without the presence of the rose and the orchid, of the violet and the lily, and, indeed, of every kind of flower of tenderness and beauty. Nor can the garden of life be perfect and complete without the presence and preservation of all the fine types of intellect and spirit that have come from the trials and sufferings, the struggles and sacrifices of the various peoples of our race. Civilization would certainly be made imperfect by the loss of any one of the great types, for its essential elements, after all, are but the component parts of a blending of the varying attributes and execellencies of all human life.

Rome gave laws, Greece gave letters, and Palestine gave religion to mankind. Thus runs the judgment of the world. We are interested in the preservation of all these colossal types, and especially those of the Hebrew and the Greek, and above all that of the Hebrew, for beyond the boundaries of kingdoms and above distinctions of creed or blood is a colossal universal spiritual type established by the Hebrew. This type reflects the sacred and spiritual in every human heart that looks above idols and beyond the stars; a type that ignores self and attributes every splendid, righteous act to the Author of all things; that spurns a self-development whose maker and molder is not God; that hears in rolling thunder the awful voice of Jehovah sending warnings to his children, and sees in lightning a manifestation of eternal wrath; a type that gave Pharisees to Judea, Stoics to Rome, and Puritans to England.

These latter characterizations suggest integral opposites somewhere—the needed complements of a perfect whole—and reflection at once begins to classify along lines of nature and of history, grouping Pharisees with Sadducees, Stoics with Epicureans, and Puritans with Cavaliers.

The essential complement of the Hebrew type was furnished by Greece, the first great rival of Judea in intellect and spirit. The civilizations of the earth circle around these names as smaller planets revolve around great central suns. The essential elements of opposing Hebrew and Hellenic growths are everywhere reflected in national and individual life.

In the organization of every man on earth two antagonistic forces are forever active—the heavenly and earthly, the spiritual and natural, the ascetic and voluptuous. If the spiritual predominates, the man is Hebrew in structure and temperament. If the sensuous and voluptuous are the controlling attributes, the man is Greek.

If in the solitude of deep forests he hears the rustle of the leaves as fleeing nymphs depart and sees in every tree and rock and stream the reflected image of some deity of nature; if, while standing on the famous battlefields of earth, he hears again the tread and tramp of embattled millions, feels again the sublime thrill and fierce rapture of a bayonet charge, hears again the brazen lips of hostile cannon thunder alternate anthems to the god of battles; if "with color, form, and music he is touched to tears", and while standing in the Vatican or Louvre feels within himself the thrilling power that corresponds to the magic force that painted a madonna or carved a marble god, then this man is a Greek of the age of Pericles, a figure from the antique world.

A full development of these attributes on a colossal scale and along collective lines stamps a nation's history with character and distinctive life, reflecting in the whole the characteristic traits of all component parts. To verify this thought, cast a glance across the pages of Hellenic history.

An old blind bard sings; the Iliad is born, and under the spell of the Homeric muse all the grace and grandeur of Grecian life blossom into perfect beauty.

A million Persians advance upon a mountain pass, 300 Lacedæmonians defend, and the chivalry of the ages has a standard and a metaphor in the death-devoted sacrifice of Leonidas and his band.

Ctesiphon moves the Greek Assembly to vote Demosthenes a golden crown in consideration of public services, the motion is illegal, Ctesiphon is accused, and at the trial of the indictment the oratorical prodigies of antiquity appear as combatants. Æschines is exiled, Demosthenes is apotheosized, and mankind receives the priceless legacy of the incomparable oration, "On the Crown."

Zeuxis and Parrhasius, as a trial of skill, paint two pictures. That of Zeuxis represents a bunch of grapes and is so perfectly executed that the birds come and pick at it. Flushed with pride and confident of success, Zeuxis calls upon his rival to draw aside the curtain which conceals his picture. But, lo! the curtain itself is the painting of Parrhasius, and Zeuxis is beaten, for he who has deceived the birds is himself deceived by his antagonist.

Phidias, Praxiteles, and other sculptors carve from cold and pulseless marble those forms of life and beauty that thrill the human soul with perfect joy, and the frieze of the Parthenon, the Apollo Belvedere, the Venus di Medici, the Venus de Milo become the perpetual heritage of a sensuous and beauty-loving world.

Marvelous and magnificent history this! And from alpha to omega how superbly Greek—every line and lineament stamped with Hellenic imprint! But how radically different all this from everything Judean! The accentuated antithesis of every chapter of Grecian history describes all the glories and splendors of Hebrew life.

The Greek relied upon himself and his javelin for safety and preservation in time of danger. The Hebrew placed his trust in God and believed that prayer would save him from all harm. In the temples of the Acropolis, in the pages of the Odyssey, in the victories of Marathon and Salamis, the Greek acknowledged the handiwork of man and dedicated monuments to those who had brought renown to Greece. The Hebrew ascribed to the omnipotence of Jehovah every grand and righteous act and covered with benedictions the prophet who had most completely revealed the will of Heaven. Every transcendent deed of righteousness was credited to the Lord of Hosts.

Yes; I repeat, that if all else be lost, mankind must preserve at any hazard both the Hebrew and Grecian types of intellect and spirit, for they are fundamental in our natures and are deeply interwoven in the very warp and woof of all that is grandly spiritual and superbly intellectual in our history, literature, and civilization. The loss of the spiritual and intellectual products of Greece and Palestine to civilization would cause mankind to relapse with frightful speed into savage and barbaric night.

The Greeks have Greece. Let us give Palestine back to the Jews.

Then will the prophecies of the Hebrew seers be fulfilled; then will justice be done; then will the demands of liberty, humanity, and civilization be satisfied; then, and only then, will Byron's muse be answered:

"OH! WEEP FOR THOSE

"Oh! weep for those that wept by Babel's stream,
Whose shrines are desolate, whose land a dream;
Weep for the harp of Judah's broken shell;
Mourn—where their God hath dwelt the godless dwell!

And where shall Israel lave her bleeding feet?
And when shall Zion's song again seem sweet?
And Judah's melody once more rejoice
The hearts that leap'd before its heavenly voice?

Tribes of the wandering foot and weary breast,
How shall ye flee away and be at rest!
The wild dove hath her nest, the fox his cave,
Mankind their country—Israel but the grave!"

"ON JORDAN'S BANKS

"On Jordan's banks the Arab's camels stray,
On Zion's hill the False One's votaries pray,
The Baal-adorer bows on Sinai's steep—
Yet there—even there—oh God! Thy thunders sleep.

There—where Thy finger scorch'd the tablet stone!
There—where Thy shadow to Thy people shone!
Thy glory shrouded in its garb of fire:
Thyself—none living see and not expire!

Oh! in the lightning let Thy glance appear;
Sweep from the shiver'd hand the oppressor's spear:
How long by tyrants shall Thy land be trod!
How long Thy temples worshipless, O God!"

—*Lord Byron, Hebrew Melodies.*

PRESENTATION BY INDIANA DAUGHTERS OF THE AMERICAN REVOLUTION OF THE INDIANA BELL

Mr. ROBINSON of Arkansas. Mr. President, I ask that there be printed in the RECORD an address delivered on April 16, 1933, at Valley Forge, Pa., by the junior Senator from Indiana [Mr. VAN NUYS], at the dedication of the Indiana bell, a gift of the Indiana Daughters of the American Revolution as an addition to the Washington Memorial Chapel carillon.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

May I take this first opportunity to felicitate the Indiana Daughters of the American Revolution upon the completion of a great and patriotic service.

While the Indiana bell will be presented and dedicated this afternoon by officers and members of your organization, I am assuming now to speak in behalf of the entire citizenship of our beloved State, in giving voice to that gratitude and heart-felt appreciation which goes out to your patriotic organization from every Hoosier home for the contribution which you are this day making to the perpetuity and sanctity of this national shrine.

Although your patriotic activities and accomplishments have long been recognized throughout the State, none have been more in keeping with the origin and purposes than your procurement and gift of this Indiana bell. What a source of joy and gratification it will be to your officers and members to remember that down through the ages your bell, Indiana's bell, will join with those of all the sister States in daily and hourly tribute to the immortal Washington.

Although the quotation is quite familiar to the members of your patriotic organization, I repeat here the unparalleled estimate of Cyrus Townsend Brady in the hope that it may penetrate every Indiana home and bring to this place and occasion that deep reverence which they so richly deserve:

"No spot on earth, not the plains of Marathon, nor the passes of Sempach, nor the place of the Bastile, nor the dikes of Holland, nor the moors of England, is so sacred in the history of the struggle for human liberty as Valley Forge."

May I likewise felicitate you upon the selection of the Biblical admonition which you have so wisely chosen to inscribe upon the rim of this bell:

"Remove not the ancient landmark which thy fathers have set."

What a clarion call that is to this present-day, turbulent political world!

"Remove not the ancient landmark which thy fathers have set."

This generation has witnessed more widespread political, economic, and social changes than any other one generation in modern history. This is neither the time nor occasion to discuss the merits of such changes. I simply state it as an indisputable fact that more so-called strong and great nations have changed their forms of government and have adjusted their social, economic, and industrial systems to new and different standards during the past quarter of a century than during any similar period of time in this modern era.

The United States of America differs only in degree from many of her sister nations. The universally recognized depression under which we as a nation have been suffering for the past several years has, no doubt, provoked these changes in America. Every class and condition of our citizenship has been affected. In the industrial world millions of workers are out of employment. It has been estimated that more than 13,000,000 men are today tramping the streets of America in search of a job, and that each day adds to this army of unfortunates. Homes have been disrupted and the health and education of children have been retarded. Colossal industrial and economic enterprises have collapsed, carrying in their wake the accumulated fortunes of generations. Our basic industries, our farms and mines, have failed to yield returns over and above the cost of production, with resultant disaster not only to such fundamental industries but to all those economic superstructures dependent for their existence upon such industries.

As a result, our social, industrial, and economic relations are out of joint. In the midst of plenty, hunger and nakedness stalk through the land. Wealth there is in abundance, but it is in hiding and performs no service. Fear clutches at the hearts of our people. As a nation, we are being threatened with the loss of our morale.

It is quite palpable, even to the most casual observer, that America and her institutions are today undergoing some of the most radical changes and crucial tests since our inception as a nation. Will we, or will we not, survive?

Let me preface my brief observations here this afternoon with the statement that in my opinion the framework of our Government and the principles underlying it are sufficient to meet every political and economic exigency with which we are now, or may be, confronted in the future. I am not one of those who have lost faith in the smallest degree in the sufficiency of American government. But while making that statement I am not unmindful of the seriousness of the situation and the urgent necessity of prompt and intelligent attention to the demands of the hour. The welfare and perpetuity of our Nation today challenges the best thought and the most disinterested service of every patriotic American citizen. The Chief Executive at Washington and a Congress which, to a large extent, has abandoned partisan lines and dedicated its time and talents to the public service, are assuming their respective duties fearlessly and courageously.

But the rehabilitation of the American people demands more than Executive edicts and legislative enactments. It demands from all classes and conditions of our people the recognition and assumption of the full duties and responsibilities of American citizenship. Before the United States of America regains her former proud position of strength and vigor, every citizen will, in my opinion, be called upon for even greater sacrifices than those already rendered.

Out of this economic chaos a new industrial and economic order will arise. New limitations and restrictions will be placed upon business, capital, and labor. New vehicles will be created for greater social justice. Stronger safeguards will be thrown around the health and education of children. Provision will be made to protect the worker against the fear of penniless old age or long periods of unemployment. More equitable distribution of that wealth, which the Nation is so capable of producing, will flow naturally but certainly through the channels of the new industrial order.

Such changes as above set out cannot be brought about painlessly and without cooperation and sacrifices upon the part of all classes of our citizenship.

We have just witnessed congressional and Executive action which will result in the curtailment of pensions and the pay of Federal employees as a means of balancing the Budget, preserving the credit of the Nation, and forestalling national bankruptcy. If this were the end of the effort, it might, in many instances, be called cruel and unfair. In fact, it is only the beginning. Every other class of our citizenship must likewise make contribution, and in direct proportion to its ability to pay.

Sacrifice is one of the obligations incident to present-day American citizenship. Just as upon a foundation of sacrifice has the Nation been erected.

May I call your attention to one more illustration? For the purpose of spreading employment, it is quite evident that the work-week and the workday must be shortened. It is said that owing to the mechanization of modern industrial plants, even if such plants were to resume operations similar to their peak operations of 1928, there would still be a standing army of more than 2,000,000 idle workers—the victims of this modern automatic machine age. To adjust the operation of industrial plants to this new work schedule will involve sacrifice and loss to the owners and perhaps increased cost of commodities to the ultimate consumers. Shall we hesitate in the face of a condition which makes mendicants of millions of American workmen at the doors of public and private charities?

These are only suggestions as to what lies before the American public in the rebuilding of our economic, financial, and industrial systems, along lines which will forestall such another economic upheaval as that through which we are now passing. Are we brave enough and patriotic enough to assume such burden? Are we sufficiently interested in the preservation and perpetuity of our governmental structure to assume the sacrifices incident to the putting of our house in order, or shall we continue to drift, as others have done before us, into governmental and economic chaos?

It is my prayer and belief that the American people are both able and willing to meet the situation fearlessly and successfully.

Washington, in his Farewell Address, made this statement: "Citizens of a common country whether by birth or adoption, that country has the right to concentrate your affections."

What I am pleading for today is the concentration of the affections of all good, loyal American citizens upon our common country—such concentration as will build a new faith in America and American institutions, impatience with all attempts to malign or undermine the Government, and loyal cooperation with the Government in its efforts to regain our former material and spiritual leadership of the world. As suggested hereinbefore, Congress may legislate at will, the Chief Executive may enter daily

and hourly Executive orders, but without the loyal support and cooperation of all our citizenship, such legislation and Executive decrees will avail but little.

I know of no more historic spot than Valley Forge, nor no more inspiring character than Washington from which to seek guidance and direction in this hour of extremity. If I have read the life work of the Father of our Country correctly, the one outstanding attribute of his public and private life was that of service. As engineer, farmer, and business man, he gave the full measure of his talents to the betterments of his community and his fellowmen. As leader of the Revolution, as a guiding spirit in the framing of the Constitution, and later as the first President of his country, he was animated alone by a passionate and disinterested love of his country.

Daniel Webster, speaking at the Centennial Celebration of the Birth of Washington, summarized his strength in these brief words:

"There was in the breast of Washington one sentiment so deeply felt, so constantly uppermost, that no proper occasion escaped without its utterance. From the letter which he signed in behalf of the convention when the Constitution was sent out to the people, to the moment when he put his hand to that last paper in which he addressed his countrymen, the Union—the Union—was the great object of his thoughts."

May we, as a people, gather faith and inspiration from the ideals and traditions of the fathers. And while thus pleading for love and loyalty and sacrifice to the Government in behalf of the citizens, may we insist with no less emphasis that the Government itself constantly take stock of its origin and ring true to the people.

The surrender at Yorktown was not the crucial hour in the American Republic. That hour came 6 years later at Philadelphia, when those victorious Colonies assembled in convention to develop a new ideal, a new government, in which the people might be the keeper of their own destinies. Happily for the world, wisdom and unselfishness ruled that assemblage, and its purpose was accomplished. That Government has proven the stubborn texture of its fabric. Under it we have grown from a little fringe of States along the Atlantic seaboard into a Nation which sweeps from sea to sea—a diversified and complex Nation, an irresistible and unconquerable Nation both in the ways of war and peace. We have succeeded because, in my opinion, we have kept the faith. Just now, in State and Federal Governments, we are engaged in what may appear to be serious departures from the ideals and traditions of the founders. If those in whom these unusual and unprecedented powers are vested should by the administration of such powers confirm the fears of those who today are just as jealous of the people's rights as were the founders of the Republic, then from that day will we mark the decadence of our treasured liberties. Never for one moment must our Government lose sight of its original purpose and design as the vehicle—and only the vehicle—for the preservation of the lives and liberties and the happiness of the American people. Thus only, through the love and loyalty of the citizen to his Government on the one hand, and the responsiveness and fidelity of the Government to the citizen on the other, will America reach the full measure of her destiny.

May our presence here this afternoon contribute to the preservation and future promise of the American Republic.

PHILOSOPHY OF NATIONAL DOMAINS—ADDRESS BY T. L. JEFFORDS

Mr. HATFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the Honorable T. L. Jeffords, a distinguished jurist of West Virginia, before an educational conference in Jefferson County, W.Va., entitled "Philosophy of National Domains".

In view of the recent discussions in the Halls of Congress on the national and international situation, I am positive that this address will prove both interesting and instructive.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Looking at histories we do not find that any deal noticeably with national domains, but more generally with wars, customs, laws, policies, and people; but national domains would seem to be worth an attempt at writing a philosophy of some of them, and that is the purpose of this paper.

Horace Greeley said, "Young man, go west and grow up with the country", and man and civilization have always been going west.

Someone has said the average American citizen might have some hesitation about going to heaven unless he were assured of an opportunity to go farther west.

Ever since the flood humankind has been moving west, and has gone so far west it may soon arrive all the way around the circle to where the ark rested.

Most of the world development has been by water, and the large cities of the world are located on or near the water, and the population in cities is increasing while that outside the cities is decreasing.

Those who have read about the development of our West may recall that some pioneer settlers insisted that wealth came not from digging gold but from digging the soil, that real progress was not made in prospecting but in ploughing.

Great Britain is an example of greatness by acquiring more territory, and has larger national domain than any other country, and the innate desire to go farther west may be one reason for it.

Already there is no place for the citizen of the United States to go farther west, and the urge to do that must remain unsatisfied unless there be found some place to go; and where shall it be found?

The United States is now in the most severe and lasting depression any man living has ever known, and we are told that for the past year or two more foreigners have been leaving the United States than have been coming into it, and during that period more citizens of the United States have been leaving and remaining away, some expatriating themselves, than at any other time. Is this due to the depression or to the ambition to go farther west, or both, or other causes?

The natural human tendency to go farther west has been manifested by the Britisher in also going farther north, south, and east, and to do this it was necessary to travel on the water, and as a result of that necessity, Great Britain has the largest and most powerful navy and merchant marine the world has ever known.

Great Britain has acquired and developed so much land area, national domain, in so many directions and such distances away from home and away from each other that the enlargement of its navy and merchant marine has followed as a natural result.

Possessing and having control of all this land area and its people and resources, it has developed its navy and merchant marine in acquiring and developing land area, and there would seem to be no good reason why this reciprocal development will not continue, but how long and to what extent?

Japan conditions lately and now suggest a comparison of that country with Great Britain and a perhaps more than possible development of Japan along the same lines as Great Britain, which has enlarged its possessions across more water than Japan is obliged to travel to enlarge its possessions.

The home domain of Japan is small, like the Great Britain home domain, is located in the Pacific somewhat like the location of England in the Atlantic—and will Japan develop along the line Great Britain has and become as much more powerful than Great Britain as the Pacific Ocean is larger than the Atlantic Ocean?

In the United States there are about 4 persons to every square mile, while in Japan there are about 400, and it would seem that the time for Japan to enlarge, go west, is perhaps overripe.

Notwithstanding the League of Nations, the points of international debate, treaties, open and secret, parleys, conferences, assemblies, negotiations, pacts, and the World Court, it would seem now reasonably certain that Japan will not give up any part of its lately acquired possession of what was formerly part of China, and it would seem equally certain that Japan has embarked on a campaign of development and acquisitions of territory which is not likely to be stopped for some time, and will continue until Japan becomes a world power. There is no doubt that throughout the world there is much unrest, and perhaps more now generally than at any other time, and is this because of a lack of opportunity or expression of eagerness to satisfy that ambition to go farther west?

Japan some years ago began warlike operations somewhat like those in which it is now engaged, but ostensibly directed against Russia, and it has been said that the Portsmouth Treaty, which terminated that war, was one of the great drawbacks in the development of modern times, and further that the treaty was not really a peace treaty, but the terms of it were dictated by a large banking house in New York City and were prerequisite to making a large loan of money abroad.

And the theory on which it is asserted that this so-called "peace treaty" was a drawback is that if it had not been made, the war between Japan and Russia would probably have lasted years, and during that period Russia would have been opened to the world and to visitation by war correspondents, photographers, investors, promoters, solicitors, and the like, and that conditions in Russia would not now be what they are, but would be more like conditions in other countries.

And in this same connection there are those of philosophic turn of mind who feel that the too early ending of that war is showing results in the beginning of the present war, and that in a sense the present war against China is but a continuation of the earlier war against Russia, the purpose of both being to acquire more territory; and if so, that leads to more thought and study of this question of national domain.

If Japan continues this war and enlarges its territory, it will be necessary for her to enlarge her navy and merchant marine, and this reciprocal development of Japan may continue along the same line as that of Great Britain; and if so, why will not these two countries divide the mastery of the waters—and will a time come when the two will war for the supremacy which Great Britain now has?

The United States is the best part of North America because it has the best climate, for it is too cold in that part north of the United States and too warm in that part south of the United States for either to have an ideal development, production, or population.

And because of climatic conditions the larger part of South America will not have an ideal development, production, or population, and this results in the United States of America being the greatest national power of the Western Hemisphere.

But what line of development may be desired or expected that will give the citizens of the United States an opportunity to express this desire to go farther west? Will acquiring or annexing all between the United States and South America give the United

States citizen an overflow chance? Has the purchase of Alaska helped to satisfy that inclination to go farther west? Is it because of no opportunity to satisfy this inclination that foreigners and citizens of the United States are leaving it?

Colonel Lindbergh made a neighborly good-will trip to South America, and perhaps the significance of it has been overlooked, but he made a far more significant trip when he went north through Alaska into Siberia.

Will the time come when we shall have railroad routes or air routes from South America through North America into Siberia and on to China, Japan, India, Europe, and Africa? Will the Valley of the Nile again become a great producing area? Will a development drive into Russia so as to give the world more benefit of its resources? Will India be changed to a condition so desirable that it will be as attractive as it seemed when Alexander the Great took his army there? Will the Orient come back to a former condition when it produced such men as the Wise Men of the East, Hammurapi, Zoroaster, and Omar Khayyam; and will these what some may now call backward or laggard countries be so changed that in what is now China there will again be men like Confucius, and will the present Japanese war help bring about all or part of this?

It is said that progress is founded on the blood and bones of those who have suffered and sacrificed, and that a history of the world is a history of its wars. Is it philosophical now to expect progress to come or to be built on peace, or, as in the past, on suffering, sacrifices, and blood; in other words, on wars?

Oriental civilization flourished, Chinese, Indian, Persian, Chaldean, Babylonian, Jewish, Greek, Egyptian, Roman, each one farther west, and now we think there are numerous civilizations that flourish, but will they be transitory or lasting, and what of the United States?

Do development and progress mean only going west until we begin again to go east and going round and round, and are world development and progress that in which events and existences follow in a circle?

Not so many years ago the Indians were in possession of North America, or at least that part of it which is the United States, and now there are comparatively few Indians within that area. Will the invasion and war of the Japanese in China continue until the condition and number of the Chinese in China are like the condition and number of the Indians in the United States?

Has destroying the Indians and taking their lands been progress or not; has the change come by treaty, by peace, or by wars for more domain, and what is the philosophy of national domains?

China, India, Russia, Africa, and the Pacific Ocean hold opportunities to exercise the universal desire to go farther west.

Conditions portend more revolutions and more wars.

6-HOUR DAY, 30-HOUR WEEK

Mr. BULKLEY. Mr. President, on yesterday, at the instance of the senior Senator from Alabama [Mr. BLACK], there was read into the RECORD a letter from Toledo, Ohio, to the effect that three manufacturing concerns of that city had threatened their employees in connection with securing signatures to petitions in opposition to the 30-hour week bill. I send to the desk and ask to have read a telegram, signed by those three concerns, which I have received this morning.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

TOLEDO, OHIO, *April 18, 1933.*

Hon. R. J. BULKLEY,
United States Senate, Washington, D.C.:

Associated Press carries story that Senator BLACK today read into Senate RECORD anonymous letter to effect Electric Autolite Co., Logan Gear Co., and Bingham Stamping Co., of Toledo, had threatened their employees with dismissal if they did not oppose so-called "30-hour week" bill. Will appreciate it very much if you will see that in same RECORD is written statement that this is absolutely false; that no employee has been so threatened.

THE ELECTRIC AUTOLITE CO.
LOGAN GEAR CO.
BINGHAM STAMPING CO.

Mr. BULKLEY. Mr. President, in all fairness I should say that the letter which was read into the RECORD yesterday was not an anonymous letter. The writer requested, for obvious reasons, that his name should not be disclosed, and the Senator from Alabama properly respected that confidence. On the other hand, I think the correspondent who wrote the letter must have been mistaken in the assertions that he made because it seems to me likely that if these concerns had gone to the length of threatening employees to secure signatures in opposition to the passage of the 30-hour-week bill, in all probability I would have received some such petition. I have not received or seen any.

Of the three concerns signing the telegram, I have heard directly from only one in opposition to the 30-hour bill. The other two did not even take the trouble to communicate with me directly to voice their opposition to the bill. I consequently believe that the charge that they have intimidated employees is not well founded. If there is any evidence that there has been any intimidation in the State of Ohio I should like to have it, because I believe there is nothing more contemptible than an attempt on the part of employers to influence by threats any voting or political expression of opinion on the part of their employees.

Mr. BLACK. Mr. President, I desire to state in connection with the letter that the only information I had relative to it was contained in the letter itself, which was read. It was in line, however, with letters which I have received from various parts of the United States. In order that the illustration may be properly given, I send to the desk now a letter from Lancaster, S.C. At the end of the letter is the request, "Please do not let anyone see this—my name." The name is signed to the letter. It is exactly the same kind of letter I have received from various people throughout the United States. In this connection I should like to have the letter read without disclosing the name.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

LANCASTER, S.C., *April 17, 1933.*

United States Senator HUGO L. BLACK,
Washington, D.C.

DEAR SIR: The cotton manufacturers are trying to defeat your 6-hour a day and 30-hour a week law by every kind and conceivable false propaganda under the sun. I heard of a plan now to get the operatives to sign a petition asking Congress not to pass your bill. They can get the operatives to sign anything at this time, because the operatives are afraid of losing their jobs, and the cotton manufacturers are trying to scare the operatives in regard to your bill with starvation wages. This law of yours is the greatest piece of legislation now before Congress and should be pushed on at once to a successful conclusion. Your 6-hour a day law is the best law, too, for the manufacturers. When your bill becomes a law, here is what will take place: Production will be curtailed 25 or more percent; inside of 3 months there will be a shortage of cotton goods; therefore the price of goods will advance, wages will advance, and there will be a demand for labor.

Your bill is the only thing that will combat this machine age. Improved high-speed machines have thrown half the cotton-mill operatives out of work. Operatives are operating three times as many machines as they operated 4 years ago, and the operative who made $20 a week 4 years ago is making $8 now.

The laboring people of the country are in a bad plight; they cannot make complaint to their superiors for fear of losing their job, and they are working 12 hours a day besides. Unless Congress comes to our relief, may the great God have mercy on us.

Please keep up your good work for us, and our prayer is that your life may be greatly blessed and may every success come to you.

Please don't let anyone see this—my name.

Mr. BULKLEY. Mr. President, of course the subject matter of the letter from South Carolina has nothing to do with the subject matter I brought up this morning. I have expressed no opinion as to whether there may be intimidation of employees in South Carolina or elsewhere. I have seen no evidence of intimidation in the State of Ohio in connection with this particular legislation. In fairness to the three companies in Toledo who were charged with intimidation, I have been glad to place their denial in the RECORD.

Mr. McNARY. Mr. President, in this connection I desire to say that I think it is a very bad practice to offer a letter for the RECORD, at the same time withholding the name of the author. It is not fair to the Senate, it is not fair to the public, and it is extremely unfair to those against whom charges are made. I desire to say that hereafter, if request is made to have a letter go in the RECORD, I shall object to it unless the author's name is disclosed and accompanies the charge.

Mr. BLACK. Mr. President, I simply desire to state that in offering the first letter I made the specific statement that the writer had requested that his name be not published. The Senator from Oregon, of course, had a right to object then. Feeling as he does, I think he should object whenever such letters are offered in the future. I shall be very glad, however, to permit the Senator from Oregon or any other

Senator, because I know that no Senator would expose a writer's name where it might do injury, to see the letter in question or any other of the numerous letters on this subject I have in my files from employees throughout the United States.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from Colorado [Mr. COSTIGAN].

Mr. VANDENBERG. Mr. President, I wish to address a further question to the Senator from Colorado in respect to his sugar amendment. I call his attention to the fact that on page 15 of the bill the provisions of this proposed act do not apply to certain possessions of the United States, and I am wondering whether that invites a free sugar competition from our insular possessions, which would make his amendment represent a handicap rather than an advantage to the American production?

Mr. COSTIGAN. Does the Senator refer to subdivision (f) on page 15?

Mr. VANDENBERG. Yes.

Mr. COSTIGAN. May I also ask whether the Senator's question relates to the bill as a whole or to the proposed amendment?

Mr. VANDENBERG. I am asking particularly respecting the Senator's amendment, because if Philippine sugar is free of the increased processing tax, manifestly a disadvantage would have been created against the continental situation by the Senator's amendment. It is the first time the point has come up. I think it would also apply to rice. I think it might be a very serious matter in respect to rice. I am wondering if the Senator has given any consideration to that point in respect to sugar.

Mr. COSTIGAN. May I say in answer to the Senator from Michigan that it has been my assumption that the processing tax would apply to imported sugar, even from the Philippine Islands. If there is any doubt on that question it should be corrected by an amendment.

Mr. VANDENBERG. As the Senator reads subsection (f), does he not think that his assumption was without foundation?

Mr. COSTIGAN. There may be a point in the Senator's suggestion, though it has not impressed me.

Mr. VANDENBERG. Would it not also apply to competition that exists between vegetable oil from our insular possessions and domestic dairy by-products?

Mr. COSTIGAN. Certainly, if covered by the bill; and such a variance would cause a disadvantage to the domestic industry which ought to be clearly obviated. In other words, it was my view last night—and further examination of the statute has confirmed the impression—that it is not accurate to speak of any tax imposed in this bill as in the nature of a tariff. The evident purpose of the bill is to place the imported article and the domestic article on a parity. That purpose ought to be maintained. I assume that it has been maintained.

Mr. VANDENBERG. May I ask the Senator from South Carolina [Mr. SMITH] for his interpretation of the situation we are now discussing? It is a new point that has been raised. Would it not apply to rice? Would it not apply to vegetable oils? Would it not create a differential or disadvantage to the American producer at each point where a Philippine commodity enters either by way of direct or substitute competition?

Mr. SMITH. Unless the same rule applied to the Philippine production that does to American production, it seems to me it would act to the advantage of the Philippine producer rather than the American producer.

Mr. VANDENBERG. What is the Senator's interpretation of subsection (f), at the top of page 15? Are not the Philippine Islands entirely exempted, in respect of all products, from any phase of the bill?

Mr. SMITH. I think that is unquestionably true.

Mr. VANDENBERG. Then, should not the Philippine Islands at least be removed from this list of exemptions? Why should any territory under the American flag be exempted? Why should we not all live under a common rule?

Mr. SMITH. That is a matter which will have to be decided by the Senate. Of course, the Senator recognizes that the committee had the bill for a considerable time, but that feature of it was not discussed as far as I recollect. I do not think that feature was discussed in the committee at all. But if we allow importations from those islands to come in as of now and then put a processing tax on the things produced here, of course, it is obvious to all that the advantage would be with importations from those islands.

Mr. VANDENBERG. I suggest to the Senator from Coloradio that it would scarcely seem wise to vote upon his amendment until we can have some assurance that the back door is not going to be open after we have adopted his amendment.

Mr. COSTIGAN. I agree with the Senator from Michigan that it would appear under this language that competition in any of the excepted territory would be stimulated to the disadvantage of American industry. I took occasion last night to confer with the office of the legislative counsel on this subject. Their view, like mine, was to the effect that the processing tax in any event would apply to the imported article. If that is not true, then in my judgment this subdivision should be stricken.

Mr. VANDENBERG. The processing tax certainly is one of the "provisions of this title", reading from the exemptions in subsection (f).

Mr. COSTIGAN. The real purpose of the exception, I think, was doubtless to guard the duty-free imports from the Philippine Islands. In line with what I stated in answer to the first question of the Senator from Michigan, duty-free imports are not interfered with by the bill because the processing tax is a domestic tax. It is not a tariff. It is an excise tax applicable to all articles enumerated as basic which are sold in the United States, produced or imported. It seems to me appropriate to consider further whether this subdivision should be stricken.

Mr. McNARY. Mr. President, will the Senator from Michigan yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Oregon?

Mr. VANDENBERG. I yield.

Mr. McNARY. The Senator from Michigan has raised a very important question, but I invite his attention to subdivision (e) of section 15, found on page 21, particularly lines 7, 8, and 9. Will not the Senator see if that does not cover the situation?

I also direct the inquiry to the chairman of the committee. I think that the compensating tax on articles produced in the possessions would put them on a parity with the domestically produced commodities and prevent the harm and disadvantage to which the Senator from Michigan a moment ago directed our attention.

Mr. VANDENBERG. I ask the able Senator from Oregon to read subsection (e) on page 21 in conjunction with subsection (f) at the top of page 15. Subsection (e) is a part of the same title as subsection (f), and subsection (f) says that "the provisions of this title shall be applicable to the United States and its possessions, except the Philippine Islands", and so forth.

Mr. McNARY. Yes; I have read that.

Mr. VANDENBERG. Does not that take subsection (e) on page 21 out of application to the Philippine Islands, the Virgin Islands, and so forth?

Mr. McNARY. No; I believe not.

Mr. SMITH. May I call the Senator's attention to the fact that in lines 4 and 5 it is provided that the processing tax shall be "paid upon any article processed or manufactured wholly or in chief value of such commodity and imported into the United States or any possession thereof to which this title applies", and so forth. Now this title

does not apply to subsection (f) because it is eliminated. Therefore the title cannot apply to it. It is specifically eliminated. It does apply to all that are not specifically exempted, so that we have a confusion here in the two sections.

Mr. McNARY. I do not think the confusion is as great as indicated by the distinguished Senator from Michigan and the able Senator from South Carolina. Subsection (f), on page 15, says that provision shall be applicable to the United States and its possessions and then eliminates or excepts several possessions. That is true; but on page 21, where the compensating tax is mentioned, it includes products in foreign countries and in our possessions, and makes those products when brought into the United States subject to the same tax as products domestically produced. I think there can be no confusion about that matter.

Mr. VANDENBERG. Then it would be the interpretation of the Senator from Oregon, for example, that if beet sugar and cane sugar were included in the basic commodities, then equivalent processed commodities from the Philippine Islands would have to pay the compensating tax defined on page 21?

Mr. McNARY. Yes. If not, it should be made definite and certain, because it would be a very distinct advantage to permit the introduction and importation of such products into this country in competition with those who have to pay this tax.

Mr. SMITH. May I ask the Senator this question: If we put this tax on the importation of Philippine commodities without granting them the same benefits that accrue to the producers here, we have penalized them, in contravention of our understanding with the Philippine Islands. If we tax them equal to the tax here for the benefit of the sugar grower, we are putting on a tariff directly in favor of the American producer.

Mr. VANDENBERG. The Senator is entirely correct. I interpret the remarks of the Senator from Oregon to mean that we take all the benefit and give none under the terms of the bill.

Mr. McNARY. That is exactly true.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. VANDENBERG. I yield.

Mr. TRAMMELL. I want to say in reply to the statement made by the Senator from Michigan that a reading of subsection (e) on page 21 does not convince me at all that it would apply to the Philippine Islands. A reading of subsection (e) on page 21 seems to me to demonstrate that it is for the purpose of taking care of importations that may come from any country, and then to be sure that importations which come through the American possessions shall also be subject to the processing tax it is provided that such importations as may come from those possessions, the Philippines and other possessions, shall pay a compensating tax. But that does not conflict with the other subsection on page 15, which provides that the Philippine Islands shall not be included. Subsection (e) takes care of the question of importations from any country.

In view of the fact that we have applied the processing tax to the Philippines, it is provided that the compensating tax shall not apply to commodities imported from the Philippines. As I take it, that means that products that may be carried into the Philippines and processed in the Philippines would then be subject to this tax. But it still does not in terms reach out and take in the commodities that are the production of the Philippine Islands. My idea of it is that, construing the two paragraphs together, the Philippine products can come in absolutely free of any process requirements.

Mr. VANDENBERG. Mr. President, we are assured by the authors of the bill that that is not contemplated. I suppose, for the time being, we shall have to rest upon that assurance; and then, in the course of the day, it seems to me that the apparent discrepancy between subsection (f), on page 15, and subsection (e), on page 21, should be very definitely made plain in respect to the interpretation that has been given us by the Senator from Oregon.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield the floor.

Mr. FRAZIER. At the bottom of page 10, in section 9, subsection (a), lines 23, 24, and 25, the bill reads:

> The processing tax shall be levied, assessed, and collected upon the first domestic processing of the commodity, whether of domestic production or imported, and shall be paid by the processor.

I think that would include importations from our own possessions.

Mr. VANDENBERG. My point is that the language at the top of page 15 is a general exemption in respect to the entire balance of the title.

Mr. SMITH. That is true.

Mr. VANDENBERG. And that general exemption includes the Philippine Islands. Now, it is claimed that the language on page 21, by a process of tortuous interpretation, which I hope may not require us to fall back on some of the Department of Agriculture's "hogarithms", clears up the situation. Certainly, there must be no doubt left upon the subject.

Mr. SMITH. Mr. President, to my mind it is perfectly clear that the provision on page 15, unless there is some amendatory action taken, exempts the Philippine Islands and the islands enumerated in that section from the operation of the tax that will apply on all importations from foreign countries. It cannot be any plainer than it is; and, the subsequent section on page 21 to the contrary notwithstanding, it only provides in general terms for importation, and includes possessions; but we have exempted by specific language certain possessions of the United States that shall not pay the tax. Then we come to the difficulty that if they do pay it, it is tantamount to putting a tariff on the importations from these islands, unless we provide that the producers of these commodities shall receive the same benefit for paying the tax that the domestic producer does.

Mr. COSTIGAN. Mr. President, on fuller consideration I think it proper to say to the Senator from South Carolina [Mr. SMITH] that as I now read the bill, subdivision (f), on page 15, exempts from the processing tax the Philippine Islands. It does not, however, if I understand the bill, exempt imported sugar from the provisions of subdivision (e) on page 21, because, as stated on line 8, "this title does not apply."

If the able Senator from South Carolina will further examine the bill, he will doubtless be satisfied that it is unnecessary, in order to give parity to domestic and imported sugar, to change the bill, because a compensating tax equivalent to the processing tax will be levied under the last-mentioned provision. The difference under the bill between the Philippine Islands and excepted possessions of the United States and the continental United States is with reference to increased benefit payments. These apparently are to be made only within the United States as defined. That, however, is not unusual, because we are frequently under the necessity to appropriate revenues to meet limited needs. The question before us is whether we are discriminating between Philippine imports and domestically produced commodities. That we are not doing, if I correctly read the bill.

Mr. SMITH. Let me understand clearly the point the Senator from Colorado is making—that the processing tax which shall be levied and collected for the benefit of the sugar producers in continental America shall not be applied to the Philippine Islands, but the commodity that is imported from the Philippine Islands to America shall pay the compensating tax?

Mr. COSTIGAN. That is my interpretation of the bill as it is now drafted.

Mr. SMITH. Mr. President, that interpretation, of course, is in accord with the text; but the point I was making was that we would then in effect put a tariff duty on the importations from the Philippines to protect the advanced price of American sugar. Of course, if it seems

that that could be the interpretation made here, it would be tantamount to levying a tariff against importations from the Philippines to measure the processing tax that we apply.

Mr. COSTIGAN. Mr. President, my view of the subject differs from that of the able Senator; and apparently he did not understand the construction I was attempting to give the bill. It is my understanding that a compensating tax would be placed upon the imported sugar equal to, and not exceeding, the processing tax imposed on the domestic sugar. The articles would continue to come in from the Philippine Islands duty free. The purpose of the compensating tax would be to equalize and not do more than equalize the processing tax in the United States. The sugars, imported and domestic, would reach the market on a parity. If so, it is not fair to speak of the tax as a tariff hindering imports of Philippine sugar.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado.

Mr. COSTIGAN. I ask for the yeas and nays.

Mr. ROBINSON of Arkansas. Mr. President, I do not believe it is sound policy to include sugarcane as a basic commodity in this bill. I do not believe that sugarcane bears that relationship to the subject matter of the legislation; and it is readily conceivable, if we recognize sugarcane as a basic commodity, that many other commodities will enjoy the same right of recognition.

I repeat, while this amendment comes from my friend the Senator from Colorado [Mr. COSTIGAN], who is in favor of the bill, most of the proposals of this character come from those who avow themselves in opposition to it; and if the friends of the bill are going to permit an indefinite number of commodities to be defined as basic commodities, then the measure will become impossible of administration.

What is the meaning of the term "basic commodity"? I take it that the expression "basic" carries its own significance. It means fundamental, primarily essential as a part of the agricultural industry. While of course in one sense every agricultural commodity that the country produces is necessary, still I do not believe that this commodity ought to be incorporated; and if it is incorporated I think we are inviting a flood of amendments here, and an increase in the number of basic commodities.

Mr. BLACK. Mr. President, will the Senator yield for a question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BLACK. May I ask what effect it would have on the present tariff on sugar if this amendment should be adopted?

Mr. ROBINSON of Arkansas. That is a subject that has been discussed. Some have expressed the opinion that it would result in unfair discrimination against domestic producers. Others have expressed the very contrary opinion. I do not know; and that is another reason for not including this as a commodity.

Mr. BLACK. Under the terms of the bill, does it not require, if sugar shall be included, an additional imposition?

Mr. ROBINSON of Arkansas. That is a question that has been discussed some 30 minutes, and no conclusion has been reached about it.

Mr. BLACK. I was not here during the discussion.

Mr. ROBINSON of Arkansas. One very able lawyer has maintained that a compensatory tax must be levied against sugar imported from certain possessions of the United States, including the Philippines, under the terms of this bill. Other Senators have taken directly the contrary view.

Mr. BLACK. What about sugar imported from other than the possessions of this country?

Mr. ROBINSON of Arkansas. They would have to pay the tax.

Mr. BLACK. They would have to pay an additional compensatory tax, over and above the tariff that we have at the present time?

Mr. ROBINSON of Arkansas. Yes.

Mr. NORRIS. Mr. President, I had intended to participate further in the debate; but we have now progressed so far that we have commenced what was done in the committee—the pastime of putting a lot of other basic commodities in this bill.

I have not any doubt but that all of us are acting in the best of faith. I never saw a committee more anxious to solve a difficult problem as nearly as they could solve it than were the Agricultural Committee when they were considering this bill.

I think it must be admitted that if we put every agricultural product in this bill, we shall make a farce of it. It is going to be difficult to administer under any conditions. There is doubt even as to whether, under the very best of conditions, it can be made to work. It seems to me that we must admit that it is an experiment. It is one that I think we are justified in making. However wise anyone may pretend to be, I do not believe anybody can tell in advance just how it is going to work out. We are justified in passing such legislation only under the most desperate conditions, and such conditions, I think it is admitted by all, prevail now in our country and perhaps in the whole world. I have believed from the beginning that we ought to confine the basic agricultural products to just as few in number as possible. I thought that if we confined the basic products to wheat and cotton, we would by that means cover practically the entire country, and would enable the Department to carry out the law, and if it succeeded—and we all hope that the Department will succeed in the administration of it—if we wanted to later, we could extend it to other crops.

One reason why we ought to confine the bill is the very nature of the different kinds of commodities. It seems to me that it will be impossible to apply the law to some of them and make it work. The uncertainties, the ramifications would make it exceedingly difficult.

I wanted to strike out hogs and corn, although they are the main products of my State and my section of the country. It seemed to me that we could try the law best on two dominating, Nation-wide agricultural products. If we succeeded in raising the price of wheat, naturally the prices of all other agricultural products of a food nature would follow. The prices of them would come up automatically. There are reasons why it should apply to wheat and cotton. They are both produced in this country very much in excess of what we can consume, and we always have bothersome and troublesome surpluses on our hands. One of the things that has bothered us, that has stood in the way of any successful legislation on the agricultural question, has been the question of the surpluses.

In the last Congress we voted to strike everything out of a similar bill except wheat and cotton, and I think we were right in that. When the committee had referred to it the pending bill, it contained some things which it seemed to me ought to be left out. I see no reason why we should put rice in, for instance. I want to take out hogs and corn, although if we raise the price of one of those products, it will have a direct influence on the price of the other. The Secretary of Agriculture, in a conference I had with him about taking out corn and hogs, expressed the belief that it would work as to corn and hogs, and that he wanted those items left in the bill. He did not want to go any farther. He thought there might be ways under the law by which he could apply the law to hogs and corn.

I can see that as to hogs, for instance, there would be an opportunity of doing some good. At least, it is worthy of trial, and I understand serious consideration is now being given to a provision in the bill which would permit the Secretary of Agriculture to enter into contracts with processors without the levying of the processing tax, and put the proposed law into operation.

I can conceive how a contract might be made with the large packers by which they would agree, for instance, to pay 6 cents a pound for hogs. There is a provision in the bill for reaching such an agreement. If enough of them went into it to accomplish that, I should like to give them an opportunity to try it, to see whether that would not automatically raise the price of hogs, because all other buyers would have to meet the price that was made and offered by

those who had entered into the agreement. If a sufficient number entered into it, I am rather inclined to think it would work. So that is a provision in the bill which might operate.

Mr. KING. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. KING. In view of the statement just made by the able Senator, that the question is being considered now of making contracts directly with the packers or others for the purpose of avoiding the imposition of the tax, does not the Senator believe that that, however, would be a condonation or ratification of the efforts which will be made to violate the Sherman antitrust law? It would seem to me that the processors having a contract with the Government that they were to do certain things could then justify claim, and certainly could under the provisions of the law, that they could enter into a combination to increase prices, and lift them so high as to be extortionate.

Mr. NORRIS. Mr. President, I frankly concede that unless it were properly handled there would be evil in it; but this contract would be, in effect, a contract with the Government of the United States. If sufficient numbers of packers of meats entered into such a contract with the Government of the United States, and carried out the contract, which I think we will all have to concede the Secretary would be honest in making, all others would have to pay the price agreed on. The Secretary would not make a contract that was unreasonable, but if he wanted to raise the price of hogs to 5 or 6 cents a pound, and he entered into a contract with those who bought the hogs for slaughter and succeeded in making a contract with enough packers to do that, and they carried out the agreement, everybody else would have to pay the same price for hogs in order to get them.

There possibly ought to be a provision in the bill—and I have been told such an amendment is to be offered—which would provide that any corporation or individual entering into such a contract with the Government would be exempt from the operation of the antitrust law. If it were wide open, and they were permitted to enter into any kind of a contract, then the danger which the Senator from Utah points out would be apparent. But this contract is to be made with the Government of the United States. We will have to have faith enough and confidence enough in the Government of the United States to believe that it would not make a contract that would be unjust. Provision is in the bill now for the making of such a contract. I do not know whether such a contract can be brought about. If it could be, I think it would be a very important benefit to agriculture.

Mr. President, what I am relating is the result of a talk I had with the Secretary of Agriculture in my office. There was no secret about it, however. There was nothing covered up about it, so that he cannot have any objection to my stating what I have stated. It will be a perfectly honorable thing to do if the law shall be passed, and it will be a perfectly legal thing to do. That probably explains why we ought to leave such a thing as hogs in the bill. At least after the Secretary assured me that he wanted corn and hogs in the bill, and thought he might be able to do something with one or both of those commodities, I withdrew my objection, as far as I had any, to the inclusion of hogs and corn.

Mr. President, we had in the committee this situation. We put in this article, we put in that article, we put in the other article, we got a lot of them in, and we were not through putting them in. I think we had flax in. We were about to put beans in. We had peanuts in already. It became apparent to all of us that our bill was going to be a farce if we put everything in, that it was going to be unworkable. While the Secretary would not be compelled to take action on all the different commodities, nevertheless he would be under such pressure from all over the United States, from the producers of all kinds of farm products, to apply the law to them, that it would be irresistible, and I think the committee saw where we were going. So we took out all except those which were in when the bill came to the Senate, and I think we ought to have taken some of those out.

Now we have put in peanuts. I am not one who wants to ridicule that item. A great many people think of peanuts with the idea of ridicule, and that will have some psychological effect to the detriment of this proposed law if peanuts are left in. But I am not one who ridicules peanuts. A careful study of the peanut industry, I think, will convince anybody that in rather large sections of our country that is the principal agricultural product. It is a good agricultural product. It is one of the finest food products produced. I do not want to belittle it, and I am not trying to do that. But we put that item in.

Now come proposals to put in sugar beets and sugarcane. Do Senators know what will happen if we put those in? Will not the flax men make an effort to put flax in? Why would we not put flax in? Will not the beans men have a proposition to add beans? Will not the cattle and sheep men also demand that those products come in? They are out now. Will not a lot of other products be put in? What is the justification for voting against one and voting for another of these various products?

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COSTIGAN. The gifted Senator from Nebraska represents one of the large sugar-beet-raising States of the country. I desire to ask him whether he is not concerned over reports in the press, one of which appears this morning, another of which I placed in the RECORD yesterday, indicating that there is an elaborate plan on foot to limit the production of sugar, both here and in Cuba, and through the marketing provisions of the law change the relations of sugar producers; also whether, if he is concerned, he does not think it desirable that a commodity subject to such a program should have assured to the growers the return of the moderate price, as in the case of other commodities, which prevailed in the years from 1914 to 1919?

If I may further interrupt, will the Senator be good enough in this connection to discuss the provisions for marketing found in subdivision 2, on page 7 of the bill, which apparently are made applicable to any agricultural commodity or product thereof?

Mr. NORRIS. Mr. President, I do not happen to have a copy of the bill before me. I had not intended to discuss any particular provision of the measure. That was not the purpose of my remarks. To begin with, when it comes to sugar and its price and a general knowledge of the subject of its production, I take my hat off to the Senator from Colorado [Mr. COSTIGAN]. In my State there is a large quantity of sugar produced. The Senator from Colorado for many years was a member of the Tariff Commission.

In my judgment—and I say this without looking at him, and I hope he will not hear it—he was one of the best members the Tariff Commission ever had. He has made an intimate study not only of sugar but of a great many other things. I dislike more to disagree with the Senator from Colorado on the question of sugar than I would with any other Senator, because of the respect I have for his opinion, formed after many years of intelligent study of the question; but if his amendment should be put into the bill I do not believe the Secretary of Agriculture would apply it to sugar beets and sugarcane. I do not want to "pass that buck" to the Secretary; I want to take some of the responsibility myself; I want to relieve him of it.

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Missouri?

Mr. NORRIS. I yield.

Mr. CLARK. I have been very much interested in the Senator's remarks about basic commodities being included in this bill, and I should like to ask him on what principle the committee arrived at these basic commodities? In other words, on what principle rice was included and peanuts and sugar excluded, or on what principle hogs were included and cattle and sheep excluded? Of course, I am opposed to the bill; I think it is bad in principle, and my own notion

is that it is going to prove another Farm Board fiasco, and in an exaggerated degree, but the principle on which I have been acting in this matter was to vote to allow any commodity to be included that wanted to be included and any commodity to be excluded that desired to be excluded. I should like to know on what principle the committee acted in making up the list of basic commodities?

Mr. NORRIS. Mr. President, in my humble judgment, in putting in rice, for instance, I do not think the committee acted on any principle; it was merely arbitrary. No matter what we put in, it is more or less arbitrary; I realize that. If the bill should be confined to the basic products of wheat and cotton, that would be an arbitrary decision. I concede that. I am acting and voting all the time on the theory that we are justified in making an experiment to meet a desperate situation. Cattle and sheep were excluded by vote of the committee. As I felt then, I would have voted to exclude everything except wheat and cotton. There was only one reason that moved me in that regard, and that was I wanted to confine the measure to as narrow a limit as I could, and I thought those two commodities covered the entire country. Whether that reason is good or not, it was my reason, and that is the way I looked at it.

Mr. CLARK. I can see the reason for trying an experiment, which this whole proposal frankly is, with two basic commodities, wheat and cotton; but when we begin to go beyond that and take in this commodity and that commodity, it seems to be an absolutely arbitrary determination. Where should the line be drawn? In other words, why did the committee include rice and not include sugar; why did they include hogs and not include sheep and cattle, except on the principle that the producers of some commodities wanted them included and others desired their commodities to be excluded?

Mr. KENDRICK. Mr. President——

Mr. NORRIS. Just a moment. Let me first answer the Senator from Missouri; indeed, I had not finished answering the inquiry of the Senator from Colorado when I was interrupted.

Mr. CLARK. I did not mean to interrupt the Senator from Nebraska.

Mr. NORRIS. I am not objecting to interruptions, because I am not seeking anything except to try to get, from my viewpoint, a bill that will be as nearly practicable as possible. I shall yield to the Senator from Wyoming a little later if he will permit me to go on.

Mr. KENDRICK. Very well.

Mr. NORRIS. I do not think rice ought to be included in the bill, and I will vote to strike it out. I think it never ought to have been put in. I realize the importance of the rice industry; I do not want anybody to get the idea that I think it is small and that it is not worthy of consideration; but we are starting out on a vast program, moved to do so by the terribly desperate condition in which we find agriculture. We want to do something; it may be that we shall fail; we must realize that, to begin with. However, I had rather go down fighting, Mr. President, to save the country and to save agriculture than to go down with my hands folded; and that is the only excuse I have for supporting this bill.

Those who are going to enforce the bill, in my judgment, are moved by the best of faith. They realize their difficulty, and I think we add to the difficulty when we multiply the commodities to which the provisions of the bill are to be applied.

Suppose we should raise the price of wheat by enacting this bill; suppose we should raise the price of cotton by doing so; does not everybody know that the price of corn and hogs and cattle and sheep and flax and every other farm product would automatically go up in sympathy with the incerase in the price of these two principal nation-wide commodities? My argument may not be good; it may not appeal to the Senate; but it is the thing that appeals to me. I am against loading this bill down. I should like to reconsider the vote by which peanuts were included in the bill, and take them out.

Mr. CLARK. Mr. President, I am in entire accord with the Senator from Nebraska in the matter of trying this experiment with respect to basic commodities, but when it is proposed to go beyond cotton and wheat, where are we going to stop?

Mr. NORRIS. That is the question; I admit that; I am trying to stop the Senate from going any further.

Now, I wish to say if we vote, for instance, to put sugar beets and sugarcane in the bill, I do not see any argument against putting in flax or beans or restoring cattle and sheep.

There were some peculiar reasons in the case of cattle and sheep. I want to say frankly they did not appeal to me very much, but the sheepmen and the cattlemen were almost unanimous in trying to keep cattle and sheep out of the bill; and, like the Senator from Missouri, I did not want to put any commodity in the producers of which wanted to be kept out. So I was very glad that they wanted to keep sheep and cattle out, and I wanted to relieve them. That may not be logical, but that is the plain truth, so far as my vote was concerned and so far as my influence, what little I had in the committee, was concerned. I should like to keep them out.

I realize that, having put peanuts in, no logical argument can be made why we should keep sugar beets and flax and beans and oats and barley out. I concede that frankly. I think we have made a mistake. I do not want to make another one.

I have been told by a Senator who is interested in the peanut matter that he proposes to make a motion to reconsider the vote by which peanuts were included in the bill. I hope that will be done. If we proceed now to put all these commodities in we will reach, I think, the condition in which the committee was when it put everything in and kept nothing out, and we will be in almost a ridiculous position. That is the reason why I feel constrained to vote against putting in sugar beets and sugarcane. If it goes on, we are going to take another step and put something else in, and I think I would be justified in voting to put anything else in that anybody wants to put in. I now yield to the Senator from Wyoming.

Mr. KENDRICK. Mr. President, in answer to the inquiry made by the Senator from Missouri [Mr. CLARK] as to why cattle and sheep should be excluded from the bill I will say the primary reason is the perishable character of the commodities. The record is perfectly clear on that point, and there is no question that the extreme limit of time which may safely be employed in moving these commodities from the processor to the consumer is about 9 days. After that deterioration of the product begins and within another day or two the commodities must either be consumed or destroyed. Another compelling reason is found in the fact that the producers of cattle and sheep, almost without exception, are strongly opposed to the inclusion of their commodities in this bill. On this point I agree with the Senator from Missouri [Mr. CLARK] that the law should apply only to those commodities the producers of which desire to enjoy the benefits of the bill.

Everybody knows two things about the bill; first, it is highly experimental, and there will be increased delays occasioned by the Government's administration of the movement. It follows, necessarily, that perishable commodities are less adapted to such legislation than those that are nonperishable. It is my conviction that the plan first considered, to include only wheat and cotton in the bill, would have provided an experiment with many more possibilities of success than are to be found in a plan of numerous commodities, of which at least some are perishable.

As suggested, I have received telegrams from all over the western country, from livestock associations large and small and from producers large and small, and practically every message has protested against the inclusion of cattle and sheep in the bill. Therefore, to involve these commodities against the wishes of the producers is not only unfair but because of their perishable character it is equally unsafe.

And, finally, it is unnecessary to impose such a penalty upon producers in the guise of a relief bill.

Mr. CLARK. Mr. President, will the Senator from Nebraska indulge me just a moment?

Mr. NORRIS. Let me finish, Mr. President; I will be through in just a moment; then I will yield the floor and the Senator may discuss the question in his own time.

I concede that the questions propounded to me by the Senator from Missouri [Mr. CLARK] are perfectly proper questions. I have answered them all according to my light, except one, and I have partially answered that one. I want to answer it more fully, and then I am through. I refer to the suggestion with regard to hogs and corn.

As I said in the beginning, I started out opposed to putting hogs and corn in the bill, and the only reason why I would vote against taking hogs out now is because of the possibility under this proposal of an agreement for which the bill provides. I have not talked with the Secretary as to whether or not he has been working on the agreements provided for, and I may be misinformed about it; but I am advised that there is strong probability of the Secretary's being able to make an agreement with a sufficient number of packers in the United States so as automatically to raise the price of hogs to the farmer, and that without any processing tax or anything else. If that is a possibility, I would not want to deprive the Secretary of Agriculture of the right to make such agreement. He wants both corn and hogs in the bill, as he stated in his testimony.

Mr. LONG. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER (Mr. POPE in the chair). The Senator will state it.

Mr. LONG. I inquire if the pending question before the Senate is the amendment offered by the Senator from Colorado [Mr. COSTIGAN]?

The PRESIDING OFFICER. That is the question now before the Senate.

Mr. LONG. I just entered the Chamber a little while ago. Let me inquire of the Senator from Nebraska if he has been speaking on that amendment?

Mr. NORRIS. I have.

Mr. LONG. I hope the Senator has been speaking in favor of it?

Mr. NORRIS. No; I spoke against it.

Mr. LONG. Mr. President, I have been unable to understand a great deal of the logic of those behind the pending farm bill. I have wanted, if possible, to vote for it; but it has been exceedingly difficult to figure out a way by which I could justify any spark of conscience and record my vote in favor of this proposed farm legislation, if it may be called farm legislation. But, Mr. President, if this proposed legislation is to be fair and just and is to be administered in that spirit, I fail to see why the product of the cane farmers and the beet farmers should be excluded.

I wish to say for the benefit of the Senate that there is not a set of farm workers on the face of the earth who have received as meager a pittance for their labor from sun-up to sun-down and after sun-down and before sun-up as the sugar farmers of the State of Louisiana and, I believe, the beet farmers of the West.

Mr. President, if you have ever seen the work you know that it is the most laborious work done on the face of the living earth. Thousands and tens of thousands of poor devils have labored on the farms under the niggardly tariff we have had here, drawing all the way from 30 to 50 cents a day, sometimes as high as 60 to 75 cents a day; but even in the good times, when there was prosperity among the western farmers, the cane workers of the State of Louisiana have received wages not to be compared with the wages that have been enjoyed in the other agricultural enterprises of the country.

If we are going to penalize the cane farmer and the beet farmer, let us hesitate before we do so. We have already put peanuts in the bill almost by unanimous vote. The condition of those who have been thriving through the raising of peanuts certainly has never been as bad as the condition of those who have had to compete with free sugar brought here from the Philippine Islands. Something has been said about penalizing the sugar farmer because of the tariff. But Senators have forgotten that for many years we have been placed absolutely on a parity with the sugar that comes from the Philippine Islands and that sugar importation has increased year by year to such an extent that, if we do not free the Philippine Islands or do something else to relieve the situation, there will be no such thing in the next few years in the United States as domestic sugar business. There is no justification on earth for leaving out the beet farmer and the cane farmer, particularly if we are going to include peanuts in the bill. I submit as a matter of fairness that there are more farmers affected by the domestic production of sugar in the United States today than are involved in some of the other products included in the bill.

Frankly, I wish to make this confession: I do not think the farm bill will work. That is one time I agree with the author of the bill, or at least the nominal proponent of the bill. The Senator from South Carolina [Mr. SMITH] and I have not agreed for a long time, but this is one time that I think we agree. I do not think this bill will work topside or bottom. I think it has in it some of the most foolish provisions I ever saw in legislation, either proposed or enacted. But the President says it is an experiment, and that is the basis on which many of us are trying to justify our votes in favor of the bill. If it is any good at all, Mr. President, do not leave the beet and cane people in the rain. If this is a decent bill, if there is any chance under the living sun for it to work out, then we cannot go back to the people raising beets in the West and cane in the South and tell them there is any justification for having left them in the rain, when they have not enjoyed much of the prosperity that many other agricultural interests have enjoyed in what were called the semiprosperous times.

Mr. BANKHEAD. Mr. President, I want to make a very brief statement about the sugar amendment. The amendment is absolutely inconsistent with the policy and purpose of the bill. In section 2, page 2, it is declared to be the policy of Congress "to establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor as will reestablish prices" and so forth. While, of course, it is encouraging to those who are supporting the bill to find the representatives of so many commodities anxious to come within its provisions, and while that fact clearly manifests the judgment of their representatives here, or at least the ratification of the will of the wishes of their constituents by them, that the bill will be helpful, still I hope that the bill will be held within reasonable limitations in the matter of the commodities to be included within its provisions, notwithstanding the great anxiety of Senators who are protesting the efficiency and effectiveness of the bill to get the products of their constituents within its terms.

As to the sugar question, I am informed that only about 25 percent of the sugar consumed in America is produced in America. The balance is imported. Therefore, it is impossible to deal with the question of sugar under the declared policy of the bill, to establish and maintain a balance between production and consumption in an effective way.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Colorado?

Mr. BANKHEAD. I yield for a question.

Mr. COSTIGAN. Is the Senator informed as to the plans of the Department of Agriculture, which have received considerable newspaper publicity, to establish a quota system with respect to sugar under the provisions of the bill?

Mr. BANKHEAD. I know nothing about any plans about a quota; but I know that unless sugar is brought under the terms of this bill by the Senator's amendment the Department will have no control over the subject under the provisions of the bill.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Maryland?

Mr. BANKHEAD. I do.

Mr. TYDINGS. I should like to ask the Senator from Colorado [Mr. COSTIGAN] whether or not, in addition to his other powers, it is proposed to give the Secretary of Agriculture the power to raise and lower tariffs or to effect embargoes under this bill.

Mr. BANKHEAD. I do not care to yield to a Senator to ask questions of other Senators. I want to come to the point which the Senator from Maryland, with his clear mind, has gone directly to.

There are only two ways under this bill, except through agreement, by which a commodity may be benefited. One of those ways is by a reduction in acreage or production. Of course, neither the Senator from Colorado nor anyone else has any desire to reduce the production of sugar in America.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Colorado?

Mr. BANKHEAD. For a question only. I do not care to yield for a debate.

Mr. COSTIGAN. May I say to the Senator that the proposed quota arrangement with respect to acreage evidently contemplates precisely what the Senator has in mind? There is in prospect, as we are advised by the press, under the marketing provisions of the bill, a plan to attempt to raise the price of sugar by limiting the amounts of sugar which may be brought into this country, not only from our own possessions but also from Cuba, and the amount which may be produced in the United States.

Mr. BANKHEAD. Mr. President, it ought to be perfectly clear to the distinguished Senator from Colorado that the production in America of sugar or any other commodity cannot be decreased under the provisions of this bill except by consent of the producer.

Mr. LONG. Mr. President, will the Senator permit me to ask him a question?

Mr. BANKHEAD. Certainly.

Mr. LONG. Is it not the purpose of this bill to raise the commodity price of the farmer's product? Is not that what we are trying to do—to give the farmer a living out of what he raises? Is not that what we are after?

Mr. BANKHEAD. There is no difference between the Senator from Louisiana and myself upon that subject.

Mr. LONG. All right. Our poor man raising sugar has his back absolutely broken. He is worse off today——

Mr. BANKHEAD. I do not want to engage in an argument; but the Senator ought to know that under sugar conditions, the only way to raise the price of sugar is to raise the tariff on sugar; and this is not a bill intended primarily to deal with the tariff problem, except so far as the compensatory features apply.

Mr. TYDINGS. Mr. President——

Mr. LONG. That is one way to help, and I have been trying to tell the Senator from Alabama that, but I have not received a very responsive accord until now. The conversion has come too late for the sugar tariff.

Mr. BANKHEAD. I have not declared for any sugar tariff. Do not let the Senator's mind get confused on that subject.

Mr. LONG. I did not understand the Senator. I was just hoping that the Senator had, perhaps.

This tax is going to raise the price of the commodity. Does the Senator know of any reason why our sugar farmers of the West and of the South are not entitled to just as much consideration in this measure as the rice farmers or the cotton farmers or the wheat farmers? Why are they separated?

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BANKHEAD. Yes; I yield. I will answer the Senator from Louisiana when the Senator from Maryland gets through. I yield to the Senator from Maryland.

Mr. TYDINGS. I desire to ask the Senator—though his remarks make my question almost unnecessary—whether he does not recall that agricultural products are one third of our entire exports at the present time and have been since the World War. We export about a billion and a half dollars' worth of agricultural products a year, under normal conditions. May I ask the Senator if the ultimate effect of an embargo on sugar will not bring us to the same pass that the Smoot-Hawley and other world tariff measures have brought us to, namely, of further destroying our markets for our agricultural surpluses abroad, because does not the Senator believe that retaliation will follow from any policy we pursue?

Mr. BANKHEAD. I think it tends directly in that direction.

Mr. President, without any intention of digressing into a general tariff controversy, I desire now to call the attention of Senators to the effect of this amendment.

I have already pointed out that it is not consistent with the policy of this bill, which is primarily to bring about an effective operation of the law of supply and demand. No such question is involved on a commodity when we produce only about 25 percent of our consumption of it and when our desire is to produce more, and not less, of that commodity.

As I stated, unless sugar is brought within the provisions of this bill, there is no way for the administration to deal with it on the subject of quotas. Not only that, Mr. President, but there is no provision in this bill, whether the amendment is included or not, under which such a result could be brought about—the reduction of acreage planted to sugar in this country. There is no provision in this bill, as has been repeatedly brought to the attention of the Senate, that gives the administration any compulsory power on the subject of production or acreage planting. So if it is the desire of the administration to enter upon some quota agreement, there is certainly nothing in this bill which would give to the administration power to reduce acreage or reduce production except where such reduction is voluntary and agreed to by the producers themselves.

So, as I stated, Mr. President, there are but two ways to benefit producers here. One is by the leasing of acreage. Who has a suggestion that sugar acreage should be leased and taken out of production, as, forsooth, may be contemplated as to rice, tobacco, cotton, wheat, and the other commodities in this bill? So that that feature of the bill would have no application whatever to sugar.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Missouri?

Mr. BANKHEAD. Certainly; for a question.

Mr. CLARK. How about the provision that is in the bill about the cost of production?

Mr. BANKHEAD. Will the Senator answer me a question? Is he in favor of putting sugar into this bill, with its tariff effects?

Mr. CLARK. I am in favor of letting anybody in the bill that wants to get in, and letting anybody out that wants to get out.

Mr. BANKHEAD. So the Senator wants sugar in?

Mr. CLARK. Yes; I am going to vote to put sugar in.

Mr. BANKHEAD. Now, Mr. President, let us see the effect of that.

As I just said, there is no way to benefit the sugar growers under the leasing provision of the bill. The other method is what is commonly known as "the allotment plan", which provides the benefits to the producers; but, Mr. President, let no one forget that the application of the allotment plan to any commodity contemplates necessarily, to be effective, whatever benefits are paid, that there must be a voluntary agreement to reduce production of acreage in some agreed amount in order to receive the benefits following an allotment certificate. So that under either phase of the bill, rentals or allotments, it could not be applied to sugar; and no sugar producer, no representative of sugar constituents, would want the application of either plan to sugar on account of the necessity of bringing about a reduction either

by leasing or by voluntarily agreeing in order to get the benefits of the plan.

If the allotment plan is applied—and that is the only one that could be applied—and a reduction in acreage follows in order to secure it, what is the result? Under the compensatory tariff provision of this bill, if an excise tax, for illustration, of 5 cents a pound should be put upon processed sugar in this country, in order to secure from that tax the money to be paid to the producer either for rental or for allotment benefits, then what is the result? Upon one fourth of the total consumption we put a tax to be paid to the producers. Upon three fourths of all the sugar consumed in America we place the same identical tax of 5 cents a pound additional upon every pound subject to the import duty under our tariff law.

Mr. HARRISON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Mississippi?

Mr. BANKHEAD. I do.

Mr. HARRISON. The Senator says that we produce one fourth of our consumptive demands of sugar. I desire to say to the Senator that the figures will show that we produce in the United States only between one fifth and one sixth of our consumptive demands of sugar.

Mr. BANKHEAD. I thank the able Senator for that valuable information. I got my figures from the Senator from Colorado [Mr. COSTIGAN].

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Delaware?

Mr. BANKHEAD. Yes; I yield.

Mr. HASTINGS. Does not the same argument that the Senator makes with respect to sugar apply to wheat and every other commodity?

Mr. BANKHEAD. The Senator knows that there is no importation of the other articles involved in this bill. Why ask a question like that, when it answers itself?

Mr. HASTINGS. I should like the Senator to answer the question.

Mr. BANKHEAD. I have answered it. It has no practical effect, of course.

Mr. HASTINGS. What is the answer to the question?

Mr. BANKHEAD. The answer to the question is that there are no imports of the other commodities included in this bill.

Mr. HASTINGS. I understood the Senator a moment ago to complain about this amendment being put in the bill because it meant that three fourths of the people of the Nation would have to bear the additional tax that would be imposed for the benefit of the one fourth that raised the sugar; and I ask the question whether that is not true of wheat and everything else in this bill.

Mr. BANKHEAD. Mr. President, the party to which the Senator belongs has dealt with the question of an adequate tariff upon sugar. They have placed it at a point, I assume, as high as they felt the consumers of America would stand; and that is the tariff duty that now exists in the law—the one that the party to which the Senator from Delaware is loyal adopted as an adequate and effective protective tariff upon the sugar industry.

Mr. HASTINGS. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER. Does the Senator from Alabama further yield to the Senator from Delaware?

Mr. BANKHEAD. Yes.

Mr. HASTINGS. I understood the Senator a moment ago to say that the only relief that the sugar industry could have would be through the protective tariff. I desire to ask the Senator if he is in favor of sufficiently increasing the protective tariff so that the sugar industry will be put on a par with other American industries.

Mr. BANKHEAD. Mr. President, when a tariff bill comes before the Senate, that will be an appropriate and suitable place to deal with the question of the tariff. It is not my purpose, and has not been my intention, to make any argument for or against the tariff. I have had no thought of going into that line of discussion. I am merely pointing out to the Senate that without considering, as such subjects must be properly and carefully considered, the amount of increased tariffs that are justified, we ought not here, upon this bill, to incorporate a provision which, if put into application, would automatically also put into application the compensatory-tariff provision of this bill. So I submit that this is not the time nor the place to go into that subject on any commodity, whether sugar or any other commodity.

Mr. HASTINGS. Mr. President, will the Senator yield for one more question? Then, I promise not to interrupt any more.

I call the Senator's attention to the fact that the last paragraph of section 15 of the bill distinctly provides:

> (e) During any period for which a processing tax is in effect with respect to any commodity there shall be levied, assessed, collected, and paid upon any article processed or manufactured wholly or in chief value from such commodity and imported into the United States or any possession thereof to which this title applies, from any foreign country or from any possession of the United States to which this title does not apply, a compensating tax equal to the amount of the processing tax in effect with respect to domestic processing at the time of importation. Such tax shall be paid prior to the release of the article from customs custody or control.

The question I ask is how the Senator can possibly contend that, in the consideration of the pending bill, we must eliminate all consideration of the tariff question.

Mr. BANKHEAD. Mr. President, I do not care to go into any debate with the Senator. I do not think it has any application to the bill. It is perfectly apparent on the facts presented here that the administration would not and could not properly put into operation any provision of this proposed law which would be helpful to the sugar growers. I, therefore, submit, in view of that unquestioned result, that we ought not further to open up the subject of the inclusion of this and other commodities which are to follow.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the senior Senator from Colorado [Mr. COSTIGAN].

Mr. COSTIGAN. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I therefore withhold my vote. If I were allowed to vote, I would vote "nay."

The roll call was concluded.

Mr. LEWIS. I wish to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Texas [Mr. CONNALLY], the Senator from Nevada [Mr. PITTMAN], the Senator from Mississippi [Mr. STEPHENS], the Senator from Indiana [Mr. VAN NUYS], the Senator from Kansas [Mr. McGILL], and the Senator from Oklahoma [Mr. THOMAS] are necessarily detained from the Senate on official business.

Mr. COPELAND. I have a general pair with the Senator from Ohio [Mr. FESS]. Not knowing how that Senator would vote on this question, I transfer my pair to the Senator from South Carolina [Mr. BYRNES] and vote "nay."

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. DALE] has a general pair with the Senator from New Mexico [Mr. BRATTON].

The result was announced—yeas 44, nays 37, as follows:

YEAS—44

Adams	Couzens	Kendrick	Reynolds
Austin	Dickinson	Keyes	Robinson, Ind.
Bailey	Dill	King	Russell
Barbour	Erickson	Long	Schall
Bone	Fletcher	McAdoo	Sheppard
Borah	Frazier	McCarran	Shipstead
Byrd	Glass	Neely	Thomas, Utah
Carey	Goldsborough	Nye	Townsend
Clark	Hastings	Overton	Vandenberg
Coolidge	Hebert	Patterson	Walcott
Costigan	Kean	Pope	Wheeler

NAYS—37

Bachman	Bulkley	Cutting	Hale
Bankhead	Bulow	Dieterich	Harrison
Barkley	Capper	Duffy	Hatfield
Black	Caraway	George	Hayden
Brown	Copeland	Gore	Johnson

Lewis	Murphy	Smith	Walsh
Lonergan	Norbeck	Steiwer	White
McKellar	Norris	Trammell	
McNary	Reed	Tydings	
Metcalf	Robinson, Ark.	Wagner	

NOT VOTING—14

Ashurst	Dale	Logan	Thomas, Okla.
Bratton	Davis	McGill	Van Nuys
Byrnes	Fess	Pittman	
Connally	La Follette	Stephens	

So Mr. COSTIGAN's amendment was agreed to.

Mr. WHEELER. Mr. President, I offer an amendment, on line 9, page 16, after the word "rice", to insert the word "flax."

Mr. SMITH. Mr. President, there is so much confusion in the Chamber that we are unable to hear.

The PRESIDING OFFICER. The Senate will be in order, and the occupants of the galleries will likewise observe order.

The clerk will state the amendment.

The CHIEF CLERK. The Senator from Montana offers the following amendment:

On page 16, line 9, following the word "rice", to insert the word "flax."

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Arkansas?

Mr. WHEELER. I yield.

Mr. ROBINSON of Arkansas. It is perfectly apparent that through a combination between peanuts and sugar——

Mr. HARRISON. Mr. President, can we not have order in the Chamber?

The PRESIDING OFFICER. Senators will be seated. The Senator will suspend until the Senate is in order.

Mr. ROBINSON of Arkansas. Mr. President, it is perfectly apparent that, through a combination between peanuts and sugar, this bill is being placed in a condition where it will merit much of the criticism that has been directed against it by those who are opposed to it. I have no criticism to make of any Senator who is against the bill, and who feels that the way to make his opposition effective is to load it down with amendments which will render the measure impossible of execution; but I do want the friends of this measure, those who believe that its purpose is wholesome, who believe that its proponents have an honest desire to uplift agriculture, to understand that they are not rendering it any valuable assistance when they write into it peanuts and sugarcane as basic commodities.

Mr. President, this matter is of importance. If the friends of this proposed legislation are going to admit all commodities on the theory of the Senator from Missouri [Mr. CLARK] that everybody who "wants in" shall be permitted to come in and everybody who wishes to go out shall be permitted to go out, then there is not an excuse in the world for not admitting every agricultural commodity that knocks at the door for admission.

There is no Senator here who does not realize that the test of the value of this measure is whether or not it can be effectively administered. However, if we are going to make it apply to all agricultural commodities, if we define as basic agricultural commodities all the products of our fields and our soil, we shall put an impossible burden upon those who will be charged with the responsibility of administering this proposed act.

We are now at the point where we must determine whether we are going to destroy this bill by making it impossible of administration or whether we are going to give the President and those who support him an opportunity to accomplish something in behalf of agriculture.

Mr. President, with the permission of the Senator from Montana, I move a reconsideration of the vote by which the last amendment was adopted.

Mr. COSTIGAN. Mr. President——

Mr. WHEELER. I think I have the floor, Mr. President.

The PRESIDING OFFICER. The Chair is informed that the Senator from Arkansas voted on the losing side, and therefore is not qualified to make the motion which he has made.

Mr. ROBINSON of Arkansas. I realize that I am on the losing side, and that if the point of order be made I am not in a position to make the motion.

Mr. WHEELER. Mr. President, in pressing my amendment to insert flax under this bill, let me say that in the Committee on Agriculture and Forestry the committee itself voted to include flax and they likewise voted to include peanuts. Finally, after some discussion, I said that if the committee struck out peanuts I would be perfectly willing to have flax eliminated, notwithstanding the fact that I felt it important to have flax included in the bill for this reason: If by this legislation the price of wheat shall be increased, thereby necessarily the production of flax will be lessened, and much land which is now planted in flax will in the future be seeded in wheat. Consequently it seems to me that it is quite necessary, if the bill is going to be successful in increasing the price of wheat, to include flax, so as to give the Secretary of Agriculture power to deal with flax just the same as he may deal with wheat. I think any person who is familiar with the wheat situation in the Northwest knows that those two crops are interchangeable. Farmers may seed wheat or flax upon identically the same land.

Mr. BARBOUR. Mr. President, will the Senator from Montana yield to the Senator from New Jersey for a question?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from New Jersey?

Mr. WHEELER. I yield.

Mr. BARBOUR. When the Senator from Montana refers to flax in that connection he must be referring to seed flax?

Mr. WHEELER. Yes.

Mr. BARBOUR. Because the flax which is grown for fiber is in no sense interchangeable with the flax which the Senator is now discussing.

Mr. WHEELER. I am having reference not to fiber flax but to seed flax.

Mr. BARBOUR. And the Senator's amendment refers only to seed flax?

Mr. WHEELER. It refers only to seed flax.

Mr. CLARK. Mr. President, will the Senator from Montana yield to me?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Missouri?

Mr. WHEELER. I yield.

Mr. CLARK. As I understand the terms of the Senator's amendment, it does not make it mandatory on the Secretary of Agriculture to apply this proposed act to flax or any other commodity of the bill. Is that correct?

Mr. WHEELER. That is correct.

Mr. CLARK. So that in a bill in which we are granting authority to the Secretary of Agriculture to levy taxes and to impose tariffs, to take a tax from one commodity and to apply it to another, the adoption of this amendment would simply broaden the wide discretion that is already given to the Secretary of Agriculture, but would not in any way complicate the administration of the proposed act unless the Secretary should choose to impose that duty on himself?

Mr. WHEELER. That is correct.

Let me say to the Senate that when we had a similar bill embracing the allotment plan before the committee at the last session of Congress I took the same position as that of the Senator from Nebraska; that in view of the fact that it was an experiment we ought to try it on two of the major products—cotton and wheat—and I took the same position in reference to this bill. But the administration wanted cattle included; they wanted sheep included; they wanted rice included; they wanted corn included, and hogs, and milk and its products.

Now, let me say that, in my humble opinion, there is not any more doubt but that this bill will work so much more effectively with reference to flax than it will with reference to hogs or with reference to corn, there is not any comparison at all. In addition to that, if it will raise the price of wheat, then a great many people who are raising flax at the present time will immediately go into the wheat-raising business throughout the Northwest, and it will have the

effect of making the bill less workable without flax than if flax be included. So I urge that my amendment be adopted.

Mr. BARBOUR. Mr. President, will the Senator yield to a question?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from New Jersey?

Mr. WHEELER. I yield.

Mr. BARBOUR. I wonder if there would be any objection, in the light of what the Senator has just said, to inserting the word "seed" before the word "flax", so that it would read "seed flax"?

Mr. WHEELER. That would be all right, or "flaxseed."

Mr. LONG. Mr. President, may I ask the Senator if the amendment is not offered in order to protect the other products, it being necessary to include flax in order to keep flax producers from going into the wheat-raising business?

Mr. WHEELER. There is not any question that if we should not include flax and leave in wheat a great many people in the Northwest who are now planting flax will plant wheat. I think the inclusion of flax will make the bill more workable, and I see no reason in the world why it should not be included in the bill.

Mr. SMITH. Mr. President, may I ask the Senator from Montana a question?

Mr. WHEELER. Certainly.

Mr. SMITH. Are there any other agricultural products with which flaxseed would come in competition of which he knows?

Mr. WHEELER. I do not know of any.

Mr. SMITH. My understanding was that perhaps the fiber flax might come in competition with other fibers, and it was provided in the original allotment bill, and at one time in this bill, that a compensating tax should be placed on those textile fibers that come in competition with the textile fibers covered by this bill, so that if the price were raised the other commodities competing therewith should pay a compensating tax; but I never before heard the element of flaxseed discussed.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Montana [Mr. WHEELER].

Mr. GORE. Mr. President, the Senator from Montana has made a motion to insert flax in the pending bill. I merely want to give notice that Oklahoma is the leading broomcorn-producing State in the United States. I can resist the temptation now, but, if flax goes in this bill, I might insist on broomcorn treading on its heels, because I, as well as others, am about to lose my virtue.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Montana [Mr. WHEELER].

Mr. HARRISON. I ask for the yeas and nays.

Mr. WHEELER. Very well; let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LEWIS. Mr. President, I rise to a point of order. It is utterly impossible to hear the responses of Senators, and the vote cannot properly be recorded so long as the commotion in the galleries and the noise on the floor continue. I am sure if it were understood that such was the result that quiet would be maintained. I ask for order.

The PRESIDING OFFICER. The clerk will suspend calling the roll until Senators take their seats and refrain from conversation.

The Chief Clerk resumed the calling of the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the Senator from Kansas [Mr. MCGILL], and will vote. I vote "nay."

The roll call was concluded.

Mr. LONG. Mr. President, I change my vote from "yea" to "nay", so that I may move to reconsider the vote at a later date.

Mr. COPELAND (after having voted in the negative). I transfer my pair with the Senator from Ohio [Mr. FESS] to the Senator from Indiana [Mr. VAN NUYS] and allow my vote to stand.

Mr. HEBERT. I wish to announce that the Senator from Vermont [Mr. DALE] has a general pair with the Senator from New Mexico [Mr. BRATTON].

Mr. LEWIS. I wish to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Arizona [Mr. ASHURST], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Colorado [Mr. COSTIGAN], the Senator from California [Mr. MCADOO], the Senator from Kansas [Mr. MCGILL], the Senator from Nevada [Mr. PITTMAN], and the Senator from Indiana [Mr. VAN NUYS].

The result was announced—yeas 32, nays 48, as follows:

YEAS—32

Adams	Clark	Kean	Reed
Austin	Couzens	Keyes	Robinson, Ind.
Bailey	Erickson	King	Schall
Barbour	Frazier	McCarran	Shipstead
Bone	Glass	Metcalf	Thomas, Utah
Borah	Goldsborough	Neely	Townsend
Byrd	Hastings	Nye	Walcott
Carey	Hebert	Patterson	Wheeler

NAYS—48

Bachman	Dickinson	La Follette	Robinson, Ark.
Bankhead	Dieterich	Lewis	Russell
Barkley	Dill	Logan	Sheppard
Black	Duffy	Lonergan	Smith
Brown	Fletcher	Long	Steiwer
Bulkley	George	McKellar	Stephens
Bulow	Gore	McNary	Thomas, Okla.
Byrnes	Hale	Murphy	Trammell
Caraway	Harrison	Norbeck	Tydings
Connally	Hatfield	Norris	Wagner
Copeland	Hayden	Pope	Walsh
Cutting	Kendrick	Reynolds	White

NOT VOTING—15

Ashurst	Costigan	Johnson	Pittman
Bratton	Dale	McAdoo	Vandenberg
Capper	Davis	McGill	Van Nuys
Coolidge	Fess	Overton	

So Mr. WHEELER's amendment was rejected.

Mr. ROBINSON of Arkansas. Mr. President, I move to reconsider the vote by which the amendment was rejected and to lay that motion on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas to lay on the table the motion to reconsider the vote by which the amendment was rejected. [Putting the question.] The noes seem to have it.

Mr. ROBINSON of Arkansas. I demand the yeas and nays.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Had not the Chair announced the result of the vote?

The PRESIDING OFFICER. The result of the vote had not been announced. The demand for the yeas and nays is sufficiently seconded. The clerk will call the roll.

The Chief Clerk called the roll.

Mr. COPELAND (after having voted in the affirmative). Repeating the announcement as to my pair and its transfer as on the previous vote, I allow my vote to stand.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from New Mexico [Mr. BRATTON]; and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN].

Mr. LEWIS. I wish to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Arizona [Mr. ASHURST], the Senator from Colorado [Mr. COSTIGAN], the Senator from California [Mr. MCADOO], the Senator from Kansas [Mr. MCGILL], the Senator from Nevada [Mr. PITTMAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Oklahoma [Mr. THOMAS], the Senator from Florida [Mr. TRAMMELL], and the Senator from Indiana [Mr. VAN NUYS].

The result was announced—yeas 48, nays 31, as follows:

YEAS—48

Bachman	Copeland	Harrison	Pope
Bankhead	Cutting	Hatfield	Robinson, Ark.
Barkley	Dickinson	Hayden	Russell
Black	Dieterich	Kendrick	Sheppard
Bone	Dill	King	Smith
Brown	Duffy	Lewis	Steiwer
Bulkley	Erickson	Lonergan	Stephens
Bulow	Fletcher	McKellar	Thomas, Utah
Byrnes	George	McNary	Tydings
Caraway	Glass	Murphy	Wagner
Connally	Gore	Norbeck	Walsh
Coolidge	Hale	Norris	White

NAYS—31

Adams	Clark	La Follette	Robinson, Ind.
Austin	Couzens	Long	Schall
Bailey	Frazier	McCarran	Shipstead
Barbour	Goldsborough	Metcalf	Townsend
Borah	Hastings	Neely	Vandenberg
Byrd	Hebert	Nye	Walcott
Capper	Kean	Patterson	Wheeler
Carey	Keyes	Reed	

NOT VOTING—16

Ashurst	Davis	McAdoo	Reynolds
Bratton	Fess	McGill	Thomas, Okla.
Costigan	Johnson	Overton	Trammell
Dale	Logan	Pittman	Van Nuys

So the motion of Mr. ROBINSON of Arkansas to lay on the table the motion to reconsider was agreed to.

Mr. HATFIELD obtained the floor.

Mr. FRAZIER. Mr. President, will the Senator from West Virginia yield?

Mr. HATFIELD. I yield.

Mr. FRAZIER. I desire to enter a motion that the vote by which peanuts were included in the bill yesterday be reconsidered.

The PRESIDING OFFICER. The motion will be entered.

Mr. FRAZIER. If the Senator from West Virginia will yield, I should like to make the motion now and dispose of it at this time.

Mr. HATFIELD. I do not care to yield for that purpose now.

Mr. LEWIS. Mr. President, may I ask if the Senator from West Virginia did not yield to have the motion entered to reconsider the vote referred to?

The PRESIDING OFFICER. The motion has been entered.

Mr. LEWIS. I thank the Senator from West Virginia.

Mr. HATFIELD. Mr. President, I listened with much pleasure yesterday afternoon to the able Senator from Montana [Mr. WHEELER], who emphasized the fact that the nations of the world that have depreciated their currencies are seriously interfering with the return of prosperity to this land by flooding our markets with their goods, which are landed here below the domestic cost of production.

I wish to quote from the Senator's speech of April 17, 1933:

> With depreciated currencies in 44 countries, with the currency of Japan depreciated 60 percent, with England's depreciated 30 percent, with that of the Argentine 40 percent, with depreciated currencies ranging all the way from 50 percent down to 10 percent, how do you expect, Mr. President, under those circumstances, to bring back prosperity in the United States, when England is manipulating at this very moment not only the pound sterling but is likewise manipulating the dollar?
>
> * * * * * * *
>
> Forty-four nations of the world have gone off the gold standard. Why did they do it? Because they had to have 40 percent of gold if they remained on the gold standard in order to carry on. When they could not keep the 40 percent of gold they had either to contract their currency to an extent that would cripple their business, or they had to go off the gold standard to maintain their currency upon some basis. Japan went down and, as I said a moment ago, has depreciated her currency 60 percent, and she is flooding our markets today with her manufactured products.

In substance, the Senator from Montana stated that he feared that if the measure known as the "farm bill", H.R. 3835, should be enacted into law, it would not cure the economic and industrial ills that are now going on in our land which affect the American farmer, nor would it stay the chaotic plight of our industrial condition.

Mr. President, I find myself strongly in agreement with the able Senator. I have been attempting since 1930 to point out this industrial situation that confronted us on all sides. I mean, Mr. President, in those countries east, west, north, and south whose destinies are directed under another flag. I tried to state from this floor the situation that was confronting the farmer, the wage earner, and the industrialist since September 1931.

Soon after England went off the gold standard, I appealed to the then President of the United States, Mr. Hoover, calling his attention to the fact that industries were shutting down for want of orders, and that many men were out of work for want of employment. In support of that statement, Mr. President, I quote the following paragraph from a letter written by me to the President on September 12, 1931:

> The tariff act protects the employment opportunities of our American workers; and I have the conviction that if some of the rates were higher in the Smoot-Hawley tariff law, greater relief would be experienced by American labor in these hours of depression, which would result in taking up some of the unemployment that exists in our country today.

In the early part of 1932 I addressed the Senate on the effects of the depreciated currencies of Europe and Asia, although at that time little or no attention was being given to this danger that threatened our domestic trade. On that occasion I said, in part:

> To my mind, the present tariff rates in effect on products of foreign industry, criticized as they have been by some Members of the Senate, are lower than present world-wide conditions justify. With foreign currencies, as in the case of England and Japan—two of the leading exporting nations—depreciated some 30 percent, the actual tariff protection or equalization in effect today is less in many cases than that which existed prior to the passage of the present tariff act.
>
> Mr. President, let us remain Americans and legislate for America. Let us follow the advice of the immortal Washington, as in doing so I believe we will be voting the sentiment of the American people. The American people as a whole are nationally minded.

On January 31 of this year I again spoke on how foreign depreciated currencies had affected our tariff rates. I quote a few paragraphs from this speech:

> Give the industries of this country the assurance of the home market by protecting these products against the products of those nations now off the gold standard, and the American Congress will accomplish two things, in my judgment. First, it will return millions of men to work; second, it will do more to force Europe and Asia back to a sound monetary basis than any international conference can accomplish.
>
> This action will help home industries. They will provide an adequate surplus by restoring their depleted warehouses and by so doing will put thousands of men to work who are now walking the streets and highways seeking the opportunity for earning a living that is denied them. Their unemployment has terminated their purchasing power.
>
> The farmer is the manufacturers' best friend in the way of a consumer; but the farmer cannot purchase unless he has a market for his products; and it has long since been demonstrated that the purchasing power of the forty-some million workmen under the American flag represents 80 percent of his market.

President Hoover on February 12, 1933, delivered in New York a Lincoln Day speech, in which he stated that our country was at the fork of three roads, which, in substance, he explained as follows:

First, he referred to a world economic conference, and possible raising of the standards of living of foreign workers to that of our own people, as a means of relief for industry and agriculture—a condition which it has been impossible to accomplish since the early progressive days of our Republic. It has been known to the nations of the world that the standard of living enjoyed in America surpassed all the rest.

Secondly, relief through a high degree of self-containment, the control of our production of agricultural and other products, and living largely in a state of nationalism, which so many of our economists and thinkers today condemn, notwithstanding our experience with Europe, beginning with the war of our independence, and coming down to the present time.

Third, another proposition that was opened to us was to inflate our currency, abandon the gold standard, depreciate our currency, and enter a world economic war.

In his messages to Congress in the few weeks that were left to him at the conclusion of his administration, the

policy that President Hoover advocated to Congress was relief made possible by a facility established through the Treasury of the United States. This policy has been continued down to the present time. So all we have had to offer in the way of relief to the great army of wage earners has been through and by road development and the construction of a few Federal buildings. Then came the dole; again the dole, and then relief, all by the Government of the United States, necessarily in a limited way.

Mr. President, I have always been taught that the people should support the Government, except that where some citizen had been a defender of his Nation's flag, and through such support misfortune overtook him, then on account of his devotion to the Government should take care of him.

I, of course, know of our local Government's obligations to its wards who cannot help themselves; and I can assure this body that I, as an individual, have contributed liberally of my services and means to that group.

Here, however, we have a nation placed in the position of assuming the role of supporting almost one third of our wage earners who are embarrassed by this hopeless situation in which they find themselves dependent for bread and raiment upon the National Government. They do not want this charity, Mr. President. They want the opportunity to work, and, by so doing, to assist in the support of their Government.

The Senator from Montana pointed out the effect of depreciated currency on all groups in the United States. He uncovered the direful malady which is eating at our Nation's very vitals—a situation which has had my thought and serious consideration since the stock-market debacle, and what happened in Europe and Asia soon thereafter. I have been attempting to point out this very situation. I disagree with the able Senator only in the remedy to be applied.

Being a confirmed protectionist, as far as protection is necessary to serve the best interests of the great masses who toil, I have thus far attempted to secure the adoption of a measure dealing with depreciated currency by an excise tax, having for its purpose bringing Europe and Asia's basic units of value represented by their money up to a parity of unit of value, thereby establishing the differential of the cost of production at home and abroad, using this tax to make up the difference between the cheap money of Europe and Asia and our gold standard, and, by accomplishing this purpose, to save our industries from utter ruin.

In the article by Garet Garrett, which appeared in the Saturday Evening Post of April 15, 1933, he stated:

> With the certainty of wind currents seeking the profitable vacuum, currents of merchandise gather and set hitherward from all parts of the earth. Sardines from Norway at prices ruinous to the sardine industry of the Maine coast, where presently 2 in every 3 factories are closed, fishermen are idle, and boats are tied up. Japanese scallops at Boston, 25 cents a gallon; and the Atlantic coast scallop industry in the dumps. Toys from Germany. Raw cotton from Egypt, not in the quantities usually imported for its special merit as a long-staple variety but in rising quantities, with the Federal Farm Board at Washington using public funds to support the price of American cotton. European steel bars for reenforcing concrete, with their ends clipped to remove the mark of their foreign origin, and used in public road work for the relief of American unemployment. Pig iron from Japan and British India at prices the American iron industry cannot match unless it is willing to go into liquidation, default on its existing capital, start all over again, and then offer such wages to the American ironworker as are paid in Japan and India.
>
> There is pig iron from Holland, too; and that is curious, because Holland is a gold-money country. The explanation is that Holland, with her gold money, buys ore in Spain, which is a depreciated-currency country, then smelts the ore in Holland and sells the pig iron here. The Hollander's profit is in the exchange with Spain. We might buy ore in Spain, too, and so reduce the cost of producing pig iron in this country, except that we have ore of our own to use. Each ton of foreign pig iron imported displaces the amount of American labor necessary to produce 2 tons of ore, 1¼ tons of coal, half a ton of limestone, besides the labor necessary to transport these materials by rail and water, and the labor represented at the furnaces and coke ovens.
>
> Then butter from New Zealand to the Pacific coast and cream from Canada into New York State, with the Federal Farm Board at Washington trying to support the dairy industry.

Mr. Theodore M. Knappen, writing in the Wall Street Magazine of April 1, stated:

> While 30 or 40 nations operating under the guerilla flag of no fixed value for their currencies have been storming our protective tariff walls, we have neither raised tariffs nor changed our monetary standards. Congress has held hearings on the subject until it is black in the face, and the Tariff Commission has accumulated a mountainous labyrinth of statistics.
>
> All the hearings and all the figures show that the United States is the export playground of the world.
>
> Manufacturers, farmers, and laboring men have pleaded tearfully for help, but there is no help.
>
> Worse and more of it, American home factories are shutting down and turning their business over to their foreign branches.

In an address delivered at the Wharton Alumni Institute, Philadelphia, March 23, 1933, by Prof. Wallace B. Donham, the author of Business Adrift, the following paragraph serves to emphasize the crux of the problem that faces the American people today and its solution:

> If we consider our home problems and work them out, the progress of science puts well within our grasp a higher material civilization than ever was dreamed of, a civilization based on high general standards of material living, not on a submerged class; a material civilization which makes a great civilization possible. But we cannot prosper with bankrupt farmers or many millions of industrial unemployed. Fifty million people cannot support 75 million ineffectives. Nor can we restore 75 million to effectiveness by international measures. * * * I agree with an eminent Englishman who recently said to me, "The best service you can do for Europe is to work out your own problems."

I commend his contribution at this hour of our country's peril as worthy of emulation by every lawmaker in the Congress as a sound policy in this period of reconstruction, which surely takes us back to the earlier periods of our Government's development in wealth and commerce, in trade, and in living conditions.

We have made our debts and we will pay them, although they were not contracted by our own wrongful action, but with the hope of a greater and more liberal democracy, in the interest of the great masses of the people both at home and abroad.

There is no question about the sincerity of those who had this vision; but, Mr. President, our expenditures of money that have been made, and will be made until they reach the colossal sum of $165,000,000,000 or more before the end, will be realized by the present generation and generations yet to come. In this period of our Nation's economic and commercial dilemma the Hearst newspapers have almost daily pointed out in vivid pictures the plight so ably portrayed by the Senator from Montana—the vision of labor and industry alike in one common concourse of appeals for relief. Yet, Mr. President, nothing constructive, looking toward relief, has even been undertaken other than placing additional responsibilities of a financial nature upon the backs of the American taxpayer in the way of issuing bonds and creating additional obligations through and by the Treasury of the United States.

Mr. President, during my efforts to secure consideration in the Seventy-second Congress of my amendment dealing with the subject of depreciated currency that was destroying every hope for work opportunities for the home labor and the market of the American farmer, there came reams of letters and telegrams in support of it; but my efforts all failed, seemingly for lact of support by Congress.

Mr. President, I can see a rift in the clouds. The senior Senator from Montana [Mr. WHEELER], in most emphatic terms, presented proof and argument of the existence of the situation that no group of individuals can successfully contradict. Industrial records will disclose the fact that the situation has existed since the ravages of depreciated currency started soon after September 1931, at which time it laid upon American industry a hand that gradually paralyzed our entire economic structure, not unlike the ravages of some kind of a communicable disease upon the human body. Not one group among the almost innumerable groups under the American flag has escaped its ravages, which proves that our entire economic and industrial fabric is so interwoven that one is dependent upon the other. In other words, there are no unrelated industries in America; and our entanglements with world trade and world commerce have so enmeshed American industries located here and throughout the world that depreciated foreign currency has been like a

great octopus that has devitalized our very existence, industrially and individually.

I say in all sincerity that the only thing, in my judgment, that will lift this depressed Nation from the despond into which it has lapsed is legislation that will effectually estop this vulture of depreciated currency that has blocked in one direction and drained in another the life stream that supplies the very vitals of our trade and commerce.

Mr. President, the diagnosis has been made. The treatment up to this hour has been palliative. All kinds of nostrums have been applied, and more are in the making, soon to be administered, no doubt, such as international conferences, reciprocity, horizontal cuts in our tariff law not unlike the tariff law rendered inoperative during the administration of that great American, Andrew Jackson, which resulted in a severe depression. Are all these new foreign remedies to be used, when we all know that it was a foreign plague that has brought us to our present plight?

Mr. President, I ask, When will restitution come? When will we return to those basic guides that directed the founders of this Government? Will it be after hopeless insolvency has engulfed all of the investments in stocks and bonds and insurance, which represent the widow's mite or the pittance of the old and decrepit who felt secure because he had laid away something for the rainy day when the debacle of 1929 came and continued? Will it only come when the homes, the farms, and the firesides have tumbled into one hopeless mass of bankruptcy?

Mr. President, let us apply this specific. Let us temporize no longer. We should not wait for next week or next year, or for some foreign potentate to suggest the remedy. If we are so dependent upon those in foreign lands in time of peace and distress, what must be our plight in the time of conflict, should it ever come?—which I hope and trust it may not. We have done nothing but succor Europe for the past 16 years. Our support enabled them to undermine and destroy the economic stability of our Government. Europe, in my judgment, cannot be stabilized again until revision of the Versailles Treaty is had. But that is Europe's trouble. We gave the Allies our best fighting men; we loaned them money, both private and public. Did they not by their conduct assist in the toppling over of the frenzied stock market in 1929 because of their vision of what was happening in Europe?

The trouble began at Vienna, at whose feet converge four great routes, hewn by nature in remote geological times. Through these mountain clefts, over these rolling plains, and down these fertile valleys swarmed the very progenitors of modern Europe. Ancient hunters, with stone axes, bows and arrows, intimately knew her forested glades and dwelt contentedly in her pleasant grasslands. Their successors, down the long march of the centuries, savagely have fought over these desirable areas to this very day. Today we find Vienna but a shadow of her former self, a condition brought about by the ravages of war and economic dislocations.

The next experience we had was the moratorium, followed soon by abandonment of the gold standard; and in these matters they only consulted us when they wanted something of a material nature. When their obligations became due, a few paid and the others defaulted; and at that time their deflated-currency policy was continually destroying the work opportunities for the American wage earner.

We know that the few gold-standard nations left protected themselves against the onslaught of these invaders, thereby protecting what they controlled under their own flags—with the exception of our own country; and we are still fiddling, bantering, and undertaking to bring about economic truces, notwithstanding the repeated disappointments in the way of promises and commercial losses we have sustained.

Mr. President, I, for one, protest. I have been protesting for the past 2½ years, but without avail.

If the noble patriots of the past could stem the tide of economic debacles, it seems to me that if we adopted the same policies and followed in their footsteps we ought at least to protect our industries, protect our wage earners, and bring our Nation together again and free it from the clutches that control it at this hour.

Mr. President, I quote from a former period in our country's history when, I believe, the prices received by the owners of commodities were lower than are the prices of commodities today.

I quote from Senator Gallinger's speech in the Senate on May 16, 1894, when he said, referring to conditions in 1816:

> Then great depression in all branches of business followed. Bankruptcy soon became general, and financial ruin was everywhere present. It could not be otherwise. Carey, Greeley, Clay, Benton, and others show that this was one of the most distressful periods of our national existence. Senator Benton, of Missouri, the leading Democrat of his time, describes our first experience in tariff reduction thus: "No price for property; no sales except those of the sheriff and the marshal; no purchasers at execution sales except the creditor or some hoarder of money; no employment for industry; no demand for labor; no sale for the products of the farm; no sound of the hammer, except that of the auctioneer knocking down property. Distress was the universal cry of the people; relief, the universal demand, was thundered at the doors of all legislatures, State and Federal."

Horace Greeley, speaking of what ensued, stated:

> Our manufacturers went down like grass before the mower; agriculture and labor soon followed. In New England fully one fourth of all property went through the sheriff's mill, with conditions about the same elsewhere.

It may be that those who own homes and farms were not visited by the specter of a mortgage placed upon their property at an inflated value, with the dollar today worth 50 percent of the value of the dollar when the mortgage was placed.

Mr. President, I am ready and willing to join hands with those who are ready to legislate for America. If it be remonetization of silver upon a sound and rational basis; if it be expansion of our currency, backed and protected by a redeemer that will redeem; if it be a surtax to equalize the difference between the gold standard and the depreciated currency, well and good. But let us adopt some method—stable, sound, and worthy of the policy laid down by the founders of the Government—and remember their motto, that "He who serves the people best serves the Nation well."

Mr. President, in the hope and with the belief that governmental aid to the farm-commodity producers will start our people again on the road to prosperity, it is my intention to vote for farm-relief legislation, provided such legislation will at the same time be helpful to the 40 million wageworkers among our people.

Irrespective of any legislation we pass, or the gift, directly or indirectly, of billions of dollars of the taxpayers' money to our farm-commodity producers, we will not constructively and permanently help the American farmers unless and until we furnish the 40 million American wageworkers with a sufficient purchasing power through profitable employment.

There are but few farm products of which we have a real exportable surplus. There are some farm products of which we export a small percentage of our production, not because of the willingness of the foreigner to buy but principally because of the inability of our own people to buy through their lack of purchasing power.

There is—or there would be—ample market in America for those farm products we export, other than cotton and wheat, if the 40 million American wageworkers had an income which would permit of their purchasing the foodstuffs for their families, which food they really need and should have.

Statistics of the Department of Commerce, 1931, volume 1, page 90, table 10, show that the only farm products mentioned in the bill of which we export more than 5 percent are wheat, cotton, tobacco, and lard, although lard really is a manufactured product. It is true that we also export some manufactured milk, but I contend that manufactured milk is virtually a factory product, while tobacco, of which we export almost 40 percent, is not a necessity of life.

For the information of the Senate, I have compiled a table which illustrates the yearly tax placed on American users of American cotton, wheat, pork, and corn by the pending farm bill.

Deducting our exports from the domestic production of these four major farm commodities, I find that the 40,000,000

American wageworkers will be expected to pay the consumer's tax provided for in this bill to the following extent:

Cotton, 8,009,000 bales, or 4,004,500,000 pounds, at an increase of 6 cents a pound, or a consumer's tax of	$240,270,000
Wheat, 776,000,000 bushels, at an increase of 56 cents a bushel, or a consumer's tax of	434,560,000
Corn, 2,604,000,000 bushels, at an increase of 45 cents a bushel, or a consumer's tax of	1,091,800,000
Pork, 8,351,000,000 pounds, at an increase of $4.30 a hundred pounds, or a consumer's tax of	359,093,000
Total	2,125,723,000

Apportioning this consumer's tax of more than $2,000,000,000 among the 40 million American wageworkers, being the consumers of these four major farm products, we find that each of these 40 million wageworkers will be called upon to assume an additional burden because of the consumer's tax of not less than $53.14.

The information which I have on this subject is not private. It is well known not only to those who study Government statistics but it is known also to the 15 million of American unemployed workers for whom, up to the present time, the Congress has offered nothing but poor-relief—charity, or work at a dollar a day.

While I am sympathetic with the needs of the cotton farmers and fully realize that the present price of cotton does not meet the American costs of production, I know, from the statistics of the Department of Commerce, that the cotton farmers for 1930 produced almost double the quantity they produced 10 years before.

Also, it is common knowledge that during the past 10 years, when the cotton acreage increased almost 50 percent, the cotton farmers knew full well of the development of the rayon industry and the fact that the products of this industry would to a great extent take the place of cotton as wearing apparel.

Mr. President, I have before me statistics in the form of two tables dealing with these facts, which I ask to have made part of my remarks in the RECORD.

The PRESIDING OFFICER (Mr. STEIWER in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

Acreage, production, and value of corn, wheat, and cotton

[NOTE.—Acres in thousands, production (except yield per acre) in thousands of units specified in parentheses, and value in thousands of dollars.]

CORN (BUSHELS)

Year	Acres	Production	Yield per acre	Value
1921	103,740	3,068,569	29.6	$1,297,213
1922	102,846	2,906,020	28.3	1,910,775
1923	104,324	3,053,557	29.3	2,217,229
1924	100,863	2,309,414	22.9	2,266,771
1925	101,302	2,916,106	28.8	1,966,162
1926	99,615	2,691,531	27.0	1,728,970
1927	98,393	2,763,093	28.1	1,997,759
1928	100,673	2,818,901	28.0	2,119,046
1929	97,856	2,614,132	26.7	2,042,893
1930	100,829	2,081,048	20.6	1,378,874

WHEAT (BUSHELS)

1921	63,696	814,905	12.8	$754,834
1922	62,317	867,598	13.9	873,412
1923	59,659	797,394	13.4	736,068
1924	52,535	864,428	16.5	1,123,086
1925	52,367	676,765	12.9	958,364
1926	56,359	831,381	14.8	996,308
1927	58,784	878,374	14.9	979,813
1928	58,272	914,876	15.7	887,184
1929	61,464	809,176	13.2	843,030
1930	59,153	850,965	14.4	517,407

COTTON (BALES OF 500 POUNDS GROSS)

1921	30,509	7,954	[1] 124.5	$644,933
1922	33,036	9,755	[1] 141.2	1,160,968
1923	37,123	10,140	[1] 130.6	1,571,829
1924	41,360	13,628	[1] 157.4	1,540,884
1925	46,053	16,104	[1] 167.2	1,464,032
1926	47,087	17,977	[1] 182.6	982,736
1927	40,133	12,955	[1] 154.5	1,269,885
1928	45,341	14,478	[1] 152.9	1,301,796
1929	45,793	14,878	[1] 155.0	1,217,829
1930	45,218	14,243	[1] 120.8	674,044

[1] Pounds per acre.

Mr. HATFIELD. Mr. President, the processor's tax in the pending farm bill levies a consumers' tax on every pound or bushel of the commodities included in the bill which will and must be used by the 40 millions of American wageworkers. Not only does the bill provide this enormous consumers' tax, amounting to more than $2,000,000,000 for the first year, or a per-capita tax of $53.14 on every one of the 40 million American wageworkers and the other millions dependent upon them, but, in addition thereto, it permits foreigners who purchase some of these raw materials at prices which are but a fraction of what the American processor pays, to ship such raw products in the form of manufactured materials back to the United States at total landed costs which are less than the American costs of production of comparable goods.

Thus, not only do those who sponsor this bill seek to levy a consumers' tax of not less than $53.14 on every one of the 40 million American wageworkers and the other many of these wageworkers will be denied an opportunity of employment due to the great solicitude which some Members of the Senate have for the welfare of foreign workers.

Therefore, in order to give to every American producer in his chosen field of endeavor at least a parity with the foreigner in the intense race for American trade, I offer this amendment.

Sectional legislation in the interest of one group which penalizes other groups, must, if not remedied, result in the same experience which history records followed a like legislative attitude in the nineteenth century. I am certain that no one wishes to see that experience repeated.

Why is it, Mr. President, that the Congress of the United States takes the position it does—beginning at the wrong end in the effort to relieve the situation? In this situation in America which has continued to exist for 3½ years, why is not Congress, while willing to attempt to increase the price of the products to be consumed by the wageworkers, at the same time not also willing to uphold the hands of the wage earners and give them something in the way of encouragement, looking to the period when they may be steadily employed at a wage that is worthy of their hire?

There are no unrelated industries. America, let me urge, has been developed on the theory that we are one great family industrially. As the farmer is the manufacturers' most reliable customer, so the pay roll of America affords the only dependable market for the food products of the farmer. The profitable employment of the American wage earner is the proof.

I shall not hesitate to vote for legislation beneficial to our 10 million farmers provided that in so doing I am voting also for legislation which will provide employment for our 40 million wage earners. There are plenty of such workers to be found in West Virginia, Mr. President, and I would be ashamed to go back to that State, which has honored me by sending me here to represent them in this august body, and say to them, "I did not get protection for you in the mines and mills, in the forges and other industries of West Virginia, but I voted to penalize you in the way of the purchases that you necessarily must make in order to care for your families and provide any necessary food."

In voting for legislation beneficial to the farmers, Mr. President, I fully realize that, when given employment, the purchasing power of the 13 million of unemployed American workers will be of more value to the American farmer than any processor's tax or other legislative legerdemain that can be conceived by those now seeking to legislate to cure the ills and evils afflicting this country.

I believe that the sponsors of the pending farm relief bill, which places a consumer's tax of not less than $53.14 on every one of the 40 million American wageworkers for the benefit of the 10 million American farmers, and under which, in addition to the consumer's tax, an embargo may be placed on foreign farm products, should show their consistency by voting to place the same restrictions on the products of foreign industrial workers as they seek to place on the products of foreign agriculturists.

Mr. President, only a few days ago, by the vote on the motion to reconsider the passage of Senate bill 158, which

is designed to shorten the hours of labor in this country but which at the same time, if enacted, will reduce the wages of labor, the opportunity was afforded to give the wage earners of America a chance for employment, but they were refused such a chance by a substantial majority. Notwithstanding that refusal, Mr. President, we find that this bill, through the same influence and the same support, gives to the 10 million American farmers absolute control of every farm commodity that is produced under the American flag, and that an embargo is placed against every import that must be subjected to the processor's tax. Yet this same group of Senators refuse to make restitution or give relief to the industrial workers of America. Ah, Mr. President, consistency should compel Senators to reverse their votes upon the amendment submitted by me to Senate bill 158, as a matter of equity and fair play, as a real solution to the industrial difficulty which exists in America today. The amendment proposed by me to that bill would have been helpful indeed to the American farmer and would have relieved him from any necessity of governmental support, save that of refinancing his mortgage that is now maturing and that threatens his homestead.

To indicate that the sponsors of this farm bill must have an embargo on foreign farm products, I desire to quote a statement of the senior Senator from Montana [Mr. WHEELER], as printed in the CONGRESSIONAL RECORD of April 10, 1933, page 1427. I quote:

> In order to make the bill effective at all it is necessary to place practically an embargo upon all commodities. If we do not place an embargo on them, it will be impossible to make the bill effective because of the depreciated currencies of other countries.

The senior Senator from Montana is properly recognized as one of the spokesmen for the present administration, and I do not believe that he, for one minute, would support legislation which would in any way be embarrassing to or opposed by the present occupant of the White House.

Mr. President, I seriously question the propriety of any Senator representing the industrial States voting to levy this consumers' tax of not less than $53.14 on every one of our 40 million American wageworkers, unless at the same time he votes to protect or provide employment opportunities for these 40 million American wageworkers in order at least that they may—other than through poor-relief or charity—secure the funds with which to pay this extra and enormous consumers' tax which we are asked to levy upon them.

Surely it is apparent to every Member of the Senate that unless a purchasing power is placed in the hands of the 15 million of present unemployed American wageworkers it will be necessary to provide for this consumers' tax by additional grants of Federal moneys to feed those who are unable to buy bread.

Mr. President, I can only see my way clear to vote for this legislation when this concession is given. Admittedly, it must be given. It was discussed in no uncertain terms by the senior Senator from Montana [Mr. WHEELER] in pointing out that a depreciated currency would destroy the operation of the measure unless a complete embargo is had. If that is true, what must be the resulting effect upon the $75,000,000,000 or $80,000,000,000 worth of industrial products manufactured by the wage earners of America?

The proponents of the pending farm bill have stated the necessity of placing an embargo on foreign farm products in order that the pending farm bill may be successfully operated. We do not seek an embargo on foreign-made industrial products.

We do seek and must insist that the pending farm bill be amended, as a matter of justice and equity to industry and the farmers, so as to provide that imports of foreign industrial workers be barred from entry into our markets at total landed costs which are less than the American cost of production of similar and comparable American-made goods.

Mr. President, I have presented, and there is pending at the desk, an amendment to be added to subsection (e) of section 15, which I trust will be adopted.

The most beneficial legislation which Congress can enact for the benefit of American farmers is to insure an American market for the products of American industry and American agriculture. With the present 13,000,000 unemployed Americans restored to normal employment the purchasing ability of these millions of unemployed Americans would be of more help to eliminate the present surplus of American farm products and to permit of the American farmer receiving a profit on his labors than any legislation we could enact.

I have had this conviction for the last 2½ years. I am more convinced today than ever before in my life as a Member of this body that this kind of legislation will bring stability and order out of the chaotic condition which exists today and will bring about more contentment, more happiness, and more satisfaction to the wage earners of the country than any other legislation we can enact.

Differing from those who openly seek a complete embargo, we are willing to permit of the entry of foreign-made goods provided that these goods do not deprive American wageworkers of an opportunity of earning a proper living.

Further, we differ from those who sponsor the pending farm bill in that we do not seek to place a consumers' tax on those who purchase the products of American industrial workers.

I believe that there are several Members of the Senate who hesitate to vote for the consumers' tax, as provided for in the pending bill, who might vote favorably if proper provision was made to insure employment opportunities for our 40,000,000 wageworkers, of whom 13,000,000 are at present unable to secure employment, and for whom, up to the present time, no real relief, other than charity, has been given serious consideration.

Mr. President, there is every reason why I desire to vote for the pending farm bill; and if amended so as to provide employment opportunities for American workers by insuring the products of American labor a preference in the American market, I shall be pleased to do so.

The outstanding provision of the bill, and one which I believe would receive almost unanimous support, if it stood alone, is the provision wherein the Congress of the United States appropriates or provides some $2,000,000,000 in bonds to stay the hand of the auctioneer and the dispossessor.

Mr. President, that section of the pending farm bill is one which every Member of the Senate can support were it acted upon individually. I regret to say that unless the pending bill, of which the farm-mortgage relief is a part, is properly amended, it is my conviction that many Members of the Senate who desire to vote for the farm-mortgage relief section will find it necessary in the interest of the States they represent to vote against the entire bill.

The amendment which I have offered and upon which I will ask the Senate to vote, simply provides that the products of American industrial workers shall have an equal opportunity in the American market with the products of the cheap-paid labor of foreign countries. The amendment which I offered is in thorough accord with the provisions of this bill as they apply to imported agricultural products with the exception that the present bill, as has been well stated by some of its proponents, calls for a complete embargo, while the amendment which I have proposed does not deny entry of the industrial products of foreign labor, but does permit of American industrial workers securing employment now denied to them.

Mr. President, I trust it will be the pleasure of the Senate to demonstrate to the American wage earners that we desire to do something in the way of relieving the situation which confronts them at this hour by restoring to them the domestic market which is justly theirs, by voting to keep out cheap commodities made in the sweatshops of Europe and Asia, paid for in depreciated currencies at anywhere from 30 to 60 percent less than is paid for similar work under the American flag.

Mr. President, I hope that I may be favored with the yeas and nays upon the consideration of my amendment by the Senate of the United States.

Mr. FLETCHER. Mr. President, it may be of interest to refer very briefly to the subject of a definite monetary

policy which bears on the question involved in the bill and on trade generally and as related also to the prosperity of the country. Something must be done, it seems to me, to arrive at some definite monetary policy in this country.

More than 30 nations, including England, have been forced off the gold basis.

Money loaned them and supplies sold them after the armistice—some $2,500,000,000—should be collected.

The total debt, as settled, amounted to about $22,000,000,000, to be paid over a period of 62 years, present payments being about $250,000,000 a year, with interest at 2.62 percent.

Prior to the funding they had paid some $900,000,000.

Prior to the moratorium they had paid $1,500,000,000.

France, Holland, and the United States now hold 70 percent of the world's gold.

It cost England over 28,000,000 pounds sterling to pay the 19,000,000 gold pounds of the December payment.

Our debtors claim it is impossible for them to pay in gold at present gold value of the dollar.

We cannot permit them to pay in goods.

The world's trade is badly hampered by the lack of world's metallic medium of value.

A little over 60 years ago England was the sole country on a gold basis.

France and the United States and a few others were bimetallic, gold and silver.

The others were on a silver basis—one half the world—Germany, Austria, Russia, Mexico, the Far East, most of Central and South America.

Germany went on gold and others were forced to follow.

There was a scarcity of gold. Its value went up and, conversely, world's prices went down, and it was not until discovery of rich fields in South Africa that prices commenced to go up.

Now there is another acute shortage of gold, with consequent depression in prices.

Five hundred billion dollars of the world's wealth was destroyed by the war.

Internal debts were enormously increased.

Many countries are now operating on a fluctuating paper currency—demoralizing trade.

Until a stable medium is established there is no hope of revival of trade or an increase in prices.

There is not enough gold to enable the various nations to stabilize their currencies on the basis existing before the war. There must be found some other basis for currency.

France, Italy, and Belgium have revalued their currencies at less than one quarter the previous amount of gold in them.

England is on a managed paper currency, but indicates it will soon be on a metallic basis—it may be gold but with a decreased amount of gold in the pound sterling.

If England and the United States would adopt a measure of value consisting of gold and silver, perhaps the Marshall plan, the rest of the world would follow and we would have a stable measure which would stimulate trade, raise values, and change the psychological condition from one of fear to hope and gradually lead to prosperity.

What is needed is not so much more money as increased velocity in its movement. What appears to be in circulation is not really circulating. This calls for what is called "controlled inflation".

Something must be done to raise prices of our commodities, or we cannot pay our private debts or the taxes necessary to carry on our National, State, and local governments, and provide interest and sinking fund on their bonded debts. Our monetary policy must be established to accomplish that purpose.

The gross income of our people last year was $45,000,000,000.

The personal, corporate, and public debt is $150,000,000,000.

The taxes for National, State, and local governments amount to $15,000,000,000.

With normal prices for our products our gross income should be $100,000,000,000.

We must put our dollar on an equal basis with the currency of other great trading nations.

Mr. DILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. LONERGAN in the chair). Does the Senator from Florida yield to the Senator from Washington?

Mr. FLETCHER. I yield.

Mr. DILL. Does the Senator believe that the policy adopted today of refusing to ship gold abroad will bring about the condition which he thinks so desirable?

Mr. FLETCHER. I am not advised about that policy; but if the Senator says that has been ordered, I think it is perfectly sound in order to prevent this country from being drained of its gold.

Mr. DILL. Is there any defense for allowing foreigners to take gold out of this country when we will not allow our own people to have gold for their own money?

Mr. FLETCHER. No; precisely, and that is the reason for the embargo, I think.

Mr. DILL. And is not inflation by that method far preferable to the printing-press method, since it can be managed and controlled?

Mr. FLETCHER. If it can be managed and controlled.

Mr. DILL. Of course, it can be, by the same method England used.

Mr. FLETCHER. Yes. I think it is necessary to have a proper, wise, sound system of inflation established, and a policy to that end. I think it is necessary to make this kind of an order to prohibit the shipment of gold out of the country. I think that is important.

The term "printing press" sometimes is used as a term of reproach, but the Supreme Court has held that printing money is the same as coining money under the Constitution of the United States. If the printed money rests upon a sound basis of value, I do not object to its being printed. I think a very good idea would be to have gold and silver, or whatever metallic basis may be agreed upon by the important nations of the world, in bars, and not coined at all, but to have it in bars as a reserve, and to have paper money printed and circulated instead.

A friend of mine recently sent me an article which it seems to me is quite pertinent to conditions today. It is entitled "Remedies for Fluctuations of General Prices." It is an article by Prof. Alfred Marshall, appearing in the Contemporary Review, of London, for March 1887. It is a very suggestive article; and I am going to ask to have it printed in the RECORD, because I think it applies to conditions today.

I am quite sure that if important nations—England and the United States, for instance—could agree upon a plan of this sort, basing their currency upon one half gold and one half silver, if you like, and not coining any of it except for subsidiary coins, but keeping it in bars, we would have a safe and sound basis for the currency of the world, and the world's trade would proceed properly, and exchanges would be adjusted according to that.

At any rate, this article is worth reading today, and I ask to have it printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From Remedies for Fluctuations of General Prices]

(Article by Prof. Alfred Marshall in the Contemporary Review, London, for March 1887)

A PROPOSAL FOR A STABLE BIMETALLISM

It is with great diffidence that I suggest an alternative bimetallic scheme. I am not sanguine enough to hope that I have found the best possible solution of the difficulty; but my plan, whatever its faults may be, seems to have this claim for consideration—that it would be a genuine and stable bimetallism. It would therefore give a slightly better standard of purchasing power than our present currency; and, what is more important, it would form a basis of international currency. An international gold coinage would disturb trade by causing a violent fall in prices; an international silver coinage would have even greater evils. But a system of currency based on both gold and silver could become international; and that is, to my mind, the chief reason why it is worth while to inquire what is the best possible form of bimetallism.

Ricardo suggested that we should use a paper currency resting on a basis not of coin but of stamped gold bars weighing 20 ounces each. If, he argued, the currency were in excess and showed signs of falling below its gold value, it would be taken to

the mint and exchanged for gold bars for exportation; if it were deficient, gold bars would be brought to the mint and currency demanded. Within the country the paper would be a perfect medium of exchange, while for the payment of the balances of foreign trade stamped gold bars are better suited than coins.

The currency scheme which I wish to submit for consideration differs from his only by being bimetallic instead of monometallic. I propose that currency should be exchangeable at the mint or issue department not for gold but for gold and silver, at the rate of not £1 for 113 grains of gold but £1 for 56½ grains of gold, together with, say, 20 times as many grains of silver. I would make up the gold and silver bars in gram weights, so as to be useful for international trade. A gold bar of 100 grams, together with a silver bar, say, 20 (this number 20, or whatever it might be, would be fixed on arbitrarily once for all; if we wished the value of the currency to be regulated chiefly by gold we should have only a small bar of silver, if chiefly by silver we should have perhaps 50 or 100 times as heavy a bar of silver as that of gold; but if we wished the two metals to have about equal influence, we should, taking account of the existing stocks of the two metals, probably choose our silver bar about 20 times as heavy as that of gold) times as heavy, would be exchangeable at the issue department for an amount of the currency which would be calculated and fixed once for all when the scheme was introduced. (It would be about £28 or £30, according to the basis of calculation.)

Anyone who wanted to buy or sell gold or silver alone in exchange for currency could get what he wanted by exchanging gold for silver, or silver for gold, at the market rate. Government fixing its own rates from day to day, so as to keep its reserves of the two metals in about the right proportion, might safely undertake this exchange itself; and then anyone could buy or sell either gold or silver for currency in one operation.

To insure convertibility the currency would not be allowed to exceed, say, three times the bullion reserve in the issue department. (Except in times of emergency, when the minimum rate of discount was, say, 10 percent, and then the rule might be broken either, as now, by the authority of the Government or, which I think would be better, by a self-acting rule.) The country would save so much on the cost of its currency that it could well afford to keep, as a normal reserve, bullion worth, say, £30,000,000 in excess of this limit, and thus prevent the sudden stringencies which we now suffer whenever there is even a small foreign drain of bullion. (Thus, if the currency consisted of notes for £120,000,000 besides silver and bronze token coins, the normal reserve would be £70,000,000. The management of the reserves might be intrusted to the Bank of England or a government bank which would act directly, as now, on the rate of discount, so as to keep the supply of gold and silver at about the right level, or a government department with no general banking functions might exercise an indirect pressure on the rate of discount by selling consols for currency when the reserve was getting too low, and buying them in again so as to let out the currency when the reserve was getting too large.)

There would be, as now, token coins of silver and bronze, but none of gold, because even a small percentage on the value of a gold coin is sufficient to pay the illicit coiner.

Ricardo's proposal was made at a time when the mismanagement of paper issues at home and abroad had made the notion of a paper currency repugnant to all prudent people. But now there is a greater tendency to discriminate between paper money, which has no sound basis and which may fairly be called soft money, and paper whose convertibility into hard metal is properly secured. The strangeness of the scheme will make many refuse to examine it closely; but those who can overcome their natural repugnance to the use of paper money will, I think, find it has the following advantages: (1) It would be economical and secure; (2) though economical, the largeness of its reserve would obviate the sharp twinges there now frequently occur in the money market; (3) it would vary in value with the mean of the values of gold and silver; (4) as it would in no way attempt to control the relative values of gold and silver, and would not be affected even if an ounce of gold became worth 50 ounces of silver, it could be begun at once and without risk by any one nation; (5) if adopted by several nations it would constitute at once a perfect international basis of currency and prices; (France could, if it chose, still reckon in francs, England in pounds, and America in dollars, but every 20-franc note would state on its face how many francs were exchangeable for a standard pair of bars of 100 grammes of gold and 200 grammes of silver; and therefore the equivalent in pounds, shillings, and pence of 100 francs would be settled once for all. There would be nothing to be allowed as now for seignorage or for wear and tear of coins. Francs, pounds, or dollars would alike give a definite command over bars of gold and silver, which would form a perfect medium for international payment.); (6) lastly, it has in my eyes an advantage which may appear fanciful, and on which I do not wish to lay any great stress, viz, that it is a movement in the direction in which we want to go of a tabular standard for deferred payments. If there should ever exist any other commodities besides gold and silver, which, like them, are imperishable, which have great value in small bulk, and are in universal demand, and which are thus suitable for paying the balances of foreign trade, then they could be added to gold and silver as the basis of the currency.

It has the one great disadvantage of being a paper currency, but this is, I contend, shared to a great extent by the fixed-ratio-mintage scheme, for under that paper would probably have to begin to take the place of gold almost at once, and before long would be very likely to extrude it altogether.

Mr. LEWIS. Mr. President, I note the absence of a quorum, and I move a roll call.

Mr. HATFIELD. Mr. President, will the Senator withhold that suggestion in order that I may offer my amendment?

Mr. LEWIS. For the moment I yield to the Senator from West Virginia, not to disturb the roll call, however; and I ask that the roll call occur following the presentation of his amendment.

The PRESIDING OFFICER. The Senator from West Virginia offers an amendment, which will be stated.

The LEGISLATIVE CLERK. The Senator from West Virginia proposes the following amendment:

On page 21, line 12, insert the following: "To insure a purchasing power on the part of American consumers the Secretary of the Treasury is hereby directed, while this section continues in force and effect, to prohibit the entry of foreign-made goods, which goods are similar or comparable to goods produced in America if such foreign-made goods are entered at total landed costs which are less than American costs of production of similar or comparable American-made goods. The Secretary of the Treasury is hereby authorized to make findings of the cost of production, and his decision shall be final."

Mr. LEWIS. I ask that a roll call may be had at this time.

Mr. KING. Mr. President——

Mr. LEWIS. I yield to the Senator from Utah.

Mr. KING. I wonder if a proper corollary to that amendment ought not to be that we will implore other nations not to impose a prohibition upon our exports in the event that our exports may be produced a little cheaper than those in other countries.

Mr. LEWIS. Mr. President, I take it that it is the desire of the Senator from West Virginia that the amendment tendered by him may lie on the table, subject to call. Therefore, I ask for the call of a quorum at this time.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Lewis	Russell
Austin	Dickinson	Logan	Schall
Bachman	Dieterich	Lonergan	Sheppard
Bailey	Dill	Long	Shipstead
Bankhead	Duffy	McAdoo	Smith
Barbour	Erickson	McGill	Steiwer
Barkley	Fletcher	McKellar	Stephens
Borah	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Capper	Hale	Norbeck	Vandenberg
Caraway	Harrison	Norris	Van Nuys
Carey	Hastings	Nye	Wagner
Clark	Hatfield	Overton	Walcott
Connally	Hebert	Patterson	Walsh
Coolidge	Kean	Pope	Wheeler
Copeland	Kendrick	Reed	White
Costigan	Keyes	Robinson, Ark.	
Couzens	La Follette	Robinson, Ind.	

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from West Virginia [Mr. HATFIELD].

Mr. HATFIELD. I ask to have the amendment stated for the information of the Senate.

The PRESIDING OFFICER. The amendment will be restated.

The legislative clerk restated the amendment.

Mr. HATFIELD. Mr. President, I wonder if the able Senator from South Carolina [Mr. SMITH] will accept this amendment.

Mr. SMITH. Mr. President, I do not think the Senator from West Virginia could have offered an amendment more contrary to the individual views of the chairman of the committee; but, in all fairness to him, I want the Senate to vote on the amendment.

Mr. HATFIELD. I ask for the yeas and nays on the amendment.

Mr. LONG. I hope everybody will vote for it, Mr. President. May I ask the Senator from West Virginia a question? This amendment simply means that whatever value we put

on imports foreigners will pay according to the same yardstick?

Mr. HATFIELD. It brings the European values up to a parity with the gold standard under the American flag.

Mr. LONG. Yes, sir.

Mr. CLARK. In other words, it is an absolute embargo.

Mr. HATFIELD. Oh, no!

Mr. BORAH. Mr. President, as I heard the amendment read, I thought it provided for an embargo. I should like to have it read again.

The PRESIDING OFFICER. The amendment will be restated.

The legislative clerk restated the amendment.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on the amendment of the Senator from West Virginia [Mr. HATFIELD], on which the yeas and nays have been requested.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). On this question I have a pair with the senior Senator from Ohio [Mr. FESS]. I transfer that pair to the senior Senator from Montana [Mr. WHEELER] and will vote. I vote "nay."

The roll call was concluded.

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. DALE] has a general pair with the Senator from New Mexico [Mr. BRATTON].

Mr. NORBECK (after having voted in the negative). I have a general pair with the Senator from North Carolina [Mr. REYNOLDS], but I am advised that if present he would vote as I have voted, and I therefore allow my vote to stand.

Mr. LEWIS. I wish to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. BYRNES], the junior Senator from Oklahoma [Mr. GORE], the Senator from Utah [Mr. KING], the Senator from California [Mr. MCADOO], the senior Senator from Nevada [Mr. PITTMAN], the junior Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the senior Senator from Oklahoma [Mr. THOMAS], and the Senator from Montana [Mr. WHEELER].

Mr. LOGAN. I have a general pair with the Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Arizona [Mr. ASHURST] and vote "nay."

Mr. REED. The junior Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness. I am advised that if he were present he would vote "yea."

The result was announced—yeas 28, nays 50, as follows:

YEAS—28

Austin	Goldsborough	Long	Schall
Bailey	Hale	McNary	Shipstead
Barbour	Hastings	Metcalf	Steiwer
Capper	Hatfield	Nye	Townsend
Carey	Hebert	Patteron	Vandenberg
Dickinson	Kean	Reed	Walcott
Frazier	Keyes	Robinson, Ind.	White

NAYS—50

Adams	Copeland	Kendrick	Robinson, Ark.
Bachman	Costigan	La Follette	Russell
Bankhead	Couzens	Lewis	Sheppard
Barkley	Cutting	Logan	Smith
Black	Dieterich	Lonergan	Stephens
Borah	Dill	McGill	Thomas, Utah
Brown	Duffy	McKellar	Trammell
Bulkley	Erickson	Murphy	Tydings
Bulow	Fletcher	Neely	Van Nuys
Caraway	George	Norbeck	Wagner
Clark	Glass	Norris	Walsh
Connally	Harrison	Overton	
Coolidge	Hayden	Pope	

NOT VOTING—17

Ashurst	Dale	King	Thomas, Okla.
Bone	Davis	McAdoo	Wheeler
Bratton	Fess	McCarran	
Byrd	Gore	Pittman	
Byrnes	Johnson	Reynolds	

So Mr. HATFIELD's amendment was rejected.

Mr. SMITH obtained the floor.

Mr. DILL. Mr. President, will the Senator yield to me?

Mr. SMITH. I yield.

Mr. DILL. I call the attention of the Senator from South Carolina to page 29, line 11, where the provision concerning the lending of money on farm land appears. The provision is that money may be loaned to the amount of 50 percent of the value of the land mortgaged. I call attention to the fact that at other places in the bill the words "normal value" are used. I wonder whether the Senator would have any objection to inserting the word "normal" before the word "value" at this place?

Mr. SMITH. I will state to the Senator from Washington that we have not yet reached that title, and when we reach it, I do not think there will be any objection to the incorporation of the word to which he refers.

Mr. GLASS. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GLASS. What is the status of the motion made by the Senator from North Dakota [Mr. FRAZIER] to reconsider the vote by which the amendment including peanuts was agreed to?

The PRESIDING OFFICER. The motion was entered.

Mr. GLASS. Is the Senator going to insist upon that motion?

Mr. FRAZIER. Mr. President, that is my intention. I ask leave to call up the motion I offered a few minutes ago to reconsider the vote by which the amendment to include peanuts in the bill was agreed to yesterday.

Mr. GLASS. Mr. President, the Senator from North Dakota has told me that he voted against including peanuts, and therefore I make the point of order that he has no right to make the motion.

The PRESIDING OFFICER. The vote on the amendment was not a yea-and-nay vote.

Mr. GLASS. The rule does not say anything about a yea-and-nay vote. The rule reads:

> When a question has been decided by the Senate, any Senator voting with the prevailing side or who has not voted may * * * move a reconsideration.

In this case the Senator admits he did not vote with the prevailing side.

Mr. ROBINSON of Arkansas. Mr. President, I make the point of order that no record vote was had on the amendment, and therefore any Senator is at liberty to move a reconsideration.

Mr. GLASS. Not under the rule.

Mr. ROBINSON of Arkansas. Yes; under the rule.

Mr. GLASS. I ask the Senator from Arkansas to look at the rule.

Mr. ROBINSON of Arkansas. I am familiar with the rule, and it has been interpreted a hundred times in the precedents that where no record vote is made of a vote, any Senator is at liberty to move a reconsideration.

Mr. GLASS. Mr. President, the rule does not so read. The rule provides:

> When a question has been decided by the Senate, any Senator voting with the prevailing side or who has not voted may * * * move a reconsideration.

Mr. ROBINSON of Arkansas. Yes, Mr. President; but where no record is taken, any Senator, under the unanimous precedents, is entitled to make the motion.

Mr. GLASS. The Senator from North Dakota admits he did not vote with the prevailing side.

Mr. ROBINSON of Arkansas. That makes no difference.

The PRESIDING OFFICER. The Chair is advised by the parliamentary clerk that the motion is in order.

Mr. LONG. I am just going to suggest to my friend the Senator from North Dakota that, inasmuch as he did not vote with the prevailing side, but voted against the amendment in the first place, I do not believe he would want to move to reconsider. I do not believe he would want to ask for a reconsideration, as a matter of equity and justice in the matter.

Mr. FRAZIER. Mr. President, yesterday, when the Senator from Virginia offered his amendment, I made the state-

ment that I had no particular objection to peanuts being included in the bill, but that I thought that if peanuts were included other farm products should also be included. Peanuts and sugar beets were both voted into the bill. Later on an amendment to include flax was voted down. If other products are to be put in, I wish to offer an amendment to include oats in the bill. Oats is the second largest grain crop raised in the United States, and there is a surplus of oats. But the vote upon flax seemed to indicate that there would be no further inclusion of grains, and therefore I made the motion to reconsider the vote by which peanuts were put into the bill.

Mr. GLASS. I move to lay the motion on the table.

Mr. CLARK. Mr. President——

Mr. COUZENS. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COUZENS. The Senator from Virginia has made a motion to lay on the table the motion made by the Senator from North Dakota. Is that debatable?

The PRESIDING OFFICER. It is not.

Mr. CLARK. I rise to a point of order.

The PRESIDING OFFICER. The Senator from Missouri will state his point of order.

Mr. CLARK. While it has unquestionably been the practice, where there was no record vote, to permit any Senator to make a motion to reconsider, nevertheless when a Senator affirmatively states that he did not vote on the prevailing side it flies right in the teeth of the rule to allow that Senator to make the motion. The rule provides:

> When a question has been decided by the Senate, any Senator voting with the prevailing side or who has not voted may * * * move a reconsideration.

The rule does not say anything about whether there is a record vote or not. I insist, Mr. President, that where a Senator affirmatively states that he did not vote with the prevailing side, under the rule he is not entitled to make a motion to reconsider.

Mr. HARRISON. I ask for the regular order.

The PRESIDING OFFICER. The regular order is demanded.

Mr. CLARK. I ask for a ruling on my point of order. I make the point of order that the Senator from North Dakota is not entitled to make a motion to reconsider.

The PRESIDING OFFICER. The point of order is overruled.

Mr. CLARK. I appeal from the decision of the Chair.

Mr. ROBINSON of Arkansas. I move to lay the appeal on the table.

Mr. LONG. I ask for the yeas and nays.

Mr. GLASS. I hope the Senator from Missouri will withdraw his point of order.

Mr. CLARK. In deference to the request of the Senator from Virginia, I withdraw the appeal.

Mr. GLASS. I renew my motion to lay on the table the motion of the Senator from North Dakota.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). Making the same announcement as before regarding my pair, I transfer it to the Senator from Montana [Mr. WHEELER] and vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. I am not advised as to how he would vote on this question, if present. I find that I can transfer my pair to the senior Senator from Arizona [Mr. ASHURST]. I make that transfer and will vote. I vote "yea."

Mr. NORBECK (when his name was called). On this question I have a pair with the Senator from North Carolina [Mr. REYNOLDS]. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. COPELAND (after having voted in the affirmative). I find that upon this vote I am paired with the Senator from Virginia [Mr. BYRD], and, therefore, I withdraw my vote.

Mr. MCNARY. I wish to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from New Mexico [Mr. BRATTON]; and

The Senator from Ohio [Mr. FESS] with the Senator from Montana [Mr. WHEELER].

Mr. LEWIS. I wish to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Arizona [Mr. ASHURST], the Senator from Tennessee [Mr. BACHMAN], the Senator from Kentucky [Mr. BARKLEY], the Senator from Virginia [Mr. BYRD], the Senator from Wyoming [Mr. KENDRICK], the senior Senator from Nevada [Mr. PITTMAN], the junior Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Utah [Mr. THOMAS], and the Senator from Montana [Mr. WHEELER].

The roll call resulted—yeas 38, nays 38, as follows:

YEAS—38

Adams	Couzens	Keyes	Thomas, Okla.
Austin	Dickinson	Lonergan	Townsend
Bailey	Dill	Long	Trammell
Barbour	George	McGill	Tydings
Bulkley	Glass	Metcalf	Vandenberg
Caraway	Goldsborough	Neely	Wagner
Carey	Hastings	Patterson	Walcott
Clark	Hatfield	Pope	Walsh
Coolidge	Hayden	Russell	
Costigan	Kean	Stephens	

NAYS—38

Bankhead	Duffy	Logan	Robinson, Ind.
Black	Erickson	McAdoo	Schall
Bone	Fletcher	McKellar	Sheppard
Brown	Frazier	McNary	Shipstead
Bulow	Gore	Murphy	Smith
Byrnes	Hale	Norris	Steiwer
Capper	Harrison	Nye	Van Nuys
Connally	King	Overton	White
Cutting	La Follette	Reed	
Dieterich	Lewis	Robinson, Ark.	

NOT VOTING—19

Ashurst	Byrd	Hebert	Pittman
Bachman	Copeland	Johnson	Reynolds
Barkley	Dale	Kendrick	Thomas, Utah
Borah	Davis	McCarran	Wheeler
Bratton	Fess	Norbeck	

The VICE PRESIDENT. On this vote the yeas are 38 and the nays are 38——

Mr. LONG. A parliamentary inquiry. When the vote is a tie——

The VICE PRESIDENT. The Chair declares——

Mr. MCADOO. I beg leave to change my vote from "nay" to "yea." I voted under a misapprehension.

The VICE PRESIDENT. The motion to lay on the table is rejected.

Mr. LONG. The Senator from California has asked to change his vote from "yea" to "nay."

Mr. COUZENS. The Senator cannot do that after the result has been announced.

Mr. MCKELLAR. That cannot now be done.

The VICE PRESIDENT. After the vote has been announced the change cannot be made. The question recurs on the motion of the Senator from North Dakota [Mr. FRAZIER] to reconsider the vote whereby the amendment of the Senator from Virginia was adopted.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is ill and absent. I therefore withhold my vote.

Mr. NORBECK. Making the same announcement as before with reference to my pair with the Senator from North Carolina [Mr. REYNOLDS], I withhold my vote.

The roll call was concluded.

Mr. COPELAND. Upon this question I have a pair with the Senator from Ohio [Mr. FESS]. I transfer that pair to

the Senator from Montana [Mr. WHEELER], and will vote. I vote "yea."

Mr. LEWIS. I wish to announce that the Senator from New Mexico [Mr. BRATTON] is paired with the Senator from Vermont [Mr. DALE].

I also wish to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Arizona [Mr. ASHURST], the Senator from Kentucky [Mr. BARKLEY], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. KENDRICK], the junior Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the senior Senator from Oklahoma [Mr. THOMAS], and the Senator from Montana [Mr. WHEELER].

The result was announced—yeas 41, nays 39, as follows:

YEAS—41

Bachman	Cutting	Lewis	Sheppard
Bankhead	Dickinson	McKellar	Shipstead
Black	Dieterich	McNary	Steiwer
Bone	Duffy	Murphy	Tydings
Brown	Erickson	Norris	Van Nuys
Bulow	Frazier	Nye	Wagner
Byrnes	Gore	Overton	Walsh
Capper	Hale	Pittman	White
Connally	Harrison	Reed	
Coolidge	King	Robinson, Ark.	
Copeland	La Follette	Schall	

NAYS—39

Adams	Costigan	Kean	Robinson, Ind.
Austin	Couzens	Keyes	Russell
Bailey	Dill	Lonergan	Smith
Barbour	Fletcher	Long	Stephens
Borah	George	McAdoo	Thomas, Utah
Bulkley	Glass	McGill	Townsend
Byrd	Goldsborough	Metcalf	Trammell
Caraway	Hastings	Neely	Vandenberg
Carey	Hatfield	Patterson	Walcott
Clark	Hebert	Pope	

NOT VOTING—15

Ashurst	Davis	Kendrick	Reynolds
Barkley	Fess	Logan	Thomas, Okla.
Bratton	Hayden	McCarran	Wheeler
Dale	Johnson	Norbeck	

So Mr. FRAZIER's motion to reconsider the vote whereby the amendment of the Senator from Virginia [Mr. GLASS] was adopted was agreed to.

The VICE PRESIDENT. The question now recurs on agreeing to the amendment offered by the Senator from Virginia [Mr. GLASS].

Mr. LONG. Mr. President, I do not think we ought to decide this matter so hastily. We have been going entirely too fast to suit me. It was very unfortunate that the vote was a tie vote—38–38—and but for the mistake of the Senator from California [Mr. MCADOO] it would have been 39 to 37. Then we have the further difficulty of the transferring of pairs having thrown 2 or 3 votes out of line. Several Members of the Senate thought the question was settled.

I want to suggest, instead of undertaking to dispose of the question now, several Senators being absent, that we postpone a vote on the matter until we have disposed of some other questions. I am not asking any more than I have granted. I consented to the displacement of my amendment the other day in order that we might go ahead with other amendments. I do not think we should vote on this question today, or at least at this time.

Mr. ROBINSON of Arkansas. Mr. President, I ask the attention of the Senator from Oregon [Mr. MCNARY]. It seems to me the time has arrived when a limitation might very well be agreed upon looking to the conclusion of the consideration of the bill at least sometime tomorrow. My thought has been that if we could complete the bill and, perhaps, dispose of one or two other relatively small matters, we could recess over the week-end and thus afford Senators an opportunity to clear up work in their offices, and committees the opportunity of completing some of their work. Almost a week ago negotiations were in progress for an arrangement limiting debate, and they narrowly failed of agreement.

Almost every phase of the bill has been discussed. It is true there are a number of so-called "perfecting amendments" which are yet to be disposed of, and there is one important amendment in the nature of a substitute to the bill; but every issue that will arise under the amendment last referred to has already been discussed at length in the Senate, so it seems to me with the limitation I am going to propose that we ought to be able to reach an agreement.

I ask unanimous consent that future debate on the bill be limited so that no Senator may speak more than once or longer than 15 minutes on the bill, or more than once or longer than 15 minutes on any amendment that may be pending or that may be offered.

The VICE PRESIDENT. Is there objection?

Mr. LONG. Mr. President, I am going to object and half a dozen more Senators are going to object to any kind of an agreement at this stage of the proceedings.

Mr. ROBINSON of Arkansas. Then I move to lay on the table the amendment which was just reconsidered, known as "the peanuts amendment," and on that I demand the yeas and nays.

The yeas and nays were ordered.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. If the motion of the Senator from Arkansas is agreed to, does it carry with it the bill?

The VICE PRESIDENT. It does not. The question is on agreeing to the motion of the Senator from Arkansas to lay on the table the so-called "peanut amendment."

Mr. MCCARRAN. Mr. President, has the Chair answered the parliamentary inquiry of the Senator from Missouri?

The VICE PRESIDENT. The Chair did answer the inquiry. If the motion of the Senator from Arkansas is agreed to, it does not carry with it the bill. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). On this matter I have a pair with the senior Senator from Ohio [Mr. FESS], which I transfer to the senior Senator from Montana [Mr. WHEELER], and vote "yea."

Mr. LOGAN (when his name was called). Making the same announcement as on the previous vote, I withhold my vote.

Mr. NORBECK (when his name was called). On this question I am paired with the junior Senator from North Carolina [Mr. REYNOLDS], and, therefore, withhold my vote.

The roll call was concluded.

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. DALE] has a general pair with the Senator from New Mexico [Mr. BRATTON].

Mr. LEWIS. I desire to announce that the Senator from Kentucky [Mr. BARKLEY], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. KENDRICK], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate on official business.

The result was announced—yeas 44, nays 39, as follows:

YEAS—44

Ashurst	Copeland	King	Robinson, Ark.
Bachman	Cutting	La Follette	Schall
Bankhead	Dickinson	Lewis	Sheppard
Black	Dieterich	Lonergan	Shipstead
Bone	Dill	McKellar	Steiwer
Brown	Duffy	McNary	Thomas, Utah
Bulow	Erickson	Murphy	Tydings
Byrnes	Frazier	Norris	Van Nuys
Capper	Gore	Nye	Wagner
Connally	Hale	Overton	Walsh
Coolidge	Harrison	Pittman	White

NAYS—39

Adams	Costigan	Keyes	Robinson, Ind.
Austin	Couzens	Long	Russell
Bailey	Fletcher	McAdoo	Smith
Barbour	George	McCarran	Stephens
Borah	Glass	McGill	Thomas, Okla.
Bulkley	Goldsborough	Metcalf	Townsend
Byrd	Hastings	Neely	Trammell
Caraway	Hatfield	Patterson	Vandenberg
Carey	Hebert	Pope	Walcott
Clark	Kean	Reed	

NOT VOTING—12

Barkley	Davis	Johnson	Norbeck
Bratton	Fess	Kendrick	Reynolds
Dale	Hayden	Logan	Wheeler

So the motion of Mr. ROBINSON of Arkansas to lay the amendment on the table was agreed to.

The VICE PRESIDENT. Are there other amendments to title I?

Mr. CLARK. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The Senator from Missouri offers an amendment, which will be stated.

The LEGISLATIVE CLERK. The Senator from Missouri offers the following amendment:

On page 8, line 17, add a new paragraph, to be known as "paragraph (5)", as follows:

"(5) The expenditures for purposes of administration authorized in this act shall not exceed 5 percent of the amount collected under the tax on processors herein authorized."

Mr. CLARK. Mr. President, this bill levies a tax directly on the processors of every agricultural product included in the bill, and indirectly on the consumers of those products, for the avowed purpose of conferring benefits upon the producers and farmers of the United States.

We have all seen, in the last 4 years, the disgraceful episode in which vast sums of money appropriated for the use of the Farm Board have been very largely dissipated in the payment of enormous and outrageous salaries to the officials of the Farm Board and the officials of the cooperatives organized under the Farm Board. It seems to me that there should be some limitation placed in this bill as to the expense of its administration. A limitation of 5 percent on the amount of the processors' tax collected is certainly a very liberal allowance for administration to enable the Secretary of Agriculture to carry out the purposes of the measure.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri.

Mr. TRAMMELL. Mr. President, I favor the amendment of the Senator from Missouri; but it strikes me it would be advisable to include in the amendment, or some other paragraph of the bill, a requirement that an itemized statement should be made of the expenditures incurred in carrying on the machinery provided by the bill, and that this information should be transmitted to Congress, say, every 6 months, anyway.

Mr. CLARK. Mr. President, if the Senator from Florida will prepare such an amendment, so far as I am concerned I shall be glad to vote for it.

Mr. TRAMMELL. I have not even seen the amendment of the Senator from Missouri. I have just heard it read. I think I shall prepare an amendment of that character. I think the provision suggested by the Senator from Missouri is a very wise one.

We all know, from our experience with the Farm Board when we had up the discussion of the confirmation of the members of the Farm Board some few months ago, that information was brought to the Senate at that time of the waste and extravagance of that Board in its administration in the way of extravagant salaries and in the way of duplication of work. There were a number of its employees who were drawing salaries ranging from $20,000 to $35,000 a year, one drawing $50,000, and another $65,000.

Mr. KING. Seventy-five thousand dollars.

Mr. TRAMMELL. Seventy-five thousand dollars; I am corrected. I believe that in all of this legislation we should make an effort to place some restriction upon these extravagant salaries and the waste of the public funds in that way.

The American people now are more or less antagonistic to Government employees, and they are almost maddening in their demands for economy; but those demands for economy, so far as the American people are concerned, do not stop at the person who receives only a small salary. It sometimes seems to me that on the part of those who are legislating, when we get beyond a small salary, the tendency is to permit the officials to proceed as rapidly as they wish and as often as they wish in doling out excessive salaries—ten, fifteen, twenty, or twenty-five thousand dollars.

When we had up here the question of restricting salaries and lowering salaries, the Senate will recall that an effort was made on the part of some of us to have a graduated salary reduction, the percentage increasing as the salary went higher, and that that was voted down by a good majority of the Members of the Senate.

I was very much delighted to see that the Florida Legislature, a few days ago, when they took up the question of reducing salaries, stated in the measure which was before the house, and later the senate, that the person who received ten, twelve, or fifteen thousand dollars salary per annum could stand a greater percentage of reduction than some person who was receiving only $1,200, $1,500, or $2,000 salary.

I mention these features because I forecast, and it is my opinion, that before the legislative bodies of this country get through with the question of economy in salaries the American people are going to demand a larger reduction and a greater percentage of reduction on those who can afford to have their salaries reduced more than those drawing the small salaries. This proposal, I think, will have a splendid deterrent effect; and I hope the amendment of the Senator from Missouri will be adopted.

Mr. KING. Mr. President, before the vote is taken I should like to ask the Senator from Missouri whether he has made any investigation to ascertain the probable amount of the tax that will be collected under this bill?

Mr. CLARK. No; I have not, I will say to the Senator. I have heard it estimated at $800,000,000 here on the floor; but I presume one man's guess is as good as that of another.

Mr. KING. May I ask the Senator from South Carolina [Mr. SMITH] if, in the investigations made by his committee, any data were submitted which would enable him to form an opinion as to the amount of tax that will be collected?

Mr. SMITH. There were not; and, Mr. President, it seems to me to be practically impossible to estimate just what may be the expenditures necessary to put this plan into operation.

In the first place, not all of the articles included may call for expenditures. Others may call for expenditures. No estimate was made—and that question was discussed before the committee—as to what would be the probable cost; and it was impossible for us to ascertain from those who drafted the bill and brought it in and discussed it what might be the cost.

Necessarily, as the Senator can see, this being an experiment in an untried field no one knows just how many persons will be employed or just what the necessary expense will be. It is my opinion that in reference to that feature we shall have to take this matter on faith, just as we are taking the plan that is involved here; and that, I presume, is the reason why no estimate of the expense was made. If we intend to try this experiment, I do not see how we can begin by fixing an arbitrary amount beyond which the officials may not go in administering the act, because the success of the very experiment itself may depend upon the amount necessary to put it into operation.

Mr. KING. Mr. President, evidently the Senator has in his mind the Scripture which says that—

Faith is the substance of things hoped for, the evidence of things not seen.

Mr. SMITH. Yes; that is very good.

Mr. KING. And, if the present administration were to follow the unwise and impractical policies of the preceding administration in dealing with farm relief, the expenditures involved in enforcing this bill will be larger than many anticipate. Bureaucracy is a system or condition which functions with but slight variation in all administrations.

The statement just made by the Senator from Florida [Mr. TRAMMELL] does not tell the entire story of the profligate waste incident to the administration of the farm bill. The salaries were outrageous; the number of employees was greatly in excess of any legitimate demands; and the policies adopted were so unsound that failure was inevitable.

I am advised that quite recently, under the old administration, in the execution of the act respecting the loaning of money for crop production, as high as 1,400 employees were added to the already large personnel of the Agricultural Department. I have no doubt that under this bill, unless there are some restrictions—because we know the tendency of bureaucracy, whether Republicans or Demo-

crats are in power—there will be an enormous army of employees, and salaries will be paid that are wholly unjustifiable and expenditures made that may not be warranted.

However, the attitude of the President in regard to governmental expenditures is reassuring. We know that he is determined to reduce expenses and to introduce needed economies into all branches of the Government. The Agricultural Department has for a number of years been extravagant in its administration and ambitious for more authority and power. It is still manned by many officials who have been guided by the former spirit and policies of the Department. We have reason to believe, however, that the new Secretary of Agriculture will exercise prudence and be guided by the spirit of economy and the desire to efficiently administer the heavy responsibilities of his office.

I have been informed that the bill before us, when in full operation, will raise commodity prices one or two billion dollars, and, of course, the costs of administration will be very great. It would seem that there should be some limitation either on the aggregate amount to be expended to meet the costs of administration or on the salaries that shall be paid.

Unless further light is shed upon this matter, I shall be inclined to support the amendment offered by the Senator from Missouri. I regret that we are left without adequate information to enable us to determine just what limits should be fixed.

Mr. McCARRAN. Mr. President, I desire to ask a question of the Senator from Utah. Do I understand him to say that there will be a billion or two billion dollars tax levied upon the people of this country to enforce this law? Am I in error in my understanding of the Senator's statement?

Mr. KING. Mr. President, perhaps I did not state the matter accurately. My understanding is that it is claimed by the proponents of this bill that the costs of agricultural commodities affected by this bill will be increased more than a billion dollars, which, of course, the people will be compelled to pay. As to the amount of taxes the processors and others who may come within the terms of the bill will have to pay, I am unable to state. I have heard it stated that the taxes would exceed $1,000,000,000 and that the increased cost to the consumers of the products affected by this bill would exceed that sum. I regret that we do not have full data in order that we may accurately decide this question.

Mr. CLARK and other Senators addressed the Chair.

The VICE PRESIDENT. The Senator from Nevada has the floor. Does he yield, and if so, to whom?

Mr. McCARRAN. I desire to interrogate the Senator from Utah again in furtherance of my former question. Is it understood that the people of America are to bear a tax of $2,000,000,000 for the operation of the bill now pending before the Senate? I should like to have a categorical answer from the learned Senator from Utah.

Mr. KING. Mr. President, assuming that the Senator is entitled to a categorical reply, I can make no different statement concerning the effect of the bill upon commodity prices than that which I have made. I have heard it stated that this measure is designed to raise the prices of agricultural commodities and that the increase in such prices would be between one and two billion dollars annually. I am not a member of the committee, and do not know whether the testimony before the committee justifies those statements. I merely state, upon information which I think is to be found in the public prints, that it is supposed that this bill will increase commodity prices to the consumers to the extent stated.

Mr. McGILL and Mr. CLARK addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nevada yield; and if so, to whom?

Mr. McCARRAN. I yield to the Senator from Kansas for a question.

Mr. McGILL. I desire to ask the Senator from Utah a question, if I may. As a member of the committee, I may say to the Senator that I fail to recall any testimony in which figures were given such as the Senator has stated on the floor. I am wondering if he is at liberty to give to the Senate the source of his information.

Mr. KING. Mr. President, if the Senator from Nevada will yield——

Mr. McCARRAN. I yield.

Mr. KING. I think the papers have stated—I know I have read it in some—that the results of this bill would be that the consumers of the United States would be required to pay higher prices for farm products, and that the aggregate amount would be such as I have indicated.

No doubt the Senator will admit that the purpose of the bill is to increase commodity prices and that the consumers will have to pay such increased prices.

Mr. McGILL. Certainly the purpose of the bill is to increase commodity prices, and I am in favor of that being accomplished.

Mr. KING. So am I.

Mr. McGILL. However, I am sure the Senator can only give newspaper rumors as the source of information that this would involve a $2,000,000,000 tax on the American people. He cannot disclose any testimony to that effect given before any of the committees of Congress.

Mr. KING and Mr. CLARK addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nevada yield; and if so, to whom?

Mr. McCARRAN. I yield to the Senator from Utah to reply to the Senator from Kansas.

Mr. KING. With the courtesy of my friend from Nevada, I would like to ask the Senator from Kansas a question.

From the investigations which he has made, what does he think will be the increase in prices of the agricultural products which will be brought within the operations of this bill, directly and indirectly?

Mr. McGILL. I can only answer from the testimony given by the Secretary of Agriculture before the committee with reference to wheat, when he said that the comparative price would be 94 cents a bushel. That was his figure.

I will state to the Senator, however, that I think there is grave doubt as to what expense will be involved in the administration of the bill in the event it becomes a law. By questioning the Secretary of Agriculture and other members of the Department, I sought to get them to give the committee an estimate of what it would cost to administer the proposed law. I have thus far been unable to get any reasonable or fair estimate from any source as to what the amount of the tax will be, or as to what it will cost to administer the bill in the event it becomes a law. I was merely anxious to know the source of the information of the Senator from Utah.

Mr. KING. Mr. President, will the Senator from Nevada yield again?

Mr. McCARRAN. I yield.

Mr. KING. The Senator from Kansas has not furnished very accurate data in regard to the additional costs which will be imposed upon the consumers of the United States by reason of the pending bill. He has referred only to wheat. There have been brought within the terms of the bill a number of other so-called "basic commodities." I think that an increase in the prices of these commodities covered by the bill will be a billion dollars or more. That there should be an increase is admitted by all. I think the prices of the commodities of agriculture have been entirely too low, and I should be glad to see a material increase in the same, notwithstanding the fact that such an increase would entail a larger burden upon consumers. I am not complaining about an increase in commodity prices, and I am inclined to think that, with the amendments which have been made to the bill, there will be an increase in commodity prices, either by reason of this measure, or by inflationary or reflationary processes, or by the upturn in business, of considerably more than a billion dollars. I should hope that there would be an increase in agricultural commodity prices in an amount in excess of a billion dollars. I am only suggesting that there should be some limitation in the bill,

if that can be done, upon the costs of administration. Experience has demonstrated that in the administration of a number of farm measures, as well as others, the costs have been entirely too great.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. TRAMMELL. I would suggest, as an addition to the amendment proposed by the Senator from Missouri, the following language, "and a detailed statement of such expenses shall be submitted to the House and the Senate on the 30th day of June and the 31st day of December of each year by the Secretary of Agriculture."

Mr. CLARK. I accept the amendment.

The VICE PRESIDENT. The clerk will report the modification.

The Chief Clerk read as follows:

But the amount paid for administrative expenses (exclusive of refunds) in any year shall not exceed 5 percent of the amount of the proceeds of the taxes which will be collected during such year under this title, and a detailed statement of such expenses shall be submitted to the House and the Senate on the 30th day of June and the 31st day of December of each year by the Secretary of Agriculture.

Mr. McCARRAN. Mr. President, I am inspired to an expression at this hour by a headline which comes to us in the evening press. I am inspired because it is apparent that the truth is little by little sinking in. With the permission of the Senate, I read a headline appearing in the Evening Star of today:

President halts gold exports as counterdeflationary move; stocks and commodities soar.

Withdraws support of United States dollar in foreign exchanges to aid domestic markets.

This brings us back to what we had here last Monday, and what is written into every line of the pending bill, written into the pending amendment, written into every paragraph and sentence of the bill, and my thought was inspired by the assertion of the learned Senator from Utah as to how that would reflect on the consumer, and how the consumer would derive that which would be necessary from the consumer in order to bear the burden of this measure.

I care not by what avenue we may travel, it makes no difference what road we pursue, there is no question which more engrosses the minds of the Members of the Senate than this: How will the consumer pay?

It is all right to enact legislation, it is all right to say that there will be a tax, it is all right to say, as is said by the learned author of the bill—who, by the way, smiles every time I call him the author of the bill—"This is a glorious experiment." I prefer the word "glorious", because if there is anything on earth that is glorious, it is the farmer, and if there be a sentence in this bill which will give one word of encouragement to the farmers of America I am willing to support the bill. But even the author of the bill refuses to give sanction to the extent that there is a word of encouragement to any angle or development of agricultural pursuit within the lines of the bill. Nor have I heard one Senator, even the learned Senator from Alabama, say that he has confidence in this bill bringing back to the farm life of America the encouragement which the farm life of America wants, and I say in that respect that they do not want the prices of 1929.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield for a question, but not for a speech.

Mr. BANKHEAD. I do not want to make a speech in the Senator's time, but I do not want the Senator, even by indirection, to misconstrue my position on this bill. If the Senator had been patient enough to listen to the various speeches I have made, I am sure he must have heard the repeated statement that I had great faith in the effectiveness of the administration of the bill.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. McCARRAN. I yield for a question.

Mr. LONG. I want to direct a question to the Senator, which I hope may attract also the Senator from Alabama. Is it not a fact that the administration's policy today, in line with what some of us attempted a few days ago, which I am sorry the Senator from Alabama did not fall in line with soon enough to get part of the glory, has decided to come around to inflation in order to help the farmer, instead of depending upon this patchwork, silver-sea document?

Mr. BANKHEAD. I may say that I did not want any glory in that connection. I occupied that position before the Senator from Louisiana ever got to the United States Senate. [Laughter.]

Mr. LONG. It is only too bad that we could not have gotten the Senator to vote with us the other day, so that he could have had the continued glory. Nevertheless, I will share with him, for what it is worth, whatever glory I have acquired since I have gotten to the Senate.

Mr. McCARRAN. Mr. President, I do not propose to take up the time of the Senate to any great extent. I have one or two thoughts which have come to me as the result of the headlines in the current press and as a result of the attention I have given to the bill.

There is no more chance for this bill to be successful than there was for another bill of a similar nature to be successful—and it was a colossal failure, as we all admit—unless we will give to those who must bear the burden, the consumers, something with which they can meet the unusual burdens which come out of legislation such as this. Give back to the poor the coin of the poor. Give back to the masses the coin of the masses. Give back to those who purchase that with which they have purchased from time immemorial. Four hundred million of human beings today across the Pacific are hungry to absorb a surplus which this Nation produces. Four hundred million in one country alone, and untold millions in another oriental country ask only for the opportunity to buy.

Do not Senators realize, notwithstanding the price we have placed on their medium of exchange, which is the market price from day to day of silver, that today China absorbs 21 percent of the flour of America? Do you know what it will mean if we will just place their medium of exchange on a common, ordinary, civilized basis, so that they may buy from America that of which America has a surplus?

We have a surplus of wheat, and we have a surplus of cotton. Let us admit that, although it is said we have not a surplus of peanuts. I regret exceedingly that the amendment of the learned Senator from Virginia [Mr. GLASS] has apparently been stricken out of the bill. I voted to put it in the bill. I will vote to put it back again, including any kind of a commodity which will bring back to those who toil something which they toil for. But we cannot bring back to the purchasing masses of America that which they desire unless we give them that with which they purchase.

It is said, however, that we cannot remonetize silver. It is said that we should not try to inflate. It is said that if we remonetize silver, we will destroy. Destroy what?

When we were a cradle nation, only in our swaddling clothes, we declared to the world that our medium of exchange should be gold and silver, and we fixed the parity of the two and the metallic content of each. We did that before we adopted the Constitution of the United States, and we did it after we adopted the Constitution of the United States; and until in 1870 Germany and England demonetized that of which we had a surplus and could supply to the world, it was the standard on a parity with which the poor could purchase; but in 1870 both Germany and England demonetized silver, and in 1873 they sent their envoys here and demonetized silver for us, and they are going to do it again.

Senators talk about an international conference. Who is coming here for the international conference? Ramsay MacDonald, the Premier of Great Britain, is coming for "conversations"; and the international conference will take place thereafter. I wonder if we ever won anything yet in an international conference? If we ever did, I have never heard of it. We can win the power of our courage but apparently we cannot win by the power of our tenacity to a principle.

We sent the greatest American that we ever had across the waters to carry out a great international principle, but when he got over there he was confronted with nationalists and he yielded the great international principle that was uppermost in America at that time, and which is uppermost in America now from the standpoint of heart, blood, and tradition. He yielded that for something else, and he came back and submitted it to the American people; and in 1920 they said, "We will carry out that which you say; it shall be a solemn referendum, solemnly submitted to a people"; and the solemn referendum was returned to him with the word "no." Let the solemn referendum go back to those who speak now while holding us on a gold standard with the solemn enunciation that America will never cancel her foreign debts, will never repudiate the position she occupies, and will never assume a place in the League of Nations.

However, that is aside from the question. The question now is: How will those represented by the Senator from Utah [Mr. KING] pay the $2,000,000,000 that is about to be placed as a new tax upon their shoulders? Where will they acquire the money with which to buy? We took $500,000,000 from them just the other day; we took it from the consumers of this country, from the men who bared their breasts to the foe. We took $500,000,000 from them; but we did more than that: We took from them even the right of hospitalization; we took from them the right to have the ills and woes of which the flesh is heir treated under governmental supervision. We sent their widows and their orphans back again to wonder why the father of the family, the breadwinner, had gone at the mandate of his Nation; and at the same time we spend $500,000,000 to send those who, perhaps, never enlisted, who had no connection whatsoever with the Army that was organized between 1917 and 1919—we send them out under Army supervision for a dollar a day, and God knows for how long they may serve. The question, however, comes back to an assertion made by the learned Senator from Utah, that it will require $2,000,000,000 to administer this bill. If that statement be true—and that is what aroused my attention—this bill should go down to defeat; and I am going to vote for its defeat as long as that assertion stands unchallenged before the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK].

Mr. FRAZIER. Mr. President, I have had one of the legislative reference clerks draft an amendment similar to the one offered by the Senator from Missouri. I believe it is in little better form, and I think it comes in a better place in the bill. My amendment would come in on page 17, at the end of line 5, as a part of that clause, and provides:

But the amount paid for administrative expenses (exclusive of refunds) in any year shall not exceed 5 percent of the amount of the proceeds of the taxes which will be collected during such year under this title.

The words "exclusive of refunds" are included because, beginning with the paragraph at the bottom of page 16, in line 1, on page 17, it says:

Administrative expenses, including refunds under parts 1 and 2 of this title.

So I think that provision should be in the bill.

Mr. President, if it is satisfactory to the Senator from Missouri, I should like to offer the amendment as a substitute for his amendment.

Mr. CLARK. Mr. President, I am perfectly willing to accept the amendment of the Senator from North Dakota, except that I think the amendment offered by the Senator from Florida [Mr. TRAMMELL] to my original amendment should be included in the proposed substitute.

Mr. FRAZIER. That should be included also.

The VICE PRESIDENT. Under the parliamentary situation the only way to proceed would be for the Senator from Missouri to withdraw his amendment, since the amendment of the Senator from North Dakota comes at a different point in the bill.

Mr. CLARK. I am willing to do that if the Senator from North Dakota will include the amendment of the Senator from Florida.

Mr. FRAZIER. I will be glad to do that.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Missouri is withdrawn, and the clerk will report the amendment of the Senator from North Dakota as amended by the Senator from Florida.

The LEGISLATIVE CLERK. On page 17, line 5, immediately before the period, it is proposed to insert a semicolon and the following:

But the amount paid for administrative expenses (exclusive of refunds) in any year shall not exceed 5 percent of the amount of the proceeds of the taxes which will be collected during such year under this title, and a detailed statement of such expenses shall be submitted to the House and the Senate on the 30th day of June and the 31st day of December of each year by the Secretary of Agriculture.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from North Dakota.

Mr. SMITH. Mr. President, before the vote is taken, I must submit to the consideration of the Senate the fact that as to the taxes to be collected there is a time limit and there is also authority for the extension of payments. The salaries and expenses will be running on and will be taken, of course, from such proceeds as may be collected. I cannot see how in an indefinite measure such as this we can definitely state any amount to be allotted for expenses. We do not know how many commodities will be included, and we do not know anything about the number of persons who may be employed to administer the proposed law.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SMITH. Yes.

Mr. CLARK. Does not the Senator think there ought to be something definite about this bill?

Mr. SMITH. I would have liked to have the bill a little more definite than it is; but, since we have it, I want to make a statement I have not heretofore made.

The President of the United States, desiring to aid agriculture, submitted a draft to the representatives of the organized groups of farmers, if there are any organized groups of farmers. They got together and arranged this bill.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. SMITH. I yield.

Mr. CLARK. Is not this the same group of farmers and farm-organization leaders that got together and arranged the Farm Board bill 4 years ago?

Mr. SMITH. I do not know about that; I am not going to enter into that at all. What I am going to say is that the Chief Executive called in the representatives of the farmers, so called—and perhaps they were—and they agreed on a certain form of legislation. That form of legislation was drafted by them with the aid of the man who was appointed Secretary of Agriculture; the draft was furnished to the Congress ready-made, and it was furnished with the endorsement of the administration. When it came before our committee I frankly admit that I was under the impression that certain modifications could be made with the approval of the administration, but the committee was advised that the bill, as was and is, was what was desired.

I want to state here that I am not going to subject my convictions to any man, but I will not throw any monkey wrenches in the machinery. I simply, as a loyal Democrat, and one loyal to the administration, am going to let this measure, so far as I am concerned, become a law, if possible. The responsibility is not upon me.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CLARK. Does the Senator think that the expenses of administration under this proposed act ought to exceed 5 percent of the processing tax which is to be collected?

Mr. SMITH. I do not know how the expenses will run; I do not know anything about it.

Mr. CLARK. Does not the Senator think some limitation ought to be put in the bill?

Mr. SMITH. All that I know is that it is an untrod path, that it is an experiment, and that the President himself has said that if his attempt or the attempt of those whom he shall appoint to administer it proves a failure, he will withdraw it.

Mr. McCARRAN. Mr. President——

Mr. SMITH. Just let me finish this statement, because I think it is due me to make it.

Mr. McCARRAN. Under those circumstances I would not interrupt the Senator for the world.

Mr. SMITH. I think it is due me and to the party to which I belong to have a clear, definite understanding of my relation to this measure. Had I had my way, I would have drafted a vastly different bill. It might not have been any better than the pending bill—I started to say "it could not have been any worse", but I will leave that out. [Laughter.] However, be the bill as it may, I am going to stand here, as I have stood, and deal as fairly with it as it is possible for me to deal with it, and I believe that every colleague I have on this floor will bear me out when I say I have dealt fairly and more than fairly under the circumstances.

Now we are going to attempt to set limitations by providing how much shall be allowed for expenses of administration. It may be like the first pocketbook I ever bought. I had 50 cents; I saw somebody have a pocketbook; I thought any man as rich as I was needed a pocketbook; so I went and spent 50 cents for a pocketbook, and then did not have anything to put in it, which nearly broke my heart. [Laughter.] I thought when I bought the pocketbook I would have the 50 cents to put in it, but the pocketbook cost 50 cents, and I had the pocketbook but no 50 cents. Of course, I do not know what the administration of this proposed act is going to cost, but I do plead with this body, with this bill as it is, to give the administration and the Department of Agriculture a free hand to work out this problem, which I would not undertake for all the money in America.

I am going to do my best to see that the bill, as nearly as may be, is passed as is, so far as the part they drafted is concerned. The part I drafted is fine, and nobody can deny that. [Laughter.] I had the compliment paid me the other day by a Senator who said that the upper part of the sandwich was good and the lower part of the sandwich was good, but the interior thereof was not so good. I plead with my colleagues on this side of the Chamber, and those on the other side as well, to take the bill as is and pass it.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I yield.

Mr. LONG. May I ask the Senator one question? I understand the law to be that one who advises another to commit suicide is guilty of a crime. I wonder if the Senator has thought about that?

Mr. SMITH. I know there are some instances in which I would almost be willing to commit that crime if the one I advised would commit suicide! [Laughter in the galleries.]

The VICE PRESIDENT. Let the Chair request the occupants of the gallery not to make a demonstration of any kind. It is in violation of the rules of the Senate.

Mr. SMITH. Mr. President, it is not a very pleasant task at best, but I am tired of the insinuation being made that I am disloyal and not doing my duty.

Mr. McCARRAN. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. SMITH. I decline to yield just now.

The VICE PRESIDENT. The Senator from South Carolina declines to yield.

Mr. SMITH. I not only have done my duty, but I think I am doing a little more perhaps. As the Senator from Virginia [Mr. GLASS] remarked once, there comes a time in the lives of men when they have to rise above principle. [Laughter.]

I do not want any mistake about this measure. There is not a man on the floor who does not understand the origin of the bill and the purpose of the bill. Why should we do other than what we ultimately are going to do—pass the bill?

Mr. McCARRAN. Mr. President, will the Senator yield now?

Mr. SMITH. Very well; I yield.

Mr. McCARRAN. What is the unpleasantness of the Senator's task to which he refers?

Mr. SMITH. The unpleasantness of my task is that there is in the bill a whole portion of it that does not supply what I think is necessary to take care of the desperate condition of that class of people to which I belong and to whom I owe my first and last allegiance. That is it. But I am a loyal Democrat and a loyal party man. The President has asked for this bill to be passed, and, so far as I am concerned, it shall be done. The responsibility is not on me. In this emergency America is looking to him, and, thank God, up to the present time he has driven ahead. He may have made mistakes, but the whole world is applauding the fact that he is doing things. It may be that he will do some of them wrong, but he cannot do anything that is more wrong than the wrong that has been already done.

Mr. McCARRAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. SMITH. I yield.

Mr. McCARRAN. Does the Senator mean by his expression that he places party fealty above the welfare of his people?

Mr. SMITH. No, Mr. President; I mean to say that when the psychology of the situation is such as it is, when the people believe that salvation will come from the President, then I believe in giving him my support. It would seem that if salvation is to come at all it must come from that source, because up to recently under the other administration we were only supposed to be led by the administration, but now we have a man who has pledged himself to redeem the situation, and I, for one, am not going to throw any monkey wrenches in the machinery. I am not going to set my opinion up against him. I am going to take my opinion and keep it to myself. I would not surrender, I would not be guilty of mental prostitution for any man; but I will step aside and let him try this plan, and God knows I wish it all success. I wish that he had been the author of the bill rather than making a promise which in my opinion more or less bound him. I am not going to undertake to describe those who are said to be the authors of the bill. I refrain from that. I think I could make a speech along that line very satisfactory to myself. But I do not want to see the bill made inoperative perhaps in any respect that might be chargeable to others than those who have assumed the responsibility.

Senators will remember that the bill was in the hands of the press before the Committee on Agriculture and Forestry had it. If any member of the committee had a copy of it before the press had it, let him speak out now. It was sent to the press verbatim, et literatim, et seriatim, before any one of us ever had a copy of it. Therefore, as to those who have assumed the responsibility, it is my intention and purpose that they shall bear it, and I hope it will succeed. So far as possible I am going to try to hold it in its integrity.

Mr. President, while I am still on my feet, I want to ask the Senate to remain in session tonight and let us drive ahead with the bill, because if there is any good to come to agriculture from it the time is rapidly passing when it can be of any benefit whatsoever this year. We know that the bill is going to pass. Why should we not expedite it and give it whatever chance there may be in it to be of benefit to the farmers? There are 1 or 2 sections of the bill or perhaps 3 that I really believe would be of actual benefit if they could be enacted into law. I believe the proposal which I submitted and which was passed would help. I believe the leasing plan would help. I believe the mortgage-relief plan, which did not emanate like the other sections of the bill, but came through the ordinary channels, would be of benefit even if not amended.

God knows and every man from the rural sections knows the horror with which the majority of farmers are facing tomorrow—mortgages being foreclosed, people being dispossessed. Of all the matters that may come before us, the one that should receive the serious consideration of every man here is that voiceless crowd that feed and clothe and shoe the world. We ought not really to experiment. We ought to gird ourselves and settle the question of the expansion of the currency which everybody knows is the foundation upon which any prosperity must rest.

I was interested to hear the Senator from Nevada [Mr. McCARRAN] read the headlines from the afternoon paper to the effect that we have put an embargo upon the exportation of gold, and that we perhaps are entering upon a revision of the contents of the gold dollar so that what we have might be expressed in more currency. What we need is more money with which to buy. That is fundamental. I heard the Senator from Florida [Mr. FLETCHER] say today that what we need is more rapidity of movement of money. The difficulty is that it has moved so very fast during the last year or two that it went clear out of sight.

It is not so much the rapidity of circulation as it is the necessary volume of circulation. This bill and no other bill that we can pass will have a modicum of success in it unless there is the wherewith to make success possible. Suppose we were to raise the price of cotton and wheat without increasin the volume of currency. As the Senator from Idaho [Mr. BORAH] said the other day, we would simply subtract from one element of the people their purchasing power and transfer it to another element, and would not increase the volume one particle. When we raise the price, we decrease the purchasing power and decrease the consumption and leave the farmer and consumer both in identically the same position as when we began.

Mr. President, I do not like to be goaded into making a speech. I prefer to feel like it when I get up to make a speech. I did not feel like it this afternoon. I have sat here patiently day after day, but I do plead with my colleagues to let us vote and get the bill into operation, or at least get it out of the Senate. I do not see any reason why we should not do so. I do not believe we can set any limitation on the expense of administration of the bill and say how much we shall pay or how much we shall not pay, because we do not know and cannot know what will be the necessary and proper amount.

Mr. President, I should like to have a vote on the amendment, and I sincerely hope that the amendment will not prevail.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

Mr. LONG. Mr. President, may we have the amendment stated?

The VICE PRESIDENT. The amendment, as modified, will be restated.

The LEGISLATIVE CLERK. The amendment of the Senator from North Dakota [Mr. FRAZIER], as modified, is as follows:

On page 17, line 5, immediately before the period, insert a semicolon and the following:

"But the amount paid for administrative expenses, exclusive of refunds, in any year shall not exceed 5 percent of the amount of proceeds of the taxes which will be collected during such year under this title; and a detailed statement of such expenses shall be submitted to the House and the Senate on the 30th day of June and the 31st day of December of each year by the Secretary of Agriculture."

The VICE PRESIDENT. The question is on agreeing to the modified amendment offered by the Senator from North Dakota.

Mr. CLARK. I call for the yeas and nays.

Mr. ROBINSON of Arkansas. Mr. President, I do not wish to prolong this debate; but it is perfectly apparent from the consideration of the subject that those charged with the administration of the bill will have no idea, or little idea—they will have no accurate information—as to the amount that they are at liberty to expend in a given year. They will make the expenditure first, and then they will ascertain afterward the amount they should have expended.

The amendment contemplates that the expenses of administering the act for any year shall not exceed 5 percent of the amount received from the taxes levied under the act during that year, so that the expenditures would have been incurred before it could be ascertained how much should be expended.

I do not object to a fair limitation on the expenditures.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. CLARK. Does not this bill in itself set up machinery for estimating in advance the amount of the processing tax to be collected and appropriate that amount of money out of the Treasury?

Mr. ROBINSON of Arkansas. The bill contemplates the imposition of a tax; but——

Mr. CLARK. I mean, machinery is set up in the bill itself for estimating the amount of taxes to be collected, and that amount is appropriated out of the Treasury.

Mr. ROBINSON of Arkansas. I do not think anyone can tell with approximate accuracy the amount of the tax that will be collected during the year. That cannot be told with respect to income taxes. Certainly it cannot be ascertained with respect to a processing tax when it is not known how much of the commodity is going to be processed.

Mr. CLARK. Mr. President, if the Senator will yield——

Mr. ROBINSON of Arkansas. I have concluded all I have to say on the subject.

Mr. CLARK. I desire to call the Senator's attention to section (b) on page 17:

The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts currently required for such payments and expenses, and the Secretary of the Treasury shall advance, out of any moneys in the Treasury not otherwise appropriated, to the Secretary of Agriculture the amounts so estimated. The amount of any such advance shall be deducted from such funds as subsequently become available under subsection (a).

It seems to me it is just as easy to estimate the amount of the tax to be collected as it is to make that estimate.

Mr. ROBINSON of Arkansas. Oh, no; I do not think that is true at all. I think the two Secretaries could make an estimate of the amount of expense they were going to incur in administering the act because they would probably know, after proceeding a little way, what agencies would be employed.

Mr. TRAMMELL. Mr. President, I hope we shall have a yea-and-nay vote on this matter. I think there is no reason why we should not make some restriction upon the expenditures.

The people of the country quite generally know—and I presume every Senator knows—that if we leave the floodgates open for the handling of public expenditures, there is always waste and extravagance and a preying upon the public money of the people of the country. We should, if possible, make some limitation on it. If these officials find they are in trouble by reason of the limitation, they can come to Congress and get additional funds. There is no reason why they should not come in with their balance sheets and demonstrate to Congress why they have expended more than 5 percent, that being the limitation. If it were done, then Congress would have an opportunity to pass upon this question.

I dare say that if, during the last 4 years, Congress had scrutinized the accounts and the expenditures of the various independent agencies and bureaus of the Government, even with the liberal spirit of many of our Senators, the American taxpayers would have been several million dollars better off than they are today. I do not think I would be extravagant in saying that they would be $25,000,000 better off if there had been more careful scrutiny of the expenditures.

Sooner or later, unless some corrections are made, we are going to have to go behind the Reconstruction Finance Corporation, the Fleet Corporation, the Shipping Board, and various other independent governmental agencies, and check

them in their mad waste of the money of the taxpayers of America; and I think we might as well start off right with this agency.

I hope we shall have a yea-and-nay vote on the amendment.

Mr. CLARK. I call for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on the amendment of the Senator from North Dakota [Mr. FRAZIER], as modified. On that amendment the yeas and nays have been demanded and ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. COPELAND. Upon this question I have a pair with the Senator from Ohio [Mr. FESS]. I transfer that pair to the Senator from Montana [Mr. WHEELER], and will vote. I vote "nay."

Mr. LEWIS. I desire to announce that the following Senators are absent on official business:

The Senator from Idaho [Mr. POPE]; the Senator from North Carolina [Mr. REYNOLDS]; the Senator from Oklahoma [Mr. THOMAS]; and the Senator from Montana [Mr. WHEELER].

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from New Mexico [Mr. BRATTON];

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN];

The Senator from South Dakota [Mr. NORBECK] with the Senator from North Carolina [Mr. REYNOLDS]; and

The Senator from Oregon [Mr. STEIWER] with the Senator from Idaho [Mr. POPE].

The result was announced—yeas 50, nays 32, as follows:

YEAS—50

Adams	Dickinson	King	Schall
Austin	Fletcher	Lonergan	Shipstead
Bachman	Frazier	Long	Stephens
Bailey	Glass	McAdoo	Townsend
Barbour	Goldsborough	McCarran	Trammell
Borah	Gore	McNary	Tydings
Byrd	Hale	Metcalf	Vandenberg
Capper	Hastings	Neely	Van Nuys
Caraway	Hatfield	Nye	Walcott
Carey	Hebert	Patterson	Walsh
Clark	Johnson	Reed	White
Costigan	Kean	Robinson, Ind.	
Couzens	Keyes	Russell	

NAYS—32

Ashurst	Byrnes	George	Norris
Bankhead	Connally	Harrison	Overton
Barkley	Coolidge	Hayden	Pittman
Black	Copeland	Kendrick	Robinson, Ark.
Bone	Dieterich	Lewis	Sheppard
Brown	Dill	McGill	Smith
Bulkley	Duffy	McKellar	Thomas, Utah
Bulow	Erickson	Murphy	Wagner

NOT VOTING—13

Bratton	Fess	Norbeck	Steiwer
Cutting	La Follette	Pope	Thomas, Okla.
Dale	Logan	Reynolds	Wheeler
Davis			

So Mr. FRAZIER's amendment, as modified, was agreed to.

Mr. CLARK. Mr. President, I offer a further amendment, which I send to the desk.

The PRESIDING OFFICER. The Senator from Missouri offers an amendment, which will be stated.

The LEGISLATIVE CLERK. The Senator from Missouri proposes the following amendment:

On page 16, line 5, insert a new paragraph, to be known as "paragraph (i) ", as follows:

" (i) The officers, agents, inspectors, and employees authorized by the terms of this act shall as far as possible be practical farmers, and the field of employment of such officers, agents, inspectors, and employees shall be limited to the congressional districts in which they reside."

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD and to lie on the table a resolution passed by the Legislature of Minnesota, in the form of a petition, referring to the pending bill.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF MINNESOTA,
DEPARTMENT OF STATE.

I, Mike Holm, secretary of state of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original instrument in my office of H.F. No. 1954, being resolution no. 19, laws of Minnesota, 1933, filed in this office on the 15th day of April A.D. 1933, and that said copy is a true and correct transcript of said instrument and of the whole thereof.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State, at the capitol, in St. Paul, this 17th day of April A.D. 1933.

[SEAL]

MIKE HOLM,
Secretary of State.

Joint resolution to the House of Representatives and Senate of the United States concerning national legislation providing for refinancing of agricultural loans at lower rates of interest

Be it enacted by the Legislature of the State of Minnesota—

Whereas an emergency exists in this State whereby large numbers of farmers therein have lost or are losing their life's earnings for failure to meet interest payments through no fault of their own, with present conditions and high interest rates continuing, that such an emergency will continue for an indefinite time unless remedied by national legislation, providing for refinancing of farm loans at lower interest rates;

Whereas due to the emergency now existing the interest of both borrowers and lenders on farm lands within this State are mutual, that interest rates are so high and price levels so low that borrowers are unable to pay existing rates, and lenders are unable to collect, due to the situation thus created; and

Whereas it is the desire of the legislature of this State that occupying farm owners be permitted to refinance farm loans at lower interest rates, making possible for them to remain in their homes and, inasmuch as there is now pending a refinancing bill in the Congress of the United States, which provides for administration, methods of financing, and reduction of interest rates to 4½ percent: Therefore be it

Resolved by the Legislature of the State of Minnesota, That we regard such rates as provided for in this refinancing measure as too high to be of sufficient value to the farmers of Minnesota at this time and therefore we urge the Congress of the United States to lower the interest rate provided for in this bill to 3 percent per annum.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 11th day of April 1933.

FRANK T. STARKEY,
Chief Clerk House of Representatives.

Passed the senate the 10th day of April 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved April 15, 1933.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed April 15, 1933.

MIKE HOLM,
Secretary of the State of Minnesota.

Mr. CLARK. Mr. President, in all human probability, the force to be employed in the administration of the proposed law will comprise a body of men larger than the Army and Navy of the United States combined, added to the reforestation army which has just been created.

We have all had some experience in the administration of laws by the various bureaus of the Government. Under the crop production law it has been customary to take citizens of South Carolina and send them to Missouri, where they know nothing about the crops which are produced, or to have citizens of Missouri sent to Colorado, or Oklahoma, or Texas, where they are unfamiliar with crop conditions.

I believe that the adoption of some such amendment as that I have offered is absolutely necessary in order to prevent a horde of college professors and theorists and carpetbaggers descending on the farm population of the United States. Certainly there is nothing unreasonable in asking that the proposed act be administered by practical farmers, men who know something about agricultural conditions, and that it be administered in the various localities by those living there.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Missouri [Mr. CLARK].

The amendment was agreed to.

Mr. CLARK. Mr. President, I offer a further amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment submitted by the Senator from Missouri.

The LEGISLATIVE CLERK. The Senator from Missouri proposes the following amendment:

On page 7, line 2, after the word "payments", to add the following: *"Provided, however,* That during the year 1933 no land shall be leased for the purpose of reduction of acreage in any commodity except winter wheat sown for 1934."

Mr. CLARK. Mr. President, the purpose of this amendment is to prevent the leasing of land for the purpose of reducing production which could not be used for production, anyhow. It is perfectly apparent to anybody that by the time this act can be passed and go back to the House and go through conference and the administrative machinery is set up, it will be too late to affect any crop to be planted this year, except winter wheat, which will be planted next fall for harvesting next year. While, of course, I realize that it is physically possible to plant cotton in some parts of the United States as late as June, nevertheless it is impossible to set up the machinery required in time to affect that crop. Moreover, the provisions of the bill which comprise the Smith bill passed by the Senate in the last Congress admirably meet the cotton-reduction problem for the present year. The whole purpose of my amendment is to prevent the squandering of public money in any such fashion.

Mr. SMITH. Mr. President, perhaps the major purpose of the bill is to have a reduction in acreage, even where planting has been completed this year. I have been in consultation with some of those who will be charged with the administration of the law, and am informed that arrangements may yet be made, even where certain crops have been planted, to have them abandoned in order to bring about the situation that is desired in the passing of this legislation.

If this amendment should be adopted now, it would make the proposed law, so far as this year is concerned, practically worthless. I do not see why those who have sown wheat or planted cotton and tobacco may not reduce their acreage under the rental or leasing system, with an advantage still to themselves, under the terms of the proposed leasing provision, which is to give them a certain amount for rental.

It is needless for me to call to the attention of men here who have read the bill to the fact that with this amendment in it the whole purpose of the bill would be practically nullified.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CONNALLY. Is it not true that in many of the cotton areas cotton can be planted up to the middle of June?

Mr. SMITH. Yes, Mr. President; all of those who are familiar with the cotton section of the country know that cotton may be planted up to the 15th of June, and even that which is planted now could be abandoned with profit, under the terms of the leasing plan, to which I referred a while ago. In my opinion, the leasing plan holds out more hope than almost any of the other propositions in the measure. The others may work out all right, but this would have its effect, not on the part of the commodity domestically consumed but on the market price of the whole commodity. I do not think we ought to limit it if the bill is to have its greatest effect.

Mr. BANKHEAD. Mr. President, I want to call attention to the fact that if this amendment is adopted, it will limit the application of the bill to the allotment plan on everything but wheat. It would exclude the application of the rental and leasing plan from every other commodity in the bill except wheat. I do not know of a single Senator from the Cotton Belt, from the real cotton States, who favors the proposition. As the Senator from South Carolina has stated, the most hopeful plan, so far as cotton is concerned, at least, with its very large exportable surplus, is the use of the leasing plan, and this amendment proposes to prevent that, and force the allotment plan if any plan at all is used.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Missouri [Mr. CLARK].

Mr. BANKHEAD. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). On this question I have a pair with the senior Senator from Ohio [Mr. FESS], which I transfer to the senior Senator from Montana [Mr. WHEELER], and vote "nay."

Mr. ADAMS (after having voted in the negative). Has the senior Senator from Virginia [Mr. GLASS] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. ADAMS. Having a pair with the senior Senator from Virginia, and not knowing how he would vote, I withdraw my vote.

Mr. BARKLEY. My colleague [Mr. LOGAN] is paired with the Senator from Pennsylvania [Mr. DAVIS]. My colleague is unavoidably absent. I do not know how he would vote if present and voting.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN];

The Senator from Vermont [Mr. DALE] with the Senator from New Mexico [Mr. BRATTON];

The Senator from South Dakota [Mr. NORBECK] with the Senator from North Carolina [Mr. REYNOLDS]; and

The Senator from Oregon [Mr. STEIWER] with the Senator from Florida [Mr. FLETCHER].

Mr. LEWIS. I desire to announce that the following Senators are absent on official business: Mr. BAILEY, Mr. FLETCHER, Mr. GLASS, Mr. PITTMAN, Mr. POPE, Mr. REYNOLDS, Mr. THOMAS of Oklahoma, Mr. WALSH, and Mr. WHEELER.

The result was announced—yeas 18, nays 57, as follows:

YEAS—18

Austin	Couzens	King	Townsend
Barbour	Gore	McCarran	Walcott
Borah	Hastings	Metcalf	White
Carey	Hebert	Patterson	
Clark	Kean	Reed	

NAYS—57

Ashurst	Copeland	Keyes	Robinson, Ind.
Bachman	Costigan	La Follette	Russell
Bankhead	Dickinson	Lewis	Schall
Barkley	Dieterich	Lonergan	Sheppard
Black	Dill	Long	Shipstead
Bone	Duffy	McAdoo	Smith
Brown	Erickson	McGill	Stephens
Bulkley	Frazier	McKellar	Thomas, Utah
Bulow	George	McNary	Trammell
Byrd	Hale	Murphy	Tydings
Byrnes	Harrison	Neely	Van Nuys
Capper	Hatfield	Norris	Wagner
Caraway	Hayden	Nye	
Connally	Johnson	Overton	
Coolidge	Kendrick	Robinson, Ark.	

NOT VOTING—20

Adams	Davis	Logan	Steiwer
Bailey	Fess	Norbeck	Thomas, Okla.
Bratton	Fletcher	Pittman	Vandenberg
Cutting	Glass	Pope	Walsh
Dale	Goldsborough	Reynolds	Wheeler

So, Mr. CLARK's amendment was rejected.

Mr. CLARK. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment proposed by the Senator from Missouri.

The LEGISLATIVE CLERK. The Senator from Missouri proposes the following amendment:

On page 7, line 2, after the word "payments", to insert: *"Provided further,* That the provisions of this part authorizing the leasing of land for the purpose of acreage reduction shall be limited to 2 years from the date of the approval of this act."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Missouri.

Mr. CLARK. Mr. President, I offer this amendment in the hope that during the next 2 years the situation may become so changed by reason of reciprocal trade arrangements and the opening up of our export market that the Government will be glad to abandon the whole theory of marginal acreage leasing. I believe it is very essential that this system, which, after all, is nothing more nor less than

a dole, should have a time limit, so that, if it is to be continued, affirmative action will be necessary to continue it rather than affirmative action being necessary to discontinue it.

Mr. SMITH. Mr. President, it is hardly necessary for me to call attention to the fact that this proposed law will be subject to termination at any time by the President and will be subject to automatic termination when the prices of commodities have risen to those of the base period selected; and if there should occur such a rise in commodities as that, the parity which existed in 1909–14 would be reestablished, the whole measure will become inoperative, so that the only necessity for the bill is the situation now existing.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Missouri.

The amendment was rejected.

The PRESIDING OFFICER. The bill is before the Senate and still open to amendment.

Mr. SMITH. Mr. President, the administration and those who are interested in a measure which I had the honor to submit and have passed have perfected arrangements as to securing the cotton from the different governmental agencies. I send to the desk an amendment to part 1, beginning with section 3 on page 3 and going down to section 4 on line 6, and I ask that it may be substituted for the part of the bill beginning on page 3, section 3, and going down to the end of line 5 on page 6.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 3, beginning in line 9, it is proposed to strike out down to and including line 5 on page 4, being section 3, and in lieu thereof to insert the following:

PART 1. COTTON-OPTION CONTRACTS

SEC. 3. The Federal Farm Board and all departments and other agencies of the Government, not including the Federal intermediate credit banks, are hereby directed—

(a) To sell to the Secretary of Agriculture, at such price as may be agreed upon, not in excess of the market price, all cotton now owned by them.

(b) To take such action and to make such settlements as are necessary in order to acquire full legal title to all cotton on which money has been loaned or advanced by any department or agency of the United States, including futures contracts for cotton or which is held as collateral for loans or advances, and to make final settlement of such loans and advances as follows:

(1) In making such settlements with regard to cotton, including operations to which such cotton is related, such cotton shall be taken over by all such departments or agencies other than the Secretary of Agriculture at a price or sum equal to the amounts directly or indirectly loaned or advanced thereon and outstanding, including loans by the Government department or agency and any loans senior thereto, plus any sums required to adjust advances to growers to 90 percent of the value of their cotton at the date of its delivery in the first instance as collateral to the department or agency involved, such sums to be computed by subtracting the total amount already advanced to growers on account of pools of which such cotton was a part from 90 percent of the value of the cotton to be taken over as of the time of such delivery as collateral, plus unpaid accrued carrying charges and operating costs on such cotton, less, however, any existing assets of the borrower derived from net income, earnings, or profits arising from such cotton, and from operations to which such cotton is related, all as determined by the department or agency making the settlement.

(2) The Secretary of Agriculture shall make settlement with respect to cotton held as collateral for loans or advances made by him on such terms as in his judgment may be deemed advisable, and to carry out the provisions of this section, is authorized to indemnify or furnish bonds to warehousemen for lost warehouse receipts and to pay the premiums on such bonds.

When full legal title to the cotton referred to in (b) has been acquired it shall be sold to the Secretary of Agriculture for the purposes of this section in the same manner as provided in (a).

(c) The Secretary of Agriculture is hereby authorized to purchase the cotton specified in paragraphs (a) and (b).

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina.

Mr. AUSTIN. Mr. President, will the Senator from South Carolina yield for a question?

Mr. SMITH. Certainly.

Mr. AUSTIN. I notice that by this amendment there seem to be added to the original bill certain charges; that is to say, the original bill provided for payment of loans and the expense of carriage but did not include advancements to growers up to 90 percent of the value of their cotton, and so forth, as set forth in the amendment. Then I notice that it provides for a deduction, which is not contained in the original draft of this measure, of such profits as may have been made in the handling of the cotton that is the subject matter of the amendment. What I should like to ask the learned Senator in charge of the bill is what the net cash effect of the amendment will be; that is, will it increase the burden which the Government must carry in order to put the transaction through as designed, or will it diminish that burden?

Mr. SMITH. Mr. President, it will diminish the burden nearly $14,000,000. The original provision only covered the quantity of cotton that was actually handled, or is actually now in existence, pledged against certain loans; but there were certain items which the new members of the Farm Board insisted should be returned to them rather than retained by the cooperatives. This amendment was drafted in conjunction with Mr. Morgenthau, who insisted that the amount of money still held by the cooperatives because of the transactions which had taken place in the handling of the cotton should in the settlement be returned as part of the revolving fund. The amendment increases the amount the Government will get somewhere between thirteen and a half and fourteen million dollars.

Mr. AUSTIN. Will the Senator permit me to ask him another question?

Mr. SMITH. Certainly.

Mr. AUSTIN. What is the amount in the form of loans outstanding against this cotton, if the Senator can state the figures approximately?

Mr. SMITH. I do not recall, but I know that as to the stabilization cotton there was a considerable amount of money lost, something like 50 million or 60 million dollars, as I recall, but this is cotton that was held for the grower on which he received 90 percent of the market value at that time. He sustains a loss because he only got 90 percent of the market price, and, of course, the Government has lost as well as he, but the cooperatives through the A.C.C.A., I believe, as it is called, accumulated 14 million or 15 million dollars by their transactions in the sale of their cotton, which Mr. Morgenthau insisted should be returned. This amendment, therefore, was drafted to take the place of the provision proposing a simple settlement for the cotton that was held and for the amount due on it.

Mr. AUSTIN. Mr. President, will the Senator yield further?

Mr. SMITH. Yes.

Mr. AUSTIN. Assuming that on February 28, 1933, the total outstanding on account of the advancements was $68,900,000 plus, does the Senator know how much must be added to that on account of carrying charges?

Mr. SMITH. The carrying charges are going to be added to the price of the cotton that is going to be sold under this option plan, so that the carrying charges will stop at the time the transaction is made with the farmer.

Mr. AUSTIN. Mr. President, if the Senator will be so kind as to allow one other question——

Mr. SMITH. Certainly.

Mr. AUSTIN. Assuming that those carrying charges are $2,000,000, that would make approximately $71,000,000 altogether. Does the Senator understand that under his amendment the amount which would be borne by the United States Government as a loss in this transaction would be approximately $57,000,000 instead of $71,000,000?

Mr. SMITH. Under this amendment there will be a saving as against the original provision, as I said a moment ago, of something between $13,000,000 and $14,000,000. I do not remember the exact figure, but the settlement is intended to recover whatever assets in cash the cooperatives have. Nothing else can be recovered, because we take all the cotton. Then when the Government disposes of the cotton on option to the farmer, the carrying charges up to date are to be added to the price the Government has to pay, plus the insurance and storage, the farmer to receive whatever profit there may be.

Mr. AUSTIN. Just another question, if the Senator will yield for it.

Mr. SMITH. I yield.

Mr. AUSTIN. Does the Senator understand that the saving arises out of the limitation of 90 percent or is some of it to be ascertained by the deduction of profits? That is a matter that is not clear from the way the amendment is drafted.

Mr. SMITH. No; whatever profits have accrued under this amendment will be covered into the Farm Board's revolving fund. That is the difference between this and the old amendment. I was of the opinion that as to the cotton that had been put up as collateral, the amount that had been borrowed ought to be returned as far as the cotton would return it, but no further. They had made some profits and therefore they took those, and under this amendment the Government recovers that amount in excess of what it would under my amendment. In other words, it is very similar to the amendment offered by the Senator from Utah [Mr. KING] when the matter was up before.

Mr. AUSTIN. Then the net cost to the Government, if the amendment is agreed to, will be approximately $57,000,000?

Mr. SMITH. I do not remember just what it was, but the loss will be the absolute difference between the price of the cotton at the time it was stored and at the present date.

Mr. AUSTIN. I thank the Senator.

Mr. KING. Mr. President, I was out of the Chamber when the Senator from South Carolina offered his amendment. May I inquire whether it relates to the subject covered by the Senator from Tennessee [Mr. MCKELLAR] a few days ago?

Mr. SMITH. It is a little more drastic than that. Mr. Morgenthau and these parties got together, and he insisted that whatever profits they had should be turned over into the revolving fund. Of course, when they agreed, I accepted it, because that was the basis upon which any settlement was possible.

Mr. KING. Would the amendment just now offered be in harmony with the amendment which I have in mind to offer, namely:

Provided further, That in any settlement made by the Federal Farm Board for an amount in excess of the market value of the cotton, all earnings, profits, and commissions of any borrower resulting, directly or indirectly, from the handling of the cotton so required shall first be applied against the indebtedness of such borrowers to the Federal Farm Board.

Mr. SMITH. Mr. Morgenthau asked the conference. The leader of the Democratic Party in the Senate, the senior Senator from Arkansas [Mr. ROBINSON], and I went in to the conference, and then the Mississippi long-staple people came in, and they all agreed and finally submitted that the profits be turned over.

Mr. KING. Mr. President, may I have the attention of the Senator from Vermont [Mr. AUSTIN]? I have here a statement emanating from the Farm Board which shows that as of February 28, 1933, the American Cotton Cooperative Association owed the Farm Board $71,015,748.31. Ten million dollars of this sum is the effective merchandising loan used for its current operations. Of the balance, $61,015,748.31, $60,424,979.72 is outstanding on the 1930–31 operations.

The difference of $590,768 is for miscellaneous loans to the American Cotton Cooperative Association, the most of which has been reloaned to the cotton associations that are stockholder members of the American Cotton Association. It is estimated at this time that if the 1930–31 operations of the American Cotton Cooperative Association were entirely liquidated, the loans of $60,424,979 could be decreased by about $3,375,000, indicating a deficit of about $57,000,000 to the Farm Board as of February 28, 1933.

That is not all, however. On the next page of the statement reference is made to another corporation to which loans were made, known as the "Staple Cotton Cooperative Association", which owed the Farm Board $11,517,257. One million dollars of this total represented an advance of the Farm Board.

But that is not all. As of February 28, 1933, the Cotton Stabilization Corporation owed the Federal Farm Board $97,530,238.40. Upon the liquidation of the Cotton Stabilization Corporation it is estimated that about $94,000,000 will still be unpaid to the Farm Board.

As a matter of fact, the Government will have lost, or has lost up to date, more than $150,000,000 in its operations upon the cotton exchange and in its dealings with the stabilization corporation and the American Cotton Cooperative Association, of which it was the parent.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. KING. Certainly.

Mr. GORE. Does not the Senator think the Government got off pretty luckily?

Mr. KING. The Government had an investment of $500,000,000 in the Farm Board. If it gets off with a loss of no more than $400,000,000, I think it will be very lucky. That experiment will cost the Government, before it is fully liquidated, in my opinion, at least $400,000,000.

Mr. GORE. If the Government would only learn the lesson which those figures teach, would it not be worth the money?

Mr. KING. The Senator knows there is one thing that history teaches, and that is that people learn nothing from history.

Mr. President, I ask leave to insert in the RECORD at this point a statement showing some of the transactions of the Farm Board and its progeny.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

In considering the proposed amendment it is important first of all to understand just what amounts of obligations will be canceled under the present language of the bill. According to an announcement made by Mr. Morgenthau, Chairman of the Federal Farm Board, on March 21, 1933, the American Cotton Cooperative Association owed the Farm Board $71,015,748.31. If these loans were wiped out, there would be a deficit to the Farm Board of about $57,000,000.

The American Cotton Cooperative Association, according to the testimony of Mr. Creekmore before the Senate Agricultural Committee, is a Delaware corporation; it has an authorized capital of $30,000,000, of which $79,500 was paid in in cash by the 11 State cooperative associations affiliated with it. The 11 State cooperative associations which contributed the $79,500 capital, probably from loans theretofore received from the Farm Board, are as follows:

Alabama Farm Bureau Cotton Association, Montgomery, Ala.; Mid-South Cotton Growers Association, Memphis, Tenn; Georgia Cotton Growers Cooperative Association, Atlanta, Ga.; Louisiana Cotton Cooperative Association, Lake Providence, La.; Mississippi Cooperative Cotton Association, Jackson, Miss.; North Carolina Cotton Growers Cooperative Association, Raleigh, N.C.; Oklahoma Cotton Growers Association, Oklahoma City, Okla.; South Carolina Cotton Cooperative Association, Columbia, S.C.; Southwestern Irrigated Cotton Growers Association, El Paso, Tex.; Texas Cotton Cooperative Association, Dallas, Tex.; and California Cotton Cooperative Association, Bakersfield, Calif.

In addition to the $57,000,000 debt which will be canceled for the American Cotton Cooperative Association, Mr. Morgenthau states in his release that an additional loss of $8,254,350.07 will be suffered as a result of loans to the Staple Cotton Cooperative Association. This association operates in the Delta of the Mississippi and has approximately 3,500 members. So that the Treasury would simply make a gift of approximately $2,500 to each of the members of this organization.

In the summer of 1929, when the Farm Board operations were begun, the Staple Cotton Cooperative Association was the only cooperative which was in a solvent condition. It had reserves of approximately $500,000. At first it refused to borrow any money from the Farm Board. Nevertheless, it carried a large amount of cotton futures over from the 1928–29 season and, as a result of price declines, found itself in a precarious condition and was compelled to resort to the Federal Farm Board. It followed the same policy in 1930–31 under a contract with the Farm Board to carry the cotton or the futures until July 31, 1933. As a result, it lost not only its reserve of $500,000 but some $8,000,000 for the Federal Treasury.

None of the short-staple State cooperatives who are interested in the American Cotton Cooperative Association were in a satisfactory condition at the time the Farm Board came into existence. The Tennessee, Mississippi, and Arkansas cooperatives were, frankly, insolvent. The Oklahoma association was heavily in debt and could be saved only by a rise in prices. The Texas Cotton Cooperative Association had lost practically all its reserves speculating in the price of cotton in 1928–29. In testifying before the

House Committee on Appropriations, in 1930, Mr. Legge, at that time chairman of the Farm Board, could name only the Staple Cotton Cooperative Association as a really successful cotton cooperative, and it soon succumbed to the lure of speculation.

The same old leadership which piloted the various State cooperatives into bankruptcy took charge of the American Cotton Cooperative Association upon its formation. U. B. Blalock, its president, had been connected with the North Carolina Cotton Growers Cooperative Association; C. O. Moser, vice president in charge of lobbying activities, had been president of the American Cotton Growers Exchange, which was a loose association of the various State cooperatives; D. G. Hill, Jr., comptroller of American Cotton Cooperative Association, had been connected with it. The list of directors and officials shown at page 400 of the November 1931 hearings reveals the fact that the same group who had previously fattened at the expense of the farmer were beneficiaries at the expense of the Federal Treasury.

In 1929–30 the Federal Farm Board issued a statement that the price of cotton was too low. It authorized the cooperatives to make advances of 16 cents upon cotton and such advances were made. This policy was intended for two purposes: First, to get farmers to deliver their cotton to the cooperatives; and second, in the belief that the price of cotton could be held up. If cotton had risen in value as was expected by the Board and its experts, the cotton cooperatives and their members would have received the benefit of the rising prices. When cotton declined, the Board created the Cotton Stabilization Corporation, which took over not only the cotton upon which the cooperatives had made the 16-cent advances, but cotton carried over from the previous seasons at prices substantially above the market. In the course of this operation the Farm Board also demanded delivery upon futures contracts for the months of May and July in New York and conducted a highly manipulative near corner in those months to the great injury of members of the trade who were compelled to hedge their cotton in order to avoid speculation.

Some 1,300,000 bales were thus taken over at prices which, according to the Oklahoma cooperative publications, were 5 cents above the market. The Government thus took over a loss approximating $30,000,000 from cooperative associations and their new marketing agency, the American Cotton Cooperative Association.

1930–31 OPERATIONS OF THE AMERICAN COTTON COOPERATIVE ASSOCIATION

Having had all their debts paid up at the end of the 1929–30 season the group of cotton cooperatives associated under the American Cotton Cooperative Association entered into a new scheme to secure members and stabilize prices. They offered to advance in cash 90 percent of the value of cotton, and according to the testimony of Mr. Moser, told the cotton farmer that if cotton went up they would get the profit, while if it went down the United States Treasury would take the loss. As a result they secured 2,100,000 bales. At the time a definite contract was entered into between the American Cotton Cooperative Association and the Federal Farm Board under which the Farm Board agreed to finance the holding of this cotton for a period of 3 years.

Since a heavy loss resulted, the American Cotton Cooperative Association is now insisting that this was in fact a stabilization operation and that the loss should again be transferred to the Federal Treasury. Since the cooperatives were for the most part insolvent at the time the Federal Farm Board was organized and since their operations had not resulted in the accumulation of any capital, unless by mere bookkeeping, it is plain that a large part of this loss must fall on the Federal Treasury. If the loss is to be canceled, profits arising from the same transaction should be credited against the loss.

There is nothing in the Agricultural Marketing Act authorizing the Federal Government to give money to the cooperatives and it seems to us as illegal to do this indirectly as to do it directly.

Whatever profits were made by the American Cotton Cooperative Association in 1930–31 can only have resulted from handling the cotton which they are now trying to sell to the Government at $65,000,000 in excess of its value. In addition, Manager Creekmore testified that some 1,300,000 bales of this cotton was sold and replaced with futures. He further stated that some 500,000 bales of 1931–32 cotton were to be converted into this 1930–31 pool. In view of the fact that several members of the American Cotton Cooperative Association suffered tremendous losses in buying cotton in 1931–32 it may be that this overgraded cotton found its way into the 1930–31 pool, thus transferring the loss to an operation which it is contended is for account of the Government.

In 1930–31, according to Mr. Carl Williams, the American Cotton Cooperative Association set up net earnings of $2,074,292.

These profits and any additional amounts held by the American Cotton Cooperative Association as a result of the operation which caused this $63,000,000 loss it is believed arose as follows:

1. A deduction or a commission was charged the State cooperatives by A.C.C.A. This amounted to about $1 per bale on the 2,100,000 bales accumulated.

2. In selling out spots and in buying and selling futures on the cotton exchanges it has been possible for A.C.C.A. to write into the $63,000,000 loss the full rate of future commissions by charging them to the State cooperatives keeping for the A.C.C.A. half of these charges by reason of Mr. Creekmore's membership in the exchange.

3. Through transfers of cotton from one pool to another, or from one year to another, or from spots to futures, and vice versa, A.C.C.A. has probably placed in its reserve commissions and profits directly made from these transfers.

4. A.C.C.A. has charged the State cooperatives 4 percent on money advanced to them which it has borrowed at rates as low as one fourth of 1 percent from the Farm Board.

It has been claimed that the loans referred to were for the purpose of stabilizing the cotton market.

In its special report to Congress, dated December 7, 1932 (p. 7), the Board expressly states that the loans involved were not made for the purpose of stabilizing cotton prices. They were made to get cotton farmers to deliver cotton to the cooperatives by promising them the profits and assuring them that Uncle Sam would certainly never ask them to bear the losses in spite of the direct terms of the written contract with the Board.

The only justification for canceling any of these loans is that they are not collectible. As a matter of fact, if the slate of the cooperatives is thus wiped clean and they are left without debts, they will be in a much better position than they were when the Farm Board started operations. Their accumulated debts were already paid out of the treasury of the Cotton Stabilization Corporation in 1930. And it is nothing but justice that the A.C.C.A. should not be permitted to throw all the losses on the Treasury and pile up bookkeeping profits, which it says must not be touched.

Mr. KING. Mr. President, as I understand the amendment which the Senator from South Carolina has tendered, it contemplates that the A.C.C.A., which is Mr. Creekmore's child, from which he has derived great benefits, will be required to turn back in this settlement to the revolving fund of the Farm Board whatever profits or assets it now has, amounting to between $5,000,000 and $13,000,000.

Mr. SMITH. I do not remember the figures, but somewhere between $12,000,000 and $13,000,000.

Mr. KING. I thank the Senator from South Carolina for giving us that much of a concession, because it is known that Creekmore, Moser, and others for a long time have been anxious to hang on to that fund as a basis for continued operations. If Mr. Morgenthau understands the facts, as I hope he does, he will sever all relations with the A.C.C.A. and compel its liquidation.

Mr. SMITH. I suppose the Senator is thoroughly aware of the fact that Mr. Morgenthau has already given out the statement that all activities looking toward advancing the farmer in every shape and form will be concentrated under one head. Just what is to be the form of the concentration I do not know, but I do hope that it is now in process of consummation.

Mr. KING. I think the President is to be congratulated upon taking this important forward step. I feel sure that Mr. Morgenthau, with his great ability, will effect reforms that will be highly advantageous to the Government and to the people.

Mr. AUSTIN. Mr. President, I wish to ask the Senator from Utah if the results of his investigation of these figures have convinced him that the amendment does actually save to the Government approximately $15,000,000 which under the original draft of the measure it would have had to lose?

Mr. KING. Mr. President, I have not had time to examine the amendment offered by the Senator from South Carolina, but knowing his interest in the matter and his fairness I assume that the amendment which he has offered carries out exactly the statement which he has made. From my understanding of the fund in the hands of the A.C.C.A. and the assets of that organization, there is approximately from $5,000,000 to $15,000,000. The Senator from South Carolina suggests to me sotto voce that it is about $12,000,000.

Mr. AUSTIN. The reason for my interrogatory was not to raise a question of accuracy with the Senator but to try to settle upon the figures. The figures which the Senator from Utah gave are not quite the same as I myself obtained from the Federal Farm Board. What I desire is merely to have the RECORD show an answer to the question whether his figures tend to show that situation. My own figures show a saving of $15,300,000, and I want to know if he can reconcile his figures to that amount of savings?

Mr. KING. I have not attempted to ascertain the savings that would result from the adoption of the amendment from the funds or assets in the possession of the A.C.C.A. I doubt whether anybody can tell definitely what the funds are, but I believe the figures which I gave as to the losses are accurate if I may accept the statement submitted by the Fed-

eral Farm Board under date of March 22, 1933. That statement, as I understand, was given out by Mr. Morgenthau after he had made an investigation of the condition of the Farm Board on the date indicated. As to what profits had been made and are in the hands of the A.C.C.A. I am not able to state. I doubt whether the information is available except as a result of a meticulous examination of the books of that organization.

Mr. AUSTIN. That is not the saving to which I was referring. I was referring to the saving that would be made to the Government by the adoption of the amendment as against the passage of the original draft of the bill. That is what I mean.

Mr. KING. The only savings that will be made, if I understand the amendment, will result from taking possession of the assets of the A.C.C.A. What those assets are I do not know. I have been told that some investigations indicate that the assets consist of cash and bills receivable, the aggregate value of which would be approximately $13,000,000. Of course, Mr. Creekmore and Mr. Moser and those who were greatly interested in that organization want to hold on to that $13,000,000 and to perpetuate the organization and to integrate it with any agency that may be formed under the direction of Mr. Morgenthau, so that that organization may continue as the agent of any Federal agency that may take the place of the Farm Board.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina [Mr. SMITH], on page 3, beginning in line 9.

The amendment was agreed to.

Mr. SMITH. Mr. President, I should like to perfect the text in one respect. It will take only a moment. On page 4, line 18, section 6, between the words "into" and "contract", I move to insert the word "option", as this is an optional matter. That word was evidently omitted by oversight.

The PRESIDING OFFICER. The Senator from South Carolina offers the following amendment, which will be read.

The CHIEF CLERK. On page 4, line 18, after the word "into", insert the word "option", so as to read, "to enter into option contracts with the producers."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. SMITH. On page 4, line 20, I move to strike out the words "equivalent in amount to" and substitute "to be agreed upon, not in excess of."

The PRESIDING OFFICER. Without objection, the amendment will be agreed to.

Mr. SMITH. Mr. President, those are all the amendments that I have ready at this time so far as that part of the bill is concerned, except that on page 6, beginning with the words *"Provided further"*, on line 8, I desire to have the balance of that paragraph stricken out. It reads:

Provided further, That he is authorized to sell unlimited amounts at any time a price equivalent to not less than 10 cents, basis middling, ⅞ inch staple, at the ports can be procured.

In view of the bill in its entirety, and the prospects for better prices, both the Department and those interested think that that proviso ought to be stricken from the bill; and I ask that that amendment be made.

The PRESIDING OFFICER. Without objection, the amendment will be agreed to.

Mr. GORE. Mr. President, I rose to propound a question to the Senator from Utah [Mr. KING].

The Senator detailed the financial operations of the Cotton Stabilization Corporation and the American Cotton Cooperative Association. As I understood his figures, the Farm Board, through its loans to those two concerns, took an aggregate loss of $150,000,000. Is that correct?

Mr. KING. Mr. President, that is my understanding; and I am not sure whether there was not an additional loss of approximately $20,000,000 which the Farm Board sustained by reason of having paid, before the Stabilization Corporation or the A.C.C.A. was formed, some of the outstanding obligations of some of these so-called "cooperatives."

Mr. GORE. Oh, well, I would not be concerned about a mere $20,000,000; but is it for that that Mr. Creekmore receives $75,000 a year?

Mr. KING. It was for the very valuable services which he rendered in bringing about that great deficit.

Mr. GORE. Mr. President, it seems that the cotton people were less lucky than the wheat people in their dealings with the Farm Board, or else that the wheat people were better financiers than the cotton borrowers from the Farm Board.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Missouri?

Mr. GORE. I do.

Mr. CLARK. It is true that the head of the wheat cooperatives received only $50,000 instead of $75,000; but there were two of those salaries—one of $50,000 and the other of $35,000—so that the aggregate of the wheat salaries was more than the cotton salary.

Mr. GORE. And I suppose the success was in inverse proportion to the salaries, perhaps.

Mr. CLARK. Yes, sir.

Mr. GORE. But the wheat people were pretty lucky; and at this point I wish to insert in the RECORD a brief statement concerning the dealings between the National Grain Corporation and the Farm Board.

The Farm Board lent that concern $16,000,000. That loan was refinanced, on the 9th day of last July, for a period of 10 years, at a rate of interest amounting to one eighth of 1 percent per annum. In other words, the National Grain Corporation was refinanced for $16,000,000 at an annual cost of $20,000—$20,000 a year for a period of 10 years—on a loan amounting to $16,000,000. At the rate of interest recently paid by the Government on one of its financial operations—4 and 4¼ percent—it cost the taxpayers of this country $650,000 a year to service that loan to the National Grain Corporation.

A great many people in this country are engaged in private business, the business of handling and merchandising grain. They have adventured their time, their talents, and their capital in that business. When they borrow $16,000,000 to carry on business in competition with the National Grain Corporation it costs them $950,000 a year, against the $20,000 a year which the National Grain Corporation pays to the Government of the United States for $16,000,000. That is an instance of governmental financing toward these specially favored concerns.

This resulted from a clause in the Farm Marketing Act which provided that these loans could be refinanced at the lowest rate of interest of any Government obligation still current and outstanding. Last summer the Government floated a loan at one eighth of 1 percent interest per annum. These financiers took advantage of the psychological moment and refinanced this $16,000,000 for 10 years at that rate of interest—one eighth of 1 percent a year. The contract was entered into on the 9th day of last July. I have a copy of the contract but will not encumber the RECORD with it; but I thought this statement ought to stand here in order to illuminate this character of financial operations.

Mr. President, while I am on the floor, on page 13, line 16, I move to strike out the figures "$10,000" and insert the figures "$7,500." The purpose of the amendment is to reduce from $10,000 a year to $7,500 a year the possible salaries which can be paid by the Secretary of Agriculture to such experts as Mr. Creekmore and the Reverend Mr. Hough, who is the head of the National Grain Corporation and a great financier.

The PRESIDING OFFICER. The amendment offered by the Senator from Oklahoma will be stated.

The CHIEF CLERK. On page 13, line 16, it is proposed to strike out "$10,000" and insert "$7,500" so that, if amended, it will read:

Provided, That no salary in excess of $7,500 per annum shall be paid to any officer, employee, or expert of the Emergency Agricultural Adjustment Administration—

And so forth.

Mr. SMITH. Mr. President, in justice to the committee and the hearing we had, I desire to make a statement; and then, of course, the Senate will vote as it sees fit.

The Secretary of Agriculture, in a personal appearance before us, stated that in the discharge of the very onerous burden which is about to be placed upon him he had to have men of the very best expert training that he could get. Remember, the original bill contained a provision that not more than a certain limited number of persons should receive salaries in excess of $10,000. The salaries of that limited number, of course, would exceed the $10,000. The committee, after consideration, compromised on placing in the bill the provision that is now there, that they should not receive in excess of $10,000. It was represented to the committee that men of the desired character, training, and ability could not be obtained for a less amount.

I make that statement because I think it is due to the Senate to know that the Secretary appeared in person and made a very strenuous plea for such salaries as would command the very best talent that could be obtained along the lines necessary to discharge the duties resting upon him.

Mr. GORE. Mr. President, I was not familiar with the legislative history of this provision. I did not know that the Secretary of Agriculture had made a special and personal appeal that the sum of $10,000 be inserted. My motion to strike it out, therefore, cannot be regarded as any evidence of disrespect toward the Secretary or toward his wishes.

But, Mr. President, Mr. Creekmore was paid $75,000 a year; and his operations alone have resulted in a loss of some hundreds of millions of dollars to the Farm Board. One of the wheat masters received $50,000 a year. Their operations have hardly been more successful. The services of a public official cannot always be measured by the amount of his salary.

This salary of $10,000 is more than Senators receive. The services these men are expected to render may be more valuable; they may call for more experience and a higher degree of talent and business experience. I am not willing to deny that. On the other hand, I am not willing to admit it. So, with the utmost respect toward the Secretary of Agriculture, I shall allow my motion to go to a vote.

Mr. SMITH. Mr. President, before the vote is taken, being somewhat familiar with the operations of the Farm Board and with its officers, it is nothing but justice to a man who cannot speak in this body, and whom I have known only casually, that I should say that Mr. Creekmore stated that his salary was $25,000, and that the remaining $50,000 was a commission upon the amount of cotton he handled and the business done. As for the wheat man, I am totally unadvised as to that.

Again, Mr. President, let me make this statement in reference to the Farm Board, the confirmation of some of whose members I opposed here, and my estimation of their ability to handle the work of the Board was more than borne out by the subsequent results. Let me state, however, that the losses that were sustained by the operations of the Farm Board were not due entirely to the inability or the impracticability or the lack of business acumen of these men. It was an unfortunate period, and everything suffered; and even men of long business experience failed as disastrously as did the Farm Board. We, as representatives of the people, ought to take into account every possible element that might go to ameliorate what has been universally condemned as a most disastrous failure.

I hold no brief for the Farm Board. None of the splendid advice that I gave them was ever taken. [Laughter.] They might have failed even worse than they did had they taken it. I wanted to say so much, however, in partial defense, at least, of men who have no way of defending themselves here, even if they need it. I know, as all of us know, that the terrible depression made success impossible, and that the compensation that has been accredited to Mr. Creekmore as a salary was in part a commission. He received so much per bale for the amount of cotton he handled, in conjunction with what I consider a tremendous and exorbitant salary, even at $25,000.

I thought it was due the Farm Board, and the men themselves, that I should make that statement.

Mr. GORE. Mr. President, as I understand—and I do not reflect on Mr. Creekmore as a citizen; perhaps I ought not to impeach him as a financier—he was receiving about $12,000 a year before he was advanced to this post at $25,000 fixed salary and a commission, as I recall, of a nickel a bale on the amount of cotton he handled. Neither do I wish to take advantage of the silence or the absence of gentlemen who cannot speak for themselves. This disaster has been universal and has been unsparing. It could not, perhaps, have been foreseen by the most foresighted; and yet panics and depressions have occurred in the past. If this were the first in human history there would be a still greater excuse for the members of the Farm Board not foreseeing and anticipating the disaster. But the Senator from South Carolina perhaps knows that a member of the Farm Board and certain of his associates worked out a theorem on cotton by which they could foretell the course of cotton prices in the years to come. I hope the Senator from South Carolina will give me his attention. He may not know that, and yet he may know it.

Mr. SMITH. I did not catch what the Senator said.

Mr. GORE. A member of the Farm Board and certain of his associates worked out a theorem by which they could forecast and foretell the course of cotton prices in the years to come. It was an infallible scheme; they could not lose. They put faith in their theory, and when cotton farmers in Oklahoma ordered their spot cotton sold at 19 and a fraction cents, cooperative officials, having faith in this theorem, bought futures at 19 and a fraction on the theory that cotton was going to 24 cents a pound, and they wanted to make the difference, to enjoy the profit.

Mr. SMITH. Mr. President, may I ask the Senator whether that was the same astute individual who recommended plowing up every third row of cotton?

Mr. GORE. Mr. President, I am afraid the Senator is a mindreader. I believe that a salary of $7,500, in view of our policy of retrenchment and economy, will command a pretty high order of talent; and I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was rejected.

Mr. GORE. Mr. President, I move to strike out "$10,000" and to insert in lieu thereof "$8,500." That is the salary which Senators receive under the new regime, and let us not admit that these people are entitled to greater pay than Senators are. I appeal to the self-respect of Senators.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

Mr. TRAMMELL. Mr. President, I desire to ask the Senator whether or not he found, in his inquiry, that even the heads of most of the independent governmental agencies received net salaries not in excess of $8,500?

Mr. GORE. I am not sure I understood the Senator's question.

Mr. TRAMMELL. I make the statement that the independent governmental agencies, as a rule, pay at the present time net salaries of not in excess of about $8,500—that is, to the members of the boards, such institutions as the Interstate Commerce Commission, the Federal Power Commission, and the Federal Trade Commission. So, if we should restrict these employees to salaries not in excess of that figure, certainly I do not think we would be doing them any injustice, and as far as the American people are concerned I am sure they would feel we were endeavoring to do justice by the taxpayers of the United States by placing this limitation in the bill, as proposed by the Senator from Oklahoma.

Mr. BLACK. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. GORE. I yield.

Mr. BLACK. May I ask the Senator whether or not whatever salary is fixed would be subject to the economy law as to reductions? I do not know, and I am asking for information.

Mr. GORE. I do not know; and I think it is well that the question is propounded. Perhaps someone who does know will be good enough to answer.

Mr. SMITH. Mr. President, there is no provision in the bill covering that point, and I presume these people, being officers of the Government, would automatically come under the economy law.

Mr. ROBINSON of Arkansas. Mr. President, unless the economy law expressly provides that it shall affect salaries hereafter created or authorized it probably would not have relation to the salaries mentioned here.

Mr. GORE. That was my impression, but I did not feel justified in making the statement. I think the Farm Board has paid one of its attorneys $25,000 a year, and I believe we have stricken some 600,000 soldiers off the rolls and have stricken down their pay some $400,000,000. I have an idea, perhaps, that we could get one of those soldiers who would be willing to serve for $8,500, the salary we pay ourselves. While it may be true that these officials deserve more than Senators, I just do not want to admit it.

Mr. BARKLEY. Mr. President, does not the Senator from Oklahoma think that the thing which sometimes induces Members of the Senate to become Members of this body is not necessarily the question of compensation, but the publicity and the notoriety and the honor which are supposed to go along with the office, whereas any of these others who serve in other capacities do not enjoy the sunshine of fame and the publicity which beats constantly upon our heads; and does not the Senator think that ought to be taken into consideration in determining whether we should restrict everybody to the same salaries we get?

Mr. GORE. Mr. President, there may be some weight in the Senator's observation. I do not know just what the value is of the white light which beats upon the throne. The Senator used the word " notoriety ", and I think probably he did so advisedly, and I am not disposed to dispute it. Perhaps those gentlemen to whom I have referred would be willing to serve in this body at a lesser salary than $8,500. I think they will all rejoice to get salaries of $8,500. If we are obliged to deny ourselves the benefit of their services, I hope their services will not prove indispensable.

Mr. BARKLEY. Mr. President, constantly we are referring here to the fact that nobody else ought to get any more than we get, implying that there is nobody else in the country whose services are worth as much as ours. I do not think that is a fair criterion by which to go, because there are certain compensations which are not considered in terms of dollars and cents that go along with membership in a legislative body, which do not attach to the quiet exclusion which sometimes surrounds equally important work, but work which gets no public acclaim.

Mr. GORE. Mr. President, the members of the British Parliament serve for centuries without any compensation at all. I hope the Senator from Kentucky is not going to insist that we emulate that ancient and abandoned precedent.

Mr. BARKLEY. I am not prepared to go that far, I will say to the Senator.

Mr. GORE. I am glad the Senator does think there is a certain limit to the compensation to be paid these Government officials.

Mr. TRAMMELL. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. TRAMMELL. Is the Senator predicating his amendment upon the question of balancing these salaries with those of Senators and those of other Government employees, or is he basing it upon the question of the employment, and of the custom which has grown up in the various independent bureaus of giving salaries of twice the amount, in many instances, the person would receive for the same character of service if he were in private life?

Mr. GORE. I just instanced, a moment ago, that Mr. Creekmore was receiving $12,000 a year, as I understand, and then received some $75,000 in his capacity as Chief of the Cotton Stabilization Corporation. I do not think he earned the money. I do not think that many of these employees are entitled to greater pay than that enjoyed by Members of the Senate. I confess I have some point of pride in making the admission, at least.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. GORE].

The amendment was agreed to.

Mr. GORE. Mr. President, I offered an amendment a few days ago, and I desire to call it up now, if it is in order, and have it disposed of.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. The Senator from Oklahoma proposes the following amendment: At the proper place in the bill insert the following:

SECTION 1. (a) The President is authorized to establish a National Board of Conciliation with respect to farm-mortgage indebtedness, which Board shall consist of the Secretary of the Treasury, the Secretary of Agriculture, a member of the Federal Reserve Board to be designated by the President for that purpose, and such other officer or agent of the Government as may be especially charged with the administration of any law or laws relating to rural credit or farm-mortgage indebtedness.

(b) The President is authorized to appoint in each State a board of State conciliation consisting of not more than five members, who shall serve without pay.

(c) It shall be the duty of said State board of conciliation to appoint or designate a suitable number of local boards of conciliation in their respective States.

(d) It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgagees an adjustment of farm-mortgage indebtedness wherever it may be found practical to do so either by a reduction in the principal of such mortgage indebtedness or in the rate of interest thereon and/or by the conversion of short-time loans into long-time loans with a provision of amortization payments and/or through an agreement between the mortgagor and the mortgagee under which payments could be made in staple farm products or the proceeds thereof at an agreed price or value more nearly related to the price or proceeds of a like quantity of such farm products at the date of the execution of such mortgage.

(e) The National Board of Conciliation, with the approval of the President, is authorized to prescribe suitable rules and regulations to effectuate the purposes and objects of this section.

Mr. ROBINSON of Arkansas. Mr. President, may I make a suggestion to the Senator from Oklahoma?

Mr. GORE. Certainly.

Mr. ROBINSON of Arkansas. There is a provision in the bill, which has not yet been reached, which has relation to the subject of farm mortgages.

Mr. GORE. We have not reached that yet?

Mr. ROBINSON of Arkansas. That provision is under another title.

The PRESIDING OFFICER. Does the Senator from Oklahoma desire to withhold his amendment until that part of the bill is reached?

Mr. GORE. I withhold the amendment temporarily.

Mr. NYE. Mr. President, I send to the desk an amendment and ask that it be reported.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. The Senator from North Dakota proposes the following amendment:

On page 7, line 2, after the period, to insert the following: " Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of grain on the farm, inspection and measurement of grain so stored, and the locking and sealing thereof, and such other regulations as may be prescribed by the Secretary of Agriculture for the protection of such grain and for the marketing thereof, a reasonable percentage of any benefit payment may be advanced on any grain so stored. In any such case a deduction of not more than one half cent per bushel for inspection and sealing may be made from the amount of the benefit payment, but no deduction may be made for interest."

On page 8, after line 17, insert the following new section:

" SEC. —. It shall be unlawful for any person to move out of any warehouse any basic agricultural commodity upon which a storage certificate issued by such person is outstanding, unless such commodity is moved for continued storage, and a warehouse certificate is issued for such commodity by a public warehouseman, guaran-

teeing redelivery of like grade, dockage, quantity, and quality. Any person violating the provisions of this section shall, upon conviction, be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both. The Secretary of Agriculture may revoke any license issued under section 8 (3), if he finds, after due notice and opportunity for hearing, that the licensee has violated the provisions of this section."

Mr. NYE. Mr. President, I should like very much to have the attention of the chairman of the committee, for I understand that it is barely possible that the bill in its present form already covers the very kind of cases I am trying to cover by my amendment.

Practically in all the grain-growing territory we find warehouses receiving the products of the farmer which are owned or operated or in some wise controlled by commission firms. The farmer, not at all according to the story that many would have us believe, is anxious at all times, so far as he can, to help himself in emergencies such as that existing today, and because that is true annually he responds to the appeal to hold his grain. He has been educated to believe that he can hold his grain off the market and refrain from glutting the market by merely storing it with one of the public warehouses. He hauls his grain to the warehouse and the warehouseman gives him a storage certificate. Instead, however, of accomplishing what the farmer wants to accomplish, he finds his own purposes defeated by reason of the warehouseman shipping his grain, upon which he has issued a storage certificate, to the market and selling it, of course, buying futures and options as a guaranty of opportunity for him to make delivery when delivery is demanded. The whole purpose of the farmer is thus frustrated because of the ability of the warehouseman, who gives his storage certificate to the producer, to dump that grain on the market.

Under this amendment, Mr. President, if adopted, there would be a restriction which would prevent the warehouseman, the elevatorman, from disposing of that grain or from moving it from the warehouse, unless for the purpose of moving it to another place of storage. The farmer takes the storage certificate. Perhaps he wants an advance, it may be that he wants to borrow some money against the grain he has stored, and in that process he is called upon to pay 5-, 6-, 7-, or 8-percent interest to the commission man for any advance that is given him. So his entire purpose, as I have stated, is frustrated by those who have the handling of the grain which the farmer is striving to keep out of the market.

Does the Senator from South Carolina feel that the bill without this amendment would enable the administrative authorities to regulate the warehouse man as the amendment would provide?

Mr. SMITH. I will state to the Senator that we have had almost identically parallel cases occur in connection with commission merchants handling cotton. A farmer ships his cotton to a commission merchant, receives certain advances on it, has the cotton graded and stapled, and his mark placed on it. Several lawsuits have arisen by reason of the failure of the farmer on demand getting his identical cotton. Of course, it could be identified, as against the impossibility of identifying grain. The man handling the cotton would ship it, sell it, utilize the money, and buy futures against it, or, if he disposed of the cotton otherwise, he might sell futures against it. When the owner demanded the cotton, settlement would be made as of weights and grades and prices on the day settlement was demanded; but some of the farmers having their warehouse receipts with the weights and grades of their cotton specified, and the marks of identification as well, on failure to receive the identical cotton sued and recovered damages.

I realize that in the case of grain it is not possible to identify it. As I understand the process, a shipment of grain is put in with other grain; but it seems to me that if those owning the elevators grade the wheat, the owner of that wheat would have the right at any time to demand the exact amount of physical wheat that he stored and of the grade that he stored.

Mr. NYE. That is his privilege now without any additional legislation.

Mr. SMITH. Very good. Then, it is just simply a question as to whether he is going to demand it or whether he is going to settle as of the price and for the grade that he stored.

I can see that the Senator's object is to forbid the elevators disposing of the grain without the consent of the owner of the wheat. It seems to me the law now would not allow him to do so without making him subject to damages. I do not think the amendment would do any harm; I think it might be very good.

I once introduced a resolution requiring the Federal Trade Commission to investigate the alleged practice of certain cotton commission merchants in connection with shipping cotton when cotton was short at the delivery points.

Mr. NYE. Let me call the attention of the Senator to the fact that the wheat farmer, when he delivers his load of grain, not for sale but for storage, pays at the rate of at least 1 cent a month for the storage space that is to be occupied by his grain, and yet the warehouseman who issues a certificate as a receipt for that grain to be held in storage does not use the storage space at all but sends the grain on to the marketing places and sells it, and yet he gathers from the farmer as much as a cent a bushel per month for carrying that grain for the farmer. Does not the Senator feel, inasmuch as we are undertaking to do something worth while for the farmer, that we might well afford to adopt such an amendment in the bill as would enable the President or those who are to administer this new farm measure to prevent manipulation of that kind?

Mr. SMITH. Mr. President, will the Senator read his proposed amendment?

Mr. NYE. The part which specifically relates to the point in controversy is as follows:

On page 8, after line 17, insert the following new section:

"SEC. —. It shall be unlawful for any person to move out of any warehouse any basic agricultural commodity upon which a storage certificate issued by such person is outstanding, unless such commodity is moved for continued storage, and a warehouse certificate is issued for such commodity by a public warehouseman, guaranteeing redelivery of like grade, dockage, quantity, and quality. Any person violating the provisions of this section shall, upon conviction, be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both. The Secretary of Agriculture may revoke any license issued under section 8 (3), if he finds, after due notice and opportunity for hearing, that the licensee has violated the provisions of this section."

Mr. SMITH. Mr. President, I think that it is a very good amendment, and I have no objection to it.

Mr. NYE. I thank the Senator.

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). The question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was agreed to.

Mr. BULKLEY. Mr. President, I wish to offer an amendment.

The PRESIDING OFFICER. The Senator from Ohio offers an amendment, which will be stated.

The LEGISLATIVE CLERK. On page 11, line 12, after the word "Agriculture", it is proposed to insert the following:

Provided, That upon any article upon which a manufacturers' sales tax is levied under the authority of Public Act No. 154, Seventy-second Congress, entitled "An act to provide revenue, equalize taxation, and for other purposes," approved June 6, 1932, and which tax is computed on the basis of weight, the manufacturer of said article shall be entitled to a credit on the manufacturers' sales tax of an amount equal to the processing tax paid on the cotton used therein as provided by this act to be offset against the manufacturers' sales tax levied against such finished article.

Mr. BULKLEY. Mr. President, the purpose of this amendment is to avoid an unduly burdensome tax on automobile tires. The revenue act approved last June placed a tax of 2¼ cents a pound on automobile tires which in itself is an exceptionally heavy tax, running up as high as 14 percent of the value of a tire. If, in addition to that 2¼ cents a pound, the tire manufacturers are going to have passed along to them an additional charge which will result from the processing tax on cotton provided by this bill, their burden will be made still more oppressive.

Taking as an example a 20-pound tire, there is contained in it about 4 pounds of cotton. It takes about 5 pounds of cotton to process the 4 pounds included in the tire. So if, as has been computed here, a processing tax of 6 cents should be imposed upon cotton, it would result in an additional tax of about 30 cents on each tire. Each tire is already standing a tax of 2¼ cents a pound, or a total in the case of the tire used in the illustration of 45 cents. To that tax the bill, as it now stands, would add 30 cents. I submit that would be an unfair burden on an article of general use, and would unfairly burden the manufacturer who is already carrying a very heavy load. The provisions of my amendment would simply deduct from the tax payable under the Revenue Act of June 6, 1932, the amount of the tax on the weight of the cotton included in the tire.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. COUZENS. The amendment, if adopted, would not in any way affect the cotton producer at all, would it?

Mr. BULKLEY. No; it would not affect the cotton producer, and it would not affect the revenue derived under the pending measure, though it would affect slightly the revenue derived under the act of last June.

Mr. LA FOLLETTE. Mr. President, if the Senator has the figures, may I ask him what is the average price of a 20-pound tire such as he referred to as an example? Is that the smaller-size tire?

Mr. BULKLEY. Yes; that is the Ford tire.

Mr. LA FOLLETTE. As I understand, such tires are selling now at a very low price.

Mr. BULKLEY. Yes; unless the amendment were adopted, the total tax would run to a very high percentage, I think about 15 percent of the entire price.

The PRESIDING OFFICER. The Chair calls the attention of the Senator from Ohio to the fact that the language which he is seeking to amend has already been agreed to. Does the Senator from Ohio ask unanimous consent to reconsider the action in agreeing to the amendment?

Mr. BULKLEY. Yes; I ask unanimous consent that the vote whereby the amendment was agreed to may be reconsidered for the purpose of considering the amendment offered by me.

The PRESIDING OFFICER. Without objection, the vote whereby the amendment was agreed to will be reconsidered. The Chair hears no objection.

Mr. SMITH. Mr. President, this question was brought up before the committee, and, after consideration, as I recall, the committee felt that the processing tax on the cotton fiber used in tire casings would be paid by the mill or the manufacturing plant that processed the cotton. It is true that there is a tax on tires under another statute and the tax in this bill will inevitably add to that a certain amount. The weight of the tire, I believe, is the basis of the tax.

Mr. BULKLEY. Under the act of June 1932 the tires are taxed by weight.

Mr. SMITH. Therefore whatever weight the cotton adds to the tire will be that much additional cost if the webbing or the fiber used has been previously taxed by the processing tax. Therefore it would raise the tax on the tire. The committee did not see fit to adopt the amendment, but the facts are as stated by the Senator from Ohio. I do not believe the amount would be very great. I do not know just what percentage of the weight of the casing is included in the fiber that is in the tire.

Mr. BULKLEY. In the example I have used of a 20-pound tire, which is a small Ford tire, there are about 4 pounds of cotton fabric. But it requires about 5 pounds of cotton to be processed to make that 4 pounds of fabric, so that if the 5 pounds of cotton paid the processing tax it would be taxed 30 cents approximately. The relief which would be given under my amendment would only be 2¼ cents a pound on the 4 pounds, or 9 cents, so it would not relieve the manufacturer even of as much as the processing tax here proposed.

Mr. SMITH. This is one of the peculiar instances occurring under the probable administration of the bill. It really does amount to double taxation, because the processing of cotton necessary to go into the tire pays a tax. If that tax is added by the processor then the manufacturer of the tire necessarily would have to pay in any event a higher price for the cotton, but he also has to pay now under the law a weighted percentage of his tire. Therefore, if we increase the weight of his tire and increase the tax, as a matter of course we increase the price of the tire.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Wisconsin?

Mr. BULKLEY. I yield.

Mr. LA FOLLETTE. I want to urge upon the Senator from South Carolina that he at least be willing to accept the amendment and give it further consideration in conference. I believe that the manufacturers of rubber tires are entitled to some consideration in this situation.

If the Senator will bear with me I want to recall somewhat briefly the history of the manner in which the tax on rubber tires got into the revenue act. It got in there under a misapprehension, in the first place, as to the amount of tax which could be collected upon the rubber industry on the theory that we could impose an import tax. It was then found that there were some companies that had large stocks of crude rubber on hand in America and others which had not, and that the imposition of an import tax would work a great injustice as between those manufacturers who had large stocks in America and those who would have to import. Therefore the committee was forced, in order to raise the necessary revenue which the Treasury Department at that time estimated would balance the Budget, to go to the poundage tax. It worked out as rather a heavy tax upon the industry.

Therefore it seems to me that some consideration should be given to the industry in view of the fact that it is already carrying such a heavy tax under the revenue act. I hope the Senator from South Carolina will accept the amendment.

Mr. BULKLEY. Mr. President, the memory of the Senator from Wisconsin is very accurate. The reason given for imposing such an unduly heavy tax on tires was that the revenue would be so large that we could not afford to give it up. It was estimated that $52,000,000 would be the revenue derived from that source. As a matter of fact it proved to be less than one fourth of that amount.

Mr. McNARY. Mr. President, it is true, as stated by the chairman of the committee, that this matter was brought to the attention of the committee. At the time I thought we ought to give it more careful consideration. I was impressed by the statement of the Senator from Ohio [Mr. BULKLEY]. I think it is double taxation in view of the Revenue Act of 1932. I should be very happy if the Senator from South Carolina would permit it to go to conference.

Mr. SMITH. I am entirely willing. I was impressed the first time the Senator from Ohio made the statement that this peculiar product came under the tax in the revenue bill. I am perfectly willing to accept the amendment and let it go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. GEORGE. Mr. President, on motion of the Senator from South Carolina [Mr. SMITH], the chairman of the committee in charge of the bill, a part of line 8 and all of lines 9, 10, and 11, on page 6, in what is known as the Smith cotton-option provision, were stricken. The Senator, however, failed to ask for an agreement on a substitute. With his permission I send forward a substitute and ask that it be reported.

The PRESIDING OFFICER. The clerk will read the proposed amendment for the information of the Senate.

The CHIEF CLERK. On page 6, line 8, after the numerals "1935", insert the following:

The Secretary shall have authority to enter into additional option contracts for so much of such cotton as is not necessary to

comply with the provisions of section 6 in combination with benefit payments as provided for in part 2 of this act.

Mr. SMITH. It is true, Mr. President, that I overlooked offering that amendment myself.

Mr. McNARY. Mr. President, may I inquire where the language is to be inserted?

The PRESIDING OFFICER. On page 6, line 8, after the numerals "1935".

Mr. SMITH. The proviso at that point was stricken out, and no language was offered instead.

Mr. McCARRAN. Mr. President, what is the language offered by the Senator from Georgia?

The PRESIDING OFFICER. The clerk will again read the amendment.

The Chief Clerk read the amendment again.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia.

The amendment was agreed to.

Mr. GEORGE. Mr. President, I submit the following amendment.

Mr. McNARY. Mr. President, what disposition was made of the proposal of the Senator from Georgia?

The PRESIDING OFFICER. It was agreed to.

Mr. McNARY. I did not know that was the fact. I did not understand the nature of the amendment. I ask unanimous consent that the vote by which it was amended may be reconsidered.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. McNARY. Now, I should like to have a statement from the Senator from Georgia in explanation of the amendment.

Mr. GEORGE. Mr. President, I will say for the benefit of the Senator from Oregon that I was in the chair at the time lines 8, 9, 10, and 11 were stricken, upon motion of the Senator from South Carolina [Mr. SMITH]. I subsequently discovered that there was nothing offered in lieu thereof and that the amendment submitted by the Department of Agriculture did suggest a substitution of the language which has just been read by the clerk.

The substituted language gives to the Secretary of Agriculture authority to enter into option contracts for any part of the cotton now on hand and held by the governmental agencies in connection with any benefit that he might see fit to allow or to enter into agreements under the subsequent provision of the bill; that is, under the so-called "allotment provision." The Secretary of Agriculture, as I understand it, suggested that in connection with the cotton-option contracts he might find it advisable and agreeable to enter into additional contracts for the reduction of acreage or production under the allotment provision also. It was his view, as I understand it also, that this additional language might be necessary in order to give him that privilege.

Mr. McNARY. Is it the desire of the Senator to permit the Secretary of Agriculture to enter into optional contracts for cotton planted at the beginning of the crop year 1933?

Mr. GEORGE. Exactly; and as I understand it the Secretary of Agriculture is doubtful, at least, whether he had that power under the bill without this language.

Mr. McNARY. I do not think he would have the power without it. I am just curious to know if the Senator thinks, in view of the allotment basis, that he ought to have additional authority to enter into optional contracts for cotton planted at the beginning of the crop year 1933.

Mr. GEORGE. I do not think the optional contract can relate to cotton produced in 1933, but in connection with cotton already on hand that might also be combined with some of the benefits which he would be allowed to grant under the allotment provision of the bill.

Mr. McNARY. Could the Secretary of Agriculture enter into a contract with a grower to cover the crop of 1933, and do we give the Secretary of Agriculture the right to purchase the crop of 1933, the same as the cotton now owned by the Government?

Mr. GEORGE. No; not that at all, but in connection with the optional cotton already in existence; in other words, operating under part 1 of the bill, if the Secretary of Agriculture desired also to bring about further reduction of cotton, he might combine the benefits which he would be permitted to allow under part 2 of the so-called "allotment plan."

Mr. McNARY. But does not the language proposed affect the crop to be harvested in 1933?

Mr. GEORGE. No; it does not, as I understand.

Mr. McNARY. Then I do not understand the language. It seems to me the Secretary would have the right to enter into an option contract for cotton planted and harvested in 1933. In other words, it is proposed to extend to this year's crop the benefits it is sought to confer upon cotton now owned by the Government.

Mr. GEORGE. I did not so understand it.

Mr. SMITH. No, Mr. President; as I understand the proposition——

Mr. GEORGE. That is, the purpose of it was not as the Senator seems to understand it.

Mr. SMITH. The proposition is simply this:

In the leasing plan, where a man has already planted, if the Secretary sees fit to combine the substitution of some cotton and a rental, he may use a part of this cotton as an inducement for the abandonment of certain acreage that has already been planted. Where the others have already taken up their option, the land would be claimed to be a little more valuable after having been fertilized and planted; and the Secretary said that in that case he would like to have the opportunity of offering an inducement, together with the rental and the cotton, to make a contract for a still further reduction of acreage.

Mr. McNARY. That is the very point about which I am inquiring. I think the option contract should be limited to the cotton now owned by the Secretary of Agriculture or upon which he has liens for moneys advanced, and that it should not be applied to crops to be planted and to be harvested in 1933 or any other year.

Mr. SMITH. What we are trying to do, even in the original bill, is to substitute this cotton for the cotton that will be produced in 1933; but if we find that there is not sufficient acreage planted to take it up, the suggestion of the Secretary of Agriculture was that the plan I have described be authorized.

Mr. McNARY. I have no objection to that, if that is the correct interpretation of the language proposed by the Secretary of Agriculture.

Mr. GEORGE. Mr. President, may I say to the Senator that I have the language before me, and I think that is the correct interpretation. May I read it?—

The Secretary shall have authority to enter into additional option contracts for so much of such cotton as is not necessary to comply with the provisions of section 6—

Section 6 is the section from which the language was stricken—

in combination with benefit payments as provided for in part 2 of this act.

In other words, he might combine the two provisions if he saw fit to do so.

Mr. McNARY. In other words, the language that is proposed limits the crop to the cotton now owned by the Secretary of Agriculture.

Mr. GEORGE. To the cotton now owned by the Secretary of Agriculture. I think there is no question about it.

The PRESIDING OFFICER. Without objection, the amendment will be agreed to. The Chair hears no objection.

Mr. GEORGE. Now, Mr. President, I offer the second amendment, which I have sent to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Georgia will be stated.

The CHIEF CLERK. On page 17, line 2, after the word "title" appearing in the committee amendment, it is proposed to insert:

expansion of markets and removal of surplus basic agricultural commodities and their products.

Mr. GEORGE. Mr. President, let me say in explanation of this amendment that from the funds raised under the bill the Secretary of Agriculture, under section 12, is authorized to expend the money for rental and benefit payments and administrative expenses, including refunds under parts 1 and 2 of the title. The language which I am now offering simply adds "expansion of markets"; and the purpose of it is to give to the Secretary of Agriculture an additional option which he may exercise under the bill from the funds raised out of the processing tax.

That is the whole purpose of the amendment. Of course, it would be entirely optional with the Secretary whether or not he employed this particular provision if it should be agreed to by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia.

Mr. McNARY. Mr. President, I think the Senator from Arkansas [Mr. ROBINSON] proposed a similar amendment several days ago——

Mr. GEORGE. The Senator did.

Mr. McNARY. At which time I entered some objection, for this reason:

The processing tax is supposed to be used exclusively to pay the benefits, if any, accruing from the operation of this bill. The money is first advanced, after an estimate, by the Secretary of the Treasury to the Secretary of Agriculture. The money so advanced is to be covered into the Treasury of the United States from the collection of the processing tax. That tax should be used exclusively for the purpose of paying these benefits to producers of the commodities mentioned in the bill.

If a portion of that fund is going to be dissipated by using money to expand markets throughout the country, there will not be on hand a sufficient sum of money to meet the demands of the farmers who may derive benefits hereunder. I think the amendment runs counter to the policy enunciated in the bill. If it is availed of, it certainly would cause a large deficit, the money to replace which would have to be taken out of the Treasury of the United States, and which, I am afraid, would operate very much against the popularity of the bill. If it did not come out of the Treasury of the United States, it would have to come from a diminution of the benefits to be received by the farmers.

Mr. GEORGE. The Senator is quite right on that point, but I am sure the Senator will be one of the conferees on the bill; and when this bill finally passes, if this is not a reasonable provision it can be corrected.

Let me make a further statement to the Senator.

The Senator is entirely right in saying that from the money raised by the processing tax the Secretary of Agriculture may grant certain benefits. He may lease acreage, or he may pay back to the producer of the taxed commodity his pro rata part of the tax. If he should use a portion of the funds raised by the tax for the purpose of expanding markets, he would, of course, thereby diminish the amount that would be returned to the producer in the form of one benefit or another. That is true; but in the one case of cotton—and I am thinking of it entirely—in the one case of cotton the Secretary of Agriculture might find it more advantageous to the cotton producer if he utilized a part of the processing tax levied on cotton for the purpose of expanding the market for cotton products than if he utilized it all for the rental of acreage or for the return to the farmer of the fee levied in the form of a direct benefit.

I desire to say to the Senator that as a matter of fact there is an enormous market for coarse cotton goods in South America, in China, and in Russia; but those markets cannot be utilized to the advantage of the cotton-producer in the United States or to the advantage of the manufacturer of cotton textiles in the United States, because we have not any means of financing or assisting in financing credit in those particular markets.

For instance, it is easy enough to finance 80 percent or perhaps 85 percent of the entire cost of the cotton, but nearly every other country exporting cotton textiles is able to finance for a longer period 15 to 20 percent of the value of the product. So this amendment simply gives to the Secretary of Agriculture the power, if he sees fit, to say, "We will take 1 cent of the processing tax levied on cotton and create a fund of $25,000,000," which would give a credit basis for the expansion of the markets of at least $150,000,000; and that, in the opinion of both the producers and the Secretary, might be far more advantageous than undertaking to pass back to the producers of cotton in the form of direct benefits, either under the acreage leasing provision or under the so-called "allotment provision" itself, the entire processing tax. It would be optional with the Secretary of Agriculture, of course.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Nevada?

Mr. GEORGE. I yield to the Senator.

Mr. McCARRAN. I do not want to interrupt the Senator, but I am interested in the thought he is expressing.

Is it not true that the markets of the Orient and the markets of South America, to which the Senator has just referred, are closed to our products because of the fact that we do not recognize their medium of exchange, because when they present their medium of exchange they present it on the basis of the market value of today rather than on a stabilized basis?

Mr. GEORGE. The Senator, of course, is quite right in that observation; but it is also true that we have not developed credit facilities for carrying our products into these markets as other countries have developed their credit facilities, and until we do it we shall find ourselves excluded from many of the profitable markets.

This provision is constructive. This provision will do good to cotton. This provision can be successfully applied; but the Secretary of Agriculture, of course, might not apply it. It simply gives him the option. Instead of using an all-acreage-licensing proposal or an all-allotment proposal, it simply gives him the additional option of using a part of the processing tax levied on the particular commodity to carry that commodity or its products into markets from which it is now excluded.

If the Senator from South Carolina, in charge of the bill, will consent, I very much hope that the Senator from Oregon will accept the amendment and let it go to conference, anyway.

Mr. SMITH. Mr. President, before the amendment is adopted I desire to state that I had overlooked the fact that the Department had sent down a proposed amendment which covers the very point that the Senator from Georgia has in view. It proposes, on page 16, to strike out line 22 and all down through page 17, line 19, and to insert in lieu thereof the following:

SEC. 12. (a) There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $100,000,000 to be available to the Secretary of Agriculture for administrative expenses under this title and for rental and benefit payments made with respect to reduction in acreage or reduction in production for market under part 2 of this title. Such sums shall remain available until expended.

(b) In addition to the foregoing the proceeds derived from all taxes imposed under this title are hereby appropriated to be available to the Secretary of Agriculture for expansion of markets and removal of surplus agricultural products and the following purposes under part 2 of this title: Administrative expenses, rental and benefit payments, and refunds on taxes. The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts, in addition to any moneys available under subsection (a), currently required for such purposes; and the Secretary of the Treasury shall, out of any moneys from the Treasury not otherwise appropriated, advance to the Secretary of Agriculture the amounts so estimated. The amount of any such advance shall be deducted from such tax proceeds as shall subsequently become available under this subsection.

(d) The administrative expenses provided for under this section shall include, among others, expenditures for personal services and rent in the District of Columbia and elsewhere, for law books and books of reference, for contract stenographic reporting services, and for printing and paper in addition to allotments under the existing law. The Secretary of Agriculture shall transfer to the Treasury Department, and is authorized to transfer to other agencies, out of funds available for administrative expenses under this title, such sums as are required to pay administrative expenses incurred and refunds made by such department or agencies in the administration of this title.

This amendment was prepared by the Department; and, if the Senator will allow me, I will offer it as a substitute for the amendment of the Senator from Georgia, as I find that it covers the identical point that was made by him.

Mr. GEORGE. I shall be glad to withdraw my amendment.

Mr. McCARRAN. Mr. President, in view of the importance of the matter presented by both the Senator from Georgia and the Senator from South Carolina, I suggest the absence of a quorum.

Mr. SMITH. Mr. President, let us finish this amendment before the absence of a quorum is suggested.

The PRESIDING OFFICER. The Senator from Nevada has suggested the absence of a quorum.

Mr. SMITH. I ask the Senator from Nevada to withdraw that suggestion until we can discuss this amendment and dispose of it.

Mr. McCARRAN. Mr. President, in view of the fact that the Senator from South Carolina informed me that he would hold this body in session until 10 o'clock——

Mr. SMITH. Mr. President, I desire to state to the Senator, if he will allow me, that after conversation and consultation with the leader, I find that so many Senators have engagements, not knowing beforehand that we were going to run on tonight, that it has been agreed that as soon as we can get through with this amendment, and possibly not later than 7 o'clock, we will take a recess until 11 o'clock tomorrow morning.

Mr. LONG. Mr. President, if the Senator will yield, what is keeping us from recessing now?

Mr. SMITH. We want to get through with this amendment and get that much farther on the road toward passing the bill.

Mr. LONG. Let us get through with it. What is the amendment?

Mr. SMITH. The Senator from Nevada has the floor.

Mr. LONG. I beg the Senator's pardon.

Mr. McCARRAN. There is one question I want to ask, and that is, Is there anything more important in this bill than the presentation that was made by the Senator from Georgia just a few moments ago or than the amendment which the Senator now offers? It seems to me highly important——

Mr. SMITH. That is true.

Mr. McCARRAN. It seems to me highly important that the Senate should be here; and I therefore will insist on my suggestion of the absence of a quorum—that is, if the Senator insists on putting this amendment to a vote tonight.

Mr. SMITH. Mr. President, I think perhaps all who are here are heartily in favor of the amendment offered by the Senator from Georgia, because the department has sent to us an amendment incorporating the same idea for the expansion of the markets for American products insofar as we are able to accomplish that. If the Senator will withhold his suggestion of the absence of a quorum, I think perhaps nothing can be gained by delaying the reading of the amendment and having it agreed to.

The PRESIDING OFFICER. Does the Senator from Nevada withhold his point of no quorum?

Mr. McCARRAN. As a matter of courtesy to the Senator from South Carolina, of course; but I do suggest that I have not heard anything more important or more profound than that which came from the lips of the Senator from Georgia just a few moments ago. It seemed to me that it was important to the whole life of the bill. It also seems to me that perchance the substitute offered by the Senator from South Carolina may be very important to the bill. I wonder why, with so many Senators absent, we should proceed now. What is the haste and hurry, when Senators are called away? In the next 15 or 20 minutes we might put something into the bill, and other Senators would wonder why it was in. I do not want to be discourteous, and I do not propose to be.

Mr. GEORGE. May I suggest to the Senator from South Carolina that, since the Senator from Nevada has expressed himself as being desirous of having a full Senate here to consider the amendment, perhaps it would be wise not to insist upon action on the amendment tonight and not to have a quorum called but let the matter go over until tomorrow morning, and let the amendment be pending.

Mr. SMITH. Mr. President, I merely desire to say that I am jealous of every minute that is lost. It seems to me this bill should be passed, and I suggest to the Senator from Nevada that we vote on this amendment before we conclude our business, and then I will ask for a recess.

Mr. McCARRAN. Mr. President, in view of the expressions I have heard, which I believe are worthy of being considered in connection with this all-important bill, I cannot withhold my suggestion of the absence of a quorum.

Mr. LONG. Mr. President, if the Senator from Nevada will allow me, there is a quorum present, and we will be wasting time if one is called. I make this suggestion to the Senator, that if he thinks the amendment is a good one as far as he sees it, let us go ahead and vote on the amendment and accord the Senator from South Carolina that much courtesy.

The PRESIDING OFFICER. The Chair inquires of the Senator from Nevada whether he insists on his suggestion of the absence of a quorum?

Mr. McCARRAN. Mr. President, my object is not to defeat the substitute offered or to defeat the amendment of the Senator from Georgia but to understand what is going into the bill. I am sincere in the matter, and I want to be understood as being sincere in the matter. If there is something offered that we do not understand, which is not in print, which is not on the desks of Senators, I respectfully suggest that it should not be put forward at this hour of the day.

Mr. CONNALLY. Mr. President, the Senator from South Carolina probably realizes on reflection that he will not gain any time if there is going to be a fight on the amendment. Why not take a recess now and let it be pending in the morning, and have a full attendance and fight it out?

Mr. SMITH. Mr. President, that would be perfectly agreeable to me, but I just want to state that there is nothing in the amendment but what is contained in the provisions of the bill, because it proposes an appropriation, which shall be returned when the taxes are collected, in order to put the measure into immediate effect, coupled with the identical amendment which the Senator from Georgia has offered, and that is all.

Of course, as the Senator from Nevada insists that all the Senators shall be present, or as nearly as may be, I am going to suggest that we take a recess.

Mr. BANKHEAD. Mr. President, I offer an amendment to the bill, which I send to the desk and ask to have printed.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

RECESS

Mr. SMITH. I move that the Senate take a recess until 11 o'clock tomorrow.

The motion was agreed to; and the Senate (at 6 o'clock and 50 minutes p.m.) took a recess until tomorrow, April 20, 1933, at 11 o'clock a.m.

SENATE

THURSDAY, APRIL 20, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m. on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Black	Capper	Couzens
Ashurst	Bone	Caraway	Cutting
Austin	Borah	Carey	Dickinson
Bachman	Brown	Clark	Dieterich
Bailey	Bulkley	Connally	Dill
Bankhead	Bulow	Coolidge	Duffy
Barbour	Byrd	Copeland	Erickson
Barkley	Byrnes	Costigan	Fletcher

Frazier	La Follette	Nye	Stephens
George	Lewis	Overton	Thomas, Okla.
Glass	Logan	Patterson	Thomas, Utah
Goldsborough	Lonergan	Pittman	Townsend
Gore	Long	Pope	Trammell
Hale	McAdoo	Reed	Tydings
Harrison	McCarran	Reynolds	Vandenberg
Hatfield	McGill	Robinson, Ark.	Van Nuys
Hayden	McKellar	Robinson, Ind.	Wagner
Hebert	McNary	Russell	Walcott
Johnson	Metcalf	Schall	Walsh
Kean	Murphy	Sheppard	Wheeler
Kendrick	Neely	Shipstead	White
Keyes	Norbeck	Smith	
King	Norris	Steiwer	

Mr. LEWIS. I wish to announce that the Senator from New Mexico [Mr. BRATTON] is necessarily detained from the Senate.

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is detained from the Senate by reason of illness.

The VICE PRESIDENT. Ninety Senators having answered to their names, a quorum is present.

FUNCTIONS OF THE INLAND WATERWAYS CORPORATION (S.DOC. NO. 39)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report showing the functions and activities conducted under the jurisdiction of the Inland Waterways Corporation, the statutory authority therefor, and the total expenditures thereon for the year ended June 30, 1932, and also a list of employees receiving compensation of $5,000 or more per annum, which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF SHIPPING BOARD MERCHANT FLEET CORPORATION (S.DOC. NO. 37)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Shipping Board, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report showing the organization and functions, including accounting, disbursing, collecting, purchasing, etc., together with the authority therefor, and the annual cost thereof, also a list of officers and employees receiving salaries of $5,000 or more per annum, which, with the accompanying report, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of Minnesota, favoring the passage of legislation looking to determination by a judicial tribunal of the rights of owners of property bordering on the shores of the Lake of the Woods, and also the granting of authority to the Attorney General to compromise and adjust all valid claims arising out of the fluctuation of the level of said lake, etc., which was referred to the Committee on the Judiciary.

(See joint resolution printed in full when presented today by Mr. SHIPSTEAD.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Minnesota favoring the prompt passage of legislation providing relief to counties and drainage districts on account of drainage bond indebtedness, which was referred to the Committee on Irrigation and Reclamation.

(See joint resolution printed in full when presented by Mr. SHIPSTEAD on the 19th instant, p. 1908, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Minnesota, favoring the lowering of the interest rate pertaining to the refinancing of farm mortgages provided in the pending farm relief bill to 3 percent per annum, which was ordered to lie on the table.

(See joint resolution printed in full when presented by Mr. SHIPSTEAD on the 19th instant, p. 1951, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate 2 petitions and 7 letters in the nature of petitions from 92 citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 9 letters and 23 telegrams in the nature of memorials from 140 citizens and organizations in the State of Louisiana and 1 in the State of New York, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the board of directors of the Mid-Continent Oil & Gas Association, Tulsa, Okla., favoring the passage of legislation to exclude from interstate and foreign commerce the products of crude petroleum produced in violation of State conservation laws, and also the products of such illegally produced crude oil, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted by the advisory board of the American Coalition of Patriotic, Civic, and Fraternal Societies, opposing any reduction in the present strength or personnel of the Army, Navy, and Marine Corps, or any diminution or elimination of military training of the civilian components, which was referred to the Committee on Military Affairs.

Mr. WALSH presented a petition of sundry citizens of Weston, Dorchester, Newton, Quincy, Brookline, Lynn, Jamaica Plain, and Watertown, all in the State of Massachusetts, remonstrating against the proposed low limit in pending legislation providing mortgage relief to home owners, and praying for the raising of such limit to $20,000, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens, being postal employees of Oklahoma City, Okla., praying for the passage of legislation similar to the so-called "Black bill", to limit the hours of labor in the Postal Service to 6 hours per day and 30 hours per week, which was referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of sundry citizens of Revere, Milton, Dorchester, Brookville, Boston, Melrose, and Malden, all in the State of Massachusetts, remonstrating against the passage of the so-called "Black-Connery 30-hour-week work bill", which was ordered to lie on the table.

Mr. COPELAND presented a petition of teachers in the public schools of Chicago, Ill., praying for an investigation of the so-called "citizens' committee" on public expenditures functioning in Chicago and the abnormal decline in prices of educational tax anticipation warrants, and directing attention to the plight of the school teachers of Chicago in connection with nonpayment of salaries, etc., which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by Catskill Post 110, and the Greene County committee, American Legion, of the State of New York, pledging support to the President of the United States, especially in reference to veterans' affairs, which was ordered to lie on the table.

Mr. SHIPSTEAD presented the following joint resolution of the Legislature of the State of Minnesota, which was referred to the Committee on the Judiciary:

STATE OF MINNESOTA,
DEPARTMENT OF STATE.

I, Mike Holm, secretary of state of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original instrument in my office of house file no. 1922, being Resolution No. 20, Laws of Minnesota, 1933, filed in this office on the 17th day of April 1933, and that said copy is a true and correct transcript of said instrument and of the whole thereof.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol in St. Paul this 18th day of April A.D. 1933.

[SEAL]

MIKE HOLM,
Secretary of State.

Joint resolution memorializing the President of the United States and Congress that appropriate action be taken to place in the hands of a judicial tribunal the determination of damages suffered by owners of property bordering the Lake of the Woods and to authorize the Department of Justice to compromise and adjust the valid claims arising out of the fluctuation of the level of said lake

Whereas by reason of fluctuation of the level of the Lake of the Woods caused by artificial obstruction at the outlets of said lake

in the Dominion of Canada substantial damage has been done to real estate and personal property situated in the State of Minnesota, giving rise to just claims on account of such damage to residents of the State of Minnesota and others; and

Whereas an investigation and report covering the cause and consequences of such fluctuation of the level of said lake has been made by the International Joint Commission under a reference from the Governments of the United States and Canada dated June 23, 1913, which terminated in a treaty between the United States and Great Britain in respect of Canada, proclaimed July 17, 1925, in which the two Governments undertook certain obligations, among which were: First, that the Government of the United States would acquire and permit a perpetual flowage easement on lands bordering the Lake of the Woods in Minnesota up to elevation 1064, sea-level datum; secondly, that the Dominion of Canada would pay to the United States $375,000 to apply on the cost of acquiring such flowage easement, and that any additional cost above said sum be borne and shared equally between the two said Governments; thirdly, that each Government shall assume responsibility for damage or injury on its own side of the boundary that may have resulted to it or to its inhabitants from said fluctuation of the level of said lake; and

Whereas the Secretary of War by act of Congress was authorized and directed to acquire said flowage easement by purchase or condemnation, and to investigate and determine the character and amount of damage caused to property in the State of Minnesota prior to the acquisition of said flowage easement; and

Whereas the Secretary of War has been unable to acquire said flowage easement by purchase, and has instituted condemnation proceedings to acquire the same, the said condemnation proceedings now being in the process of adjudication in the United States District Court for the District of Minnesota; and

Whereas the Secretary of War has investigated the said past damage claims and has submitted his report to Congress with reference to the character and extent of said past damages; and

Whereas it is the claim and firm belief of a large number of the owners of property bordering the shores of the Lake of the Woods damaged by the fluctuation of the level of said lake that the findings and report of the Secretary of War with reference to said damages is unfair to the property owners, and is grossly unjust in the character and amount of damages awarded, and that they are entitled, under the Constitution and laws of the United States, to have their legal rights and the amount of damage which they have suffered adjudicated and determined by a judicial tribunal; and

Whereas it is the firm belief of many of said property owners that a just and expeditious adjustment and settlement of said damage claims, as well as said condemnation proceedings, would be greatly facilitated by the vesting of authority in the Attorney General to conduct and complete all litigation, negotiation, and settlement of all claims arising out of the fluctuation of the level of said lake, and by relieving the Secretary of War of further responsibility in connection therewith: Now, therefore, be it

Resolved, That it is the sense and opinion of the Legislature of the State of Minnesota, regularly assembled, representing the people of the State of Minnesota, that the owners of property bordering the shores of the Lake of the Woods are rightfully entitled to have the character and extent of the damages which they have suffered determined by a judicial tribunal rather than that their said rights be arbitrarily fixed by the War Department; also that a grant of authority to the Attorney General of the United States to compromise and adjust all valid claims arising out of the fluctuation of the level of said lake would promote the ends of justice, eliminate delay and needless expense, and relieve dissatisfaction and great suffering among large numbers of the residents of the State of Minnesota; and be it further

Resolved, That the Legislature of the State of Minnesota respectfully petitions the honorable the President of the United States and the Congress of the United States that appropriate action be taken to permit claimants their day in court, that their grievances may be adjudged by a judicial tribunal, and that the Department of Justice be authorized to substitute and promote an equitable adjustment of claims for the grievous delay and needless expense which thus far has characterized the Lake of the Woods proceedings; and be it further

Resolved, That copies of this joint resolution be forwarded to Hon. Franklin D. Roosevelt, President of the United States; to Hon. John N. Garner, Vice President of the United States; to Hon. Henry T. Rainey, Speaker of the House of Representatives of the United States; and to each of the Senators and Representatives from the State of Minnesota in the Congress of the United States.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 30th day of March 1933.
FRANK T. STARKEY,
Chief Clerk, House of Representatives.

Passed the senate the 12th day of April 1933.
G. H. SPAETH,
Secretary of the Senate.

Approved April 17, 1933.
FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed April 17, 1933.
MIKE HOLM,
Secretary of the State of Minnesota.

Mr. FLETCHER presented the following house concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Post Offices and Post Roads:

House Concurrent Resolution 4 (session of 1929)

A concurrent resolution requesting that State road no. 26–A, from Venus, in Highlands County, Fla., to Everglade, in Collier County, Fla., be included in the State of Florida's allotment of roads entitled to Federal aid as a military road or otherwise

Whereas State road no. 26–A (now designated as State road no. 164), running from Venus, in Highlands County, Fla., to Everglade, in Collier County, Fla., is an existing highway which has been substantially graded and improved as included in the designation of State highways in the State of Florida in its State highway system; and

Whereas the location and route of said road is such as to make the same extremely valuable for the use of a military road in time of war and for use as a commercial highway at other times: Therefore be it

Resolved by the House of Representatives (senate concurring), That the Legislature of the State of Florida respectfully call the attention of the Senators of the State of Florida and their Representatives in the Congress of the United States to said State road no. 26–A, running from Venus, in Highlands County, Fla., to Everglade, in Collier County, Fla., and request the Senators and Representatives in the Congress of the United States from Florida to present to the proper Federal bureau or department and to the Congress of the United States the advisability of having said road included in the system of roads in the State of Florida entitled to Federal aid as a military road or otherwise; be it further

Resolved, That a copy of this resolution under the great seal of the State of Florida be forwarded to each of the Senators and Representatives of Florida in the Congress of the United States to be filed with said Congress of the United States and with the proper Federal bureau or department having jurisdiction of matters hereinbefore referred to.

Approved June 20, A.D. 1929.

Mr. LA FOLLETTE presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Post Offices and Post Roads:

STATE OF WISCONSIN.

Joint resolution memorializing the Postmaster General to issue a series of special stamps in commemoration of the three hundredth anniversary of the white man's discovery of Wisconsin

Whereas 1934 marks the three hundredth anniversary of the white man's discovery of Wisconsin; and

Whereas the people of the State of Wisconsin are already concerning themselves in making suitable arrangements for the holding of appropriate exercises in connection with this tercentenary celebration; and

Whereas there is a long-established custom in this country to fittingly observe historical occasions of this kind; and

Whereas for the purpose of giving a Nation-wide prominence to this historical event, it would be but proper that the Postal Department issue a special stamp commemorating the tercentenary celebration: Now, therefore, be it

Resolved by the senate (the assembly concurring), That the Legislature of the State of Wisconsin does hereby urge and request the Postmaster General to issue a series of special stamps which will stress the historical significance of the three hundredth anniversary of the white man's discovery of Wisconsin; be it further

Resolved, That a copy of this resolution, properly attested, be sent to the Postmaster General of the United States and to each United States Senator and Representative in Congress from this State.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

KOSCIUSKO COMMEMORATIVE STAMP

Mr. WALSH. Mr. President, I present and ask that a letter addressed to the chairman of the Senate Committee on Post Offices and Post Roads be printed in the CONGRESSIONAL RECORD and that it may lie on the table.

It refers to Senate Joint Resolutions Nos. 19 and 20, introduced by Senator WALCOTT and myself, respectively, authorizing the issuance of a special postage stamp in honor of Brig. Gen. Thaddeus Kosciusko.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

POST OFFICE DEPARTMENT,
Washington, March 25, 1933.

Hon. KENNETH MCKELLAR,
United States Senate.

MY DEAR SENATOR MCKELLAR: The Postmaster General has asked me to acknowledge the receipt of your letters of March 17 submit-

ting copies of Senate Joint Resolutions Nos. 19 and 20, introduced by Senator WALCOTT and Senator WALSH, respectively, and referred to the Committee on Post Offices and Post Roads, which authorize the issuance of a special series of stamps to commemorate the one hundred and fiftieth anniversary of the naturalization as an American citizen of Brig. Gen. Thaddeus Kosciusko.

The Department has been receiving many applications for a Kosciusko commemorative stamp, and careful consideration has been given the matter. However, it is found that our postage-stamp program for the present year will not permit the issuance of a special stamp for this event.

Very truly yours,

HARLLEE BRANCH,
Executive Assistant to the Postmaster General.

REPORT OF THE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (H.J.Res. 135) to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, reported it without amendment.

EXECUTIVE REPORT OF THE INDIAN AFFAIRS COMMITTEE

As in executive session,

Mr. WHEELER, from the Committee on Indian Affairs, reported favorably the nomination of John Collier, of California, to be Commissioner of Indian Affairs, vice Charles J. Rhoads.

The VICE PRESIDENT. The report will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McADOO:

A bill (S. 1466) to provide for regulated expansion of currency and credit, to reduce the national debt, to raise the price level of commodities, and for other purposes; to the Committee on Banking and Currency.

By Mr. POPE:

A bill (S. 1467) to add certain lands to the Challis National Forest; to the Committee on Public Lands and Surveys.

By Mr. LONERGAN:

A bill (S. 1468) to reduce the rate of certain interest payable to the United States to the rate of 4 percent per annum; and

A bill (S. 1469) to permit the importation of goods made by indentured labor only to the extent necessary to supply American demands which cannot be met by American production, and for other purposes; to the Committee on Finance.

By Mr. BONE:

A bill (S. 1470) for the relief of volunteer officers and soldiers who served in the Philippine Islands beyond the period of their enlistment; to the Committee on Military Affairs.

By Mr. NEELY:

A bill (S. 1471) for the relief of Russell C. Cross; to the Committee on Naval Affairs.

A bill (S. 1472) granting a pension to John E. Cutlip;

A bill (S. 1473) granting a pension to Rose Kennedy;

A bill (S. 1474) granting a pension to Wilbur J. Patterson;

A bill (S. 1475) granting a pension to Allie Selick;

A bill (S. 1476) granting a pension to William J. Smith;

A bill (S. 1477) granting a pension to Richard H. Wraase;

A bill (S. 1478) granting an increase of pension to Frank Deloe;

A bill (S. 1479) granting an increase of pension to John H. Jackson; and

A bill (S. 1480) granting an increase of pension to Jess Musgrave; to the Committee on Pensions.

By Mr. DILL:

A bill (S. 1481) for the relief of John E. Meehan; to the Committee on Naval Affairs.

By Mr. TYDINGS (by request):

A bill (S. 1482) for the relief of the Western Electric Co., Inc.; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 1483) granting certain public lands to the State of Montana for the use and benefit of the Northern Montana College; to the Committee on Public Lands and Surveys.

By Mr. REED:

A bill (S. 1484) for the relief of Miles Thomas Barrett; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 1485) for the relief of Harriet DeLarm; to the Committee on Military Affairs.

A bill (S. 1486) granting a pension to Jessica G. Roome; to the Committee on Pensions.

CHANGE OF REFERENCE

On motion of Mr. COPELAND, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 1382) for the relief of Uldric Thompson, Jr., and it was referred to the Committee on Claims.

RELIEF OF AGRICULTURE—AMENDMENT

Mr. COSTIGAN submitted an amendment intended to be proposed by him to Mr. WAGNER's amendment in the nature of a substitute to title II to House bill 3835, the farm relief bill, which was ordered to lie on the table and to be printed.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting several nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

FEDERAL GOLD POLICIES

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD an article appearing in the Washington Herald of April 19, 1933, apropos the gold policy of our Government. President Roosevelt is to be commended for placing the embargo on our gold, keeping it at home instead of sending it abroad to help Europe further to deflate our price level. Since the bank holiday went into effect, the Secretary of Labor informs us that unemployment has increased by 4.2 percent and pay rolls have decreased 8.2 percent. Meanwhile Europe manipulates her currency, making it more possible for her to send more goods to us over our tariff walls, even now threatened with reduction.

The next step the President must take to protect our country, unless our European competitors cease pegging our dollar and forcing down our prices, is to increase the tariff walls to keep their goods out. It is ridiculous for this country to buy goods from Europe and pay them gold but to throw our own citizens in jail for demanding the same privileges—payment in gold for their labor and goods.

It is more than probable that our European debtors are trying to force us to revaluate our gold dollar, making it applicable to their debts to us, thereby canceling them to the extent of another 40 percent. They have hoped that by manipulating their currencies, forcing down our commodity levels, they could put us into such an embarrassing financial situation as to compel us to revaluate our gold to their distinct advantage. Any such benefits for our debtor class they would insist be made applicable to their debts.

It behooves America to be careful in her dealings with our European debtors, lest they again come out of the conference, as usual, the gainers at our expense. A tiger may change his stripes, but he is still a tiger.

FEDERAL GOLD POLICIES

By Julius G. Berens, financial editor New York American

Two serious tactical blunders have been committed by the financial experts of the Government.

They are contained in the latest drastic order which forbids American citizens from holding more than $100 in gold, while foreigners holding gold in this country under "earmark" are permitted to withdraw this gold under specific privilege granted by the President's order.

President Roosevelt should be fully acquainted with the repercussions of his order.

The American public expects no more than a square deal under the "new deal" administration or any other.

They are patriotic to the extent of sacrificing themselves to the commonweal.

But they are rightfully hesitant to yield their rights and lawful privileges for the benefit of foreigners.

The spectacle of an American citizen being brought before an American court, charged with an act which is a crime to him but a special privilege for foreigners, is one which may well redound to the injury of the Government in its confidence-inspiring program.

Furthermore, it is to be noted that gold held outside the United States by Americans is not included in the return order.

Are the real hoarders, probably the greatest hoarders, who shipped their gold out of the country, to escape?

More than that, the American citizen undoubtedly is willing to sacrifice his financial prerogative if such action promised relief from the depression.

But does release of gold for foreigners hold out this prospect?

An embargo on gold exports from the United States would give the United States Government an all-powerful whip over the leading capitalistic nations of Europe.

With it the United States would dominate the world economic conference.

A gold embargo would freeze in this country the several hundreds of millions of gold which foreign interests have "earmarked" to their account here.

The President must not be blind to facts.

He must know that during the short period of the gold-export embargo since his emergency proclamation was issued a great change of heart had swept through the capitals of Europe.

Let the President recall recent events.

Suddenly the French exhibited great haste in revising their previous stand against payment of their debt to us.

France has a big stake in "earmarked" gold here.

England, which had refused absolutely to consider stabilization of the pound, equally suddenly shows great interest in discussing the question.

England has an enormous stake in "earmarked" gold here.

In fact, it was withdrawals from the American gold stock which has built up the Bank of England's gold supply to the greatest total in British history.

The "peak for all time" in the British gold supply was reached the day before the latest presidential gold order.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from South Carolina [Mr. SMITH] in the nature of a substitute for section 12 of the bill.

Mr. BORAH. Mr. President, will the Senator state what the amendment is?

Mr. SMITH. Mr. President, the amendment is to make an appropriation to carry on the work provided for in the bill until such time as the tax can be collected and the Treasury reimbursed.

Mr. BORAH. How much is the appropriation?

Mr. SMITH. I think it is $100,000,000.

Mr. KING. Mr. President, I should like to ask the Senator if he anticipates $100,000,000 will be required in payment of the expenses of administration of the measure over a period of a few months?

Mr. SMITH. Oh, no. This is to pay the processing tax as the commodities are sold, so that when the goods are sold the processor then may get his tax. That is all it is.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Carolina.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I desire to have the attention of the Senator from Oregon [Mr. MCNARY] just a moment. Several days ago, as the Senator from Oregon will recall, I offered an amendment, on page 12, line 22, after the word "drying", to insert the words "or converting into insecticides and fertilizer." At that time the Senator from Oregon wanted to know whether the amendment met the approval of the Secretary of Agriculture. I have ascertained that it does meet his approval. I have further ascertained, may I say to the Senator, that the Commissioner of Internal Revenue also states that there is no tax on this refuse, or that whatever tax it is has been collected on the principal tobacco. Therefore I offer the amendment again and ask that it may be adopted. First I ask unanimous consent that the vote by which the committee amendment was adopted may be reconsidered.

The VICE PRESIDENT. The Senator from Tennessee asks unanimous consent to reconsider the vote by which the committee amendment on page 12 was agreed to. Is there objection? The Chair hears none. The clerk will report the amendment now offered by the Senator from Tennessee.

The CHIEF CLERK. On page 12, line 23, after the word "drying", in parentheses, insert the words "or converting into insecticides and fertilizer."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Tennessee to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. Title 1 is open to further amendment.

Mr. SMITH. Mr. President, on page 13, line 18, I move to strike out the word "emergency", so that it will read:

Provided, That no salary in excess of $10,000 per annum shall be paid to any officer, employee, or expert of the agricultural adjustment administration—

And so forth.

Mr. McNARY. Mr. President, I did not get the reference. Where is the amendment to be inserted?

Mr. SMITH. Page 13, line 18. The administration desires the word taken out for reasons which will be obvious to anyone reading the language.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. BANKHEAD. Mr. President, I offer the following amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 7, line 8, after the word "parties", it is proposed to insert the following: "Such agreements and any act or acts done in pursuance thereof shall be presumed to be legal in any public or private proceeding."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Alabama.

Mr. McNARY. Mr. President, when this matter came before the committee, I was told that it was opposed by the Senator from Kansas [Mr. CAPPER] and the Senator from Montana [Mr. WHEELER], because it involves, in their opinion, a waiving of the so-called "consent decree" affecting the packers. In their absence I must object to the consideration of the amendment.

Mr. BANKHEAD. We have just had a quorum call.

Mr. McNARY. I have no objection to the amendment itself, but I do not want consideration of it to take place in the absence of those Senators.

Mr. WALSH. Mr. President, let us have an explanation of the amendment. The Senator from Oregon can send for the absent Senators; and while they are coming, we may have the explanation from the Senator from Alabama.

Mr. KING. Mr. President, perhaps I am anticipating the Senator from Alabama, but, as I understand the amendment which was offered to this provision of the bill, it is to remove those who may violate the antitrust law from its provisions and give them absolute immunity.

Mr. BANKHEAD. There is no such purpose.

Mr. KING. I hope the implications arising from the proposed amendment will be in harmony with the statement just made by the able Senator.

Mr. BANKHEAD. The matter came before the committee, as stated by the Senator from Oregon [Mr. MCNARY], and was discussed there. It will be noticed that subsection (2) on page 7 authorizes the Secretary of Agriculture—

To enter into marketing agreements with processors, associations of producers, and others engaged in the handling in the current of interstate or foreign commerce of any agricultural commodity or product thereof after due notice and opportunity for hearing to interested parties.

It is, of course, contemplated by that provision that marketing agreements may be entered into with the Government for the purpose of increasing the price of certain processed commodities as contemplated by the bill. The question arose as to whether or not agreements entered into with the Government under this authorization would afford protection, to millers and processors who made the agreements, from prosecution under the Sherman antitrust law. It was the position of the attorney for the Department

that they were fully and amply protected under the terms of the bill, on the theory that if the agreements were authorized, then when entered into they became legal agreements. Since that time it has developed that some of the attorneys——

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BANKHEAD. I yield.

Mr. LONG. Is there anyone opposing the Senator's amendment? I cannot see that there would be.

Mr. BANKHEAD. No one that I know of. I know there was opposition in the committee. The Senator from Montana [Mr. WHEELER] opposed it there.

Mr. LONG. I do not see why there should be any opposition. I assume that it is the law anyway.

Mr. BANKHEAD. That has been my view of it; but, as I said, in the preliminary discussion between the representatives of the department and of the processors it developed that while they are willing to enter into these agreements, which are, of course, for the advantage of the producer, at least one or more of them stated that they believed such agreements would not be lawfully permitted. I take it that it would be a most unusual situation to authorize agreements with the Government itself, invite processors to enter into those agreements in order to carry out the provisions of the bill, without even allowing an excise tax, without giving those who enter into the agreements unquestioned and undoubted immunity from prosecution in carrying out the agreements made with the agents of the Government itself.

If it is necessary to make the point absolutely clear, so as to remove objections made by attorneys who have given contrary advice, it seems to me we might as well either repeal the provision or make it perfectly clear that those who enter into these agreements at the solicitation of the Government will have perfect and absolute immunity, in carrying out their agreements with the Government, both from prosecution and from individual suits for violating the Sherman antitrust law.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Alabama.

Mr. McNARY. Mr. President, I hope the Senator will refrain from pressing his amendment until the Senator from Montana [Mr. WHEELER] and the Senator from Kansas [Mr. CAPPER] can reach the Chamber.

Mr. BANKHEAD. I have no objection.

Mr. McNARY. I ask unanimous consent that the amendment may be temporarily laid aside.

Mr. BANKHEAD. I have no objection to the request of the Senator from Oregon.

The VICE PRESIDENT. Without objection, the amendment will be temporarily laid aside. Are there any further amendments to title I? If not, amendments to title II are in order.

Mr. RUSSELL. Mr. President, I offer now an amendment which I submitted several days ago.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 21, after line 12, it is proposed to insert the following new subsection:

(f) (1) If the Secretary of Agriculture finds, upon investigation at any time and after due notice and opportunity for hearing to interested parties, that any basic agricultural commodity or any product thereof is suffering disadvantages in competition with imports of jute or other vegetable fibers, or the products thereof, he shall proclaim such finding, and shall specify in his proclamation the rate of duty necessary to prevent such disadvantages in competition. Thereafter there shall be levied, assessed, collected, and paid upon the importation, from any foreign country into the United States, of jute and other vegetable fibers and goods processed or manufactured wholly or in chief value from jute or other vegetable fibers a duty at the rate specified in such proclamation. Such duty shall be in addition to any other duty imposed by law.

(2) The duties imposed by this subsection shall be levied, assessed, collected, and paid in the same manner as duties imposed by the Tariff Act of 1930, and shall be treated, for the purposes of all provisions of the law relating to the customs revenue, as duties imposed by such act.

(3) As used in this subsection the term "United States" means the United States and its possessions, except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

Mr. RUSSELL. Mr. President, as I understand the bill, one of its prime purposes is to increase the price of farm commodities by reducing the production of such commodities. It is self-evident if, in reducing the production of farm commodities the legislation tends to increase the use of substitutes that cannot be grown and produced by the farmers of the United States, that while we may temporarily slightly elevate the price of farm commodities, eventually it will tend to destroy the very industry that we seek to save.

The two greatest competing vegetable fibers in this country are cotton and jute. Jute is only grown in a relatively small section of India. Less than 2 percent of the cultivable land of India is devoted to its production. There is imported into this country each year from 700,000,000 to 900,000,000 pounds of jute. This vegetable fiber is produced by pauper labor that receives from 8 to 10 cents a day. It comes into this country in its raw state duty-free. The finished product has only a very small, almost a nominal duty imposed upon it by the existing tariff law. I realize the difficulties brought upon us by the existing tariff laws, but as long as they are in effect it is my opinion the American farmer is entitled to equal protection with other industries.

Mr. President, the home consumption of cotton is an average of 5,000,000 bales per year. If a duty were imposed upon jute sufficient to discourage its importation into this country, it would provide a local market for from one million and a quarter to one million and a half additional bales of cotton each year. As the uses of this product of slave or pauper labor increase, the standards of living of the cotton farmers are gradually being forced down; and if the use of jute continues to increase, the domestic market of the American farmer will be destroyed and his standard of living reduced almost to a parity with that of those in India who produce jute, and who, at times, receive as their only compensation the stalks from the jute which are used as fuel.

This is a matter affecting not only the farmers but the industrial worker. American capital has gone to India and has established there huge mills for processing jute. Two mills in this country were dismantled and the machinery moved bodily to India. In those mills, while American workmen were left unemployed at home as a result of the removal of this machinery, we see the spinners and those who labor in the mills being paid only 20 to 35 cents a day and the product of their work brought into this country practically duty-free, coming in competition with the product of all the labor of all the textile workers of these United States.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Louisiana?

Mr. RUSSELL. I do.

Mr. LONG. Is not raising the price of our cotton through this processing tax going to put us at a great deal more disadvantage?

Mr. RUSSELL. It will increase the disadvantage, because as the price of cotton products is increased, naturally greater efforts will be made to substitute this more cheaply produced commodity from abroad.

This country uses 61 percent of the total processed jute produced in India. As I have said, it is imported in its raw state duty-free, with only a very low and nominal duty levied upon the finished product.

Mr. President, the unemployment condition in this country has been a subject of much discussion on this floor, as well as the plight of our farmers. I recognize that the pending international tariff conferences perhaps make it wise not to fix any definite and specific duty on this commodity at this time in this bill. This amendment, therefore, merely gives the Secretary of Agriculture the right, after investigation, to assess a duty on jute that will make more equitable

the competition between the jute producers of India and the cotton farmers of the United States.

This action will not only redound to the benefit of the cotton farmer, but if we enable him to control his domestic market in the consumption of cotton and vegetable fibers and thereby increase the price of cotton, he will then be able to buy finished products from all over the United States.

Cotton is our greatest export. Since 1865 it has brought into this Nation from abroad the staggering sum of $25,700,000,000 in new wealth, all dug out of the ground by the American farmer and sent abroad in the form of raw cotton. I feel that the very least we can do for him is to afford him some protection in his domestic market.

I hope the Senate will adopt this amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia.

Mr. SMITH. Mr. President, the subject matter of the amendment offered by the Senator from Georgia is already covered in the bill on page 20, where provision is made for the imposition of a tax upon any article, either imported or domestically produced, competing with any article of domestic production.

Mr. RUSSELL and Mr. LONG addresed the Chair.

The VICE PRESIDENT. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I yield to the Senator from Georgia.

Mr. RUSSELL. Mr. President, I desire to point out to the Senator from South Carolina that while it is true that under the bill a compensating tax may be assessed that is equal to the tax levied upon the competing commodity produced within the United States, this amendment proposes to give to the Secretary of Agriculture the power to levy additional duties upon vegetable fibers that come in competition with cotton or any of the basic commodities enumerated in the bill.

Mr. SMITH. Mr. President, I do not think the amendment would add anything to the terms of the bill, and it really injects into the bill the question of a tariff, which I do not think would be germane.

I dislike to resist an amendment of the Senator from Georgia; but I hope this amendment will not be adopted, because it injects the tariff question into this bill, and, in my opinion, the matter is amply provided for already.

Mr. WALSH. Mr. President, we have been breaking precedents pretty rapidly in recent weeks; but this is the most astounding proposal that I have yet heard.

If there is one policy that the Congress has adhered to in dealing with the tariff, it is not by tariff duties to compel the use by the American people of substitutes. This proposal seeks to compel the American people to use some fabric or commodity other than that which they may choose to use for their own purposes. It proposes a policy that we have repudiated again and again. Congress has repeatedly decided that tariffs shall not be levied upon the principle that the American people must not use a certain commodity or product but must use some other product, and duties shall be levied with that purpose in mind.

We had this principle or policy brought home to us very dramatically and graphically when it was suggested that we put a duty upon bananas so as to compel the American people to buy apples. It is unsound. Not only is it unsound because of its attempt to compel Americans to use substitutes, but it is unsound because it gives the Secretary of Agriculture the power to levy tariff duties, to tax the American people. It removes from the Tariff Commission and from the President and repudiates the flexible provisions of the tariff by entrusting to the Secretary of Agriculture the determination of what tariff shall be levied upon jute; and he is to be governed in levying that tariff by the principle that some other commodity, some other raw material, ought to be used instead of jute.

The amendment is most unsound and should be defeated.

Mr. RUSSELL. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Georgia?

Mr. WALSH. I do.

Mr. RUSSELL. The Senator from Massachusetts certainly would not oppose this amendment merely because of the power delegated to the Secretary of Agriculture, would he, in view of the very broad powers that are already delegated by the bill?

Mr. WALSH. I certainly would. The broad powers delegated by the bill, as I understand them, are due to the fact that in our efforts to increase the price of basic farm commodities we propose to tax the imports from foreign countries that are made from these basic farm products to the same extent that the manufactured or finished or processed material that comes from these basic farm products are taxed. I think that is consistent with the underlying principle of the bill; but the Senator's proposal is that we go beyond that and give the Secretary of Agriculture power to levy a tariff duty on one commodity, jute, and commodities similar to jute, and base his power to levy a tariff duty on the fact that that particular commodity or those commodities are in competition with cotton, in the expectation that the American people will abandon any uses of jute because of the prohibitive tariff duty levied, and will use cotton and its by-products.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Louisiana?

Mr. WALSH. I do.

Mr. LONG. I am afraid the Senator from Massachusetts has not fully understood what the Senator from Georgia [Mr. RUSSELL] said. The use of jute has already reached the point where our American cotton mills have been practically moved to India to manufacture, with their American machinery, jute to send back into this country that we no longer make here. If we go ahead with this price raising of cotton, it is going to mean that that disadvantage will be probably doubled or trebled, and we are going to compel our American manufacturers to go into the jute business to supply the American market. If we are going to empower the Secretary of Agriculture, as we have done in this instance, to regulate the price of cotton, then it is an absolute necessity that he be allowed to protect our manufacturers from having to go into the jute business. Otherwise it will be valueless to empower him to help us raise the domestic price of cotton.

Mr. WALSH. In other words, the Senator says that the processing tax is not sufficient to protect the cotton producer.

Mr. LONG. Yes. Not only that, but I have grave doubts whether the tariff provisions that are written in this bill will be of any value to us in meeting the jute competition. We are going to raise the price of cotton domestically; and when we have raised the price of cotton domestically, if the cotton mills already are having to move to India—as two of them have done, as the Senator from Georgia points out—it is going to mean that the remainder of them will have to move to India in order to compete in our own American market.

We cannot sell cotton here in competition with jute. We are not able to do it now; and if the condition is further aggravated, and we do not allow the Secretary of Agriculture to neutralize it, then we are going to be worse off than if we were not included at all.

Mr. WALSH. It seems to me the question proposed in this amendment is a tariff question, pure and simple; and it is entering into the domain that I have referred to, namely, of attempting to make the American people use substitutes for some particular commodity which they desire to use. Why stop at jute and other vegetable fibers? Why not give the Secretary of Agriculture power to revise all the tariff schedules?

Mr. LONG. No; I wish to say to the Senator that we have gone into the tariff question in this bill already to some extent.

Mr. WALSH. Where is power to raise tariff duties conferred upon the Secretary of Agriculture in this bill?

Mr. LONG. Oh, yes; this is a tariff bill. This bill provides that tariffs shall be levied on the products that come from abroad to make up the difference of the process tax on some of these articles. It is a tariff bill.

Mr. WALSH. The same tax that is levied upon domestic articles is to be levied on comparable imports.

Mr. LONG. We are right in line with the thought of the bill in trying to put a tariff on jute. No one can tell just what that tariff will have to be. It is not exactly the same product—it is a competing product—and we are right in line with the bill in proposing it, because the bill itself recognizes the necessity for tariffs, and actually levies tariffs.

Mr. WALSH. The Senator calls them tariffs. I suppose technically they are tariffs, but they are a tax levied upon imports similar to the tax that is collected from domestic producers who have processed cotton and wheat and the other agricultural products referred to in the bill.

It seems to me that that is an entirely different question from the question of giving the Secretary of Agriculture authority and power to levy a tariff tax of undetermined amount, whatever rate he determines upon, so as to prevent importations into this country of jute and the other products referred to. If that is done, I do not see why we should stop with these particular products. I do not see why we should not give the Secretary authority to readjust the whole tariff schedule, in view of the attempt made here to protect one commodity by levying a tariff tax upon another commodity of a different character which happens to be in competition with cotton.

Mr. RUSSELL. Mr. President, I hold in my hand a report from the Department of Commerce of the United States. In referring to the jute manufacturing industry in India, it says:

> The jute manufacturing industry, centered around Calcutta, has enjoyed uninterrupted progress since the first mill was established in the middle of the last century. Proximity to the raw material first attracted manufacturers—

Listen to this—

> but of more importance to the local industry has been the almost unlimited supply of cheap labor, a weaver in a Calcutta mill earning at present (December 1931) around the equivalent of 35 cents a day. Other workers are paid less.

Mr. President, if I mistake not, two great manufacturing plants were moved from the State so ably represented by the distinguished Senator from Massachusetts. Their machinery was dismantled and the plant was moved to Calcutta in order to enjoy the benefits of the cheap labor there, leaving many unemployed in the State which the distinguished Senator so ably represents. I am sure that fact was not known to the Senator from Massachusetts or he would have sought to afford to the textile workers of his State some protection against the importation of this slave-made product.

I have here a scale showing that the average wages of the workers in the jute mills of India is $1.89 a week, as compared with an average of $18 a week in the eastern mills. Not only to protect the American farmer in his domestic market, giving him some small measure of the protection that has been enjoyed by the industries from which he has been compelled to buy all the necessities of life for so many years, but to protect the unemployed workmen of America, this amendment should promptly be inserted in this bill.

The amendment is not mandatory; it would not compel the Secretary of Agriculture to levy any tariff or duty whatever on jute. It would only permit him, in the event the bill so operated that it proved to be a permanent detriment to the cotton farmer by encouraging the further use of these other vegetable fibers, in his discretion and at such times as might be determined by him, to levy a tariff that would equalize competition and protect the interests of the citizens of the United States.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. RUSSELL].

The amendment was rejected.

Mr. NORRIS. Mr. President, the senior Senator from Montana [Mr. WHEELER] was in the Chamber a moment ago, but he seems to have stepped out. If we are to have an amendment to the section now under consideration, it seems to me we ought to dispose of it at this time.

Mr. SMITH. Mr. President, I have an amendment which was sent here by the Department of Agriculture. My colleague is not present at this time, however.

Mr. NORRIS. Mr. President, I should like to offer a substitute for the amendment offered by the junior Senator from Alabama [Mr. BANKHEAD].

Mr. SMITH. To what title is the amendment?

Mr. NORRIS. It is to the language on page 7, line 8, after the word "parties". I should like to say just a word before I offer the substitute, as to what makes it necessary to offer any amendment.

Mr. President, personally I do not believe that any amendment is necessary, but this is a provision of the bill which would give to the Secretary of Agriculture authority to make agreements, and if he succeeds in making agreements with processors of any commodity which will raise the price to the producer, it will be unnecessary, then, as to that commodity, to have any such thing as a processing tax, and it would very much simplify the operation of the bill to have such an amendment as I am about to offer.

To illustrate, suppose the Secretary of Agriculture desired to apply the terms of the bill to hogs. Suppose he could enter into an agreement with a sufficient number of the packers so that in his judgment there could be control of the market, and suppose that, according to the agreement made with the Secretary, the packers offered a certain price per pound for hogs. The bill would give him authority to make that kind of a contract. In my judgment, the authority to make the agreement would be a complete defense against any charge of violation of the antitrust laws. But the attorneys of the packers, I understand, claim that such an agreement would be in violation of the present antitrust laws, and, of course, they do not want to enter into any agreement which would make them liable for violation of those laws.

I do not agree with them; I think that if authority were given to make such a contract, that would be a complete defense. Nevertheless, we must realize that the Secretary could do nothing under the terms of the bill unless he made an agreement with the packers, so we must get their consent. I see no objection, even though I do not think it is necessary, to putting into the bill a provision that the making of any such agreement shall not be held to be a violation of the antitrust laws.

I think the amendment suggested by the Senator from Alabama might raise a presumption that immunity was to be given in the case of some other violation. Of course, we do not want to do that. I think we could meet this contention in very simple language; and I offer an amendment which, in my judgment, would meet the situation, and there would be no possibility of any construction being put on it under which any packer who made an agreement would have immunity in the case of any other violation.

In lieu of the language in the amendment of the Senator from Alabama, I offer as a substitute the following, to be inserted on page 7, line 8, after the word "parties":

> The making of such agreement shall not be held to be a violation of any of the antitrust laws of the United States.

It seems to me that covers the matter, and I do not see any loophole in it.

Mr. BANKHEAD. Mr. President, we are driving at exactly the same object, and if the Senator thinks his amendment covers the situation, I am entirely willing to accept it.

Mr. McNARY. Mr. President, does the Senator from Nebraska offer this as a substitute or as supplementary?

Mr. NORRIS. I offer it as a substitute for the amendment of the Senator from Alabama. I understand the Senator is willing to accept it.

Mr. BANKHEAD. Yes; it would do the same thing exactly.

Mr. WHEELER. Mr. President, of course the language which has been offered by the Senator from Nebraska is not as objectionable as the language in the amendment offered by the Senator from Alabama. The language used in the amendment offered by the Senator from Alabama would not only go to the agreements which might be made but to any act or acts done in pursuance of such an agreement, with the result that the packers, millers, and other processors could claim that almost any act which they performed was done in pursuance of the agreement which they had made with the Secretary of Agriculture. In other words, they could agree upon a price-fixing policy with reference to anything they produced, and then could and would contend that anything they did or any practice they engaged in, whether beneficial to the people or not, was necessary.

Mr. President, I think that such a provision in the proposed law would be an exceedingly dangerous one for the Congress to enact. We all know that the packers have been here year after year and year after year trying to get a modification of the consent decree entered into in the courts by the Government on the one side and the packers on the other. Ever since that decree was entered the packers have carried on a consistent campaign from one end of the country to the other to break down the consent decree they were forced to enter into during the Wilson administration.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. COSTIGAN. With reference to what the able Senator from Montana has said, is it not true that the packers consented to that decree in court?

Mr. WHEELER. Yes; they consented to it, but they only consented to it for the reason that they were afraid that if they did not consent to that kind of a decree they would have a much more severe decree entered because of the acts and the deeds which they had committed in the past.

At every session of the Congress some group of individuals comes here, not only the packers but other groups of individuals, saying that the thing we have done has been to break down the Sherman antitrust law. During the last few years, particularly during the boom times of 1928 and 1929, the great financial interests of this country, of every kind and character, have been coming to the Congress of the United States and saying, "The thing you have to do in order to have business be successful is to repeal the Sherman antitrust law."

Now it is proposed that we say to the Secretary of Agriculture in this measure, "You are at perfect liberty to enter into any kind of an agreement which seems to you proper with the packers of the country, with the millers of the country, and not only with the packers and with the millers of the country but with very kind of combination in the United States to violate the provisions of the Sherman antitrust law." What becomes of the Sherman antitrust law when we pass such a measure as this, giving the Secretary of Agriculture power to do such a thing? In effect, we would completely break down the Sherman antitrust law. Does the Congress of the United States want to take that position?

The first thing that came before us in the Committee on Agriculture and Forestry was the proposal to add an amendment to this measure so that any agreement entered into with the Secretary of Agriculture should be conclusive evidence that it was not a violation of the Sherman antitrust law. When the committee would not stand for that, another amendment was offered, to the effect that such agreement and any act or acts done in pursuance thereof should be presumed to be legal in any public or private proceeding. It is the most outrageous thing I have heard proposed in the Congress of the United States to say that the Secretary of Agriculture can enter into an agreement with the packers of the country and that a private individual should then be deprived of his right to sue them under the Sherman antitrust law for a violation of that law.

It is proposed that we give the Secretary of Agriculture that power. I say we are simply losing all our sense of balance, and are going back on everything the Congress of the United States has stood for if we pass this kind of a measure with that sort of provision in it.

Mr. President, do we want to say to the packers of the United States, "You can enter into an agreement with the Secretary of Agriculture, and any act you do will be perfectly legal"? Do we want to say to the millers of the country, "You can enter into some kind of an agreement whereby you will pay certain prices for wheat and then, by reason of that fact, any act or deed that you commit shall be legal thereafter if it is in pursuance of the effort to carry out that agreement"? Do we want to say to the textile interests of the country, "You can enter into an agreement with reference to the price you are going to pay for cotton and then, after that, any act or deed you commit in pursuance of fixing that price shall be legal both as against the private citizen and against the Government of the United States"? If so, Mr. President, I say the Congress of the United States has completely lost its sense of proportion in this era of hysteria when the idea of giving power to some of the executive departments is running riot. As a matter of fact, I think we have given the Department entirely too much power under this bill, and not only do I think we are giving it too much power but I think that it is more power than any Secretary ought to want or ought to ask for.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WHEELER. Yes.

Mr. CLARK. Is it not a fact that the cotton-mill operators, the packers, and other processors came down to Washington when this bill was originally proposed to fight it, but withdrew their opposition and went home when it was discovered the bill was a vehicle for price fixing and the emasculation of the Antitrust Act?

Mr. WHEELER. Of course, the thing that softened the packers in their opposition to the bill, the thing that softened the millers in their opposition to the bill, and what softened the opposition of the processors of all kinds to this bill was the fact that they realized that under it they could get together and violate at will the Sherman antitrust law. That was the reason for it, as everybody that knows anything about the situation realizes. And now we propose not only to give them the power to enter into agreements of this kind, but to say that any agreements they may enter into will be legal. I am not willing to do that. I say it is wrong in principle; I say we have no right to say, and we should not say, to any organization or any group of individuals in the United States, "You can enter into an agreement with the Secretary of Agriculture and that agreement will carry with it anything, even that which is outside what other the law provides; and if the Secretary enters into such agreements, anything he may do is presumed to be legal." Why give him any more power? Why should he have any more power? Why should the packers and others be clothed with any more authority than is given to any other individual in the United States of America? When the clerk of a court or the recorder of a court or the sheriff performs some act or some deed or enters into some kind of an agreement, that act or deed or that contract is presumed to be legal under the law. Why should we clothe the Secretary of Agriculture, why should we clothe the packers with any more authority than that with which we clothe any other officer of the United States? I, for one, Mr. President, will not vote for it; and I want to say, if this provision giving the packers that kind of authority shall go in the bill, I will be very much inclined to vote against it, because I am convinced that it is fundamentally unsound, fundamentally un-American, and fundamentally opposed to every principle upon which our Government is founded, as well as being fundamentally opposed to every law which the Congress of the United States has enacted and placed upon the statute books.

Now, Mr. President, let me say further——

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Montana yield to the Senator from Nebraska?

Mr. WHEELER. Yes.

Mr. NORRIS. Does the Senator agree with me in the statement that this amendment as a matter of law does not add anything to the bill?

Mr. WHEELER. I am not at all sure about that.

Mr. NORRIS. Does not the Senator agree with me in the statement that the contracts provided for in the bill, even without the adoption of the pending amendment, would be held to be not in violation of the law?

Mr. WHEELER. I am not so sure about that at all. Let me say to the Senator the presumption would be that they would be legal.

Mr. NORRIS. If that be true, then, at least the Senator will absolve me in offering this amendment from any attempt to give the packers or other processors any immunity from the antitrust laws?

Mr. WHEELER. Oh, no; I think the Senator's amendment would give them immunity.

Mr. NORRIS. Do they not have immunity now?

Mr. WHEELER. No; I do not think they do.

Mr. NORRIS. I cannot myself understand that position. When we pass a law giving, as this bill does, the Secretary of Agriculture express authority to make the agreement provided for, does the Senator think if such agreements should be entered into in pursuance of the act of Congress the parties would still be liable under the antitrust law?

Mr. WHEELER. I will say to the Senator that there is a presumption that the contract entered into would be legal, but in view of the decisions of the Supreme Court and in view of the law, in my judgment, there would be a question as to how far the Secretary could go in carrying out the provisions of this bill.

Mr. NORRIS. This amendment would not extend that authority.

Mr. WHEELER. If the Senate should adopt an amendment providing in effect or in so many words that anything done by any of the parties to the agreements shall not be held to be a violation of the Sherman antitrust law, I think that would be broadening the bill tremendously; and, so far as I am concerned, I am opposed to that kind of an amendment going into the bill. I think that it is not half so bad as the amendment proposed by the Senator from Alabama [Mr. BANKHEAD], because, under his amendment, not only would the agreement itself be held not to be a violation of the Sherman antitrust law, but if the parties to the agreement committed any act or any deed outside of the agreement which they might contend was in pursuance of carrying out the agreement, then it would be absolutely legal against private individuals or against the Government of the United States.

We all know, Mr. President, what the people of this country have suffered at the hands of the packers; we all know what the cattlemen—how they were robbed at the hands of the packers, until finally public opinion became so aroused that the Congress of the United States carried on an investigation, as investigations were likewise carried on by various States in various sections of the country, as a result of which laws were enacted on the subject and prosecutions were instituted by the Attorney General of the United States. It was Francis J. Heney, as I recall, who made a great reputation by uncovering the crookedness and rottenness of the packers in their dealings with individuals. Now they come in and say, "We not only want to be able to make these agreements, but we want you to make legal any act we do in pursuance of the agreements."

Mr. ADAMS. Mr. President, I should like to inquire of the Senator whether, possibly, there is not a confusion as to legal terms? A contract ordinarily is presumed to be legal, just as all our acts are presumed to be legal, but that is a rebuttable presumption. Do we not, if we put in the act a presumption, make it what is known as a "legal or conclusive presumption", which is irrebuttable?

Mr. WHEELER. Of course that is exactly what the amendment of the Senator from Nebraska would do, in my judgment.

Mr. NORRIS. Mr. President, will the Senator yield there?

Mr. WHEELER. Yes.

Mr. NORRIS. That is what I intended to do.

Mr. WHEELER. I do not want to do that.

Mr. NORRIS. I do not want to enable the Government of the United States, under the authority of law, to make a contract, and then have the same Government back up and punish the man—I do not care whether he be a criminal or a preacher—who enters into that contract with the Government. That is not honorable; it is not a square thing for the Government to do to enter into a contract and say, "You may agree to do this in order to raise the price of some commodity for the farmer, but after you have entered into the agreement, after we get the benefit of it, we will turn around and prosecute you for entering into that very contract."

Mr. WHEELER. Who is the Government of the United States? Is it the Secretary of Agriculture?

Mr. NORRIS. In this instance the Secretary of Agriculture represents the Government.

Mr. WHEELER. In my judgment, the Secretary of Agriculture is not the Government of the United States, nor is any other member of the President's Cabinet the Government of the United States; and I propose not to give him the right to enter into a contract and to say it shall be legal whether or not the Congress of the United States intended that kind of an agreement should be entered into. We do not know, under the terms of this bill, what kind of an agreement may be entered into.

I have great faith in the present Secretary of Agriculture, but we may not always have him as Secretary of Agriculture. Supposing there should be a Secretary of Agriculture who is not as faithful and honest as is the present Secretary of Agriculture, then in what kind of a position would the Congress of the United States be placed? We know that we have had Secretaries in the Cabinets of Presidents of the United States who have not, to say the least, measured up to the responsibilities of the office. We have had our Daughertys; we have had our Falls. Would the Senator from Nebraska want to turn this power over to a Fall or a Daugherty and then say to him, "You may make any contract you desire and commit any act you may think necessary in pursuance thereof"?

Mr. NORRIS. Is the Senator asking the question for the purpose of eliciting an answer?

Mr. WHEELER. Yes.

Mr. NORRIS. I can answer in one word, no; and there is not anything I have done or proposed to do from which the Senator has any right to draw the conclusion that I want any head of a department to do such a thing.

Mr. WHEELER. I am simply saying to the Senator that perhaps his amendment would do exactly that thing.

Mr. NORRIS. It would not do anything of the kind. There is not any Fall as Secretary of Agriculture; there is not a Doheny as Secretary of Agriculture; there is not any Sinclair as Secretary of Agriculture.

Mr. WHEELER. It is true that there is not at the present time, but we do not know when one of their kind may get into the Cabinet.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator kindly yield to a question?

Mr. WHEELER. Yes.

Mr. ROBINSON of Arkansas. I think we all wish to give the Secretary of Agriculture the opportunity of making fair processing agreements. It is thought by many that if that is done it may not be necessary to levy the processing tax; and if that can be avoided it is certainly a desirable end. If the representatives of the packers say they will not enter into such agreements unless they are given immunity from prosecution before entering into them, how can the Government insist upon the right to make processing agreements with them and at the same time prosecute them for violating another statute?

Mr. WHEELER. Of course, we cannot force them to enter into any agreement under any circumstances or conditions either under this bill or any other. Even if we adopt this amendment we cannot force them to enter into agreements.

Mr. ROBINSON of Arkansas. Oh, no.

Mr. WHEELER. What protection are the people of the United States going to have if we simply give this unlimited authority to the Secretary of Agriculture? I have the highest regard for Mr. Wallace, the present Secretary of Agriculture; I think he is an honest, honorable man; but he is not infallible, and no other Secretary we will ever have will be infallible, though when we give him this power we are going on the assumption that we have a man there who is infallible and that "the king can do no wrong."

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Illinois?

Mr. WHEELER. I yield.

Mr. LEWIS. In view of the fact that among my constituency are a large number of packers, so described, may I ask the able Senator from Montana what has arisen to make on this occasion the packers his thought under this bill? What is it that they are asking to do? What is it that the Government is asking or forbidding them to do? What law is being violated? I should like the able Senator from Montana to let me know, if he can, what is the occasion or justification for this present assault. If it is justified I can join in it if it is in behalf of the American Republic, and, if it is not, it ought not to be indulged.

Mr. WHEELER. I am glad to answer the Senator. I said that what will happen is that, under this bill as it is written at the present time, the Secretary of Agriculture will be given the right to enter into agreements with the packers for the purpose of fixing prices. The packers are not satisfied with that. They came down here and asked, first, that we write into the bill a provision that any agreement they may enter into shall be conclusively presumed to be legal and not in violation of the Sherman antitrust law. That was turned down by the Committee on Agriculture and Forestry. Then they come in with this amendment reading:

> Such agreements and any act or acts done in pursuance thereof shall be presumed to be legal in any public or private proceeding.

In other words, the Congress of the United States is giving the Secretary of Agriculture the right to enter into agreements with the packers, and then the packers want to have it understood that any act they may commit shall be considered legal. I am not referring to the packers alone, because it applies to all processors, including millers. We had an investigation with reference to the millers, and we all know what until recently the conduct of the millers of the Northwest has been with reference to the farmers of that region. We know that during the Wilson administration an investigation was conducted which showed the practices they had carried on and how they treated the farmers of the Northwest. We placed upon the statute books of the United States the Sherman antitrust law for the purpose of protecting the people of the United States against great combinations because we said that they were violating the fundamental laws of the land, they were crushing the people, they were robbing them and stealing from them, and we wanted those laws put upon the statute books.

Now it is proposed by one stroke of the pen that Congress shall delegate to the Secretary of Agriculture the power to violate those laws, and that when he enters into any agreement that violates such a law, then it shall be conclusively held that the agreement which he enters into, regardless of what it may be or how broad it may be, shall be legal and not held in violation of the Sherman antitrust law. They want us to go farther and say that not only shall it be presumed to be legal, but that it shall be conclusively held to be legal, and I say that is not right.

Mr. LEWIS. Mr. President, will the Senator yield further?

Mr. WHEELER. I yield.

Mr. LEWIS. Conceding the issue raised by him and the objection urged by him as to some provision of the bill in the manner of its operation as he may anticipate it, I ask the able Senator upon what basis does he make the accusation that the packers have come here and that it is they who have asked for the provision?

Mr. WHEELER. I did not think there was any secret about it.

Mr. LEWIS. If there is any application to the millers and others, why should the packers be held responsible for all that applies to all the others?

Mr. WHEELER. I did not think there was any secret about it, because it was told to us in the Committee on Agriculture and Forestry that it was the packers who wanted the amendment.

Mr. LEWIS. May I ask the Senator who told him?

Mr. WHEELER. Who told me? There were two other Senators who made the statement in the Committee on Agriculture and Forestry.

Mr. LEWIS. I will not ask the names of the Senators, but I want the able Senator's attention that if his accusation, delivered with a ferment of forcefulness, is based upon something that was told to somebody by somebody who heard it from somebody else who heard it from someone else who in turn was told by somebody else, I would not lay it as a basis of the sort of accusation that has been laid by my eminent friend the Senator from Montana.

Mr. WHEELER. There is nothing to that. The packers came here and asked for the amendment. I make that charge and I make that statement without fear of contradiction on the part of the packers themselves. If the Senator thinks there is any question about it and that I am stating something that is hearsay evidence, if he will consult the representatives of the packers themselves, they will tell him they wanted this amendment and that they sought out Senators and asked that it be placed in the bill.

Mr. LEWIS. Assuming that his confidence is not being at all misplaced and that he is correct in his deduction, may I ask the Senator if there is anything in the bill or the provision to which he addresses himself that gives to the packers any advantages in their operations over any other set of business men or associates who may have the processing privilege under the measure?

Mr. WHEELER. Of course not. Not only do the packers want it, as a matter of fact, but, as I said on the floor of the Senate just a little while ago, the millers themselves, I understand, would like to have it, although I do not know of any miller or miller's representative that came here and asked for the amendment. It would apply not only to the packers but it would apply to the millers and probably to the manufacturers of cotton goods. It would apply to the processors of any commodity that is processed under the terms of the bill.

Mr. LEWIS. Then what the Senator is objecting to is the power that seems to be vested in an official applicable to whoever may obtain benefits under it?

Mr. WHEELER. I have been trying to explain that for the last half hour, but it is quite apparent that I have not made myself understood.

Mr. LEWIS. I am sure the Senator has, but it has been my regret that, being occupied outside of the Chamber on committee matters, I was denied hearing the able arguments of the Senator from Montana, always a loss to any and all Senators.

Mr. WHEELER. I appreciate the sarcasm of the Senator from Illinois. [Laughter.]

Mr. LEWIS. Oh, no, Mr. President. I protest. I insist that every speech of the Senator is a contribution to the Senate of admitted worth and influence.

Mr. WHEELER. I want to impress upon the Senator exactly what this means. I appreciate that these people

want the amendment, but, as I said a moment ago, I submit that it is fundamentally unsound. We do not give it to any other class of citizens in the United States. If we are going to give it to the packers and the millers, if we are going to give them absolution from violation of the Sherman antitrust law, then we ought to give the same privilege to every other class of citizens in the United States alike. The packers are going to have absolution from any violation of the Sherman antitrust law, and the millers and the cotton manufacturers will have it, too. If we are going to give it to them under the terms of the bill, let us just abolish the Sherman antitrust law entirely.

Mr. NORRIS. Mr. President, most of the argument of the Senator from Montana is against the text of the bill. I thought when he began his argument that he was against the amendment. Assuming that the text of the bill is going to remain, I do not think his argument is any reason why we should reject the amendment.

Mr. WHEELER. Mr. President, it is quite apparent I have not made myself clear.

Mr. NORRIS. The Senator did. He made himself quite clear and I was coming to that. The Senator is anticipating me. When he started I thought he made himself quite clear that he was for the amendment. Later on in his argument he made it quite clear that he was opposed to the amendment and everything else.

Mr. WHEELER. I have perhaps a very unfortunate way of stating my views. I thought I made it clear that I was opposed to the amendment offered by the Senator from Nebraska. I said it was much preferable to the amendment offered by the Senator from Alabama, yet that I am likewise opposed to the amendment offered by the Senator from Nebraska because, instead of making prima facie valid the agreement that may be entered into with the packers, as it would be under the bill, his amendment in effect gives them absolution if they enter into agreements in violation of the antitrust law. I think it is a dangerous thing to give that power to the Secretary of Agriculture.

Mr. NORRIS. The Senator now says in substance, as I gather the purport of the question which he has asked me, that the amendment gives absolution and immunity in the event of doing things which the law specifically authorizes them to do.

Mr. WHEELER. I do not agree with that statement. No one can tell in advance what the Secretary of Agriculture will do. He may enter into agreements that will be legal or he may enter into other agreements that would be held to be illegal under the terms of the Sherman antitrust law. But the amendment of the Senator from Nebraska makes absolutely legal any kind of an agreement which they enter into, so far as violation of the Sherman antitrust law is concerned.

Mr. NORRIS. Would the Senator object if I changed it to read that the making of any "legal" agreement provided for, and so forth? Would that make any difference?

Mr. WHEELER. I think it would make a very great deal of difference.

Mr. NORRIS. I have no objection to inserting that language. The amendment I have offered does not add one iota to the legal aspect of the language already in the bill. I tried to explain why I thought it was necessary to offer it, and that was that the agreements, if they are made at all, must, of course, gain the consent of the persons who enter into the agreements with the Secretary. There is no compulsion. If they say, even without any foundation—and I think it is without any foundation—"We are afraid that we violate the Sherman antitrust law if we make this agreement with you", then I think in all honesty and fairness, if we are going to enter into an agreement with them, we ought to say, "Of course, we are asking you to make this agreement. We have come to you to get the agreement. We are trying to get your consent and we are not going to prosecute you if you agree to it and do what we want you to do." So the amendment does not add anything, although it may be the means of getting agreements that we otherwise could not get.

Mr. WHEELER. Let me suggest to the Senator that we have enacted an export law relating to certain commodities. The Attorney General entered into certain agreements with certain individuals with reference to that law. There is a question whether the agreement that was entered into by the Attorney General in the last administration came within the terms of that law. We had a provision in that law such as the Senator asks for here, providing that any agreement that was entered into would be legal and that there would not be any question at all about the agreement being legal.

Mr. NORRIS. It does not say "any agreement." Moreover, the agreement of the Attorney General to which the Senator refers was not made in pursuance of a law that specifically authorized him to make the agreement. There is the difference.

Mr. WHEELER. I think the Senator is quite wrong with reference to that statement because the Attorney General himself felt that he was entering into an agreement that was in pursuance of the law. There was a disagreement as to whether the law contemplated that he should go as far as he did and whether or not he could enter into agreements of that character which would be held to be in violation of the Sherman antitrust law.

Mr. NORRIS. Mr. President, I do not have a very good memory, but I was here when that agreement was made. I was a member of the Committee on Agriculture and Forestry when the matter was brought up there. I heard the testimony of the Attorney General who appeared before that committee. I did not agree with him. I was opposed to the proposition. The agreement was made at a time that directly affected legislation which was then pending. In my judgment, it defeated the legislation which I and, I think, a majority of the Committee on Agriculture and Forestry were trying to bring about at that time. Ever since that was done they have tried to have the consent decree modified in all kinds of ways. I have not been one of the supporters of that proposal. But it has not anything to do, as I look at it, with a bill similar to the one now before us.

I have no quarrel with the Senator from Montana or any other Senator who is opposed to the provisions of the bill now before us which give to the Secretary of Agriculture the authority to make this kind of agreements. I concede that power, like all the other powers in the bill, is enormous. The powers granted are startling. I admit all that. They would not be supported in the Senate for a moment, in my judgment, if we were living under normal conditions and in normal times. But we started out to try to improve the condition of the farmer. We want to raise the price of the things he has to sell. One of the powers conferred upon the Secretary of Agriculture to bring this about is found on page 7, subsection (2). It is to that clause that the language is offered as an amendment.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. NORRIS. Not just now. I shall be glad to yield to the Senator after a little while.

We are proposing to give to the Secretary the powers enumerated in the bill. If we do not want to give him those powers, let us strike out the provision. I concede there is good argument that can be made in favor of striking out the provision. The Senator from Montana [Mr. WHEELER] is evidently opposed to delegating such power to the Secretary of Agriculture. While I do not agree with him, I want to give the power to the Secretary in this instance on account of the emergency and the good that I think may possibly come from it. Nevertheless, I concede any man's right to oppose it, because it is an extraordinary power that never ought to be given to any man under ordinary circumstances and conditions.

We have proposed that, however. That is in the bill; and we get these men together in a room, these processors—perhaps packers, perhaps somebody else; we have used the packers as an illustration—and we say to them, "Will you not agree to pay the farmers of America 6 cents a pound for hogs? We want to make that agreement with you under

this law." The packers say, "We will agree to do that"; and then they enter into the agreement, and they pay 6 cents a pound for hogs. The agreement is carried out. In my judgment, no court or lawyer on earth would hold that because they had carried out an agreement that they made under a law of Congress with the representative of the Government of the United States they had violated an antitrust law that was on the statute books before that time.

If you should hold that that is true, let us assume the other case, now. Take the packers' view that that would be a violation of the antitrust law. Suppose the United States Government goes to a packer of hogs, or to a processor of milk, or to a miller who manufactures wheat into flour, and says to him, "Come in here and make this agreement with us. We want to help the farmers of America. We want you to agree to pay a certain price for the farm products of America." They enter into that agreement at our request, under our law that we passed, asking that it be done; and then, after it is done and we get the benefit of it, we turn around and say to the Attorney General, "Prosecute those fellows for violating the antitrust law."

In what position would the Government be if it did a thing of that kind? No court on earth would convict them. No jury would convict them. No honest man can say that that is right.

If we ought not to enter into an agreement of that sort, then let us strike this provision out of the bill. I concede that Senators are perfectly logical if they do that; but if we leave it in the bill and invite a man under the law to make a contract and then send him to jail for doing it, we would incur the contempt of honest men everywhere, if we could do such a thing. Of course, we could not, but that is the fear here.

I think the packers' attorneys are wrong, but we must get them to consent to an agreement. We cannot force them to make an agreement; and in order to induce them to make it we ought to be willing to say, "If you make the agreement that we ask you to make, we will not prosecute you for making it."

That is all that this provision says.

Mr. KING. Mr. President——

Mr. NORRIS. I yield to the Senator from Utah.

Mr. KING. I desire to direct the attention of the Senator to the text of the bill as found in paragraph (2).

There is very much potency in the argument submitted by the Senator, very much to support his position; but I ask the Senator whether he interprets the text of paragraph (2) as permitting the Secretary of Agriculture not only to enter into agreements fixing the price which shall be paid to the farmers, but also to enter into monopolistic agreements with the packers or the processors, under the terms of which they may charge just such prices as they please, which may be extortionate, and thus be protected from prosecution.

I am inclined to think the Senator is upon moral ground, if not upon legal ground, in contending that if the Secretary makes an agreement with the packers that they shall pay—using the Senator's illustration—5 or 6 or 7 cents a pound for hogs, they ought not to be prosecuted. But suppose the Secretary goes farther under the provisions of paragraph (2), as I read it, and says to them, "Now that I have made that agreement with you with respect to the price you are to pay to the farmers, you may charge whatever you please. You may combine, you may confederate together, and raise the prices as your sense of justice or your cupidity may determine, and you will be immune from prosecution", by virtue of the amendment just offered by the Senator from Nebraska. Does the Senator think that would be right?

Mr. NORRIS. No; I do not think that would be right.

Mr. KING. Does not the Senator think that under the provision to which I refer that could be done?

Mr. NORRIS. I do not think that is right, and I do not think that could be done. I would not want to do anything of that kind. The agreement that I have been speaking of—and I think probably it is the only agreement that will be made—is to pay a certain price for products. Suppose they make that agreement, and carry it out in good faith, and this provision is in the law. They have made the agreement. There is nothing in the agreement that gives permission to the packers, after they have made it, to enter into an illegal conspiracy as to what they shall sell their product for. There will be nothing in the agreement about the sale, undoubtedly. They could combine afterward, and they would be liable under the antitrust law if they did so, because they would not be protected in such a practice by any agreement that any Secretary of Agriculture with any sense would enter into with them.

Mr. KING. Mr. President, will the Senator yield further?

Mr. NORRIS. Yes.

Mr. KING. I am not sure that the Senator is correct.

Suppose one of the conditions precedent to entering into the agreement demanded by the packers or millers or processors were the following: "You have asked us to pay this sum, which we think is too much, for the commodity which we intend to process. We therefore want authority, and want you to put that in the agreement, to sell the product at such prices as we may feel will yield us a profit, and to combine together for that purpose, so that there will be no competition."

Mr. NORRIS. Does the Senator think the Secretary of Agriculture would enter into an agreement of that kind?

Mr. KING. Does not the Senator believe that under paragraph (2) he could do that?

Mr. NORRIS. I do not think he could do it in good faith. I cannot conceive of a Secretary of Agriculture entering into an agreement that would say, if it is packers, for instance, that we are illustrating it with, "You will pay 6 cents a pound for hogs. The Secretary further agrees with the packers that after you have done that you will be at perfect liberty to enter into any kind of a combination you want to with other packers or other dealers, charge anything or do anything that you want to." I cannot conceive of the Secretary making an agreement of that kind.

Mr. WHEELER. But that is the trouble, let me say to the Senator.

Mr. NORRIS. Let me finish with the Senator from Utah, and then I will yield to the Senator from Montana.

Mr. President, there is not a thing in this bill, not a sentence that I know of, that would prohibit the Secretary, in making any of these agreements, from making a fool of himself. He might say, "I am going to levy on every miller a processing tax of $10 a sack for every sack of flour he makes." He could do that. He might say to the packers, if he put the provision in operation as to hogs, "I am going to levy a processing tax of 25 cents a pound on every pound of meat that you process." Does anybody think he is going to do it?

Mr. President, why are we giving this power to the Secretary? Because we realize that we are in a terrible condition, that something must be done to give the farmer more money for what he produces and has to sell, and we give the power to the Secretary.

Under another provision of this bill, where the Secretary, if he puts the third title into operation, has to determine what the cost of wheat is in the United States, suppose he arbitrarily issues a proclamation and says, "I find that the cost of production of wheat is $25 a bushel": He could do that, could he not? He probably would get in the insane asylum before he got very far, of course. Nobody conceives that he is going to do that.

Senators answer me and say, "Why not make it specific, and say that he is to fix it at a certain figure?" Nobody knows what the figure should be. That depends upon the winds, and the hail, and the worms, and the bugs, and the hurricanes, and the storms. Nobody knows in advance. We must give to him some power, some discretion, to fix it; and the same condition exists here.

The Secretary could do a senseless, useless, insane thing; that is possible, and that is true of everything in this bill. That is true of all legislation that we pass where we give any discretion to any man. We could object to the confirmation of a man for judge because we might say, "He might be called upon to appraise a piece of land," let us say, "that might be under condemnation proceedings. He might instruct a jury and say, 'Gentlemen, this land is worth only

10 cents an acre'; or, on the other hand, he might say, 'It is worth $2,000,000 an acre.'" He could do that. We could object to the confirmation of nominees for the Supreme Court because we could say, "A case might come up tomorrow in which the members of the Supreme Court would go out and sell their opinions for money." They could do that; and so we might go on through every activity in human life.

Somewhere, somebody must reach a conclusion—not that it is perfect; not that it is even right, but in the judgment of the man who is making it it is right; and we must abide by it until, under proper procedure, we set it aside or overrule it. Objection can be made to putting any man in any office; and thousands of instances might be cited of things that he might do that would be perfectly foolish and silly.

In a nutshell, however, we are saying here to the Secretary of Agriculture, "Make agreements with the men who buy butterfat of the farmer and process it into butter; make agreements with the men who buy wheat and process it into flour; make agreements with the men who buy hogs and process them into the finished products ready for the consumer." We give the Secretary a right to levy a processing tax. We do not say how much that is going to be, because we do not know. The Secretary does not know now. Nobody believes that he is going to be absolutely accurate when he finds the processing tax and what it should be; but he finds something and puts it into force. If he were an insane man, we would not give him that authority. If the man in the White House—who, after all, I assume, when he wants to, will control the actions of the Secretary of Agriculture—were crazy, we would not pass this bill. If we did not have faith in his honesty, his integrity, and his honest desire to relieve the present situation of all our people, we would not pass this bill. We would not give him any authority; but we must trust somebody. The power must be lodged with someone, as my friend to my left says. If there is not anybody in whom we have faith in whom to lodge it, we should not pass the bill, because it will be a difficult measure to enforce.

The agreement provided for in the particular part of the bill which we are discussing now, in my judgment, if it can be worked, will simplify the activities under this law. Instead of putting hogs on the processing list and going through what I think would be an interminable lot of regulations, making it difficult, if not impossible, to get a fair administration of the measure, how much simpler it would be if we could call together enough representatives of packers so that by an agreement that the Government of the United States, through the Secretary of Agriculture, could enter into with them, they would all pay a certain minimum price. They could pay as much above it as they wanted to, but we would fix a minimum price. It is no objection to such an agreement to say, as the Senator from Utah pointed out in his illustration, that the Secretary might likewise, in the same agreement, say, "After you processors have paid this tax, we give you immunity to violate every law on the statute books."

I cannot conceive that he is going to make such an agreement. If I believed he would, I would not vote for this amendment. I would not be for anything that is in the bill, because all the power will be lodged with the Secretary.

I repeat, Mr. President, as a matter of common honesty, the great Government of the United States should go not to a man, whether he be a minister, a gambler, a packer, or a farmer, and say to him, "Enter into this agreement by which you agree to pay 6 cents a pound for hogs, so much for butter, if it is a butter agreement, so much for wheat, if it is a flour mill," and then afterward prosecute him for doing the very thing which, in the name of the people of the United States, he was asked to do. I cannot conceive of anything of that kind being done.

That is the reason why I think this amendment is necessary. I would not offer it if I did not think it might help the Secretary to get an agreement. When a packer or a milkman or a butterman or a flourman says to him, "I am afraid to enter into this agreement because it violates a law that is on the statute books", and the Secretary says, "Well, if you do enter into it, I am going to prosecute you when I get everything out of you this agreement calls for", he would not get the agreement, would he? As I have said so many times, there is no danger of that. We must have the consent of these men or no agreement will be made, so the Secretary can say, "I want you to make this agreement; and if you make it, you will not be prosecuted for a violation of any antitrust law."

Mr. LONG. Mr. President, I understood that the Senator had perfected the amendment.

Mr. NORRIS. I have not had time to perfect it yet.

Mr. LONG. I understood the Senator had inserted the word "legal."

Mr. NORRIS. Yes.

Mr. LONG. I see no reason why we all cannot vote for the amendment.

Mr. NORRIS. I will put the word "legal" into the amendment.

Mr. HEBERT. Mr. President, I quite agree with the Senator that the proposed amendment would go a long way toward effectuating the purposes of the bill; but I want to call his attention to a provision of what we know as the antitrust law.

I read a part of section 73, Public Law 227, of the Fifty-third Congress:

> That every combination, conspiracy, trust, agreement, or contract is hereby declared to be contrary to public policy, illegal, and void, when the same is made by or between two or more persons or corporations either of whom is engaged in importing any article from any foreign country into the United States, and when such combination, conspiracy, trust, agreement, or contract is intended to operate in restraint of lawful trade, or free competition in lawful trade or commerce, or to increase the market price in any part of the United States of any article or articles imported or intended to be imported into the United States, or of any manufacture into which such imported article enters, or is intended to enter—

And so forth.

As I view the Senator's proposal, he contemplates that agreements shall be entered into between the Secretary of Agriculture and these processors to fix some rate or price upon the commodity, necessarily above the market price. If such an agreement be entered into, it must of necessity be entered into with combinations of processors, for no individual processor would be willing to pay a higher price for a commodity than would be paid by his competitors. So there would be, to my mind, an agreement absolutely in violation of the provisions of this law. I cannot see it in any other way. There would be a combination, necessarily; and if those processors, in agreement with the Secretary of Agriculture, pay a higher price, they must have some assurance that they are going to require the payment of a higher price to them for their products, which in effect will be an agreement contrary to the provisions of this law.

Mr. NORRIS. I take it that the Senator is in favor of my amendment, then?

Mr. HEBERT. I am quite in favor of the amendment which the Senator has offered. It has been brought to my attention many times, and particularly during the consideration of the unemployment-insurance problems by industrialists that there ought to be some provision permitting them to agree among themselves to curtail production in some way and to fix prices to some extent. They say that that is the only way in which production can ever be curtailed. I think there is some merit in that. How far we should go in letting down the bars set up by the Sherman antitrust law is another question, but clearly under the Senator's amendment we are going to permit that which is illegal to be done by these processors.

Mr. NORRIS. Mr. President, the Senator, in reading the law as he has, and then calling this agreement an illegal one, fails to take into consideration the fact that no agreement will be made under this proposed law unless the proposed law shall have been passed and signed by the President. Then it will have become a law. To the extent of its terms it will be a modification of the antitrust laws of the United States. I have no doubt about that. In other words,

if we did not expressly state what my amendment provides, I think the effect would be the same, because the proposed law, if any such agreement is made, is going to be on the statute books when the agreement is made. The proposed law specifically authorizes the making of such an agreement which, I am frank to state, if made without this amendment would be a violation of the antitrust laws. I have no dispute with the Senator about that.

Mr. HEBERT. That was my view, and I wanted to be clear upon it.

Mr. NORRIS. I have no doubt about it. But there will be a new law, passed subsequent to the antitrust law, authorizing a specific agreement, and this new law would legalize it.

Mr. TYDINGS. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. TYDINGS. I think nearly every Senator here has received requests from industries in his State and in the country at large to permit them to combine along the same lines as those covered in the bill. Without discounting the logic of what the Senator has said or the necessity for the legislation, I am wondering whether, if we do adopt this provision, to what extent industry will then come into the picture and ask that the same rights given to agriculture be likewise given to industry. I simply make that observation, without wishing to take issue with what the Senator is saying.

Mr. NORRIS. Mr. President, that may happen. But let me say to the Senator that there is not much chance of that being done to any such extent as one would think. Before the agreement referred to could be made the Secretary must, by proclamation, provide that certain commodities named in the bill shall come under the law. In the first place, he would have no authority to apply it to any commodity not named in the bill. He would not have to apply it to any commodity named in the bill, but he could pick out 1 or 2 or 3 as he saw fit. He may not try to bring about the enforcement of this particular provision giving him authority to make agreements. He may decide to take one of the other methods provided for in the measure. So the probabilities are that there will be very little of what the Senator refers to.

Mr. TYDINGS. I think perhaps what the Senator says will prove to be the case, but I had in mind particularly a bill which I understand is now being prepared under the auspices of the Department of Labor which would mobilize industry pretty much along the same lines along which agriculture is to be mobilized. I am inclined to go farther for agriculture than I would want to go for industry in this matter, but I do not want to maneuver myself into a position, when that bill comes up, of having to adopt a policy such as that outlined for agriculture.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. WHEELER. I want to make a suggestion to the Senator that he add to the amendment this language: "*Provided further*, That such agreement shall terminate with the termination of this act."

Mr. NORRIS. I have no objection to that.

Mr. WHEELER. It seems to me that language should be in the amendment for the reason that otherwise the Secretary might enter into an agreement to extend over a period of 5 years and Congress might terminate this proposed law, and then those affected by the agreement could go ahead and carry on their acts under the so-called "marketing agreement" which they might have.

Mr. NORRIS. I should be glad to add that provision to the amendment. I think that is a good suggestion.

Mr. HEBERT. Mr. President, will the Senator yield further?

Mr. NORRIS. I yield.

Mr. HEBERT. If the Senator's amendment shall be adopted, of course, it will abrogate the provisions of the antitrust law to the extent of its application to those commodities enumerated in the bill.

Mr. NORRIS. No; not necessarily. I would not put it that broadly. I would say to the extent of the agreement.

Mr. HEBERT. To the extent of the agreement as it applies to the commodities covered in the bill.

Mr. NORRIS. Yes.

Mr. HEBERT. But it would not affect any agreements made in respect to any other commodities; in other words, commodities not included within the provisions of the bill would not get the benefit of immunity from the antitrust law. So would it not, in the Senator's opinion, be a decided advantage to the processors of these particular commodities over processors of commodities not included within the bill?

Mr. NORRIS. That may be. Of course, that objection, if it be a valid objection, I think applies to every provision in the bill, because all commodities are not included in the bill. We have the peculiar predicament of a great many people who are engaged in the production of a great many of these commodities which are included in the bill trying very hard to get them out, and a great many others producing other commodities trying in every way they can to get them included. I myself do not claim to be able to solve the mysteries of the subject. I do not know what actuates other people, and they may all be right. If they are, there are some commodities out which ought to be in, and there are some in which ought to be out.

Mr. LONG. Mr. President, as I understood it, the Senator wanted to perfect his amendment, and I am going to yield the floor to the Senator from Nebraska as soon as he has perfected his amendment.

I had understood that the inflation message would be here at some hour today, and, as far as I was concerned, I was marking time, waiting for the Presidential message to come and for the amendment which I had understood would be offered by the Senator from Oklahoma.

This whole bill is of minor importance compared to the bill relative to currency which I understood would be introduced in the Senate. If the President's proposal is as I have been given to understand it would be, it is naturally going to mean that many of us may swallow this bill, hook, line, and sinker, in order to obtain inflation, hoping that that is going to cure all the trouble. I think that is so necessary that it would change my position to a large extent on the bill.

However, while I am speaking, Mr. President, I desire to say that I have been supplied by my friend the Senator from Washington with a copy of the American Banker of April 19, 1933. It contains an article dealing with branch banking and States:

> Branch banking may be credited with greatest failures in banking history—494 branches in unlicensed banks.

In other words, this article evidences the service that some of us undertook to render the United States here some months ago, when we then took up time, for which we were severely condemned, in our effort—and it was a successful effort—to defeat branch banking. The article in question, Mr. President, says at the request of a unit banker they are publishing a list of the branch-banking syndicates that failed and never reopened.

The First National Bank of Detroit failed with 148 branches and 9 other banks affiliated.

Mr. WHEELER. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. Yes, sir.

Mr. WHEELER. That was one of the banks which we were told, when we were discussing the branch-banking proposal, was in such wonderful shape and had rendered such wonderful service to the great State of Michigan.

Mr. LONG. It was cited as a paragon of perfect banking by the proponents of branch banking; it was the white angel of banking and was cited as the reason why others should be made like unto it.

This First National Bank of Detroit, as to which the Senator from Montana interjects, failed with 148 branches and 17 operating offices and 9 affiliates.

The Union Trust Co., of Cleveland, Ohio—the example of which must have influenced the Senator from Ohio [Mr. BULKLEY] in the position he took, because Cleveland is the home town of my friend from Ohio—the bank failed with $194,925,000 of deposits and 22 branches. It has never since been heard from.

The Guardian National Bank of Commerce, of Detroit, another one of the angels that we were urged to follow, failed with 37 branches and 21 affiliates.

The Guardian Trust Co., of Cleveland, failed with 19 branches.

The Canal Bank & Trust Co., of New Orleans, failed with 20 branches.

The Hibernia Bank & Trust Co., of New Orleans, with 9 branches, failed.

The Baltimore Trust Co., of Baltimore, Md., failed with 19 branches.

The Union Trust Co. of Maryland, of Baltimore, Md., failed with 18 branches.

The First Central Trust Co., of Akron, Ohio, failed with 7 branches.

The Fidelity Trust Co., of Portland, Maine, failed with 11 branches.

The North Carolina Bank & Trust Co., of Greensboro, N.C., failed with 15 branches and 9 affiliates.

The American Bank & Trust Co., of Richmond, failed with nine branches.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I yield.

Mr. WHEELER. What was the name of the last bank which failed?

Mr. LONG. It was the American Bank & Trust Co., of Richmond, Va. I left out the name of the State. It might have been Richmond, Mont., and for that reason the Senator from Montana may have wanted the floor to say something about it. That bank failed with nine branches.

Tennessee Valley Bank, of Decatur, Ala., failed with 15 branches.

The Casco Mercantile Trust Co., of Portland, Maine, failed with nine branches.

The Page Trust Co., of Raleigh, N.C., failed with 13 branches.

The Union Trust Co., of Shelby, N.C., failed with nine branches.

The South Carolina National Bank failed with five branches.

The Central Union Bank of South Carolina, of Columbia, S.C., failed with four branches.

The East Shore Trust Co., of Cambridge, Md., failed with 20 branches.

I will send to the desk, Mr. President, and ask to have incorporated in the RECORD at the conclusion of my remarks the article relative to branch banking appearing on page 1 of this journal, and also the editorial appearing on page 4, headed:

What about 494 closed branches and the greatest failures in the history of banking?

The PRESIDING OFFICER. Without objection, it is so ordered.

(The article and editorial appear at the conclusion of Mr. LONG'S speech, marked, respectively, "Exhibit A" and "Exhibit B.")

Mr. LONG. Mr. President, three Senators were chief among those who were condemned for having led a successful filibuster which prevented the establishment of branch banking. I have not heard anything said to their glory for the success of the efforts they made, and now I am undertaking to insert in the RECORD an article from the bankers' own journal, the American Banker, which does not mention the name of the Senator from Oklahoma [Mr. THOMAS], nor the name of the Senator from Montana [Mr. WHEELER], nor that of the Senator from Louisiana. I am myself undertaking to do that, in the hope that our names may not be forgotten, by the mention now made of the great work that has been done and has been proven to have been done by the collapse of banks as a result of branch banking. [Laughter.]

EXHIBIT A

[From the American Banker, New York, Apr. 19, 1933]

BRANCH BANKING MAY BE CREDITED WITH GREATEST FAILURES IN BANKING HISTORY—494 BRANCHES IN UNLICENSED BANKS

At the request of a unit banker who has seen independent banking slandered for years by the branch-bank propagandists, we are presenting his list of branch banks which failed to receive licenses to reopen after the national banking holiday.

Among them, he points out, is the largest banking collapse in the history of the world, the First National Bank of Detroit, and together they operated a sixth of the 2,900 branch-bank offices of the country and controlled deposits of $1,300,000,000.

Some of these branch banks are being reorganized or reopened, but not all, as is the case of closed unit banks.

His list of closed branch banks and their banking offices and deposit liabilities is as follows:

First National Bank, Detroit: Deposits, $423,357,000; branches, 148; affiliated, 9 other banks; operating, 17 offices; total branches, 174; total deposits, $484,733,000. (Owned by Detroit Bankers Co.)

Union Trust Co., Cleveland: Deposits, $194,925,000; branches, 22.

Guardian National Bank of Commerce, Detroit: Deposits, $138,385,000; branches, 37; affiliated, 21 other banks; total offices, 58; total deposits, $300,000,000 (estimated). (Controlled by Guardian Detroit Union Group, Inc.)

Guardian Trust Co., Cleveland: Deposits, $109,750,000; branches, 19.

Canal Bank & Trust Co., New Orleans: Deposits, $58,243,000; branches, 20.

Hibernia Bank & Trust Co., New Orleans: Deposits, $52,863,000; branches, 9.

Baltimore Trust Co., Baltimore: Deposits, $49,000,000; branches 19.

Union Trust Co. of Maryland, Baltimore: Deposits, $45,333,000; branches, 18.

First Central Trust Co., Akron: Deposits, $41,845,000; branches, 7.

Fidelity Trust Co., Portland, Maine: Deposits, $25,604,000; branches, 11. Affiliated: Financial Institutions, Inc., group of which 4 other members also remained closed.

North Carolina Bank & Trust Co., Greensboro: Deposits, $19,337,000; branches, 15. Affiliated: Industrial Bank with 9 branches.

American Bank & Trust Co., Richmond: Deposits, $15,017,000; branches, 9.

Tennessee Valley Bank, Decatur, Ala.: Deposits, $2,988,000; branches, 15.

Casco Mercantile Trust Co., Portland, Maine: Deposits, $16,290,000; branches, 9.

Page Trust Co., Raleigh, N.C.: Deposits, $5,676,000; branches, 13.

Union Trust Co., Shelby, N.C.: Deposits, $796,000; branches, 5.

South Carolina National Bank, Charleston: Deposits, $16,814,000; branches, 5.

Central Union Bank of South Carolina, Columbia: Deposits, $7,364,000; branches, 4.

East Shore Trust Co., Cambridge, Md.: Deposits, $12,528,000; branches, 20.

EXHIBIT B

WHAT ABOUT 494 CLOSED BRANCHES AND THE GREATEST FAILURES IN THE HISTORY OF BANKING?

It has been our contention in our fight to prevent branch-bank propagandists from making unit banks the scapegoat of our troubles that branch banking might also be bad banking.

Branch banking may include some very good banks. But the sheer necessity of keeping alive is assurance most small unit banks will be managed circumspectly, while big branch banks have occasionally been rottenly managed on the assumption that other banks or the Government itself could never permit them to close.

Because big branch banks actually have received such aid very many times, the public has come to the belief that branch banking is inherently safer.

The branch-bank propagandists assiduously fostered that idea. Among them was Robert O. Lord, president of the Guardian Detroit Union Group, Inc., whose institution's final failure and insolvency contradicts much that was said officially in Washington for branch banks.

The banking holiday, moreover, brought to light conclusive evidence that Lord's branch-bank system was, to speak most charitably, far from sound. Yet he was calling for power to extend it under official Federal endorsement.

The banking holiday, moreover, brought to light the fact that there were other soft spots in the country's banking structure where branch banking had failed to produce banks sound enough to reopen without recapitalization or reorganization.

Among them are branch banks which, in their liquidation, will constitute the greatest bank failures in the history of the world.

The bitter truth revealed by a survey of these branch banks which have failed to receive licenses to reopen is that there are at least 19, controlling at least 494 branches, or 17 percent of the 2,800 branch offices in the country.

It is important to note that this is about a sixth of the total branch offices in the country, and that this figure compares closely with the fact that about a sixth of the unit banks of the country have also failed to be licensed, despite the fact that hundreds of them were tied up because their reserves were in certain of these big closed branch banks.

Not all the branch banks which have failed to get licenses were all bad. Many of them are reorganizing and will reopen, exactly as many unit banks. We wish them well. They will be sound when reopened, and worthy of confidence of their depositors.

But the record must be faced.

It should dispose forever of the propaganda that branch banks are any better under similar laws than unit banks, and, moreover, it should be clear that an ambitious, unsound branch banker can precipitate a national scandal and bank collapse, as resulted from the Michigan situation, such as not a thousand unit bank failures could cause.

And so in the interest of truth, we present the record of important branch-banking institutions which failed to receive licenses to reopen, on our first page today.

Added to the previous list of closed United States branch banks, from the $200,000,000 Bank of United States in New York, to the $26,000,000 Peoples State Bank of South Carolina with 44 branches, the record of unlicensed branch banks in the United States since the banking holiday should be an effective warning.

Further propaganda aimed at the especial advantages of branches may be a boomerang that will stir up a counter attack which will credit branch banking with not only the greatest bank failures in the history of the world, those in Detroit, but also with having been the first link that broke in a series of collapses which wrecked the banking system of an entire State, Michigan, and then pulled the whole American banking structure down with it.

MEASURES OF FINANCIAL RELIEF IN RELATION TO MESSAGE OF PRESIDENT ON REFLATION, INFLATION, AND CIRCULATION

Mr. LEWIS. Mr. President, at a later time I propose intruding on the Senate to discuss the pending bill, but at this particular moment I wish to address to the Senate a few observations suggested by the speech just now delivered by the Senator from Louisiana [Mr. LONG]. It is not the speech so much to which exception is taken as it is the designation and definitions adopted by the able Senator, which seem to be so general in their employment that someone should call the attention of the country to the error indulged and likewise bring to the consciousness of the legislators the injury the error may cause both to the United States and to countries abroad.

From the addresses of this morning of certain Senators it is assumed that a message will be sent to this honorable body by the President of the United States in which there will be a suggestion touching changes to be made in our present form of currency legislation. These changes have been intimated by the industrious gentlemen of the press, and have gone to a large extent to the country generally. It is here, Mr. President, where a great error with potentialities of great danger has been made. This error has been circulated through the land. It is in the main that the President's message means to demand an inflation of the currency of the United States. The word "inflation" is generally accepted as meaning a false valuation pumped into the quantity of national money in existence, and as adding a false quality to its value as it is accepted by the commercial world.

Mr. President, there is neither an effort on the part of this honorable Senate, on either side of the Chamber, nor on the part of the reflective American citizen, nor even on the part of the President of the United States, to establish an inflation of the currency of the United States in any form whatever as inflation of a nation's money is understood.

It has been demonstrated, and of later months exhibited in many different manners, that there is a lack of money sufficient in quantity to circulate among the citizens for the full uses of their business needs. It is also evident, by the history of the monetary situation of other countries of the world, that the financial system as prevailing in the United States and as limited by conditions has retarded if not obstructed the transaction of commercial business with those countries which desire to import from us commodities produced by our country because their purchasing power and standard of value are largely fixed by silver standard—part or whole—and to that extent they are at a disadvantage as compared to the United States, which is on the currency basis we designate as gold standard.

Mr. President, merely to meet the deficiency of currency necessary for the uses of the citizens of America and to aid the business of the United States to distribute its products to those countries which use silver as the basis of their coinage a change is proposed. But it is one that shall in no wise remove the gold standard from the United States or remove the United States from the gold standard. It is one which will prohibit the gold of the United States from being taken out of our country and sent to foreign lands, where it may be made the basis of speculation by those who send out the gold for the purpose of reaping interest from foreign lands, as they lose for their own country the principal. It is a measure proposed that is to prevent the gold of the United States being shipped out of our land for the purchasing of silver by distant lands to the loss of the American gold and the profit of the competing lands whose currency is based on silver.

There is one other controlling fact directing the change in finance legislation which has been constantly disguised and as to which too frequently and too long continued there has been significant silence. Mr. President, we here speak of it. There has been constantly brought to the attention of our land the efforts of the distinguished President who preceded the present occupant of the White House to avoid hoarding; that is, taking the money from the country by those who possessed or controlled it and placing it where it could be of no value to the Nation and no use to the general business world of our own Republic. The efforts made by the distinguished President preceding the present occupant were without any success either to the Nation or to the business of commerce and industry. The present President of the United States has proceeded to do what can be done to avoid the continuing of hoarding. He seeks to prevent the offense's being multiplied. He hopes to bring forth the smothered and smuggled money from its hiding places and put it at the service of the business man and commercial agencies of the United States, which need such for the awakening of our industries and reviving national prosperity. Let me therefore speak of the thing which I said was of a very serious character.

Mr. President, there has not returned to the banks nor to the United States the money which the people of the country were entitled to have circulating throughout their Nation as their per capita circulation. The reason is to be now mentioned. Many millions of gold which belong to the circulating medium of the United States were taken out of this country by those masterful manipulators of finance or those manipulators of masterful finance, and these have been hidden in different recesses of different lands other than the United States. These have neither been brought back nor is there any method that can be devised by our Government that can lay hand upon them should their exact location be determined and forcibly be brought back.

Again, sir, there is much more of millions which have been hidden and disguised in places in the United States, and that, too, by the eminent gentlemen who, calling themselves patriotic financiers, seized the unfortunate and distressful hour of our land to place themselves in the position where they could control and dominate the great amount of money they could summon. These have remained, doubtless with composure of nature and snicker of smile upon their faces, wholly quiescent and without action other than to guard the places where repose their hidden fortunes and the vast money that they were able to summon to their control and supervision. These sums also, sir, are not available to the United States, nor to any process that our constitutional Government could adopt in order to bring that money to the circulation and to the aid of business and commerce.

And now, sir, I trust our very reputable press may send out to the country the proof that it is because this gold has been sent out of the United States by those who have assumed in their unworthy object to weaken their own Nation for their own private fortunes, and this by the speculation on their own money, that they may serve the interests of foreign lands and that which has been placed in hidden spots in the United States, yet subsequently adopted for the object of those who have conspired first to weaken the credit of their own land, then afterwards to enrich themselves upon its fruits. These that are described all in all have weakened our national credit and lessened our national circulation. It

is now necessary that we devise a circulation that shall be equal to that which has been taken from the circulation by the vicious hand of sinister conspiracy. Something is necessary at once to be done by the Government that we could restore to the citizen, both of commerce and private home, that which had always belonged to it on the theory of so much money per capita within the Republic.

The other was to promptly lay a basis that would stop the sending of the gold of our country out of our Nation by these same manipulators, who, having executed their design in the past with great profit, threatened by their action to continue it in the future. This much now being adopted and now suggested is merely to replace the losses put upon our Nation by those who, calling themselves financiers, were the enemies of the progress of the United States and the direct destroyers of its prospects of prosperity.

The system now suggested, I beg to say, has no suggestion whatever of either inflating the currency to a degree that gives it a false value by literally inflating it with a quantity or quality of artificial value merely because of the stamp of the Government, nor has it for its purpose the surrendering of that basic credit of the United States which we speak of as the gold standard. It is but a movement on the part of our Government, aided by those of whom we speak as Republicans and Democrats jointly where they can cooperate, to the object of restoring to the United States its ancient position where its credit can be maintained to benefit commerce, aid industry, and establish the independence of the citizen, such as it was before these ruthless hands laid the weight of their crushing power upon the credit of the land as they dishonored the Republic and disgraced themselves—all changes of method or quality of circulation to ever have our gold security as basis and as support.

Mr. President, I am therefore anxious for the Senator from Louisiana [Mr. LONG] and those of whom he speaks as the "faithful three" to wholly express the design as intended—when they speak of inflation. I greatly express the desire that the three indomitable immortals, Senator THOMAS of Oklahoma, Senator WHEELER, of Montana, and the gilded captain of the noble Janizaries, Senator LONG, of Louisiana, shall receive the reward such as they deserve for their prolonged and progressive fight, in view of what the eminent Senator from Louisiana feels they have earned, and which now from the White House seems approved. From my voice this trio of battling bulwark—they shall be known, as they ought to be, as the "three guardsmen", and as such to be saluted by those to whom they have conferred benefits. Yet I beseech them and their attachés in the speech that may be made by any of those eminent compatriots there shall be a correct line kept by them in their mind and description and designations that they may not do an injustice to their country or frighten the citizens of their own land or create a libel and slander against their country in other lands by charging that the President of the United States or his Congress of either party domination has any purpose to inflate the currency, to give it a false value, and then glide off what is called the standard of our security, the gold in our vaults. For such course would be to surrender the Nation to where it would be the object of an accusation of weakness of credit at home and the accusation of a national bankruptcy by our rival nations abroad.

It is for this reason that I trust that in the designation of terms these three eminent musketeers will take their place and as many with them, and as they do so in just designation receive our praise as well as our wishes for their future conduct, as noble as their past performances, I beseech that all for the present be on guard that they preserve and not destroy the reputation of their firmly established and now renowned country.

Mr. President, I thank the Senate.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on the amendment of the Senator from Alabama.

Mr. BANKHEAD. Mr. President, the Senator from Nebraska [Mr. NORRIS] is temporarily absent from the Chamber. I ask unanimous consent to let the amendment be temporarily passed over and in the meantime to take up the next amendment and dispose of it.

Mr. KING. Mr. President, before that is done I desire to say a few words relating to the amendment.

Mr. BANKHEAD. Very well.

Mr. KING. Mr. President, in the colloquy a few moments ago, with the Senator from Nebraska [Mr. NORRIS] I expressed some apprehension as to the interpretation which might be placed upon subsection 2, page 7, of the bill under consideration. As I understand the discussion upon the question before us it has been conceded that the purpose of the subdivision was to permit contracts to be entered into which might be in contravention of the terms of the antitrust laws; it is insisted, however, that the Secretary of Agriculture would act with prudence and certainly would not be disposed to enter into contractual relations which would tend to monopoly or which would violate the Federal antitrust laws.

The bill before us confers upon the Secretary of Agriculture very great authority, authority which perhaps was never before granted to any official of the Government in peace times, and in relation to what might be denominated important parts of the industrial and economic life of the people. I concede that the situation calls for measures which perhaps have never before received legislative approval. There are provisions in this bill which excite the opposition of some who ardently desire to support the administration, and who, because of the extraordinary situation in which we find ourselves, are willing to subordinate their views in the hope that the bill under consideration will avert serious consequences and lead our country out of the depression in which it finds itself.

Monopoly has always been hateful to the English-speaking people. It was condemned by the common law of Great Britain, and it has been denounced by statutes in practically all States of the Union. The Federal Government has recognized that the American people do not approve of the monopolistic control of their industrial and economic life. Both political parties have, as I recall, upon a number of occasions, declared in their platforms against monopolies and organizations in restraint of trade. I had the honor to write a plank appearing in the Democratic platform for 1924, in which private monopolies were denounced. A paragraph in the platform dealing with this subject reads as follows:

> We declare that a private monopoly is indefensible and intolerable, and pledge the Democratic Party to a vigorous enforcement of existing laws against monopoly and illegal combinations, and to the enactment of such further measures as may be necessary.

A number of years ago private monopoly had gained such proportions that it threatened our industrial life. It destroyed competition and ruined thousands of individuals who were engaged in legitimate business enterprises in various parts of the United States. Corporations possessing large capital merged, and united with other corporations, for the monopolistic control of various industrial activities.

Practically all the fields of industry were invaded by organizations seeking monopolistic control of production and commodities, and, indeed, of the industrial life of the country. These giant organizations, it was believed, were a menace not only to the economic life of the country but to its political structure. As a result of the predatory operations of monopolies and trusts Congress was compelled to take some action. Leading statesmen in both political parties recognized the evils of private monopoly and united in framing a statute which it was hoped would put hooks into the jaws of these giant organizations and destroy the monopolistic control of business and trade. After prolonged study of the situation a measure was enacted into law which we call the Sherman antitrust law. My recollection is that Mr. Sherman introduced a bill, and out of it grew the present law which bears his name. The fact, however, is that the so-called "Sherman antitrust law" was drafted by Senator Hoar, one of the great leaders of the Republican Party in his day.

Powerful as monopolies were at the time the Sherman antitrust law was enacted, they increased in strength and power after the passage of the law. Its provisions were often flagrantly violated, and it did not meet the demands of the people or accomplish the results for which it was enacted. Perhaps its failure to repress monopolies and prevent restraints in trade and commerce was in part due to the failure of the executive branch of the Government to resolutely and sincerely address itself to the enforcement of its provisions. Certain it is that many complaints against organizations which were violating the antitrust law were ignored.

The fact is that the enforcement of the law was so lax that monopolies which were within the letter and spirit of the law paid but little attention to its provisions. Undoubtedly this indifference was in part due to decisions of the courts which, in my opinion, not only weakened the law but materially modified its terms.

In one of the most important cases brought before the Supreme Court of the United States, a dissenting opinion by Mr. Justice Harlan gave indication of the results which would follow the interpretation placed upon the statute by a majority of the members of the Court. Other decisions since then have done much to make the law ineffective.

Before the recent depression it is not inaccurate to say that trusts and monopolies flourished in the United States as never before, and that but little fear of prosecution seemed to be evinced by great capitalistic organizations which exercised monopolistic control of important branches of industry.

Mr. President, it is important, of course, that no improper obstacles be interposed to legitimate business activities. It is important that governments do not interfere in the legitimate activities of either individuals or corporations. It is highly important, however, that under our form of government, and with our political concepts, monopolies shall not be permitted to dominate our industrial and economic life. There must be opportunity afforded to the enterprising and courageous man to engage in business and to make his contribution to the economic development of our country. Trade and commerce must not be restrained and monopoly must not strangle legitimate enterprises.

Mr. President, when monopoly controls industry a fictitious condition is developed; there may be temporary and apparent prosperity, but the seeds of evil are sown from which are developed perils—social, economic, and political. In my opinion, the selfish course of some corporations, large enterprises and monopolistic organizations, materially contributed to the depression which came upon us in the closing days of 1929. Illegal and unsound policies upon the part of banks, investment companies, corporations, and large aggregations of wealth played an important part in bringing about the calamitous conditions from which the American people now suffer. It would be unfortunate if the measure before us became a refuge for monopolies or contributed to the monopolistic control of the products of agriculture. The purpose of this measure should be not to build up monopolies but in a practical way to aid the farmers of the United States. It is obvious that there cannot be a revival of prosperity so long as commodity prices are at the present low level. The only justification that can be urged for the enactment of the pending measure is that agriculture is prostrate, farmers are bankrupt, and many of them are being deprived of their homes and their entire estate. It is conceded that for the country to be prosperous, prosperity must follow the labors of the farmers. For many years Republican legislation was chiefly concerned in promoting the welfare of certain favored industries.

The farmers were deluded into the belief that they must support Republican tariff measures which were specially designed to augment the profits of many of the industrial organizations of the country. The gulf between the so-called "industries and agriculture" became wider as special privileges were granted through legislation to favored industries. At last agriculture awakened to the fact that the legislation to which I have referred had created or at least had contributed to the growth of trusts and monopolies, and that the farmers had been the victims of such legislation. Following the legislation to which I have referred agriculture languished, and the farmers of our country were overwhelmed with debt and reduced to a most deplorable condition. This measure may not achieve what some expect, but its proponents claim that its purpose is to lift the crushing burden resting upon the agriculture of our country, increase the prices of farm products, thus increasing the purchasing power, which it is contended will be an important factor in reviving business and opening the door of prosperity to the American people.

Mr. President, may I revert very briefly to the question of monopoly to which I referred. Senators will recall that Mr. Bryan was a foe to monopoly and denounced the monopolistic activities of big business. He and others familiar with the dangers of monopolistic control of industry predicted that the growth of monopoly would result in the growth of Socialism. It is not paradoxical that monopolistic control of industry contributes in a material way to the development of Socialism.

The American people do not desire a socialistic government, but there are many who would prefer governmental control or ownership, or both, of industry, especially the key industries of our country, to a tyrannous and oppressive monopolistic control by gigantic corporations or groups of individuals. Private monopolies will inevitably create industrial and political unrest. Notwithstanding the beneficial purpose of the measure before us, there are provisions which are so unique that they may be regarded as revolutionary and occasion some misgivings as to their efficacy in ameliorating the condition of agriculture. However, as stated, the tragic condition of agriculture, and for that matter, of the country generally, justifies the adoption of policies that may not have found favor in the past. Speaking for myself, I have doubts as to the success of the plan contemplated, and I am not free from serious apprehensions as to the consequences which will follow the execution of the provisions of the bill when it shall be enacted into law.

However, it is not my purpose to discuss the bill or the measure, or point out some of the provisions which to my mind are of dubious propriety. The Senator from Nebraska, during a discussion of other provisions of the bill, indicated that he believed that because of its experimental character it would have been better to restrict the operations of the bill to agricultural commodities only, namely, wheat and cotton. Undoubtedly, the measure would have been more easily administered with but two basic commodities incorporated within its provisions. The machinery required to carry out the provisions of the bill in its present form, I fear, would be enormous and unwieldy. However, the Senate, wisely or unwisely, has thus far determined to bring within the terms of the bill other so-called "basic" commodities.

As indicative of the doubts of many persons as to the soundness or wisdom of the measure, I refer to the fact that the cattle and sheep industry, as stated by the Senator from Wyoming [Mr. KENDRICK], with practical unanimity, objected to having the bill apply to that industry.

But, returning to subdivision 2, I am inclined to think the amendment offered by the Senator from Nebraska, as it was finally perfected, will make the provision less objectionable. As I understand the perfected amendment, it is that any of the agreements with processors, associations, or producers, and so forth, entered into between them and the Secretary of Agriculture shall not be held to be violations of the antitrust laws provided such agreements are legal. If I understand the amendment, it declares that though agreements may be entered into between the processors and the Government, they must be legal agreements in order that the processors may be immune from prosecution for a violation of the antitrust laws. That means, if I understand the amendment, that agreements entered into between processors and the Government must be legal.

However, another interpretation may be placed upon the amendment, and it may be contended that the words "legal agreements" as used in the amendment have a different

significance and are not related in any way to antitrust laws. It may be contended that the word "legal" has a narrower meaning and is intended to cover only those factors or elements in contracts coming under the designation of deceit or fraudulent representation, and so forth. I cannot help feeling some concern in regard to subdivision 2.

There is an extensive propaganda in the United States to repeal all antitrust laws. It may be possible that other industries may seek relief from the provisions of the antitrust laws and support their requests by contending that the provisions of subdivision 2 modify the antitrust laws in behalf of a large part of the business of our country. The Senator from Maryland a few moments ago propounded a question which recognizes the concern which I have just expressed. He asked whether other industries than those brought within the terms of this bill would not insist that they be relieved from the operations of the antitrust laws. There is no doubt that special legislation is provocative of controversy and distrust. If one industry is relieved from the penalties following violations of the antitrust laws, another industry will feel justified in demanding the same immunity.

I can see some reason for authority to enter into contracts between processors and the Government. But it seems to me that there would be so much danger if the Government should make contracts that would permit some to engage in monopolistic activities for the purpose of controlling prices and imposing upon the consumers exactions that would be oppressive and wholly unjust, that the representatives of the Government would hesitate to enter into agreements of that character. I think this provision should receive most careful consideration, to the end that amendments may be offered if required that will make monopolistic control of the commodities provided for in the bill being brought within the control of the people from whom would be exacted extortionate prices for the commodities which they are compelled to purchase.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Nebraska [Mr. NORRIS] to the amendment of the Senator from Alabama [Mr. BANKHEAD].

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	King	Robinson, Ark.
Ashurst	Couzens	La Follette	Robinson, Ind.
Austin	Cutting	Lewis	Russell
Bachman	Dickinson	Logan	Schall
Bailey	Dieterich	Lonergan	Sheppard
Bankhead	Dill	Long	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Glass	Metcalf	Townsend
Bulkley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hatfield	Nye	Wagner
Caraway	Hayden	Overton	Walcott
Carey	Hebert	Patterson	Walsh
Clark	Johnson	Pittman	Wheeler
Connally	Kean	Pope	White
Coolidge	Kendrick	Reed	
Copeland	Keyes	Reynolds	

The PRESIDING OFFICER (Mr. DILL in the chair). Ninety Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Nebraska [Mr. NORRIS] to the amendment of the Senator from Alabama [Mr. BANKHEAD].

Mr. NORRIS. Mr. President, the Senator from Alabama, in effect, consented to my amendment.

The PRESIDING OFFICER. Then the question is on the modified amendment of the Senator from Alabama.

Mr. FLETCHER. Has the Senator from Alabama modified it?

Mr. NORRIS. Yes; as I understand.

Mr. KING. Mr. President, may I inquire of the Senator from Nebraska whether the word "legal" was added to his amendment? I was not aware of that fact.

Mr. NORRIS. I ask the Secretary to read the amendment.

The PRESIDING OFFICER. The amendment, as modified, will be read.

The CHIEF CLERK. The modified amendment reads as follows:

> The making of any such legal agreement shall not be held to be a violation of any of the antitrust laws of the United States: *Provided*, That no such agreement shall remain in force after the termination of this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama as modified.

The amendment, as modified, was agreed to.

Mr. SMITH. Mr. President, the other day an amendment was made, but the communication sent down from the Department did not specify where it should be inserted in the bill. The amendment was to the effect that in the case of cotton the tax shall be levied, assessed, and collected at the time the goods are invoiced for sale by the processor. I should be glad to be informed where that amendment was added to the bill.

The PRESIDING OFFICER. The amendment is found on page 11, line 1.

Mr. SMITH. Mr. President, the Department says:

> There was adopted an amendment to the effect that "in the case of cotton the tax shall be levied, assessed, and collected at the time that the goods are invoiced for sale by the processor." This will make administration of the act exceedingly difficult and may postpone the payment of the tax for a very considerable period.

One can readily see how the article would be processed, manufactured into the form of goods, and then perhaps for 6 months or a year the goods not invoiced or shipped out; and if the farmer is to receive the benefit intended, if the payment shall be delayed, the administration of the law will be very difficult. I am sorry that my colleague, who is the author of the amendment, is not here, but I really think that the amendment should be eliminated for the reasons set forth by the Department of Agriculture. Therefore, as my colleague is not present, I will enter a motion to reconsider the vote by which the amendment was adopted.

The PRESIDING OFFICER. The Senator wants that motion to be entered?

Mr. SMITH. I want the motion entered. I may also say that an amendment was agreed to yesterday providing that the administrative expenses should not in any year exceed 5 percent of the amount of the proceeds of the tax collected during that year. The comment of the department is that this will probably greatly hamper the administration of the act. It will be remembered there was a record vote on the amendment.

Mr. McNARY. Mr. President, who makes the comment to which the Senator refers?

Mr. SMITH. It is sent to us by the Department of Agriculture. I do not know who made the comment; I presume the Secretary.

Mr. CLARK. Mr. President, does this communication from the Department state what proportion of the tax collected they think should be expended for the administration?

Mr. SMITH. It does not indicate. I think in all justice to the Department, if this measure is to pass and become effective, it will be a matter of impossibility for anyone to estimate what percentage will be necessary to put it into operation. I am just carrying out the suggestions which have been made.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BORAH. It is rather extraordinary to ask us to pass a bill when we cannot estimate how much it is going to cost to execute it.

Mr. SMITH. That is left for the Senate to judge, because it is impossible to know what commodities covered in the bill are going to be processed, what use is to be made of the leasing plan, what use is to be made of the cost of production plan, or what percentage of all of them may be used. I do not see any way by which an estimate can be made. That was a matter which was not definitely settled, but it was discussed in the committee, and the committee reached the conclusion that there should be no definite estimate. It is along the line suggested by the Senator from Nebraska this morning that we have to take some things on faith.

Mr. BORAH. But not all things.

Mr. SMITH. No. This is approximating that.

Mr. FRAZIER. Mr. President, is this in regard to the amendment limiting the expenditures to 5 percent?

Mr. SMITH. Yes.

Mr. FRAZIER. Is it estimated that 5 percent will not be enough?

Mr. SMITH. The Department does not make any intimation at all. They have said it would make the administration difficult.

Mr. FRAZIER. It seems to me the limit should stay in the bill.

The PRESIDING OFFICER. Are there any further amendments to be offered to the bill?

Mr. SMITH. Mr. President, so far as I now know the amendments to part 1, title 1, have been completed.

The PRESIDING OFFICER. Are there any further amendments to part 1, title I?

Mr. CLARK. Mr. President, I offer an amendment, which I send to the desk.

Mr. KING. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. What disposition was made of the motion of the Senator from South Carolina to reconsider?

The PRESIDING OFFICER. It was simply noted as entered.

Mr. KING. The Senator does not desire to have it disposed of at this time?

Mr. SMITH. No.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Missouri.

The LEGISLATIVE CLERK. The Senator from Missouri offers the following amendment:

On page 3, line 8, to insert a new paragraph, to be known as paragraph (4), as follows:

"(4) To so advance the price of farm products within the next 2 years that the farmers of the United States shall receive an average return upon their plant investment equal to 4 percent of the value thereof and an average return for their labor equal to the average wage scales of unskilled labor in the United States."

Mr. CLARK. Mr. President, this is an amendment to the declaration of policy in the bill, and is offered on the theory that if price fixing may be successfully accomplished in this country we should fix prices at a point where they will do the farmer some good.

Everybody knows that for a number of years—in fact, every year since the war—farm operations in the United States have been conducted at an actual loss. As long ago as 1928 Dr. Virgil Jordan, the president of the Industrial Conference Board of New York, which is a subsidiary of big business, certainly not unduly favorable to the farmer, in a speech in Chicago used this language:

This means that the industry (agriculture) as a whole in the last crop year fell short more than $5,000,000,000 of paying its way as a going concern. We know, of course, that the industry is not earning its way as a going concern, and has not been for many years since the war.

Of course, the theory of this amendment is entirely novel, but no more novel than the theory of the whole bill. It is as definite as any portion of the bill. I realize that the amendment announces a policy rather than something which can be made a matter of definite law, but in this respect I think it somewhat clarifies the so-called "Simpson amendment", as amended by the Frazier amendment, which was adopted last week. If it be true that agriculture is, as I believe, the basic industry of the Nation, and that the prosperity of the Nation depends absolutely upon the farmer's continuous buying power, then the general objective which this amendment has in view is the least we can assure the farmer in the years to come. If prices can be fixed, they should be fixed at a point where it will be some real benefit to the farmer.

Mr. NEELY. Mr. President, once upon a time a prolonged funeral ceremony was held in a certain community in the far West. "The resurrection" was the subject of the funeral oration. After the minister had preached more than 3 hours, the undertaker became so irritatingly restless that the preacher said to him, "What is the matter with you?" The undertaker replied, "If you do not stop talking, I shall not be able to bury the corpse in time for the resurrection."

The farm relief bill has been the subject of the Senate's deliberation for 13 days. If we do not soon conclude our debate and pass the bill, the victims of our delay will not be buried in time to respond to Gabriel's trumpet call.

Mr. President, for more than 12 long, lagging, weary years the all-devouring merciless monsters of rising taxes and falling prices of agricultural products have scourged the farmers of this country and desolated those who till the soil. In the heyday of our long-boasted prosperity, prior to October 1929, when labor was lucratively employed; when manufacturers were annually doubling their wealth; when multitudes of executives of big business were receiving bonuses ranging from a hundred thousand dollars to more than a million dollars a year; when shrewd promoters of great mergers and audacious gamblers on the stock exchange were, with the rapidity of lightning, amassing fabulous fortunes, our farmers, because of discriminatory legislation against them and through no fault of their own, were growing poorer and poorer every hour.

The farmer's distressing plight was impressively emphasized on the floor of the Senate more than 5 years ago by the able senior Senator from Idaho [Mr. BORAH] who directed attention to the fact that in a single issue of a newspaper published in his State more than 6,000 farms were advertised for sale for the nonpayment of taxes. Sad to relate, almost every other State in the Union has witnessed agricultural tragedies similar to those reported from the State of Idaho.

In the last three Presidential campaigns both of the major political parties recognized agriculture's adversity; that the farmers, generally, were on the road to bankruptcy and that vast numbers of them had already reached that doleful destination. Both great political parties have long promised effective Federal farm relief. During the last decade many experiments were made in behalf of agriculture and manifold measures were adopted for the relief of its ills. But in spite of the countless efforts that have been made to place the farming industry, which is the indispensable foundation of every other legitimate business, upon a basis of prosperity, thousands of American farms are being sold every day in satisfaction of mortgages or taxes, which the landowners cannot possibly pay. There is scarcely a rural community in the United States in which faultless farmers are not too poor to supply decent clothes for their wives to wear to church or for their children to wear to school. Every day the farmer's burdens become more intolerable; every day the farmer's troubles increase like the multiplication table; every day the farmers reach some new depth of despair.

Only once before in the entire history of the world was a farmer ever distressed as the American farmer has been bedeviled and distressed during the last 4 years. That was on the memorable occasion upon which the Sabeans stole farmer Job's oxen and asses; the Chaldeans carried away his camels and slew his servants; the fire of God burned up his sheep; and the devil infamously covered the patient old patriarch with agonizing boils from the crown of his head to the soles of his feet.

The Roosevelt administration has promptly, wisely, and sympathetically undertaken to save the tillers of the soil. With praiseworthy industry and commendable zeal the administration has prepared comprehensive legislation for the relief of the farmers' distress. That legislation is now before

the Senate. The proposals which it contains are necessarily experimental. But an element of experimentation alone affords no justification for opposition to this or any other great undertaking. But for experiments we should not have the steamboat, the railroad train, the automobile, the airplane, the telegraph, the telephone, the radio, or any of the other countless curious inventions or innumerable cunning devices which diminish the burdens, mitigate the suffering, and increase the joys of life. Experiments, and courageous experiments, are now imperatively demanded by the most disastrous conditions that have ever confronted civilization.

Those who still cling to the antiquated, discredited, inhuman doctrine of "laissez faire" vigorously oppose the pending bill and offer numerous excuses for not supporting it. They assign many alleged reasons why we should let well enough alone. But when the farmers are bankrupt, when 14,000,000 toilers are unemployed, and millions of others are threatened with starvation, conditions are not well enough to let alone. They are not well enough to permit any thoughtful, patriotic person to hesitate or slumber or sleep until our every available resource shall have been exhausted, if necessary, in behalf of the restoration of Nation-wide prosperity. Those who have determined that the American people and their Government shall not perish must try experiments again and again until their efforts are crowned with success.

The carefully prepared and vigorously delivered addresses of the senior Senators from Delaware and Pennsylvania state, or at least suggest, all the infinitudes of opposition to the pending measure.

The Senator from Delaware [Mr. HASTINGS], who has discussed the bill at great length, believes that we should remain where we are, and have been for the last 4 years, until we are assured of an easy road and a safe journey to some happy "promised land." He would rather continue submissively to suffer the innumerable slings and arrows of the past's outrageous fortune than to hazard a bold effort to obtain valuable rewards in the present and great blessings in the future. He apparently holds in utter contempt Pompey's admonition to Scylla to remember that more worship the rising than the setting sun.

The Senator from Pennsylvania [Mr. REED] is opposed to the bill because it conflicts with the customs of the days of old and the practices of the bygone years. He believes that the enactment of the legislation will violate the revered provisions of our sacrosanct Constitution.

But many other Senators refuse to concur in the opinions expressed by these wise men of the East. Many other Senators possess enough courage and are blessed with enough faith in the Democratic President who has proposed this legislation to help translate it into a realization. Fortunately for the impoverished farmers and all others who are in distress, many Members on each side of the Senate aisle approve the wisdom and emulate the courage which the President so magnificently manifests and which are so eloquently revealed in Mr. Lowell's famous lines:

> My soul is not a palace of the past,
> Where outworn creeds, like Rome's grey senate, quake,
> Hearing afar the Vandal's trumpet hoarse,
> That shakes old systems with a thunder-fit.
> The time is ripe, and rotten-ripe, for change;
> Then let it come: I have no dread of what
> Is called for by the instinct of mankind,
> Nor think I that God's world would fall apart
> Because we tear a parchment more or less

We cannot demonstrate with the certainty of the solution of a mathematical problem that this legislation will produce all of the results which every good citizen devoutly wishes in behalf of the suffering farmers; we cannot demonstrate that it will prove entirely satisfactory to all of those who till the soil. But since the administration's economic and agricultural experts endorse it, since the President approves it and the farmers, through the spokesmen of their organizations, certify that it provides a panacea for agriculture's devastating ills, let us unhesitatingly support it in the fervent hope that it will restore the prosperity and happiness of the average farmer until he can once more—

> Wrap the drapery of his couch about him
> And lie down to pleasant dreams.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Colorado?

Mr. NEELY. Mr. President, I had yielded the floor, but I shall gladly endeavor to answer any question the able Senator from Colorado may ask me.

Mr. COSTIGAN. Mr. President, one phase of the eloquent address of the Senator from West Virginia specially interested me. For a generation much of the mechanical genius of America has been devoted to the automotive industry. If anything goes wrong with an automobile in any part of America, qualified men spring to effective assistance for the driver. I am wondering whether the able Senator from West Virginia has any explanation of the unwillingness of men in such a country to apply experimental and pioneering genius to the adaptation of government to the changing needs of human beings?

Mr. NEELY. Mr. President, in my opinion the reason why men of genius do not generally apply themselves to the solution of the farmers' problems is found in the fact that the business world offers them greater compensation for their services than agriculture can afford to pay.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on the amendment proposed by the Senator from Missouri [Mr. CLARK].

The amendment was rejected.

Mr. WAGNER. Mr. President, I inquire if we have concluded the consideration of title I of the pending bill?

The PRESIDING OFFICER. Title I is still before the Senate and open to amendment.

Mr. WAGNER. I desire to offer an amendment in the nature of a substitute for title II of the bill.

Mr. SMITH. Mr. President, I know of no other amendment to title I. I think we may now proceed to title II.

Mr. WAGNER. Mr. President, I am offering an amendment in the nature of a substitute for title II of the bill. The amendment embodies the so-called "farm mortgage bill" as reported for the favorable consideration of the Senate by the Banking and Currency Committee. That committee has authorized me to offer that bill as an amendment in the nature of a substitute for title II of the agricultural relief bill, and, with the indulgence of the Senate, I should like—I hope in not too long a time—to present some facts as to the background of this proposal, and then explain the important features of it, after which I will be quite willing to answer, if I can, such questions in regard to the details of its provisions as Senators may care to propound.

The PRESIDING OFFICER. The amendment offered by the Senator from New York in the nature of a substitute will be stated.

The CHIEF CLERK. The amendment intended to be proposed by Mr. WAGNER is, on page 27, beginning with line 7, to strike out through line 5, on page 43, and to insert in lieu thereof the following:

TITLE II—AGRICULTURAL CREDITS

Part 1. Amendments to Federal Farm Loan Act

ISSUANCE OF BONDS BY LAND BANKS

SEC. 21. Section 32 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 991), is amended by adding at the end thereof the following new paragraph:

"Until such time as the Farm Loan Commissioner determines that Federal farm-loan bonds (other than those issued under this paragraph) are readily salable in the open market at a yield not in excess of 4 percent per annum, but in no case more than 2 years after this paragraph takes effect, Federal land banks may issue farm-loan bonds as authorized under this act, for the purpose of making new loans, or for purchasing mortgages or exchanging bonds for mortgages as provided in paragraph 'Second' of section 13 of this act. The aggregate amount of the bonds issued under this paragraph shall not exceed $2,000,000,000, and such bonds shall be issued in such denominations as the Farm Loan Commissioner shall prescribe, shall bear interest at a rate not in excess of 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest by the United States, and such guaranty shall be expressed on the face thereof. In the event that the

issuing bank or banks shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the issuing bank or banks and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. After the expiration of 1 year from the date this paragraph takes effect, if in the opinion of the Farm Loan Commissioner any part of the proceeds of the bonds authorized to be issued under this paragraph is not required for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as herein provided, such bonds may be issued within the maximum limit herein specified for the purpose of refinancing any outstanding issues of Federal farm-loan bonds; but no such bonds shall be issued after 2 years from the date this paragraph takes effect for the purpose of such refinancing."

PURCHASE, REDUCTION, AND REFINANCING OF FARM MORTGAGES

SEC. 22. Paragraph "Second" of section 13 of the Federal Farm Loan Act, as amended, is amended to read as follows:

"Second. In order to reduce and/or refinance farm mortgages, to invest such funds as may be in its possession in the purchase of qualified first mortgages on farm lands situated within the Federal land-bank district within which it is organized or for which it is acting, or to exchange farm-loan bonds for any duly recorded first mortgages on farm lands executed prior to the date this paragraph, as amended, takes effect, at a price which shall not exceed in each individual case the amount of the unpaid principal of the mortgage on the date of such purchase or exchange, or 50 percent of the value of the land mortgaged and 20 percent of the value of the permanent insured improvements thereon as determined upon an appraisal made pursuant to this act, whichever is the smaller: *Provided*, That any mortgagor whose mortgage is acquired by a Federal land bank under this paragraph shall be entitled to have his farm-mortgage indebtedness refinanced in accordance with the provisions of sections 7 and 8 of this act on the basis of the amount paid by the bank for his mortgage."

EXTENSION OF LOANS

SEC. 23. Paragraph "Tenth" of section 13 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 781), is amended by adding at the end thereof the following: "The terms of any such extension shall be such as will not defer the collection of any obligation due by any borrower which, after investigation by the bank of the situation of such borrower, is shown to be within his capacity to meet. In the case of any such extension made prior to the expiration of 5 years from the date this paragraph, as amended, takes effect, or in the case of any deferment of principal as provided in paragraph 'Twelfth' of section 12 of this act, it shall be the duty of the Secretary of the Treasury, on behalf of the United States, upon the request of the Federal land bank making the extension, and with the approval of the Farm Loan Commissioner, to subscribe at such periods as the Commissioner shall determine, to the paid-in surplus of such bank an amount equal to the amount of all such extensions and deferments made by the bank during the preceding period. Such subscriptions shall be subject to call, in whole or in part, by the bank with the approval of the Commissioner upon 30 days' notice. To enable the Secretary of the Treasury to make such subscriptions to the paid-in surplus of the Federal land banks, there is hereby authorized to be appropriated the sum of $50,000,000, to be immediately available and remain available until expended. Upon payment to any Federal land bank of the amount of any such subscription, such bank shall execute and deliver a receipt therefor to the Secretary of the Treasury in form to be prescribed by the Farm Loan Commissioner. The amount of any subscriptions to the paid-in surplus of any such bank may be repaid in whole or in part at any time in the discretion of the bank and with the approval of the Farm Loan Commissioner, and the Commissioner may at any time require such subscriptions to be repaid in whole or in part if in his opinion the bank has resources available therefor."

REDUCTION OF INTEREST OF LOANS AND DEFERMENT OF PRINCIPAL

SEC. 24. Section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, secs. 771–772), is amended by adding at the end thereof the following new paragraph:

"Twelfth. Notwithstanding the provisions of paragraph Second, the rate of interest on any loans on mortgage made through national farm-loan associations by any Federal land bank, outstanding on the date this paragraph takes effect or made within 2 years after such date, shall not exceed 4½ percent per annum for all interest payable on installment dates occurring within a period of 5 years commencing 60 days after the date this paragraph takes effect; and no payment of the principal portion of any installment of any such loan shall be required during such 5-year period if the borrower shall not be in default with respect to any other condition or covenant of his mortgage. The Secretary of the Treasury shall pay each Federal land bank, as soon as practicable after October 1, 1933, and after the end of each quarter thereafter, such amount as the Farm Loan Commissioner certifies to the Secretary of the Treasury is equal to the amount by which interest payments on mortgages held by such bank have been reduced, during the preceding quarter, by reason of this paragraph; but in any case in which the Farm Loan Commissioner finds that the amount of interest payable by such bank during any quarter has been reduced by reason of the refinancing of bonds under section 32 of this act, the amount of the reduction so found shall be deducted from the amount payable to such bank under this paragraph. No payments shall be made to a bank with respect to any period after June 30, 1938. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $15,000,000 for the purpose of enabling the Secretary of the Treasury to make payments to Federal land banks which accrue during the fiscal year ending June 30, 1934, and such additional amounts as may be necessary to make payments accruing during subsequent fiscal years.

INCREASE OF AMOUNT OF LOANS TO BORROWERS

SEC. 25. Paragraph "Seventh" of section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 771) (relating to the limitations as to amount of loans), is amended by striking out "$25,000" and inserting "$50,000, but loans to any one borrower shall not exceed $25,000 unless approved by the Farm Loan Commissioner."

DIRECT LOANS

SEC. 26. Section 7 of the Federal Farm Loan Act, as amended, is amended by striking out the last paragraph and inserting in lieu thereof the following new paragraphs:

"Whenever it shall appear to the Farm Loan Commissioner that national farm-loan associations have not been formed in any locality in the continental United States, or that the farmers residing in the territory covered by the charter of a national farm-loan association are unable to apply to the Federal land bank of the district for loans on account of the inability of the bank to accept applications from such association, the Farm Loan Commissioner may, in his discretion, authorize said bank to make direct loans to borrowers secured by first mortgages on farm lands situated within any such locality or territory. Except as herein otherwise specifically provided, all provisions of this act applicable with respect to loans made through national farm-loan associations shall, insofar as practicable, apply with respect to such direct loans, and the Farm Loan Commissioner is authorized to make such rules and regulations as he may deem necessary with respect to such direct loans.

"The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 percent per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations.

"Each borrower who obtains a direct loan from a Federal land bank shall subscribe and pay for stock in such bank in the sum of $5 for each $100 or fraction thereof borrowed. Such stock shall be held by such Federal land bank as collateral security for the loan of the borrower and shall participate in all dividends. Upon full payment of the loan such stock shall, if still outstanding, be canceled at par, or, in the event that such stock shall have become impaired, at the estimated value thereof as approved by the Farm Loan Commissioner, and the proceeds thereof shall be paid to the borrower.

"Each such borrower shall convenant in his mortgage that, whenever there are 10 or more borrowers who have obtained from a Federal land bank direct loans under the provisions of this section aggregating not less than $20,000, and who reside in a locality which may, in the opinion of the Farm Loan Commissioner, be conveniently covered by the charter of and served by a national farm-loan association, he will unite with such other borrowers to form a national farm-loan association. Such borrowers shall organize the association subject to the requirements and the conditions specified in this section, so far as the same may be applicable, and in accordance with rules and regulations of the Farm Loan Commissioner. As soon as the organization of the association has been approved by the Farm Loan Commissioner, the stock in the Federal land bank held by each of the members of such association shall be canceled at par, and in lieu thereof the bank shall issue in the name of the association an equal amount of stock in said bank, which stock shall be held by said bank as collateral security as provided in this section with respect to other loans through national farm-loan associations. Thereupon there shall be issued to each such member an amount of capital stock in the association equal to the amount which he previously held in said bank, which stock shall be held by said association as collateral security as provided in section 8 of this act. The board of directors of said association shall adopt a resolution authorizing and directing its secretary-treasurer on behalf of said association to endorse, and thereby become liable for the payment of, the mortgages taken from its charter members by the Federal land bank. When it shall appear to the satisfaction of the Farm Loan Commissioner that all the foregoing conditions have been complied with, and upon the granting of the charter by the Farm Loan Commissioner, the interest rate paid by each charter member of such association whose loan is in good standing shall, beginning with his next regular installment date, be reduced to the rate of interest paid by borrowers on new loans made through national farm-loan associations in the same Federal land bank district at the time the said loan was made to such charter member.

"Charges to be paid by applicants for direct loans from a Federal land bank shall not exceed amounts to be fixed by the Farm Loan Commissioner and shall in no case exceed the charges which may be made to applicants for loans and borrowers through national farm-loan associations under the provisions of sections 11 and 13 of this act."

LOANS TO RECEIVERS

SEC. 27. Any receiver appointed by the Federal Farm Loan Board pursuant to section 29 of the Federal Farm Loan Act, as amended, is authorized, for the purpose of paying taxes on farm real estate owned by the bank or securing the mortgages held by it, with the approval of the Farm Loan Commissioner, to borrow from the Reconstruction Finance Corporation and to issue receiver's certificates against the assets of such bank as security for any loan received from the corporation under this section, and such certificates shall constitute a prior lien on such assets. The Reconstruction Finance Corporation is authorized to make loans to such receivers for the purposes of this section.

Part 2. Joint-stock land banks

LIMITATIONS ON ISSUE OF BONDS AND LENDING

SEC. 28. After the date of enactment of this act no joint-stock land bank shall issue any tax-exempt bonds or make any farm loans except such as are necessary and incidental to the refinancing of existing loans or bond issues or to the sale of any real estate now owned or hereafter acquired by such bank.

LOANS TO JOINT-STOCK LAND BANKS TO PROVIDE FOR ORDERLY LIQUIDATION

SEC. 29. (a) The Reconstruction Finance Corporation is authorized and directed to make available to the Farm Loan Commissioner, out of the funds of the Corporation, the sum of $100,000,000, to be used, for a period not exceeding 2 years from the date of enactment of this act, for the purpose of making loans to the joint-stock land banks organized and doing business under the Federal Farm Loan Act, as amended, at a rate of interest not to exceed 4 percent per annum, payable annually. Such loans shall be made upon application therefor by such banks and upon compliance with the requirements of this section. The amount which may be loaned hereunder to any such bank shall not exceed an amount having the same proportion to the said $100,000,000 as the unpaid principal of the mortgages held by such bank on the date of enactment of this act bears to the total amount of the unpaid principal of the mortgages held by all the joint-stock land banks on such date.

(b) Any joint-stock land bank applying for a loan under this section shall deliver to the Farm Loan Commissioner as collateral security therefor first mortgages or purchase-money mortgages on farm lands, first mortgages on farm real estate owned by the bank in fee simple, or such other collateral as may be available to said bank, including sales contracts and sheriff's certificates on farm lands. The real estate upon which such collateral is based shall be appraised by appraisers appointed under the Federal Farm Loan Act, as amended, and the borrowing bank shall be entitled to borrow not to exceed 60 percent of the value of such real estate as determined by such appraisal. Fees for such appraisals shall be paid by the applicant banks in such amounts as may be fixed by the Farm Loan Commissioner. No such loan shall be made until the applicant bank, under regulations to be prescribed by the Farm Loan Commissioner, (1) shall have agreed to grant to each borrower then indebted to the bank under the terms of a first mortgage a reduction to 5 percent per annum in the rate of interest specified in such mortgage, beginning at his next regular installment date occurring more than 60 days after the date of enactment of this act, and (2) shall have agreed to the satisfaction of the Commissioner that during a period of 2 years from the date of enactment of this act the bank will not proceed against the mortgagor on account of default in the payment of interest or principal due under the terms of its mortgage and will not foreclose its mortgage unless the property covered by such mortgage is abandoned by the mortgagor or unless, in the opinion of the Commissioner, such foreclosure is necessary for other reasons.

LOANS BY RECONSTRUCTION FINANCE CORPORATION TO JOINT-STOCK LAND BANKS FOR EMERGENCY PURPOSES

SEC. 30. (a) In addition to loans authorized to be made to joint-stock land banks as provided in section 202 of this act and as provided in section 5 of the Reconstruction Finance Corporation Act, as amended, the Reconstruction Finance Corporation is further authorized and empowered to make loans, at a rate of interest not to exceed 4 percent per annum, to any joint-stock land bank for the purpose of securing the postponement for 2 years from the date of the enactment of this act of the foreclosure of first mortgages held by such banks on account of (1) default in the payment of interest and principal due under the terms of the mortgage, and (2) unpaid delinquent taxes, excluding interest and penalties, which may be secured by the lien of said mortgage: *Provided*, That during the period of postponement of foreclosure such bank shall charge the mortgagor interest at a rate not exceeding 4 percent per annum on the aggregate amount of such delinquent taxes and defaulted interest and principal with respect to which loans are made pursuant to this section. The amount loaned to any joint-stock land bank under this section shall be made without reappraisal: *Provided*, That the amount loaned with respect to any mortgage on account of unpaid principal shall not exceed 5 percent of the total unpaid principal of such mortgage, and the total amount loaned to any such land bank with respect to any mortgage shall not exceed 25 percent of the total unpaid principal of such mortgage. The aggregate amount of the loans made by the Reconstruction Finance Corporation under this section shall not exceed $25,000,000.

(b) No such loan shall be made with respect to any mortgage unless the Corporation is satisfied that the mortgagor, after exercising ordinary diligence to pay his accrued delinquent taxes and meet accrued interest and principal payments, has defaulted thereon; and unless the bank shall have agreed to the satisfaction of the Corporation that during such 2-year period the bank will not foreclose such mortgage unless the property covered thereby is abandoned by the mortgagor or unless in the opinion of the Corporation such foreclosure is necessary for other reasons.

(c) Each such loan shall be secured by an assignment to the Corporation of the lien of the taxes and/or of the bank's mortgage with respect to which the loan is made: *Provided*, That the part of each such lien so assigned representing the interest and principal due and unpaid in any such mortgage which has been assigned to the farm loan registrar shall be subordinate to the existing lien of the bank for the balance of the indebtedness then or thereafter to become due under the terms of such mortgage; but the Corporation may require the bank to furnish additional collateral as security for such loan, if such collateral is available to the bank.

(d) The Corporation is authorized to make such rules and regulations as may be necessary to carry out the purposes of this section and to make the relief contemplated immediately available.

Part 3. Loans to farmers by Farm Loan Commissioner

REDUCTION OF DEBTS AND REDEMPTION OF FORECLOSED FARMS

SEC. 31. The Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Farm Loan Commissioner the sum of $200,000,000, or so much thereof as may be necessary, to be used for the purpose of making loans as hereinafter provided to any farmer, secured by a first or second mortgage upon the whole or any part of the farm property, real or personal, including crops, of the farmer. The amount of the mortgage given by any farmer, together with all prior mortgages or other evidences of indebtedness secured by such farm property of the farmer, shall not exceed 75 percent of the value thereof, as determined upon an appraisal made pursuant to the Federal Farm Loan Act, as amended; nor shall a loan in excess of $5,000 be made to any one farmer. Every mortgage made under this section shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments, sufficient to cover (1) interest on unpaid principal at a rate not to exceed 5 percent per annum and (2) such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than 10 years from the date the first payment on principal is due: *Provided*, That during the first 3 years the loan is in effect payments of interest only may be required. No loan shall be made under this section unless the holder of any prior mortgage or instrument of indebtedness secured by such farm property arranges to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the farmer and such farm property for default in payment of principal. Loans under this section shall be made for the following purposes only: (1) Refinancing, either in connection with proceedings under chapter VIII of the Bankruptcy Act of July 1, 1898, as amended (relating to agricultural compositions and extensions), or otherwise, any indebtedness, secured or unsecured, of the farmer, (2) providing working capital for his farm operations, and (3) enabling any farmer to redeem and/or repurchase farm property owned by him and occupied by him as a home prior to foreclosure, which has been foreclosed within 1 year prior to the enactment of this act or which is foreclosed after the enactment of this act. The provisions of paragraph "Ninth" of section 13 of the Federal Farm Loan Act, as amended (relating to charges to applicants for loans and borrowers from the Federal land banks), shall, so far as practicable, apply to loans made under this section. As used in this section, the term "farmer" means any individual who is bona fide engaged in farming operations, either personally or through an agent or tenant, or the principal part of whose income is derived from farming operations, and includes a personal representative of a deceased farmer.

REGULATIONS

SEC. 32. The Farm Loan Commissioner is authorized to make such rules and regulations and to appoint such agents as may be necessary to carry out the purposes of this title and to make the relief contemplated by this title immediately available.

FACILITIES OF FEDERAL LAND BANKS AND NATIONAL FARM LOAN ASSOCIATIONS MADE AVAILABLE

SEC. 33. The Federal land banks and the national farm loan associations are authorized, upon request of the Farm Loan Commissioner, to make available to him their services and facilities to aid in administering the provisions of this title.

PENALTIES

SEC. 34. Any person who shall knowingly make any material false representation for the purpose of obtaining any loan under part 3 of this title, or in assisting in obtaining any such loan, shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than 6 months, or both.

Part 4. Refinancing of agricultural improvement district indebtedness for the benefit of farmers

LOANS BY RECONSTRUCTION FINANCE CORPORATION

SEC. 35. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding $50,000,000, to drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, duly organized under the laws of any State, and to political subdivisions of States, which, prior to the date of enactment of this act have completed projects devoted chiefly to the improvement of land for agricultural purposes. Such loans

shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such project, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by refunding bonds issued to the Corporation by the borrower which are a lien on the real property within the project or on the amount of the assessments levied on such property by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any bonds so secured except with the consent of the Corporation; (4) the borrower shall pay to the Corporation, until all bonds of the borrower held by the Corporation are retired, an amount equal to the amount by which the assessments against the real property within the project collected by the borrower exceed the costs of operation and maintenance of the project and interest on its outstanding obligations; and (5) the borrower shall agree, to the satisfaction of the Corporation, to reduce the outstanding indebtedness to the borrower of the landowners within such project by an amount corresponding to that by which the indebtedness of the borrower is reduced by reason of the operation of this section, to distribute the amount of such reduction among such landowners on a pro-rata basis, to cancel and retire its outstanding bonds in an aggregate amount equal to the amount of the reduction so distributed, and to permit the Corporation, in the case of the payment of the bonds of the borrower or the liquidation of such project, to participate in such payment or in the proceeds of such liquidation on the basis of the face amount of the bonds so retired plus the face amount of the bonds held by the Corporation as security for the loan. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and the holders of its outstanding bonds under which the applicant will be able to purchase or refund such bonds at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6 months' period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant.

Part 5. Increase of lending power of Reconstruction Finance Corporation

SEC. 36. In order to provide funds to carry out the purposes of this title, the amount of notes, debentures, bonds, or other such obligations with the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is hereby increased by $300,000,000.

Part 6. Functions of Farm Loan Commissioner under Executive orders

SEC. 37. If and when any Executive order heretofore transmitted to the Congress pursuant to title IV of part II of the Legislative Appropriation Act of 1933, as amended, shall become effective, all functions, powers, authority, and duties conferred upon or vested in the Farm Loan Commissioner by this title shall be held and exercised by him subject to all the terms and conditions in any such Executive order the same as if such functions, powers, authority, and duties were specifically named in such Executive order or orders.

Part 7. Short title

SEC. 38. This title may be cited as the "Emergency Farm Mortgage Act of 1933."

Mr. WAGNER. Mr. President, the amendment to the pending farm relief bill now tendered consists of the entire farm mortgage bill (S. 1110) as reported to the Senate by the Banking and Currency Committee. The proposal is put forward as one of the major means of bettering the lot of the farmer. It should be viewed as an integral part of the administration's program of making good its pledge to agriculture.

Month after month during the past few years Congress has discussed and portrayed the plight of the farmer oppressed by debts he could not pay, confronted by markets in which he could not sell at a profit, walking the hopeless treadmill of work without prospect of return and always in the shadow of the menace of foreclosure. The time has now come to abandon sentimental rhetoric and make an organized effort to protect that farmer and lighten his burden.

The farm-debt problem is much more than a banking question. It involves much more than the technic of finance. In exactly the same way as farming is not only an occupation but a way of life which this country desires to preserve and strengthen so is the farm-debt situation charged heavily with human considerations of life and happiness which transcend in value the factors that enter into an ordinary banking transaction.

During the 3-year period ending March 15, 1931, over 366,000 farms were foreclosed. For many of the farmers who were thus evicted that way of life, the way of individual independence, had come to an end.

Since that date the process of foreclosure and eviction has continued, only at a faster pace, hastening the separation of men from the soil, of families from their homesteads, of a generation from a mode of living in which has flowered some of the finest fruits of American civilization. How much faster the pace of foreclosure has become can be seen from the following figures: During the 12 months ending March 1, 1931, there were 26 forced sales per thousand farms. During the 12 months ending March 1, 1932, we had 41 forced sales per thousand farms. Conceivably we might shut our eyes to the elements of tragedy which enter into each of these forced sales if we could welcome to the city every farmer who was stripped of his farm in the country. But the city has offered the farmers no opportunity during the past few years except the chance to mingle with others deprived of their jobs and equally unfortunate.

That is the human side of the farm-debt question, and we must not only understand it but feel it, if we are correctly to comprehend the nature of the forceful resistance to foreclosure which is reported from various parts of the country. The farmers who engage in these demonstrations are not lawbreakers by habit; they are law-abiding citizens and as thoroughly devoted to orderly government as any element in our population. When we see these men resort to self-help and defy legal process even the most complacent must realize how deep an emotional current has been touched. These resisting farmers are moved by the same profound forces which have always driven any free people to fight for their homes. When conditions have reached that stage let no man who has a care for his country continue to proclaim his faith in "natural adjustment."

We may no longer postpone the adoption of a deliberate policy of organized adjustment of the structure of agricultural debt and finance—an adjustment which, while taking full notice of the economic realities, distributes its burdens with equity and avoids every unnecessary hardship. Directly such a policy confers a benefit on agriculture. Indirectly it contributes to the strengthening of the entire banking structure of the country; it liquefies the assets of the insurance companies; it preserves the savings of thousands of American families.

Of the entire volume of outstanding farm mortgages 23 percent is held by insurance companies, 19 percent is held by joint-stock land banks and Federal land banks, 11 percent by commercial banks, and the obligations of these institutions are held in the form of policies, bonds, or deposits by the rank and file of the American people.

It is important to remember that the farm-mortgage problem is not entirely a direct consequence of the present emergency. The growth of farm indebtedness is largely one of the legacies of the war. In 1910 the farm-mortgage debt of the United States amounted to $3,320,000,000. By 1920 it had increased 136 percent to $7,857,000,000. There was a further increase between 1920 and 1928, but relatively a moderate one—to $9,460,000,000. Today the total farm-mortgage indebtedness outstanding is approximately $8,500,000,000. Much of the decline has been accomplished through foreclosures. If we compare total indebtedness, both mortgaged and unmortgaged, we find that from 1922 to 1932 the amount has declined by almost $2,000,000,000 from $13,833,000,000 to approximately $12,000,000,000 today.

The significant inference that may be drawn from these facts is that the farmer has not been rushing madly into debt; he has not brought his present embarrassment upon himself; the large increase of farm debt occurred during the decade of the war when the farmer was encouraged to expand his operations in response to the demands of national policy.

That inference is corroborated by many facts. Thus 58 percent of the farms of the United States are entirely free of mortgage and only 15 percent of the farms are covered

by mortgages representing more than 50 percent of their value; the average-sized farm loan in 1928 was only $5,205; and for farmers who owned their farms it was only $3,919.

What, then, is the meaning of the "burden of debt" as applied to the farmer? That phrase has no significance if it is used simply in reference to the size of the total indebtedness. It has no particular significance if it is employed in reference to the percentage of farm value covered by mortgage. It becomes meaningful only when measured in terms of gross farm income and the level of farm prices.

The total farm-mortgage interest bill is approximately $500,000,000 a year. It is one thing to pay that out of a gross farm income of $17,000,000,000—the figure it reached in 1919. It is quite another and far more difficult and almost insoluble problem to pay that out of a gross income which had declined to $5,000,000,000 in 1932.

Farm prices have been cut approximately in half from their pre-war average. Some of the farmer's costs have, of course, declined but not in proportion to the shrinkage in the price of the commodities he sells. The most rigid item of his costs has been the interest and principal of his indebtedness. It has stood as a fixed charge in the midst of rapidly dissolving values. The result is that many a solvent farmer whose mortgage represents but a modest fraction of the value of his property is confronted with the threat of foreclosure because he finds it impossible to meet his interest, taxes, and installments of principal.

The condition of agriculture is reflected in the condition of the rural banks. By far the largest number of bank suspensions during the past 12 years has taken place in agricultural areas. Thus, for instance, from January 1, 1921, to January 31, 1933, there were 395 bank suspensions in the Middle Atlantic States, comprising New York, New Jersey, and Pennsylvania. That number represented 13.2 percent of all active banks within that area. During the same period fully 4,310 banks closed in the West North-Central States, comprising Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas, and that represented 47 percent of all active banks within that region. For the past 3 years the Federal land banks have been unable to borrow on long term. And this strangulation of farm credit has in turn aggravated the bad situation out of which it had arisen.

The condition we face is serious beyond description. Agricultural credit, always an indispensable ingredient of our national economy, has almost ceased to function and the longer it is out of operation the faster does the deflation proceed. Many times we thought we had struck bottom. We now realize that deflation is bottomless; that unless checked it will reduce not only the farmers but the entire Nation to unbelievable poverty.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Colorado?

Mr. WAGNER. I yield.

Mr. COSTIGAN. Will the Senator be good enough to explain the difference between the substitute he is offering and the original provision of the bill?

Mr. WAGNER. At the conclusion of the explanation of the substitute I have proposed I shall attempt to point out the differences between the two.

It is obvious that we can approach the farm problem from two directions. We may increase the farmer's income by means of higher prices for the commodities he sells; we may increase his income by reducing his costs, and particularly his fixed charges. The administration's program is a double-headed effort to come to the rescue of agriculture by both methods. The amendment now presented is addressed to the second.

Four major purposes are embraced within the scope of the amendment: First, to enable the Federal land bank system to obtain new capital, and thereby to resume its functioning as an effective agricultural agency; second, to reduce the burden of debt now oppressing the farmer and to lift the threat of imminent foreclosure; third, to provide for liquidating in an orderly fashion the affairs of the joint-stock land banks; fourth, to refinance the short-term indebtedness of the farmer, to provide him with working capital where necessary, and to help him redeem or repurchase his foreclosed farm home.

I desire as briefly as possible to explain the methods proposed in the amendment for the accomplishment of these purposes. It is helpful to have in mind that the amendment deals with several distinct agencies: The Federal land banks, the joint-stock land banks, the Farm Loan Commissioner, and the agricultural improvement districts.

Concerning each of these agencies separate provisions are proposed, and I believe it will promote their understanding if they are separately treated.

FEDERAL LAND BANKS

I shall consider first the Federal land banks, which now hold farm mortgages amounting to $1,150,000,000, representing about 12 percent of the total farm-mortgage indebtedness of the United States. These banks are for 2 years authorized to issue up to $2,000,000,000 of farm-loan bonds, bearing an interest rate not exceeding 4 percent per annum and carrying the guaranty of the United States as to interest.

During the first year these bonds may be issued by the Federal land banks only to acquire outstanding farm mortgages either for cash or through an exchange for bonds or to make new loans on farm mortgages. Only during the second year, if in the judgment of the Farm Loan Commissioner, bonds are not needed for these purposes, may they be used to refinance on better terms outstanding farm-loan bonds.

It is intended that the Federal land banks shall negotiate with farm creditors and acquire the mortgages they hold at a discount, and within the limitation that the price paid shall not exceed 50 percent of the value of the land and 20 per cent of the permanent improvements. The benefit of the discount must be transferred to the farmer in the form of a reduction of the principal of his mortgage—and that, Mr. President, is the first of the several direct benefits available, particularly to the distressed farmer, under the terms of the proposal.

Of course, there is no compulsion applied to the bank or other mortgagee to accept cash or bonds of a lesser face value than the amount of the mortgage. No compulsion can, under the Constitution, be applied. The committee, however, has had ample assurance and its own judgment dictates that many mortgagees will be willing to trade.

What obligation will this transaction impose upon the taxpayers? The interest guaranty upon the bonds may seem like a large commitment. It is quite inconceivable, however, that the Treasury should ever be called upon to pay. The very ample margin of security, the wide-spread geographical distribution of the mortgaged farms, the joint and several liability of the Federal land banks, the hoped-for rise in the level of commodity prices—these factors of safety all unite in assuring that the guaranty will be free of cost to the United States.

The provisions I have mentioned will apply the ax to the burden of debt now carried by the most severely oppressed group of farmers, by those whose margin of safety has gone, who are actually threatened with imminent foreclosure.

In addition, in two important sections, the amendment provides for the reduction of the current operating costs of all farmer-borrowers from the Federal land banks. These sections reduce the interest rate during the next 5 years on all outstanding and new mortgages held by the Federal land banks and made through national farm-loan associations to a rate not exceeding 4½ percent; they provide for a 5-year moratorium on the payment of installments of principal, and in deserving cases authorize a 5-year extension for the payment of interest.

Where farmers exercise the privilege given them to borrow from the Federal land banks directly without the intervention of a national farm-loan association, the interest rate is one half percent higher.

Under an amendment which is to be proposed by the Senator from Arkansas [Mr. ROBINSON] the 4½ percent

maximum rate is likewise to extend to mortgages made through agents as provided for in the Farm Loan Act or previously purchased from joint-stock land banks.

Under a further amendment by the Senator from Arkansas the rate on mortgages held by the Federal land banks through its branch in Puerto Rico is not to exceed 5 percent under an amendment to be proposed by the Senator from Arkansas.

These provisions, Mr. President, not only lighten the farmers' burden of debt but constitute a guaranty that every borrower whose mortgage is held or acquired by the Federal land banks will be permitted to hold onto his farm and his home and given an opportunity to ride through the storm of the present emergency.

Two appropriations are authorized in order to make possible the interest reduction and the extension and deferments which I have indicated. Fifty million dollars is authorized for the use of the Secretary of the Treasury in subscribing to the paid-in surplus of the Federal land banks to finance the deferments of principal and interest. These subscriptions are to be repaid to the Treasury in the future out of available resources.

Fifteen million dollars is authorized for the next fiscal year, and additional amounts for subsequent years, to be used in compensating the Federal land banks for the loss they sustain by reducing the mortgage interest rate during the next 5 years. This is the only unrepayable outlay called for under the amendment.

JOINT-STOCK LAND BANKS

Part 2 of the amendment is designed to wind up in as orderly fashion as possible the affairs of the joint-stock land banks. Their power to issue tax-exempt bonds is terminated and they are prohibited from making any farm loans except such as may be necessary and incidental to the refinancing of existing loans, or to the liquidation of real-estate holdings. In view of the fact that joint-stock land banks were authorized to make farm loans up to $50,000, the amendment provides that the maximum limit of Federal land-bank loans shall be increased to that figure; but every loan in excess of $25,000 must have the approval of the Farm Loan Commissioner.

Provision for the orderly liquidation of the joint-stock land banks is made in sections 29 and 30.

Under section 29 the Reconstruction Finance Corporation is directed to make available to the Farm Loan Commissioner $100,000,000 to be used for a period of 2 years in making loans to joint-stock land banks at a rate of interest not exceeding 4 percent per annum upon the security of first or purchase-money mortgages or other available collateral. No loan may exceed 60 percent of the appraised value of the security. In addition, two conditions are attached to every such loan which are of direct benefit to the farmer. The joint-stock land bank must first reduce the interest on all of its first mortgages to 5 percent, and, second, it must agree for a period of 2 years not to proceed against the farmer mortgagor on account of default in interest or principal, nor to foreclose the mortgage except for abandonment of the property, or where the Farm Loan Commissioner deems foreclosure necessary.

Section 30 is intended as a temporary measure, to serve until such time as the appraisals required under section 29 can be completed. It authorizes the Reconstruction Finance Corporation to make loans to joint-stock land banks aggregating not in excess of $25,000,000, at a rate of interest not exceeding 4 percent, to finance the payment of delinquent taxes, interest, and amortization of diligent farm borrowers, on condition that the joint-stock land banks agree not to foreclose the mortgage for a period of 2 years. Under an amendment to be proposed by the Senator from Arkansas, this fund is to be allocated to the Farm Loan Commissioner by the Reconstruction Finance Corporation, and loans are to be made through him. These loans to the joint-stock land banks are to be made without appraisal of security but are limited by the provision that loans with respect to defaulted installments of principal must not exceed 5 percent of the unpaid principal, and that loans to finance all delinquent items must not exceed 25 percent of the unpaid principal.

From the point of view of the joint-stock land banks and their bondholders, these provisions mean the avoidance of receivership. From the viewpoint of the farmer indebted to the joint-stock land banks, they mean the reduction in interest and assurance against foreclosure for 2 years.

DIRECT LOANS BY FARM LOAN COMMISSIONER

An exceedingly important part of the program of farm-mortgage relief is embraced in part 3 of the amendment, which authorizes direct loans by the Farm Loan Commissioner to farm borrowers on the security of junior mortgages. For this purpose $200,000,000 is to be allocated by the Reconstruction Finance Corporation to the Farm Loan Commissioner. The maximum loan to any one farmer is $5,000; the interest is not to exceed 5 percent; the mortgage given as security plus all prior liens must not exceed 75 percent of the value of the property; and the loan may be repaid in 10 installments, beginning in the fourth year.

With the proceeds of such a loan a farmer may refinance his indebtedness, provide himself with working capital, or redeem or repurchase his farm home, if foreclosed within a year prior to the enactment of this act, or foreclosed thereafter.

AGRICULTURAL IMPROVEMENT DISTRICTS

The last of the principal divisions of the proposed amendment is designed to reduce the obligation of farmers indebted to drainage, levee, irrigation, and similar improvement districts. For that purpose the Reconstruction Finance Corporation is authorized to make $50,000,000 available to enable the agricultural improvement districts to acquire their own bonds at a discount, on condition that the benefit is transferred to the farmer. To prevent speculation, the amendment provides that no loan shall be made until the Reconstruction Finance Corporation is satisfied that the bonds will be acquired at a reasonable price, taking into consideration the average market price during the 6 months ending March 1, 1933.

To me it seems clear, Mr. President, that the proposal submitted in the amendment will unquestionably reduce the burden of farm debt, relieve its pressure and irritation, especially where it has been causing the greatest distress, and permit the farmer to work out his difficult problem during the period of emergency without fear of eviction. I know quite well that some Members of this body believe Congress ought to be even more generous in its treatment of the farm debt. My answer is that we could not be more generous to agricultural debtors without transferring the burden to the shoulders of others equally unable to bear it, and without threatening the success of the entire enterprise by stretching the credit of the United States to the danger point.

Let us also remember, in formulating our judgment, that this proposal is not an isolated measure whose benefits and costs can be estimated separately. It must be appraised as part of a far-flung program involving domestic and foreign readjustments, calling for reorganization and revival not only in agriculture but in finance, commerce, and industry as well.

Mr. President, I believe I correctly estimate the sentiment of the Senate when I say that no plea is necessary for the adoption of the amendment. Every Member of this body is thoroughly alive to the distressing conditions the legislation is designed to alleviate. True enough, it goes beyond what we had theretofore regarded as the proper boundary of governmental action; but so also have the forces of deflation and depression gone beyond the bounds of experience or reason. Half-hearted measures will not prevail against them. If we are to win in the battle in which we have thus far beaten a retreat, we must be willing to employ measures powerful enough to make victory a practical certainty.

No doubt values must be readjusted to the new scales. In this proposal, however, we undertake to accomplish in an

orderly, equitable, and humane manner what foreclosure has in the past effected with cruelty and unwarranted hardship.

The measure now before you represents the most far-reaching effort ever made in the United States to protect the farmer against foreclosure and to reduce the burden of debt under which he has been laboring throughout the period of price decline. I have every confidence that the amendment will be adopted.

Now, Mr. President, as suggested by the Senator from Colorado, I should like just briefly to point out the differences between title 2 of the pending bill and the amendment which I have offered.

Title 2 of the pending bill omits the authority of the Farm Loan Commissioner to fix the denominations of the bonds to be issued under the bill. The amendment I propose gives him that authority.

In the provision which authorizes an appropriation of $50,000,000 for subscriptions to the Federal land banks, the agricultural bill contains the language "and such additional amounts as may thereafter be necessary." The Banking and Currency Committee regarded that as too comprehensive an authority, and too indefinite, and we limited the authorization to $50,000,000.

The agricultural bill omits the section of the banking and currency bill, which authorizes an increase in the maximum size of loans to farmers. The amendment raises the sum to $50,000, but before such a loan can be made it must be authorized by the Federal Farm Loan Commissioner.

Mr. SMITH. Mr. President, may I ask the Senator if the bill proposed by the Banking and Currency Committee authorizes the $50,000 loan that has to be O.K.'d by the Farm Loan Commissioner?

Mr. WAGNER. It does.

In the part of the bill dealing with joint-stock land banks the agricultural bill omits all of section 203, which directs the Reconstruction Finance Corporation to make $25,000,000 available for loans to finance delinquencies. I think we have $25,000,000 which may be borrowed so that the farmer may meet his taxes and other charges.

Mr. SMITH. Was that left out?

Mr. WAGNER. That is left out of the pending bill; yes. The agricultural bill still uses the phrase "normal value", although I had understood that the committee had stricken out the word "normal", whereas the amendment which I propose simply uses the word "value."

Mr. SMITH. We took out the word "normal."

Mr. WAGNER. The committee perhaps intended to take it out, but the bill still contains the word "normal." I understood that the committee had agreed that that word ought to be eliminated.

Mr. SMITH. Yes.

Mr. WAGNER. The agricultural bill omits the section of the banking and currency bill which authorizes the Federal land banks and farm-loan associations to make their facilities available in making direct loans. We provide for the use of the facilities of the Federal land banks and the farm-loan associations in making direct loans to farmers.

In the part of the bill dealing with loans to improvement districts, the agricultural bill omits the provision about liquidation and about the contract of purchase. In other words, I think we have a more effective safeguard against the possibility of speculation in drainage-district bonds.

The agricultural bill does not contain the section of the banking and currency bill dealing with the Executive order relating to reorganization. That is really a formal amendment, to which I am sure the Senator will agree.

Mr. SMITH. Mr. President, I should like to ask the Senator if any provision was made in the banking and currency bill looking toward the scaling down of mortgages held by the Federal land banks, as well as the scaling down of interest?

Mr. WAGNER. Oh, yes. In other words, the matter of the purchase of outstanding mortgages by the Federal land bank is a matter of negotiation; and undoubtedly the Federal Farm Loan Commissioner, unless he receives some benefits for the farmer in the way of scaling down the principal of the mortgage as well as an automatic reduction of interest, will not give his bonds or cash in exchange for the outstanding mortgage.

Mr. SMITH. The reason why I ask that question is that in the discussion of this matter before the Agricultural Committee the expert stated emphatically that there could be no scaling down of the mortgages held by the Federal land bank.

Mr. WAGNER. The Senator means the mortgages now held by them?

Mr. SMITH. Yes; the mortgages now held by them.

Mr. WAGNER. The outstanding bonds. No; we make provision simply that the interest rate for a period of 5 years is reduced to 4½ percent, which gives them an average of a full 1-percent reduction in interest.

Mr. SMITH. Yes; but the point I am making is this——

Mr. WAGNER. The Senator's proposal is exactly like ours in that regard.

Mr. SMITH. This does not satisfy me. It did not satisfy me when it passed, though reasons were advanced why perhaps from the banking standpoint it should be as it is in the Senator's proposal and in the Agricultural Committee bill. But in liquidating the joint-stock land banks, and in dealing with the insurance companies and the private mortgagees, provision is made to scale down the mortgage as well as the interest, on the presumption that the present value of the land upon which the mortgage was issued has so far declined that unless the one who has mortgaged his land can get it scaled down in something like the proportion in which his land has declined in value, a mere reduction of interest avails him very little.

Mr. WAGNER. Of course, I do not see how practically that can be done. The bonds are outstanding, and the mortgages are up as collateral for the bonds.

Mr. SMITH. I understand that. Then we are going to leave the man who has a Federal land-bank mortgage without the hope of having the original value of his mortgage reduced at all, when the object of this legislation is to reappraise, as far as we can have it done, the value of the land, scale down the mortgage in accordance with the reappraisal, and then reduce the interest.

We are doing that with the joint-stock banks; we are doing that with the insurance companies. We have made every provision to do that. But the man who is indebted to the Federal land bank can have no scaling down of his mortgage, it does not make any difference if the mortgage is notoriously in excess of the present value of the land as measured by the salability of the land and the return from it. The only help he can get is through a reduction in the interest.

Mr. WAGNER. He gets a reduction in the interest, and he gets a moratorium, or a deferment of the payment of the principal for a period of 5 years.

Mr. SMITH. Mr. President, I was hoping that there might be some arrangement made by which the distressed individuals in the Federal land banks might get the same treatment accorded those holding bonds. What difference does it make? The joint-stock land bank man now is to get relief. The man indebted to the insurance company will get relief. But the only relief the Federal land-bank debtor will get is a scaling down of his interest and prolonging the day of his death for 4 or 5 years; that is all.

Mr. BARKLEY. Mr. President, if the Senator will yield there; there is a provision, the same in both bills, that in order to reduce and refinance farm mortgages which have been executed prior to the passage of this measure, the Farm Board is authorized to invest such money as it may have in its possession in the purchasing of outstanding mortgages, at a sum not in excess of the unpaid balance or at a sum equal to 50 percent of the value of the property, whatever may be the result. As I understand it, there is no way by which Congress can compel a scaling down of any mortgage debt.

Mr. SMITH. I know that.

Mr. BARKLEY. It is all voluntary; but it is expected that under that section they may be able to purchase out-

standing mortgages in a way that will result in a scaling down of debts which are actually due under the law under which they operate.

Mr. SMITH. It was testified before the committee that whenever we begin to scale down mortgages within the jurisdiction of the Federal land bank, we jeopardize the market value of the bonds, and that could not be allowed.

Mr. WAGNER. Not only that, but the right of the bondholder must be considered. I am sure that if there were some way of scaling down the outstanding mortgages held by the Federal land bank, provision would have been made for it. I do not know how much we can scale down those mortgages, because, as the Senator knows, the Federal land-bank bonds are selling almost at par, even in a terribly distressed bond market. I do not think that we ought to overlook the fact that we are conferring some benefit, giving a reduction of interest from 5½, sometimes a little more, down to 4½, for a period of 5 years, and we are also giving a moratorium upon the payment of the principal, and, even in emergency cases, on the payment of interest, for the period of 5 years, which is a breathing space. Of course, the Senator knows that as to outstanding mortgages they may be purchased, either by bonds or money. There is the opportunity for scaling down, and undoubtedly none will be purchased unless there is a scaling down both in the principal and in interest. I do not think the Government ever went as far, in the way of refinancing or attempting to reduce an indebtedness, as we are going in this bill.

Mr. SMITH. Mr. President, so far as law and morals are concerned, the Federal Government was just as much obligated to the joint-stock land bank as it was to the Federal land bank, because we made the bonds of both nontaxable, and I do not know but what the obligation extended more to the joint stock than it did to the Federal land bank. I recall the appropriation we made 2 or 3 years ago of $25,000,000 for the purpose of enabling delinquent borrowers to be tided over a certain period of delinquency, and then a hundred million dollars, in addition, to replenish the credit of the Federal land bank put them in a position where their bonds are selling around par. But that does not change the fact, that unless conditions improve 100 percent, those who are mortgaged to the Federal land bank will never pay them any more than they can pay the joint-stock land bank.

Mr. WAGNER. The mortgages are undoubtedly choice mortgages, or the bonds would not be selling at par.

Mr. SMITH. I beg the Senator's pardon. That does not follow, for the reason that the $100,000,000 which we granted as a basis of credit, plus the $25,000,000, to take care of delinquencies, is what kept those bonds at as near par as they are, while the joint-stock land bank was not extended that accommodation, and the result was that when the depression came, their bonds went down until they were almost worthless.

Mr. WAGNER. Of course, the Senator understands that under this legislation there is provision for direct loans to help farmers.

Mr. SMITH. The Government practically guaranteed the bonds by saying that they were nontaxable.

Mr. BARKLEY. It was necessary to put the provision regarding the Government in the law, in order to make the bonds nontaxable. It was never intended to carry even the implication that the Government was behind the bonds, but in order to make them tax-exempt, and thereby reflect a lower rate of interest to the borrower, who was the farmer, it was necessary to write on the face of the bonds that they were instrumentalities of the United States Government.

Mr. SMITH. Precisely; and to the ordinary farmer, who does not know all the technicalities and wonderful workings of Congress, he took it for granted that that bank was as much a part of the Government business as the Federal land bank, and they went into it with the same belief as they went into the other. But I do not care to discuss that phase of it now. The thing in which I am interested is the possibility of scaling down the mortgages of the farmer regardless of the party to whom he owes the mortgage debt.

Mr. WAGNER. The Senator undoubtedly observed that in the bill provision is made for an appropriation of $15,000,000 for the first year, which is unrepayable, which is really given to aid the farmers, and properly so. I have no hesitancy in voting for it. But that is in the nature of a subsidy, to make up the difference between the 4½ percent and the 5 percent.

Mr. SMITH. That is where we are scaling down the interest.

Mr. WAGNER. Yes; that is where we are scaling down the interest, and I make no apologies for that. I am very glad to vote for it.

Mr. SMITH. I presume the same provision is in one bill that is in the other, that the junior mortgage, such as the chattel mortgage, mortgages on instrumentalities which the farmer necessarily must have to carry on a farm, are taken care of.

Mr. WAGNER. Yes; and besides, if the farmer has been foreclosed within the last year, he may have up to $5,000 in order to redeem the foreclosed home.

Mr. ROBINSON of Arkansas. Mr. President, there is a provision on page 4 of this amendment which has relationship, I think, to the subject matter under discussion. It is the reference to any farm mortgage purchased by the Federal land bank. It may purchase any first mortgage, and when it does so, it purchases it at the best price it can obtain, and then reflects to the borrower whatever reduction may have been obtained in the mortgage.

Mr. WAGNER. That is not what the Senator from South Carolina was discussing. He was discussing the possibility of scaling down the outstanding mortgages now held by the Federal land bank. The Senator from Arkansas is talking now about purchasers from other sources of mortgages outstanding with insurance companies, or joint-stock land banks, or individual owners. Those mortgages may be purchased or exchanged for bonds, and that is where the opportunity exists for negotiations so as to scale down not only the interest but the principal.

Mr. SMITH. That is right.

Mr. WAGNER. I think the Senator from Arkansas has some amendments which are in the nature of perfecting amendments.

Mr. ROBINSON of Arkansas. I have what may be termed "perfecting amendments." They have been examined by the Senator from New York and the Senator from Oregon, and I should like now to have those amendments considered and disposed of.

The first amendment is on page 3, line 10. A brief explanation will be made when the amendment has been read. I ask that the amendment be reported.

The PRESIDING OFFICER. Let the Chair make this suggestion: Title 2 of the pending bill is an amendment reported by the Committee on Agriculture and Forestry, and, being inserted matter, it must become an amendment in the first degree.

Mr. ROBINSON of Arkansas. Mr. President, that course is not desired by the Senator in charge of the bill. The amendment proposed by the Senator from New York was considered by the Committee on Banking and Currency, and it is similar to the amendment in the bill, with the exception of the differences which were explained at the instance of the chairman of the Committee on Agriculture and Forestry by the Senator from New York.

The course those in charge of the bill desire to pursue is to perfect the amendment of the Senator from New York, and I ask the privilege of doing that at this time.

The PRESIDING OFFICER. The Senator from Arkansas asks unanimous consent that title II of the bill be regarded as original text so far as amendments are concerned, so that the substitute offered thereto and title II will be subject to amendment. Is there objection?

Mr. McNARY. Mr. President, there was a little confusion, and I did not get distinctly the statement of the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from New York is offering an amendment in the nature of

a substitute for that title in the bill which deals with the refinancing of farm mortgages. The amendment which he has offered was considered at some length by the Committee on Banking and Currency, and certain amendments were proposed by that committee which are acceptable to the Senator in charge of the bill. Then there are certain additional amendments, in the nature of perfecting amendments, which I propose now to offer to the amendment of the Senator from New York. I ask consideration of the first amendment.

The PRESIDING OFFICER. Without objection, the unanimous consent asked by the Senator from Arkansas is agreed to.

The clerk will report the amendment.

The LEGISLATIVE CLERK. The Senator from Arkansas [Mr. ROBINSON] proposes the following amendment: On page 3, line 10, after the word "refinancing" and the period, to insert the following:

Any borrower who obtains a loan from a Federal land bank after the date this paragraph takes effect may, at any time after the expiration of 5 years from the date such loan was made, tender to such bank on any regular installment date bonds issued under this paragraph in an amount not to exceed the unpaid principal of his loan, and the bonds so tendered shall be accepted by the bank at par in payment of any part of such unpaid principal.

Mr. ROBINSON of Arkansas. Mr. President, the amendment is almost self-explanatory. It would require the Federal land banks to accept bonds issued under the provisions of section 21 of the Wagner amendment at par in payment of the principal of any loan made after the bill takes effect. It is in the nature of a substitute for an amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD]. It does not require the banks to accept the bonds in payment of the obligation until after the end of 5 years. The reason for that, of course, is apparent. It would be unfair to the banks to compel them to accept immature obligations, but, under existing law, the banks are now at liberty to accept bonds after 5 years in payment, but they cannot be required to do so. This amendment would require them to accept such bonds in satisfaction of obligations. I ask for a vote on the amendment.

Mr. KING. Mr. President, will the Senator permit an inquiry?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Utah?

Mr. ROBINSON of Arkansas. Certainly.

Mr. KING. I am asking the question for information. Assume that prior to the 5 years the bonds shall have so depreciated as that they might be bought upon the market, say, for 30 or 40 cents on the dollar, would this amendment contemplate that the persons who purchase them might obtain par at the end of 5 years?

Mr. ROBINSON of Arkansas. It does require the banks to accept their own obligations, bonds issued under the terms of this agreement, for an equivalent amount due the banks after 5 years. Any borrower who obtains a loan from a Federal land bank at the date this paragraph takes effect may, at any time after the expiration of 5 years from the date such loan was made, tender to such bank on any regular installment date bonds issued under this paragraph in an amount not to exceed the unpaid principal of his loan, and the bonds so tendered shall be accepted by the bank at par in payment of any part of such unpaid principal. This amendment, if adopted, will be of real benefit to the borrowers and will help support the market for the new bonds.

Mr. KING. Mr. President, with the explanation made by the Senator from Arkansas, I am in entire accord with the proposition. The only point I had in mind was this: Assume that some person or persons should go out and speculate in bonds, buying a large number of them, would they be permitted to do so when they are not borrowers?

Mr. ROBINSON of Arkansas. No; the language is perfectly plain. It is only the borrower who will have that privilege.

Mr. CAREY. Mr. President, I inquire, Does it apply to new bonds or bonds that have been previously issued?

Mr. ROBINSON of Arkansas. It applies only to new bonds.

Mr. STEIWER. Mr. President, will the Senator from Arkansas yield to me for a further question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. STEIWER. I merely want to inquire whether the Farm Loan Board has been advised concerning this amendment.

Mr. ROBINSON of Arkansas. Representatives of the Farm Loan Board prepared this amendment. The amendment came from the administrative department.

Mr. STEIWER. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Arkansas [Mr. ROBINSON] to the amendment offered by the Senator from New York.

The amendment to the amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I send to the desk a second amendment, which I desire may be stated.

The PRESIDING OFFICER. The amendment proposed by the Senator from Arkansas will be stated.

The LEGISLATIVE CLERK. On page 18, it is proposed to strike out lines 9 to 13, inclusive, and insert in lieu thereof the following:

SEC. 32. The Farm Loan Commissioner is authorized to make such rules and regulations and to appoint, employ, and fix the compensation of such officers, employees, attorneys, and agents as may be necessary to carry out the purposes of this title and to make the relief contemplated by this title immediately available, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Arkansas to the amendment of the Senator from New York [Mr. WAGNER].

Mr. MCNARY. Mr. President, there is a limitation in title I with regard to employees who may be employed by the Secretary of Agriculture. This amendment seems to modify that general policy, giving to the Secretary in the administration of title II a freedom not granted under title I.

Mr. ROBINSON of Arkansas. Mr. President, title I relates to the administration of the provisions in the bill which are known as the "fair exchange value plan", the "cost-of-production plan", and so forth. This has relation to the refinancing of farm mortgages. It does not incorporate any specific limitation on the maximum amount that may be paid by the Farm Loan Commissioner. If the Senator from Oregon wishes to incorporate a provision on that subject, I shall have no objection to it, but I make this statement: The Secretary of Agriculture feels that the limitation imposed by the amendment of the Senator from Oklahoma [Mr. GORE], making $8,500 the maximum amount which he may pay to an expert officer or agent in the administration of title I, is calculated to handicap him, in that he expects to need a few officers and employees of a higher standard than perhaps will be available under such a limitation.

He also insists that the Economy Act provision applies to the salaries of $8,500, which was made the limit by the amendment incorporated in the bill yesterday. I made the statement on the floor yesterday that unless there is some language in the Economy Act which makes it apply to future legislation—that is, to legislation creating new positions and fixing new salaries—it would not apply; but the Secretary of Agriculture had his attorney investigate that subject, and he is of the opinion that the $8,500 limitation would be subject to a possible 15 percent reduction. There is no limitation in this amendment on the maximum amount.

Mr. MCNARY. That is the point, and it is quite contrary to the declared policy expressed in title II. Not only does it leave free the Commissioner, but the salaries of all agents and employees can be fixed without regard to the limitation imposed under other titles of the bill.

Mr. ROBINSON of Arkansas. If the Senator wishes to propose an amendment to this amendment fixing the same limitation as has been included with respect to title I, I shall not object to it.

Mr. McNARY. I should prefer that the whole bill be on an even plane with regard to the appointment of employees and the fixing of their compensation.

Mr. ROBINSON of Arkansas. If the Senator will propose an amendment, I will be glad to have it considered.

Mr. McNARY. I think we can work it out. I do not want to disturb the Senator in offering other amendments.

Mr. ROBINSON of Arkansas. I will suggest the language as I should like to get along with it, because there are other amendments coming on that may require more attention than do the amendments I am offering.

Mr. McNARY. Very well.

Mr. ROBINSON of Arkansas. At the end of the amendment I will add a proviso, as follows:

Provided, That no salary or compensation in excess of $8,500 shall be paid to any person employed under the terms of the foregoing section.

Mr. McNARY. That proviso is satisfactory.

Mr. ROBINSON of Arkansas. Very well; I will modify my amendment and offer it with that proviso incorporated in it.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arkansas, as modified, to the amendment offered by the Senator from New York.

The amendment, as modified, to the amendment was agreed to.

Mr. ROBINSON of Arkansas. Now, Mr. President, a third amendment includes a large number of comparatively immaterial changes in the language of the bill. Some of these amendments merely relate to typographical matter and others are of substantial significance. They are all intended to be perfecting amendments.

The PRESIDING OFFICER. The amendments now proposed by the Senator from Arkansas will be stated.

The CHIEF CLERK. On page 2, lines 15 and 16, it is proposed to strike out "the issuing bank or banks shall" and insert "it shall appear to the Farm Loan Commissioner that the issuing bank or banks will."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 2, line 18, after the word "shall", it is proposed to insert a comma and the words "upon the request of the Commissioner."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 3, lines 14 and 15, to strike out "to read as follows" and insert in lieu thereof "by adding at the end thereof the following new sentence."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 3, line 16, it is proposed to strike out "second."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On the same page, line 18, it is proposed to strike out "qualified."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 6, line 3, after the word "associations", it is proposed to insert "or through agents as provided in section 15, or purchased from joint-stock land banks."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 6, line 5, after the word "made", it is proposed to insert "through national farm-loan associations."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 6, at the end of line 12, it is proposed to insert the following:

The foregoing provisions shall apply to loans made by Federal land banks through branches, except that the rate of interest on such loans for such 5-year period shall be 5 percent in lieu of 4½ percent.

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 13, line 19, in the subhead, it is proposed to strike out "Reconstruction Finance Corporation" and to insert in lieu thereof "The Farm Loan Commissioners."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 13, line 22, it is proposed to strike out the numerals "202" and insert the numerals "29."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 13, line 25, and on page 14, line 1, it is proposed to strike out "empowered to make" and insert in lieu thereof "directed to make available to the Farm Loan Commissioner, out of the funds of the Corporation, the sum of $25,000,000, to be used by him for the purpose of making."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 14, line 21, commencing with the words "The aggregate", it is proposed to strike out the remainder of the paragraph down to and including "$25,000,000."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 15, it is proposed to strike out the word "Corporation" wherever it appears and in lieu thereof to insert "Farm Loan Commissioner."

Mr. ROBINSON of Arkansas. The only effect of that amendment, I may say, is to change the authority from the Reconstruction Finance Corporation to the Farm Loan Commissioners.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The CHIEF CLERK. It is proposed, on page 19, line 12, after the word "State", to insert a comma.

The amendment to the amendment was agreed to.

The CHIEF CLERK. It is proposed, on page 21, line 21, to strike out the word "with" and insert the word "which."

The amendment to the amendment was agreed to.

The CHIEF CLERK. It is proposed, on page 21, line 24, after the word "time", to insert a comma.

The amendment to the amendment was agreed to.

The CHIEF CLERK. It is proposed, on page 21, line 25, to strike out "$300,000,000" and insert in lieu thereof "$325,000,000."

Mr. McNARY. Mr. President, is the additional $25,000,000 to take care of the items found on page 14?

Mr. ROBINSON of Arkansas. Yes; embraced in section 30 (a). This is necessary to make it conform with the amendment already agreed to.

The amendment to the amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I submit another amendment, which I send to the desk. This is to be made a new section following section 37.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. Following section 37 in the proposed substitute of the Senator from New York it is proposed to insert the following new section:

PERFECTING ORGANIZATION OF FARM CREDIT ADMINISTRATION

SEC. —. The Governor of the Farm Credit Administration is authorized, in carrying out the powers and duties now or hereafter vested in him or the Farm Credit Administration by law or under any Executive order made under title IV of part II of the Legislative Appropriation Act of 1933, as amended, to establish, and to fix the powers and duties of, such divisions, agencies, corporations, and instrumentalities as he may deem necessary to the efficient functioning of the Farm Credit Administration and the successful execution of the powers and duties so vested in the Governor and the Farm Credit Administration. This section shall not be construed to restrict the authority of the President under title IV of such act, as amended.

Mr. McNARY. Mr. President, will the Senator from Arkansas make an explanation of the proposed amendment?

Mr. ROBINSON of Arkansas. This is similar to the section that was adopted with reference to the Farm Loan Commissioner. It merely gives the new manager of the Credit Administration, the Governor, or whatever his proper title may be, all necessary power to employ agents and officers and to set up the organization necessary to carry out the provisions in relation to refinancing. The other section which I presented and which was agreed to had relation to title I. This is to be administered not by the Farm Loan Commissioner but by the Governor of the Farm Credit Administration. I say certain provisions are to be executed by the Farm Loan Commissioner, but the administration generally is under the Governor of the Farm Credit Administration.

I think it fair to say that there is no limitation in this provision on the maximum amount that may be paid by the

head of the bureau in carrying out the authority vested in him. If the Senator from Oregon suggests or insists, I will consent to the same proviso that was added to the other.

Mr. McNARY. I think, to carry out the uniform practice, it should have such a proviso.

Mr. ROBINSON of Arkansas. In any event, I do think it fair that the matter should go to conference. Therefore I offer the following modification in the form of a proviso:

Provided, That no salary or compensation shall be paid to any officer, agent, or other person employed under this section in excess of $8,500 per annum.

Mr. STEIWER. Mr. President, I want to inquire to ascertain whether I have caught the full force and effect of the proposal. Am I right in assuming that the purpose of the amendment to the amendment is to confer such authority upon the official who is created by the Executive order of March 27, the order which consolidated certain agricultural credit agencies?

Mr. ROBINSON of Arkansas. That is true.

Mr. STEIWER. Am I right in my understanding of the amendment as offered that it is in the nature of an amendment to the so-called "economy rider" which was attached to the Post Office and Treasury Departments appropriation bill in the last Congress?

Mr. ROBINSON of Arkansas. I do not think it touches that act in the legal sense. In the sense that it gives permission to employ new agents and new officers, it has a relationship, and the Senator is right about that, but it is necessary to do this in order to make it possible that the act shall be administered.

Mr. STEIWER. I had not conceived that it would be necessary; but if it is so regarded, of course there is no objection.

Mr. ROBINSON of Arkansas. It is. It was presented to me by the administration.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas, as modified, to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. ROBINSON of Arkansas. I now offer an amendment that has relation to a matter of some special importance.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 11, between lines 11 and 12, insert the following:

FEDERAL FARM-LOAN BONDS AS SECURITY FOR ADVANCES BY FEDERAL RESERVE BANKS

SEC. 27a. The seventh paragraph of section 13 of the Federal Reserve Act, as amended, is amended by inserting before the period at the end thereof a comma and the following: "or by the deposit or pledge of bonds issued pursuant to the paragraph added to section 32 of the Federal Farm Loan Act, as amended, by section 21 of the Emergency Farm Mortgage Act of 1933."

Mr. ROBINSON of Arkansas. Mr. President, the amendment may be explained in very brief terms. This makes the bonds issued as herein authorized eligible as collateral for 15-day loans. It is estimated that the result of incorporating this provision will make a difference of at least one half of 1 percent in the interest rate. It is applied only to new bonds.

Mr. GLASS. Mr. President, the Senator from Arkansas knows that one of the most dangerous provisions in the Federal Reserve Act is the 15-day provision. It is that provision that enabled the stock gamblers in New York in 10 banks alone to use approximately $9,000,000,000 of Federal Reserve securities for stock-gambling purposes by the use of United States bonds alone.

We have amended the law at the suggestion of the Senator from Oregon [Mr. McNARY] so as to furnish more fuel for the flames of stock gambling by admitting such securities of the intermediate banks as under the law are purchasable in the bond market by the Federal Reserve banks. But the whole section ought to be repealed. It is one of the most dangerous and decidedly the most maladministered section of the Federal Reserve Act. It was put in there during the war as a war measure under the implied agreement that after the war was over it would be taken out. It was put in there to prevent the embarrassment of the larger banks overnight, so that they might temporarily supply unexpected deficiencies in their resources. It seems to me that now to add further fuel to the fire of speculation is a very grave mistake. That is all I have to say about it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas to the amendment of the Senator from New York. [Putting the question.] The Chair is in doubt.

Mr. ROBINSON of Arkansas. Let us have a division; but before taking the vote I ask that the clerk may report my amendment again.

The PRESIDING OFFICER. The amendment will be again reported.

The Chief Clerk again read the amendment to the amendment.

Mr. ROBINSON of Arkansas. Mr. President, I recognize the Senator from Virginia [Mr. GLASS] as an authority on subjects pertaining to banking. I do not conceive, however, that this amendment has any direct relationship to speculative loans. Without doubt there will be an effort in the early future to legislate on the subject of speculative loans by commercial banks. I shall be strongly inclined to follow the lead of the able Senator from Virginia.

The object of the pending amendment is to give the farmers the benefit of a reduced rate of interest by making the bonds issued under the authority of this act, the new bonds to be exchanged for first mortgages, eligible for the 15-day loans referred to. While the 15-day loan provision is in the law I do not believe there is any reason why its benefits should not be reflected in the way the amendment contemplates. It means a great deal.

If the statement of those who suggest the amendment is correct, it means a reduction of one half of 1 percent in the rate of interest which the bonds shall bear. It is of considerable value and importance to those who finally will have to pay the bonds; and I think the Senate ought to incorporate the amendment in the bill, and at least give the conferees an opportunity of considering the subject.

Mr. FLETCHER. Mr. President, may I ask the Senator what these bonds are? I cannot keep in mind exactly section 32 of the Federal Farm Loan Act or section 21 of the Emergency Farm Mortgage Act. What are these bonds that are issued, and which it is proposed to pledge here? What bonds are they? They are not Government bonds. They are not Federal land-bank bonds. I do not see just what they are.

Mr. ROBINSON of Arkansas. Oh, yes; they are Federal land-bank bonds on which the Government has guaranteed the interest, or will guarantee the interest.

Mr. GLASS. Mr. President, of course, I do not undertake to impeach the purpose of the Senator from Arkansas. I think it is altogether worthy. I think his intention is to improve the market value of these bonds. But even United States bonds ought not to be used as they have been used for this purpose; and there is a vast deal of difference between United States bonds, for which the Government is 100 percent responsible, and these farm-loan bonds, for which the Government is not at all responsible, except for the payment of interest.

For 15-day loans, however, any security used is merely speculative. The loans themselves are merely speculative. People do not make loans from banks merely for 15 days unless there is an emergency, or unless they want the money for speculative purposes; and, as I have repeatedly pointed out here in the Senate Chamber, the New York banks and brokers used that particular provision of the Federal Reserve Act in the most shameless way conceivable, and used millions of dollars—10 banks alone using nearly $900,000,000 over a period of 4 months—for speculative purposes alone. This is simply affording them additional material to carry on that speculation.

I will say to the Senator from Arkansas and to the Senate that those of us who, for two years and a half, have been

working industriously over a bank bill had a provision in that bill as it passed the Senate before by a vote of 54 to 9, that imposed an excess rate of interest to begin with, as well as a severe penalty upon the misuse of that provision of the bill.

The Senator from California [Mr. McADOO], who was Secretary of the Treasury at the time, will recall that we put it in the bill as a war measure, under the implied agreement that as soon as the war was over we would strike it out. We merely put it in there to avert serious embarrassment over a few days to banks that were carrying on extensive business in order that they might recover their financial equilibrium.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from New York?

Mr. GLASS. Yes; I yield.

Mr. WAGNER. Under the law today the Federal Reserve banks are not authorized to purchase any bonds of this type, are they?

Mr. GLASS. They are authorized to purchase them in the open market, but they are not eligible for rediscount. They have not purchased any, however.

Mr. WAGNER. I understood that they were restricted in their purchases to bonds of this character having a maturity of 6 months or less.

Mr. GLASS. Yes.

Mr. WAGNER. That is what I mean. A bond of this character cannot be purchased, even in the open market, by the Federal Reserve banks, unless it has a maturity of 6 months or less.

Mr. GLASS. That is right.

Mr. WAGNER. So that none of these bonds to be issued could be purchased for a period of at least 19½ years if they are 20-year bonds.

The other question I want to ask is whether or not now there are any long-term private obligations which may be deposited as collateral for a 15-day loan? I understand that there are not.

Mr. GLASS. No. The eligibility was confined to United States bonds; and at the time it was confined to United States bonds there were less than $100,000,000 of them available for purchase. It was purely a war measure.

Mr. STEIWER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Oregon?

Mr. GLASS. Yes.

Mr. STEIWER. Under exigent circumstances, may not other classes of securities be offered to the Reserve banks as a basis for the 15-day loans?

Mr. GLASS. Not for the 15-day loans. We passed the Glass-Steagall bill, under which, in exigent circumstances, the "cats and dogs" of any bank may be offered for loans; but, thank God, very few of them have been taken.

Mr. STEIWER. I think the Senator is quite right that there has not been any considerable abuse of the extraordinary provisions contained in the bill; but it is my recollection that under exigent circumstances, and with the approval of the Federal Reserve Board——

Mr. GLASS. Five members of the Federal Reserve Board.

Mr. STEIWER. That securities far less in dignity than the Federal land-bank bonds may be offered under existing law.

Mr. GLASS. Oh, yes. As the bill came up originally, these abominable worthless foreign securities might be offered; but we struck that out and safeguarded it somewhat.

Mr. WAGNER. That is not only for the period of 1 year.

Mr. STEIWER. Oh, no; that has been extended.

Mr. GLASS. It has been extended to 1 year.

Mr. ROBINSON of Arkansas. The Senator is right.

Mr. GLASS. Mr. President, I am the last person in the world who would want to do anything to prevent the marketing with the utmost facility of farm-loan bonds, but I do want to warn the Senator against tinkering with the Federal Reserve Act. We are going to find ourselves in almost inextricable difficulties if we do not stop it.

Mr. STEIWER. Mr. President, will the Senator permit another interruption? Or possibly I should address myself to the Senator from Arkansas.

In view of the emergency legislation that permits advances to be made, in exigent circumstances, upon securities that formerly were not within the limits of eligibility, is the Senator's amendment necessary? In other words, will not the existing emergency legislation permit this class of bonds to be offered as security for the 15-day advances?

Mr. ROBINSON of Arkansas. No; for the reason that the statute defines the classes of security that may be used as collateral for the 15-day loans. It is the seventh paragraph of section 13. It reads as follows:

> Any Federal Reserve bank may make advances to its member banks on their promissory notes for a period not exceeding 15 days at rates to be established by such Federal Reserve banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal Reserve banks under the provisions of this act or by the deposit or pledge of bonds or notes of the United States.

My point is this: I am in hearty sympathy with the proposal of the Senator from Virginia to prevent commercial banks from making speculative loans; but so long as those loans are authorized, so long as certain collateral may be used for 15-day loans, and collateral of less dignity—as the Senator from Oregon has said—than these land-bank bonds, I think we might just as well reflect the benefit of a reduced interest rate to the farmer by making them eligible as collateral for the 15-day loans.

Mr. GLASS. Mr. President, as I was reminded a while ago by the distinguished Senator from California [Mr. McADOO], who was my predecessor as Secretary of the Treasury, the 15-day loans are not made on this other collateral. They are made only on United States bonds; and the almost moral crime that has been perpetrated by the maladministration of the Federal Reserve Act has been that they have literally submerged the very primary purpose of the act—which was to be responsive to the requirements of commerce and industry and agriculture—they have almost submerged the rediscount provision of the act in these open-market speculations in United States securities and in foreign securities. It has been little less than a crime to have maladministered the law in that way; and the more fuel we add to the flame, the more difficult it is going to be ever to remedy the situation.

I hope the Senator from Arkansas will see that as we see it who have followed the thing a little more intimately than he has. There is a vast deal of difference.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. GLASS. I yield; yes.

Mr. ROBINSON of Arkansas. I am wondering if the Senator will not consent that the amendment shall go to conference. In case the amendment should be incorporated in the bill, if after further consideration of the matter it be found not advisable to adhere to it, I shall not insist upon the matter. I should like, however, to have the conferees have an opportunity of considering this proposal.

Mr. GLASS. Well, I have been so much disposed to yield to the Senator from Arkansas that I sometimes begin to think I have not any mind of my own left. [Laughter.]

Mr. ROBINSON of Arkansas. Mr. President, will the Senator pardon me? No Senator who knows the Senator from Virginia would ever indulge in such a fallacious thought as that.

Mr. GLASS. No; the Senator from Virginia knows that while the Senator from Arkansas usually is as sound as a dollar—that is, the present dollar, not the proposed depreciated dollar—sometimes I have followed him in matters that were contrary to my judgment. I do not want to be obstinate about the thing. I am simply appealing to the Senator to let that go by. It is a contribution to the most

dangerous clause of the Federal Reserve Act, and that clause of the Federal Reserve Act the maladministration of which has contributed more to the present depression than anything with which we have had to do in Congress.

That is all. I do not want to be obstinate. People think I am obstinate and dictatorial, but I am not. I am the most amiable member of the Banking and Currency Committee.

Mr. ROBINSON of Arkansas. Oh, nobody doubts that, Mr. President.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Arkansas to perfect the amendment offered by the Senator from New York.

The amendment to the amendment was agreed to.

Mr. BARKLEY. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. The Senator from Kentucky offers the following amendment: On page 11, line 1, after the word "amended", to insert the following words: "or any receiver appointed by a district court of the United States."

Mr. BARKLEY. Mr. President, the object of the amendment is very simple. Section 27 of the pending amendment provides that any receiver appointed by the Federal Farm Loan Board, pursuant to section 29 of the Farm Loan Act, may borrow money from the Reconstruction Finance Corporation to pay taxes upon property on which it has a mortgage.

There are now pending lawsuits in some of the Federal courts attacking the power of the Federal Farm Loan Board to appoint receivers under section 29. Nobody knows what the decision will be, but if they should uphold that contention, they would take away from the Farm Board the power to appoint receivers, and that power would lie in the courts of the United States.

This amendment simply authorizes any receiver appointed by a United States district court to borrow money from the Reconstruction Finance Corporation to protect the property upon which he has mortgages by paying taxes or for such other purposes as are stated in section 27.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kentucky.

The amendment was agreed to.

Mr. KING. Mr. President, I send an amendment to the desk and ask that it may be read.

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. The Senator from Utah proposes the following amendment: To insert, after the word "applicant", on page 21, line 16, the following:

That the Reconstruction Finance Corporation, upon request of the Secretary of the Interior, is authorized and empowered to advance from funds made available by section 2 of the act of January 22, 1932 (47 Stat.L. 5), to the reclamation fund created by the act of June 17, 1902 (32 Stat.L. 388), such sum or sums as the Secretary of the Interior may deem necessary, not exceeding $5,000,000, for the completion of projects or divisions of projects now under construction, or projects approved and authorized. Funds so advanced shall be repaid out of any receipts and accretions accruing to the reclamation fund within such time as may be fixed by the Reconstruction Finance Corporation, not exceeding 5 years from the date of advance, with interest at the rate of 4 percent per annum. Sums so advanced may be expended in the same way as other moneys in the reclamation fund.

Mr. KING. Mr. President, I invite the attention of the Senator from Oregon to this amendment. I know he is familiar with it. Recently I offered a bill which was referred to the Committee on Irrigation and Reclamation, and was unanimously reported by that committee. This amendment which I have offered is, with proper changes in the phraseology, merely the bill which was aproved by the Committee on Irrigation and Reclamation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. BARKLEY. We have provided in the pending amendment for the use of a very large sum of money, to be loaned by the Reconstruction Finance Corporation for refinancing drainage and reclamation and other improvement districts, whether carried on under the laws of the United States or of the States. Does the Senator's amendment provide for an additional $5,000,000, to be advanced or used in the construction or completion of projects already under way?

Mr. KING. Mr. President, I am not entirely familiar with the provision to which the Senator refers. My amendment is independent of any other provision in the bill. The reason, briefly stated, for my bill is as follows:

The Senator recalls that a short time ago a moratorium was granted to the settlers upon reclamation projects who were delinquent in their payments to the reclamation fund. That moratorium prevented the replenishment of the reclamation fund, and prevented the reclamation bureau going forward with contracts which it had made, and in the execution of projects which were in process of completion. There are hundreds of men now employed upon these irrigation and reclamation projects, which are the children, if I may use that expression, of the Federal Government. If work upon those projects should now cease, it would result in great damage to them, to the people, and to the Government. To prevent that catastrophe this limited sum is requested. It will be repaid, of course, from the reclamation fund, as soon as it is replenished from the payments which will be made by settlers upon the reclamation projects.

Mr. BARKLEY. Mr. President, under section 35 the bill authorizes the Reconstruction Finance Corporation to lend an aggregate sum of as much as $50,000,000 to drainage districts, levee and drainage districts, irrigation districts, and other similar land-improvement projects. While it is in the bill, and probably will remain in the bill, it has always been questionable in my mind whether the Federal Government ought to underwrite or take over these drainage or irrigation or improvement districts which have been created under the laws of either the States or of the United States. But the provision is here. This amendment the Senator proposes adds another $5,000,000 for the very same purpose for which this section 35 was intended to be included.

Mr. McNARY. Mr. President, will the Senator from Utah yield to me?

Mr. KING. I yield.

Mr. McNARY. Probably the Senator has made this observation, but the proposal suggested by the Senator from Kentucky does not meet the situation now offered by the Senator from Utah. The $50,000,000 mentioned in the amendment, which may be borrowed from the Reconstruction Finance Corporation, is to refinance completed organizations, whether drainage or irrigation. The proposal of the Senator from Utah is to advance $5,000,000 from the reclamation fund to complete uncompleted projects, to carry them to completion, which cannot be done under the language of the amendment.

There are several projects through the country for which the Federal Government has appropriated very large sums, which are now incomplete. The Senator from Utah simply wants to get sufficient money to complete those projects, so that after they are completed, they can come within the terms of the law.

Mr. KING. Mr. President, I have said all I care to on the amendment.

Mr. TRAMMELL. Mr. President, I should like to have the amendment reported again.

The VICE PRESIDENT. Without objection, the amendment will be again reported.

The CHIEF CLERK. The Senator from Utah proposes the following amendment: To insert after the word "applicant" on page 21, line 16, the following:

That the Reconstruction Finance Corporation, upon request of the Secretary of the Interior, is authorized and empowered to advance from funds made available by section 2 of the act of January 22, 1932 (47 Stat.L. 5), to the reclamation fund created by the act of June 17, 1902 (32 Stat.L. 388), such sum or sums as the Secretary of the Interior may deem necessary, not exceeding $5,000,000, for the completion of projects or divisions of projects

now under construction, or projects approved and authorized. Funds so advanced shall be repaid out of any receipts and accretions accruing to the reclamation fund within such time as may be fixed by the Reconstruction Finance Corporation, not exceeding 5 years from the date of advance, with interest at the rate of 4 percent per annum. Sums so advanced may be expended in the same way as other moneys in the reclamation fund.

Mr. TRAMMELL. Mr. President, as I understand the amendment proposed by the Senator from Utah, it would only include unfinished projects which have heretofore been begun by the Government, and it would not allow any loans to districts which were uncompleted, of a State or of a county character. Is that correct?

Mr. KING. Mr. President, the amendment does not relate to districts or to private projects or enterprises. It is limited to reclamation projects inaugurated by the Government and which are in course of construction or are authorized by the Government of the United States, the payment for which was to come from the reclamation fund.

The Senator may recall that a short time ago, because of the impoverished condition of the farmers, those who are upon the reclamation projects as well as others, Congress passed a measure granting a moratorium to settlers upon reclamation projects, so that the amounts they were to have paid into the reclamation fund for 2 years were pretermitted. If it had not been for that moratorium, many settlers would have been compelled to leave the projects, or to have parted with all their possessions in order to raise the money to meet the obligations then due. The Government felt that, under the circumstances, a moratorium ought to be granted.

In view of the granting of the moratorium, those payments which would have been made the reclamation fund and from which drafts would have been made to continue construction work, were not available, as a result of which the practically exhausted funds authorizes the lending to these reclamation projects, projects of the Government, of $5,000,000, which is to be repaid by the settlers upon the projects within a limited period of time.

Mr. TRAMMELL. Mr. President, I have no objection to those projects being included, but if we include those projects we certainly would work a discrimination against a great many private undertakings or projects of a drainage or reclamation character which are being carried on by the counties or by certain drainage districts.

I have read the paragraph of the bill on this subject, and it seems to apply exclusively to completed projects, but it is not restricted to governmental projects, as related by the Senator from Utah. As an illustration, in some States parts of two counties form a drainage district, and they have reached within 90 percent of completion of some particular project. Such a district would not be eligible to obtain a loan under the provisions of the bill. I think it very wise to authorize the inclusion of a situation of the kind related by the Senator from Utah, but we should also have included districts of a local character, the same as those to which he refers.

Mr. McCARRAN. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. McCARRAN. I suggest that by reading section 35 the Senator from Florida will find all of the matters contained in the objection or suggestion he has made are covered. In other words, drainage districts organized, incomplete or completed, are provided for in section 35 with a $50,000,000 appropriation.

Mr. KING. Mr. President, may I say to the Senator from Florida that I do not think that the reclamation projects, which are governmental projects, should be classed with enterprises of a private character. The matter which the Senator suggests may be dealt with in some other part of the bill, or as a separate amendment, but the amendment which I have offered deals solely and exclusively with what might be denominated governmental projects, governmental property, and if this appropriation is not made the Government may sustain damages to the extent of millions of dollars, because dams are in the course of construction under contracts for the violation of which the Government would be subjected to damages. Moreover, the suspension of work would greatly injure the incompleted structures, dams, canals, and so forth, and, of course, seriously injure settlers who have in good faith entered upon these projects.

Mr. FLETCHER. Mr. President, may I ask the Senator what has happened to the reclamation fund? Why is that fund not able to take care of the matter?

Mr. KING. The reclamation fund would have been able to take care of it except for the fact that the farmers upon many of these projects, because of the distress of agriculture, were unable to meet their payments, and Congress granted a moratorium for 2 years, so that instead of replenishing the fund as it should have been had it not been for this calamitous condition of agriculture, it is practically exhausted, and, with the exhaustion of the fund, work upon these projects cannot go forward. This would result in great damage of the Federal Government and cause great distress to hundreds of families.

Mr. ADAMS. Mr. President, the comment of the Senator from Florida, I think, is not pertinent to the amendment of the Senator from Utah. I wish to point out that in the bill as it is now before the Senate the word used is "undertaken" and not "completed". Therefore, if the Senator from Florida will substitute in the amendment offered by the Senator from New York the word which is in the bill rather than the word in the amendment, it will refer to the projects which have been undertaken rather than projects which have been completed. That will be found in section 32 of the bill as it originally came in and not section 35 of the amendment of the Senator from New York.

Mr. TRAMMELL. I thank the Senator. I have in my hand the amendment which was proposed by the Senator from New York and which is now being considered, and in that print the word "completed" is used. It says "completed" instead of "undertaken." If it says "undertaken", of course that cures the situation I had in mind.

Mr. WAGNER. Unfortunately, I was out of the Chamber at the time the Senator made his suggestion. What does the Senator desire to accomplish?

Mr. TRAMMELL. The suggestion I have made arose on account of the amendment proposed by the Senator from Utah, and it is that in regard to loans to drainage districts provision should be made that loans shall be made to districts which have undertaken projects devoted chiefly to the improvement of land for agricultural purposes.

Mr. SMITH. Let me call the attention of the Senator from Florida to the fact that in the agricultural bill or in an amendment to the agricultural bill proposed by the committee those very words were used.

Mr. TRAMMELL. I think that language covers it.

Mr. BARKLEY. Mr. President, if the Senator will yield, I think that is the language contained in the original Senate bill no. 1110, which was referred to the Committee on Banking and Currency. This section was written and rewritten and studied probably as carefully as any section of the bill as reported and is contained in the amendment of the Senator from New York. It has no relation whatever to the amendment offered by the Senator from Utah, and if there is going to be any effort made to change that language, it ought not to be confused with this amendment at all.

Mr. TRAMMELL. I thoroughly understand the fact that it has no connection other than as argumentative and as a relief matter, because the Senator raised the question that they had no appropriation for uncompleted projects in his State; and I raised the question in the amendment we have before us that we have no appropriations for loans for any uncompleted projects anywhere else; and if one is corrected, both should be corrected.

Mr. WAGNER. The purposes are different, if I may say so to the Senator. The object of this proposal is to reduce the indebtedness of the farmer. These bonds are outstanding; they are a first lien upon the farmers; and thus, so long as those liens exist, the farmer is unable to borrow any money from the Federal land banks because of prior liens. The object of this is simply to reduce the indebtedness as much as possible by refinancing the bonds—that is, by buy-

ing in the bonds. It has nothing to do with any appropriation to finish any project, and it deals with an entirely different subject matter.

Mr. KING. Mr. President, may I say to my friend from Florida that I think he is in error in trying to unite these Federal projects with State projects. He referred to State and county projects. There are some projects which the Government itself has instituted and upon which it is engaged. It has spent considerable money in building dams on land which the Government owns for its reclamation and development and in bringing people upon the land. Now, the Government has millions and millions of dollars' worth of property in these projects. They are not private projects; they are governmental projects; and the Government is vitally interested in the completion of these projects, because, as I have indicated, the dams which are in process of construction upon some of the projects would deteriorate if the men were withdrawn and work were discontinued. So we are merely asking money from the Reconstruction Corporation to continue projects in which the Government itself is interested.

I have no objection to the Senator, when it comes to the $50,000,000 item, offering such an amendment as he pleases, but I do think he ought not to confound the amendment which I have offered with the other proposition to which he has referred and try to unite Federal Government projects with State and county projects.

Mr. TRAMMELL. I am not attempting to amend the amendment proposed by the Senator from Utah. Of course, I realize that there is a distinction. If we go back to the history of the policy in inaugurating the program of reclamation at the general expense of the Government, of course, it brings up a different situation, but that is not relevant at the present time. I think it is relevant, however, that if the Government is going to finance completed projects, it should also authorize loans to help take care of the situation where the farmers have entered into a drainage or reclamation project and have lost their entire investment and the entire use of their land if probably a small amount of money is not expended for the purpose of completing the project. I do feel that they ought to be included.

SEVERAL SENATORS. Vote!

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah [Mr. KING] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. STEIWER. Mr. President, I desire to detain the Senate for a moment in order briefly to make a further explanation in behalf of the amendment proposed by the Senator from Utah. I sincerely hope the Senate will agree to it. The Senator from Utah did not explain that he offered this amendment in the last Congress. His colleague also—I am referring now to former Senator Smoot—offered a like amendment. It happened that one of those amendments was referred to the Committee on Banking and Currency and the other to the Committee on Irrigation and Reclamation of Arid Lands. The proposals were considered by those committees in the last Congress and both were reported favorably to the Senate; both reports found their way on the calendar and some little effort was made to secure the enactment of one of them, but without success.

There is a very grave reason now why the Senate should regard this proposal favorably and include this amendment in the bill. It is not for the accommodation of the settlers alone that this proposal should be considered favorably here. The United States itself has a very direct interest in the matter. Senators will remember that in the last Congress, in the usual and normal consideration of appropriation bills, appropriations were made after full inquiry by all concerned and with the acquiescence and approval of the Committees on Appropriations in both House and Senate and with the approval of the Department and the approval of the Bureau of the Budget, and necessary appropriations were made to carry forward the going projects which are now under construction. Those appropriations, however, were made from a special fund, and I invite the attention of Senators to the fact that when that special fund is dried up it is like dipping a bucket into a well that has become dry; the appropriations remain but the money is not available. So we are confronted with this kind of a situation, that on a number of projects the Reclamation Bureau of the United States Government, in the best faith in the world, has made contracts for the completion of the works, but it finds itself now unable to meet its obligations under the contracts. The result of that, as the Senator from Utah has already suggested, is that our Government may be confronted with valid claims in the Court of Claims, claims that it will be obliged to pay; and all without benefit to the Government. Of course, the Government contracts ought not to be repudiated; they ought to be carried out; the contractors ought to receive the money for their work; their laborers ought not to be thrown out of employment. These works are out in the desert and semi-arid sections where there are no relief agencies, where there is little opportunity of caring for people out of employment; and unless the Government enables its Reclamation Bureau to go forward with the works which have already been contracted for, great harm will come to the Government, to the contractors, to the laborers, and to the settlers who have gone upon the land in reliance upon the United States Government's keeping faith with them.

I said in the Senate upon a former occasion, and I repeat it now, that here is one kind of loan made by the Reconstruction Finance Corporation that will be repaid. This has no relation, of course, to private agencies or private irrigation districts. It is simply transferring the money from one Federal agency to another under terms and conditions and circumstances which will guarantee the return of the money to the Reconstruction Finance Corporation.

This is not the most important feature of the bill, because it applies only to a limited number of States and a limited number of localities; but so far as it goes it seems to me that it is one of the most important features in the bill and that we ought not to withhold our approval of it at this time.

Mr. McCARRAN. Mr. President, I should like to ask the Senator from Oregon, Is it not true that this loan is secured by property to which the Government has the primary title?

Mr. STEIWER. In one sense, it is secured, Mr. President, and in a higher and greater sense it is even more than secured, because the Reclamation Bureau has certain revenues, even in the days of depression and moratoria, revenues such as oil royalties and revenues from other sources; and without question the Reclamation Bureau will be able to pay back to the Reconstruction Finance Corporation every cent of its obligations with interest.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the Senator from New York [Mr. WAGNER].

The amendment to the amendment was agreed to.

Mr. TYDINGS. Mr. President, I send to the desk and offer an amendment which I ask to have read.

The VICE PRESIDENT. The Senator from Maryland offers an amendment, which the clerk will read.

Mr. TYDINGS. Mr. President, before the clerk reads it, may I say that it deals with the Philippines? We have put a provision in this bill which will defeat the purposes in some respects of the Philippine independence bill. So I hope Senators will listen to the amendment in order that we may correct that mistake.

The VICE PRESIDENT. The amendment offered by the Senator from Maryland will be stated.

The CHIEF CLERK. On page 21, line 10, after the word "importation" it is proposed to insert a colon and the following:

Provided, That all taxes collected under this subsection upon articles coming from the possessions of the United States to which this title does not apply shall not be covered into the general fund of the Treasury of the United States but shall be held as a separate fund and paid into the Treasury of the said possessions, respectively, to be used and expended by the governments thereof for the benefit of agriculture.

Mr. TYDINGS. Mr. President, just a brief word of explanation. It will be recalled that at the last session of Congress we passed a bill granting, under certain conditions,

independence to the Philippine people. In that bill we restricted the amount of sugar which they could send into the United States. We also provided for a scheme of tariffs which would be progressive in nature, and the money collected on Philippine importations would revert to the Philippine treasury. Under this plan it is proposed that those same importations be taxed and that the money shall go into our Treasury instead of into the Philippine treasury. I do not think that was the intention of those who offered the sugar amendment, and in order to make it doubly sure that the revenues collected on Philippine importations to the United States shall revert to the Philippine treasury and not be covered into our own Treasury this amendment is offered. It does not destroy what has been incorporated already in the bill; it simply clarifies it and prevents confusion and the diversion of money from the Philippine treasury into our own Treasury.

Mr. COSTIGAN. Mr. President, may I ask the Senator from Maryland a question?

Mr. TYDINGS. I shall be delighted to answer the Senator, if I can.

Mr. COSTIGAN. Is it the understanding of the Senator from Maryland that under his amendment a tax on imported Philippine sugar, corresponding to the tax on our domestic sugar, will be paid?

Mr. TYDINGS. I should not like to answer that positively, but I am afraid that a brief reading of the amendment leads me to that conclusion.

The VICE PRESIDENT. Let the Chair state to the Senator from Maryland that his is an amendment to title I. Amendments to title II are now under consideration and it will be necessary to have unanimous consent to consider his amendment at this time.

Mr. TYDINGS. I shall wait until after the amendment of the Senator from New York [Mr. WAGNER] is disposed of, but as long as we have started discussion of my amendment I should like to clear it up.

The Senator from Colorado will recall that under our general tariff scheme products coming from the Philippine Islands are virtually considered as part of the products of the United States. That being the case I am afraid that there might be some contention here that the processing tax on Filipino products is levied by this bill. If that is the case then the amendment which I have offered should be incorporated in the bill. If I am wrong in my assumption, the amendment will have done no harm anyway, I believe.

Mr. COSTIGAN. My question relates to the amendment of the Senator from Maryland. May I again ask what I think was, in substance, my first question, whether under the Senator's amendment—which I did not fully hear when it was read—there would be a tax levied on Philippine sugar imported into the United States equivalent to the processing tax levied on sugar produced in the continental United States? If so, is it the purpose of the Senator's amendment merely to transfer to the Philippine treasury the tax collected here on Philippine sugar?

Mr. TYDINGS. I think I understand the Senator now. My amendment does not make the covering-in charge apply to the Filipinos. Any processing tax which might be levied on any products which they might raise would not be levied upon them by the amendment. The amendment only provides that in case the tax is levied on their products, the tax shall be covered back into the Filipino treasury and not into our own.

Mr. COSTIGAN. In view of the Senator's statement that he will defer further consideration of the amendment, I shall take the opportunity afforded to examine it before the discussion proceeds.

Mr. SMITH. Mr. President, may I invite the attention of the Senator from Maryland to the provisions of subsection (f) of section 10, on page 15, as follows:

> The provisions of this title shall be applicable to the United States and its possessions, except the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and the island of Guam.

Mr. TYDINGS. The Senator from South Carolina is correct and if he will read the wording of my amendment he will see that it provides "to which this title does not apply shall be covered into the general fund of the Treasury." The amendment presupposes what the Senator from South Carolina has said. It only provides that in case by any construction put upon the bill as a whole the tax does apply, then those taxes shall be recovered by the Filipinos and not by our own Treasury.

Mr. SMITH. In other words, the Senator proposes to treat the Filipinos just as we treat American citizens?

Mr. TYDINGS. That is true.

Mr. SMITH. He would give them the benefit of the tax for them to use as it is to be used here?

Mr. TYDINGS. That is true.

Mr. COSTIGAN. Mr. President, may I ask the Senator from South Carolina from what section he was reading?

Mr. SMITH. I read from subsection (f) of section 10 on page 15.

Mr. COSTIGAN. Then may I ask the Senator from South Carolina to direct his attention for a moment to subsection (e) on page 21, lines 6 to 8?

Mr. SMITH. Yes; that was discussed.

Mr. COSTIGAN. The Senator will observe that part of that provision relates to a compensating tax on any article processed from a commodity "imported into the United States or any possession thereof to which this title applies." That obviously does not include the Philippines.

Mr. TYDINGS. I think the Senator is right, as I understand it.

Mr. COSTIGAN. But the language continues, "or from any possession of the United States to which this title does not apply", and that does cover the Philippine Islands, according to the legal construction which was given yesterday and which appears to be confirmed on reexamination.

Mr. TYDINGS. And because I was inclined to feel that there was ambiguity there, that there might be two constructions placed upon it, I have offered my amendment.

Mr. COSTIGAN. In other words, the purpose of the amendment, so far as the Senator from Maryland is concerned, is to effectuate in more precise language the construction involved in lines 7 and 8, "any possession of the United States to which this title does not apply", as interpreted by me a moment ago?

Mr. TYDINGS. I think the answer to the Senator's interrogatory is yes.

Mr. COSTIGAN. It has no other purpose?

Mr. TYDINGS. It has no other purpose except that in the event a tax is collected on Filipino importations, it shall revert to the Filipino treasury and not to our Treasury. If no tax is levied, then obviously the amendment does not mean anything.

Mr. COSTIGAN. As I said, I shall ask the able Senator to allow me to examine the amendment further before it is acted upon.

Mr. VANDENBERG. Mr. President, will the Senator from Maryland yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Michigan?

Mr. TYDINGS. I yield.

Mr. VANDENBERG. Would it be possible under the Senator's amendment for the native government to redistribute the tax in the form of a bounty to its own sugar people?

Mr. TYDINGS. I think it could do so.

Mr. VANDENBERG. In which event there would be, of course, an unfair differential against American-grown sugar on the continent. I submit that to the Senator's thought with the idea that perhaps it would be wise to perfect his amendment before it finally comes to a vote, because I do not believe he wants that to happen.

Mr. TYDINGS. In the first place, I do not believe we should have brought the Filipino sugar question into this matter at all because it will be recalled that in the Philippine independence bill we limited the amount of sugar they can ship into the United States. There is no way they can ship more than that, even if they pay the tariff, without

breaking faith with us. We limited the amount to 850,000 tons a year.

Mr. McNARY. Mr. President, I rise for the purpose of making the point of order that the amendment of the Senator from Maryland is not in order because we are considering amendments to title II of the bill.

The VICE PRESIDENT. The point of order is well taken, but the Senator from Maryland has the floor, and the Chair understands that when a Senator gets the floor he may talk about anything on the face of the earth.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nevada?

Mr. TYDINGS. Certainly.

Mr. PITTMAN. As I understand the purpose of the allotment plan it is in the first place to encourage the reduction of acreage. We have encouraged the reduction of acreage in the Philippine Islands in another way; that is, we have reduced their market about 25 percent already by the quota we allow them to bring into the United States. That is reduced now without any of these benefits. It is now proposed to tax the processor over there for the benefit of the sugar people here. It is totally wrong, because it is an extra cost on their sugar coming in here that is apportioned for the benefit of those in the United States.

Mr. COSTIGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Colorado?

Mr. TYDINGS. I yield to the Senator from Colorado for a question.

Mr. COSTIGAN. Does the Senator from Nevada mean that he approves or disapproves the amendment tendered by the Senator from Maryland?

Mr. PITTMAN. I think it is the only just thing we can possibly do. We have restricted their acreage by restricting their market 25 percent. Now we add to the cost of that production by the allotment plan. The proposal puts this tax on, and it is added to the total cost of the sugar that comes to this country, and that without any of the reciprocal benefits to the producer that will occur so far as the United States is concerned.

We have maintained the principle that we are not going to tax those people under our tariff law or any other law so long as they were a part of our dependency. Therefore, even in the act, when a progressive tariff commences to run against them, it is in the form of an export tariff they put on and that money goes back into their treasury to refund their bonds. This is practically the same thing here.

Mr. COSTIGAN. It is understood that Philippine sugar will enter the American market on an equal basis, so far as the processing or compensating tax is concerned, with American sugar.

Mr. PITTMAN. It will so do under the provision because the processing charge will be added.

Mr. COSTIGAN. Under the provision of the Senator from Maryland?

Mr. PITTMAN. Yes.

Mr. TYDINGS. In the meantime all of our products are entering the Philippines absolutely duty free.

Mr. VANDENBERG. Mr. President, may I remind the Senator that all these limitations upon Philippine imports to which he refers are not calculated to become effective at least for 1 year, and probably not for 2. Therefore that phase of his premise is not appropriately invoked in the argument.

Mr. TYDINGS. I do not agree with the Senator's conclusion, because sugar cannot be raised in a day or a month, and with that hanging over the market the curtailment must take place long before the Philippine Government actually acts. I am sure the Senator from Michigan will concede that if it seems likely the Independence Act will be approved by the Filipino Legislature it will cause sugar growers all over the island, knowing that their exports are to be limited to 850,000 tons a year, to plant less, because a part of their existing market will have been removed when they adopt that charter. I apprehend that they will plant less long in advance of the actual passage of the act itself.

Mr. VANDENBERG. They will plant less just as soon as the matured crop would have to be curtailed.

Mr. TYDINGS. Yes.

Mr. VANDENBERG. But for the next year, and that is the immediate crisis we are trying to serve through the bill, there is no limitation. My only quarrel with the Senator is that when the tax is reimbursed to the native government, as I think it should be, it should not go through the back door back to the producer again, because that puts the native producer in a favored position in respect to our own.

Mr. TYDINGS. I am not entirely sure the amendment will cure that matter, but may I say to the Senator from Michigan that while that may be desirable I do not think the United States ought to tell the Filipino people where to spend the money in their own treasury. We have not told them that about anything else, and I do not think as to this tax, which is put on them without their consent, without even an interrogatory being addressed to them, that when the money is collected we should dictate in what manner in that free government it should be expended.

The VICE PRESIDENT. Consideration of the amendment of the Senator from Maryland is passed over. The question is on agreeing to the amendment of the Senator from New York [Mr. WAGNER] as amended.

Mr. DICKINSON. Mr. President, I send to the desk the following amendment which I offer to the amendment of the Senator from New York.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 6, line 6, after the word "exceed", strike out the numerals "4½" and insert in lieu thereof "3½."

The VICE PRESIDENT. The question is on the amendment of the Senator from Iowa to the amendment of the Senator from New York.

Mr. DICKINSON. Mr. President, there is probably no subject that is of keener interest in the agricultural areas of this country at the present time than the interest charge. This amendment is simply an effort to get this system to function under a 3½-percent-interest rate rather than a 4½-interest rate to the borrower. The Senator from Arkansas [Mr. ROBINSON] has just succeeded in having adopted here an amendment by which he suggested that we could save one half of 1 percent. There are 2 or 3 reasons why this amendment should be adopted.

In the first place, there is the extreme necessity of having the borrower receive the money at the lowest possible rate. That necessity exists everywhere in the farming areas of the country. In the second place, this is a new step forward, so far as Federal land-bank bonds are concerned, whereby the Government is coming in and making the interest a Federal obligation. That should put these securities almost in a class by themselves. That being the case, it seems to me that we should be able to make the system function at a lower rate of interest.

In support of this contention, I send to the clerk's desk a letter from one of the leading farm organizations of the country and ask that it be read in my time.

The VICE PRESIDENT. Without objection, the letter will be read.

The Chief Clerk read as follows:

WASHINGTON, D.C., *April 13, 1933.*

Senator L. J. DICKINSON,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR DICKINSON: In the consideration being given to title II of H.R. 3835, I wish to call your attention to the rate of interest, 4½ percent per annum, specified in line 17, section 24, page 31. Under present conditions 4½ percent is too high for farmers to pay for money on farm mortgages, and, in fact, such a rate is too high even if farm prices might materially increase. The price of money must come down in our whole Nation and, in fact, needs to come down on farm mortgages, which are as stable security as can be offered by any borrowers.

The American Farm Bureau Federation for several years has had a standing committee investigating various phases of rural credits, and the report of this committee year after year is regular in asking for lower interest rates than are now paid on farm mortgages.

You will be serving the interest of agriculture if you can present an amendment striking out the 4½ percent rate and inserting instead 3½ percent. This will bring the price of money used on farm mortgages down to an approximate level of the price which the Federal Government pays for money which it borrows.

Very respectfully,

AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY, *Washington Representative.*

Mr. BARBOUR. Mr. President——

Mr. DICKINSON. I yield to the Senator from New Jersey.

Mr. BARBOUR. I have been, of necessity, out of the Chamber, and I should like, if I may, to address a question to the Senator from Iowa in this connection. When he speaks of 3½ percent, do I understand that he refers to the mortgage rate from the standpoint of supporting a 4-percent Government-bond issue?

Mr. DICKINSON. That is correct.

Mr. BARBOUR. Mr. President, I have every reason and desire to agree to everything that my friend and colleague on this side of the aisle wants, but I do not see how a 3½-percent mortgage rate can possibly support a 4-percent bond. Obviously, it cannot do so.

Mr. DICKINSON. The theory that I have here is that under the provisions of this bill we are saying now that the interest on these bonds shall be guaranteed by the Government. That makes the bond practically a Government bond. The lower the bond can be sold the cheaper the money can be loaned, and I believe there is sufficient margin here to work out this matter.

Heretofore we have had a 5½ percent rate with a 5 percent bond. If these bonds are going to be Government bonds, it seems to me that we should be able to sell them at 3 percent, and in that way the farmer should be permitted to receive this money at a 3½ percent rate.

Mr. BARBOUR. Mr. President, I will conclude by saying that I have exactly the same feeling that the Senator from Iowa has in respect to the desire that the farmer get his money at the lowest possible rate; but I am not able to see how even a mortgage of 4½ percent is going to be able to support a bond issue of 4 percent, making any allowance for expenses or losses. I had that criticism—if I may use that term in a friendly sense—in relation to the proposal of the Senator from New York, and have had in mind asking him how he can justify this insufficient margin or spread.

Mr. WAGNER. Mr. President, if the Senator had done me the honor to listen to me when I was attempting to explain the bill he would understand that under the provisions of this bill the Government is giving a subsidy of $15,000,000 for the first year—it probably will be a little less the next year—to make up that very difference. What we are doing now is this: We are taking all outstanding mortgages, which are now paying between 5½ and 6 percent, and we are reducing the rate of interest on them to 4½ percent. Now, the outstanding bonds are bringing 4½ percent. Thus there is no money at all left for the expense of administration. In other words, the farmer is getting the money for exactly what its costs the Farm Land Board to borrow the money from the bondholders.

That difference of operation the Government is paying by way of whatever we may call it—a contribution, or a subsidy, or what not—and I am for that. I do not apologize for my vote upon that question; but we are actually now providing that difference, and the Senator wants us to pay even more. After all, the taxpayer will have to make that up. If the Senator succeeds in reducing the interest rate to 3½ percent, it means that we shall have to increase our appropriation by at least $15,000,000, or more.

That is as to the outstanding mortgages. As to the future, it may very well be that the interest rate will be reduced below 4½ percent, because the Senator will notice that we are not fixing the rate at 4½ percent. We are saying that it shall not exceed 4½ percent. Now, if we sell these bonds upon which the Government guarantees the interest at 3 percent, then the farmer under the general statute will have to pay only 4 percent for his mortgage, because the farm-land bank is not authorized to charge more than a spread of 1 percent between the price of the bond and the price it charges for the mortgage. So it may very well be automatically, if we succeed in getting money at a low rate of interest, that we would be able to do exactly what the Senator proposes; but now he is attempting to reduce the interest rate upon the outstanding mortgages, and the Government, the taxpayers, will have to supply that difference in the form of a subsidy, and we shall have to double the amount which we are now appropriating.

I do not think the Senate wants to go quite that far.

Mr. DICKINSON. Mr. President, my suggestion is simply this:

With all of the benefits that we are giving to every other line of industry in this country, if an extra $15,000,000 is necessary to make up the difference in these interest rates I know of no class of people who are more entitled to that consideration than the landowners who are borrowing money.

I desire to suggest one more thing: I understand from the current atmosphere around here today that money is going to get cheaper, and I believe land is going to be better security. Therefore we ought to be able to borrow money against it at a lower rate of interest; our bonds ought to sell at a better rate of interest; and, all in all, I do not think the fact that we have to make a little additional appropriation should discourage us in reducing this rate. The only thing that I think ought to discourage us in reducing the rate would be the fact that we could not make the system function for the new loans. I believe it can be made to function, in view of all the conditions that we are facing at the present time.

Mr. WAGNER. Of course, I agree that as we raise commodity prices, to that extent the debts will be less oppressive; and we hope that will happen. The Senator understands, however, that we are also making an appropriation here to provide for installment payments that otherwise would have to be made by the farmer upon his outstanding mortgage. In other words, we give him a breathing spell of 5 years, during which time he does not have to pay any of the principal, and the Government is supplying that difference to the banks in order to keep them solvent.

Mr. DICKINSON. I understand.

Mr. WAGNER. And, besides, in cases where the facts justify it, the farmer may also have an extension of 5 years for the payment of his interest. During that time the Government is carrying the burden, and properly so; but I do not think the Senate is prepared to go to the point the Senator suggests.

Mr. SHIPSTEAD. Mr. President, I believe the point made by the Senator from Iowa is well taken. We have here a bond guaranteed by the Government as to interest. It is exempt from all tax. We give it the privilege of rediscounting under the 15-day provision at the Federal Reserve banks. In addition to that, we make it a legal tender for the payment of a debt after 5 years.

An ordinary 3-percent Government bond which is no better than this has been selling around 98. These bonds should sell almost as well, if not as well, as the present 3-percent Government bonds.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes.

Mr. WAGNER. If they do, the farmer will get the benefit of that reduced rate, because the farm-land banks cannot charge more than 1 percent over the amount which they have to pay for the money.

Mr. SHIPSTEAD. What do they charge that 1 percent for?

Mr. WAGNER. That is to cover the cost of operation. That provision has been in the law ever since the farm-land banks were created; and it has been discovered in some years to be not quite sufficient to pay the operating expenses of the banks.

Mr. SHIPSTEAD. One percent?

Mr. WAGNER. One percent. That is the general amount.

Mr. SHIPSTEAD. In this bill we provide for one half of 1 percent.

Mr. WAGNER. No; we do not.

Mr. SHIPSTEAD. We sell a 4 percent Government bond, and we write the interest in the mortgage at 4½ percent.

Mr. WAGNER. Yes; we do that, and the Government is making up the difference by an appropriation right in this bill. We are making up the difference.

Mr. SHIPSTEAD. That is, assuming that there is a difference.

Mr. WAGNER. Yes; but we are actually making it up as to those bonds which are outstanding now. The outstanding bonds bear 4½ percent interest, and the banks have been getting 5½ percent on the outstanding mortgages, and that 1 percent has been used to pay for the operation of the banks. In some instances they have had a loss. It has not been enough. Now, however, we are reducing the interest rate on all outstanding mortgages to 4½ percent, the exact sum which the bank is paying its bondholders for the money. Therefore, there is not any spread to pay for operating expenses; and that difference the Government is making up by an appropriation in this bill. It is an unrepayable appropriation.

Mr. SHIPSTEAD. As I understand, the reduction in the carrying charge to the farmer is limited exclusively to the elimination of the amortization payment of 1 percent. The cost of operation comes out of the 4½ percent.

Mr. WAGNER. Oh, no; I did not make myself clear.

Mr. SHIPSTEAD. The carrying charge is reduced from 5½ percent to 4½ percent.

Mr. WAGNER. Yes.

Mr. SHIPSTEAD. The difference is the amortization payment, the payment on the principal, amounting to 1 percent.

Mr. WAGNER. Oh, no; I did not make myself clear.

The farmer borrows money from the bank. The bank pays 4½ percent for that money to its bondholder; and, in return, it loans it to the farmer for 5½ percent. That 1 percent difference it uses for the expenses of operation. We are now horizontally reducing the interest on all of those outstanding mortgages from 5½ percent to 4½ percent, so there is nothing left with which the land bank can pay its expenses of operation; and that 1 percent difference we are making up by an appropriation to the Federal land bank to cover the cost of operation. So that is a clear subsidy that we are giving for the benefit of the farmer in giving him this reduced rate of interest.

I may add this one other point, and then I will have finished. As to the new loans which are to be made, as to whether the interest will be 4½ percent or 3½ percent depends on what the land bank would have to pay for the money. If, as some predict, it can sell the bonds on which the interest is guaranteed by the Government at 3 percent, the farmer will have to pay only 4 percent interest upon his mortgage. If it sells them at 2½ percent, the farmer will get his mortgage for 3½ percent. In other words, there can be no more than 1 percent spread between the price paid for the money and the interest paid upon the mortgage.

Mr. SHIPSTEAD. Mr. President, if I understand the Senator, under this bill the rate of interest on the present outstanding mortgages is reduced by 2 percent. One percent, the Senator says, is for cost of administration, and the additional 1 percent represents a 1-percent amortization payment.

Mr. WAGNER. No; we are not dealing with the amortization. So far as payment upon the principal is concerned, we are postponing that for a period of 5 years. The farmer does not have to pay any amount of the principal for a period of 5 years.

Mr. SHIPSTEAD. That reduces the carrying charge.

Mr. WAGNER. We are reducing his interest by 1 percent.

Mr. SHIPSTEAD. But it reduces his carrying charge for the period of 5 years the amount of 1 percent.

Mr. WAGNER. Eventually he will have to pay it.

Mr. SHIPSTEAD. Eventually he will have to pay it?

Mr. WAGNER. The amortization is simply postponed for a period of 5 years, and then it will begin again.

Mr. SHIPSTEAD. The difference between the Senator and me is that I was talking about the carrying charge of the mortgage, and the Senator was speaking of the interest rate. I think the Senator understands the difference.

Mr. WAGNER. That is not what the Senator from Iowa was discussing. He was talking about interest on mortgages.

Mr. SHIPSTEAD. Mr. President, it is true, I assume, as the Senator from New York says, that if they can sell these bonds for 3 percent under the law, the farmer will get the benefit of the reduced rate of interest on the bonds as reflected in what he has to pay on his mortgage. But I want to say to the Senator that if under the bill a consolidation of the farm and mortgage business into one agency occurs, undoubtedly that agency will have to take over, in the last analysis, most of the farm-mortgage business of the country; and if that agency cannot administer its business for less than 1 percent interest, then I think the bill will fall far short of what it was intended to accomplish.

Mr. WAGNER. Of course, the experience has been that it has cost more in many instances, and in other banks the spread is larger than 1 percent. I think the Federal land banks are conducted very well and very economically, or they could never get along on a spread of 1 percent, because, after all, their activities are spread throughout the country.

Mr. SHIPSTEAD. Their overhead charge has been heavy because they have carried a limited amount of loans. Now they are practically going to carry them all.

Mr. WAGNER. The reason for that is that they have not been able to get any money. They have not been able to sell any bonds with which to make loans. We hope that through this means they will be able to sell these bonds, with the interest guaranteed by the Government, and secure money to refinance the farmer.

Mr. TRAMMELL. Mr. President, if it is in order, I desire to offer an amendment.

Mr. SHIPSTEAD. There is an amendment pending.

Mr. VANDENBERG. The amendment of the Senator from Iowa [Mr. DICKINSON] is pending.

Mr. DICKINSON. Mr. President, before the vote is taken on this amendment, I want to make this suggestion: The principal objection of the Senator from New York against the amendment is the fact that it would make necessary an additional appropriation in order to make up the difference between the rate of interest charged and the rate of interest paid. It seems to me that such an appropriation could well be allowed by Congress at this time. I see nothing in the statement of the Senator from New York which would prevent the operation of this bill at a 3½-percent rate in normal times. Therefore, it seems to me that in this emergency Congress could well afford to grant this additional favor to the borrowers of the Federal Land Bank System, and let the additional appropriation be made to make up the deficit. I certainly hope the amendment will prevail.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. DICKINSON].

Mr. BARKLEY. I make the point of order that no quorum is present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Byrnes	Erickson	King
Ashurst	Capper	Fletcher	La Follette
Austin	Caraway	Frazier	Lewis
Bachman	Carey	George	Logan
Bailey	Clark	Goldsborough	Lonergan
Bankhead	Connally	Gore	Long
Barbour	Coolidge	Hale	McAdoo
Barkley	Copeland	Harrison	McCarran
Black	Costigan	Hatfield	McGill
Bone	Couzens	Hayden	McKellar
Borah	Cutting	Hebert	McNary
Brown	Dickinson	Johnson	Metcalf
Bulkley	Dieterich	Kean	Murphy
Bulow	Dill	Kendrick	Neely
Byrd	Duffy	Keyes	Norbeck

Norris	Reynolds	Smith	Tydings
Nye	Robinson, Ark.	Steiwer	Vandenberg
Overton	Robinson, Ind.	Stephens	Van Nuys
Patterson	Russell	Thomas, Okla.	Wagner
Pittman	Schall	Thomas, Utah	Walcott
Pope	Sheppard	Townsend	Walsh
Reed	Shipstead	Trammell	Wheeler

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, there is a quorum present.

Mr. BARKLEY. Mr. President, I desire to say just a word before this amendment is voted on.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. THOMAS of Oklahoma. I ask unanimous consent to offer an amendment, and ask that the same be printed and lie on the table.

The PRESIDING OFFICER. The Senator from Oklahoma asks unanimous consent to submit an amendment and to have it printed and lie on the table. Is there objection?

Mr. McNARY. Mr. President——

Mr. FLETCHER. Mr. President, in reference to this amendment, will the Senator allow me to say that a number of members of the Banking and Currency Committee have suggested that we ought to have a chance to make a little inquiry about the amendment, and make some study of it. They feel that it ought to go to the Committee on Banking and Currency.

I do not want to delay the bill, and I do not think it would delay the bill. I can call a meeting of the Banking and Currency Committee for tomorrow morning at 10 o'clock, and we can study the amendment up to 12 o'clock. I hope the Senate will take an adjournment to 12 o'clock so that we will have 2 hours in the committee to afford an opportunity to examine the amendment. I think we would save time by that, rather than have it thrashed out here in the Senate.

Mr. McNARY. Mr. President, I rose a moment ago to voice my objection to the request of the Senator from Oklahoma [Mr. THOMAS] and, at the same time, to appeal to him to have the amendment referred to the Committee on Banking and Currency.

I make this suggestion to the Senator for the obvious reason that the amendment involves subject matter probably more important than any legislation that has been before the Senate in the last decade. A standing committee of the Senate should be permitted to investigate the proposal, to hold hearings, if necessary, and to have high officials of the Government come before it. It is not fair to the Senate to have a proposal of this kind submitted in the form of an amendment, whatever the measure may be. There are Members of the Senate who are not in favor of the agricultural bill, but are in favor of the proposal of the Senator from Oklahoma, and we cannot unite the two and fairly permit a Senator to express his views.

I think the proposal of the Senator should be referred to the Committee on Banking and Currency for investigation, and it should be brought into the Senate as a separate measure and stand on its own legs. I hope the Senator from Oklahoma, in fairness to the Members of the Senate—and he always is fair—will ask that the amendment be referred to the Committee on Banking and Currency. In the absence of such a request, at the proper time, when the amendment is submitted, I shall move to refer the amendment to the Committee on Banking and Currency.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Oklahoma?

Mr. McNARY. I object until I may have an opportunity to get a reply from the Senator from Oklahoma.

Mr. FLETCHER. Mr. President——

Mr. McNARY. I think I have the floor.

Mr. BARKLEY. I think I have the floor.

The PRESIDING OFFICER. The Senator from Kentucky is correct. He yielded for the purpose of permitting the Senator from Oklahoma to present a unanimous-consent request.

Mr. BARKLEY. I am willing to yield to the Senator from Oregon, but I merely want to have an understanding as to which of us has the floor.

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Oregon?

Mr. BARKLEY. I yield.

Mr. McNARY. In withholding at this time permission to have the amendment printed, I had hoped that the Senator from Oklahoma might give an expression as to his attitude with respect to the reference of the amendment.

Mr. THOMAS of Oklahoma. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Mr. President, has the amendment been accepted?

The PRESIDING OFFICER. It has not. The pending question is on its acceptance under the unanimous consent which the Senator from Oklahoma has requested.

Mr. THOMAS of Oklahoma. It is now 5 o'clock, and no doubt the Senate would not stay in session to consider the amendment tonight. It is out of the ordinary for an amendment to be referred to a committee. Personally I could not consent to that. I have no objection, of course, to offering the amendment and having it printed and then having it come before the Senate tomorrow, when every Member of the Senate may have a copy of it. At that time if a motion shall be made to refer the amendment to a committee, we can consider the motion on its merits.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Assuming that the Senator from Oklahoma has offered or may offer his amendment, and I yield to him for that purpose, will it then be in order for me to move that the amendment be referred to the Committee on Banking and Currency?

The PRESIDING OFFICER. If the amendment shall be formally offered as an amendment, it will be in order for the Senator from Kentucky to move to refer it to a committee.

Mr. BARKLEY. If the Senator from Oklahoma desires to take that course, I am willing to yield to him to offer the amendment. Then I will make that motion. I think the Senator will gain time in the consideration of his amendment by that course. As a member of the Committee on Banking and Currency, I think I can assure him for myself and my colleagues on the committee that we shall consider the amendment tomorrow morning, and I hope that we may report it back by the time the Senate meets. It seems to me that would be more satisfactory than to try to offer the amendment here on the floor.

Mr. THOMAS of Oklahoma. Until the amendment is accepted by the Senate, it certainly is not subject to any action. If the Senate will accept the amendment, then I shall be willing to consider its disposition.

Mr. BARKLEY. What does the Senator mean by "accepting the amendment"?

Mr. THOMAS of Oklahoma. The amendment has not been yet offered.

Mr. BARKLEY. I am willing to yield to the Senator to offer it.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Oregon?

Mr. BARKLEY. I yield.

Mr. McNARY. It was I who objected to the proffer made by the Senator from Oklahoma, for the purpose of ascertaining his state of mind with regard to it and of expressing my view that the amendment should be referred to the Committee on Banking and Currency. I say again it should not be offered to this bill; but if the Senator from Oklahoma is willing to have the amendment referred to the committee, I shall be glad to withdraw my objection.

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

Mr. BARKLEY. I yield to the Senator from Oklahoma for the purpose indicated by me a moment ago, if he desires now to offer his amendment.

The PRESIDING OFFICER. Except by unanimous consent, the Senator from Oklahoma cannot offer his amendment until the amendment of the Senator from Iowa [Mr. DICKINSON] shall have been disposed of.

Mr. THOMAS of Oklahoma. I ask unanimous consent Mr. President, that the amendment may be accepted, printed in the RECORD and thereafter printed for the convenience of the Senate, and then that it be referred to the Committee on Banking and Currency.

The PRESIDING OFFICER. The Senator from Oklahoma asks unanimous consent that the amendment may be printed in the RECORD, printed for the convenience of the Senate, and referred to the Committee on Banking and Currency. Is there objection?

Mr. MCNARY. I have no objection to that.

Mr. PITTMAN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PITTMAN. I understand that the Senator from Oklahoma asks unanimous consent to offer the amendment at this time; and if the request be granted, he will offer the amendment, and it will then be referred to the committee.

The PRESIDING OFFICER. That is the understanding of the Chair, and the request was so stated.

Mr. ROBINSON of Arkansas. I understand, Mr. President, that the chairman of the Committee on Banking and Currency thinks that the report of the amendment may be ready by 12 o'clock tomorrow.

The PRESIDING OFFICER. Is there objection to the request?

Mr. FLETCHER. Mr. President——

Mr. BARKLEY. I yield to the Senator from Florida.

Mr. FLETCHER. I did not quite understand the statement made by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I understand that the Senator from Florida stated that he thought a report could be made on the amendment to be offered by the Senator from Oklahoma by noon tomorrow.

Mr. FLETCHER. I think so, but I thought the request was that we be ordered to report by 12 o'clock, and I do not know whether or not we can do that.

Mr. MCNARY. Mr. President, there is so much disorder in the Chamber that I cannot hear what is being said. What was the request of the Senator from Arkansas?

The PRESIDING OFFICER. The Senator from Arkansas made no request. He merely announced his understanding that the report on the amendment of the Senator from Oklahoma would be available at noon tomorrow.

Mr. LONG. As I understood the Senator from Florida, he stated that he thought a report could be here by 12 o'clock tomorrow.

Mr. BARKLEY. I yield to the Senator from Louisiana.

The PRESIDING OFFICER. The Chair thinks the Senator from Louisiana has concluded his interruption. Is there objection to the request of the Senator from Oklahoma? The Chair hears none, and it is so ordered.

The amendment proposed by Mr. THOMAS of Oklahoma, which was ordered to be printed, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, is as follows:

On page 43, after line 5, to insert:

"PART 6. FINANCING—AND EXERCISING POWER CONFERRED BY SECTION 8 OF ARTICLE I OF THE CONSTITUTION: TO COIN MONEY AND TO REGULATE THE VALUE THEREOF

"SEC. 34. Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold; or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States; or (3) that an economic emergency requires an expansion of credit; or (4) that an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

"(a) To direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve banks and with the Federal Reserve Board whereby the Federal Reserve Board will, and it is hereby authorized to, notwithstanding any provisions of law or rules and regulations to the contrary, permit such reserve banks to agree that they will (1) conduct, pursuant to existing law, throughout specified periods open-market operations in obligations of the Federal Government or corporations in which the United States is the principal stockholder; and (2) purchase directly and hold in portfolio for an agreed period or periods of time Treasury bills or other obligations of the United States Government in an aggregate sum of $3,000,000,000 in addition to those they may then hold, unless prior to the termination of such period or periods the Secretary shall consent to their sale. No suspension of reserve requirements of the Federal Reserve banks, under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c). Nor shall it require any automatic increase in the rates of interest or discount charged by any Federal Reserve bank, as otherwise specified in that section.

"(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section of this act, or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then he is authorized—

"(1) To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order United States notes, as provided in the act entitled 'An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States', approved February 25, 1862, and acts supplementary thereto and amendatory thereof, in the same size, and of similar color to the Federal Reserve notes heretofore issued, and in denominations of $1, $5, $10, $20, $50, $100, $500, $1,000, and $10,000; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States: *Provided*, That when any such notes are used for such purpose, the bond or other obligation so acquired or taken up shall be retired and canceled. Such notes shall be issued at such times and in such amounts as the President may approve, but the aggregate amount of such notes outstanding at any time shall not exceed $3,000,000,000. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, an amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 percent annually of such outstanding notes and the Secretary of the Treasury is hereby directed to retire and cancel annually 4 percent of such outstanding notes. Such notes and all other coins and currencies heretofore or hereafter issued by or under the authority of the United States shall be legal tender for all debts, public and private.

"(2) By proclamation to fix the weight of the gold dollar in grains nine tenths fine at an amount that he finds is necessary from his investigation to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

"SEC. 35. The Secretary of the Treasury, with the approval of the President, is hereby authorized to make and promulgate rules and regulations covering any action taken or to be taken by the President under subsection (a) or (b) of section 34.

"SEC. 36. (a) The President of the United States is authorized to accept silver, in amounts not to exceed in the aggregate in value, in the United States currency $100,000,000, in payment of the whole or any part of any amount of principal or interest due from any foreign government or governments on account of any indebtedness to our Government, such silver to be accepted at not to exceed the price of 50 cents an ounce. The authority of the President to accept silver as herein authorized shall be limited to a period of not to exceed 1 year from the passage of this act.

"(b) The silver bullion purchased under the provisions of this section shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law.

"(c) The silver accepted and received under the provisions of this section shall be deposited in the Treasury of the United States, to be held, used, and disposed of as in this section provided.

"(d) The President shall cause silver certificates to be issued in denominations of $1, to the total number of dollars for which such silver was accepted in payment of debts. Such silver certifi-

cates shall be used by the Treasurer of the United States in payment of any obligations of the United States.

"(e) The silver so accepted under this section shall be coined into standard silver dollars and subsidiary coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of such silver certificates issued under the provisions of this section, and such coins shall be retained in the Treasury for the payment of such certificates on demand. The silver so obtained and deposited under this section, except so much thereof as is coined under the provisions of this section, shall be held in the Treasury for the sole purpose of aiding in maintaining the parity of such certificates as provided in existing law. Any such certificates or reissued certificates, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates: *Provided*, That, in the redemption of such silver certificates issued under this section, not to exceed one third of the coin required for such redemption may in the judgment of the Secretary of the Treasury be made in subsidiary coins, the balance to be made in standard silver dollars.

"(f) When any silver certificates issued under the provisions of this section are redeemed or received into the Treasury from any source whatsoever, and belong to the United States, they shall not be retired, canceled, or destroyed, but shall be reissued and paid out again and kept in circulation; but nothing herein shall prevent the cancelation and destruction of mutilated certificates and the issue of other certificates of like denomination in their stead, as provided by law.

"(g) The Secretary of the Treasury is authorized to make rules and regulations for carrying out the provisions of this section."

Mr. BARKLEY. Mr. President, if we may get back to the subject which I desire to discuss for just a moment, the amendment of the Senator from Iowa, on page 6, line 6, I want to say that representatives of the Federal Farm Loan Board, testifying before the Committee on Banking and Currency, stated that it will be absolutely necessary to have a spread of at least one half of 1 percent above the price of the bonds which they expect to sell to obtain money to loan to the farmers at 4½ percent. The bill provides for 4 percent on these bonds. We all know that for 2 or 3 years the Federal land-bank bonds have not been selling at all, and that we had to appropriate $125,000,000 in order to pump new money into the Federal land-bank system so as to maintain Federal land-bank bonds at anything like normal prices. With the present condition of the money market it is utterly impossible to sell these farm-loan bonds at a rate of interest below 4 percent; it may be doubted whether they will sell even at that; but certainly we cannot sell bonds at 4 percent and then loan out the proceeds of those bonds at 3½ percent.

Much as I would desire to see the rate of interest reduced to the farmers on these loans to 3½ percent, we are now providing for a reduction of 1 percent and an extension of the time within which there can be no foreclosures. If we adopt this amendment providing for loans to farmers at 3½ percent, when we are paying 4 percent to get the money, the $15,000,000 which we are already appropriating to make up the difference for administration expenses will have to be multiplied to about $50,000,000. Therefore, it seems to me to be ridiculous to adopt an amendment for the loan of money at one half of 1 percent less than we pay for it in order to get it to loan in the first instance.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Iowa.

Mr. DICKINSON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GEORGE (when his name was called). Upon this vote I have a pair with the junior Senator from Delaware [Mr. HASTINGS], and therefore withhold my vote. If permitted to vote, I should vote "nay."

Mr. TYDINGS (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand that if present he would vote as I intend to vote. Therefore, I feel at liberty to vote, and vote "nay."

The roll call was concluded.

Mrs. CARAWAY (after having voted in the affirmative). I have a pair with the Senator from Maine [Mr. WHITE], who, I now understand, is absent. I do not know how he would vote if present, and therefore I withdraw my vote.

Mr. AUSTIN (after having voted in the affirmative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], and therefore withdraw my vote.

Mr. COPELAND (after having voted in the negative). I find I have a pair with the Senator from Ohio [Mr. FESS]. I am unable to obtain a transfer, and therefore withdraw my vote.

Mr. HEBERT. I wish to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from New Mexico [Mr. BRATTON]; and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN].

Mr. LEWIS. I desire to announce that the Senator from Colorado [Mr. COSTIGAN], the junior Senator from Oklahoma [Mr. GORE], the Senator from Wyoming [Mr. KENDRICK], and the senior Senator from Oklahoma [Mr. THOMAS] are absent on official business.

The result was announced—yeas 33, nays 45, as follows:

YEAS—33

Bone	Erickson	Norbeck	Shipstead
Borah	Frazier	Norris	Steiwer
Byrd	Hatfield	Nye	Townsend
Capper	Hebert	Pittman	Trammell
Couzens	Johnson	Pope	Vandenberg
Cutting	La Follette	Reed	Wheeler
Dickinson	McCarran	Robinson, Ind.	
Dill	McNary	Russell	
Duffy	Neely	Schall	

NAYS—45

Adams	Carey	King	Sheppard
Ashurst	Clark	Lewis	Smith
Bachman	Connally	Lonergan	Stephens
Bailey	Coolidge	Long	Thomas, Utah
Bankhead	Dieterich	McAdoo	Tydings
Barbour	Fletcher	McGill	Van Nuys
Barkley	Goldsborough	McKellar	Wagner
Black	Hale	Murphy	Walcott
Brown	Harrison	Overton	Walsh
Bulkley	Hayden	Patterson	
Bulow	Kean	Reynolds	
Byrnes	Keyes	Robinson, Ark.	

NOT VOTING—17

Austin	Dale	Gore	Thomas, Okla.
Bratton	Davis	Hastings	White
Caraway	Fess	Kendrick	
Copeland	George	Logan	
Costigan	Glass	Metcalf	

So Mr. DICKINSON's amendment was rejected.

Mr. ROBINSON of Arkansas. Mr. President, there is an amendment which I had intended to propose while other amendments offered by myself were before the Senate, but which I overlooked at the time. I submit the same to the Senator from South Carolina [Mr. SMITH] and also to the Senator from Oregon [Mr. MCNARY].

On page 21, line 4, it is proposed to strike out the words "in chief value from such commodity" and insert in lieu thereof the words "in substantial part from such commodity or commodities."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas.

The amendment was agreed to.

Mr. SMITH. Mr. President, I overlooked an amended form of section 5, on page 4, which the Department desires in lieu of section 5 as previously submitted. I send the amendment to the desk and ask its adoption.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from South Carolina proposes, on page 4, to strike out section 5 and in lieu thereof to insert the following:

SEC. 5. The Reconstruction Finance Corporation is hereby authorized and directed to advance money and to make loans to the Secretary of Agriculture to acquire such cotton and to pay the classing, carrying, and merchandising costs thereon, in such amounts and upon such terms as may be agreed upon by the Secretary and the Reconstruction Finance Corporation, with such warehouse receipts as collateral security: *Provided, however*, That in any instance where it is impossible or impracticable for the Secretary to deliver such warehouse receipts as collateral security for the advances and loans herein provided to be made, the Reconstruction Finance Corporation may accept in lieu of all or any

part thereof such other security as it may consider acceptable for the purposes aforesaid, including an assignment or assignments of the equity and interest in the Secretary in warehouse receipts pledged to secure other indebtedness. The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this section.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Has the substitute of the Senator from New York been disposed of?

The PRESIDENT pro tempore. The Chair understands the amendment of the Senator from New York has not been disposed of, and the amendment just submitted by the Senator from New York may be considered only by unanimous consent.

Mr. WAGNER. I ask that the amendment of the Senator from South Carolina may be considered at this time.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Mr. McNARY. Mr. President, did the Senator from South Carolina offer his amendment on page 3 to section 1?

Mr. SMITH. No. It is offered on page 4, an amended section 5. It is an amendment which I overlooked.

Mr. McNARY. Has it the approval of the Secretary of Agriculture?

Mr. SMITH. Yes. It was sent down by him.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from South Carolina.

The amendment was agreed to.

Mr. HARRISON. Mr. President, I want to ask the Senator from New York [Mr. WAGNER] if he will not permit an amendment to his substitute so that the matter at least may go to conference and be there considered? It is provided that where foreclosure has been made within a year, the owner may have the opportunity to come under the provisions of the bill. The Senator realizes, as I am sure other Senators do, that in 1931 the Federal land bank foreclosed on a great many farms, and I am wondering if the Senator would not permit us to insert "1931" instead of the limitation of 1 year?

Mr. WAGNER. I have no objection to such an amendment going to conference.

Mr. KING. Mr. President, I want to ask the Senator from Mississippi a question. In a State where there is no period of redemption at all and the purchaser at a foreclosure sale obtains a sheriff's deed which passes title absolutely, does he not think his suggestion would be ex post facto?

Mr. HARRISON. Then there would be no way to compromise on the matter.

Mr. WAGNER. Unless the right of redemption exists, nothing can be done.

Mr. HARRISON. I hope the Senator will let it go to conference for consideration there.

Mr. WAGNER. Very well.

The PRESIDENT pro tempore. Let the amendment be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 17, lines 18 and 19, strike out "within 1 year prior to the approval of this act" and insert in lieu thereof "at any time between January 1, 1931, and the date of the enactment of this act."

The amendment to the amendment was agreed to.

Mr. HARRISON. Mr. President, I have another amendment which I desire to submit for the consideration of the Senator from New York in the hope that he will let it, too, go to conference. On page 17, line 19, of the Senator's substitute it is provided that a person must actually live on the farm in question. There are innumerable cases in the country where a farm might be owned, for instance, by a widow or someone else who might be living in town, but the farm would be the sole source of support. It seems to me the words in line 19, page 17, "and occupied by him as a home" might very well be stricken out. I offer that as an amendment.

Mr. McNARY. There is so much confusion in the Chamber that I could not understand the proposal of the Senator from Mississippi. Will he state it again?

Mr. HARRISON. In the substitute as well as in the bill it is provided that the farms must be occupied as a home. I invited the Senator's attention to the fact that there are innumerable cases where the party may not actually live on the farm, but it is still the sole source of income. I have moved to amend by striking out the words "and occupied by him as a home." I may say that if the conferees do not accept it, I shall make no further objection. I move that the words referred to be stricken out.

Mr. WAGNER. Mr. President, of course, it extends the provisions of the section, but if it is the sense of the Senate that the matter ought to be extended, I have no objection.

Mr. ROBINSON of Arkansas. I think the matter may well go to conference.

Mr. WAGNER. I have no objection to it going to conference.

The PRESIDENT pro tempore. Let the amendment be stated.

The LEGISLATIVE CLERK. On page 17, line 19, the Senator from Mississippi proposes to strike out the words "and occupied by him as a home."

The amendment to the amendment was agreed to.

Mr. CLARK. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be reported for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Missouri offers the following amendment: On page 21, line 16, after the word "applicant", insert the following:

Subject to the conditions and limitations of this section, the Reconstruction Finance Corporation may also accept from the governing boards of duly organized drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts other than Federal projects, a pledge of issued and/or outstanding evidences of indebtedness, upon such terms as said corporation may deem advisable, and the money loaned on such pledge shall bear interest at the rate of 4 percent annually.

Mr. CLARK. The purpose of the amendment is that while under the laws of certain States such districts as are enumerated in the amendment may borrow upon their securities, yet the same result can be accomplished by depositing the securities of the drainage district or other improvement district under the conditions set forth in the amendment. Under our Missouri statute, for instance, it is an extremely cumbersome process to refinance a project, but by depositing all the bonds of an improvement district with the Reconstruction Finance Corporation for the purposes and under the limitations provided in this section, the same result can be accomplished with very much less difficulty.

Mr. McNARY. Mr. President, does this pertain to private reclamation, irrigation, and levee districts?

Mr. CLARK. It applies to all the improvement districts provided for in the section.

Mr. McNARY. Must they be organized under the statutes of some State?

Mr. CLARK. Yes.

Mr. McNARY. It does not apply to voluntary organizations?

Mr. CLARK. Oh, no. It must be a political subdivision as contemplated by the section.

Mr. McCARRAN. Mr. President, I wonder if the Senator would not be willing to eliminate the words "other than Federal projects" from his amendment? Will he not be willing to strike out that phrase?

Mr. CLARK. I am willing to accept that modification. I understood the section was not supposed to refer to Federal projects.

Mr. WAGNER. It deals only with completed projects, does it not?

Mr. CLARK. Oh, yes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Missouri, as modified, to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. TYDINGS. Mr. President, is the amendment or substitute of the Senator from New York still pending?

The PRESIDENT pro tempore. The question is on the amendment of the Senator from New York as amended.

Mr. FRAZIER. Mr. President, is my substitute in order now?

Mr. SHIPSTEAD. Mr. President, before the Senator from North Dakota offers his substitute I have an amendment to offer to the amendment of the Senator from New York. I send it to the desk and ask that it may be stated.

Mr. WAGNER. Is this an amendment to the substitute which I have offered?

Mr. SHIPSTEAD. Yes; it is.

The LEGISLATIVE CLERK. The Senator from Minnesota proposes the following amendment:

On page 13, between lines 18 and 19, insert:

"(c) Before any joint-stock land bank shall receive a loan as provided for in this section such bank shall enter into an agreement with the Farm Loan Commissioner (1) that such bank will pay, in purchasing its own outstanding farm-loan bonds paid for out of the proceeds of the loan, an amount not to exceed 110 percent of the amount which such holders may have paid for their bonds prior to April 17, 1933, but in no event to exceed the face value of such bonds, together with the accrued and unpaid interest thereon; and (2) that whenever any such bonds are so purchased by such bank at a price less than the amount of the face value of such bonds, together with accrued and unpaid interest thereon, the difference between such face value and interest and the amount paid for such bonds by the bank shall be credited pro rata to the borrowers from such bank in reduction on their loans outstanding at the time of such purchase."

Mr. SHIPSTEAD. Mr. President, the purpose of this amendment is to give the benefit of the liquidation to the borrowers of the Federal joint-stock land banks.

Under the provisions of this bill, these banks are to be liquidated. A loan from the Reconstruction Finance Corporation of $100,000,000 is provided to be loaned to the joint-stock land banks to be used in liquidating the liabilities of the joint-stock land banks.

In furnishing this money to the joint-stock land banks, there are certain benefits that ought to accrue to the borrowers, the debtors of the bank.

The bonds of these banks are at a great discount. They will have to be retired. They are liabilities of the banks. No one would buy them except the banks themselves, because investors know that they are to be liquidated. Consequently, there will be a monopoly in the purchase of these bonds. This amendment provides that in retiring these bonds, the joint-stock land banks shall not pay to the holders of the bonds more than what they paid for the bonds, plus 10 percent, but in no event shall they pay more than par.

If an original purchaser of a joint-stock land bank bond paid $100 for it, and still has that bond, all he has to do is to show to the Government agency that he paid 100 cents on the dollar for the bond, and he gets his money back. If, however, the bond has gone from the original purchaser, and he has lost title to it, and a speculator has bought it for 6 or 7 cents on the dollar, he cannot get par for the bond. He gets his money back, plus 10 percent.

That is one provision of the amendment.

The amendment also provides that the difference between the par value of the bonds retired and the price paid for the bonds shall be reflected pro rata to the borrower in reducing his liabilities, because as the bonds are retired at a discount, the liability of the bank is retired; and the borrowers from the banks should get the benefit of what is saved. What is saved is a loss by the original purchasers of the bonds. They have sold the bonds. They have taken a loss. Nothing can be done for them, because they have lost title; but by adopting this amendment the borrower from the bank can be given the benefit of the savings made in purchasing these bonds at a discount in the market, for which this bill makes provision that money shall be furnished.

That is about all there is to the amendment. There is a possible saving here to the borrowers from the joint-stock land banks of something like $200,000,000 or more.

I hope the amendment will be adopted.

Mr. ROBINSON of Arkansas. Mr. President, in my judgment this amendment should not be agreed to.

We have already incorporated in the bill a provision—a modification of an amendment offered by the Senator from Minnesota—authorizing borrowers to use bonds issued under the terms of this act in liquidation of their debts due the banks, under certain conditions. This amendment would prevent any joint-stock land bank from buying bonds and paying therefor in excess of 110 percent of the amount which the holders paid.

That would operate in this way:

Some of the joint-stock bank bonds were bought at par. Others were bought at different times for 20, 50, 70 percent. Those who bought bonds at par could, under the terms of this amendment, demand 110 percent, or 10 percent in addition to the par value of the bonds. Those who bought at, say, 40 percent would be placed at a disadvantage.

In addition to that, the result would be that the market for bonds, insofar as purchases by the banks themselves are concerned, would be closed. Any bank buying bonds must of necessity pay substantially the same price to all those who wish to sell at a given time. It would be unjust to deny the bank the opportunity to purchase its own bonds, and to place an arbitrary price on the bonds, particularly when that price would vary so greatly as I have already stated.

Some of these bonds now are very low. Some of them were recently purchased at a very low price, while other bonds of the same bank were long ago purchased at comparatively high prices. The net result of this amendment would be to limit the banks in the purchase of bonds to a very few transactions—that is, to instances where they might be able to find bonds which the holders are anxious to dispose of at a very low price.

The second objection to this amendment is one that I think is unanswerable.

Mr. BAILEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from North Carolina?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BAILEY. I confess that I am in a state of confusion about this amendment and its effect. I wish to get it clear; and I am asking my question, not by way of controversy but wholly for information.

Do I understand that the amendment proposes to limit the profit to be made by a joint-stock land bank upon the purchase of its bonds with the Government money?

Mr. ROBINSON of Arkansas. It prevents the joint-stock land banks from obtaining any profit whatever; but it does more than that, if the Senator will permit me to state the provisions of the amendment.

Mr. BAILEY. I wanted to get that clear. It fixes it so that the joint-stock land bank cannot take the public money and make a profit on it?

Mr. ROBINSON of Arkansas. Yes.

Mr. BAILEY. I want to get that clear.

Mr. ROBINSON of Arkansas. That is not the main proposition, however. If I may have the opportunity of presenting the thought that is in my mind, I think I can make clear to the Senator from North Carolina that the best joint-stock land bank in the system in all probability would go into the hands of a receiver, in spite of any provision in this bill, should it obtain a loan from the Government and should this amendment be imposed as a condition of the loan.

The first proposition is that before any joint-stock land bank shall receive a loan, it must enter into an agreement with the Farm Loan Commissioner that in purchasing its bonds out of the proceeds of the loan it will not pay more than 110 percent of the amount which the holders paid for their bonds prior to April 17, 1932. I have explained that the prices which have been paid by the present holders of bonds range from, say, 25 percent of the par value to par itself.

Mr. BAILEY. Mr. President, may I interrupt the Senator at that point?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BAILEY. As I understand the proposition, then, upon borrowing this money the bank can lift the price of its own bonds with the Government money, to the benefit of the holder of the bonds, of course, and not to any benefit whatever to the farmers of America.

Mr. ROBINSON of Arkansas. That statement is not entirely accurate.

Mr. BAILEY. I want to get it right. I am not trying to be controversial.

Mr. ROBINSON of Arkansas. If the Senator will give me an opportunity, I will discuss the amendment and try to show wherein it is objectionable.

Mr. BAILEY. I shall be very happy to do that.

Mr. ROBINSON of Arkansas. I have said that as a result of this provision relating to the limit on the cost of the bonds there would be the greatest discrimination between holders of bonds. The bank ought to be permitted, if it chooses to buy its bonds, to pay a uniform price for them at the time it is entering into purchasing transactions. It ought not to be required by law to pay 110 percent of the face value in order to obtain some of its bonds, and at the same time be permitted to pay, say, 30 percent of the face value in order to obtain other bonds. That would necessarily result in limiting the transactions in the bonds to a very few cases.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Minnesota?

Mr. ROBINSON of Arkansas. Certainly.

Mr. SHIPSTEAD. I desire to call the attention of the Senator to the fact that the amendment provides that in no case shall the bank pay more than the face or par value of the bond. If an original purchaser has a bond which he purchased for $100, that is all he can get for it.

Mr. ROBINSON of Arkansas. Yes; 110 percent of the face value; and, at the same time, if a man has another bond of the same bank and the same issue for which he paid 40 percent, the bank could purchase it for $44—that is, assuming the par to be $100. The bank would have to pay for one of the bonds of the same issue 110 percent, and for the other 44 percent, which, of course, would mean that it would close to the banks the right to make purchases.

The law requires joint-stock land banks to use their funds, when they are available, for the purchase of their own securities upon the market. That is one of the provisions of the Federal Farm Loan Act.

In the second place, the provision which requires the bank to reflect, in the obligations due it, any profit made on the bonds would prevent the bank from obtaining loans or would result in placing the joint-stock land bank in receivership. There is not a joint-stock land bank in the United States that would not go into receivership if it made large loans and used the proceeds to buy its bonds. The one in North Carolina probably would go into receivership immediately, because, to state it in a clear way, what the amendment would do would be to require a bank which has a debt of $1,000 due it to receive in full a bond that it can dispose of for only $400, if the market value of the bonds is 40 cents on the dollar. Of course, there would not be a loan, not one loan, made under the provisions of the bill if this amendment were inserted. The banks would have to go on attempting to liquidate without any loans, and there probably would not be a single loan made by the joint-stock land banks.

All these bonds are greatly depreciated on the market, some of them much more than others, and if the bank had to take them at par, or had to reflect the profits it makes on its own bonds, it would not be enabled to carry on a successful liquidation. That is the only way by which it can prevent itself from experiencing a default in the payment of its maturities.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COUZENS. What effect would the enactment of this measure without the amendment have on the prices of the bonds on the market?

Mr. ROBINSON of Arkansas. I should think it would be calculated to increase to some extent the prices of the bonds. That is a mere opinion of my own.

Mr. COUZENS. Every indication would be that the bonds would rise in price after this proposed act was passed?

Mr. ROBINSON of Arkansas. Yes.

Mr. COUZENS. And the holders of the bonds which were bought at these low prices would get an unearned profit on the bonds, which would be brought about by mere act of Congress. Is that correct?

Mr. ROBINSON of Arkansas. They would be advantaged by it. Most of the purchasers, I think, bought the bonds when they were much higher than they are now, and probably higher than they would become under this proposed law. I do not know what the effect on the market would be of the passage of this measure. I should think it would be calculated rather to improve the prices of the bonds.

Mr. COUZENS. What has been the experience as to the prices paid for the bonds under the act referred to by the Senator a while ago where the joint-stock land banks were empowered to use their surplus money to buy up bonds?

Mr. ROBINSON of Arkansas. They bought them as cheaply as the market permitted. As far as I know, they have been able to stay out of receivership solely because of the profits they have made in buying their own obligations. There are not many in the system of which I have any knowledge that would not be in the hands of receivers now if it were not for that fact, and the reason for that I think I can make so plain that it will not be difficult to understand.

These banks all do business on a margin of 1 percent; that is, they are permitted to charge just 1 percent more than they pay for the money they use. If their bonds bear 5 percent interest, they are permitted to make loans at 6 percent. If their bonds bear 4½ percent, they are permitted to make loans at 5½ percent. In that 1 percent must be comprehended all losses and overhead. The overhead is always considerable, and it is greater in a time like this than it is in normal times, for the reason that there is more trouble in making collections and in procuring extensions for the bank's own obligations.

There is not one joint-stock land bank that has made net profits in recent years. Not one of those banks has declared a dividend in recent years. Many of them have been thrown into receiverships for the reason that the 1 percent which they are permitted to charge as a profit, or as a fund out of which to absorb overhead and losses has proved wholly inadequate for that purpose.

In many of these banks the loans due the banks are in default to the extent of as much as 45 percent—that is, practically half of the loans due the banks are in default—and when such a condition arises it is manifest that the bank does not collect enough to meet its own maturing obligations. The 1 percent is entirely inadequate to cover that deficit. So the only way the bank has been able to survive is to go out on the market and buy its bonds at the market price and then pay the losses and the deficits out of the profits made in the transactions.

If we deny them that opportunity, or if we place as a condition of the loan a requirement that they cannot make any profits, then they cannot meet their obligations, because instead of making collections, they are taking over enormous amounts of real estate. Some of them now own millions of dollars worth of real estate, which constitutes a charge and a burden rather than a source of profit to the banks, and if we take away from them any privilege of making profit on their own obligations, we probably will put them in a condition where bondholders may throw them into receiverships.

Mr. BAILEY. Mr. President, will the Senator yield.

Mr. ROBINSON of Arkansas. Certainly.

Mr. BAILEY. The Senator stated what would happen if we took away from them the privilege of making a profit. The proposition here is neither one of taking away nor of

giving a privilege. The proposition here is to use the public funds of the country, the taxpayer's money, which is a public trust, and the objective is not to enable any bank on earth that I know of to make money or to save itself, but the object is to help the farmers of the United States. I want the bill looked at, and I want to look at it, in that respect. I am not against the banks, let it be understood.

Mr. ROBINSON of Arkansas. I will say this, that if the Senator wished to destroy the joint-stock land banks—and I am serious about this—if the Senator had that purpose, he could accomplish it by putting into the law a provision of this sort, insofar as any loans made by the Government are calculated to prevent receiverships and to promote voluntary liquidation.

Mr. BAILEY. Mr. President, I understand that the Senator's argument is that we must allow the banks to use this money in the way provided in the bill in order that they may save themselves and thereby help the farmer. That is the argument.

Mr. ROBINSON of Arkansas. Yes; in a sense; if they are thrown into receiverships, all the obligations are subject to foreclosure, and not only is the bank declared insolvent but the whole business of the bank must be liquidated through court proceedings; and one of the objects of this bill is to avoid that, and to permit slow and voluntary liquidation.

The banks will not be permitted to make new loans; that is, to issue new bonds with the privileges which attach to the present bonds. The whole object of this provision, insofar as joint-stock land banks are concerned, is to enable them to liquidate in an orderly manner. We do not expect them to make profits. They cannot have any profits or pay any dividends. The only thing they can hope to do is to work themselves out, and meet their obligations as they mature, and when they fail to do that, they are likely to be thrown into receivership.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. CLARK. I should like to ask the Senator this question. In the case of joint-stock land banks which are already in receivership, would they be permitted to come in under the benefits of this act?

Mr. ROBINSON of Arkansas. Yes; they would be permitted to have some of the advantages of the proposed law, and it is necessary to so provide, for the protection of the persons indebted to the banks.

Mr. CLARK. I agree with the Senator in that. I was not very certain, from reading the measure, whether those banks would be entitled to the benefits of the proposed law.

Mr. BAILEY. Mr. President, will the Senator yield again?

Mr. ROBINSON of Arkansas. I yield.

Mr. BAILEY. Let me state the difficulty in my mind. I know, as a matter of fact, that the bonds of the land banks are selling at $40 on the hundred and less. I suspect that under the bill, by the use of public funds, the bank may buy in those bonds at $40. Where a bond was purchased for $40, that would cancel a hundred-dollar debt of the bank, and the bank would get a profit of $60, as against its original liability of $100.

Now let me state my trouble and the difficulty, and perhaps the Senator can clear it up. Why can we not so devise, since the funds are public money and the bill has the objective of helping the farmer, that somewhere in that profit of $60 the farmer will get some consideration? That is all I propose. If we cannot do it, well and good. I am not arguing that we should do the impossible; but if we can do it, we must do it.

Mr. ROBINSON of Arkansas. Benefits accrue to the farmer under other provisions of the bill. He is permitted to buy a bond after there have been five maturities on his obligation to the bank, and take that bond, a bond issued under the terms of this proposed law——

Mr. BAILEY. Why not let him have the money and let him buy it? The proposal is to lend the bank money and let them buy the bond. Why not lend the farmer the money and let him buy it?

Mr. ROBINSON of Arkansas. We are proposing to lend the banks money for various purposes.

Mr. BAILEY. Why not lend the farmer the money?

Mr. ROBINSON of Arkansas. That could be done, of course.

Mr. BAILEY. Then the farmer would get the benefit.

Mr. ROBINSON of Arkansas. Of course, it is impossible for a bank to make a loan if the result of the loan is to counteract the purpose for which the loan was made, namely, to keep the bank out of receivership, and if we denied to banks the privilege of buying their own bonds we would render them all insolvent at once.

Mr. BAILEY. Mr. President, under the proposed law, and under the statement of the Senator, we are to use the taxpayers' money, a public fund, which is a trust, a trust for the welfare of the whole Nation if it is a trust at all, in such a way as to enable the land bank to make a possible profit of $60 in the cancelation of its debt. Would it not be an incomparably better and wiser thing to use the $2,000,000,000 by way of enabling the farmers to cut their debts 30 percent?

Mr. ROBINSON of Arkansas. In the refinancing operations contemplated by the bill, it is expected that they will be cut in many cases more than 30 percent.

Mr. BAILEY. More than 30 percent?

Mr. ROBINSON of Arkansas. Yes; under the provisions of the bill.

Mr. BAILEY. I want to get at those provisions. The provisions of the proposed law would give the farmer a breathing spell, they would give him a lower rate of interest; but wherein would the bank cut down the balance due by the farmer?

Mr. ROBINSON of Arkansas. If the Federal land bank, which is assisting in the liquidation of the joint-stock bank, buys a mortgage at less than its face value, it must reflect the benefit of that purchase to the farmer.

Mr. BAILEY. That is, the farmers' mortgage?

Mr. ROBINSON of Arkansas. Yes.

Mr. BAILEY. But if it buys its bonds at less than the face value, with the farmer's money—because it comes out of him—the farmer gets no benefit from that. That is the proposition.

Mr. ROBINSON of Arkansas. But he does get the benefit as reflected in the other provisions. We cannot keep these banks liquidating if we take away from them all sources of income. A bank cannot go on and collect the amounts that are due it from its debtors. It must waive the right to proceed in foreclosure, and if the obligations of the borrower are refinanced all reductions or scalings down must be reflected for the benefit of the farmer. The bank cannot collect now one half enough from its borrowers to pay the maturities on its bonds. It really is not a profit which offsets losses: it is merely a method by which the bank is enabled to survive and to give to the borrowers the benefits of extensions and reductions.

I have said all I care to say.

Mr. WAGNER. If the Senator will yield, I think there is one other thing which has been overlooked. In the case of joint-stock land banks the bank must agree to reduce the mortgage interest to 5 percent, and for a period of 2 years they are restrained from bringing foreclosure proceedings.

Mr. ROBINSON of Arkansas. I mentioned that; I spoke of the reduction of the interest rate and the extensions that were required to be made.

Mr. BAILEY. Mr. President, as I understand the provisions made for the farmer by this bill he does get a lower rate of interest; he does get a short extension; the judgment day is postponed—that is all that means—or his principal account is reconstructed and he is given credit for the payments made up to date and a new balance is struck, a new principal is fixed. That is relief; I like those provisions; I am for them all; but what troubles me is that we are taking the public funds to enable the banks to buy in their bonds and save $60 on the hundred of their debts, and the farmer gets nothing whatever out of that.

On the other feature of the bill, taking it as a whole, if we let these banks go into the hands of receivers, as the Senator suggests they may do, and sell out the farmers, take this public fund, get the title to their land, let the farmer go into bankruptcy, where he is already, and convey the land to the farmer's wife, we can deliver the farmer at, I should say, 40 cents on the dollar of what this bill will cost us; and frankly I am interested in the bill only insofar as it affects the farmers; I am willing to stand by the banks and for other methods only insofar as those banks and those other methods will relieve the farmer. That is the objective of this bill. I am not prepared to come to a conclusion on this amendment at this time; and I submit we ought not to let the bill go through; we ought not to pay out $2,000,000,000 without seeing to it that every possible dollar that can be brought home to the deliverance of the mortgage burden of the farmers of America shall be brought home, especially when we are protesting and declaring that that is our purpose.

SEVERAL SENATORS. Vote!

Mr. SHIPSTEAD. I should like to ask the Senator from South Carolina if he intends to go on further tonight with the consideration of the bill?

Mr. SMITH. The only thing that stands between us and a recess is the disposition of the Senator's amendment. If he desires, we can vote on the amendment and then take a recess.

Mr. SHIPSTEAD. No; I am not ready to vote now. I want to speak further on this amendment, and I want to speak quite extensively. When this amendment is disposed of, I have another one to offer which may lead to some debate.

Mr. SMITH. Mr. President, I ask unanimous consent that the pending bill, House bill 3835, as amended up to date, may be printed for the use of the Senate, so that we may see what we have done up to the present time.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I understand there is a desire to have an executive session; so I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

COMMISSIONER GENERAL OF IMMIGRATION

The PRESIDENT pro tempore. Reports of committees are in order.

Mr. COOLIDGE. From the Committee on Immigration, I report, with the recommendation that it be confirmed, the nomination of Daniel W. MacCormack, of New York, to be Commissioner General of Immigration, Department of Labor.

Mr. KING. Mr. President, I inquire would there be any objection to confirming the nomination of Mr. MacCormack as Commissioner General of Immigration? It has been reported unanimously from the committee.

The PRESIDING OFFICER. The Senator from Utah asks unanimous consent for the immediate consideration of the nomination of Mr. MacCormack. Is there objection?

Mr. HEBERT. Mr. President, I do not know anything about this nomination; I am not advised whether the Senator from Oregon [Mr. MCNARY] is interested in it. He is absent from the floor just now, and, under the circumstances, I wish the nomination may go to the calendar.

Mr. KING. Very well.

The PRESIDENT pro tempore. The nomination will be placed on the calendar.

CONVENTION WITH MEXICO

Mr. CONNALLY. From the Committee on Foreign Relations, I report, with the recommendation that it be ratified, a convention with Mexico concerning the rectification and fixation of the boundary of the Rio Grande River.

The PRESIDENT pro tempore. The treaty will be placed on the calendar.

THE CALENDAR

The PRESIDENT pro tempore. Are there further reports of committees? If not, the calendar is in order.

COMMISSIONER OF INDIAN AFFAIRS

Mr. WHEELER. I ask unanimous consent for the present consideration of the nomination of John Collier to be Commissioner of Indian Affairs.

The PRESIDENT pro tempore. Is there objection?

Mr. HEBERT. Mr. President, is that a nomination that has just been reported from the committee?

Mr. WHEELER. It was unanimously ordered reported from the committee on yesterday, and the report was submitted this morning.

Mr. HEBERT. I am informed by the Senator from North Dakota [Mr. FRAZIER] that the Senator from Oregon would not object to the course suggested being taken. Therefore I have no objection.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. WHEELER. I ask that the President may be notified of the confirmation of Mr. Collier's nomination to be Commissioner of Indian Affairs.

Mr. COPELAND. But, Mr. President, before the order is made to notify the President—and I am not going to object to it—I want to call attention to the fact that the Seneca Indians, having a reservation in my State, are opposed to the confirmation of Mr. Collier. I feel it necessary to say this because they do live within the borders of my State, and there are many Indians there. They are very much dissatisfied with the selection of Mr. John Collier for this office, and I feel that I should place in the RECORD, and I ask permission to do so, a telegram from the Seneca Nation. I shall not burden the RECORD with the letters which I have received, but ask that the telegram may be printed in the RECORD to show the protests of that group to this particular nomination.

The PRESIDENT pro tempore. Without objection, the telegram will be printed in the RECORD.

The telegram is as follows:

BUFFALO, N.Y., *April 15, 1933.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.:

Having declared yourself as friend of the oppressed Indians, we implore you to stop confirmation in Senate of John Collier's nomination as Commissioner of Indian Affairs, at least until we can be heard on this vital question. Let this be a nonpolitical appointment for once in history. Letter follows.

RAY M. JIMERSON,
President Seneca Nation of Indians.

The PRESIDENT pro tempore. Is there objection to the request that the President be notified of the confirmation? The Chair hears none, and that order is made.

THE JUDICIARY

The Chief Clerk read the nomination of James A. Donohoe to be United States district judge, District of Nebraska.

Mr. HEBERT. Mr. President, it is my understanding that the nomination which we are now considering was reported unanimously from the Committee on the Judiciary favorably.

The PRESIDENT pro tempore. The Chair is advised that that is correct. Without objection, the nomination is confirmed.

ORDER OF BUSINESS

The Senate resumed legislative session.

Mr. SMITH. Mr. President, I move that the Senate——

Mr. NORRIS. Mr. President, will the Senator withhold his motion for a moment?

Mr. SMITH. I withhold the motion.

Mr. NORRIS. Mr. President, I have talked with several Senators and I want to make a suggestion, to which I should like to have the attention of the Senator from South Carolina [Mr. SMITH] and the Senator from Arkansas [Mr. ROBINSON]. I think that we are all impressed with the amendment that has been offered to this bill and referred to the Committee on Banking and Currency. We expect the Committee on Banking and Currency to report tomorrow at 12 o'clock. I am just as anxious as any Senator possibly can be to expedite the consideration of the pending bill, but the amendment which has been referred to the committee this afternoon is more important than the entire bill and more important, Mr. President, than any legislation we have passed at this session.

I know there is a feeling on the part of some Senators that as to this very important matter an effort is being made to proceed at a rate that is inexcusable under the circumstances. I sympathize with them; but I am not making my suggestion as one who is unfriendly to that amendment. I have examined it hurriedly at my desk, and I expect to support it, unless I am convinced that there ought to be some change in it; but I realize, as I think every other Senator does, that it is proposed in that amendment to take an exceedingly important step, and I should very much dislike to have the charge made that we had considered it precipitously and had prevented proper consideration by the committee. The committee will only have two hours. I do not expect them to be ready to report at 12 o'clock, unless they give it merely casual consideration.

Now I want to make this suggestion to the Senator from South Carolina and to the Senator from Arkansas. Would it not be better temporarily to lay aside the unfinished business, the agricultural relief bill, in order to give the Committee on Banking and Currency a longer time in which to consider the amendment? We do not need to lose any time, as we can go on with some other measure that I think we are prepared to take up and consider. So I suggest to the leaders, would it not be a good idea temporarily to lay aside the unfinished business until Monday, and that tomorrow at 12 o'clock we take up the Muscle Shoals bill, which we shall be able very likely to dispose of before the week is over. Thus we will lose no time; I understand that bill is to follow the pending bill, anyway, and it will enable us to give more systematic and judicial consideration to the amendment to which I have referred.

Mr. ROBINSON of Arkansas. Mr. President, the Chairman of the Committee on Banking and Currency has expressed the opinion that the committee would be ready to report at 12 o'clock tomorrow. Other members of the committee have made the same statement.

Mr. BARKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. In that connection I think what the chairman said was that the committee would try to report and hoped that it might report tomorrow noon. Arrangements have already been made to have 2 or 3 or more important men, who had something to do with the framing of the amendment, appear before the committee tomorrow morning. That is an entirely proper procedure. No one can tell whether the committee can in 2 hours agree on all the provisions or not, so it is entirely within the possibilities that the amendment will not be reported back before 12 o'clock, although I am sure every member of the committee wants to do so if he can consistently give it the consideration to which it is entitled.

Mr. ROBINSON of Arkansas. In addition to the statement I made a moment ago, may I say that there is yet at least one very important amendment to the farm bill that is to be considered and disposed of. I refer to the Carey amendment. It having no relationship to the subject matter of the amendment referred this afternoon to the Committee on Banking and Currency, I suggest that of necessity we should go ahead and dispose of that amendment.

Mr. SMITH. Mr. President, if the Senator from Nebraska will allow me?

Mr. NORRIS. I yield to the Senator from South Carolina.

Mr. SMITH. I think we had better go on and finish consideration of the farm bill because there are other amendments that are going to be offered. It may be that the Committee on Banking and Currency will in the meantime have digested the inflation amendment and gotten it ready. I want to impress on this body that if we can have expansion of the currency it may be a good thing. We have all seen the effect of just the preliminary steps toward inflation. Commodities have all gone up, and if that is an evidence or proof of what we or at least some of us have been maintaining would take place—that if we could get a proper expansion of the currency all this legislation would not be necessary—it will be well to consider that amendment very carefully. But while the Committee on Banking and Currency shall be considering it, let us finish up the work we started out to do.

Mr. NORRIS. Mr. President, I will withdraw from my contention as gracefully as I can. I would not have the bill laid aside without the consent of the Senator from South Carolina. I am one who feels like complimenting him for the ability and patience which he has displayed in the consideration of the bill. I had no such idea as to try to interfere with his plans. He is in charge of the bill and I want to follow him. I did think, however, that the suggestion I made was one of importance. It seemed to me it would in the end save time. I anticipate that tomorrow there will be much longer debate on the amendments that are being presented than there would be if we were not waiting, as we probably will be, for the report of the committee on Banking and Currency. When that report comes in, we may have very important changes in the amendment. There is no telling what form the amendment may take. We will perhaps be asked to take it up without its being possible to have it printed in its amended form. I wanted to avoid that hasty consideration of such an important thing. However, I withdraw my suggestion.

Mr. ADAMS. Mr. President, may I make an inquiry, as one of the junior members of the Banking and Currency Committee? Whether the committee shall report back the amendment as suggested depends on whether or not the Senate wishes the Banking and Currency Committee really to give consideration to the amendment or whether it wishes to use the committee as a mere conduit to get it through in a hurried way. It is not possible to consider the amendment in the 2 hours which have been allotted. The Banking and Currency Committee can submit it to the Senate after a mere cursory examination.

My inquiry is whether or not the Senate really wants the Banking and Currency Committee to give the amendment due consideration or whether Senators merely want us to hurry it through and bring it back to the Senate without that due consideration to which some of us believe it is entitled. For one, I should not want to take the responsibility of having somebody say the committee had considered the amendment in all its important phases in 2 hours and passed it on to the Senate of the United States with the approval of the committee.

RECESS

Mr. SMITH. Mr. President, I think it is a debatable question whether the Senate would consider it improved or not after the Banking and Currency Committee had gotten through with it; but we will not enter into a discussion of that question. Therefore I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and the Senate (at 6 o'clock and 20 minutes p.m.) took a recess until tomorrow, Friday, April 21, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 20 (legislative day of Apr. 17), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Breckinridge Long, of Missouri, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Italy.

CONSUL GENERAL

James B. Young, of Pennsylvania, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO JUDGE ADVOCATE GENERAL'S DEPARTMENT

Capt. Desmond O'Keefe, Field Artillery (detailed in Judge Advocate General's Department), with rank from January 30, 1927.

TO FIELD ARTILLERY

Second Lt. Christian Gotthard Nelson, Infantry (detailed in Signal Corps), with rank from June 14, 1927, effective June 16, 1933.

TO INFANTRY

First Lt. William Frank Steer, Coast Artillery Corps, with rank from October 1, 1930, effective June 17, 1933.

PROMOTION IN THE REGULAR ARMY

To be first lieutenant

Second Lt. Orrin Leigh Grover, Air Corps, from April 10, 1933.

PROMOTION IN THE NAVY

Capt. Ernest J. King to be Chief of the Bureau of Aeronautics, in the Department of the Navy, with the rank of rear admiral, for a term of 4 years.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 20 (legislative day of Apr. 17), 1933

UNITED STATES DISTRICT JUDGE

James A. Donohoe to be United States district judge, district of Nebraska.

COMMISSIONER OF INDIAN AFFAIRS

John Collier to be Commissioner of Indian Affairs.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 20, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, again Thou hast been our refuge and our strength. We praise Thee, our blessed Heavenly Father; Thou art so infinitely good, absolutely and eternally merciful. Let these marvelous blessings inspire us to renewed effort and consecration to the painful needs of our country. O fill the whole spheres of our daily labors with fruitfulness, with vision, and with victory. Make our ideals lofty, our sympathies intense, and our service heroic. Arouse all breasts with a master passion, and may nothing lack of fullness of thoroughness and persistency of wise understanding. Direct us, Heavenly Father, to stand for the just and labor for the helpless, reclaim the fallen, and lift the downtrodden. In all wisdom, in all strength of mind, body, and soul, abide with our President. In these hours of his arduous burdens, merciful God, do not fail him, but comfort him with the richest of all rewards. Amen.

The Journal of the proceedings of Tuesday, April 18, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with an amendment, in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

H.Con.Res. 15. Concurrent resolution creating a joint committee to investigate the causes of the wrecks of dirigibles.

EXTENSION OF REMARKS

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech delivered in the House of Representatives caucus room on Wednesday, April 19, 1933, by Lawrence Dennis.

The SPEAKER. Is there objection?

Mr. O'CONNOR. Reserving the right to object, was this speech the one delivered in the House caucus room?

Mr. COLLINS of Mississippi. Yes.

Mr. O'CONNOR. Is the gentleman who delivered the speech a Member of Congress or an ex-Member.

Mr. COLLINS of Mississippi. No.

Mr. O'CONNOR. Mr. Speaker, I should like to inquire what right or privilege there is for any outsider using the House caucus room. How does he get the invitation?

Mr. COLLINS of Mississippi. Speeches by outsiders are frequently made in the caucus room of the House. Members of Congress occasionally arrange these meetings after securing permission from the House Office Building Commission. I made arrangements for the speech of Dr. Dennis. I acted within my rights in doing so. Dr. Dennis spoke last evening upon my invitation. He made a speech that was enjoyed by about 75 Members of the House, many of whom urged me to have it inserted in the RECORD for the information of Members who were not present and for the edification of the people of the country as well. I am confident the gentleman from New York will be profited by reading the speech. I invite his attention to it.

Mr. O'CONNOR. I am not objecting to the gentleman's speech being printed in the RECORD. What I want to call to the attention of the House is the use of the House caucus room. In my 12 years here I do not recall any instance of visitors speaking in the House caucus room. If we grant the right to one person, how are you going to refuse it to others? If a visitor, on the invitation of a group of Congressmen, can use the House caucus room to discuss controversial subjects like inflation or deflation or other subjects, I think it is a situation to which the House ought to pay attention right now, because if you grant it to one you must grant it to others, and it may lead to great embarrassment.

Mr. COCHRAN of Missouri. If the gentleman will permit, let me say the caucus room is under the control of the House Office Building Commission, and that Commission alone can permit its use for other than official business.

Mr. O'CONNOR. All right; I am not criticizing the Commission, but I do think the danger should be called to the attention of the members of that Commission. On Monday I wrote to the Speaker about it, sent copies to the majority leader and the Chairman of the Rules Committee. I had no interest as to any particular speech, but I do feel that if you start granting this permission you are going to have to grant it to everyone.

Mr. COLLINS of Mississippi. I feel that speeches from outstanding Americans are helpful to Members of Congress. The caucus room should be used oftener and meetings held there should be better attended. It is particularly unfortunate that the gentleman from New York sees fit to stay away from them. He was invited to hear the speech last night.

Mr. TREADWAY. Mr. Speaker, I did not hear the request of the gentleman from Mississippi, as to the nature of the speech, and by whom it was made. All we could understand was it was something about the caucus room.

Mr. COLLINS of Mississippi. I asked permission to extend my remarks by inserting in the RECORD a speech delivered last night in the caucus room by Dr. Lawrence Dennis. Dr. Dennis for about 12 years was in the Diplomatic Service of the United States, later was with the international banking firm of J. & W. Seligman, and during the past 5 years has been an independent writer, largely upon financial and diplomatic subjects. His book, Is Capitalism Doomed? was published by Harper & Bros., of New York.

Mr. TREADWAY. Has he any official connection with the Government?

Mr. COLLINS of Mississippi. None that I know of.

Mr. TREADWAY. I object.

SWEARING IN OF A MEMBER

Mr. LYNN S. HORNOR, a Member-elect from the third district of West Virginia, appeared at the bar of the House and took the oath of office.

USE OF HOUSE CAUCUS ROOM

Mr. POU. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. POU. Mr. Speaker, the suggestion of the gentleman from New York [Mr. O'CONNOR] with respect to using the caucus room is very timely. I am on the House Office Building Commission with my colleague from New Jersey [Mr. BACHARACH] and the Speaker as chairman. We have agreed on a few occasions upon the request of our colleagues on this floor that the caucus room could be used where there was no suggestion of any financial reward for persons who were delivering addresses on subjects that threw light upon legislation. We have drawn the line right there. We have declined to allow the caucus room to be used for social functions and wherever we thought there might be a selfish purpose involved, as, for instance, in an attempt to advertise somebody or something. We have felt that it is not improper when a request has been made for the use of the caucus room, and where our colleagues on either side of the Chamber desired, it should be used to grant its use for the discussion of subjects that throw light upon legislation. That is as far as we have gone.

Mr. CULLEN. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. CULLEN. The distinguished gentleman from North Carolina [Mr. POU] is chairman of the Rules Committee, and as such has jurisdiction, as I understand it, over the House Office Building, which includes the caucus room?

Mr. POU. That is correct. The caucus room is under control of the House Office Building Commission, of which the Speaker is chairman.

Mr. CULLEN. And the natural way to get permission to use the caucus room is to at least consult with the chairman of the House Office Building Commission.

Mr. POU. Really the proper way of approach would be to request the Speaker grant the permission desired, but I have undertaken to relieve the Speaker of that responsibility, in cooperation with the other member of the Commission, my friend from New Jersey, Mr. BACHARACH.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. BLANTON. It is understood, then, is it, that there shall be no use of the caucus room unless by permission of the Commission that has it in charge?

Mr. POU. It is never used except by permission granted by the House Office Building Commission, and, so far as I recollect, that permission has always been unanimous except possibly in one instance, when I could not get in touch with the distinguished gentleman from New Jersey [Mr. BACHARACH].

Mr. BLANTON. Absolute confidence may be placed in the House Office Building Commission to grant the use of the caucus room only for proper purposes and upon proper occasions. It is most wise that its use should in all instances be passed upon by such Commission. Its control has never been exercised in any arbitrary manner.

Mr. LOZIER. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. LOZIER. I know of no reason why the caucus room should not be used for the purposes to which the gentleman has referred. There is no reason why we should deny a group of the Members of the House the privilege of meeting in the caucus room to discuss legislative or economic problems and to call to their assistance men of distinction who are students of political and economic problems. Certainly this Congress is not going to say to the people of the United States that Congress is so self-centered that we will not allow an outstanding student of economics to discuss matters of that kind in the caucus room, especially at night, when Congress is not in session and when the caucus room is not needed for other purposes. [Applause.]

Mr. O'CONNOR. Why does not the gentleman go the full way and let them in on the floor to advise us?

Mr. LOZIER. Oh, that is an entirely different proposition. Certainly this Congress will not go to the unreasonable extreme of saying to the American people that we will shut our ears to all suggestions from the outside in reference to legislation intended to meet the present unprecedented emergency, restore normal conditions, and set once more the faces of the American people toward prosperity. I did not attend the meeting to which reference has been made; but I see no impropriety in allowing scholars, publicists, economists, and other students of public affairs to speak in the caucus room. Such meetings should be encouraged and not prohibited.

Mr. COLLINS of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. COLLINS of Mississippi. I have asked the gentleman to yield for the purpose of stating that I went in the usual way, together with other persons who sponsored this speech, and asked through the gentleman's office for permission to use the caucus room, and that that permission was granted.

Mr. POU. Yes.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. HOWARD. Mr. Speaker, I quite agree with the views expressed by the gentleman from Missouri [Mr. LOZIER]. I am one Member who is always ready to receive information. I can get it from my erudite colleagues when I have time to consult them, but I cannot always reach all of them when I most need their advice. I have been splendidly edified by addresses made in the House Office Building by distinguished gentlemen with reference to various subjects. I hope the rule will not be adopted to deny to the Members of the House seeking information opportunity to call distinguished scholars, statesmen, economists, men of renown, to give us the benefit of their thought on big subjects.

I call attention to one statement made by the distinguished gentleman from New York [Mr. O'CONNOR], who particularly objected because this particular address deals with a controversial subject. I call the attention of the Speaker and my colleagues to the glorious fact that since yesterday, when that magnificent President of ours took the bit in his teeth and said something directly to the ears of the international bankers, the subject discussed last night is no longer controversial. [Applause.]

Mr. O'CONNOR. Does the gentleman think the speech of this outsider last night, who got all of the publicity he wanted, had anything to do with influencing the President's judgment?

Mr. HOWARD. No. The President had acted before this gentleman spoke. The new President of ours is a leader and not a follower.

REFINANCING OF AGRICULTURAL LOANS AT LOWER RATES OF INTEREST

Mr. ARENS. Mr. Speaker, I ask unanimous consent to insert in the RECORD a resolution passed by the Legislature of the State of Minnesota requesting the lowering of interest rates in the so-called "farm-relief measure."

The SPEAKER. Is there objection?

There was no objection.

The resolution is as follows:

STATE OF MINNESOTA,
DEPARTMENT OF STATE.

I, Mike Holm, secretary of state of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original instrument in my office of H.F. No. 1954, being Resolution No. 19, laws of Minnesota, 1933, filed in this office on the 15th day of April, A.D. 1933, and that said copy is a true and correct transcript of said instrument and of the whole thereof.

In testimony whereof I have have hereunto set my hand and affixed the great seal of the State, at the capitol, in St. Paul, this 17th day of April A.D. 1933.

[SEAL]

MIKE HOLM,
Secretary of State.

Joint resolution to the House of Representatives and Senate of the United States concerning national legislation providing for refinancing of agricultural loans at lower rates of interest

Be it enacted by the Legislature of the State of Minnesota—

Whereas an emergency exists in this State whereby large numbers of farmers therein have lost or are losing their life's earnings for failure to meet interest payments through no fault of their own, with present conditions and high interest rates continuing, that such an emergency will continue for an indefinite time unless remedied by national legislation, providing for refinancing of farm loans at lower interest rates.

Whereas, due to the emergency now existing, the interests of both borrowers and lenders on farm lands within this State are mutual, that interest rates are so high and price levels are so low that borrowers are unable to pay existing rates, and lenders are unable to collect, due to the situation thus created.

Whereas it is the desire of the legislature of this State that occupying farm owners be permitted to refinance farm loans at lower interest rates, making possible for them to remain in their homes, and, inasmuch as there is now pending a refinancing bill in the Congress of the United States, which provides for administration, methods of financing, and reduction of interest rates to 4½ percent; therefore be it

Resolved by the Legislature of the State of Minnesota, That we regard such rates as provided for in this refinancing measure as too high to be of sufficient value to the farmers of Minnesota at this time and therefore we urge the Congress of the United States to lower the interest rate provided for in this bill to 3 percent per annum.

CHAS. MUNN,
Speaker of the House of Representatives.
N. K. SOLDBERG,
President of the Senate.

Passed the house of representatives the 11th day of April 1933.

FRANK T. STARKEY,
Chief Clerk, House of Representatives.

Passed the senate the 10th day of April 1933.

G. H. SPARTH,
Secretary of the Senate.

Approved April 15, 1933.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed April 15, 1933.

MIKE HOLM,
Secretary of the State of Minnesota.

SPENDING OUR WAY OUT OF THE DEPRESSION

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech delivered in the House of Representatives' caucus room last night by Mr. Lawrence Dennis.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. TREADWAY. Mr. Speaker, reserving the right to object, out of courtesy to my friend from Mississippi, I will not renew the objection I made a few moments ago. I personally do not approve of the system of inserting in the CONGRESSIONAL RECORD speeches by men who are simply private citizens, no matter how valuable their opinions may be; but out of respect for the gentleman from Mississippi [Mr. COLLINS], I will not renew the objection.

Mr. RICH. Mr. Speaker, reserving the right to object, if it is the desire of Members of Congress to see that speeches of individuals, made any place in the United States, shall be inserted in the RECORD and have free distribution, I am inclined to object. I think speeches of that kind should be sent out over the country at the expense of those who are interested in doing it. I do not believe that the speeches which are proposed to be put in the RECORD should be taken up as a matter for the Federal Government and the taxpayers to pay for. For that reason, I think I shall object.

Mr. COLLINS of Mississippi. Will the gentleman reserve his objection?

Mr. RICH. I will reserve the objection.

Mr. COLLINS of Mississippi. There were about 75 Members of the House of Representatives present when this speech was delivered, and at least 50 percent of those present asked me to make this request, and I hope, under the circumstances, the gentleman will not object.

Mr. RICH. Mr. Speaker, if there has been a request by 50 Members of this Congress that this speech be inserted in the RECORD, then I shall not object; but if it is a matter of individuals coming here and making speeches and then asking them to be inserted in the RECORD, I will object.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS]?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered in the House of Representatives caucus room Wednesday, April 19, 1933, by Mr. Lawrence Dennis, formerly of United States Diplomatic Service and of J. & W. Seligman & Co., of New York, author of Is Capitalism Doomed?

Do we need more or less production and consumption at the present time? If the answer is that we need more production to employ our idle labor and capital and that we need more consumption to reduce human misery and raise our standard of living, then the next question is: Must we spend more money? If one has a religious prejudice against the very act of spending money, one may reply that we ought to consume more while spending less, and that in order to do this we ought to lower prices still more. If, however, one has no religious taboo against spending money, one must accept the obvious conclusion that we ought to spend more in order both to produce and consume more.

It is amazing to what absurd lengths intelligent people will go these days in developing depression cures which can be guaranteed to involve no additional spending by the State or, in most cases, by anyone else. These cures recall the French proverb about making omelettes without breaking eggs. Past recoveries have invariably come about through increased spending or increased investment somewhere in the world. Increased investment, of course, has meant increased spending on the creation of productive capital. No people ever emerged from a depression by practicing economy. We got out of past depressions by squandering hundreds of millions of dollars on the construction of railways and new communities, while our Government gave away hundreds of millions of dollars' worth of land and vast sums of public money to war pensioners of the Republic and others, including promoters of railways.

The theory of the economy school of thought is that Government expenditures should be reduced so as to make more money available for productive business enterprise. This theory assumes that business needs more productive capital, which is obviously not true. It also takes for granted the proposition that if the income of the state or the individual is reduced, the state or the individual should reduce expenditures at once and thus diminish the incomes of other people.

The theory ignores the truism that one man's income is another man's expenditure and its corollary that what is one person's expenditure must always be another person's income. Nor does the theory recognize that the order of time sequence of diminishing incomes and expenditures is this: Expenditures are first reduced, thereby reducing incomes. The starting or causal factor of the present depression, so far as America is concerned, was really that of the net result of all the decisions of the American people in 1929 as to personal expenditures and investments. The net result of all decisions, just when money income was highest, was that we began spending less on personal consumption and the creation of new capital. This can be proved by statistics of total production, money payments, and investment on new capital. Notwithstanding the fact that the total amount of money income reached in 1929 a record all-time high for the United States, it happened toward the middle of that banner year that total expenditures for consumption and the creation of new capital began to decline. The decline in consumption and new investment then started has continued at varying rates of speed during the 3 years that have since elapsed; and the decline is in progress at this very moment. Now this decline simply cannot stop unless and until the result of all the decisions of the people and the state, taken in combination, is an increase in total consumption and/or investment. When total expenditures for consumption and capital goods increase, the Nation's income will increase automatically and simultaneously.

THE ECONOMY OR SCARCITY THEORY: MORE DEFLATION

The underlying theory of both the Hoover and the Roosevelt administrations is that, inasmuch as income is declining (by reason of decreasing expenditures), all public expenditure must be contracted at the same rate at which private income and expenditure are being reduced. This theory amounts to saying that the Government ought to help the depression to get worse. The supposition is that government and other consumptive expenditure should be reduced so as to make more money available for productive enterprise. It is forgotten that business does not need productive capital, but more consumption by customers. It is taken for granted that if the income of the State, a corporation, or an individual is reduced, a corresponding reduction in expenditure will furnish the remedy. It is ignored that what is one man's expenditure is another man's income. Nor is it recalled that the genesis of a depression is the first net reduction in total expenditure, which, of necessity, imposes or effects a net reduction of total income. Then the vicious circle or downward spiral is started. Then deflation goes on—not to infinity but to zero.

ECONOMY DOES NOT STIMULATE NEW INVESTMENT

The economy theorists assume that after expenditures have been pared down to the bone there must burst forth a new wave of investment on credit. But they forget that this sequel to previous depressions was a feature of a hundred-odd year period of industrial and territorial expansion which may now be over. They also overlook the fact that nothing whatever in the nature of the events of a depression generated these new investment booms of the past, but that such recoveries were due mainly to the settlement of free lands by European emigrants. They also forget that Europe had a depression for hundreds of years from the fall of the Roman Empire to the discovery of the Americas. A war, of course, might come along any moment and consume and destroy so much property that a reconstruction boom of several years' duration might follow. A war, however, might also leave civilization in ruins and usher in a long period of world chaos.

Mr. Roosevelt, out of loyalty to this theory of Government economy, has made a virtue of lopping off a billion dollars from the ordinary Budget, largely at the expense of the salaries of civil servants and the pensions of veterans. Fortunately, this Federal economy is to be largely, though not entirely, offset by appropriations under "extraordinary" budgets for public works, reforestation, and other relief projects. Men costing the Government $1 a day to keep in the Army are to be discharged and men taken on at a cost of $3 to $4 a day in the reforestation corps. In such ways is economy to be effected and the Budget balanced. The billion-dollar deficit of the ordinary Budget is being eliminated by calling such a deficit an extraordinary budget, emergency relief, or a capital budget.

BALANCING THE BUDGET

"Balance the Budget" is the war cry of the members of the economy school, but they propose to do it by reducing expenditure instead of by increasing revenue. Now it would be foolish to deny that the Budget should be balanced or that, in the long run, it is balanced. If a budget is not balanced in a given period entirely by taxes, it is balanced in that period partly with loans. If the loans are subsequently paid off 100 percent, it then happens that taxes balance the Budget. If the loans are not subsequently paid off 100 percent—that is to say, if the state defaults on the public debt or if it devalues the currency—it still holds true that taxes balance the Budget, because lenders, through such default, are taxed the amount which is due but not paid to them. So all budgets are balanced—in the short run sometimes by taxes and loans, in the long run entirely by taxation.

To say that a government cannot tax as much as it can spend or that a government can ever spend beyond its income is nonsense. The fact that the Government spends is proof that the Government can get the money. And any money the Government can spend, it can take by taxation. To say that the people will not stand for something is only another way of saying that the Government does not want to do it. Resistance to taxation, however, if carefully analyzed, will usually be found to be resistance to inequality of the incidence of taxation or to be simple opposition to making certain expenditures instead of certain others.

The people who are constantly crying "balance the Budget" when they really mean "reduce Government expenditures and throw Government employees out of work", forget that if, as is roughly the case, 25 percent of our income goes in taxes and nearly one third of our income in taxes or other payments for the cost of government, it is by the same token true that one third of income comes from the Government. A reduction in Government expenditure will help the general economic situation only if the saving on taxes is used to support a larger amount of private spending, financed through private credit, than the amount reduced in public spending. It must not be forgotten that every cent of money the Government spends makes up the income of private citizens. Not a cent of Government expenditure is lost. Why is it morally desirable to save money on public health, public instruction, or national defense so that people can spend more on chewing gum and cosmetics? Why is it preferable to have men on the dole to having them teach school or render useful services to the community?

The idea that people owning capital will invest more money once they see taxes reduced is an error. Capital is never more eagerly invested or money for personal consumption more generously spent than in war time when the public Budget is least balanced with taxes. It is obvious that any reduction of Government expenditure is a reduction of that part of our national income which today aggregates about one third.

ECONOMY HAS FAILED TO STIMULATE INVESTMENT

The economy measures of neither Mr. Hoover nor Mr. Roosevelt have stimulated one cent of additional investment or increased consumption in the United States. The proof of this sweeping statement is found in the statistics of steadily declining expenditures either for new investment or current consumption. Our national income has fallen from $85,000,000,000 in 1929 to less than $40,000,000,000 in 1932, and it is still falling. Wage payments have dropped to less than half their 1929 volume and are falling every week. Is it to be expected that capitalists will invest new money to produce for a steadily shrinking national market? Every Government employee thrown out of work is one less customer for business and one more potential candidate for the reforestation corps or some other form of dole.

GOVERNMENT ECONOMIES SET EXAMPLE FOR WAGE CUTS IN INDUSTRY

The prophets of economy are going on from one triumph to another. The same reforms will soon be introduced into railway administration. Thousands of superfluous employees and thousands of miles of unneeded trackage will be scrapped. It is only a matter of months until the idle inhabitants of large towns will be walking to neighboring towns on the few remaining railway lines left in operation. They won't be going to catch trains but to see the daily train make its stop. There is obviously no need for transportation facilities for communities which cannot sell their products at a price to pay transportation costs. The way to economize on the railroads is the same as the way to economize on government; don't use them.

MORE MONEY IS NOT NECESSARILY MORE SPENDING

To spend more and, hence, to consume more, it is not enough to create more money and more credit. Were our Government to print and give to every person $100, the $13,000,000,000 so distributed might all at once be spent on new purchases to the temporary revival of trade. But as we have over $150,000,000,000 of debt outstanding, we could well expect that once the $13,000,000,000 had been spent and turned into our banks, this money would disappear in the extinguishment of so much debt. Maintaining adequate consumption is a problem of spending enough money indefinitely—not just for a year. It is not a problem of having enough money to spend. We have enough money at present to put every worker and factory to work.

DEFLATION: LESS MONEY TO SPEND AND A SLOWER RATE OF SPENDING

Bank deposits in the United States have dropped from about $60,000,000,000 in 1929 to less than $40,000,000,000 at present. Probably if all banks were made really sound, bank deposits would be further written down by another $20,000,000,000 in the processes of liquidation. Not only has the volume of bank money shrunk, but the velocity with which it is currently spent has slowed down by two thirds of the 1929 rate. In other words, we have a third less money, and we are spending what we have two thirds less fast. Inflation and deflation are terms which apply to the speed with which money is spent as well as to the quantity of money. Most inflationists overlook this simple fact, believing that an expansion of the volume of money would automatically produce inflation. Conceivably we might double the amount of money on the books of the banks and still have less spending, if everybody chose not to spend or invest more than at present.

OBJECTS OF PUBLIC EXPENDITURES

Now for the oft-repeated question "What should we spend more money on?" The answer, of course, is "On anything we want." I assume that everybody in America has not everything he wants or could produce and earn if given a chance to work. If the State has to do the additional spending to restore prosperity and put people to work, the objects should be slum clearance, municipal beautification, public works, and all sorts of social services which would make life more agreeable. Slum clearance could well absorb $100,000,000,000 in the next 10 years and still leave many American cities behind the best model German towns. All such expenditures would be utterly nonreproductive in a commercial sense, but they would make America a better place to live in. Any expenditure which promises to be profitable or reproductive would now be made by private capital, which is seeking in vain fields for a 3- to 6-percent return. There is no need of more good houses to supply a paying demand. Anybody who can pay for a better house can at present find plenty to choose from without need for new construction. Slum clearance and better housing must be a sheer gift to the poor from the State.

DOLES OR WAGES FOR USEFUL WORK?

The question is, Shall we support 15 to 20 million unemployed in idleness or shall we increase total demand for goods and services in a way to receive from these now unemployed a contribution to our available supply of goods and to our permanent social capital? I assume that we are not going to allow the unemployed to starve, or that they will not allow us to let them starve. If these assumptions are correct, it seems idiotic to debate the question whether or not we should have a dole. We have it already. As long as any community supports unemployed and does not allow them to die of starvation that community has a dole system.

SUGGESTED PLAN

The central problem is that of developing and expressing a will to put the unemployed to work. I would offer the following suggestions:

First, the President of the United States should issue a message stating the problem and inviting the governors of the States to send representatives to a special public-expenditures conference to be held at Washington for the purpose of working out the technical details of a long-range program to run for at least 5 years. By the end of that period we should know what further measures, if any, the State would have to take. The object of the conference would be the use by the State of all the resources at its command to bring about at once and maintain indefinitely in the future a sufficient amount of consumption and creation of new capital, whether for social or profit-making purposes, to reduce unemployment to a negligible quantity.

Second, the conference would determine the amounts to be spent by each political entity, i.e., State or large city, over the period of the program. For budgeting these additional public expenditures it would be found desirable, if not absolutely necessary, to merge the expenditures of small entities like towns under 100,000 inhabitants and many counties into large State budgets. The conference would determine the distribution rate per year and objects of the additional expenditures. The geographical

distribution of the expenditures would have to be determined somewhat by the respective tax-contributing potentialities of different localities as well as by local needs and preferences. It might be necessary to admit a larger expenditure per capita of inhabitants for New York than for Arkansas, either for slum clearance or social services. Obviously, the plan of the conference would have to be discussed and ratified in the form of appropriate legislation by Congress. And it goes without saying that Congress has not the time or facilities for the technical elaboration of such a plan in its details.

Third. The public-expenditures program would include full provisions for initial credit financing and subsequent taxation coverage of 100 percent of the total outlay each year. These expenditures, as already indicated, would in no sense be commercial, productive, or self-liquidating investments. They would be purely consumptive expenditures.

FINANCING OF A LONG-RANGE PUBLIC-EXPENDITURES PLAN

The initial financing should take the form of an issue by the Federal Reserve Bank System of non-interest-bearing bank-deposit credit to the order of the Treasurer of the United States, who would make all disbursements. The bank money so created by the fiat of the State would be drawn upon by Treasury warrants and transferred to private accounts in commercial banks through the simple process of making Government disbursements. The taxation part of the program would call for heavy income and sales taxes to furnish the full amount spent during the period in which spent, once the initial year's expenditures had been covered by fiat creation of deposit credit with the reserve banks.

FINANCING MUST BE WITHOUT INTEREST CHARGES

The initial creation of credit or purchasing power for the public-expenditures program of the first year should be noninterest bearing. One principle which must emerge vindicated as a result of the experiences of this depression is that no interest should ever be promised or paid on purely consumptive uses of credit. It would be easy, of course, to introduce an old mystification. The Government could issue bonds at, say, 4 percent and make it possible, through the reserve banks, for buyers of these bonds to borrow 100 percent of the face value of a bond at a rate of interest less than that of the Government bond. In this way the pretense of paying interest could be maintained. But it would be a cheap and foolish mystification. Money spent by Government on pure consumption should create no aftermath.

EFFECTS OF INFLATION ON PRICES

What about the inflationary effects on prices? Inasmuch as every cent of money created and spent would be paid out for goods actually produced and used, and inasmuch as there are over 15,000,000 idle men to produce more goods to satisfy demand, there should be no considerable rise in prices as a result of any increase in public spending which did not exceed say $25,000,000,000 a year, the amount the now unemployed could produce if employed. Of course, speculation might drive prices upward if $25,000,000,000 a year of additional Government spending were suddenly ordered. But, if the State immediately announced appropriate taxes on speculative profits, the incentive to buy and take the attendant risks for the rise could be effectively checked and speculative price forcing virtually stopped. With speculative price raising checked by appropriate taxes on speculative profits, there would only be scarcity, such as prevailed during the war, to operate as a price lifter over any considerable period. Certainly if we were to spend twice as much as at present, and to do the additional spending by Government agency, we should not thereby create enough consumption to produce scarcity of any important commodity. The factor which would prevent any sustained price rise would be the production of the now unemployed.

There doubtless would be some price lifting done by psychological reactions to the mystic word "inflation." But what of it? If prices rose to 1929 levels and remained there, most of our present debt problems would be solved. And surely creditors and debtors alike should prefer scaling up income to scaling down debts.

EVILS OF DOLE RELIEF

Schemes of unemployment relief by creating jobs are for the most part economically unsound, politically dangerous, and morally detestable. We do not want to share misfortune or unemployment. We should want to end them as far as possible. Drafting home-loving Americans into labor battalions is an insult to American standards of decency and an assault on our traditions and civilization. It is strange that people should shrink from a recognition by the State of a responsibility to maintain adequate consumption and employment and that, at the same time they should advocate militarized labor for the unemployed. Labor conscripts will furnish the best possible soil for the seeds of communism. To destroy the homelife of the American workingman is to undermine the basis of our civilization.

UNEMPLOYMENT A PROBLEM OF SOCIETY, NOT JUST OF THE UNEMPLOYED

The problem of unemployment is the problem of an entire society which is not consuming enough to employ all of its members. The corrective must be applied to society in the form of increased consumption. If the evil of the entire community is corrected, there will be no unemployed except among those perversely unwilling to work.

SHORTER HOURS NO SOLUTION

All schemes for shortening the hours of labor ignore many fundamental facts. First, it will help no one to share unemployment. Second, there is no reason to suppose that the output of our entire working population working 8 hours a day might not be used to increase the happiness of the people. Third, there is no indication that labor is unwilling to work 7 to 8 hours a day in many occupations.

AGRICULTURE

Thus far I have not mentioned agriculture or the mortgage debtors, either in agriculture or the field of small owners. I should favor special relief to the distressed in any field and at any cost. Nevertheless, I do not believe that merely canceling the debts of the embarrassed debtor will contribute to a restoration of prosperity. Forcing creditors, most of whom spend their interest income, to accept a lower interest income or to lose part of their principal may equalize some of the present misery. But what we want to do is to reduce the total amount of our misery, not just to share it more evenly. There is, unhappily, in this country a pietistic, ascetic, and masochistic sentiment favoring the sharing of misery, unemployment, and a lower standard of living. According to this view, we are now suffering a theological punishment for high living during the boom.

AGRICULTURAL PRICES

With particular regard to the problem of depressed agricultural prices and the uneven terms of present barter of farm products for manufactured goods, it may be said that no general relief can be had from robbing Peter to pay Paul. Taking from miserable bread eaters hundreds of millions of dollars in taxes to give to equally, or even more, miserable wheat growers may equalize misery, but it will not revive trade. The farmers are ill-advised to seek salvation at the expense of other miserable classes.

ONLY INCREASED CONSUMPTION CAN HELP THE FARMER

Only increased consumption of all sorts of goods can ever help the farmer. This generalization was proved in every country during the war when the farmer received a larger real return for his output than ever in history. As for the limitation of farm output, it is evident that only a rise in total consumption can establish a fairer balance. This is true because if people cannot find jobs in industry, they will, of necessity, drift back to the land, there to swell agricultural production and lower the purchasing power of the farmers.

REDISTRIBUTION OF INCOME

The farmers make a mistake to hope for relief from mere redistribution of income through taxation. The very processes of a drastic redistribution of wealth and income would, other things being equal, result in diminished consumption because of the disturbances such processes would produce in our present capitalistic machinery. Of course, a drastic program of increased spending, financed by higher taxes, would effect a much more even distribution of wealth and income. Such a redistribution of income would be tolerable to the most heavily taxed for the good reason that, as a result of additional spending, there would be more produced and more to distribute. High taxes will soon be of no interest to the late rich, because, if present trends continue, there will be no rich to pay income or other high taxes. It is obviously better to have $90 out of $100 income taken by the State in taxes than an income of zero and taxes of the same amount. The first problem of government is not that of redistributing income but increasing income. The trouble with merely redistribution solutions is that they do not undertake first to produce more and then, incidentally, to distribute more evenly.

WHERE SHOULD WE GET THE MONEY?

Where should we get the money for increased Government spending in these days when our money incomes are being progressively reduced? The answer is that we should get the money where we have always got money—where we got money to open up the continent; where we got money to fight our wars, including the biggest in history. George Washington, Abraham Lincoln, and Woodrow Wilson are not called inflationists because their achievements in our three great wars would have been impossible without inflation. The opening up of this continent is not denounced because it was done with inflation of credit. We should get the money from a stroke of a banker's pen or a turn of a printing press, exactly as every people in the world have always got all the money they ever used except such as they extracted from gold and silver mines. It is not necessary to prove that inflation will work well to establish a case for colossal Government expenditures on credit until such expenditures can be permanently maintained through tax levies. It is necessary only to prove that if inflation by Government spending is not started, we shall soon witness the collapse of our entire civilization.

CONFIDENCE IN MONEY OR CONFIDENCE IN EARNINGS

Those in high places who are preaching these days confidence in our banks and currency fail to recognize that confidence in hoarded money is not confidence in invested capital. Money put into banks these days is, for the most part, not invested but hoarded. It is safe to say, on the basis of analysis of bank statements, that more than 50 cents of every dollar of savings recently put into banks have gone directly or indirectly into the deficit of the Federal, State, or municipal governments or of corporations operating at a net loss. It needs no proving that money loaned to a railroad to keep it out of receivership is not an investment. A Government deficit and the debt it creates are not capital investments. They are in no sense assets, except insofar as it is an asset to individual holders of Government bonds to have a legal claim to a pension from society in the form of interest on a Government bond. Many banks are refusing or discouraging new

deposits because they cannot find what they deem safe and profitable uses for loaned money. The need is for confidence to spend and invest; not for confidence to hold on to money symbols written on bank books or paper currency.

A LACK OF CONFIDENCE IN MONEY WOULD CREATE A BUSINESS BOOM

If the people of the country as a whole mistrusted all banks and trusted their currency, they would try to convert their bank deposits into paper currency for the purpose of holding such paper money. It was precisely such a Nation-wide attempt of this sort that brought on the recent bank holiday. The banks have since reopened, that is about three fourths of them. There has been no further flight from bank deposits to paper currency. Paper currency in circulation has consequently declined and bank deposits have about held their own. A flight from paper money to gold has been rendered impossible under the new regulations suspending the convertibility of paper money into gold and making it a crime to own gold coins. It should be remembered that the order of events in a flight from money is, first, a flight from bank money to currency; and, second, a flight from currency to gold. There is also a flight from money to goods which will be discussed farther on. Just at present, we have no flight from money to gold or to goods. It is one of the mysteries of finance why some people are rejoicing over a degree of popular confidence in bank money and currency that amounts to a preference for money rather than goods.

POST-WAR EXPERIENCE WITH INFLATION

It is fortunate that we have much post-war experience to enlighten us about what may be expected in the event of a flight from money. It is comparatively easy to predict many sequels of a Nation-wide flight from a currency. Just such a flight took place in Germany for 3 years. Did it cripple trade? The answer is that it stimulated trade. Not until the quantity of marks in circulation had been expanded several million times their pre-war amount was the point reached in the German inflation that goods and services could not be readily bought with paper marks. At the present moment in the United States the wildest proposals of inflation do not call for a doubling of the total volume of currency and credit. If President Roosevelt had persuaded Congress to print and give away $10,000,000,000 in paper money to the people of the United States, the currency inflation so produced would not have offset the deflation in purchasing power that has resulted in the United States during the past 3 months by reason of the reduction of bank deposits and credit. Whatever may have been the causes of the February run on the banks, no one can say that inflation of bank deposits or bank credit was one of the causes. Deflation and not inflation closes banks and stops the wheels of industry and trade.

GERMAN INFLATION BREAK-DOWN DUE TO TWO FACTORS

The reasons why currency inflation into the trillions resulted in a break-down of trade in paper money in Germany grew mainly out of two special factors. The first factor was the chronic deficit in the international balance of commodity trade of Germany. Germany needs more imports each year than her normal exports will purchase in foreign markets. The excess of imports into Germany during the inflationary period was for a time paid for through large sales, about $2,000,000,000 worth, of German paper marks to foreign optimists. But it is hard to finance anything very long on nothing but optimism, as some people are now learning. The second factor forcing a break-down of trade with paper marks was of a purely mechanical nature. It was a matter of the difficulties of printing and computing astronomical sums in paper money, coupled with the problems of hourly price changes to keep pace with a volume of money rapidly expanding toward infinity and a value of each unit of money rapidly receding toward zero.

THE EVILS OF DEFLATION ARE MORE TERRIBLE THAN THOSE OF INFLATION

Having stated the mechanical difficulties of inflation in geometric progression toward infinity, one must add that during the entire period of the German currency inflation, 1921–24, Germany was much better off in every way than she has been during the past 3 years of comparatively sound money and deepening deflation. At no time during the German inflation of the currency did total unemployment in Germany rise above the million mark. The German unemployed have risen since the establishment of sound money to about 4,000,000 in 1929 and 6,000,000 in 1933. Other figures could be given to show that deflation has inflicted more suffering in Germany than the maddest inflation in history.

The people who utter dire warnings about the tragedies of uncontrolled inflation exaggerate the facts and utterly ignore the tragedies of uncontrolled deflation. A period of uncontrolled inflation culminates when consumption and new creation of capital goods are running ahead of current production. The corrective is simple, obvious, and relatively harmless. The people just slow down until consumption and new building are brought into balance with current production. A period of uncontrolled deflation, on the other hand, such as we are now agonizing in, would eventually culminate in nobody's producing anything whatever for sale. The correctives would be the starvation of everybody but farmers and the production by farmers of everything they used—the end of trade, in other words. This would mean going back to the life of our aborigines. It is evident then that deflation is fraught with graver potentialities of evil than inflation. Inflation leads to a rest. Deflation leads to death. Deflation, if persisted in, will mean the annihilation of our entire industrial population and of our present civilization. Perhaps Spengler is right. Perhaps our civilization must perish. But deflationists should be told what they really advocate when they oppose inflation.

THE GERMAN INFLATION PROVES THAT INFLATION WORKS TO STIMULATE TRADE

I have cited the German inflation, the worst possible example, to prove two points: First, it remains possible during the worst conceivable inflation for trade to go on. Second, inflation stimulates trade to the maximum limit of existing productive capacity. In our case, with a perpetually favorable balance of commodity trade, it is conceivable that we might go on expanding our currency until the price of a postage stamp might be the millionth power of a million dollars. Mechanical difficulties of computation in high numbers and the relative ease of devaluing and starting all over again ever so often would naturally indicate repeated cycles of inflation instead of expansion of the currency to infinity.

UNLIMITED INFLATION, HOWEVER, IS NOT NECESSARY

Here I wish to say that if I point out that inflation accelerates trade, I do not thereby argue that there is no other way of maintaining a satisfactory amount of total trade than to inflate to infinity. We may hope to develop with State spending and higher taxation, heavily implemented with non-interest-bearing public credit, a satisfactory state of trade over an indefinite period.

WHAT ABOUT THE EFFECTS OF INFLATION ON BONDS AND MORTGAGES?

I must first put in a word of reply to those who raise the objection that German inflation wiped out 100 percent of the value of German bonds and that French inflation extinguished 80 percent of the value of French bonds. My answer is: First, the present American deflation will also wipe out 100 percent of the value of bonds and mortgages if not checked by inflation. Better restore railway traffic through inflation and wipe out 50 percent of the purchasing power of railway bonds than allow an abandonment of transportation facilities through the effects of deflation to wipe out 100 percent of the value of railway bonds. Second, limited inflation can save much of the value of bonds and mortgages.

WHAT ABOUT A FLIGHT FROM THE DOLLAR TO FOREIGN CURRENCIES?

It seems unnecessary in the world of today to discuss the problem of a flight of capital from one country to another. International movements of money, credit, and gold are no longer free. The gold standard is suspended in America and England and in most other countries. A flight of American capital abroad is only to be feared by an American Government making an attempt to maintain the gold standard, or the free convertibility and export of gold. Once the American Government makes no pretense at converting paper dollars into gold or allowing gold freely to be exported, attempts at a flight from the dollar to foreign currencies would present difficulties only to those making such attempts, not to the American Government or the American people.

If enough persons were so foolish as to sell a considerable quantity of dollars for foreign currencies in foreign markets, they might produce a low quotation on American dollars. That low rate would discourage American imports of foreign goods and encourage foreign imports of American goods. It would do what our tariff and "Buy American" campaigns aim to do. And it would do what our exporters wish to do—promote American exports. The Americans selling paper dollars in a foreign currency at a rate below the purchasing-power parity of the dollar in the United States would be richly punished for their folly by the loss they would suffer. It may, therefore, be said that the only flight from the dollar which is at all probable in the world of 1933 is a flight from dollars to American goods and investments.

It is important at this point to emphasize the difference between a flight from bank deposits to money and a flight to goods and investments. It is evident that, given existing limitations of law and popular prejudices governing the issue of additional paper money, any large-scale flight from bank deposits to currency must be quickly stopped by a closing of all banks. If the Federal Reserve banks can only issue up to two and a half times as many paper dollars as they hold of gold dollars, and if it is considered scandalous for the State to print paper money not covered by gold, it is clear that the banks of the country cannot possibly obtain enough money to pay off some $40,000,000,000 of deposits at one time. A flight from bank deposits under these conditions must close the banks which could not possibly obtain more than some 25 percent of their deposits in lawful money to pay to depositors.

NATIONALIZATION OF OUR BANKING SYSTEM WHEN IT FAILS UNDER PRIVATE MANAGERS

In parenthesis, I may offer the opinion that the simplest and sanest way for the Government to have met the Nation-wide flight from the dollar in the bank holiday of last March would have been to nationalize at once all banks, start the printing press (which was done), and announce that all banking resources and all banking liabilities would be pooled, the Government offering at once to pay in new paper money 50 cents on every dollar of deposits, pending a new valuation of bank assets, bank deposits, and bank liabilities to creditors. It is assumed that the merging of all bank resources could have allowed the Government, without penalizing the taxpayer, pay at least 50 cents on every dollar of deposits in all banks. Had such a policy been followed, paper money would quickly have started flowing back into the banks, and subsequent runs on the banks of the Nation-operated system would be improbable. This is true, because, once the Government owns and operates all the banks, a deposit dollar is as good as a currency dollar.

POOLING OF BANK ASSETS AND LIABILITIES A DISCRIMINATION? WHAT OF IT?

It may be objected that it would have been discriminatory against the more solvent banks, their owners, creditors, and depositors to have pooled their assets and liabilities, respectively, with those of the weaker and less solvent banks. This is perfectly true, but what of it? We embarked more than a century ago on the policy of economic discrimination by State action. The tariff is an example. The necessity for equalizing by State interference certain legally acquired economic advantages is now fully recognized. The farm-allotment plan and special aid to home-owners threatened with a legal loss of their homes are examples of capital levies on one class and State subsidies to economically crippled groups. Let us have more of the same thing in the interests of equity and prosperity.

THE EASE OF EQUALIZING ECONOMIC ADVANTAGES THROUGH NATIONALIZATION OF BANKS

One of the beauties of equalizing fortunes and economic advantages of different regions and groups through the nationalization of all banks and merging of all financial assets and liabilities is that once the so-called "strong banks" have to close and remain closed until permitted with the aid of the Government printing press to reopen, there can be no valid legal or moral objection to complete nationalization. The good banks get at the Government printing press through the Federal Reserve banks and the Reconstruction Finance Corporation. When a bank closes its doors to the public, it opens its doors to the State. When all banks have to close and in utter helplessness admit their inability to meet their obligations all bank managements should be deemed to have abdicated permanently to the State. There is no excuse for private management of banks which fails to operate the banking system in a way to merit and command public confidence and to operate without such measures of State aid as are now being extended.

REDISTRIBUTION THROUGH NATIONALIZATION OF BANKING CANNOT BE EVADED

Another beauty of equalizing fortunes through the nationalization of all banks is that any redistribution of wealth which may be made will operate as a tax on certain favored individuals and communities, and as a tax which cannot be evaded. Bank assets are absolutely at the command of State administrators, once banks have to close and use the Government printing press to reopen.

PRESENT PLANS OF BANK REOPENING GIVE FINANCES OF NATION TO WALL-STREET CONTROL

Under the plan of bank reopenings and reorganizations now in operation or contemplation, the resources of the Government printing press through the Reserve banks and the Reconstruction Finance Corporation are being placed at the command of the so-called "sound" banks, most of which are in the favored regions. The banks of New York, in particular, are being rewarded for having sucked up the liquid balances of country banks all over the country during a long depression; for having reduced their loans to productive business enterprises employing labor; and for having put their liquid funds into nearly riskless short-term Government notes; in a word, the "sound" banks are to be rewarded for having hoarded and kept liquid while the banks of the stricken regions of the country have had to stand holding the bag. The banks of the agricultural regions and smaller towns are penalized for having financed the honest but unprofitable enterprise of tilling the soil and feeding the Nation. Now the financial interests of New York and the East are to be allowed, with the aid of Government credit, to obtain a stranglehold on the resources of the country, much as they did after the crash of 1907. This stranglehold of Wall Street on the country will be obtained through the power now being given to the strong to reorganize banks in communities which are now bankless, moneyless, and generally helpless. The strong financial interests will be aided to develop large banking chains, the control of which will be vested in New York interests and pipe profits from the country to that center of wealth and economic power.

GOVERNMENT CAN ALWAYS CHECK A FLIGHT FROM DEPOSITS OR CURRENCY TO GOLD

Resuming the thread of my larger argument, I may say that government can always check a flight from bank deposits to paper currency by making paper currency no better than bank deposits, or by making bank deposits as good as paper currency. Mr. Roosevelt, as yet, has not followed the ideal procedure I have outlined, but he is going far and will go farther in that direction—perhaps more from necessity than inclination. Putting the printing press behind "sound" banks is a radical step towards making some deposits as good as paper money. Suspending the convertibility of paper money into gold is a big step towards making paper money no better than bank deposits. These two types of measures have discouraged further flight from bank deposits to currency or from currency to gold; but they have not encouraged a flight from money to goods or investments.

WE NEED A FLIGHT FROM MONEY TO GOODS AND INVESTMENTS

Those for whom the suggestion of a lack of confidence in money is anathema should consider that turning money into goods does not mean reducing the volume of money or making a run on banks. The explanation is evident. When a person buys goods or an investment with the payment of a bank check, the recipient of the check deposits the money promptly in the same or another bank. Let us suppose that in one day every cent of money on deposit in all American banks were paid out for goods and investments. What would be the situation the next day? Well, for one thing, there would be just as much money in the banks and in circulation. There would be less goods in stock and many securities and pieces of real estate would have changed owners. Prices of securities, real estate, and commodities would have taken a big rise. What events would then probably follow? The answer is that merchants and manufacturers would borrow large sums from the banks, thus increasing the total amount of deposits. This they would do in order to replace the goods just sold. Millions of unemployed would be put to work on wages created by credit advances from the banks. We should find ourselves overnight in the midst of a new business boom just because the depositors in all American banks had suddenly lost confidence in our currency. It must be remembered that putting money into a bank is an act of confidence in the bank, but that this act only helps the general situation if the bank shows equal confidence in the future of the community by putting that money into productive enterprise.

HOW TO STOP A BOOM—PREACH RENEWED CONFIDENCE IN MONEY SO AS TO START HOARDING

If the lack of confidence in deposits and money we have supposed were to continue, with the result that neither producer nor consumer wished to hold money in the bank or in his pocket any longer than he could help, we should soon have all our factories and working people on overtime employment. The pressure on our productive plant and overworked employees might easily become so heavy that the President of the United States would be justified in making an appeal to the patriotism and humanitarianism of the American people to show more confidence in their banks and currency by hoarding money in their banks and purses. Only in this way could industry, agriculture, and trade be given a breathing spell. When such a situation arose, I should hasten to join a society for the restoration of confidence in our banks and currency and for the encouragement of thrift.

A NATION-WIDE LOSS OF CONFIDENCE IN MONEY, HOWEVER, IS MOST UNLIKELY

Such a Nation-wide loss of confidence in our bank deposits and currency as might usher in overnight a new era of prosperity would be a psychological miracle, the like of which no sane person could reasonably expect to see happen. It might seem logical, in the light of present conditions, to exhort the Nation to work this miracle. The trouble, however, is that exhortations are not acted on by the Nation; they are acted on by individuals. Now, it would be silly to advise individuals to turn dollars into goods or investments when it is known that individual incomes from capital are declining to the vanishing point and when it is apparent that investments are yielding less and less. It would be almost criminal to advise workers whose wages have been cut and whose jobs are in jeopardy to spend their savings in the banks. To the unemployed who might still be so fortunate as to have a little money left in the bank or in their pockets, one might say that a national wave of spending would restore prosperity and jobs. Still, one would have to add that a personal spree of spending by the unemployed man of his savings would instantly put him in the bread line. Failure to distinguish between the dictates of expediency for the group and the demands of prudence for the individual is the fault of most advisers on the depression. Another fault is a stupid faith that miracles always happen.

PLEAS FOR CONFIDENCE IN MONEY SUPPOSE A PRE-WAR SITUATION WHICH HAS PASSED

The reasoning which underlies most pleas for more confidence in our banks and currency rests on an imaginary picture of a pre-war situation in our industrial and territorial expansion, already alluded to. The pre-war situation was never quite that of the imaginary picture, but whatever the pre-war situation, it no longer exists. We are not receiving a million immigrants a year; we are losing people by emigration. We no longer have free lands to give away; and if we had them, no one would want them. The theory is that there must be a great demand for loan funds in the world and that the supply of savings for the purchase of bonds and mortgages will normally be inadequate unless people are inspired with confidence in the stability of the unit of currency and in the soundness of financial institutions. The theory has always taken it for granted that borrowers as a whole could earn interest charges and that potential lenders as a whole will never hold funds idle for any length of time. Both of these assumptions are entirely untrue to theory or history.

ONLY FOR SHORT PERIODS HAS IT BEEN POSSIBLE TO EARN INTEREST—PEOPLE HAVE ALWAYS HOARDED

For thousands of years it has been impossible all over the world, in all sorts of civilization, to lend large amounts of money at interest. For thousands of years in all sorts of civilizations rich princes, nobles, and merchants have hoarded gold and other forms of liquid wealth. Columbuses cannot discover Americas every century or so.

THE LENDER'S CHIEF CONCERN IS NOT SOUND MONEY OR SOUND CONTRACTS BUT POSSIBILITY OF EARNING A RETURN

If it is assumed that there are always unlimited fields for the employment of capital at profitable rates of interest, it goes without saying that the lender's chief concern is over the stability of the unit of money in which interest and principal are to be paid, and this concern extends also to the enforceability at law of loan contracts. The trouble with this theory is that the major premise is no longer true. The problem is not stability of the currency or enforceability of loan contracts. The problem is to find a

profitable investment. Holders of bonds and mortgages are no longer worried about getting a good dollar or having a valid contract. They are wondering whether they will get anything at all from railroads which cannot earn operating charges. Talk about inspiring confidence in the soundness of banks and the currency is about as silly as giving banks access to the Government printing press and then humbly inquiring whether and on what terms the bankers will be kind enough to lend money to the Government.

Wholesale reductions of principal and interest on existing debts are on the cards. There is not the slightest doubt that creditors must take what is offered them, or what is earned. The implications of these debt reductions are (1) bank deposits must be scaled down in proportion to the general impairment of earnings of capital and labor as a whole; (2) the gold content of the dollar must be correspondingly reduced; (3) the annual savings out of income from capital must be reduced in measure as capital income is being reduced by the current processes of deflation; (4) persons dependent on capital income for living expenses must, in view of net reductions of principal and income, gradually eat up their principal. The capital of purely financial institutions like banks, trust companies, insurance companies, building and loan associations, and so forth, must be gradually dissipated by the same general processes of deflation or business without profit. How absurd then to attempt to revive confidence in new investment or additional spending by telling people the bedtime story that their bank deposits and currency are safe. Moreover, people are not worried about the conservation of money savings so much as they are over the possibility of earning more money with capital or labor. If earnings or production and consumption fail to increase, then neither bank deposits nor currency can be good in their present amount. The dollar cannot be maintained at its present gold content.

MONEY IN BANK DEPOSITS OR CURRENCY IS A SYMBOL—IT IS AS GOOD AS WHAT IS BEHIND IT

The fallacy of the confidence in the bank and currency school of thought is that of supposing that bank deposits and money can ever be anything more than symbols of wealth, or that the symbol can be better than the reality. Bank deposits and currency are but symbols which are useful for effecting exchanges of wealth and uses of wealth. To whatever extent the earnings of factories, railroads, or renting properties are impaired, bank deposits must be reduced. The worth of symbols of wealth must decline as the worth of the wealth declines. If we choose to allow half of the capitalized wealth of the Nation to remain idle and unused, that unused half is not wealth. We must, therefore, write down the capitalization of bank deposits, bonds, mortgages, and insurance policies. Why not write up wealth by using it? Why not write up production and earnings.

CONCLUSION—THE ABSURDITY OF PREACHING CONFIDENCE WITHOUT RAISING CONSUMPTION

It is absurd to preach confidence in bank deposits or currency to people who have the best of reasons to husband their savings and not to create new productive capital. Confidence must be restored in the ability of invested capital to earn a return and of labor to earn a wage. The Budget balancers propose to inspire confidence by throwing Government employees out of work. If there were good grounds for confidence in future earning power of capital and labor, there would be no need to worry about confidence in the solvency of banks or the soundness of the currency. What can be done to restore confidence in the future earning power of America? The answer is that the state must increase the demand for the potential output of American capital and American labor by spending colossal amounts of money on socially desirable expenditures. If we don't do it soon on social expenditures, we shall do it on war.

HITLER, GOERING, GOEBBLER, ET AL., COWARDS AND BULLIES—THE FEDERAL BAR ASSOCIATION OF NEW YORK, CONNECTICUT, AND NEW JERSEY PROTESTS THE HITLER OUTRAGES

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on H.R. 24.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. CELLER]?

There was no objection.

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to call attention to House Resolution 24, which I introduced in the House on March 9, and which is as follows:

Whereas serious antisemitic outbreaks have occurred in Germany under the regime of the chancellor, Adolf Hitler, leader of the Nazis; and

Whereas the oppressions and proscriptions of Jews now practiced in Germany hark back to an age of barbarism; and

Whereas American citizens of Jewish faith have been outraged and insulted, their homes invaded, and their very lives placed in jeopardy; and

Whereas the anti-Jewish action in Germany involves the denial of the fundamental rights of every human being in a spirit contrary to the traditions of American freedom of conscience, religion, and liberty; and

Whereas distinguished Protestant and Catholic laymen and clerics, as well as important religious and interdenominational organizations and societies, have emphatically registered protests against such Nazi policies; and

Whereas the American Jewish Committee, the American Jewish Congress, the B'nai B'rith, and other Jewish philanthropic, humanitarian, and fraternal organizations have asked the American Government to make proper representations to the Government of Germany concerning these anti-Jewish assaults and outrages; and

Whereas there are ample precedents for such action to be taken by our State Department, to wit:

(1) In 1875 our Secretary of State, Hamilton Fish, appointed a Jewish consul general in Bucharest, Mr. Piexotto, solely for the purpose of indicating to the world that we in America were interested in the treatment accorded to the Jews there.

(2) In complete abhorrence of the excesses that had taken place in Rumania again in 1902, John Hay, Secretary of State, forwarded to Rumania his celebrated note, wherein he said:

The United States "cannot be a tacit party to such an international wrong. It is constrained to protest against the treatment to which the Jews of Rumania are subjected, not alone because it has unimpeachable ground to remonstrate against the resultant injury to itself, but in the name of humanity."

(3) In 1928, as a result of mass meetings protesting the violation of minority rights by Rumania, our Secretary of State Kellogg represented to the Rumanian Government that we viewed with concern the outrages perpetrated there and that we would view with great disfavor a continuance thereof; and

Whereas this diplomatic interference by our Government in each case brought the required relief; and

Whereas the rights of American citizens are involved: Therefore be it

Resolved, That the House of Representatives in Congress assembled deems it fitting and proper for our State Department, provided it be compatible with the public interest, to make known to the German Government that it does not view with favor the cunning cruelties, outrages, and insults now practiced against our nationals who are Jews now domiciled in Germany; and be it further

Resolved, That our Government in the name of humanity calls upon the German Government to cease denying the fundamental and inalienable rights of those who may be resident in Germany, be they Jew or non-Jew.

I have not pressed this resolution for passage, nor have I demanded a hearing thereon before the Foreign Affairs Committee. I have refrained from taking these steps because of the assurance given by our distinguished Secretary of State, Hon. Cordell Hull, our former colleague, that he had the matter well in hand and that he could, by moral suasion rather than by forceful protests, ameliorate the conditions now confronting the Jews in Germany. Our distinguished colleague, SAM D. MCREYNOLDS, Chairman of the Committee on Foreign Affairs of the House, likewise urged caution. I respected and still respect his advice, and in accordance therewith I have not breeched what to him and to our State Department are the proprieties.

Under date of March 26, 1933, Secretary of State Cordell Hull made the following public statement:

I feel hopeful, in view of the reported attitude of high German officials and the evidences of amelioration already indicated, that the situation which has caused such widespread concern throughout this country will soon revert to normal. Meanwhile, I shall continue to watch the situation closely with a sympathetic interest and with a desire to be helpful in whatever way possible.

However, in the light of present conditions, apparently the situation has not returned to normal and is not improving. Recent events in Germany seem to indicate that Chancellor Hitler has not moderated his zeal against Jews and things Jewish. He may not be murdering the Jews, but he is undoubtedly killing them economically and starving them into submission. His is a sort of cold pogrom of economic strangulation. Sad to relate, his Nazi drive on Jews is being carried beyond the Reich. There are repercussions far beyond Germany's borders, and anti-Semitism is rearing its foul head in other countries. The promise that I and some of my colleagues have given to Secretary of State Hull may have to be withdrawn soon unless there are changes for the better in Germany, and we shall be compelled to use every weapon in the legislative arsenal to help put an end to the acts of these cowards and cravens—Hitler, Goering, Goebbler, and others.

I herewith insert, first, a letter which I addressed to the president of the American Olympic Committee, Mr. Avery Brundage, of Chicago, under date of April 20, and, second, a communication which I addressed to Maj. William Kennelly, president of the New York Athletic Club, under date of April 12.

APRIL 20, 1933.

Mr. AVERY BRUNDAGE,
President American Olympic Committee,
Chicago, Ill.

MY DEAR MR. BRUNDAGE: The Olympic games are scheduled to be held in Germany in 1936. The unsportsmanlike attitude of the Nazi toward Jewish athletes renders this meet unthinkable. Germany cannot be considered a land of fair sport when men are proscribed because of a question of race or religion.

Dr. Theodore Lewald, chairman of the Olympic games for 1936, scheduled to be held in Berlin, has been forced to resign because his father was born of Jewish parents 120 years ago. Dr. Lewald was the chief organizer of the German sports movement for youth. He was recently removed as chairman of the German Sports Federation because of being one fourth Jewish.

Hitler, Goering, Goebbler, et al., cowards and bullies, by their unspeakable attitude have made it impossible to expect that American athletes, especially if they be Jewish, will receive fair consideration.

Certainly the Olympics—the very essence of racial equality—should not be held in a country that bans runners, hurdlers, wrestlers, and tennis players simply because they are Jews. Sporting America would be craven should no protest be made, and this can be done by refusing to send our teams to Germany. No red-blooded American should go to these games if they are to be held in Germany.

Every effort should immediately be directed toward the transfer of these games from Germany elsewhere. Otherwise, by our inaction, we condone these insane and brutal German discriminations.

Respectfully yours,

EMANUEL CELLER,
Representative Tenth New York District.

APRIL 12, 1933.

Maj. WILLIAM KENNELLY,
President New York Athletic Club,
Seventh Avenue and Fifty-ninth Street,
New York, N.Y.

DEAR PRESIDENT KENNELLY: I am informed that Dr. Daniel Prenn, one of Germany's best tennis players, has been dropped from the German Davis Cup team competition because he is a Jew.

Theodore Lewald is about to resign from the chairmanship of the German Sports Federation as a result of Nazi pressure because he is one quarter Jewish.

These are but additional instances of the insane and brutal attitude of the Hitlerites toward the Jews.

To fair-minded Americans this is indeed a blow below the belt and befouls the very name of sportsmanship.

I am wondering what will be the answer of athletic America to this amazing insult to sporting intelligence and this unspeakable violation of the traditions of fair play.

Not the least extraordinary aspect of the removal of these two sportsmen is the fact that the announcement is made on the eve of the arrival of Max Schmeling, the German pugilist, who is about to embark for the United States to engage in a fistic combat with none other than the Jewish boxer, Max Baer, at the Yankee Stadium in New York City. The said Schmeling plans to make a tour of the United States that will take him into 42 cities. On one of his previous visits to this country he earned over half a million dollars, which he took back with him to Germany. He, of course, expects to extract from the sporting element of our country a similar sum during his forthcoming trip.

Recently, this same Schmeling was shown in the talkies with Adolf Hitler, and therein Hitler extolled Schmeling and expressed the hope that young Germany would emulate him.

We all know what would happen if the situation were reversed and a Jewish prize fighter like Max Rosenblum or Max Baer were scheduled to enter the prize ring in Germany against Max Schmeling. What would be the reception accorded the Jewish prize fighter? Would he be permitted even to enter Germany, let alone the prize ring?

What shall be the attitude of sporting America concerning the visit of this German pugilist?

Yours sincerely,

EMANUEL CELLER,
Representative Tenth New York District.

PROTEST OF THE FEDERAL BAR ASSOCIATION OF NEW YORK, CONNECTICUT, AND NEW JERSEY

On April 17, 1933, at the Hotel Commodore in New York City, there was held a meeting of the Federal Bar Association of New York, Connecticut, and New Jersey, at which a resolution, introduced by Mr. Hugh Gordon Miller and seconded by Mr. John Eubank, Mr. Benjamin Hartstein, and others, was passed by a unanimous rising vote.

These distinguished lawyers have the following to say concerning the persecution of their brother lawyers in Germany, simply because they happen to have been born Jews or to have one fourth Jewish blood in their veins.

It is interesting to note that Mr. MILLER, in presenting the resolution, stated that no Jew had suggested it or had anything whatsoever to do with it; that it was a Gentile demand for justice to fellow lawyers of the Jewish race in Germany, a token of fraternal regard and loyalty, in the face of a situation the contemplation of which was enough to sicken and revolt the soul of any human being not gone mad.

The ruthless cruelty of the persecution was unequaled even in medieval times. Driven, without any process of law whatsoever, not only from the bench to which they were constitutionally elevated, but from the practice of their profession, these brother lawyers are deprived of their money, penalized for not keeping up their law establishments, and kept imprisoned in Germany facing distress, slow starvation, and privation for themselves and their children. The Jewish race and faith have furnished many of the greatest lawyers, law givers, and judges that mankind has known, and it cannot, therefore, in the light of all recorded history, be claimed, even as an excuse, that these persecutors are dealing with a backward race.

On account of these well-established facts—regardless of any physical atrocities—the Federal Bar Association of New York, Connecticut, and New Jersey desires to go on record as not only viewing such uncivilized conduct toward members of the legal profession with the deepest horror and condemnation, but expressing public sympathy to them, and calling upon all believers in human justice throughout the world to publicly condemn the indefensible course taken by the present administration of the government of Germany.

This position is the same as that expressed by the British Foreign Secretary in the House of Commons on April 13, namely, that—

This is not a Jewish outlook or the outlook of a section or party. It is an Anglo-Saxon outlook.

It would be a profound mistake for anyone to imagine the feeling in this country is limited to members of the Jewish community.

It is a spontaneous expression of the principle of racial toleration.

It is believed that this protest and appeal to the true German culture, in the name of humanity and justice, as practiced in all ages by civilized people, will be heeded when inflamed passions subside, and our concern is that ordered justice may again be established by this great nation.

Knowing, nevertheless, that the present party of Hitler has declared its intention to carry out such a persecution, it is impossible in the name of humanity to remain silent while it is being put into effect, regardless of any camouflage for foreign consumption.

It is therefore resolved that there can be no fraternal intercourse between the members of the Federal bar of New York, Connecticut, and New Jersey, and the bar of any nation, so long as they permit or encourage such persecution because of race or religion; that any fraternal invitations from the bar of the United States to the bar of Germany in connection with the coming Chicago Exposition, or any other invitation to the bar of Germany which calls for fraternal intercourse, be at once recalled unless the German Government immediately orders a stop to these persecutions.

Blind justice in this matter, covering her face in horror, cries out in an appeal to the court of last resort, a court which in the last analysis is final, the collective judgment of mankind, which is moulded to a large extent by the bar. Let this resolution be the answer so far as this association is concerned.

Jewish brains do not enrage their Anglo-Saxon brothers in America certainly, and apparently not in Great Britain. Thank God, Anglo-Saxon lawyers have inherited a sporting sense, along with the traditions of liberty and justice.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that after consideration and disposition of the so-called "gasoline tax bill" it may be in order to take up for consideration the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes; that all points of order may be considered as waived, and that general debate shall be confined to the bill and shall

continue for 2 hours, one half to be controlled by the gentleman from Alabama [Mr. STEAGALL] and the other half to be controlled by the gentleman from Massachusetts [Mr. LUCE].

Mr. SNELL. Mr. Speaker, reserving the right to object, I should like a little further explanation in regard to this situation. In the first place, as I understand the program, the gasoline tax bill reported by the Ways and Means Committee, will be taken up today and will probably consume the entire day. I understand the gentleman from Tennessee then desires to ask unanimous consent to take up what is known as the "Wagner bill", granting a gift of $500,000,000 to the different States?

Mr. BYRNS. That is the bill I referred to.

Mr. SNELL. And that consideration of that bill may immediately follow the gasoline bill, which will probably be tomorrow. Is that the situation?

Mr. BYRNS. Yes. I do not know just how long the gasoline bill will require.

Mr. SNELL. But to immediately follow it, but not to be taken up today?

Mr. BYRNS. Well, if the gentleman insists that it go over until tomorrow, I would not object. I can see no reason why, if the gasoline bill should be considered at an early hour, we could not go on with the general debate and then take it up under the 5-minute rule tomorrow.

Mr. SNELL. I understand there is to be 3 hours' general debate on the gasoline tax bill, and if that is true, that will consume most of today.

Mr. BYRNS. I am entirely willing to adopt the suggestion of the gentleman from New York and take up the Wagner bill tomorrow.

Mr. SNELL. Of course, there are some of us opposed to that bill, but I am not going to take the position of opposing consideration. As I understand the gentleman's request, it is simply to consider the bill under the general rules of the House?

Mr. BYRNS. That will be the effect of my request, if granted.

Mr. SNELL. If it is agreeable to the ranking members on our side as to the time for general debate—and I suppose it is or the gentleman would not have asked it—it will be agreeable to me.

Mr. BYRNS. Well, I have not consulted with the ranking minority members.

Mr. SNELL. I wish the gentleman would leave the question of 2 hours' general debate open until tomorrow. At the present time the gentleman from Maine [Mr. BEEDY] and the gentleman from Massachusetts [Mr. LUCE] do not appear to be on the floor. Otherwise I would not have any objection to the gentleman's request.

Mr. BYRNS. I am willing to withdraw that portion of my request with reference to the limitation on general debate, but this is a bill which is fashioned along the lines of the bill which was passed for the aid of agriculture. It has been in committee now for 10 days or 2 weeks. If we are going to pass the bill, it should be passed quickly, and I can see no reason for any extended debate on the subject, especially when immediately after this we will have the Muscle Shoals bill, to be followed with either the securities bill or the home owners' mortgage bill and a resolution which the Committee on Interstate and Foreign Commerce will bring in relating to the St. Lawrence waterway.

Mr. SNELL. I have no desire to bring in extraneous matters under general debate, and I am willing to have the debate limited to the bill itself, and perhaps 2 hours will be sufficient time; but before I agree to that, I feel I should consult with the ranking members on our committee. Otherwise I have no objection to the gentleman's request.

Mr. BYRNS. Mr. Speaker, I will withdraw from my request the limitation upon the time for general debate.

Mr. REED of New York. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. REED of New York. A remark has been made that the gentleman from Maine [Mr. BEEDY] and the gentleman from Massachusetts [Mr. LUCE] are absent. I happen to know they are engaged on very important business in committee at this time, and that is the reason they are not present at this moment.

The SPEAKER. The gentleman from Tennessee [Mr. BYRNS] asks unanimous consent that immediately following the consideration of the bill H.R. 5040 it shall be in order to consider the bill H.R. 4606, the Wagner bill, and that all points of order shall be considered as waived. Is there objection?

Mr. FULLER. Mr. Speaker, is it the gentleman's request that debate on the next bill be limited to 3 hours?

Mr. BYRNS. No; I am not asking that.

Mr. FULLER. The gentleman is not going to have 3 hours' debate on the gasoline tax bill, is he?

Mr. BYRNS. I did not ask that.

Mr. FULLER. The time for general debate on the next bill is left open?

Mr. BYRNS. That is left open.

Mr. SNELL. As I understand it, the matter of time for general debate will be taken out at the outset of the consideration of the bill tomorrow?

The SPEAKER. Is there objection to the request of the gentleman fom Tennessee?

There was no objection.

FEDERAL AID FOR STATE AGRICULTURAL EXPERIMENT STATIONS, AND FOR OTHER PURPOSES

Mr. ADAMS. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting therein a resolution passed by the Legislature of the State of Delaware, and that the resolution be referred to the appropriate committee of the House of Representatives.

The SPEAKER. Is there objection to the request of the gentleman from Delaware?

There was no objection.

The resolution is as follows:

ONE HUNDRED AND FOURTH GENERAL ASSEMBLY,
STATE OF DELAWARE.

House Concurrent Resolution 27

We hereby certify that the enclosed is the same house concurrent resolution as was passed in regular session by both houses of the one hundred and fourth general assembly.

J. THOMAS ROBINSON,
Speaker of the House.
W. A. SIMONTON,
President Pro Tempore of the Senate.

We hereby certify that the enclosed house concurrent resolution is properly backed, stamped, and sealed, and is the same house concurrent resolution as above certified to.

OWEN K. MOORE,
Bill Clerk of the House.
KARLENE H. CARPENTER,
Bill Clerk of the Senate.

Certified with—

EDWIN E. SHALLCION,
Clerk of the House.
WM. P. SHORT,
Secretary of the Senate.

House Concurrent Resolution 27

Whereas the Congress of the United States has authorized the President to revise all appropriations for the operation of the Federal Government; and

Whereas information has been received that in such revisions there is a possibility that all Federal aid to the States be discontinued; and

Whereas if such Federal aid were discontinued such action would seriously impair, and possibly eliminate, some important functions of State government in the State of Delaware; and

Whereas these said functions are of vital concern to the agriculture of the State of Delaware inasmuch as elimination of all Federal aid for experiment stations would probably cause the closing of the agricultural experiment station of the State of Delaware, elimination of Federal aid for cooperative extension work in agriculture and home economics would cause the disintegration of that work, the elimination of Federal grants for education in agriculture and mechanic arts would probably result in the abolishment of the school of agriculture in the University of Delaware, and elimination of all Federal grants for vocational agriculture would seriously cripple the vocational-school work in the State; and

Whereas the agricultural population would be deprived of all assistance, guidance, and instruction in their farming operations at a time when such assistance, guidance, and instruction are of paramount importance to their welfare; and

Whereas the State of Delaware is financially unable to replace Federal grants in aid by State funds: Be it

Resolved, That we, the General Assembly of the State of Delaware, do hereby petition and implore Hon. Franklin D. Roosevelt, President of the United States, that complete elimination of Federal grants to States for teaching, research, and extension work in agriculture do not take place. We petition that the President of the United States give serious consideration to the fact that abolishment of all Federal grants to the States might result in destroying the school of agriculture of the University of Delaware and the cessation of all its functions, including research, experimentation, extension work, and collegiate instruction in the science and art of agriculture and that the elimination of aid from the school of agriculture of the University of Delaware would work an undue hardship upon farmers and the agricultural industry of Delaware.

That a copy of this resolution be sent to the President of the United States and to each United States Senator and Representative in Congress from the State of Delaware.

EXTENSION OF GASOLINE TAX—MODIFICATION OF POSTAGE RATES

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes; and pending that, I ask unanimous consent that debate on this bill be limited to two hours and a half to be equally divided and controlled, one half by myself and one half by the gentleman from Massachusetts [Mr. TREADWAY] and the gentleman from New Jersey [Mr. BACHARACH]. This is in accordance with a tentative understanding I have with these gentlemen.

Mr. TREADWAY. Mr. Speaker, reserving the right to object, the time allotted is entirely satisfactory to this side. My only suggestion to the gentleman from North Carolina is that he couple with his request the statement that the general debate shall be confined to the bill. I did not understand him to make that as part of his request.

Mr. DOUGHTON. Mr. Speaker, I modify my request accordingly and ask that general debate be confined to the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from North Carolina.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, with Mr. HASTINGS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, section 2 of this bill relates to rates of postage. Certain rates of postage are definitely fixed in the bill. Other rates are left to the determination of the President of the United States to be modified as he may deem advisable during the next fiscal year. The authority contained in this bill expires on July 1, 1934.

This bill sets out to reduce, as an experiment, the rate of first-class postage on letters delivered locally in the city in which they are mailed. This is what is known as drop letter postage. For example, a letter mailed in the city of Washington for delivery in the city of Washington, the rate on which is now 3 cents, will under this bill be 2 cents; but a letter mailed in Washington for delivery in Baltimore will take the 3-cent postage rate until such time as the President deems it advisable to reduce the rate to 2 cents. It may be this rate will not be reduced, but the President has the power to do so if he deems it expedient.

It is my idea that the rate of postage on first-class matter should be 2 cents per ounce all over the United States so far as letter mail is concerned. When the matter was brought to the attention of the House Post Office Committee in the Seventy-second Congress our committee opposed the increase from 2 cents to 3 cents. However, when the sales tax was defeated in the House at that session it was necessary for the Committee on Ways and Means to find other sources of revenue, and this postage increase was recommended by that committee. The department at that time estimated the revenues resulting from the increase of postage from 2 cents to 3 cents would amount to $134,000,000 annually.

At that time I appeared before the Ways and Means Committee and opposed increasing the postage rates from 2 cents to 3 cents. The bill was brought before the House and, again, I opposed the increase and my opposition was based on my knowledge of postal rates and because of the past experiences of the Department, which indicated to me that no such revenues would be raised. On the other hand, I maintained that wide-spread evasion would take place all over the United States, resulting in a loss of revenue rather than the increase which the Department expected.

When this bill was brought to the attention of the members of our committee this year, consistent with the action we had taken in the past, we urged a general reduction from 3 cents to 2 cents for all first-class letter mail. The bill, as you know, was referred to the Ways and Means Committee, and properly so, because the increase was in the nature of a tax, rather than an increase of postage rates.

A conference was recently called at the Post Office Department, and the distinguished Chairman of the Ways and Means Committee and myself attended. The experts of the Department contended that if we returned to the 2 cent rate we might lose approximately $70,000,000 and that this would result in great injury to a balanced postal budget. They suggested that if we reduced the rate on local mail from 3 cents to 2 cents the loss would only amount to $17,000,000. The result of this conference, attended by representatives of the House and Senate and the Post Office Department, was this compromise measure.

The Postmaster General himself, eager to bring about such reductions as would be consistent at this time, agreed that for experimental purposes it would be proper to reduce the rate on first-class postage in the local post-office districts from 3 cents to 2 cents, and if this proved successful the general reduction for which we contended would be made.

Mr. BOYLAN. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from New York.

Mr. BOYLAN. Does not the gentleman think it will tend to confusion in the large mailing houses in the sending out of their mail? They will have to have additional clerks to segregate the local and the out-of-town mail. I think it would be better if the matter were made uniform.

Mr. MEAD. The gentleman is correct; it would work more satisfactorily, and, in my judgment, it would yield more revenue. It would increase the volume, and as you increase the volume you reduce the unit cost. But as I have said, this is a compromise measure, and it is now up to those of us who have contended that the 2-cent rate will yield more revenue to prove our contention, and if that occurs there is ample authority granted in the bill to carry out the suggestion which the gentleman has made.

Mr. ARNOLD. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Illinois.

Mr. ARNOLD. As I understand it, first-class mail now pays a profit over and above the cost of operation of something like $70,000,000 or $80,000,000 a year. The greatest source of loss in the Postal Service is from second-class mail. Is there any provision in this bill that gives the President authority to readjust the rates on second-class mail so as to make that class of mail pay something like the cost of operatiton?

Mr. MEAD. As I understand the bill, we not only grant the President such authority as will permit him to modify first-class rates but we also grant him authority during the next fiscal year to modify such other rates as he may deem necessary in order to make the service pay.

Mr. ARNOLD. Is that authority carried in this bill with reference to second- and third- and fourth-class mail matter?

Mr. MEAD. Yes; it is carried in the bill with respect to all classes of mail, but there is a definite requirement that first-class mail in the local post offices be reduced to 2 cents.

Mr. ARNOLD. I think that is a very good field of operation.

Mr. MEAD. Very good.

Mr. SNELL. Will the gentleman yield?

Mr. MEAD. I yield to the distinguished gentleman from New York.

Mr. SNELL. As I understand, the gentleman and his committee have been making quite an exhaustive study for the last year or so relative to postal rates. From the statement the gentleman has made on the floor of the House, and from reported statements in the newspapers by the present Postmaster General, I thought you were all agreed that you should change at once the 3-cent rate on first-class mail to 2 cents. Am I correct about this?

Mr. MEAD. So far as I am concerned, the gentleman is correct. The only argument that was made against a general reduction was by the experts of the Post Office Department, who contended that we would disturb a balanced postal budget; that we would incur a loss of $70,000,000 if we followed the suggestions which the gentleman has just offered.

Mr. SNELL. Who is it that has any more definite information than the committee that has been studying this matter for the last year or so?

Mr. MEAD. I may say to the distinguished minority leader that about a year ago the Post Office Department presented figures to the Ways and Means Committee indicating we would increase our revenues by $134,000,000, and, unfortunately for the present administration, the same experts that presented those figures are now presenting figures to vindicate the stand they took at that time.

Mr. SNELL. But, as I understand, facts and experience have proven to the gentlemen that their figures are not correct.

Mr. MEAD. I am in thorough accord with the gentleman; I believe their figures are not correct.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. SNELL. If proof has come to the gentleman's committee that their facts and contentions are not true, and the gentleman has made up his mind that we should reduce the first-class postage rate to 2 cents, and I am informed the Postmaster General—at least from the interviews he has given—feels the same way about it——

Mr. MEAD. He is very sympathetic toward our position.

Mr. SNELL. Then why should we not do that now? As far as I know, the majority of this House, from all the indications I have seen, want to do it; and if we believe it is right and want to do it, why should we not do it now?

Mr. MEAD. As I said before, I believe the statement of the minority leader to be correct, but the contention put forth by the experts of the Department prevented our doing just what you would have us do. This bill is a compromise. This permits the reduction to take place, and the process is a safe one from every standpoint. If the contentions you and I make are correct, then the President may reduce first-class postage universally throughout the United States. If such a provision were not in the bill, I would oppose it. I am sure it will be proven that 2-cent postage is justified, even from a revenue standpoint.

Mr. SNELL. Who is responsible to the people of the United States for legislation, the Members of the House of Representatives and the Senate or the experts in the Department, when the gentleman himself says he does not place confidence in the report they have made, and as the gentleman says it has been proved by experience that the reports were not true?

Mr. MEAD. As I have stated, we are delegating certain powers to the Executive branch of the Government. If I remember correctly, when the economy bill was being considered on the floor of the House, my distinguished friend, who now objects to delegating power to the Executive, voted to delegate the greater authority contained in that measure to the President. I opposed it, so I am as consistent as he is.

Mr. SNELL. Not a bit; the other was an emergency proposition, and that is the reason I voted for the measure. This is not an emergency proposition and the gentleman knows it.

Mr. MEAD. I will say that balancing the Budget under these difficult conditions and trying times is an emergency matter. As I said before, the experts of the Department disagreed with our figures and are trying to vindicate the estimates they gave out when postage rates were increased.

Mr. SNELL. Who is opposing what the gentleman thinks we ought to do here today?

Mr. MEAD. The gentleman from New York knows better than I do how legislation is prepared and considered in these emergency days.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. DOUGHTON. I yield the gentleman 2 minutes more.

Mr. MEAD. Now, I want to give you a few figures in relation to the increased postage. In 1931, according to the Department estimate, first-class mail produced $335,000,000.

In 1932 the first-class mail produced $310,000,000, or a decrease of $25,000,000, or approximately 8 percent, which was due to the depression. If the 8 percent decrease continued for 1933, the first-class mail would produce $286,000,000, considering the normal depression drop; but that was not the case. In 1932 we carried 13,000,000,000 letters, and in 1933 there were 5,200,000,000 letters less left in the first-class mail. Five billion two hundred million at 2 cents amounts to over $100,000,000 in revenue. The total first-class pieces left in the mail amounted to 7,800,000,000, and at 3 cents each would amount to $234,000,000, instead of $286,000,000, the normal depression drop. If we will add to that the post-card revenues of $14,000,000, we have $248,000,000, and we are still suffering a loss of $38,000,000 on first-class mail, due to the increased rate. Therefore, considering only first-class mail and deducting the normal loss due to economic conditions, including revenue received from post cards, we made a mistake when we increased postage from 2 to 3 cents. This bill should pass.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. BACHARACH].

Mr. BACHARACH. Mr. Chairman, I propose to offer a motion to recommit this bill and strike out all matter relating to postage rates and to eliminate the granting to the President the power to change postal rates. I think that the Congress is thoroughly qualified to act in a matter of that kind on its own responsibility.

The statement was made in the committee yesterday that this is an emergency measure. I should like some Member to tell me how and why this is an emergency measure. I differ with the Chairman of the Committee on the Post Office and Post Roads. He did not vote for the President's economy measure, and yet he comes up here and tells us how important it is for us to support the President at this time. I did vote for the economy bill, and I have always voted to give the President full power to act when there is a real emergency requiring the exercise of such power. But if we are going to grant the President this power in respect to all measures and become "rubber-stamp" Congressmen, "me too" Congressmen, why not let us take a recess for such time as it may require the President to complete his program, and when he sends down his bills we can pass them en bloc by rubber-stamping our approval of them? In all my 19 years' experience in Congress I have never heard or seen a gasoline tax bill being mixed up with a proposition to reduce postage rates.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Certainly.

Mr. DOUGHTON. Is it not a fact that the fixing of postal rates is somewhat like the fixing of railroad rates, a technical matter, and that those who are in daily contact and charge of it, studying the matter day in and day out,

are in better position to know what rates are just and equitable than are those of us who merely superficially study it?

Mr. BACHARACH. I think one of the most efficient committees in the House is the Post Office and Post Roads Committee. The gentleman from New York [Mr. MEAD] did not complete entirely his statement on this subject, because he neglected to make the statement which he made before the Ways and Means Committee a year ago, that an increase in the rate on post cards would not bring in the revenue anticipated. He was correct in that, and the Post Office Department was wrong, just as he is correct today, when he says that the uniform rate should be 2 cents on first-class mail matter.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. TREADWAY. In order to ask the gentleman from New Jersey this question in connection with the inquiry of the chairman of the committee: Did not the chairman of the committee, the gentleman from North Carolina [Mr. DOUGHTON], introduce a bill that undertook to establish a flat reduction to 2 cents under date of March 17? What became of that bill? There never were any hearings before the Ways and Means Committee on the original bill which the gentleman introduced.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. DOUGHTON. In response to my distinguished friend from Massachusetts, the ranking member of the committee, I did introduce a bill to provide for a 2-cent rate; but before presenting that measure—appropriately, I think—I discussed the matter with the Treasury Department and with the Post Office Department, with the Postmaster General and with the Secretary of the Treasury, and also with the President of the United States. While they were all sympathetic with the purpose in view, to return to a flat 2-cent rate on first-class mail matter, yet at the same time they were so anxious to balance the Budget without increasing taxes or levying additional taxes that until a survey could be made and it could be ascertained definitely whether or not there would be any substantial loss in revenue as a result of the return to the 2-cent rate, that at their request I deferred to their judgment in order that the matter might be tried out, first, on a flat 2-cent rate on local matter, drop letters, and then, if it works, as I understand it will, and as we all hope it will, the President will have the authority to apply it to all first-class mail.

Mr. TREADWAY. Mr. Chairman, I do not want to take the time of the gentleman from New Jersey unduly, but evidently the chairman of the committee admits that in his own judgment the original bill which he introduced, and which never had a hearing before the Committee on Ways and Means, represented his judgment. Later on that judgment was side-tracked in behalf of other people's judgment. That is about the situation here today.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. VINSON of Kentucky. In that connection I might suggest that the judgment of the administration at this time in not coming down on first-class mail to a 2-cent rate is the same as the judgment of the ex-President of the United States, Mr. Hoover, and the judgment of Mr. Ogden L. Mills, former Secretary of the Treasury, who recommended that the rates be increased from 2 cents to 3 cents.

Mr. BACHARACH. I hope the gentleman does not take all of my time.

Mr. VINSON of Kentucky. With only 6 weeks of the new administration the gentleman should not be so critical.

Mr. TREADWAY. Will the gentleman yield?

Mr. BACHARACH. My time is getting short.

Mr. TREADWAY. I will yield 5 additional minutes to the gentleman from New Jersey [Mr. BACHARACH].

I should like to ask the gentleman from New Jersey has there ever been a time that any administration official, until the present day, recommended an optional postal rate?

Mr. BACHARACH. Never to my knowledge.

Yesterday we had before us in executive session an employee of the Post Office Department to testify in favor of this bill. He stated the reason the administration wanted to reduce the rate from 3 cents to 2 cents was because they were losing the business of public-utility companies, department stores, and other large business organizations. He stated that these people were sending out bills and other communications by messengers. They wish to get back that business for the Post Office Department, and it was thought that this could be done by reducing the rate on local drop letters. But it is hardly likely that these concerns would scrap their messenger services for a 1-cent saving on local first-class matter when it would still be necessary for them to pay 3 cents on letters to contiguous territory. If we are going to reduce the rate to 2 cents on first-class matter, let us make it uniform throughout the country. That is the only way this matter should be handled as far as first-class mail is concerned.

I also want to call attention to what has been said about second-class mail and the contention that second-class mail is not paying its fair share. I am not quite so sure it is not paying its fair share. The rate was increased last year, after quite extended hearings, and it was brought back to the rate of 1920. The reason I say I am not so sure that it is not paying its fair share is because we know that it is the general practice for public utilities to make special rates covering slack periods; for instance, the gas company in Washington gives reduced rates for daytime usage; electric companies do the same thing. The telegraph companies have four different special-rate services, all of which cost identically the same for them to operate. Why do they do that? They do it to use the slack time. That is exactly what occurs with second-class mail.

The paramount thing that is considered by the Post Office Department is getting out first-class mail, and that is done with express speed. I could quote Postmaster General Brown in support of this and I could quote from the testimony which Mr. MEAD gave before our committee a year ago in public hearings. Mr. MEAD contended the reason the post-office business was falling off was because of the business depression, and that instead of increasing in the normal amount of $30,000,000 a year, it was falling off by reason of the falling-off in business.

It is nothing short of ridiculous to grant such powers to the President of the United States. I do not care if he is a Republican or a Democrat. It is a direct slap in the face, as far as the Members of this House are concerned. I have been sent here by my constituents to legislate, and not to delegate that power to someone else. As I said before, there is no one who knows more about post-office matters than the gentlemen who represent the minority and majority on the Post Office and Post Roads Committee. Let them consider the question of increased postage and report their findings to the Congress.

We can go too far in delegating the power that belongs alone to Congress. I was here during the war days, and I voted for every measure that President Wilson asked for to win the war, as did the Republican minority generally. We know that when it came to the passage of the selective draft bill President Wilson could not get the Democratic chairman of the Military Affairs Committee to handle it, and he asked that great American, the late Julius Kahn, the ranking minority member, to handle the bill. There are many here who know that story.

So I say to you, as far as the Republicans are concerned they are willing to go along; but when it comes to a proposition of mixing up postage rates with a gasoline tax and granting extraordinary powers to the President, it should not be done. I know the gentleman is going to say the only reason that it is asked is to save time, but we could pass the gas-tax bill in 5 minutes.

Mr. DOUGHTON. Will the gentleman yield?

Mr. BACHARACH. Certainly, I yield.

Mr. DOUGHTON. Is it not a fact that the increase of postage and the imposition of the gas tax were included in the same bill?

Mr. BACHARACH. Yes; and there were 20 other articles in that bill, too; but the only reason that it is put in this bill, in my judgment, is to drag along this proposition to give new powers to the President, because everyone is in favor of a continuation of the 1-cent gasoline tax for another year and there would be no opposition to it.

Mr. KENNEY. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. KENNEY. Does the gentleman believe that under his plan the post-office business would be put on a self-supporting basis?

Mr. BACHARACH. The first-class mail probably would.

Mr. JENKINS. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. JENKINS. I understand the gentleman expects to make a motion to recommit the bill, to strike out two different sections?

Mr. BACHARACH. Yes.

Mr. JENKINS. One of those sections is to not give to the President any discretionary power with reference to the 2-cent rate.

Mr. BACHARACH. That is true.

Mr. JENKINS. Does the gentleman contemplate in his motion also keeping from the President or not giving to the President the right to do anything with reference to the second-class mail?

Mr. BACHARACH. Absolutely. That is up to the House.

Mr. RAGON. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. RAGON. I think the gentleman has made a statement that he might clarify, namely, that under the gentleman's plan we could balance the Post Office budget. I do not think the gentleman meant to say that.

Mr. BACHARACH. Oh, no, no; and I did not say that. I had reference to the deficit on first-class mail.

Mr. RAGON. We will balance the Budget any way we figure it on first-class mail, because every schoolboy knows that first-class mail is a profitable proposition.

Mr. BACHARACH. I want to ask the gentleman a question, if I may.

Mr. RAGON. Very well.

Mr. BACHARACH. Does the gentleman believe this is the proper way to legislate on Post Office matters? If so, why not let us delegate all our powers to the Executive and quit?

Mr. RAGON. Does the gentleman from New Jersey wish me to answer?

Mr. BACHARACH. I hope the gentleman from Arkansas will answer.

Mr. RAGON. I think the gentleman should take the position he took in the committee. I cannot justify my vote making it possible for the President of the United States to take away from ex-service men crippled and maimed the hundreds of millions of dollars we have granted them by sitting here supinely and permitting the newspapers of this country, for instance, to enjoy a practical subsidy of $102,000,000 in postal advantages.

Mr. BACHARACH. The amount is all right but the gentleman has not stated all the facts.

Mr. RAGON. I state frankly that that is what the expert from the Treasury Department told us yesterday. Now, if authority is given the officials of the Post Office Department working under the President to work out a system to take care of the deficit on second-class mail, they can balance the postal budget.

Mr. BACHARACH. Is the gentleman talking for the White House now?

Mr. RAGON. No; I am speaking for myself personally.

Mr. BACHARACH. Does the gentleman know if the President proposes to change the rates or does he merely want the power?

Mr. RAGON. Does the gentleman suppose his Secretary of the Treasury and his Postmaster General would object?

Mr. BACHARACH. This is what concerns us Republicans——

Mr. RAGON. It is just plain, ordinary horse sense, my friend knows as well as I do.

Mr. BACHARACH. No. I think I understand, but I still do not see and the gentleman cannot make me see that we are going to lose $102,000,000.

Mr. RAGON. No; but the gentleman heard what the expert from the Treasury said yesterday. The gentleman knows, and I know, that we never had the intestinal fortitude in this House to stand up and adjust these postal rates. Now, I am in favor of trying it.

Mr. BACHARACH. I have but a minute left. I hope the gentleman will let me proceed.

Mr. RAGON. I am sure the gentleman can get more time. I think the gentleman will agree with me that we cannot do it in the House and we cannot do it in the Senate. Now, let us give a chance to someone who will do it.

Mr. BACHARACH. I say to the gentleman, as I said before, as far as my constituents are concerned they did not send me here to be a rubber stamp. They sent me here to legislate.

Mr. RAGON. Did the gentleman act as a rubber stamp when he voted on the economy bill?

Mr. BACHARACH. I voted for it because it was an emergency measure.

Mr. RAGON. It was a rubber-stamp proposition.

Mr. BACHARACH. But it was really an emergency measure. At any rate I considered it as such when I voted for it. But no one can tell me at this time that the question of adjusting postage rates calls for emergency treatment. If that can be proved to my satisfaction then I will go along with the proponents of this bill.

Mr. RAGON. I think I can do it.

Mr. BACHARACH. I know the gentleman will not try it.

Mr. RAGON. I will a little later.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. RICH. Does the gentleman believe that if this bill is enacted into law the President will take cognizance of the fact there is a deficit in the second- and third-class postage rates and regulate these rates?

Mr. BACHARACH. Of course, we all know there is a deficit in second- and third-class mail receipts, and the Congress can handle the matter just as well as the President. It is fallacious to talk about newspapers being entirely responsible for this deficit. Not more than 18 percent of the circulation of the newspapers of the country is carried by mail. So this 18 percent is not the controlling factor in this proposition. Our Democratic brethren simply want these powers delegated to the President; why they do, is a matter upon which you may draw your own conclusions; I have my own.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. SHALLENBERGER. We voted for the economy bill as an emergency measure because there was a tremendous deficit. Part of the deficit, at least to the extent of $100,000,000, came from the Post Office Department. We are going to take care of this part of the deficit. Is not this an emergency matter?

Mr. BACHARACH. No. I understand we have had a falling off of postal receipts; and, of course, last year we did have a deficit, but I fail to see why this cannot be corrected by the Congress, instead of delegating that power to the President.

Mr. SHALLENBERGER. As I view it, it really is part of our emergency program to take care of this deficit of $100,000,000, and we are going to give the President the power to take care of it.

Mr. BACHARACH. The Congress has the power, and if we cannot exercise it honestly and conscientiously we should be retired from Congress. I took my full share of responsi-

bility on the veterans' bill as I expect to take it on every measure.

Mr. Chairman, we are not sent here to delegate all our powers to the President of the United States. I agree with the gentleman from Nebraska that in an extreme emergency we should delegate certain powers to the President, but this is no more an emergency matter than any other routine bill that comes before the House for consideration from day to day.

I hope those who agree with me will support the motion to recommit.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. COOPER of Tennessee. The gentleman's motion is to recommit the bill for the purpose of eliminating sections 2 and 3?

Mr. BACHARACH. Yes; the bill to be reported back forthwith, and the gasoline tax continued.

Mr. COOPER of Tennessee. Does not the gentleman feel that it is also part of the President's emergency program to continue efforts to balance the Budget and that this bill is an effort in this direction?

Mr. BACHARACH. I do not know how the gentleman can say that, when we are soon to give to the States $500,000,000 for relief purposes, and when we are spending another $300,000,000 for reforestation. We cannot hope to balance the Budget through our efforts to raise revenue if we are going to continue to spend money by hundred millions at a time.

This bill should be voted down; it should be recommitted to the Committee on Ways and Means with instructions to report forthwith that part of the bill bearing upon the extension of the gasoline tax. The remainder of the bill should be sent to the Committee on the Post Office and Post Roads, where it properly belongs. If it is the wisdom and judgment of that committee that we should reduce the rate on first-class mail matter and perhaps increase the rates on other matter, let the committee so recommend and let the Congress consider the proposition on its merits.

The Congress in the past has solved more important issues without delegating its powers to the President of the United States. In my opinion it is a terrible indictment of lack of courage and leadership for this Congress to admit, as we will admit if this bill becomes a law, that we are unable to solve so small a question as that involved in a change in our postal rates.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. Mr. Chairman, I do not think there is much difference in the opinions of Members of the House with reference to the propriety of passing this bill when the simple purpose behind it is understood.

In the first place the bill carries a continuation of the gasoline tax for another year.

I was very much surprised that my friend the gentleman from New Jersey [Mr. BACHARACH] came here and made the speech to include in the postal revenues the 2-cent rate on all first-class matter when his fight in the committee was made to add a cent to the gasoline tax. I do not know his purpose and his strategy here now. If he can carry his point here, why did he make his fight in the committee yesterday to add another cent to the gasoline tax? The facts are we are forced to continue this gasoline tax for another year.

It brings in about $138,000,000. I am one who would like to see this tax removed as soon as we can. In the first place, I think it invades a field of taxation that has been preempted by the States, and, in the second place, I think we should, as soon as we can, make a sharp line of demarcation between the two fields of taxation, the one in which the Federal Government should have priority and the one in which the States should have priority; but it is necessary to continue this tax. So much for this.

Now, coming down to the postal rates, the President or the administration asked for two things, first, that we give him authority to adjust postal rates so as to bring about, as much as possible, a parity in the different classes in order to make them pay for the services they get through the Post Office Department, and suggests also that we could make a reduction in the rate on drop letters. This means that for the patrons of a particular post office you may make a reduction to 2 cents. If you will read the bill, you will find the President cannot alter this particular feature of it. Upon investigation, under the authority we give him in this bill, he may reduce all first-class matter to 2 cents, if he sees fit.

It seems to me this is as plain as reasonable and prudent men would ask, and it is child's play for anyone to stand up here and tell you that first-class mail is not a profitable thing for the Government.

We found in the conference with the Assistant Secretary of the Treasury, Mr. Ballantine, and the other experts down there that there is a dispute between the different factions as to how much the present 3-cent postal rate brings in. It is the best opinion of the Treasury that it has paid and that it will continue to pay, but, Mr. Chairman, here is the particular feature that I want to discuss that my friend the gentleman from New Jersey [Mr. BACHARACH] brought up a moment ago.

The present deficit in the Post Office Department is a staggering amount of money. I have just concluded the statement that first-class matter contributes a profit to the Government. Therefore these other classes of mail are the ones that are a burden upon the Government of the United States. It has been submitted to us, why should the services of the Post Office Department be given to certain classes of people or certain industries in this country at a loss to the taxpayers of the country, and this has been going on for years and years, as is well known to many Members of the House, if not to all of them.

I cannot agree that my good friend from New Jersey, for whom I have the greatest affection, is altogether sincere in his fight here, because he was one of the men who marched up with the strongest determination for the economy bill, and why did he do it? He thought there were inequities in the compensations and the hospitalization of the ex-service men.

Mr. BACHARACH. Will the gentleman yield?

Mr. RAGON. In just a moment.

He thought if we in Congress here could not readjust these matters—and I am going to go further than he did and say that we would not have readjusted them—then we should give the power to someone in the administrative department that would not be susceptible, or subjected, I should say more properly perhaps, to the pressure that is brought to bear in such matters, and that he would go ahead and equitably reduce and readjust the compensations to the ex-service men.

My friend, the gentleman from New Jersey, was entirely willing and ready to go down the line for what has proven to be a great personal sacrifice to many ex-service men in this country. I went down the line with him on the same theory, because I knew, and my friend knows, that you could not readjust in this House the compensation of these ex-service men in 100 years because of the pressure.

All right, now what do we have? As I suggested in answer to the gentleman's question, we have a subsidy—and I am not a carping critic of the press of this country—that amounts to around $100,000,000, which the experts in the Post Office Department told us yesterday amounts to an advantage for the newspapers and magazines of this country which is not enjoyed by the private citizen of the country in the matter of postal rates.

Now, I think we should put Shadrach, Meshach, and Abednego all in the same rank and if we can treat one in this way, we should treat all others the same way.

I do not know that the authorities will increase these rates so as to make the second-class mail service self-sustaining, but I do say that from the information we get from the Post Office Department and the Treasury Depart-

ment, there are virtual subsidies, there are bonuses, if you please, being given to industries in this country that are users of the mail that should stop and should stop now.

Mr. BACHARACH. Will the gentleman yield?

Mr. RAGON. I now yield to the gentleman from New Jersey.

Mr. BACHARACH. The Democratic Party is a party that occasionally has a caucus, and it seems to me, if the gentleman is so much interested in taxing the newspapers and the magazines and thinks that $102,000,000 of the deficit should be charged to second-class mail, all he would have to do would be to hold a caucus and get his party committed to increasing such rates, and there would not be any question about its passing the House. Why does not the gentleman do that? That would be a short cut, and then we would know exactly what we were voting on.

Mr. RAGON. The gentleman from New Jersey is entirely too practical a business man, too practical a politician, to ask me such a question, save and except for my embarrassment; but I want to suggest to him this much: I have no brief for or against the newspapers. I used them as an illustration; but I would suggest to the Members of this House that whenever someone undertakes down at the Post Office Department to even up these things, I say, give strength to his arm. That is exactly what we are trying to do under this bill.

I think all this debate and fuss is making a mountain out of a molehill. I do not think that this bill ought to take more than 20 minutes in debate; but for some reason or other my friend from Massachusetts and my friend from New York evidently feel that they might get a little political advantage out of it, and insist on an extended debate.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. DOUGHTON. I yield the gentleman 5 minutes more.

Mr. TREADWAY. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. TREADWAY. I should like to ask the gentleman a question. Who has received any assurance and by whom has the assurance been given that second-class mail rates or other rates will be increased when the optional power is given to the President? We have heard rumors that if the President lowered the 3-cent rate eventually he is going to raise other rates. Who has gone to him or the Postmaster General and got that assurance?

Mr. RAGON. I am surprised that my friend from Massachusetts asks a question like that. Why should the bill ask for that power if someone did not intend to use it? That answers the gentleman completely, and I think the gentleman from North Carolina, the chairman of our committee, has suggested that he had conferred with the Department of the Treasury and also the Post Office Department and that this bill was the outgrowth of their suggestions.

Mr. TREADWAY. It may be the outgrowth of that but who promised the chairman of the committee that he would raise the rate?

Mr. RAGON. Why should we ask for it if it is not to be used?

Mr. TREADWAY. That is what we want to know.

Mr. RAGON. The gentleman from Massachusetts will remember that we asked for the authority in the case of hospitalization of the veterans and nobody asked the question then, and why should it be asked now?

Mr. VINSON of Kentucky. It goes with the power to reduce the first-class rates.

Mr. RAGON. Along with the power to reduce the first-class mail generally to 2 cents he has authority to reduce on other classes of mail; and if he finds that it should be done, it will be done quickly and expeditiously.

It occurs to me that this is one of the most constructive suggestions ever made, for the simple reason that we have now the results of maladjustment of mail rates in the Post Office Department. If we eliminate the local mail from 3 cents to 2 cents, and after investigation it becomes necessary, they can reduce the entire first-class mail to 2 cents. In the meantime, if the second-class mail privileges are being used for advantageous purposes and is not paying its proper share for the service, then the President will be enabled under this act to bring it up to where it will be paying for the service.

I think it is a sound suggestion, and I think, as the gentleman from North Carolina has suggested, he has used extra caution in going into the matter. He has gone to the Treasury Department and the Post Office Department, and this is the combined judgment of those Departments, as well as the Ways and Means Committee, that this bill should be passed. I hope gentlemen will not permit any sprags to be thrown into the wheels in the way of those little matters that the gentleman from New Jersey [Mr. BACHARACH] has brought up.

Of course, if Republican leaders can get this, that is a victory, and that is about all they care for. I do not think there is the worth of a snap of your finger in his entire suggestion. I believe frankly that we should support this measure just as it is. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, my friend from Arkansas [Mr. RAGON] regrets that we are taking 20 minutes for the discussion of this bill, a bill which overthrows the traditional policy of the United States for 150 years. The Post Office Department concerns directly every man, woman, and child in the Nation. Many Presidents have referred to the Postal Service in their messages to Congress, but not one of them ever suggested that Congress should abdicate its authority under the Constitution and put the power in the Executive to write postage rates up or down, as he may desire. Never before has such a suggestion as this been presented. Why is it presented now? There is no need for action that cannot be taken in the regular course of procedure. The Post Office Committee of this House, headed by the distinguished gentleman from New York [Mr. MEAD], a splendid Democratic member, has been working on the question of postal rates and has come to the conclusion, I think I may say unanimously, that the putting into effect of a 3-cent postage rate on first-class mail matter was a blunder, which should be corrected without a day's delay. Why are we not doing it here and now? Why is not there a measure before us to reduce that rate and restore the revenues lost to the Department by decreased volume? There can be no doubt about the results of this high rate.

We had in 1932 about 13,000,000,000 letters paying the first-class rate. At the rate they have been dropping in the months already gone, we will lose 5,000,000,000 of those pieces in 1933. At 2 cents each, that amounts to $100,000,000 loss; and if we credit the remaining letters at 3 cents, we will still have a loss in the first-class revenue of between $38,000,000 and $50,000,000. That must be admitted by anyone who has made a study of these rates. All through our history we have found out that every time we have raised the postal rates we have cut the volume, and every time we have reduced the first-class rate we have increased the volume and have increased revenues. There is no reason for saying that the Post Office Committee is not able to meet this situation. We would be here with a unanimous report today if we had the power to make it, but under the 50-percent tax clause in the emergency tax bill it is impossible for the committee charged with these postal rates to bring in such a bill. As a result, the Committee on Ways and Means comes in not with a straight reduction, such as was suggested by the gentleman from North Carolina [Mr. DOUGHTON] when he introduced such a bill recently.

This proposal provides that the 2-cent rate on local letters shall be put into force, and that then the President may in his wisdom later on reduce the rate to 2 cents universally. Mr. Chairman, there is only one thing that we ought to do, and that is to strike out section 2 of this bill, and insert a repeal of the 50-percent tax, and bring the rate

back to 2 cents where it should be. [Applause.] I feel certain that there would not be 10 votes in this House against that amendment if it were considered on its merits.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. Yes.

Mr. McFARLANE. I should like the gentleman to discuss his attitude on the second-class mail.

Mr. KELLY of Pennsylvania. I was about to say, Mr. Chairman, that this is not the only question involved here. There is a provision in the bill which gives the President of the United States the right to modify, up or down, the second-, third-, and fourth-class rates. Take the second-class rates. We have heard a good deal about them. They cover publications, newspapers, and magazines of all kinds. Congress has deliberately fixed the policy of giving all religious, labor, fraternal, and charitable papers in this country a rate of 1½ cents a pound, regardless of distance they are carried.

Mr. McFARLANE. Will the gentleman yield?

Mr. KELLY of Pennsylvania. Not now. That rate is admittedly a losing rate, and everyone knows it. We are losing $16,000,000 a year by that policy. We also have another policy since 1851 whereby newspapers in the counties may use the mails without charge where there is no delivery system. We send them without a charge, and that takes $10,000,000 out of the Treasury in that item alone. In other words, there is $26,000,000 involved in those two items. Does anyone here who talks about the second-class mail matter offer a bill to stop those two classes from having these preferential rates? If he desires to do so, he can save $26,000,000 a year. There is a great deal of talk about loss on the great magazines. It is admitted by the Department that every publication that goes into the mail weighing 8 ounces or more not only pays its own way but a profit to the Government besides. So you may take it as a fact such publications are now paying a rate which is a profitable rate. That means that this entire loss is on the smaller publications that go into the second class. Some of them weigh 150 to the pound, and they have to be distributed in the post office and delivered by the letter carriers at a very high cost.

Mr. Chairman, the easiest way to end this controversy is to put a little proviso in the law providing that 3 cents shall be the minimum charge on any paper circulated in the mail. That will drive out two thirds of the second-class pieces. It will not prevent the deficit being practically as high as it is at the present time, because these second-, third-, and fourth-class matters are supplementary items and the overhead expense continues. This must be figured on an out-of-pocket basis, and therefore the right to modify these rates will find many vexing matters brought to the President of the United States which he will have to decide. This Congress has not been afraid of the second-class rates. We have made a jig-saw puzzle out of them in the last 10 years by repeated action. I have gone through three of these general revisions as a member of the Committee on Post Offices and Post Roads. We have raised the rates. Then we have lost the mails and have lowered the rates again by force of necessity. In the Revenue Act of 1917 we put 4 raises on second class. It began in 1919, and in 1920 there was an increase, in 1921 another increase, and in 1922 the rates went up to the high point. There was a schedule of eight zones for newspapers, and the rates held until 1925 when it became necessary to make some changes. Why? Because, while every class of mail matter was increasing, second class dropped 20,000,000 pounds between 1920 and 1925.

We wrote a new schedule in 1925, and it was still higher than the Post Office Department would support. The Post Office Department came in in 1928 and recommended a decrease in the second-class rates if we would keep the volume in the mails. In the general revision of 1928 we brought the rates back again to where they were in 1921, exactly the same schedule. Then the tax bill of 1932 put the second-class rates back to where they were in 1922. We have taken up the schedule again, so here we are, playing a game of jig-saw with the Post Office Committee knowing the situation, but it is to be put into other hands, and the same thing will be gone through again. We will have uncertainty in the rates. There is no one in the President's office to tell him about postal rates. The same man who tells him has been at the call of the Post Office Committee. They will have to show him a set of figures based on present conditions. I say there is no necessity for putting this power into the hands of the Executive, under the conditions.

Now, let us look at third class. That is circular mail, billions of pieces, sent out by direct-mail advertisers. We tried to raise that rate, too. We put it up to 1½ cents for 2 ounces, instead of 1 cent, and the first year we lost a billion pieces out of the mail.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. KELLY] has expired.

Mr. BACHARACH. Mr. Chairman, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. We put 50 percent on that third-class rate, and the result was that the decrease in volume meant a loss in revenues beyond what we could possibly save. The Department came in and asked us to make that rate so that it might be 1 cent, where they send 12 identical pieces within the pound. Is the President going to increase the third-class rate? He is not. He is not going to get any advice from postal experts as to increasing that rate.

Now, with regard to fourth-class mail, the parcel post, which is interesting to every dweller in rural communities: Under the present law the Postmaster General can go to the Interstate Commerce Commission and ask for an increase in those rates. He did that last October, and he got the increase. The Interstate Commerce Commission officially stated that all they could consider was a cost ascertainment of the Post Office Department, and therefore they put a blanket O.K. on what the Postmaster General requested. Why is it necessary now that the President have power within himself? If he desires to ask for an increase, let his Postmaster General go to the Interstate Commerce Commission and get the increase. Why does he not do it? He will not ask for any further increase in the parcel post.

Mr. DOUGHTON. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. DOUGHTON. Can the Interstate Commerce Commission grant authority to the President at the present time, without further legislation, authorizing the raising or lowering of the rates?

Mr. KELLY of Pennsylvania. No.

Mr. DOUGHTON. But the President would have that authority if this bill were enacted?

Mr. KELLY of Pennsylvania. The President would act directly; yes.

Mr. DOUGHTON. Why does the gentleman endorse giving authority to the Interstate Commerce Commission and not to the President?

Mr. KELLY of Pennsylvania. I do not endorse it. I voted for the bill to take that power away from the Interstate Commerce Commission.

Mr. DOUGHTON. Why would it make conditions any worse for the President to get his information from the Post Office Department than from the Interstate Commerce Commission?

Mr. KELLY of Pennsylvania. Why should there be any such action? If the Executive is afraid of the committees of Congress and of Congress itself, he can go to the Interstate Commerce Commission. I am opposed to that power, but it is in the law. In the last session we did not get time to consider its repeal, although it passed the Senate and was favorably reported by the House Committee.

No; there is no emergency need for this bill. There is no reason why we should abdicate our congressional functions by this measure. I admit the President has a constitutional duty to inform the Congress as to what he thinks should be done for the good of the Union. He has no constitutional duty to ask Congress to surrender the power with which we

are charged under the Constitution—that is, the power of legislation dealing with these executive departments, such as the Post Office Department. The only thing the President will have before him is a cost ascertainment, which every Postmaster General since it was begun has said could not be used in making rates. Before the Appropriations Committee Mr. Wood, of Indiana, asked General Brown about this cost ascertainment, and this is what he said:

I have thrown overboard the figures on this cost ascertainment. I do not think they are of any value. I think they are just of interest.

Mr. Chairman, when the first cost ascertainment came in in 1923, I read every table in it, and I endeavored at that time to analyze it. I pointed out on this floor that it was built on false premises and that it was valueless in its conclusions and had no basis as a rate-making report. That statement has been borne out by every Postmaster General since that time. The rate revisions we have made had to be made, without regard to that cost ascertainment.

The so-called "profit" on first-class and the so-called "loss" in second, third, and fourth class are not there. They are treated exactly the same. A parcel-post package is charged with the same cost as a letter that goes in expedited treatment, through the Railway Mail Service, and therefore the result of that kind of cost ascertainment and the apportionment of costs on any such basis is bound to be misleading. They have not been and they cannot be accepted as a basis for rate-making purposes.

Mr. TREADWAY. I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. VINSON of Kentucky. Did I understand the gentleman to say that in his view there was no loss in the carriage of second, third, and fourth class of mail matter?

Mr. KELLY of Pennsylvania. No. I said there is no such loss as this cost ascertainment shows. For instance, a loss of some $32,000,000 is shown on parcel post in 1932.

Mr. VINSON of Kentucky. The gentleman does not think the loss is that great?

Mr. KELLY of Pennsylvania. No; it is not. The apportionment of costs is not right. I think that is what is wrong with the whole cost formula.

Mr. VINSON of Kentucky. And likewise in respect of second-class and third-class mail matter?

Mr. KELLY of Pennsylvania. Yes. The profit has been put on first-class mail matter, which is a highly specialized fast service handled by the Railway Mail Service and speeded up to the highest degree. Why should first-class mail matter be considered on the same cost basis as parcel post, which is held sometimes as much as 24 hours to wait for a car? As a result of this inaccurate system the cost ascertainment cannot be used as a basis for rate making.

Mr. VINSON of Kentucky. If I understand the gentleman correctly, he thinks the proper cost-ascertainment method is not the policy pursued by the predecessors of the present Postmaster General?

Mr. KELLY of Pennsylvania. I do, and I am sure after study the gentleman will reach this conclusion, too. The last Postmaster General tried to accept this cost ascertainment as infallible, but he could not do it. It is like a railroad company taking a car of sand or coal and a car of fine watches or automobiles and saying that the cost of carrying the watches or automobiles is exactly the same as the cost of carrying the sand or the coal and that the same rate should be paid on each. It cannot be done by the railroad company, and we cannot do it in the Post Office Department. The idea that we must turn this whole complex matter over to one individual, that we must depend on some one individual in the Post Office Department, is the wrong policy; it is a grave mistake. We should honestly face our responsibility and meet these rate questions as they arise.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. DOUGHTON. As I understand the gentleman from Pennsylvania, who has given wide study to postal matters, he does not agree with the position taken by the former Postmaster General, Mr. Brown, relative to the revenue derived from these various classifications of mail matter.

Mr. KELLY of Pennsylvania. I do not agree with the cost ascertainment as a basis for rate making.

Mr. DOUGHTON. These matters were referred to the Interstate Commerce Commission.

Mr. KELLY of Pennsylvania. The Interstate Commerce Commission declared they could not enter into an investigation of parcel-post rates, and they did not go into an investigation. The Post Office Department showed they were losing on parcel post, according to the cost ascertainment. Therefore, the Interstate Commerce Commission granted an increase of rates which it was said would produce $7,500,000 additional revenue. They allowed an increase in the size of parcels which could be carried, and this increased size was expected to yield $5,000,000 additional revenue, making a total expected increase of $12,500,000. Not $1 of this expected increase is reflected in the mail receipts today, and will not be.

Mr. DOUGHTON. As I understand the gentleman he said a moment ago that if the President wanted information he could go to the Interstate Commerce Commission. I now understand the gentleman to say that the Interstate Commerce Commission has no time to go into a study of questions of this kind.

Mr. KELLY of Pennsylvania. The gentleman misunderstood me. I said the Postmaster General has the power under the law to go to the Interstate Commerce Commission.

Mr. DOUGHTON. The gentleman asked why he did not go to the Interstate Commerce Commission.

Mr. KELLY of Pennsylvania. I am just stating that the Postmaster General did get rates which it was said would bring in additional revenue of $12,500,000 to the Department. Not $1 of this has come in and not $1 of it will come in because the rates are so high the revenue is falling off. This is the difficulty of putting into the hands of any one individual matters which require the experience of years. We have learned by experience, in Congress, and we can profit by it. I see post cards are exempted from this bill; the President cannot deal with post cards. We had a sad experience with post cards and perhaps the same sad experience will follow other rate changes now. The Department told us in 1925 that if we would put a 2-cent rate on the penny post card we would get $10,000,000 additional revenue to add to the $10,000,000 we already had. We therefore put the rate on post cards up to 2 cents and the result was that we lost $6,000,000 of the $10,000,000 we already were getting from this source.

Why should there be this continued uncertainty from experimentation, Mr. Chairman? Why should we as the Congress, House and Senate, be forced to say we cannot deal with this question but must turn it over to the Executive? Let us act in the light of actual experience. It is an unjustified assumption that we are afraid to deal with these problems. It is easy enough to say that politically we are afraid of these vital questions, but it is not the fact.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. It is a mistake to let the public feel that Congress does not dare deal with questions like this. I see cartoons in the newspapers about the franking privilege as though we are afraid to deal with it and as though it is the cause of the deficit in the Post Office Department. The fact of the matter is that mail sent out under the congressional franking privilege amounts to less than one tenth of 1 percent of the expenditures of the Post Office Department. There is much misunderstanding about it. Why should we not let the truth be known? Why should we not say that we have dealt with these controversial rates like the second-class rates?

We need postage rates to increase the volume of mail and thus increase our revenues without additional proportional cost. That is what we need to do, and nobody can do it as

well as the Congress of the United States. The President is not going to increase second-class rates. The President is not going to increase third-class rates. The President is not going to increase fourth-class rates. He will learn from the experience of these experts in the Department that generally increasing rates above the present point simply means loss of revenue, a greater deficit, and the destruction of service.

Mr. TREADWAY. Mr. Speaker, will the gentleman yield?

Mr. KELLY of Pennsylvania. Certainly.

Mr. TREADWAY. May I ask the gentleman whether he was consulted by the Executive in the writing and preparation of this bill; and did he get any assurance that the Executive expected to raise second-class rates?

Mr. KELLY of Pennsylvania. Well, I was not taken into consultation by anyone charged with responsibility for this bill, but I do know enough from long experience that no one individual can properly make these general rate revisions. I do know that it is simply going to mean uncertainty for every business man in the United States. The business men will never know what this modification power means until the change comes. They will never know what to plan in the way of a campaign for mail advertising to boost business in time of depression. They will never know what to expect, because, behold, here stands a blanket authority given to the Executive to modify any postage rate. Such power endangers the entire rate structure of the Postal Service.

Mr. Chairman, I hope when the proposal is made to strike out section 2 of the bill and insert in lieu thereof section 2 of the bill introduced on March 17 by the gentleman from North Carolina [Mr. DOUGHTON], with wisdom and with understanding, and which repeals the 50-percent tax and puts back the old rate of 2 cents, we will have a majority which will really be expressive of what we believe, and that we will write into this bill a straight-out reduction to 2 cents. Such action will give encouragement to every mail user in the United States, and give them assurance that Congress wants to help them and not hurt them; that we want to help their efforts to increase business and not discourage them, and that we are going to give them the old rate which was in force since 1885, and under which our Nation has expanded until we are the greatest mail-using country in all the world. [Applause.]

Mr. JENKINS. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. JENKINS. The gentleman has made a wonderful speech and to sum it up in one word, is there any emergency feature whatever in this bill?

Mr. KELLY of Pennsylvania. Not the slightest. All we need to do to meet the emergency need is to put the rate back to 2 cents, which we can do by one vote on this floor. [Applause.]

Mr. JENKINS. Is there anything in connection with this measure that would indicate the President has access to any information that we cannot get here?

Mr. KELLY of Pennsylvania. Of course, he has not access to any information that is not in the committees of the House and the Senate. He cannot possibly have any chance to acquaint himself with the facts in the case. If he acts on these other rates, he will take the word of some one in the Department who will bring him a set of figures and he will act on them and perhaps injure business all over this country without intending it at all. Then he will change it again and in the meantime there is created uncertainty and unrest in the country. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman, I think it is quite fortunate, indeed, we have had an opportunity to hear the distinguished gentleman from Pennsylvania [Mr. KELLY], a man who has given many years of distinguished service to a study of postal matters. I want to address myself a moment to his Republican brethren, suggesting that he tell you, with the knowledge he has acquired, based upon his experience of many years, that a proper cost ascertainment has not been made by previous departments. He says such proper cost ascertainment will preclude any increase in second-, third-, or fourth-class postage rates. Now, who on his side of the aisle will say that he is wrong? What other Member on this side of the aisle has had the experience in matters of this character that the gentleman from Pennsylvania has had? He tells you, without equivocation and without hesitation, that the cost ascertainment now used is wrong, as affecting second-, third-, and fourth-class rates.

The power granted in this bill is not power alone to increase rates but is power to modify rates. Within this power you have the power to decrease rates just the same as you do to increase them. And if a proper study justifies it, I say to you that it is the reasonable thing to expect a reduction in second-, third-, and fourth-class postage rates instead of an increase. Congress cannot make a proper cost ascertainment. The Postmaster General must do that. Then he will act accordingly.

In regard to the question asked by my friend, the gentleman from Ohio [Mr. JENKINS], whether or not this is an emergency matter, the language of the bill is quite clear on that. Undoubtedly, we are in an emergency. We were in an emergency when President Hoover, through the Secretary of the Treasury, Mr. Mills, recommended to the Ways and Means Committee in the last Congress an increase in first-class postage rates from 2 to 3 cents. We were in the emergency then. This increase from 2 to 3 cents on first-class postage was voted by the committee and by the House because of the existence of this emergency, in order that the Budget for the fiscal year 1933 would be balanced. The Treasury and Post Office Departments recommended this and said it would bring a yield of some $150,000,000 additional revenue. Now, the same emergency continues. They had 10 years in which to make the studies upon which they based the recommendation to increase the postage rate from 2 to 3 cents.

The same emergency now continues. We have a Democratic administration that has been in power 6 weeks. They are endeavoring in part to undo in this bill the grievous error—I am using the language of the gentleman from Pennsylvania—of the past administration.

Some say—and the press carries the news—that the increase in the rate on first-class mail from 2 to 3 cents has not brought in as much money as was brought in when the rate was 2 cents. This is an error. The Post Office Department gives us the figures in dollars and cents.

I realize that the distinguished chairman of the Committee on the Post Office and Post Roads, as well as the distinguished gentleman from Pennsylvania [Mr. KELLY], has reached a conclusion that the revenues have been decreased, but he reached this conclusion in dealing with the volume of postal matter. This is not the proper method. The proper criterion is dollars and cents. The testimony before our committee showed beyond a doubt that the 3-cent rate on first-class mail will bring at least $77,000,000 more into the Treasury than would have come in if the old rate of 2 cents had been in vogue.

The expert from the Department, Mr. Wood, gave us the actual figures for 9 months and the estimated figures for the remaining 3 months of the fiscal year. The actual figures for 9 months and the estimated figures for April, May, and June of the fiscal year show the increase on nonlocal first-class mail for the fiscal year 1933 over 1932 is $60,000,000, and that the increase on local first-class mail for the estimated period is $17,000,000, or a total of $77,000,000 in increased revenues.

Now, the emergency continues, and it is just as necessary to balance the Budget of 1934 as it was to balance the Budget of 1933. So this bill here provides that we will enter upon a period of experimentation and will reduce the local first-class postal rates to 2 cents. And what are local deliveries? It is mail matter emanating from a city or village that is delivered in that city or village; or on a rural route emanating from such village or city, where the delivery is to be made in such village or city, or from a route originating in said city or village.

Now, referring again to the query of the gentleman from Ohio, with reference to whether or not this is an emergency matter, I call attention under section 2, and ask the gentleman from New Jersey [Mr. BACHARACH] and the gentleman from Massachusetts [Mr. TREADWAY] to look that section over. The power granted the President must be exercised during the period ending June 30, 1934, and such power that he exercises in the modification of any postal rates ceases and the rate ceases on July 1, 1934.

Mr. TREADWAY. Will the gentleman yield?

Mr. VINSON of Kentucky. I shall be glad to.

Mr. TREADWAY. Would not the gentleman add that the 3-cent rate expires on July 1, 1934, anyway?

Mr. VINSON of Kentucky. That is true. The 3-cent rate expires July 1, 1934. But what we want to do is to get the benefit in the reduced rate between now and then. We want some results now. We want to give the Department time to get their breath so that they may reach some proper conclusion as to all these rates.

I want to say that this is an emergency. The increase came in as a matter of emergency. They wanted to increase the postal rates. It came in to help balance the Budget. It was recommended by Mr. Hoover and Mr. Ogden Mills and the Ways and Means Committee, and the Congress of the United States took it.

If the bill becomes law, you get the benefit of a reduction on local delivery. I dare say, if the gentleman from Pennsylvania is correct, you will get a reduction in postal rates, not only on first-class nonlocal delivery but likewise on second-, third-, and fourth-class matter.

Mr. BRITTEN. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. BRITTEN. I have listened with great interest to what the gentleman has to say. He realizes that the Post Office Department for 30 years has been trying to solve the question now before the House. But I want to ask the gentleman, who comprises the brain trust which surrounds the President and is going to correct by a miraculous change these rates, that is going to reduce the various rates and still avoid a deficit?

Mr. VINSON of Kentucky. It is very hard to give the gentleman an affirmative answer, we have such a quantity of experts and brains; but there is one thing that I can tell the gentleman. It will not be constituted with Mr. Herbert Hoover, Mr. Andrew Mellon, Mr. Ogden Mills, or Mr. Eugene Meyer. [Applause on the Democratic side.]

Mr. BRITTEN. But who does constitute this brain trust which in a few days, as the gentleman says, might reduce these rates?

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. VINSON of Kentucky. I did not say "within a few days." The gentleman says that. This is what I have in mind, that the very experts upon which the gentleman from Pennsylvania [Mr. KELLY] relied are the experts in the Post Office Department. The President and the present Postmaster General have been down there only about 6 weeks. My thought is that these experts may have given Mr. KELLY of Pennsylvania the "low-down" on a proper cost ascertainment, and if they convey that same information to the present Postmaster General and the President of the United States, they will put into effect a proper, fair, reasonable postal rate based on that proper cost ascertainment.

Mr. BRITTEN. The gentleman then is of opinion that the same advisory council in the Post Office Department which advised President Hoover and President Coolidge and President Harding will now give the same advice to the present President of the United States, and that upon that advice he will reduce the rates?

Mr. VINSON of Kentucky. I would not say just the same crowd—I hope not; or, if there are some of the same crowd, I hope that they may be reinforced by other expert minds. There is a different atmosphere down in the Post Office Department, in the Executive Chambers, and in the whole United States since President Roosevelt has come into power.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. In just a minute. I submit that the gentleman from Pennsylvania [Mr. KELLY] has not been making idle, wild statements in respect to proper postal rates on second-, third-, and fourth-class mail. The wonder to me is that with the view that he has, which he so forcefully expressed, he has not joined with us in getting this immediate relief, in a reduction in the postage on local delivery, and then trust to the experts and to the fairness of the Executive in this emergency matter, to get the relief that he seeks and which he thinks the country needs in the other rates.

Mr. BRITTEN. Mr. Chairman, will the gentleman be good enough to yield further?

Mr. VINSON of Kentucky. Yes.

Mr. BRITTEN. The gentleman appears to be in complete discord with his colleague, the gentleman from Arkansas [Mr. RAGON], who has just stated to the House that the very purpose of bringing this legislation before the House is to increase the second-class rates. The gentleman contends the reverse. How does he reconcile his position?

Mr. VINSON of Kentucky. I will say to the gentleman that I believe that a proper study will be made of the cost of carrying the mail, and I believe that when that study is made it may show that the gentleman from Pennsylvania [Mr. KELLY] knows what he is talking about. It is easy to take figures and juggle them, and they have certainly had some jugglers down there in the executive departments for the past 12 years.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. SNELL. As far as I know, we generally consider the Postmaster General the highest authority as far as postal matters are concerned. It seems to me that the next man whose opinion should be weighed with care is the chairman of the Post Office Committee. Both these gentlemen have said that in their judgment the revenues of the Post Office Department will be increased immediately by adopting 2-cent postage. If this is an emergency matter, and we are practically agreed upon that, why should we not do it today?

Mr. VINSON of Kentucky. Oh, my good friend, JIM MEAD, who is a distinguished and able student of these matters, dealt with quantity, volume of mail, and not dollars.

Mr. SNELL. Oh, I should like the gentleman to answer my question.

Mr. VINSON of Kentucky. I shall be glad to do it. For the months of April, May, and June in 1932, as compared to April, May, and June of 1931, when you had 2-cent postage, there was a decrease in the first-class postal revenues of an average of $4,710,000 a month. April 1932 over April 1931, $4,476,000; May 1932 over May 1931, $5,218,000; June 1932 over June 1931, $4,436,000.

Comparing the 9 months' period in which the 3-cent rate was effective, from July 1932 to April 1933, with the comparable period of the 9 months' period from July 1931 to April 1932, during which we had the 2-cent rate, the average monthly decline in first-class postal receipts was only $923,000. The expert from the Treasury gave us actual figures for this comparison. The figures are:

July 1932 (3-cent rate), as compared with July 1931 (2-cent rate), a decrease of $786,000.

August 1932 (3-cent rate), as compared with August 1931 (2-cent rate), an increase of $464,000.

September 1932 (3-cent rate), as compared with September 1931 (2-cent rate), a decrease of $564,000.

October 1932 (3-cent rate), as compared with October 1931 (2-cent rate), a decrease of $1,906,000.

November 1932 (3-cent rate), as compared with November 1931 (2-cent rate), an increase of $753,000.

December 1932 (3-cent rate), as compared with December 1931 (2-cent rate), a decrease of $1,868,000.

January 1933 (3-cent rate), as compared with January 1932 (2-cent rate), a decrease of $638,000.

February 1933 (3-cent rate), as compared with February 1932 (2-cent rate), a decrease of $1,501,000.

March 1933 (3-cent rate), as compared with March 1932 (2-cent rate), a decrease of $2,254,000.

The average decline for this 9 months' period is $923,000 per month over the comparable month, as against an average decline in the 3 months next preceding the effective date of 3-cent postage, which average was, as stated, $4,710,000 over the comparable month in the preceding year.

There can be no question about these figures. With the actual yield of 9 months in this present fiscal year, and with the estimated yield for the remaining 3 months on nonlocal first-class postage there is an increased yield of $60,000,000, and on local first-class postage there is an increased yield of $17,000,000. Those are the best figures that the Post Office Department can give. These figures demonstrate conclusively that more revenue has been received from 3-cent postage than would have been if 2-cent postage had been in effect.

Mr. SNELL. The gentleman has not yet answered my question.

Mr. VINSON of Kentucky. The gentleman from New York [Mr. MEAD] and the gentleman from Pennsylvania [Mr. KELLY] in their figuring on volume did not divide up the first-class postage into nonlocal and local postage.

Mr. SNELL. I am basing my conclusions upon the statement of the Postmaster General and on the chairman of this committee.

They both say that in their opinion you will increase the revenues of the Post Office by decreasing the first-class postage from 3 cents to 2 cents. If that is true, let us do it today, here and now.

Mr. VINSON of Kentucky. I do not know when the gentleman heard the Postmaster General say that as affecting nonlocal mail.

Mr. SNELL. I read his statement, and it gave me that impression.

Mr. VINSON of Kentucky. I read his statement, too. It may have given that impression to the gentleman, but it did not give that impression to me with reference to nonlocal delivery.

Mr. SNELL. Does the gentleman contend that the Postmaster General is against 2-cent postage?

Mr. VINSON of Kentucky. I do not. I will say the statement which I read as emanating from him did not say that which it impressed the gentleman as saying. I feel certain the Postmaster General wants to proceed with care in order to be fair to all classes of mail.

Mr. SNELL. He gave that out, in my judgment, to give the people of the United States to understand he was for 2-cent postage.

Mr. VINSON of Kentucky. And he is today sponsoring 2-cent postage for local mail. We are now endeavoring to give 2-cent postage for local-delivery mail.

Mr. SNELL. If he is for it, let us do it here and now.

Mr. VINSON of Kentucky. We are endeavoring to give the power to the President of the United States to give 2-cent postage on nonlocal delivery as soon as it can be done.

There is one other question in regard to this bill, and that is a committee amendment that will be proposed affecting refunds and credits on Federal tax paid by States. I might simply say that this amendment liberalizes the question of credits and refunds and permits the small dealer, in articles that are sold to a State, a political subdivision of a State, or employees of such State or subdivision, the right to a refund. At the present time small dealers do not have that opportunity. This gives it to them.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. VINSON] has again expired.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I have been much interested in the discussion by our Democratic friends, because the gentleman from Arkansas [Mr. RAGON], an able member of our committee, has given the clearly expressed purpose of this bill to raise the cost of second-, third-, and fourth-class mail by giving the President power to raise those rates so that daily papers, now carried at a loss of $36,000,000, and other mail at an aggregate loss of two hundred million, as shown by the table for 1932, here inserted, may be raised to balance the postal budget.

The gentleman who just addressed you, Mr. VINSON of Kentucky, also a member of our committee and of the majority party, puts an opposite construction upon the purposes of the bill by claiming that the President will further lower these rates and thus increase the loss. Both arguments, with different purposes stated, are to give the President legislative power over postal rates, heretofore possessed by Congress, for the emergency period. The question we have to determine is how to removed a $200,000,000 deficit, counting air mail, which now goes with the 1932 postal bill. I believe that is the purpose in giving the President this control of postal rates at this time. Here is the statement received yesterday by our committee from the Post Office Department:

Postal receipts and expenditures, fiscal year 1932

[In millions of dollars]

	Revenue	Expenditures	Profit	Loss
Mail matter:				
First class:				
Other than local	223.8	211.0	12.8	
Local	86.5	65.7	20.3	
Air mail	6.0	23.8		17.7
Total, first class	316.3	300.5	15.9	
Second class:				
Publications exempt from zone rate on advertising	2.1	19.0		17.0
Zone rate publications:				
Daily papers	9.8	46.2		36.4
Papers other than daily	1.9	13.5		11.6
All other publications	8.0	36.7		28.7
Free in county		8.6		8.6
Total, publishers' second class	21.8	124.0		102.3
Transient	1.4	1.3	0.1	
Total, all second class	23.2	125.3		102.2
Third class	50.7	79.6		28.9
Fourth class	113.6	146.3		32.7
Foreign	18.0	46.4		28.4
Penalty		9.8		9.8
Franked		.7		.7
Free for blind		.1		.1
Total, all mail	521.8	708.7		186.9
Special services (registry, insurance, c.o.d., etc.)	50.2	81.0		30.8
Unassignable	15.1	3.8	11.3	
Unrelated	1.9	2.3		.4
Grand total	588.9	795.8		206.9

I call attention to the last column and item affected as reported by the Post Office Department, for it is easy to learn where the great loss occurs and none comes from first-class mail, apart from air mail.

When the increase on first-class letter mail was voted from 2 cents to 3 cents, I opposed that increase, which the two best postal experts in the House, Mr. KELLY of Pennsylvania and Chairman MEAD, of the Post Office Committee, both agree was a mistake and did not increase receipts because of decreased amount of letter mail that followed. This bill gives the President power over outside first-class mail retained at 3 cents and also over other mail rates but excepts local letters that alone are reduced to 2 cents.

To show the fallacy of the argument just presented in differentiating between local and outside first-class mail, and with all due respect to the gentlemen who just made these statements to the House on the two classes of first-class mail, it will be noted from the Post Office report this mail brought an increased income over expenses of $32,000,000, according to the Postal Department. Why should not the 2-cent rate for all letters, both local and outside, be adopted if that be true? I offered an amendment yesterday in our committee to give all such mail the old 2-cent rate. This was the amendment offered:

The Revenue Act of 1932 is amended by striking out the period at the end thereof and inserting a colon and the following: *Provided*, That for experimental purposes such additional rate (of 3 cents) shall not apply, on and after July 1, 1933, to first-class matter.

It is unjust to require first-class mail which the report shows is all carried at a profit to bear the loss caused by other classes of mail, and there is no reason why the 2-cent rate should not be applied to both local and outside letters as long as they are both carried at a profit. If that be true, why not bring up the second-, third-, and fourth-class material nearer to cost of carriage by the Department? My amendment in committee was defeated by a party vote, but it should be adopted in the House and is to be reoffered by Mr. KELLY and on a motion to recommit by Mr. BACHARACH.

But I want also to speak briefly to Members on both sides of the aisle on another matter relating to mails brought to congressional Members by unwarranted newspaper criticism and untrue charges by defeated candidates. Daily papers and weekly papers of this country have carried many articles, syndicated or written by men ignorant of the facts or else purposely intended to deceive as to use of the official franking privilege possessed by Congress. It has been constantly stated that it is a heavy burden, and accounts for the loss reported by postal authorities in reaching the total shown by the report. As stated by the gentleman from Pennsylvania [Mr. KELLY], who is conceded to be the best authority on the floor of this House, and supported by the Post Office report quoted, the total cost of Government franking is around $700,000, a large part of which is used for official business and publications by the different departments and bureaus of the Government. That covered the entire franking privilege, which carries official information of governmental activities, including legislative matters in Congress, under laws passed over a half century ago, whereas the mail shortage annually on daily papers alone in 1932 was $36,000,000, or 50 times the total amount of all Government franking, as shown by the official statement from the Post Office Department quoted. Broadcasters of discontent aimed at 96 Senators and 435 Representatives and at the President in the past have denounced the Congress repeatedly. One paper in my own State and district. I am advised, assails Congress every week with charges of extravagant use of the franking privilege and for use of restaurant and barber-shop, the latter statement absolutely false as every Member knows.

Mr. BLANTON. Will the gentleman yield?

Mr. FREAR. Later I shall be glad to yield. Postal losses from carrying other "publications" are $40,000,000, as will be noted, while all franking privileges of the Government reach only $700,000, also less than 2 percent of this second item of the Post Office deficit. That is for total franking privileges for the many departments that carry official information as well as official correspondence by Members of Congress.

Mr. VINSON of Kentucky. All executive departments.

Mr. FREAR. Yes; including also franking of all executive departments.

Many Members who seek to answer unjust newspaper attacks, sometimes false in character, and who send speeches affecting important legislation in which constituents have deep interest, are criticized by publishers who enjoy free mail service.

Let me say not 1 paper in 10 is unfair, and few papers in my State are abusive of Congress, but candidates for Congress publishing papers use poison pens in one case every week, according to reports, and then protest when any answer is offered reciting facts otherwise unknown to the average reader. Yet the loss in postal rates from such papers is 12 times the cost to taxpayers and borne by the Post Office for franking privileges for all the Departments and Congress combined, as will be noted from the postal statement to the committee of comparative deficit items. That is shown by free-in-county newspapers, which are carried free excepting when delivered by carriers. Those small papers probably could not exist in 90 percent of the cases if it were not for these free-in-county postal advantages which are extended by Congress because of educational aid; but if you pick up some papers, you will see syndicated articles and other caustic criticisms that assert Members of Congress are causing this great postal deficit, although the entire franking for all purposes is less than one tenth of 1 percent of the total deficit, and the free-in-the-county papers cost the Government 12 times the cost of total franking for all purposes, but the papers that abuse and yet profit at Government expense do not mention that fact. Daily and weekly papers condemn Members of Congress as responsible for this postal shortage, but when the total franking privilege for all purposes only amounts to one tenth of 1 percent of the total postal expenditures and losses, though losses from dailies alone reach 50 times all franking privileges, it is time to protest. Free-in-county papers' deficit reaches 12 times all franking costs for every purpose, according to the Post Office Department. It should also be understood there is a total shortage of $186,000,000 which does not go to first-class mail, according to the report from the Department. As the gentleman from Pennsylvania [Mr. KELLY] says, that is one thing that we will have to meet, and it is borne by taxpayers, whether caused by papers or other publications which carry their own deficits. The gentleman from Arkansas [Mr. RAGON] says it will be met by this administration by the President's putting into force increased postal rates, if we will give him the power. It is just to have mail pay something near its cost, but I believe the press deserves aid, and should have it, as Congress has given it in the past, although some papers indicated are vicious in their criticisms of Congress.

I want to impress upon you one fact in this discussion—that first-class mail today brings a profit on local and outside classes. It ought all to be reduced from 3 cents to 2 cents and not carry the losses from second-, third-, and fourth-class mail.

The Post Office statement speaks for itself and is substantially in the same proportion as in other recent years. No fair man will justify loading losses on first-class mail or onto the taxpayers, who have seen the deficit rapidly increase. Ours is the greatest postal service in the world, and for over 50 years Congress has fostered aid to the press and to rural routes without attempt to have each class carry its own cost.

From the RECORD I quote other replies to unwarranted press criticism that should be corrected by reputable papers that gave currency to them. From Mr. BEEDY I quote:

Inasmuch as reference has been made to barber shops and restaurants, it is time to make it a matter of record that there are no free barber shops at this side of the Capitol, and Members pay for everything they eat at the restaurant; in some instances higher than elsewhere.

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Mr. BLANTON. I am glad, Mr. Speaker, that our good friend from Wisconsin [Mr. FREAR] in his speech clearly brought out the fact that frankable mail is responsible for only one tenth of 1 percent of the deficit. * * * Much franked matter by all the executive departments should not be franked. * * * As a matter of fact, Congressmen have reduced their salaries 15 percent, or $1,500, in addition to a reduced term of 2 months voted by them, which meant an additional $1,500 reduction, or a total of 30 percent. * * * Congressmen have reduced their mileage 25 percent and their clerical hire $750 per annum.

Mr. Chairman, a publisher of a weekly newspaper recently moved, by reapportionment, to my district, a former Congressman for one term, twice defeated thereafter and again ambitious to return, is a weekly broadcaster of discontent who regularly and unfairly denounces Congress through his paper and other papers that carry his criticisms. His paper, for illustration, is reputed to have 4,000 weekly circulation and has been carried by the Government through the mails in his own county free of cost, excepting where delivered by carrier. These fault-finding comments, if sent through the mail by letter to his readers, would cost him around $2,000 annually for postage, but are carried by the Government free in the county or a comparative saving of from $30,000 to $40,000 during the past 20 years of actual financial profit—a great help to a regular candidate who uses the press and yet complains bitterly of those who seek to answer his unfair criticisms.

Complaints of salaries paid Members, for illustration, were reduced by him to relative values in pork and wheat, although not 1 farmer in 20 pays in pork, wheat, or money any part of such salaries. On the other hand, when a 1-term Member, it is stated here, he received for himself and relatives in his office, pay from the Government at the rate of $15,000 a year, whereas the average Member and family does not receive half that figure for 1933 and 1934. Like my friend from Texas [Mr. BLANTON] I hope to meet on the same platform this critic and to answer some of his criticisms against Congress and myself. This is not offered as a challenge, but a mild protest against a constant stream of abuse.

Beyond this brief personal word all I care to say is that a vote for the motion to recommit on the post office bill, is of the same effect as my own amendment offered in committee, and will put all first-class mail upon the 2-cent rate. I take it every Member has been receiving letters and correspondence demanding that the postage rate on first-class mail be brought down to 2 cents. This has been the experience of most of us. Here is an opportunity by which that can be accomplished.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. FREAR. I yield; certainly.

Mr. BLANTON. I want to ask my friend if it is not a fact that the small cost to the Government of franking by Members of excerpts from the CONGRESSIONAL RECORD does not bring the best results of any money this Government spends? If it were not for the privilege of Members' sending the actual RECORD to their people, the press, sometimes antagonistic, could ruin any man in Congress.

Mr. FREAR. I have so stated and given an instance of one critic in my own district who through his weekly paper, carried through his home county at taxpayers' cost as stated, denounces the Congress in every weekly issue he sends out. However, he complains constantly about the franking privileges enjoyed by Members of Congress, about free meals, free shaves, and incompetence of a Congress of which he was once a brief Member and should know the facts.

To this extent I agree with the statement of the gentleman from Texas; and leaving out my own participation in House deliberations, I concede the gentleman is absolutely correct in the need of some means to answer such critics as he has so fittingly described in the RECORD.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. FREAR. I yield.

Mr. DONDERO. The gentleman, I think inadvertently, stated that one tenth of the deficit only was caused by the franking privilege of Members of Congress. What the gentleman meant was one tenth of 1 percent.

Mr. FREAR. Yes; if I so stated, what I meant was one tenth of 1 per cent is the total cost of carriage for franked documents of every description—department, bureau, and every other branch, including Congress.

Mr. Chairman, the question submitted by my friend from Texas is one easily answered that the man who through the press engages in unwarranted criticism always resents any effort to answer. To deny that privilege by speeches, though franked under existing law, while the publisher preserves the right to free carriage of his own paper with probable cost to taxpayers during the last 20 years of many thousands of dollars, is a fair picture of inconsistency that finds it more profitable to criticize at long range than where answers could be offered to the same audience.

Franking is needed to protect Congress from such bushwhacking methods. I am sure every colleague and every fair-minded man will agree with my friend from Texas, who is a fearless fighter and a good legislator. I am also sure that other Members have been subjected to the same unfair criticisms and their acts misrepresented, so that their only protection is by stating the facts to their constituents.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, it is not my intention to use 5 minutes.

Mr. Chairman, I ask unanimous consent to proceed out of order for 5 minutes to speak about the New House Office Building that was opened today.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRITTEN. Mr. Chairman, I merely desire at this time to pay a compliment to the Architect of the Capitol, Mr. David Lynn, and his able assistants, and to call attention to the fact that the New House Office Building was opened this morning for occupancy by Members of the House.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. TREADWAY. The modesty of the gentleman from Illinois, which we all recognize as a very great virtue of his, prevents him from saying that he was the first Member to move in. [Laughter.]

Mr. BRITTEN. No. The chairman of the committee in charge of this bill [Mr. DOUGHTON] had already moved in, and so had the gentleman from Michigan [Mr. MAPES], and I think the gentleman from Illinois [Mr. SABATH]. So, in fact, I was third or fourth.

So much has been said in the press and elsewhere of governmental extravagance, particularly in connection with the cost of building construction, that I wanted to call to the attention of the House the unusual situation that is presented on Capitol Hill, where we have actually saved—I will not say "we"—but where there has actually been saved to the Treasury $1,219,745, almost $1,220,000 in the cost of the construction of the New Office Building. [Applause.]

Mr. Chairman, the New House Office Building is today ready for occupancy and arrangements have been made to start moving the effects of Members who will occupy this building. As one Member of the House who has always been interested in construction work, after an inspection of this new building I cannot refrain from making a few observations.

First, I should like to invite the attention of the Members of the House to the considerable savings which have been made in connection with the construction of this building. The Congress authorized for the site and construction of the New House Office Building $8,400,000. Of this amount, $7,500,000 was the authorized limit of cost for the building and $900,000 for the site. The site cost $1,077,745.74, which was $177,745.74 in excess of the authorized limit of cost. This deficiency, under authority of the Congress, was made up out of the appropriation for the building. The cost of the building, estimated as of this date, is $6,280,254, and the anticipated saving under the authorized limit of cost for site and building, including the $177,745.74 used from the building appropriation for the site, is $1,219,745.74. The original authorization did not include furnishings. The Congress authorized an expenditure not to exceed $400,000, to be included in the authorized limit of cost for building and site, for this purpose. The furnishings are estimated to cost approximately $228,000, a saving of $172,000 under the authorized limit of cost. It gives considerable satisfaction, therefore, to note that the site was purchased and the building constructed and completely furnished for practically a million dollars less than the authorized limit of cost of the entire project.

Mr. Chairman, another unusual incident in connection with this great building is that less than one half of 1 percent of the contract price of $5,270,000 has been added for the payment of extras, changes, modifications in plans to meet the desires for committee rooms and a thousand other structural changes. I think this is most unusual and distinctly complimentary to those who so successfully guarded the Public Treasury.

With my experience in construction work, I consider this outstanding and an indication that the plans and specifications prepared by the architects were complete in all details and that the work was carried on with intelligent supervision.

I desire especially to compliment Mr. David Lynn, the Architect of the Capitol, and his very able assistant, a former commander of the American Navy, Commander H. D. Rouzer.

Then I want to compliment the allied architects of the District of Columbia who drew the plans for this building, who are responsible for its beautiful architecture, its beautiful shrubbery, and its great courtyard. The building will long stand as one of the architectural monuments of the Nation's Capital.

I wish also to compliment the three Speakers of the House who are responsible for the promotion of this beautiful structure—Speakers Longworth, Garner, and Rainey; and the two distinguished members of the House Office Building Commission, the gentleman from New Jersey [Mr. Bacharach] and the gentleman from North Carolina [Mr. Pou]. Mr. Edward Brown, the present capable Superintendent of the House Office Building, has contributed much toward the successful assignment of rooms, the care of special cases, and the good humor of an otherwise arduous task.

We hear so much criticism of our actions, talk about barber shops, shower baths, and things like that. I think it well at a time like today, when we are starting to move into these new quarters, to call attention to a governmental activity which has been economically concluded with credit to everyone who is responsible for its being.

The fine spirit which has been displayed by everybody connected with this new structure had in mind not only a proper working place for Members of Congress but, first and foremost, the interest of the Federal Treasury. A million more might have been spent without any better results. This is a matter I take pleasure in calling to the attention of the House.

Mr. Chairman, may I also invite attention to the general design of this building, both as to the exterior and interior, which are dignified and simple. The arrangement of the interior of the building has been well planned. The office suites are complete in each and every detail; the assembly rooms and committee rooms, which are air-conditioned, should prove a source of comfort to those using the same. The treatment of the court of this building is most effective. The planting, which consists of American hollies, dogwoods, boxwoods, and other attractive shrubbery, and the fountain, surrounded by a grass plot, and walks, with colorful paving stones, are a pleasure to look upon.

It is a great satisfaction to feel that the New House Office Building project was well planned, and the building provided at a minimum cost in the shortest practicable time. The general contractors were the Consolidated Engineering Co. of Baltimore.

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. BEEDY. Inasmuch as reference has been made to barber shops and restaurants, I think this is the time for us to make it a matter of record that there are no free barber shops here on this side of the Capitol; that everybody who has any service performed in these shops pays for it; that they are open to the public; that our restaurant is open to the public; that the Members pay for everything they eat, at prices that are in some instances higher than obtain elsewhere.

Mr. BRITTEN. Yes; I am pleased that the gentleman has called attention to that fact.

Further, I want to compliment our two colleagues, the gentleman from North Carolina [Mr. POU] and the gentleman from New Jersey [Mr. BACHARACH]. Only the older Members of the House realize that these two representatives of the House are busy at all hours of the day and night looking out for our interests, and in the construction of this building they are to be highly complimented, because they have sat in with the allied architects from time to time; they have sat in with the Architect of the Capitol from time to time; they have sat in with the contractors from time to time, and have watched over the construction of this building just as carefully as though they themselves were paying for its construction. I think it is an ideal position for them to occupy, and they must look with very great satisfaction upon this building, which very largely is what we may call their own baby. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, as a former Republican postmaster, I should like to go on record in favor of this bill, especially with reference to the Post Office Department.

As I see it, this is the most progressive and outstanding recommendation which has reached this Congress, not only in this session but in any other session.

The heads of the Post Office administration are old-fashioned and inefficient. The Post Office Department is due for a shake-up in the interest of the American taxpayer, but they cannot attain this improvement unless the Congress will release them from the stranglehold of existing law.

For 8 years I watched the Post Office Department attempting to bring in innovations of a helpful character in the interest of the people, and consistently they have been held back by the Congress.

I say this is the most progressive bill that has reached us, because it gives the new administration complete power to change the interior administration of the Post Office Department for the benefit and in the interest of the taxpayer unfettered by the control which Congress has over it, which in too many instances pulls here and there from various interested sources.

Mr. BLANCHARD. Will the gentleman yield?

Mr. HOEPPEL. In just a moment.

I am going to give you the one reason why I am in favor of the 2-cent postage rate on local matter.

The records show, according to an examination of my friends out in California, that third-class matter going through the mail under permit mailing causes the Government a loss of 15 mills on each piece of such mail matter carried through the mails, whereas a piece of second-class mail matter going through any city in a local way gives a profit of one forty-ninth of 1 cent, or approximately one-half cent per piece. In other words, every piece of third-class matter today being handled in the post office in any of the cities is handled at a loss, and in addition the third-class matter as it is handled today is unsatisfactory to the mailing public.

I prefer the 2-cent rate. The 2-cent rate will bring revenue to the Department and at the same time will give the Government more efficient service.

I am not one of the Members who has criticized the newspapers because they receive advantages under the present law. As a matter of fact, if the newspapers would publish the facts with regard to Congress, with regard to what we do and what we do not do, I think they would earn the subsidy which they now have.

As the publisher of a national periodical I am not alarmed about this project. I have the greatest confidence in our President in regulating these postal matters in the interest of the American taxpayers and not to the advantage either of the publisher of a periodical or a large mailing concern. All questions are going to be determined on justice and in the best interest of the Government.

I should like to call your attention to some of the uneconomical conditions which obtain in the Post Office Department today. They are stupendous and foolish, and the interior administration should be changed, as well as the postal rates.

Mops, brooms, and all the common articles and all supplies used in west-coast post offices are mailed from the city of Washington, at first-class postage rates in the baggage car. This is not right. It is a loss for the taxpayer, and a clear subsidy to the common carriers.

Another very glaring inconsistency and uneconomical proceeding of administration is the differentiation which exists between post offices of the third and second class. If a postmaster today sells $7,999 worth of stamps, he is a third-class postmaster. Next year if he sells $8,001 worth

of stamps, or just barely goes over the $8,000 limit, he is a second-class postmaster.

As postmaster in an office of the third class I received $2,100 per annum for clerk hire, but when I sold stamps the succeeding year totaling over $8,000 I was given clerk hire credit for over $3,600, plus approximately $1,000 additional increase in carriers' compensation. To be more specific the Government expended approximately $2,500 additional per annum in my office because I sold a few dollars more stamps than I did the year before.

Mr. BLANCHARD. Will the gentleman yield?

Mr. HOEPPEL. Yes.

Mr. BLANCHARD. I want to ask the gentleman whether this bill will cure that situation.

Mr. HOEPPEL. I anticipate that the reorganization plan will take care of that, and I have confidence in the present Post Office management to rectify this matter, as well as adjust postage rates.

I am going to speak now with reference to the Congress. It has been mentioned here that the loss to the Government is one tenth of 1 per cent on account of the franking privilege of Members of Congress. I have here in my hand a book which costs the American taxpayers $324,000 per year, because the Members of Congress want to send this book, unsolicited in the majority of instances, to the farmers and other people of the United States.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. HOEPPEL. This is only one of the many pamphlets which we send out.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. HOEPPEL. Not now.

I have been told that a "lame duck" Member of the last Congress sent out 1,600 bags of mail through the post office in his own interest, planning to run for Congress at the next election. One Member of this Congress has 50,000 mailing plates in his office by which he can turn out addresses in order to send out to his constituents speeches or anything else of a beneficial nature to himself.

It is a loss of $1,500 to the taxpayers every time he sends out a full mailing. I am in favor of the curtailment of these free publications, which are an unnecessary burden on the taxpayers of the country.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. WEIDEMAN. What publications does the gentleman refer to?

Mr. HOEPPEL. This publication I have here is the Year Book of 1923, 10 years old, and is yet going through the mails. If I mailed a copy of it as a private citizen, it would cost 28 cents.

Mr. WEIDEMAN. Has the gentleman sent out any himself?

Mr. HOEPPEL. I have not.

Mr. BLANTON. We ought to stop the publication altogether. It is worthless to the farmers.

Mr. HOEPPEL. I am in favor of stopping the publication, and I am in favor of stopping the franking privilege, except on absolutely official matters. I wish to tell you what happened in the last campaign. In the last campaign a candidate for office, an incumbent, used the franking privilege to get his name before the electorate. He sent to me and other people petitions asking them, "Do you not desire me to send you a certain kind of bulletin?" He was trying to get in the public eye so he could obtain their votes. I protest against a man's using the franking privilege to perpetuate himself in office.

Mr. RAGON. Will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. RAGON. Does the gentleman understand that under the terms of this bill that can be corrected?

Mr. HOEPPEL. Yes; and I am in favor of it; it is the most progressive piece of legislation presented in this Congress to date.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, as soon as this Congress convened, I introduced a bill, being H.R. 108, to restore the 2-cent rate on first-class mail matter, which, after its enacting clause, provides:

That subsection (a) of section 1001 of the Revenue Act of 1932 (47 Stat. 285) is hereby repealed to take effect on July 1, 1933, and thereafter the rate of postage on all mail matter of the first class shall be the same as the rate in force on July 5, 1932.

It is my firm belief that a mistake was committed when the rate was raised from 2 to 3 cents. I was strongly against such raise at the time it was made. It was put over on the country at the instance of Postmaster General Brown, aided and handled by the then Republican Secretary of the Treasury, Ogden Mills.

I had hoped that the committee would favorably report and pass my bill, H.R. 108, or a similar one pending before it, so that the 3-cent rate might be repealed outright and only 2 cents charged on all first-class mail, but the committee has reported a bill that will give us a 2-cent rate only on drop letters—that is, letters to be delivered at the office where mailed. That is some relief, but it is not enough. I intend to continue my fight for a 2-cent rate until it applies to all first-class mail.

Likewise when this Congress convened I introduced a bill, being H.R. 107, to repeal the tax on bank checks, which, after its enacting clause, provides:

That part VI of title V of the Revenue Act of 1932 (relating to the tax on checks, drafts, and orders for the payment of money) is hereby repealed.

That bill also is now pending before the Committee on Ways and Means and it ought to be passed before this session adjourns. This 2-cent tax on bank checks has caused many people to take their money out of banks, and the harm thus done has outweighed the tax benefits received.

I am in favor, also, of repealing the tax on electric current, which falls heavily upon every poor family in the Nation. Surely we can find other sources of taxation that will produce sufficient revenue that will not cause the burden to be borne by those not able to bear it.

I am glad, Mr. Speaker, that our good friend from Wisconsin [Mr. FREAR] in his speech clearly brought out the fact that frankable mail is responsible for only one tenth of 1 percent of the deficit. There is much matter franked through the mails by all of the executive departments of the Government which should not be franked, and which is useless and a waste pure and simple. And we ought to stop it. There are many bulletins, documents, and books sent through the mail under congressional frank which are absolutely useless and a waste, and we ought to stop both the printing and distribution of them. But the privilege of sending through the mail bills, hearings, committee reports, and excerpts from debates in Congress is of great value to the people, especially when we require that the printing of same shall not cost the Government a penny, and the Member distributing same must pay for printing such excerpts. The distribution costs the Government very little. We have our postmasters, postal clerks, and carriers, all paid by the year, and they would receive just as much if no matter were distributed under congressional frank.

In his radio speech the other night President Roosevelt stated that the Post Office Department wanted more business, that it could handle, with its present set-up, about double what we are now handling without additional expense. It is, therefore, foolish for sensational newspapers and soap-box politicians seeking to break into office, to assert that excerpts from debates distributed under congressional frank constitute any great charge on the Government. It has been proven in the debate today that all matters from all departments distributed under frank constitutes only one tenth of 1 percent of the deficit in the Post Office Department, while the mailing subsidy enjoyed by newspapers alone costs the Government over $100,000,000 annually.

The CONGRESSIONAL RECORD, and the privilege of sending through the mails excerpts thereof reprinted at the expense

of Congressmen, is the only safeguard Members here have against being misquoted over the country. If it were not for this means of correcting erroneous impressions broadcast through the press to the public, Members here would be at the mercy of the press and at the mercy of every ambitious politician who constantly misquotes the real facts in our districts far away while we are here attending to business.

Only last Friday, April 13, 1933, there appeared on page 15 of the Fort Worth (Tex.) Star-Telegram a news item in large type headed "Urges Decrease in Congressmen's Pay", with the following deliberate misstatement:

Now that the salaries of Federal employees have been slashed 15 percent, Congressmen should reduce their own remuneration at least to the same extent, Joe Jones, former district attorney of Eastland County, said while here yesterday on legal business.

Joe Jones, when he made that statement, knew that Congressmen had already done the very thing that he said they should do, yet he sought to have the public believe otherwise. This daily newspaper, the Star-Telegram, carries the Associated Press and other dispatches from Washington, and has an able representative who sits in the press gallery here and must have known that the said assertion of Jones was incorrect, because it has been known generally all over the country that Congressmen did reduce their remuneration in the same proportion, yet this paper carried Jones' misstatement. As a matter of fact, Congressmen have reduced their own salaries 15 percent, which means a reduction of $1,500 a year to them, and this, too, is in addition to the reduced term of 2 months cut off the term of each Member, which meant another $1,500 cut. And Congressmen have reduced their mileage 25 percent, and have reduced their stationery allowance 25 percent, and have reduced their allowance for clerical hire $750 per annum, all of which should have been known to Joe Jones and to the Star-Telegram, which nevertheless published the misstatement. And it will be remembered that this is the same Joe Jones who last year published in the Star-Telegram the misstatement that the House of Representatives paid our Chaplain $11 for each prayer, and paid our Clerk of the House $55 per day just for sitting at a door, when in truth and in fact the Clerk of the House does not sit at a door and gets an annual salary of $6,000, less the present 15 percent cut, for working 365 days each year, and with several hundred employees under him to look after, and our Chaplain receives a salary of $1,680 per year, less the present 15 percent cut, for acting as the spiritual leader of 435 congressional families 365 days in the year. Such misstatements and misrepresentations must be corrected, and our only means of doing it is through the CONGRESSIONAL RECORD.

Mr. TREADWAY. Mr. Chairman, I will take very little time in further discussion of the bill. I want to call attention to the remarks of the gentleman from Pennsylvania [Mr. KELLY], and the very complete analysis of the postal-rate situation which he brought to the attention of the House.

I interrupted him with the question as to whether or not he had been consulted by the officials of the Post Office Department in bringing in this bill. Naturally, he smiled, saying he had not been, because we know that those who have been consulted have been consulted purely from the standpoint of partisan politics.

Our colleague, Mr. KELLY, from Pennsylvania, is an expert and has studied for years the question of postal rates. If it was a question of expert advice from any man in either branch of Congress certainly the gentleman from Pennsylvania [Mr. KELLY] should have been called into that consultation.

Our friends tell us that this is purely a nonpartisan subject. If that were true, why exclude the best expert in Congress from any suggestion, advice, or assistance?

Mr. ALLGOOD. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. ALLGOOD. The gentleman from Pennsylvania [Mr. KELLY], during the past several years, has been sponsoring legislation for the Post Office Department, and yet the deficit has gradually increased.

Mr. TREADWAY. Neither the gentleman from Pennsylvania nor the chairman of the Post Office Committee had anything to do with this increase of the rates on first-class mail matter. That came from the committee of which the gentleman from North Carolina is chairman, and 24 other Representatives are members.

It came from the Ways and Means Committee on the recommendation or the desire on the part of the last administration to raise revenue in an effort to balance the Budget in a fairly reasonable manner.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. ALLGOOD. But this deficit existed before this emergency legislation was passed.

Mr. TREADWAY. What emergency legislation?

Mr. ALLGOOD. The raising of the postage to 3 cents. The deficit was caused by bills presented by the gentleman from Pennsylvania [Mr. KELLY] prior to the bill increasing postage. He opposed the bill raising postage to 3 cents. It was done on a bill presented by the gentleman from Pennsylvania [Mr. KELLY] and he had charge of legislation from the Post Office Department.

Mr. TREADWAY. Oh, I yielded for a question, not for a speech, and I should like to ask the gentleman a question in return. Is the bill before us today an emergency measure?

Mr. ALLGOOD. Absolutely; it is a part of the emergency program.

Mr. TREADWAY. Very well. If it is an emergency matter, why do not you face the situation today and give us a 2-cent postal rate, without any option to any administrative official? You do not dare to do it, because you have orders to do differently.

Mr. ALLGOOD. We do not know today what emergency will be tomorrow, and we are giving some leeway in this bill.

Mr. TREADWAY. There is another question coming up, according to a section that I read a few days ago in one of the President's messages to Congress. He expects to make some recommendation within a short time about tariff reductions and revisions. I suppose those are also emergency matters, from the viewpoint of the Democrats, and we will be given, as Members of Congress, no right or authority to have anything to do with tariff legislation after you confer this power on the President of the United States.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. And there is still further an emergency proposition, namely, that we close our mills and manufactories in this country and bring in the goods of foreign countries, if we reduce the tariff according to the doctrine of the Democratic leaders of today.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Very briefly, for a question, but not for a speech.

Mr. ALLGOOD. When the Republicans were in power and when the Ways and Means Committee brought in the last tariff bill, the Smoot-Hawley tariff bill, were the Democratic members of the Committee on Ways and Means permitted to sit in on that bill when it was being written?

Mr. TREADWAY. Oh, I sat in as a conferee with my Democratic associates, and I know this——

Mr. ALLGOOD. But in the preparation of the bill.

Mr. TREADWAY. I am answering the gentleman's question, and I am not going to yield any further along that line. I know this, that when the House conferees sat in on the last tariff bill we were bulldozed by a member of another branch to put a 7-cent duty on cotton. Never was there a more unreasonable tariff rate written than the Democratic members on this conference committee insisted upon going into that bill.

Mr. ALLGOOD. The Democrats were not permitted to sit in on the writing of that bill.

Mr. TREADWAY. I do not yield to the gentleman.

Mr. LEE of Missouri. Mr. Chairman, will the gentleman let me ask him one question?

Mr. TREADWAY. Yes.

Mr. LEE of Missouri. Does not the gentleman think that if the President did send in a message to reduce the tariff, and we reduced it, it would cause the big interests of this country to bring their factories from Europe that have been driven over there on account of your tariff and give our American laborers a job? Does the gentleman not think that would be a good thing?

Mr. TREADWAY. Oh, that question is so old it has whiskers on it. I think you will have plenty of chance to manufacture goods abroad when you bring in your 6-hour bill and put it through. My two good friends on the Ways and Means Committee, the gentleman from Kentucky [Mr. VINSON] and the gentleman from Arkansas [Mr. RAGON] seem to have a very different comprehension of the purposes of this optional power they are asking us to grant to the President of the United States. One of them says that the $102,000,000 deficit from second-class postage is the cause of granting that power, and he wants to do away with this tremendous deficit, or with a big part of it, by raising the second-class rates. The gentleman from Kentucky [Mr. VINSON] takes the opposite position on that proposition. He tells us that very likely if this optional power is granted the President of the United States—and he called particular attention to the word "modification" as it appears in section 2 of the bill—the rates on all other classes than the first class would be again reduced. How in the name of all that is good can a reduction of that nature assist in an emergency balancing of this Budget? Then the gentlemen quote experts, experts of the Department. Well, we had that so-called "expert" before us the day before yesterday, and while I do not think that he illuminated the situation a whole lot, yet he was sent to us at the request of the chairman of the committee as a departmental expert. He told us that on the basis of the present volume of business the reduction of the 3-cent rate on nonlocal first-class mail to 2 cents would reduce the revenue in the neighborhood of $60,000,000, and that applied to local drop letters it would reduce the revenue $17,000,000 more, but he also said that he thought there would be a revival of the use of the 2-cent rate on local mail sufficiently so that the deficit from this class of mail would be about 9 or 10 million dollars. If you are going to take that expert advice, it seems to me to be pretty evident that there cannot be much further reduction and still use this argument as a means of balancing the Budget, and claim it is emergency legislation.

There has been a great deal said about Members on the Republican side going along with the economy program. There is not a Member of this House who did not realize that was emergency legislation, and we were glad to follow the advice of the President of the United States in the emergency. Who can offer any proof whatsoever that we are today facing an emergency in connection with this particular bill? Nobody has answered the inquiry propounded originally by the minority leader. If you recognize there is an emergency here, why do you not vote it now? The gentleman from Pennsylvania [Mr. KELLY], I understand, will offer as an amendment, when the bill is read under the 5-minute rule, an item that was in the bill originally introduced by the chairman of the Ways and Means Committee. I have heard only one Democrat say he expected to vote for that change. We can do it here and now. We can make a universal 2-cent postage rate and not ask for modification authority in the hands of the administration.

Mr. BLANTON. Will the gentleman yield?

Mr. TREADWAY. Yes; I yield.

Mr. BLANTON. When the gentleman's Postmaster General, Mr. Brown, had this 3-cent rate put on the people, we then tried to get the gentleman not to let him do it. What has come over the gentleman now that he wants to undo what Mr. Brown did?

Mr. TREADWAY. Mr. Brown did not have anything to do with this. Mr. Brown did not come before the conferees on the tax bill.

Mr. BLANTON. But it was his fine Italian hand that caused it to be put in.

Mr. TREADWAY. Oh, I beg the gentleman's pardon. I know where the suggestion came from. I sat in with other gentlemen at that conference.

Mr. BLANTON. Does the gentleman deny that Ogden Mills did it?

Mr. TREADWAY. Well, he is not Mr. Brown. I will say to the gentleman that Mr. Ogden Mills never appeared before the conferees, to the best of my knowledge.

Mr. BLANTON. But it was his fine Italian hand that did it, in conjunction with the suggestion of Mr. Brown.

Mr. TREADWAY. That was nothing in comparison to the fine Italian hand that is working for every kind of proposition to turn all the authority of Congress over to the administration at the present time.

Mr. BLANTON. That is better than what has been done in the past.

Mr. TREADWAY. Now, Mr. Chairman, I am perfectly willing to go along with the administration in a nonpartisan manner. I have done so by my votes, but I do not think the time has yet arrived when Congress should abrogate its entire power and authority over all types of legislation, of which this postage rate is but one instance.

Mr. Chairman, we hear on this floor and elsewhere a great deal about germaneness. I should like to ask my friends what the germane relationship is between continuing a gasoline tax and reducing or raising, as the case may be, postal rates in the same bill? We are adjourning here from day to day, without a great deal of business. The orders are not coming fast enough from the other end of Pennsylvania Avenue for us to keep active. I do not see any good reason for considering as germane the relationship between continuing the gasoline tax and a change of postal rates, whether up or down, both in one bill.

Mr. RAGON. Will the gentleman yield?

Mr. TREADWAY. Yes; I yield to the gentleman to explain that.

Mr. RAGON. I am not going to explain; but I am going to ask my friend to explain. If the gentleman objects to the germaneness of extending for a year the gasoline tax and adjusting the postal rates, why did not the gentleman interpose the same objection of germaneness the last time when we had the creation of the tax on gasoline and also the increase in postal rates in the same bill?

Mr. TREADWAY. I was not aware that it was, other than at the conference between the two branches of the Congress. If I am in error, I shall be very glad to acknowledge the mistake; but I think the gentleman will admit that I brought up this question in the Ways and Means Committee as to why we could not separate the two subject matters.

Mr. RAGON. I know; but for practical purposes, I will ask the gentleman what is the difference between now and in the last session?

Mr. TREADWAY. But let me ask the gentleman what are the practical purposes to be accomplished, other than taking further instructions from the executive branch as to the type of legislation we advocate on this floor?

Mr. RAGON. Well, that is a matter of judgment.

Mr. TREADWAY. Mr. Chairman, I will reserve the balance of my time. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. MCFARLANE].

Mr. McFARLANE. Mr. Chairman, I have listened earnestly to the remarks of the gentlemen on the other side of the aisle in their opposition to this bill. This is an administration measure. It is a measure that has great merit. It ought to have the united support of every Member of this House.

I notice the gentleman directing the opposition, before he was seated, said he expected to vote for the bill. The gentleman questioned the emergency that has now arisen under which we are considering the legislation. Mr. Chairman, the bill speaks for itself.

THE GASOLINE TAX

This bill extends for another year the gasoline tax. As an emergency measure to assist in balancing the Budget, I am ready and willing to support this measure on that basis. However, I believe it unfair to force one industry to bear such a tremendous tax burden, and just as soon as possible this tax should be repealed and such a tax left entirely to the respective States.

THE POSTAL DEFICIT

This measure places in the hands of the Chief Executive the right to modify the postal rates. Let me call to your attention the fact that each of the gentlemen who has spoken in opposition to this bill has favored striking out the heart of the bill, which allows the Chief Executive this power. Apparently they are unwilling to trust the Chief Executive in this matter. It seems poor taste to me that they come before this Congress in that attitude. For the past 12 years we have had a Republican administration. I know and you know the result of that Republican administration and how they have failed and refused year after year, when they had control of this House, to balance the budget in the Post Office Department. For example, in the last 5 years what do we find the facts to be? We find a deficit that has occurred in the Post Office Department in second-, third-, and fourth-class mail alone, totaling $784,437,255.82, as follows:

THE POSTAL DEFICIT

Loss on second-class matter:		
1928	$85,281,085.36	
1929	94,471,038.64	
1930	90,165,448.46	
1931	96,973,717.40	
1932	102,268,659.62	
Loss on second-class matter, 5 years, 1928–32		$469,159,949.48
Loss on third-class matter:		
1928	$6,285,850.09	
1929	18,806,911.23	
1930	21,502,047.62	
1931	23,388,894.82	
1932	28,909,363.27	
Loss on third-class matter, 5 years, 1928–32		98,893,067.03
Loss on fourth-class matter:		
1928	$7,039,930.40	
1929	28,050,255.31	
1930	25,910,222.37	
1931	27,791,089.81	
1932	34,431,027.20	
Loss on fourth-class matter, 5 years, 1928–32		124,222,525.10
Loss on daily newspapers under second class, not including free in county, which is grouped with other publications:		
1929	$34,790,104.20	
1930	32,260,750.17	
1931	34,566,247.97	
1932	36,409,573.82	
Total loss on daily newspapers, 4 years, 1929–32		138,026,676.16
Losses on second-, third-, and fourth-class mail:		
1928	$110,639,517.91	
1929	162,689,837.76	
1930	162,098,355.28	
1931	150,471,423.25	
1932	198,538,121.62	
Losses on second-, third-, and fourth-class mail, 5 years		784,437,255.82

Yet the gentlemen who are opposing this bill now and who are objecting to its consideration would have us strike out of the bill the very thing that allows the Chief Executive to adjust and modify these rates to stop these continuing deficits. Apparently they are unwilling to give him this authority. You who have heard their speeches do not have to wonder any more why this Congress has been unable to balance the budget in this Department. It has been due primarily to such dilatory tactics and lack of courage as we have found here on this floor today.

It seems to me, looking at it from every standpoint, that this is a fine piece of legislation, one that very probably will stop the deficit that has been running into more than $200,000,000 annually for the past several years; and I trust when the gentlemen on the other side of the aisle consider these facts, they will vote with us and allow the President of the United States to modify and adjust these rates to stop this tremendous deficit. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Chairman, I hope this piece of legislation works out as we surmise it will, but I wish we had gone just a little farther and made a universal 2-cent rate on first-class mail matter. However, I shall support this measure as I shall any measure that will directly benefit all the people.

I just received a letter from my city. I wondered why I had not been receiving correspondence on this 30-hour week proposition from the working class as I had from employers. I received one letter which said the folks cannot afford to send you letters because they do not have 3 cents to pay the postage. I think possibly they might be able to pay 2 cents. Yet these employers can send me telegrams and phone me. So the people in the upper strata still have a little money left.

I shall go along with the President in this matter and hope he will revise the rates on second-, third-, and fourth-class mail matter. That is what I am interested in. I am sure he will. If this Postal Department does make a little more money and take up some of the slack, we may be able to restore the 15 percent we took away from the Government employees and deserving veterans in an effort to get back to the 1926 standard of living. The way things are heading, with the President saying that we will have a justified expansion, I am confident if we go along with our President in his measures intended to build up general prosperity in the Nation the day will not be far off when all our citizens will be enabled to live again in a manner becoming our civilization. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TREADWAY. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, the gentleman from Texas just stated that the Republicans were using dilatory tactics in respect of this legislation. Let me say to the gentleman from Texas, and generally to the gentlemen on the other side of the aisle, that we on this side stand ready today to do what the chairman of your committee and what the Postmaster General of the United States says ought to be done. If this is dilatory tactics, I do not understand the meaning of the word.

It has also been said by one Member on the other side that the purpose of this bill was to give the President of the United States power to raise second-, third-, and fourth-class postage rates, and by another Member on the majority side that the distinct purpose of the bill was for an entirely different purpose. Now, I should like to have someone representing the administration tell me what the purpose of the bill is. We are confused at this time as to whether the gentleman from Arkansas [Mr. RAGON] or the gentleman from Kentucky [Mr. VINSON] speaks for the administration.

Mr. RAGON. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. RAGON. I can only say I spoke as the result of a conference with the heads of the Departments mentioned by the gentleman from North Carolina [Mr. DOUGHTON]. The gentleman from Kentucky [Mr. VINSON] tells me he made the statement that the statement was correct that the gentleman from New York adverted to; and the statements of the gentleman from Pennsylvania [Mr. KELLY] were correct.

Mr. SNELL. Well, some of us want to follow the administration, but we want to know which one of you speak for it.

Mr. RAGON. Will the gentleman yield?

Mr. SNELL. I cannot yield, because I have only a moment's time.

Now, as far as the emergency is concerned, this is not an emergency proposition as compared with the other propo-

sitions on which we followed the President's advice at the beginning of the session. This proposition has been here for nearly 2 years. Your own committee has been making the study They have the best advice and the best information available on this proposition at the present time. They are the people who will advise the Postmaster General. The chairman of this committee has said repeatedly before this House that he has made up his mind what ought to be done, what will bring more revenue to the Federal Government; and I say, Mr. Chairman, if we are interested in balancing the Budget and balancing it now, we should adopt the recommendation previously made to the House by the gentleman from New York [Mr. MEAD], the chairman of the Committee on the Post Office and Post Roads, and adopt a 2-cent rate for first-class mail, and do it here today. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, the gentleman from New York, the gentleman from Massachusetts, and the gentleman from New Jersey are very solicitous that the people may have the benefit of a flat reduction in postage rates on first-class mail matter from 3 cents to 2 cents, but so far as I know this solicitude has been made manifest only today. I have heard nothing prior to this time upon their part that this matter should be taken up and considered and the people given the benefit of the relief carried in this bill.

The distinguished minority leader, who has just taken his seat, wants to know who is responsible, who represents the administration in regard to this measure. I may say to my distinguished friend that we are going along together, that this bill is the result of deliberations and conferences as to what is best to do under existing circumstances.

I am as firmly in favor of giving a 2-cent rate on all first-class mail matter as anyone here if it can safely be done, but those on the other side who are so anxious to make political capital out of this measure, and so desperately in need of some political relief, know that today we are operating under an emergency. All our legislation is more or less of an emergency character. No one will deny that these are abnormal times. We had laid in the lap of this administration not only a broken, bankrupt, empty Treasury but a deficit of $3,000,000,000. This exigency was so great that the last President of the United States, when the revenue bill of 1932 was under consideration in the last session of Congress, said that unless something was done immediately to balance the Budget the economic structure of the Government would fall.

This bill was brought in as an emergency measure and all these hateful taxes, including the Federal tax on gasoline, the increase of 1 cent on first-class postage, the infamous 2-cent tax on bank checks, were all of an emergency nature made necessary by the maladministration of the Republican Party, as you all well know. [Applause.]

We are now trying, the best we can, free of partisanship and in a patriotic spirit, to hold up the hands of the administration that is making such an earnest effort to balance the Budget without additional taxes. Instead of the gentleman inveighing against this patriotic effort of our great President he should be upholding his hands. If our party had left the country in the condition that your party left it and had delivered it into your hands as you have delivered it into our hands, it would not lie in my mouth to interpose some partisan criticism, as the gentleman is doing, and raise a partisan issue such as he is endeavoring to raise here today.

Mr. Chairman, under this bill, if enacted into law, we are certain of relief to the extent of reducing first-class local postage from 3 cents to 2 cents; and then, after experimentation, investigation, and a survey, and the matter is tested out, a further reduction will be made. Everyone knows we are not in a situation now to determine that, but we feel certain that on local mail matter we will not lose any revenue by going back to 2 cents; but it requires further study and a further survey to determine whether or not we will lose revenue if we go back to a flat 2-cent rate all the way down the line.

Mr. SNELL. Will the gentleman yield for a question?

Mr. DOUGHTON. I will be pleased to yield to the gentleman from New York.

Mr. SNELL. One of the gentleman's previous speakers said he thought it could be done in 2 or 3 days, but that is not what I wanted to ask the gentleman. If the gentleman and all the representative men on that side have made up their minds, as the gentleman says they have, as to what ought to be done, why do you not tell us why you are not willing to do it here today?

Mr. DOUGHTON. It should be done just as soon as it can be done expediently, just as soon as it can be done with due regard for the Treasury, as I have stated to my good friend; but none is so blind as those who will not see—but having eyes and see not and ears and hear not and minds and understand not. Of course, I cannot make the gentleman understand. [Laughter.]

The reason we do not do it now is we do not know and the gentleman does not know just what the effect upon the receipts of the Treasury will be. If this works out all right, as we expect, and business that has been driven away is restored, then we can proceed intelligently and go the whole way.

With the President of the United States trying in every way to effect economy in every branch of the Government and to balance the Budget without additional taxes, now, does the gentleman have the least fear that the President of the United States will not extend this reduction if it can be done without loss of revenue? No one can tell yet how business will increase. No one can tell exactly just how business is going to revive, and until we have further light and further information it is only pursuing the course of safety and prudence to proceed cautiously. We can and we will trust the President of the United States, and the partisan issue which the gentleman raises on that side will return to plague him in the future.

Mr. SNELL. Will the gentleman yield for a further question?

Mr. DOUGHTON. Yes.

Mr. SNELL. Far from being partisan today, I have praised your Postmaster General and the chairman of your own committee for the intelligent conclusions they have come to in regard to the 2-cent postage rate, and what more information is the gentleman going to get than the information that has already been obtained by 2 years of investigation?

Mr. DOUGHTON. I will tell the gentleman what more information we will get. When we get the "Brownism" out of the Post Office Department and get it completely under the control of "Farleyism" and away from the subordinates from whom we have received much misinformation, and when we get all the "Mellonism" out of the Treasury Department, we will then be prepared to go forward intelligently and consider these questions in the light of correct information. [Applause.] This is what we are suffering from now.

Mr. SNELL. Will the gentleman state that Mr. Farley is entirely nonpartisan in this matter?

Mr. DOUGHTON. We do not know whether we are getting correct or incorrect information from the Post Office Department now. You cannot change a crew of trainmen overnight; but just as soon as we are rid of all the "Brownism" in the Post Office Department and all the "Mellonism" in the Treasury Department, then we will know how to proceed, and we can proceed intelligently and safely in matters of legislation that concern those Departments. [Applause.]

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. ROGERS of Oklahoma. Is it not a fact that we do not want to make the same fatal mistake that the previous administration made, and therefore we are proceeding cautiously?

Mr. SNELL. Will the gentleman yield for a question?

Mr. DOUGHTON. I yield.

Mr. SNELL. Does the gentleman intend to put in new experts to make up these figures, or is the gentleman going to use the same men who have been in the Department for many years?

Mr. DOUGHTON. The gentleman from New York knows that I am not the head of the Post Office Department. I am not the Postmaster General; but the gentleman knows that the man who is at the head of the Department, and whom he knows well, is capable and is competent and knows how to run the Department, and will not go to the gentleman from New York, the minority leader, for guidance as to how to conduct the affairs of the Post Office Department. [Laughter and applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired, and the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 629 of the Revenue Act of 1932 is amended by striking out the following: ", or after June 30, 1933, in the case of articles taxable under section 617, relating to the tax on gasoline."

Mr. GREEN. Mr. Chairman, I move to strike out the last word. I rise in support of the bill and trust that the committee will accept it. The deficit of the Post Office Department is largely a heritage from the Republican administration, and it seems to me that gentlemen on the other side of the aisle should be the first to help right the wrongs of that administration.

It is common information that large leases were entered into during the past few years which have contributed materially to the deficit of the Post Office Department.

I read a story where a building was leased for post-office purposes at 90 percent per annum of the actual value of the property. Think of such an amount being paid for post-office quarters.

I also know that it is common information that hundreds of automobiles have been purchased by Post Office officials so that they might ride around at the expense of the taxpayers. Yes; we remember how Postmaster General Brown bought an extra large auto to take care of his high silk hat top. Such was ridiculous. I know also that unusual expensive practices have been indulged in by employing special representatives of Postmaster General Brown to go over the country and ascertain who should be appointed as postmasters. They were known as special representatives of the Post Office Department and paid probably $10,000 a year salary and upwards, if expenses were counted in—a pernicious practice.

If this bill is adopted we have no fear that the new administration will weed out all this dead timber, eliminate unnecessary expenses, and, if necessary, revise the postal rates on second-, third-, and fourth-class matter. I believe that many Members realize that there should be some revision in rates on second-, third-, and fourth-class matter.

There is no doubt in my mind but that the President will, in a short time, reduce first-class postage on all letters down to 2 cents. I believe that will come about shortly. I am not afraid to trust the President with this power and this authority. I trust that the Congress will give him this power and authority, because I want the President to have full power to make further reductions and eliminate further unnecessary expenditures along with the 15-percent reduction in salaries that has already been ordered. If postal employees are to lose 15 percent of their salaries, then other economies should also be effected. If these reforms are adopted, I believe there will be no deficit in the Post Office Department in the next 12 months.

I think the franking privilege should be eliminated. I use it and I shall use it as long as it is authorized, because my constituents are entitled to every possible service existing. Members of the Congress and all Government officials should pay their own postage. Taxpayers' money should not be used to buy automobiles, gasoline, postage stamps, and other class privileges for public officials, be they local, State, or National. The American people are tired of such abuses, and they must cease. Such abuses are resented by the American people. High salaries and allowances have made a wide gap between the workingman and the officeholder. If practically all local, State, and Federal salaries were reduced from 50 to 75 percent and all allowances canceled, then the American people would once again have faith in public officials and there would be hope and recovery. This gap should be filled. Discriminations should be eliminated. One adult person out of every ten in America was living on taxpayers' money in 1932. We must retrench and economize in Government affairs until business conditions improve and the currency is expanded.

Mr. LOZIER. Mr. Chairman, I move to strike out the last word. I am in favor of a radical reduction of expenditures in the Post Office Department, but the Post Office Department is not the only activity that has been guilty of extravagance, waste, and prodigality in the expenditure of public funds. It is the only one of the instrumentalities of the Government that serves every nook and corner of the Nation and touches alike rich and poor, high and low, and contributes to the comfort, convenience, and welfare of practically every man, woman, and child in the United States.

A large majority of the American people never come in contact with any other department of the Government, and they regard the Post Office Department as the principal governmental activity, because it is the only one that serves them, and they know that such service has been efficient and satisfactory. But, my friends, in reducing Government expenses we should not make fish of one department and fowl of another. Other departments are spending money prodigally. The printing bill of the Department of Commerce is scandalously excessive; in fact so wasteful that its investigation and audit would amaze and shock right-thinking men. For the fiscal year 1931 the Department of Commerce expended $2,894,677 for printing, approximately six times the total cost of carrying all franked mail of Senators and Representatives.

As Chairman of the Committee on the Census, I have had an opportunity to learn something about the inexcusable extravagance of the Census Bureau, which is one of the activities of the Department of Commerce. Our mails are burdened with publications issued by that Bureau, consisting of statistical data, charts, bulletins, tables, graphs, and diagrams relating to matters in which not one man in a thousand has the slightest interest, and although they serve no useful purpose, they are nevertheless costing enormous sums and helping unbalance our National Budget. This extravagant printing bill adds to the tax load of an already burdened public. A large army of Government employees cumber the pay rolls and sap the substance of the people. The enormous expense of preparing, publishing, and circulating this data cannot be justified by anyone who believes in economy in the expenditure of public funds. About the only, if any, useful purpose these publications serve is to furnish employment to a host of individuals whose services might well be dispensed with without in any degree impairing the usefulness of any Government activity.

If you would take the time to examine some of these tables, charts, graphs, diagrams, and bulletins, you would be first amused, then amazed and indignant that Government funds collected from a tax-burdened public should be used for such unnecessary, unwarranted, and prodigal purposes.

On July 8, 1932, I discussed at some length the waste and extravagance of the several executive departments. My remarks appear on page 14918 of the CONGRESSIONAL RECORD, Seventy-second Congress, first session. I presented facts and statistics which I believe are worthy of your attention. For instance, Uncle Sam's total printing bill for 1931 was $14,546,440, of which approximately $3,000,000 was spent by the Department of Commerce, over $1,000,000 by the Department of Agriculture, nearly $2,000,000 by the Post Office Department, nearly $1,000,000 by the Treasury Department, $747,000 by the Navy Department, $684,000 by the War Department.

In my remarks I demonstrated that the Congress or the legislative department was the most economical branch of our Government.

According to the cost ascertainment committee, it cost the Government 16 times as much to carry "free in county" newspapers as the total cost of carrying the franked mail of all the Senators and Members of the House. Moreover, it cost the Government 16 times as much to carry the franked, postage-free, or so-called "penalty mail" of the 10 executive departments as it cost to carry the franked mail of the Members of the House and Senate.

Now, remember, all postage-free mail is not franked mail, and all franked mail is not mail carried for Members of Congress. The computed cost of carrying all postage-free mail in the fiscal year 1931 was as follows:

Franked mail of Senators and Representatives	$530,298.50
Franked mail other than for Members of Congress	98,680.03
Mail carried free in county for newspapers	8,425,242.11
Mail for the blind	106,932.85
Penalty mail for Post Office and other departments and branches of Government	8,643,300.46
Total postage-free mail	17,804,453.95

You will notice that the cost of carrying congressional franked mail was less than 3 percent of the total cost of carrying all postage-free mail, and I may add, only thirteen one thousandths of 1 percent of the total Government expense in 1931. The cost of carrying the franked mail of Members of Congress in 1931 was only one two-hundred-and-seventy-sixth part of the 1931 deficit. Or, to state the matter in a different form, only $1 in every $276 of the 1931 postal deficit is chargeable to the congressional frank, and only $1 in every $8,000 of Government expense goes for carrying congressional franked mail.

While we should eliminate waste in the Post Office Department, we should not stop there. We should purge the other Departments of their extravagant habits. There should be a general housecleaning.

On several occasions in discussing Government expenses, I have stated in this Chamber that there are in the Government service probably 100,000 persons who perform no necessary service, and whose separation from the Government pay rolls would not in any substantial manner impair the efficiency or usefulness of any Government agency.

The Bureau of Foreign and Domestic Commerce has been one of the most expensive and extravagant Government agencies. It has sent men all over the world and into every State in the Union, ostensibly to develop trade and commerce and find a market for the products of our mills and factories.

These high-powered salesmen, these ambassadors of big business, these high-salaried agents of our highly protected American industry achieved no substantial results, and the sum total of their accomplishments did not justify the enormous sums expended for this service.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. LOZIER. Yes.

Mr. McFARLANE. Does the gentleman know that in the recent economy bill we enacted into law, all of these officers and employees in the Foreign Service, to whom the gentleman refers, these traveling salesmen for big business, are exempted from any cut whatever, and that many of these officers receive as much as $17,500 per year plus housing and other allowances?

Mr. LOZIER. I thank the gentleman for his contribution to the subject I am endeavoring to discuss. The make-believe administration of the Department of Foreign and Domestic Commerce by Julius Klein was not creditable to the Hoover administration, and his accomplishments were negligible. He was prodigal in his claims and promises but scant in performance. This expensive and unprofitable governmental agency should be overhauled and its expenditures radically curtailed.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. LOZIER. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KNUTSON. Mr. Chairman, I make the point of order that two gentlemen have risen to move to strike out the word "gasoline", and that neither one has referred to it.

Mr. LOZIER. Mr. Chairman, I only desire to say in conclusion, that while I think the expenses of the Post Office Department should be reduced, I do not want the Congress or the country to stop there. Radical economies should be applied to every department, bureau, board, or commission of the Government. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

The Clerk read as follows:

SEC. 2. The President is authorized during the period ending June 30, 1934, to proclaim such modifications of postage rates on mail matter (except that in the case of first-class matter the rate shall not be reduced to less than 2 cents an ounce or fraction thereof) as, after a survey by him, he may deem advisable by reason of increase in business, the interests of the public, or the needs of the Postal Service, and such modifications shall be in effect on and after such date as he shall proclaim and until July 1, 1934. In case a modification of the rate of postage on first-class matter is proclaimed, the President shall also make a corresponding modification in the percentages of gross postal receipts specified in section 1001 (c) of the Revenue Act of 1932 as amended by this act, which percentages shall be in effect during the period such modification of the rate of postage on first-class matter is in effect. Nothing in this section shall be construed as giving the President authority to change the rate fixed by law on first-class matter mailed for local delivery, postal cards, and private mailing or post cards.

Mr. KELLY of Pennsylvania. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KELLY of Pennsylvania: Strike out sections 2 and 3 and insert in lieu thereof the following:

"SEC. 2. Subsections (a) and (c) of section 1001 of the Revenue Act of 1932 are hereby repealed, to take effect on the thirtieth day after the date of the enactment of this act."

The CHAIRMAN. The Chair reminds the gentleman from Pennsylvania that section 3 has not yet been read.

Mr. KELLY of Pennsylvania. Mr. Chairman, a parliamentary inquiry. After section 3 is read, would it be in order to move to strike out both sections 2 and 3?

The CHAIRMAN. No. The Chair holds that the gentleman can move to strike out section 2 at this time, and a motion later would be in order to strike out section 3.

Mr. KELLY of Pennsylvania. Mr. Chairman, I ask unanimous consent to modify my amendment by striking out of it section 3.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Modified amendment offered by Mr. KELLY of Pennsylvania: Strike out all of section 2 and insert in lieu thereof the following:

"SEC. 2. Subsections (a) and (c) of section 1001 of the Revenue Act of 1932 are hereby repealed, to take effect on the thirtieth day after the date of the enactment of this act."

Mr. KELLY of Pennsylvania. Mr. Chairman, this amendment that I have introduced in lieu of section 2 as carried in the bill, is section 2 of the measure introduced by the chairman of the committee, Mr. DOUGHTON. He introduced that measure on March 17. He introduced this present bill on April 17. I am appealing from Chairman DOUGHTON of April 17 to Chairman DOUGHTON of March 17 and ask this House to approve that previous declaration. There ought not be any doubt about what will happen when this 2-cent rate is put into effect. The gentleman from Massachusetts [Mr. TREADWAY] announced that the present expert of the Post Office Department came before the Ways and Means Committee yesterday and stated that if we took 1 cent off the local first-class letters it would reduce the revenue by $17,000,000.

Mr. DOUGHTON. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. DOUGHTON. He said "based on the present volume."

Mr. KELLY of Pennsylvania. Based on the present volume. That is what I am stating. That means that in local letters at the present time there are 1,700,000,000 letters. Now, he said if we take the extra cent off nonlocal, that would reduce the revenue by $60,000,000. That means he is counting the present volume of nonlocal letters as 6,000,000,000 pieces of mail matter.

Let us put those two together and see where we are. One billion seven hundred million local and six billion of nonlocal means that the present expert of the Post Office Department is counting a volume of 7,700,000,000 letters altogether.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. VINSON of Kentucky. I feel the gentleman wants to be accurate in his statement.

Mr. KELLY of Pennsylvania. Certainly.

Mr. VINSON of Kentucky. The gentleman from Massachusetts [Mr. TREADWAY] may have made that statement to which the gentleman refers, but, if so, he was in error. What the gentleman from the Post Office Department told us was that, taking the 9 months of fiscal year 1933 and estimating for the coming 3 months, we would have an increase of $60,000,000. The expert from the Treasury did not say if we reduced it to 2 cents there would be a loss of $60,000,000.

Mr. KELLY of Pennsylvania. He said the volume would be such that we would lose $60,000,000.

Mr. VINSON of Kentucky. No. I beg the gentleman's pardon. The expert did not make that statement.

Mr. KELLY of Pennsylvania. Mr. Wood was the expert?

Mr. VINSON of Kentucky. Yes.

Mr. KELLY of Pennsylvania. I understood the gentleman from Massachusetts [Mr. TREADWAY] to say there would be a loss of $60,000,000 by a 1-cent reduction. In any case, the present volume of letters is not far from 8 billion instead of the 13 billions of 1932.

Mr. MAY. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. MAY. Is the effect of the gentleman's amendment to restore the old flat 2-cent rate throughout the country?

Mr. KELLY of Pennsylvania. That is it exactly; and that will be simply and concisely done by those three lines. Thirty days after the passage of this act the universal rate in the country will be 2 cents. There is not a Member on the floor of this House who has not had letters from constituent business men pleading with him to help restore immediately the 2-cent rate. I doubt if any Member has sent back a letter to that constituent saying he would ask the President to reduce it to 2 cents.

Here is an opportunity now today to do what almost everyone of us, I feel sure, believes should be done immediately, and that is to restore the former rate, which has built the Post Office Department into the greatest postal organization of any country in the world. That rate was established in 1885 when there was a deficit of $8,000,000,000 in the Post Office Department, and, like magic, the business of the Post Office increased and the revenue came rolling in. What better can this Congress do today than to notify the country that we propose to do our constitutional duty and fix this postage rate as it should be fixed, and if there is any credit going to anybody for it—if there is going to be any wave of popularity in the country because of such action—let the House of Representatives get its part of the credit which is due for performing its constitutional duty. I believe it will bring a thrill of gratification to every business enterprise. I believe it will bring more money into the Treasury than the present rate. It will increase the revenues, decrease the deficit, and be the kind of action which the country expects this Congress to take. All that is necessary is to pass this section as introduced by Chairman DOUGHTON a month ago and send it to the Senate as coming from the House of Representatives, which deals with revenue. That will strike out this nongermane proposition about second-, third-, and fourth-class rates, and rectify at the same time the most unjust provision carried in the tax bill as to postmasters' salaries.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. KELLY] has expired.

Mr. KELLY of Pennsylvania. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. KELLY of Pennsylvania. Subsection (c), to which I have referred, is the section providing that postmasters get 85 percent of the revenue under the 3-cent postage rate. On the statement of the Department, that we would get $134,000,000 additional on account of the increased rate, it was enacted that the postmasters could count only 85 percent of receipts in counting their compensation. The truth of the matter is that the 3-cent rate has cut the revenues in the post offices. Now, 85 percent means that in many cases they are relegated to a lower-class post office. For instance, a second-class post office must have $8,000 receipts. Here is a post office with $8,200 receipts for the calendar year 1933. Under the provisions of the tax bill they can only count 85 percent, and they, therefore, go into third class. Every clerk in the office loses his civil service and his retirement status and becomes an employee of the postmaster at any figure that may be set if there is a job at all. Let us rectify that injustice at the same time we establish the 2-cent rate.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. RAGON. Mr. Chairman, I rise in opposition to the amendment. I just want to call the minds of the Membership back to the course we are pursuing. I think we have all seen where there was a proposal to reduce expenditures in the Government something slightly over a billion dollars in the next fiscal year. It is the hope that if this much economy can be accomplished it will not be necessary to inflict upon the country any new taxes or any increase in the present tax rate. If we can accomplish this under the distressing conditions we have in this country, I feel there is no community or hamlet in this country in which our action will not meet response, which will be of the most hearty approval.

Last year the Under Secretary of Treasury, Mr. Ogden Mills, came before the Ways and Means Committee in February, I recall, as the one to whom we had a right to look as the leader in a proposal for revenue legislation.

After he had surveyed the field and resurveyed the field, he finally came to us with a suggestion that we might accomplish an increase in revenues by an increase in the postal rates from 2 cents to 3 cents. This was accepted by the Committee on Ways and Means, accepted by this Democratic House without any appreciable dissent anywhere from either party.

The country objected seriously, as we expected it would, to the tax on checks, the tax on electric power to be levied upon the consumer, and the increase in postal rates. Well, there is not a man in this House who has not promised that at the first opportunity he would do his best to relieve these particular burdens, which we all acknowledge them to be.

Mr. Chairman, I say frankly we are facing a condition and not a theory.

One of my friends said to me a moment ago, "Let us get rid of the tax on checks, let us get rid of the electric-power tax." I said, "All right, I will go down the line with you whenever we can, but what are you going to substitute for them?"

What is proposed in this bill? Oh, we never heard of any bills originating or being recommended anywhere, until the President's proposal, reducing the postal rate from 3 cents to 2 cents. The administration comes in and recommends to the chairman of the committee, the gentleman from North Carolina [Mr. DOUGHTON], that in place of his bill

we take the initial step and reduce the drop-letter rate, which means local letters, letters on rural routes, letters to the patrons of any post office, that we take this initial step and reduce the postal rates on such letters to 2 cents.

Then what do they ask? They ask of you power to make investigations to see if an adjustment can be made, a leveling process, if you please, may be instituted, whereby they can determine the feasibility, or the practicability of reducing all first-class rates to 2 cents.

So today you have a proposition suggested to you for the first time in the shape of legislation by the administration, that you take this initial step and reduce the rate on drop letters to 2 cents, then let them institute these investigations and see if it is right and proper that the remainder of this 3-cent postal rate be reduced.

[Here the gavel fell.]

Mr. RAGON. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. RAGON. I yield.

Mr. RICH. If we grant the President power to reduce postal rates, will he increase the rates on second- and third-class matter to put these classes of mail on a paying basis?

Mr. RAGON. If I did not think he would do that, I would not vote for this bill. Mr. Chairman, it seems to me that it is utter folly to think of giving a man this power when he does not intend or expect to use it.

Now, adverting to a statement I made earlier today, I did not think when we gave the President the power to handle veterans' compensation, for instance, that he would go as far as he did. I do not believe 1 man out of 10 thought he would go so far. I thought he would go farther than we dared to go, and I know he will go farther under this bill than we dare to go now, brave and courageous as we may sometimes think we are.

Mr. CROWTHER. Mr. Chairman, will the gentleman yield?

Mr. RAGON. I yield.

Mr. CROWTHER. I judge from what the gentleman said a few moments ago in his previous speech the intimation was that Congress was afraid of the newspapers. I believe the gentleman now intimates that the President is not afraid of them but Congress is afraid of the newspapers.

Mr. RAGON. Does the gentleman for a minute think we are not?

Mr. CROWTHER. I would vote for an amendment against the newspapers.

Mr. RAGON. Certainly. Yes; "Who killed Cock Robin?" But what will you do when it is time to function? The gentleman's party has been in power here for 12 years, yet they never attempted to do a thing about it. Explain that! [Applause.] Oh, you are brave now, as brave as a lion! The gentleman would do certain things, yes; but he never has nor never will.

Mr. CROWTHER. Mr. Chairman, will the gentleman yield to me at this point?

Mr. RAGON. Let me state that the best proof of the pudding is the eating thereof. You have been tested.

Mr. CROWTHER. Mr. Chairman, will the gentleman yield?

Mr. RAGON. I yield.

Mr. CROWTHER. Let me say to the gentleman that when we had a bill on our side giving this same kind of authority to the President of the United States one of your Members stood in the well of the House and declared it was too much power to confer upon any man in a democracy or in a republic. [Applause.]

Mr. RAGON. I grant you it is too much power to confer upon some of the recent Presidents we have had. [Applause.]

Mr. CROWTHER. I do not think this statement comes with very good grace in this moment of victory. The gentleman should not exult in this manner. Your race is not run yet; your race is not run, and you may have a President that some other people will discredit as much as was attempted by Charlie Michaels and Raskob in this last campaign. [Applause.]

Mr. RAGON. Do not take up all of my time. There is one thing about the Republican orators—when they run out of soap they always bring in Johnnie Raskob. Let me tell you something: If you want to know whether a fellow is hurt or not, watch to see whether he hollers when the other fellow hits him. When the gentleman from New York runs out of something to say in argument he thinks it makes a Democrat very mad to cry something back about Johnnie Raskob. Well, when I look at the cleaning that Johnnie Raskob gave you fellows since 1928 I do not blame you for hating him [applause], because when we took over the thing we did not have enough votes over here, if they had been of paper, to wad a shotgun, but now look over on the Republican side at that shriveled array.

Mr. CROWTHER. Mr. Chairman, will the gentleman yield?

Mr. RAGON. I ask you Democrats here on this side to not fall a victim to our wily Republican brethren. They would not while still in power reduce the rate to 2 cents. Even from their President no recommendation came for such a reduction, and now when a Democratic administration undertakes to accomplish at least a part of the reduction, what attitude do they take? It is their old game.

This is their old game that they have practiced from Maine to San Diego, Calif., but they usually reserve it for political display on the stump and not for legislative halls. They come in here now and undertake to go you one better and say we want the 2-cent rate applied to everything. If this is true, why did not your President, who has just recently gone out of office, say that he wanted it, or what is better, why did not your famous Postmaster General, Mr. Brown, say something about it? Oh, no; when the Democrats come in here and undertake to do something, then my friend from New Jersey [Mr. BACHARACH] and my friend from New York the minority leader, and my other friend from New York, Dr. CROWTHER, come in here and say, "We are not going to let you Democrats run off with the bone; we will throw a Mother Hubbard over it and keep you from taking it off." [Laughter and applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. KELLY].

The question was taken; and on a division (demanded by Mr. KELLY of Pennsylvania) there were—ayes 85, noes 165.

Mr. KELLY of Pennsylvania. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. DOUGHTON and Mr. KELLY of Pennsylvania.

The Committee again divided; and the tellers reported that there were—ayes 88, noes 163.

So the amendment was rejected.

The Clerk read as follows:

SEC. 3. (a) Section 1001 (a) of the Revenue Act of 1932 is amended by striking out the period at the end thereof and inserting a colon and the following: "*Provided*, That for experimental purposes, such additional rate shall not apply on or after July 1, 1933, to first-class matter mailed for local delivery."

(b) The first sentence of section 1001 (c) of the Revenue Act of 1932 is amended, effective July 1, 1933, by striking out the period at the end thereof and inserting a comma and the following: "except that in the case of such post offices as have city or village letter-carrier service 90 percent of the gross postal receipts shall be counted for such purpose."

Mr. BLANCHARD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: On page 2, line 21, after the word "after", strike out "July 1" and insert in lieu thereof "May 15."

Mr. BLANCHARD. Mr. Chairman, I am aware of the fact that the fiscal year closes on June 30 of each year, and that this amendment does go to the matter of the fiscal policy of the Government.

However, may I say to you that, in the first instance, it does not in any way change the fundamental structure of

the bill, and to you on this side of the aisle, I need only recount what has transpired here today, that we are practically in accord on the principle of the bill itself. In other words, we seek by this legislation to change now, as a matter of emergency as we call it, the rates on drop letters or the local postage rates from 3 cents to 2 cents and, eventually, we hope an investigation will disclose the need for a change in all first-class postage rates from 3 cents to 2 cents.

First of all, I have offered the amendment on the basis of the argument presented here today. You say in this paragraph that it is experimental and, secondly, you say that it is an emergency proposition and, thirdly, we are all agreed that we want to change the situation and reduce the postage rates from 3 cents to 2 cents.

If there be an emergency and if this be an experiment, let us not wait until July 1, but put it into effect on May 15. If it is good, as you think it is, let us find out what the results will be, and not wait until July 1, but put it into effect on May 15, so that we may know the results of our so-called "experiment."

May I again call your attention to the fact that it does not change the fundamental basis or the fundamental structure of the bill. I hope the majority may see fit to accept this amendment, because I want to immediately put the 2-cent postage rate into effect. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I hope the amendment of the gentleman will not prevail. I would have no objection whatever to the purpose the gentleman has in mind accomplishing, but the Post Office Department has informed us that this would very seriously interfere with their accounting system, and I therefore hope the amendment will not be adopted.

The amendment was rejected.

The Clerk read as follows:

SEC. 4. (a) Effective 15 days after the date of the enactment of this act, section 620 of the Revenue Act of 1932 is amended to read as follows:

"SECTION 620. TAX-FREE SALES

"Under regulations prescribed by the Commissioner with the approval of the Secretary, no tax under this title shall be imposed with respect to the sale of any article—

"(1) for use by the vendee as material in the manufacture or production of, or as a component part of, an article enumerated in this title;

"(2) for resale by the vendee for such use by his vendee, if such article is in due course so resold;

"(3) for resale by the vendee to a State or political subdivision thereof for use in the exercise of an essential governmental function, if such article is in due course so resold.

For the purposes of this title the manufacturer or producer to whom an article is sold under paragraph (1) or resold under paragraph (2) shall be considered the manufacturer or producer of such article. The provisions of paragraphs (1) and (2) shall not apply with respect to tires or inner tubes or articles enumerated in section 604, relating to the tax on furs."

(b) Effective 15 days after the date of the enactment of this act, section 601 (c) (1) of the Revenue Act of 1932 is amended by adding at the end thereof the following:

"Under regulations prescribed by the Commissioner with the approval of the Secretary, no tax shall be imposed under this section upon lubricating oils sold to a manufacturer or producer of lubricating oils for resale by him, but for the purposes of this title such vendee shall be considered the manufacturer or producer of such lubricating oils."

With the following committee amendment:

Page 4, line 12, insert the following:

"(c) Effective 15 days after the date of the enactment of this act, section 621 (a) of the Revenue Act of 1932 is amended by inserting after paragraph (2) thereof the following new paragraph:

"'(3) To a manufacturer, producer, or importer in the amount of tax paid by him under this title with respect to the sale of any article to a dealer, if the manufacturer, producer, or importer has in his possession such evidence as the regulations may prescribe that (a) such article has after the date this subsection takes effect been delivered by the dealer to a State or political subdivision thereof for use in the exercise of an essential governmental function and (b) the manufacturer, producer, or importer has repaid or agreed to repay the amount of such tax to the dealer or has obtained the consent of the dealer to the allowance of the credit or refund.'"

The committee amendment was adopted.

Mr. WHITTINGTON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 5, after line 3, insert as a new section the following:

"SEC. 5. (a) Effective on the fifteenth day after the date of the enactment of this act, section 616 (a) of the Revenue Act of 1932 is amended to read as follows:

"'(a) There is hereby imposed on electrical energy sold for domestic or commercial consumption a tax equivalent to 3 percent of the price for which so sold.

"'(b) Effective on the fifteenth day after the date of enactment of this act section 616 (b) of the Revenue Act of 1932 is repealed and section 616 (c) of such act is amended by striking out "any payment received for."'"

Mr. DOUGHTON. Mr. Chairman, I reserve a point of order on the amendment.

Mr. WHITTINGTON. Mr. Chairman, the point of order is without merit. The preceding section of the bill deals with manufacturers' excise taxes. The proposed amendment deals with the excise tax on electrical energy. The amendment is therefore germane. It is in harmony with section 4 of the bill regulating other excise taxes. The amendment regulates the excise tax on electricity. The point of order is not well taken and should be overruled.

In the Revenue Act of 1932 Congress adopted a limited manufacturers' excise sales taxes. Under the terms of the act all of these taxes were levied and intended to be levied upon the manufacturer, the importer, or the producer. Among other taxes levied, there is a tax of 3 percent on electrical energy for domestic and commercial consumption.

Energy for industry was eliminated and the Members of the House who were Members of the Seventy-second Congress will recollect that unprecedented and unusual language was used with respect to the burden of the tax on electrical energy. In the conference on the revenue bill that tax was imposed on the consumer rather than upon the producer or distributor of electrical energy, although the House had imposed the tax upon the utility companies.

I call attention to the provision as to the tax upon electrical energy on consumers because it stands out as unprecedented and unusual language in the Revenue Act of 1932. I quote from section 616 relating to the tax for domestic or commercial consumption of electrical energy:

To be paid by the person paying for such electrical energy and to be collected by the producer.

I assert that that was a discrimination in favor of the utility companies against the consumers of the country. On all other articles the tax was to be paid by the manufacturer or producer.

Under my amendment I do not reduce any revenue. The amendment provides that the tax shall be paid by the utility companies—by the producers rather than the consumers. In my opinion this injustice to the consumers of the country ought to be corrected.

Inasmuch as I am in sympathy with the policy pursued by the majority at the request of the administration, I am not eliminating any taxes, but I ask that the amendment be adopted, so as to provide that this tax shall be placed where the burden of other manufacturers' taxes was placed last year when the revenue act was adopted—not upon the consumer but upon the producer.

Mr. MAY. Will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. MAY. It was adopted last year because it was in a conference report.

Mr. WHITTINGTON. Yes; and Members of Congress had to vote for the conference report or not vote for any revenue bill at all. Here is an opportunity to correct a discrimination which the Membership of the House did not intend to place on the consumers of the country.

It was a discrimination against the consumers and in favor of the utility companies. I want to give the utility companies a fair deal, but it does seem to me that there was no good reason then to impose this tax upon the consumer, and there is a good reason now to put the tax where we intended it to be placed when the House imposed the tax.

Mr. ZIONCHECK. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. ZIONCHECK. Does this exclude municipally owned plants or include them?

Mr. WHITTINGTON. I stated in the beginning the amendment has no reference whatever to eliminating any tax at all. Personally, I should like to eliminate the tax from publicly or municipally owned plants, but the amendment simply transfers it, whether the plant is municipally or privately owned, from the consumers to the producers of electrical energy.

Mr. McCLINTIC. Is this the same rate that was fixed in previous legislation?

Mr. WHITTINGTON. Absolutely. I make no change in the rate or in the tax. I have no disposition to interfere with the program of the Committee on Ways and Means. I am supporting the policy of the administration. This merely transfers the payment of the tax from the consumer to the producer. It makes no change in imposing taxes on either municipally or privately owned plants. In this respect the law remains the same as at present.

Mr. ALLGOOD. Under the gentleman's proposed amendment, can the distributor add this increased cost to his bill so that the consumer will ultimately have to pay it?

Mr. WHITTINGTON. I simply seek to put the producer and the distributor of electrical energy in the same position that all other producers were put in under the manufacturers' excise sales taxes. It was intended that that tax should be largely absorbed by the manufacturer. In other words, the purpose of my amendment is to transfer this particular tax, the only one by name that we placed on the consumers, and leave it in the same category in which other manufacturers' taxes were left last year. Personally, I have no objection to a perfecting amendment, if anyone should think is desirable, to place in so many words the tax on the producer or consumer, but the clear intent of my amendment is to accomplish this purpose.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. VINSON of Kentucky. How does the gentleman's amendment propose to handle the tax on commercial and domestic energy?

Mr. WHITTINGTON. I am making no change whatever in this respect in the existing law. I should like to improve the language of the bill of last year and eliminate the tax on domestic consumption. I stated in the beginning, and I repeat, that the purpose is not to change the amount of the tax, not to change the language or substance of the act with respect to the tax, but merely to transfer that tax from the consumer to the distributor or producer.

The gentleman from Kentucky is a member of the committee. The gentleman made the law. I simply adopt the language of the Revenue Act of 1932. I mean, of course, that the conferees on the bill made the terms and are responsible for the language placing the tax on the consumers.

Mr. VINSON of Kentucky. I did not make it. I voted and spoke against the conference report which put the tax on the consumer.

Mr. WHITTINGTON. So did I.

Mr. VINSON of Kentucky. And I introduced a resolution which was considered by the Ways and Means Committee, within 2 days after the tax bill went into effect, seeking to do what I know the gentleman wants done. It failed of passage in committee by one vote.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WHITTINGTON. There must be no misunderstandings. As I stated, if there is one thing that the American people understand and one thing that every Member of Congress understands, it is that the tax on electrical energy last year, in so many words, and by the use of the exact terms that I quoted a few minutes ago, was put on the consumer rather than on the producer and the manufacturer, and I am undertaking to make no distinction between utility companies and other manufacturers or producers. I am not undertaking to change the subject matter, but I merely undertake to correct that injustice that was done to the consumer and put the producer and the distributor of electrical energy in the same category in which we put all other manufacturers last year. That is the purpose of my amendment.

Mr. ZIONCHECK. In the State of Washington we have a 3-percent gross tax on municipally owned utilities. This would add an additional 3-cent tax.

Mr. WHITTINGTON. The amendment would not add any additional tax but would place the tax on the manufacturer or producer, whether publicly or privately owned. It does not change the law. The tax would be paid by the municipally owned plant if required to do so under the present law.

Mr. RAGON. The municipally owned plant would have to pay for it.

Mr. WHITTINGTON. Yes; and I say that the municipally owned plant and the privately owned plant ought to pay for it, and that the consumer should not pay the tax.

Mr. RAGON. But does not the gentleman think some study ought to be given to this very delicate question before we make this change?

Mr. WHITTINGTON. I think the committee should study it, and I understand they have studied it. I think the committee should correct it on the first possible occasion. Now is the time for action. There is nothing delicate about the question unless Congress believes it delicate to tax utility companies instead of consumers.

Mr. RAGON. The gentleman knows that we passed this gasoline tax at the last session and that it was killed in the Senate over this very matter. I say to the gentleman I think he is imposing something here that is dangerous to the successful passage of this bill.

Mr. WHITTINGTON. I take no stock in such a contention. I cannot believe the Senate will defeat the bill at the command of the utility companies. At least I will not be deterred by the implied threat. This amendment was carefully prepared. I secured the services of Mr. C. E. Turney, of the Treasury, one of the advisers of the committee. He is associated with the Legislative Drafting Service, the purpose being to transfer the burden from the consumer to the utility company.

In extending my remarks under leave granted, I reiterate that the purpose of the amendment is to impose the tax upon the utility companies and upon the manufactures and distributors of electrical energy for domestic or commercial consumption. The amendment makes no change in the substantive law. Section 616 of the Revenue Act of 1932 imposes a manufacturers' excise tax of 3 percent upon electrical energy for domestic or commercial consumption. No tax is imposed upon the electrical energy used in industrial consumption. Personally, I oppose the excise tax on electrical energy for either domestic or commercial consumption. Certainly, I could see no justification for taxing electrical energy on domestic consumption. American householders are overburdened with taxes.

I may also say in this connection that, like many other Members of Congress, I opposed increasing the stamp taxes from 2 to 3 cents. I opposed the tax on checks, and I opposed the tax on gasoline. My opposition to the gasoline tax is that the States all levy gasoline taxes, and there must be a segregation of taxes for State and for national purposes. I think it is a mistake for the Federal Government to invade the field of taxing gasoline.

Under the pending bill, the tax on drop mail will be reduced from 3 cents to 2 cents. Personally, I trust that the President will very speedily authorize a reduction on all first-class mail matter from 3 to 2 cents. I believe that the Government will secure more revenue from 2-cent postage stamps than from 3-cent postage stamps. I realize that the bill is before the House at the request of the administration. I furthermore realize that if the tax on electrical

energy, on bank checks, or on gasoline were eliminated, then other taxes would have to be substituted. The place for substantive changes in the bill is in the committee. Inasmuch as no practical suggestions for substitutes have been made, and inasmuch as the taxes on these subjects will expire by limitation on July 1, 1934, and inasmuch as the administration requests that these taxes be continued, I am supporting the substance of the pending bill, but the administration has never advocated the payment of the manufacturers' excise tax on electrical energy by the consumers. Hence, my amendment is not contrary to the policy of the administration.

As I have indicated, the Revenue Act of 1932 in levying manufacturers' excise taxes, imposes these taxes upon the manufacturer, producer, or importer. When there is a more specific statement as in the case of lubricating oils, coal, and lumber, the act specifically provides that the taxes shall be paid by the manufacturer, producer, or importer.

There is a tax upon tires and inner tubes sold by the manufacturer, producer, or importer. There is a similar provision in the imposition of taxes on furs, on jewelry, on automobiles, on radio receiving sets, on mechanical refrigerators, on sporting goods, on firearms, on cameras, on matches, on candy, and on chewing gum. The language in the sections relating to these taxes is: "sold by the manufacturer, producer, or importer." However, as I have pointed out, under section 616, when it came to the tax on electrical energy for the first and only time in the Revenue Act, in levying a manufacturers' excise tax, there is affirmative language placing the tax for electrical energy for domestic or commercial consumption on the person paying for such energy. As I have said, the affirmative requirement on the consumers was placed in the revenue act by the conferees on the Revenue Act of 1932. The Members of the House had voted for appropriations, much time had been spent upon the revenue act. It was apparent that the conference report would afford the only opportunity for levying additional much-needed taxes. Congress, under vigorous protest in both houses, approved the conference report. This is the first opportunity the House has had to correct the monumental error. I am seeking to correct it by eliminating from section 616 the language:

To be paid by the person paying for such electrical energy and to be collected by the vendor.

With this language eliminated, the amendment will impose a tax equivalent to 3 percent on the price for which so sold. The phrase "so sold" uniformly occurs in the manufacturers' excise taxes on the articles hereinbefore mentioned. The construction of the act places the tax upon the manufacturer or the distributor. In other words, the fair construction of the amendment places the tax upon the seller whether that seller be the manufacturer or the distributor.

As I have stated, I conferred with the Legislative Drafting Service and I adopted the language suggested by Mr. C. E. Turner of the Treasury Department, who sat on the floor as one of the advisors of the Ways and Means Committee and who has cooperated with the Legislative Drafting Service. I did not stipulate in the amendment after the word "sold" either the "utility company" or "the distributor." Without the limitation the person or institution selling must pay the tax. I would have no objection to a clarifying or perfecting amendment inserting the words "manufacturer, producer or distributor" after the word "sold" in the amendment. I maintain, however, that the language of the amendment provides for the transfer of the tax from the consumer to the producer or distributor. That is the intent of the amendment.

It has been stated that this matter should have been considered by the Committee on Ways and Means. I concur in that statement. My complaint is not at the want of consideration, but the want of action. The gentleman from Kentucky [Mr. VINSON], stated that he introduced a resolution 2 days after the Revenue Act of 1932 went into effect, seeking to effectuate the purpose of my amendment. He further stated it had failed of passage in the committee by 1 vote.

I am not dealing with a new subject matter. I am not bringing up a question that has not been considered by the committee. I am asking the House to do what the committee has not done. I am not ignoring the committee. I recall, however, that it was the conferees of the committee who placed in the conference the burden of this tax upon the consumers. This is the first time there has been an opportunity to correct the discrimination in favor of the utility companies and against the consumers of the country. If the Ways and Means Committee refuse to remove the injustice, I submit that it is the duty of the House to support the amendment.

I have had some experience in legislation. I know the danger of amendments on the floor. I recall the debates on the conference reports on the revenue bill in the Seventy-second Congress. I remember it was stated it was difficult to phrase a requirement that would provide for levying the tax on the utility companies. That argument does not appeal to me. If conferees can adopt language that will impose the tax on the consumers, they can certainly impose a similar tax on the producers. Moreover, if the conferees and the Committee on Ways and Means cannot adopt the language to provide for imposing the tax, the House knows the difference between utility companies and consumers. It is the manifest duty of the House to place the tax where it intended to place it.

It was argued in behalf of the manufacturers' sales tax that it would be absorbed by the manufacturers. While in some cases, or in many cases, the tax may have been passed onto the consumer, the fact is that the manufacturers in the world-wide depression have generally reduced their prices. My information is that the utility companies have made no substantial reductions. The price of automobiles has been materially reduced. The radio receiving sets are much cheaper.

The existing law smacks of both favoritism and discrimination. The purpose of my amendment is to remove the discrimination and to eliminate the favoritism. The purpose of the amendment is to put the manufacturers of electrical energy in the same position as other manufacturers and producers whose products are subject to the manufacturers' excise taxes. I oppose the special favor boldly granted to the utility companies in the Revenue Act of 1932.

This is a revenue measure. It must go to the Senate. The Senate and the country will understand the purpose of the amendment. There is ample opportunity for any clarifying amendments that may be deemed necessary. Inasmuch as the members of the committee have pointed out no defects in the amendment; inasmuch as the language is clear; inasmuch as the amendment is brief; inasmuch as the purpose is evident, the weak contention by the members of the committee, who really favor the purpose of the amendment, should not prevail. The amendment should be adopted. The tax on electrical energy should be placed where Congress intended it to be placed when the Revenue Act of 1932 was passed. It should be imposed upon the utility companies and not upon the consumers.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. DOUGHTON. Mr. Chairman, as far as I understand the amendment, I would not oppose it, but this is not the time nor the place to consider it. I voted against the conference report on the revenue bill of 1932 because of this provision and the tax on bank checks and the additional postage charge. The gentleman must know, therefore, that I am somewhat in sympathy with his amendment. However, it is a very controversial question, and I think it should be brought up when the question of general revenue legislation is under consideration. If we adopt this amendment now hurriedly without understanding its full import and it goes over to the other body, it may delay this bill for a month. It may kill the bill. The bill extending the tax on gasoline was killed in the other body during the closing days of the last Congress just on account of this amend-

ment. I hope the committee will not adopt the amendment, and I assure the gentleman from Mississippi that at the proper time, when we consider revenue legislation, and when it can be thoroughly digested and understood, I shall be glad to consider it. This is the first notice the committee has had of the amendment. It was not brought to the attention of the committee, and I hope it will be voted down until we can have further time to discuss and consider it.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. WHITTINGTON. Is there any difficulty in understanding an amendment which simply provides that this tax must be paid by the vendor instead of by the consumer?

Mr. DOUGHTON. There are many questions to be considered in connection with it.

Mr. MAY. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MAY. Is it not a fact that when this question came up in the last Congress it was before the Ways and Means Committee for several weeks, and they debated that particular question, and this House voted against it and it was put on the consumer instead of the producer, in conference?

Mr. TREADWAY. Mr. Chairman, the regular order.

Mr. RAGON. Will the gentleman yield?

Mr. TREADWAY. Does the gentleman insist on the point of order?

The CHAIRMAN. Does the gentleman from North Carolina withdraw the point of order?

Mr. DOUGHTON. I withdraw the point of order, Mr. Chairman.

Mr. TREADWAY. Then, Mr. Chairman, I make a point of order against the amendment offered by the gentleman from Mississippi.

Mr. RAGON. Mr. Chairman, the gentleman from North Carolina was recognized for 5 minutes.

The CHAIRMAN (Mr. HASTINGS). The Chair is ready to rule on the point of order. The Chair overrules the point of order, and the Chair recognizes the gentleman from North Carolina [Mr. DOUGHTON].

Mr. RAGON. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. RAGON. I suggest to the gentleman that the statement made by the gentleman from Kentucky [Mr. MAY] is correct. We also fought off of that bill the tax on checks. We also fought off, as long as we could, the increase in postal rates; but the check tax and the power tax and the gasoline tax were readjusted in the Senate. It has been the purpose of the Ways and Means Committee, as soon as we could, to get rid of those things. For that reason, to bring up something that carries 2 or 3 different classifications or rates, like municipally owned plants and privately owned plants and various things which enter into it, as the members of the committee will remember, a very complicated schedule of rates, I ask the chairman if he thinks it is practical for this to be catapulted into the rapid consideration of this bill, with nobody armed at all to make a proper report one way or the other?

Mr. DOUGHTON. I have grave apprehension that, if this bill goes to the other body with this amendment, it may endanger the bill. I am anxious to get this relief as far as the postal rates are concerned and to extend the tax on gasoline for the benefit of the Treasury, and do not want the bill delayed or endangered.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. WHITTINGTON. With all deference, is that not the same argument that was submitted by the committee when we finally voted for the conference report? We voted on the theory that it would kill the bill. We have nothing but time to do the right thing at this time. [Applause.]

Mr. DOUGHTON. But not made for the same purpose nor by the same man.

Mr. WHITTINGTON. Is it not true that this is the only language that was in dispute?

Mr. DOUGHTON. It may be, in the gentleman's mind, but not in my mind.

Mr. WHITTINGTON. What other language has the gentleman in mind?

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, here is an opportunity to correct an injustice. Failure to adopt this amendment simply means you condone the offense. The conferees who brought the language complained of back to the House on the last revenue bill violated every rule of the House governing conferees. They wrote the language into the bill when it was in conference, despite the fact the language had not been adopted in the Senate nor was it adopted in the House. It placed upon the people of the country the burden of paying the tax on electrical energy when it was intended that it should be placed upon the producer. I say that here and now is the opportunity to get that tax back where it belongs, and take it off the people who are now paying it. Never mind about a later date, as suggested; if it is right, do it now.

In answer to the members of the committee who complain the last gasoline tax bill was killed in the Senate in the last session, let me say that there is a different Senate now; we have had an election, and if this language goes to the Senate of the United States it will be adopted, and if the wording is not absolutely correct, then it will be changed to suit the Treasury Department. I think the amendment will be satisfactory, but if it is not you know the Senate can change it. Let us place the issue before the new Senate and see what it will do.

Mr. MAY. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. MAY. How can the transfer of this particular tax on electricity from the consumer to the producer disarrange any revenue system or make any change in the revenues to the Treasury?

Mr. COCHRAN of Missouri. Some of it will be absorbed by the producer, if not all. You are aware that it was the intent originally to let the producer pay it. There was sufficient influence brought upon the conferees to change the language originally agreed to so that the burden was on the consumer. [Applause.]

Mr. ZIONCHECK. Will the gentleman yield?

Mr. COCHRAN of Missouri. I have only a minute left. Please excuse me. I heard the gentleman's question before, and I say to the gentleman now, anticipating his question, change it in the Senate to meet the situation you complain of, but put this amendment on the bill now. This is the time to do it. Here is an opportunity to right a wrong. Let us not delay until a general revenue bill is brought in, for there is no telling when that will be. Do it now. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri [Mr. COCHRAN] has expired.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. WHITTINGTON) there were—ayes 138, noes 86.

Mr. DOUGHTON. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. DOUGHTON and Mr. WHITTINGTON.

The Committee again divided; and the tellers reported that there were—ayes 153, noes 73.

So the amendment was agreed to.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HASTINGS, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

Mr. BACHARACH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BACHARACH. I am opposed to the bill.

The Clerk read as follows:

Mr. BACHARACH moves to recommit the bill H.R. 5040 to the Committee on Ways and Means with instructions to report the bill back forthwith with the following amendment: "Strike out sections 2 and 3 and insert in lieu thereof the following:

"'Section 2, subsections (a) and (c) of section 1001 of the Revenue Act of 1932 are hereby repealed, to take effect on the thirtieth day after the date of the enactment of this act.'"

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

Mr. BACHARACH. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 119, nays 246, not voting 66, as follows:

[Roll No. 15]

YEAS—119

Andrew, Mass.	Dowell	Kinzer	Reid, Ill.
Andrews, N.Y.	Durgan, Ind.	Knutson	Rich
Arens	Eaton	Kurtz	Rogers, Mass.
Bacharach	Edmonds	Kvale	Ruffin
Bacon	Eltse, Calif.	Lambertson	Seger
Bakewell	Englebright	Lehlbach	Simpson
Beedy	Evans	Lemke	Sinclair
Blanchard	Focht	Luce	Snell
Boileau	Foss	Ludlow	Stokes
Bolton	Frear	Lundeen	Strong, Pa.
Britten	Gibson	McFadden	Swick
Brumm	Gilchrist	McGugin	Taber
Burke, Nebr.	Goodwin	McLean	Taylor, Tenn.
Burnham	Goss	McLeod	Thurston
Carter, Calif.	Gray	Mapes	Tinkham
Carter, Wyo.	Guyer	Martin, Mass.	Tobey
Cavicchia	Hancock, N.Y.	Merritt	Traeger
Chase	Hartley	Millard	Treadway
Christianson	Hess	Morehead	Turpin
Cochran, Pa.	Higgins	Mott	Wadsworth
Connolly	Hollister	Moynihan	Watson
Cooper, Ohio	Holmes	Muldowney	Welch
Crosser	Hooper	Parker, N.Y.	Whitley
Crowther	Hope	Perkins	Wigglesworth
Culkin	Howard	Pettengill	Withrow
Darrow	James	Polk	Wolcott
Dirksen	Jenkins	Powers	Wolfenden
Ditter	Johnson, Minn.	Ransley	Wolverton
Dondero	Kahn	Reece	Woodruff
Doutrich	Kelly, Pa.	Reed, N.Y.	

NAYS—246

Abernethy	Briggs	Castellow	Crump
Adair	Brooks	Celler	Cullen
Adams	Brown, Ky.	Chapman	Cummings
Allgood	Brown, Mich.	Church	Darden
Arnold	Browning	Clark, N.C.	Deen
Ayers, Mont.	Brunner	Cochran, Mo.	Delaney
Ayres, Kans.	Buchanan	Coffin	DeRouen
Bailey	Buck	Colden	Dickinson
Beam	Bulwinkle	Cole	Dingell
Beiter	Burch	Collins, Miss.	Disney
Biermann	Burke, Calif.	Colmer	Dobbins
Black	Byrns	Condon	Dockweiler
Bland	Cady	Connery	Doughton
Blanton	Caldwell	Cooper, Tenn.	Douglass
Bloom	Cannon, Mo.	Corning	Doxey
Boehne	Carden	Cox	Drewry
Boland	Carpenter, Kans.	Cravens	Driver
Boylan	Carpenter, Nebr.	Crosby	Duffey
Brennan	Cary	Crowe	Duncan, Mo.
Dunn	Johnson, W.Va.	Montet	Sisson
Eagle	Jones	Murdock	Smith, Va.
Eicher	Kee	Musselwhite	Smith, Wash.
Ellzey, Miss.	Keller	Nesbit	Smith, W.Va.
Faddis	Kelly, Ill.	Norton	Snyder
Farley	Kemp	O'Brien	Somers, N.Y.
Fernandez	Kenney	O'Connell	Spence
Fitzgibbons	Kloeb	O'Connor	Steagall
Fitzpatrick	Kniffin	O'Malley	Strong, Tex.
Fletcher	Kocialkowski	Oliver, Ala.	Stubbs
Ford	Kopplemann	Oliver, N.Y.	Studley
Foulkes	Kramer	Owen	Sumners, Tex.
Fuller	Lambeth	Parker, Ga.	Sutphin
Gasque	Lanham	Parks	Sweeney
Gavagan	Larrabee	Parsons	Tarver
Gillespie	Lea, Calif.	Peavey	Taylor, Colo.
Gillette	Lee, Mo.	Peterson	Taylor, S.C.
Glover	Lehr	Peyser	Terrell
Goldsborough	Lesinski	Pierce	Thom
Granfield	Lewis, Colo.	Prall	Thomason, Tex.
Green	Lewis, Md.	Ragon	Thompson, Ill.
Gregory	Lloyd	Ramsay	Turner
Griswold	Lozier	Ramspeck	Umstead
Haines	McCarthy	Randolph	Utterback
Hamilton	McCormack	Rayburn	Vinson, Ga.
Hancock, N.C.	McDuffie	Reilly	Vinson, Ky.
Harlan	McGrath	Richards	Wallgren
Hart	McMillan	Robertson	Walter
Harter	McReynolds	Robinson	Warren
Hastings	McSwain	Rogers, N.H.	Wearin
Healey	Major	Rogers, Okla.	Weaver
Henney	Maloney, Conn.	Romjue	Werner
Hildebrandt	Maloney, La.	Rudd	West
Hill, Ala.	Mansfield	Sadowski	Whittington
Hill, Sam B.	Marland	Sanders	Willford
Hoeppel	Martin, Colo.	Sandlin	Williams
Holdale	Martin, Oreg.	Schaefer	Wilson
Huddleston	May	Schuetz	Wood, Ga.
Hughes	Mead	Schulte	Wood, Mo.
Jacobsen	Meeks	Sears	Woodrum
Jeffers	Milligan	Secrest	Zioncheck
Jenckes	Mitchell	Shallenberger	
Johnson, Tex.	Monaghan	Sirovich	

NOT VOTING—66

Allen	Dear	Kennedy, N.Y.	Richardson
Almon	De Priest	Kerr	Sabath
Auf der Heide	Dickstein	Kleberg	Scrugham
Bankhead	Dies	Lamneck	Shannon
Beck	Fiesinger	Lanzetta	Shoemaker
Berlin	Fish	Lindsay	Stalker
Brand	Flannagan	McClintic	Sullivan
Buckbee	Fulmer	McFarlane	Swank
Busby	Gambrill	McKeown	Truax
Cannon, Wis.	Gifford	Marshall	Underwood
Carley	Greenwood	Miller	Waldron
Cartwright	Griffin	Montague	Weideman
Chavez	Hill, Knute	Moran	White
Claiborne	Hornor	Palmisano	Wilcox
Clarke, N.Y.	Imhoff	Patman	Young
Collins, Calif.	Johnson, Okla.	Pou	
Cross	Kennedy, Md.	Rankin	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Buckbee (for) with Mr. Kennedy of New York (against).
Mr. Allen (for) with Mr. Lanzetta (against).
Mr. Beck (for) with Mr. McFarland (against).
Mr. Clarke of New York (for) with Mr. Pou (against).
Mr. Waldron (for) with Mr. Lindsay (against).
Mr. Shoemaker (for) with Mr. Richardson (against).
Mr. Gifford (for) with Mr. McKeown (against).
Mr. Collins of California (for) with Mr. Sabath (against).
Mr. Fish (for) with Mr. Imhoff (against).
Mr. Marshall (for) with Mr. Chavez (against).
Mr. Stalker (for) with Mr. Young (against).

Until further notice:

Mr. Bankhead with Mr. Claiborne.
Mr. Fulmer with Mr. Dear.
Mr. Lamneck with Mr. Scrugham.
Mr. McClintic with Mr. Knute Hill.
Mr. Miller with Mr. Wilcox.
Mr. Kleberg with Mr. Truax.
Mr. Busby with Mr. Flannagan.
Mr. Dickstein with Mr. Cross.
Mr. Gambrill with Mr. Cannon of Wisconsin.
Mr. Griffin with Mr. Moran.
Mr. Auf der Heide with Mr. Weideman.
Mr. Swank with Mr. Dies.
Mr. Sullivan with Mr. Montague.
Mr. Kerr with Mr. Cartwright.
Mr. Almon with Mr. Rankin.
Mr. Carley with Mr. Fiesinger.
Mr. Patman with Mr. White.
Mr. Greenwood with Mr. Kennedy of Maryland.
Mr. Shannon with Mr. Palmisano.
Mr. Underwood with Mr. Johnson of Oklahoma.

Mr. SHOEMAKER. Mr. Speaker, I desire to vote "aye."

The SPEAKER. Was the gentleman in the Hall listening when his name was called?

Mr. SHOEMAKER. I was not, Mr. Speaker.

The SPEAKER. The gentleman does not qualify.

Mr. BYRNS. Mr. Speaker, the gentlemen from Ohio, Mr. IMHOFF, Mr. LAMNECK, and Mr. TRUAX, and also the gentleman from Florida, Mr. WILCOX, are unavoidably absent today on account of important business. If present, they would all vote "nay" on the motion to recommit.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. DOUGHTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 313, nays, 46, not voting 72, as follows:

[Roll No. 16]

YEAS—313

Abernethy	Delaney	Keller	Rich
Adair	DeRouen	Kelly, Ill.	Richards
Adams	Dickinson	Kemp	Robertson
Allgood	Dies	Kenney	Robinson
Andrew, Mass.	Dingell	Kinzer	Rogers, N.H.
Andrews, N.Y.	Dirksen	Kloeb	Rogers, Okla.
Arens	Disney	Kniffin	Romjue
Arnold	Dobbins	Kocialkowski	Rudd
Auf der Heide	Dockweiler	Kopplemann	Ruffin
Ayers, Mont.	Dondero	Kramer	Sadowski
Ayres, Kans.	Doughton	Kvale	Sanders
Bailey	Douglass	Lambeth	Sandlin
Beam	Doutrich	Lanham	Schaefer
Beiter	Dowell	Larrabee	Schuetz
Biermann	Doxey	Lea, Calif.	Schulte
Black	Drewry	Lee, Mo.	Scrugham
Blanchard	Driver	Lehr	Sears
Bland	Duffey	Lemke	Secrest
Blanton	Duncan, Mo.	Lesinski	Shallenberger
Bloom	Dunn	Lewis, Colo.	Sinclair
Boehne	Durgan, Ind.	Lewis, Md.	Sirovich
Boileau	Eagle	Lloyd	Sisson
Boland	Edmonds	Lozier	Smith, Va.
Boylan	Eicher	Ludlow	Smith, Wash.
Brennan	Ellzey, Miss.	Lundeen	Smith, W.Va.
Briggs	Faddis	McCarthy	Snyder
Brooks	Farley	McCormack	Somers, N.Y.
Brown, Ky.	Fitzgibbons	McDuffie	Spence
Brown, Mich.	Fitzpatrick	McFadden	Steagall
Browning	Fletcher	McFarlane	Strong, Pa.
Brumm	Focht	McGrath	Strong, Tex.
Brunner	Ford	McMillan	Stubbs
Buchanan	Foss	McReynolds	Studley
Buck	Foulkes	Major	Sumners, Tex.
Bulwinkle	Frear	Maloney, Conn.	Sutphin
Burch	Fuller	Maloney, La.	Swank
Burke, Calif.	Gasque	Mansfield	Sweeney
Burke, Nebr.	Gavagan	Marland	Swick
Burnham	Gibson	Marshall	Tarver
Byrns	Gilchrist	Martin, Colo.	Taylor, Colo.
Cady	Gillespie	Martin, Oreg.	Taylor, S.C.
Caldwell	Gillette	May	Taylor, Tenn.
Cannon, Mo.	Glover	Mead	Terrell
Carden	Goldsborough	Meeks	Thom
Carpenter, Kans.	Granfield	Milligan	Thomason, Tex.
Carpenter, Nebr.	Gray	Mitchell	Thompson, Ill.
Carter, Calif.	Green	Monaghan	Thurston
Carter, Wyo.	Gregory	Montet	Tobey
Cary	Griswold	Morehead	Traeger
Castellow	Haines	Mott	Turner
Celler	Hamilton	Moynihan	Turpin
Chapman	Hancock, N.C.	Muldowney	Umstead
Chase	Harlan	Murdock	Vinson, Ga.
Christianson	Hart	Musselwhite	Vinson, Ky.
Church	Hartley	Nesbit	Wallgren
Clark, N.C.	Hastings	Norton	Walter
Cochran, Mo.	Healey	O'Brien	Warren
Cochran, Pa.	Henney	O'Connell	Wearin
Colden	Hildebrandt	O'Connor	Weaver
Cole	Hill, Ala.	O'Malley	Weideman
Collins, Miss.	Hill, Sam B.	Oliver, Ala.	Welch
Colmer	Hoeppel	Oliver, N.Y.	Werner
Condon	Holdale	Owen	West
Connery	Holmes	Parker, Ga.	Whitley
Connolly	Hooper	Parks	Whittington
Cooper, Ohio	Howard	Parsons	Willford
Cooper, Tenn.	Huddleston	Patman	Williams
Cox	Hughes	Peavey	Wilson
Cravens	Jacobsen	Peterson	Withrow
Crosby	James	Pettengill	Wolcott
Cross	Jeffers	Peyser	Wolfenden
Crosser	Jenckes	Pierce	Wolverton
Crowe	Jenkins	Polk	Wood, Ga.
Crowther	Johnson, Minn.	Prall	Wood, Mo.
Crump	Johnson, Tex.	Ragon	Woodruff
Cullen	Johnson, W.Va.	Ramsay	Zioncheck
Cummings	Jones	Ramspeck	
Darden	Kahn	Randolph	
Deen	Kee	Reilly	

NAYS—46

Bacharach	Britten	Ditter	Evans
Bacon	Cavicchia	Eaton	Goodwin
Bakewell	Culkin	Eltse, Calif.	Goss
Bolton	Darrow	Englebright	Guyer
Hancock, N.Y.	Lehlbach	Millard	Snell
Hess	Luce	Parker, N.Y.	Stokes
Higgins	McGugin	Perkins	Taber
Hollister	McLean	Powers	Treadway
Hope	McLeod	Reed, N.Y.	Watson
Kelly, Pa.	Mapes	Rogers, Mass.	Wigglesworth
Kurtz	Martin, Mass	Seger	
Lambertson	Merritt	Simpson	

NOT VOTING—72

Allen	Dear	Kennedy, N.Y.	Reece
Almon	De Priest	Kerr	Reid, Ill.
Bankhead	Dickstein	Kleberg	Richardson
Beck	Fernandez	Knutson	Sabath
Beedy	Fiesinger	Lamneck	Shannon
Berlin	Fish	Lanzetta	Shoemaker
Brand	Flannagan	Lindsay	Stalker
Buckbee	Fulmer	McClintic	Sullivan
Busby	Gambrill	McKeown	Tinkham
Cannon, Wis.	Gifford	McSwain	Truax
Carley	Greenwood	Miller	Underwood
Cartwright	Griffin	Montague	Utterback
Chavez	Harter	Moran	Wadsworth
Claiborne	Hill, Knute	Palmisano	Waldron
Clarke, N.Y.	Hornor	Pou	White
Coffin	Imhoff	Rankin	Wilcox
Collins, Calif.	Johnson, Okla.	Ransley	Woodrum
Corning	Kennedy, Md.	Rayburn	Young

So the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. Bankhead with Mr. Wadsworth.
Mr. Busby with Mr. Ransley.
Mr. McClintic with Mr. Beedy.
Mr. Tinkham with Mr. De Priest.
Mr. Montague with Mr. Fish.
Mr. Claiborne with Mr. Knutson.
Mr. Almon with Mr. Reid of Illinois.
Mr. Rankin with Mr. Kurtz.
Mr. Fiesinger with Mr. Reece.
Mr. Flannagan with Mr. Waldron.
Mr. Underwood with Mr. Gifford.
Mr. Fulmer with Mr. Clarke of New York.
Mr. McSwain with Mr. Beck.
Mr. Rayburn with Mr. Stalker.
Mr. Fernandez with Mr. Allen.
Mr. Utterback with Mr. Collins of California.
Mr. Kerr with Mr. Buckbee.
Mr. Kennedy of Indiana with Mr. Shoemaker.
Mr. Johnson of Oklahoma with Mr. Coffin.
Mr. Greenwood with Mr. Berlin.
Mr. Gambrill with Mr. Shannon.
Mr. Palmisano with Mr. Moran.
Mr. White with Mr. Knute Hill.
Mr. Brand of Georgia with Mr. Cartwright.

Mr. McKEOWN. Mr. Speaker, I desire to vote "aye."

The SPEAKER. Was the gentleman in the Hall listening when his name should have been called?

Mr. McKEOWN. I was not.

The SPEAKER. The gentleman does not qualify.

Mr. BYRNS. I wish to announce that the following gentlemen, who are unavoidably absent, would vote "aye" if they were present: Messrs. TRUAX, IMHOFF, LAMNECK, WILCOX, KENNEDY of New York, LANZETTA, POU, RICHARDSON, SABATH, YOUNG, CHAVEZ, SULLIVAN, KLEBERG, CARLEY, DICKSTEIN, CORNING, MCKEOWN, GRIFFIN, DEAR, CANNON of Wisconsin, MILLER, and LINDSAY.

The result of the vote was announced as above recorded.

On motion of Mr. DOUGHTON, a motion to reconsider the vote whereby the bill was passed was laid on the table.

COSTS OF TRANSPORTATION BY RAIL AND BARGE

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include brief extracts from a speech delivered by Dr. Moulton, and also an Associated Press dispatch concerning rates.

The SPEAKER. Is there objection?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, about 10 o'clock on the night of March 25, 1933, Dr. Harold G. Moulton, president of Brookings Institution, delivered an address over the radio on the subject The American Transportation Problem. In this address, he gave answers to certain questions which had been received by him from various individuals and groups interested in the transportation problem.

One question and answer was as follows:

Question 5. You contend that river transportation is more costly than rail; but has not the improvement of the Ohio River been economically justified by the reduction in the cost of transportation which has resulted? (Member of chamber of commerce.)

Answer by Dr. Moulton. This is a very good question, because the Ohio River represents a completed project and is most favorably located. The test which I apply is to ascertain the costs

borne by the taxpayers; add this to the cost borne by the shippers and compare the result with the cost of rail transportation. The inclusive cost by water is about 19 mills as compared with 7 mills on the competing Chesapeake & Ohio Railroad.

On March 26—the next day after Dr. Moulton's speech was delivered—the following Associated Press dispatch was given out at Pittsburgh:

PITTSBURGH, March 26.—The Pittsburgh Steel Co. is dispatching its first shipment to the Pacific coast via an all-water route tomorrow—in the latest move in the industry's battle for reduced railroad freight rates.

Two barges loaded with 1,200 tons of nails, wire, and pipe will start floating down the Ohio for New Orleans, to be reshipped through the Panama Canal by steamer.

Officials claim they will save $3 a ton net over the usual rail route to the Atlantic seaboard and reshipment by steamer.

The distance by the river from Pittsburgh to New Orleans is 1,951 miles. The distance by rail from Pittsburgh to Baltimore, the nearest Atlantic port, is 345 miles. The water haul on this shipment to the port at New Orleans was a little more than six times the distance of a rail haul to the port at Baltimore. The cost of this longer water haul was $3 per ton less than the cost of the shorter rail haul, assuming that the ocean rates from New Orleans and from Baltimore to the Pacific coast are the same.

But upon inquiry to the United States Shipping Board it will be found that the rate by ship on steel products from New Orleans to San Francisco—in carload lots—is 35 cents per 100 pounds, while from Baltimore to San Francisco it is only 32½ cents, a difference of 50 cents per ton.

If the ocean rate from New Orleans to the Pacific had been the same as that from Baltimore to the Pacific, then the saving on this shipment by river would have been $3.50 per ton, instead of $3 per ton as announced. In other words, the cost of this shipment by barge from Pittsburgh to New Orleans, a distance of 1,951 miles, was $3.50 per ton less than it would have been by rail to Baltimore, a distance of 345 miles.

If Dr. Moulton's address had been delayed 24 hours, he might consistently have changed his estimates as to comparative costs of transportation by rail and by water.

AGAINST RECOGNITION OF SOVIET RUSSIA

Mr. JEFFERS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by Hon. William Green, president of the American Federation of Labor, against the recognition of Soviet Russia, delivered Tuesday night, April 18, 1933, at a great mass meeting held here in the Capital City at the Washington Auditorium under the auspices of the National Organization of the American Legion and a great many other recognized patriotic groups.

The SPEAKER. Is there objection?

There was no objection.

Mr. JEFFERS. Mr. Speaker, under leave granted me to extend my remarks in the RECORD, I include the following address delivered by Hon. William Green, president of the American Federation of Labor, against the recognition of Soviet Russia, delivered Tuesday night, April 18, 1933, at a great mass meeting held here in the Capital City, at the Washington Auditorium, under the auspices of the national organization of the American Legion and a great many other recognized patriotic groups.

THE BASIS OF LABOR'S OPPOSITION

Labor's opposition to the recognition of Soviet Russia by the United States rests upon a broad, deep, and unselfish basis. It has maintained a consistent attitude in holding firmly for the acceptance of the conditions and principles set up by President Wilson and approved by each succeeding administration as a prerequisite to Russian Soviet recognition.

The advocates of the recognition of Soviet Russia have shifted their positions. Originally they sought to influence public opinion with the argument that a de-facto government had been established in Russia and because said government had been recognized by most of the great powers throughout the world the United States should do likewise. Now, the advocates of Soviet recognition assert that recognition would mean that great material benefits would accrue to the people of the United States through the sale of manufactured goods, commodities and American products to the Soviet Government and the Russian people. The American people are asked to abandon the moral, spiritual, and ethical basis upon which opposition to Russian recognition originally rested and yield to the argument of materialism.

Some of the owners of industry as well as some of those who control our financial institutions have accepted this argument and have become the strongest advocates of the recognition of the Soviet Government. The appeal of selfishness and of profit was powerful to this group. They were willing to abandon principle for profit. Labor, however, refused to respond to such an appeal or be influenced by such an argument.

Labor holds that the preservation of the principles of self-government, the right to live unmolested, without the threat and menace of world revolutions, is of greater value than the creation of material wealth or the enjoyment of profits gained through the sale of goods to a foreign nation. Labor places our common heritage of our representative form of government, with its free institutions, above and beyond material values either in the form of an enlarged export trade or profits earned as a result of the ownership and management of industry. It would seem, in these days of distressing unemployment, that if the people of the United States were to be influenced in favor of the recognition of Soviet Russia because of materialistic reasons or the creation of work opportunities because of an enlarged foreign market that labor, instead of the owners of industry, would be the first to yield to such an argument. It is this attitude of labor which gives emphasis to the assertion that labor's opposition to the recognition of Soviet Russia rests upon a broad, deep, and unselfish basis.

To those who are familiar with the facts the economic argument in favor of the development of a potential market through Russian recognition carries no weight. Trading with Russia has been developed and carried forward with indifferent success. Russia bought goods from us without interference and on the same terms as goods were sold to the peoples of other countries. In 1931 the United States sold goods to Russia valued at $103,000,000. The figures show that the Nation's export to that country dropped to $12,500,000 last year. The highest point of the sale of goods to Russia was reached in the year 1931 even though our Government had maintained its steadfast opposition to the recognition of Soviet Russia. For this reason no one can allege that the reduction in sales of goods from $103,000,000 to $12,500,000 was due to the fact that the United States failed to recognize Soviet Russia. The probabilities are that this loss was caused by reason of the competition with goods manufactured in other countries at low wage rates or because more favorable credit facilities had been placed at the disposal of Russian buyers.

Trade relations with Russia can be greatly facilitated if American manufacturers are willing to sell goods to Russia on credit, and, in the light of the history of the Soviet Government, run the risk of having its obligations repudiated. The nation which will agree to give Russia a charge account, trusting Russian buyers for deferred payments, can increase its sale of goods in Soviet Russia regardless of governmental recognition. It is the fixed opinion of many representatives of labor that no increase in the sale of American-manufactured goods to Russia would be brought about because of recognition. Trade relations with any nation, recognized or unrecognized, must depend upon the operation of economic and financial laws. The nation which offers its goods at the lowest price and sells these goods on the basis of long-time credits will be favored in the establishment of any form of international relationship.

It is reasonable to suspect, because of the very costly experience which manufacturers and industrialists in Italy, England, and other countries have passed through in their economic and financial relationship with Russia, that American manufacturers are loath to sell goods to Russia on a charge-account basis. According to a recent press report the experience of manufacturers in Italy, while trading with Soviet Russia, has been very disappointing and unsatisfactory. An Associated Press dispatch, published on March 5, states:

"Italy's 2-year experiment of trading with Soviet Russia has ended in regret and a determination not to renew it. Her decision to denounce the preferential-duties section of the commercial treaty of 1924 and her refusal to renew the trade agreement are definite expressions of disgruntlement over the fact that Russia got the lion's share of the trading, and Italy is left holding the bag with half a billion lire in promissory notes. In the 2-year experiment Russia bought machinery, dyes, ships, airplanes, motors, tractors, marble, wine, and fruits sent in Italian bottoms. The ships brought back Soviet grain, oil, graphite, manganese, iron, steel, and lumber.

"At the end of the first year Italy found she had imported $29,000,000 worth and sold $14,000,000. In the second year the adverse balance was cut to $5,000,000.

"Moreover, Italy paid largely in cash. The Soviet paid mostly in credit, running from 9 months to 52 months. Most of this paper is still unliquidated, since the Bank of Italy will not rediscount it. The notes that have expired have been promptly paid. But the accumulation of paper when they want cash annoys the manufacturers.

"Lastly, the Soviet purchasing agents came to Italy and bargained with Italian manufacturers as competitors. The Italian purchasing agents could buy only through the Moscow Government and at set prices."

The bid for Russian recognition upon the basis of increased trade and the development of a potential market for the sale of American-made goods is not supported by the facts. I make the bold assertion that no profitable increase in trade with Soviet

Russia can possibly follow governmental recognition. It is a false argument, alluring in appearance, and one which appeals to the material instinct of those who are willing to surrender principle for mere gain. It does not and will not influence labor.

There is another, more serious phase of trade relationship with Russia which must be considered and which is of tremendous importance to labor. It is a recognized principle in trade relationship that a buying nation must also be permitted to sell. That would mean that if American manufacturers sell goods to Soviet Russia, the markets of the United States must be open to the sale of Russian goods. We must buy from a nation to which we sell goods. Under ordinary circumstances nations exchange goods; but if such exchange would take place between the United States and Russia, American labor fully understands it would be compelled to compete with forced labor, controlled by a dictatorship. Labor in the United States does not welcome such an experience. The miners of the anthracite region of Pennsylvania and the men who work in the lumber camps of the Northwest have felt the effects which result from the sale of anthracite coal and lumber produced under conditions of labor existing in Russia which permitted the sale of these products in the United States at a price so low as to undermine the wage level established in the anthracite-coal regions and in the lumber camps of our Nation. The situation became so serious as to arouse the interest of the working people associated with the anthracite coal and lumber industries and as a result of their protests restrictions were imposed under the provisions of existing laws relating to dumping, unfair competition, and forced labor.

For some time a campaign of propaganda has been carried on in behalf of Russian recognition. Special writers for newspapers and magazines have portrayed the development of a potential market for the sale of American-made goods in Russia. They have distorted the facts in an effort to convince the masses of the people that Russian recognition offered a partial remedy for unemployment. The written articles prepared by a writer in Russia and published in one great metropolitan newspaper during the last few years can be considered as nothing more than pure Soviet propaganda. Thinking people are not influenced by an obvious distortion of facts.

At a number of annual conventions the American Federation of Labor has held that, in the opinion of the officers and members of the American Federation of Labor, subversive policies carried on by the Soviet Government in behalf of communism and in the promotion of world revolution must terminate before recognition of the Soviet Government could be considered or acted upon by the United States Government.

Labor holds that the Soviet Government is not entitled to nor should it be accorded recognition until it disavows its declaration of world revolution as made through the Third International. It seems inconceivable to labor that our own Government should recognize any government which had proclaimed to the world through a political or economic organization which it had created and controlled that its international policy was to overthrow the Government of the United States by force. The Soviet Government has never withdrawn nor modified that declaration. It is still a part of the political creed and the fixed policy of the Soviet Government. Its purpose is clear. Its intent is made plain. Its policy has been outlined. It is all directed against existing governments. Our own Nation cannot proceed blindly nor ignorant of facts. It must understand perfectly well that if and when it extends recognition to Soviet Russia, it is facilitating governmental and business intercourse with a government which had announced that world revolution was a part of its fixed policy. Is it asking too much to demand that the declaration of world revolution be disavowed and withdrawn as a condition to Government recognition? What type of American is he who would not insist upon the acceptance of such a proposal?

But it is stated by those who entertain an opposite point of view and who champion the cause of Russian recognition that the rulers of Russia can be trusted; that they will not carry out the declarations of the Soviet Government made through the Third International in favor of world revolution. It is alleged that that subversive doctrine has not been preached in the United States through the instigation of the Soviet Government. These advocates of Russian recognition state that Stalin, who is known as "the dictator" in Russia, will not inspire Communist propaganda, follow subversive policies, or promote world revolution. As a reply to this type of argument it is quite proper to ask, Shall the American people trust and believe the rulers in Soviet Russia who announced as their fixed purpose the overthrow of capitalism and capitalistic governments by force or the champions of Russian recognition who, in the United States, declare that these leaders will not do what they have proclaimed they intend to do?

Some facts we know. World revolution has been promoted in many countries in Europe, and Communists in the United States who receive their inspiration from Soviet Russia have declared that it is their avowed purpose to promote a revolution in the United States. There are many people who believe that the present plight of the German people is directly traceable to Soviet influence and Communist activities. Behold China, where the representatives of the Communists have been actively engaged! What a tragic and pitiful picture it presents! All nations and all governments where communism has gained the slightest foothold have felt the destructive influence of its development and growth. It would be easy to quote profusely from declarations made by the accredited representatives of the Soviet Government and of the Communist Party in Russia made through the Third International as evidence of the subversive policy originated and pursued in all nations by the Soviet Government.

The members of trade-unions in the United States clash with the Communists who seek to dominate and destroy the American trade-union movement. While certain representatives loudly proclaim their intent and purpose to refrain from engaging in destructive practices, their chosen representatives carry out instructions given them as opportunity and circumstance permit. The trade-unions must be constantly on guard in order to protect and preserve their organizations, their funds, their ideals, and their principles. It is not enough to say, in these trying days, that distressed and hard-driven unemployed workers are not susceptible to the beguiling influence of communism and communistic representatives. Surely, a government clothed with the responsibility of jealously guarding the safety of all its people cannot afford to expose its suffering people to the destructive philosophy preached and practiced by the Soviet Government. That is what our Government would do if it extended recognition to Soviet Russia, opened wide the doors of the Government to the establishment of Soviet headquarters and Soviet agencies in every city, State, and community throughout the land. No good purpose could be served and no interest in America could be benefited or advanced through the recognition of Soviet Russia under the present circumstances. To the contrary, we would be assuming a great risk by taking such a step. As in other nations, great injury might result from such governmental action.

All fair-minded people concede that the people of all nations, Russia included, may embrace and adopt such political philosophy as they may wish or desire. The Russian people have a perfect right to adopt the Soviet form of government and to administer their own political and governmental affairs free from interference by any other nation. In exercising this right of self-government, however, the rules governing international relations and international intercourse require that they respect and recognize the right of all other nations to do likewise. For one nation to seek to compel another nation to accept a political philosophy which is at variance with the thought, judgment, and traditions of its people is repugnant to our sense of justice.

While labor realizes that all is not well in our own land, and that there are many wrongs which must be righted, it believes that the instrumentalities of our representative government, provided for in our laws and our Constitution, offer the means by which the people can change governmental policy and our form of government as well. We claim the right to do this without interference from outside sources. Until the Soviet Government withdraws its avowed declaration to promote revolution and to overthrow our Government by force, the American Federation of Labor will vigorously oppose the recognition of Soviet Russia.

Upon this basis labor has taken its firm stand. The best and finest, as well as all that is sacred in our social, political, and religious life, call for the maintenance and observance of this position on the part of American labor. We know that there are other groups, strong in numbers, which stand with labor upon this great issue. We join hands and minds with these groups in protecting our Nation against a political philosophy which teaches violence and world revolution.

LEAVE TO FILE MINORITY VIEWS

Mr. JAMES. Mr. Speaker, I ask unanimous consent that the minority may have until 12 o'clock tonight to file minority views on Muscle Shoals.

The SPEAKER. Is there objection?

There was no objection.

THE ARMS EMBARGO

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by publishing a letter by John Bassett Moore sent to the Foreign Affairs Committee.

The SPEAKER. Is there objection?

There was no objection.

The letter is as follows:

NEW YORK, N.Y., *March 27, 1933.*

The Honorable HAMILTON FISH, Jr.,
Member of Congress, Washington, D.C.

MY DEAR MR. FISH: Although I am unable to appear at the hearing on the so-called "arms embargo resolution" on March 28, I feel it to be my duty to write you a few lines on the subject. I will first state the objections to the proposed measure as it stands and will then point out how it may readily be made to conform to international law.

It will soon be 20 years since the outbreak in Europe of what eventually became known as the 'World War." Following that unfortunate event there developed, in the ordinary course of things, a war madness, manifested in the exaltation of force and the belittling of the enduring legal and moral obligations which lie at the foundation of civilized life. Peaceful processes fell into disrepute. We began to hear of the "war to end war"; and pacifists, enamored of this shibboleth, espoused the shallow creed that international peace could best be assured by the use of force or threats of force. We were told that preexisting international law had suddenly become obsolete and that the world had entered upon a new era in which the general tranquillity was to be maintained by "sanctions", by boycotts, and by war. But the final

stage was reached in the spawning of the notion, now rampant, that peoples may with force and arms exterminate one another without breach of the peace so long as they do not call it war. This may appropriately be called the stage of bedlam. In all this, however, students of history will find nothing new. The development of such manias normally characterizes the progress of a great war, just as their decline marks the return to sanity.

To the final stage to which I have referred belongs the supposition that the law of neutrality no longer exists, and that in future there will be no more neutrals. It is on this theory that the proposed resolution is essentially based. It is true that the resolution does not in terms say so; and it is equally true that less is just now said about this phase of the subject than was said not long ago. But it is only on this theory that the sweeping terms of the resolution can be defended.

As a lifelong student and administrator of international law, I do not hesitate to declare the supposition that neutrality is a thing of the past to be unsound in theory and false in fact. There is not in the world today a single government that is acting upon such a supposition. Governments are acting upon the contrary supposition, and in so doing are merely recognizing the actual fact. In the winter of 1922–23 there was held at The Hague an international conference to make rules for the regulation of the activities of aircraft and radio in time of war. The parties to this conference were the United States, France, Great Britain, Italy, Japan, and the Netherlands.

I had the honor to represent the United States in the conference and to be chosen to preside over it. We were able in the end to reach a unanimous agreement, which was incorporated in a general report. An examination of this report will show that it was largely devoted to the definition of the rights and duties of belligerents and of neutrals in time of war, and that it treated as still existing the Land War Neutrality Convention, the Convention for the Adaptation of the Geneva Convention to Maritime Warfare, and the convention concerning Neutral Rights and Duties in Maritime Warfare, all made at The Hague in 1907. The conference by which the report was adopted took place more than 2 years after the making of the Versailles Treaty and the Covenant of the League of Nations; the various delegations, it should be needless to state, acted under the authority and instructions of their respective governments; and yet, the idea that the law of neutrality had become obsolete never was suggested. So far as I am aware, not a single party to the Versailles Treaty or a single member of the League of Nations has ever actually taken the position that the law of neutrality is a thing of the past. The principal powers in the League have on occasion taken precisely the opposite position.

The fact is notorious that, after the Greeks were egged on to make war on the Turks and war actually came, Great Britain decided to remain neutral in the conflict, into which Canada and perhaps some of the other self-governing Dominions unequivocally announced that they would not be drawn without their consent. In other recent wars Great Britain has pursued a neutral course. Other governments have done the same thing. No government, so far as I am advised, has repealed its neutrality laws. Those of the United States still remain on the statute books; and, if they are to be repealed, it should be done directly and not by implication or by embarking on a lawless course in the name of peace.

We hear much today of the duties of the United States as a "world power", and the supposition seems widely to prevail that we have only lately reached that eminence. I am too good an American to think so poorly of my country and its achievements. The United States has always been a world power. It acted as a world power when, on the outbreak of the wars growing out of the French Revolution, its first President, George Washington, with Thomas Jefferson as his Secretary of State, proclaimed our neutrality. It acted as a world power when, some years later, it suppressed the activities of the Barbary pirates.

It acted as a world power when, in 1812, it went to war in defense of neutral rights. It acted as a world power when it proclaimed the Monroe Doctrine. It acted as a world power in extending its trade and opening up foreign countries to its commerce, as it so effectually did by peaceful processes during the Presidency of Gen. Andrew Jackson. It acted as a world power when it refused to permit the intervention of foreign nations in our Civil War. It acted as a world power when it forbade the further maintenance of the European empire set up in Mexico by French arms during our Civil War. It acted as a world power when, in the administration of President Grant, with Hamilton Fish as his Secretary of State, it brought about, through the greatest of all international arbitrations, the amicable settlement of the Alabama claims, and in so doing made a signal contribution to the further development of the law of neutrality. It is useless to continue the specification of instances. Nations, like individuals, may increase their power by combining with a due attention to their own business the extension of their friendly offices to brethren in trouble, and by conserving their militant resources for occasions when their vital interests are at stake. A nation that undertakes to meddle with every foreign disturbance is bound to become an international nuisance, to its own detriment as well as to the annoyance of other countries. Power is neither gained nor kept by such methods.

It is obvious that certain recent agitations have been and still are carried on under radically erroneous impressions as to the legal significance of the supply of arms and munitions of war to the parties to armed conflicts. The statement is often made that the trade in contraband is lawful, and the statement is also often made that such trade is unlawful.

These statements may seem to be conflicting; but, when properly understood, they are both correct. Because there is much dispute as to what the term "contraband" includes, and because it has so far been deemed proper to limit the burdens to which a neutral power is subject, international law has not up to the present time required neutral governments to prevent their citizens from manufacturing, selling, and shipping contraband, including arms and munitions of war, in the regular course of commerce. Hence, in the sense that a neutral government is not obliged to suppress such trade, the trade is lawful. On the other hand, however, international law recognizes the right of a party to a war to prevent such articles from reaching its adversary, and, if it seizes them, to confiscate them. In other words, international law, treating the trade as being, in an international sense, intrinsically unneutral and unlawful, permits the parties to the struggle to inflict the penalty, and to this the trader's government cannot object. The trader conducts the business at his peril.

But, while a neutral government is not obliged to suppress the contraband trade of its citizens, it is forbidden itself to supply contraband to a belligerent, and particularly is forbidden itself either to sell or to give to him munitions of war. Neutrality, in the legal sense, embraces not only impartiality but also abstention from participation in the conflict (Moore, Digest of International Law, vol, 7, sec. 1288, p. 863). The prohibition of the neutral government itself to supply arms and munitions of war is based upon the unquestionable fact that the supply of such articles to a fighting force is a direct contribution to its military resources, and as such is a participation in the war; and, if a government does this, it virtually commits an act of war. If it does this in behalf of one of the parties, it abandons its neutrality and is guilty of armed intervention; and if it does it for both parties, although it may be said to be impartial, it does what neither of the parties themselves can do, namely, fights for each against the other. It is not long since the United States became, through an inadvertent failure to observe these elementary principles, involved in an unfortunate incident affecting a great and friendly American country, the Republic of Brazil. Happily the intervention quickly ended, as the government in behalf of which it was committed abruptly disappeared, and in a few days we duly recognized its successor, as 15 other governments promptly did.

From the elementary principles of international law above set forth it necessarily follows that, if a government bans the shipment of arms and munitions of war to one of the parties to an armed conflict and permits it to the other, it intervenes in the conflict in a military sense and makes itself a party to the war, whether declared or undeclared.

The pending resolution is, I do not hesitate to affirm, opposed to the settled policy and the highest interests of the United States and also to the provisions of our Federal Constitution. If adopted, it would enable the President (1) to make international engagements of the most far-reaching kind at his will, without the advice and consent of the Senate, and (2) to carry us into war without the prerequisite constitutional declaration of war by Congress. Perhaps it may be answered that by the proposed resolution the Senate would voluntarily abdicate its constitutional powers regarding international engagements, and that the Congress would likewise abdicate its constitutional powers regarding the declaration of war. This argument might be accepted if the Senate and the Congress could constitutionally divest themselves of their constitutional powers and commit everything to the Executive. But, as they were unwilling to do this during the so-called "World War", when it was proposed to give the President complete dictatorial powers, I can only suppose that the present extraordinary agitation is due to the misleading and somewhat deafening clamor of those who, in the name of peace, would confer upon the President an unlimited right to engage in hostilities.

I refrain from saying an unlimited right to make war only out of deference to the profound and learned authorities who assure us that war can be abolished either by calling it peace or by refraining from calling it war. This is, I may remark, a favorite notion with those who demand that the Kellogg pact shall be equipped with "teeth" in order that it may masticate alleged "aggressors", and otherwise benignantly bite and gnaw its way to universal peace and concord. Unfortunately, there are many who appear to have been infected with these confused notions, which have been so industriously propagated in the United States. But, judged by the course of the principal members of the League of Nations during the past 10 years, and by their attitude toward the hostilities lately in progress in the Far East and elsewhere, such notions appear never to have had any real charm for the responsible authorities of the countries which would have been required to make the chief sacrifices in blood, in treasure, and in tears. To say this is not to impeach their wisdom or their sincerity. It may merely indicate that, having had enough of war, they long for real peace and an opportunity to recuperate.

Should the proposed measure become a law, no gift of prophecy is required to foretell what will follow. Groups moved by interest or swayed, consciously or unconsciously, by propaganda will clamor at the White House and at the Department of State for the unneutral application of the ban in favor of those whom they like or approve and against those whom they dislike or disapprove. We are assured that we may trust our authorities to resist such importunities, and to refrain from doing things that would involve the country in trouble. In other words, we are told that our

authorities may be relied upon to refuse to exercise the powers so sweepingly conferred upon them. This is indeed a singular argument. Couched in the language of irresponsibility, it is not only self-stultifying but also unjust. The burdens and cares resting, especially at the present juncture, upon those who administer our affairs are already grave and harassing enough, without imposing upon them the pastime of playing with war. Within the terms of the pending resolution, our Government would be asked to set itself up in rash and arrogant judgment upon the acts of other nations and on the merits of their conflicts, with a view to give or to permit military aid to one as against another.

Before committing ourselves to this presumptuous program spun of the wild and flimsy fantasy that when nations fall out and fight, the question of the "aggressor", which still baffles students even of ancient wars, lies upon the surface of things, and may be readily, safely, and justly determined by outsiders, of whose freedom from individual interest or bias there is no guaranty, we should reflect the fact that had such a notion heretofore prevailed we might and in all probability should ourselves have been the victim of it. As a marshaling of all the incidents would unduly prolong this letter, I will call attention to only two.

During our Civil War we were more than once menaced with the possibility of intervention, and, had it taken place, no one can say how fateful would have been the consequences. But, as an American, I share with my fellow countrymen, as members of a great and united people, the universal sense that it is well that we were not permanently divided.

On April 6, 1898, there assembled at the White House the diplomatic representatives of six great European powers, who made in behalf of their governments what was called "a pressing appeal to the feelings of humanity and moderation of the President and of the American people in their existing differences with Spain." We need not question the motives of the governments by which this remonstrance against our armed intervention was made. The President of the United States did not question their motives in his answer; but, with the conscious dignity that became himself as well as his great office, he expressed the confident expectation that the remonstrating powers would equally appreciate the effort of the United States "to fulfill a duty to humanity by ending a situation the indefinite prolongation of which had become insufferable." Two weeks later the Congress of the United States adopted a resolution under which the Government intervened with arms. The governments that had remonstrated against this step evidently did not regard Spain as the aggressor in the unhappy controversy between that country and the United States. The implication was clearly and directly to the contrary; and, according to the theory on which the pending resolution rests, the remonstrants, when the United States forcibly intervened might appropriately have declared an embargo upon the shipment of arms and munitions to this country, while continuing to supply Spain with the implements of war.

All this might, on the new theory, have been done in the name of peace; and if the United States had exhibited resentment, this might have been treated only as further proof of its malevolent and aggressive disposition. It is better to reflect on such things while the opportunity still exists. It would be inexcusably short-sighted to assume that what has happened before will never happen again. We might also remember that our war for independence was treated by the great majority of powers merely as an act of rebellion against lawful authority. We waged the War of 1812 in support of disputed claims of national right. Many of our own people, including General Grant, have condemned our war with Mexico as an unjust aggression; but I am not aware that any of them has taken the ground that the general interest or the cause of peace would have been advanced if the powers of the world, some of which were not then themselves above suspicion, had combined their forces to oppose or to crush us.

If the real purpose back of the pending resolution is simply to prevent the United States from furnishing implements of war to those who are engaged in armed strife, this may readily be done by providing for a comprehensive, nonpartisan embargo on the shipment of arms to all countries engaged in armed strife, whether international or civil. Such an embargo would naturally be announced and imposed by public proclamation. Of this no foreign power could complain. There are already various countries which, in accordance with their laws, impose such a ban. This is entirely proper under international law. Whether such an inhibition would, without the cooperation of all other neutral nations, tend to limit the area, the destructiveness or the duration of wars is a conjectural matter on which I do not now undertake to pass. Nor do I intend to discuss the question how far such a policy may tend to render weaker nations, financially unable to maintain munitions factories of their own, incapable of asserting or of defending their rights against larger powers. Considerations such as these lie within the domain of policy. The general bans, where they exist, are based upon the belief that, as the supply of arms and munitions constitutes a military aid, it is better and safer to forbid it altogether. In imposing upon itself such a restriction a nation acts within its undoubted rights, and gives no just cause for reproach.

Sincerely yours,

JOHN BASSETT MOORE.

Mr. RAYBURN. Mr. Speaker, I was detained and was not here when my name was called on the roll. If I had been present, I would have voted for the bill.

I want to say that the Committee on Interstate and Foreign Commerce reported a resolution making effective the agreement between the United States and the State of New York with reference to the St. Lawrence power project. I find on consultation with the Chairman of the Committee on Rules that even if I introduce the rule I cannot get it up tomorrow because it has to lie over 24 hours. It was not my desire to call it up Saturday. I therefore ask unanimous consent that the bill may be brought up tomorrow immediately after the reading of the Journal, not to interfere with other matters on the Speaker's table.

The SPEAKER. Is there objection?

Mr. PARKER of New York. I object.

INVESTIGATION OF THE "AKRON" DISASTER

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Concurrent Resolution 15 and agree to the Senate amendment.

Mr. BYRNS. If this consent is granted, will it interfere with the special order for tomorrow?

The SPEAKER. The request of the gentleman from New York is to take up House Concurrent Resolution 15 and agree to the Senate amendment. That will not interfere with the special order for tomorrow. The Clerk will report the Senate amendment.

The Clerk read the Senate amendment, as follows:

Resolved, That the Senate agree to the foregoing concurrent resolution of the House of Representatives with the following amendment, viz: Page 2, line 19, after "advisable", insert ", not exceeding $5,000, one half of said amount to be paid out of the contingent fund of the Senate and one half out of the contingent fund of the House."

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. KVALE. What is it about?

Mr. O'CONNOR. This is the committee to investigate the *Akron* disaster. The Senate amendment limits the expenses to $5,000.

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was concurred in.

RELIEF BILL

Mr. LUCE. Mr. Speaker, I ask unanimous consent to file minority views on the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MILLER, on account of important business.

To Mr. KLEBERG, for the remainder of the week, on account of important business.

To Mr. GAVAGAN, for the remainder of the week, on account of important business.

To Mr. LINDSAY, indefinitely, on account of the serious illness of his brother.

To Mr. KENNEDY of New York, indefinitely, on account of illness.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 27 minutes p.m.) the House adjourned until tomorrow, Friday, April 21, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

25. A communication from the President of the United States, transmitting estimates of annual and permanent appropriations for the Executive Office and independent estab-

lishments for the fiscal year 1934, amounting to $615,159,926; to the Committee on Appropriations.

26. A letter from the Secretary of the Treasury, transmitting draft of legislation to provide relief for, and to adjust certain accounts of, John L. Summers, disbursing clerk, Treasury Department; Frank White and H. T. Tate, former Treasurers of the United States; Guy F. Allen, former Acting Treasurer of the United States; Robert G. Hilton, former Assistant Treasurer of the United States at Baltimore, Md.; the Office of the Comptroller of the Currency for the period from April 5, 1912, to November 21, 1928; and to cover the settlement of outstanding claims of certain individuals, representing unrecovered amounts due them; to the Committee on Claims.

27. A letter from the Secretary of War, transmitting draft of a proposed bill to authorize the Secretary of War or the Secretary of the Navy to withhold the pay of officers, warrant officers, and nurses of the Army, Navy, and Marine Corps, to cover indebtedness to the United States under certain conditions; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. H.R. 5012. A bill to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy; without amendment (Rept. No. 47). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. H.R. 5081. A bill to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development; without amendment (Rept. No. 48). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H.J.Res. 157. A joint resolution providing for the use of the water of the St. Lawrence River for the generation of power by the State of New York under and in accordance with the provisions of the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada; without amendment (Rept. No. 49). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4511) for the relief of Seymour H. Dotson, otherwise known as William Dodson; Committee on Invalid Pensions discharged, and referred to the Committee on Military Affairs.

A bill (H.R. 4720) granting a pension to George R. Miller; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 4722) granting a pension to Julia A. S. Richardson; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GOLDSBOROUGH: A bill (H.R. 5073) to regulate the value of money in accordance with article I, section 8, of the Constitution of the United States, to reestablish the gold standard, to provide for its maintenance and stabilization, and for other purposes; to the Committee on Banking and Currency.

By Mr. CONDON: A bill (H.R. 5074) to provide for the construction of a post-office building at East Providence, R.I.; to the Committee on Public Buildings and Grounds.

By Mr. WERNER: A bill (H.R. 5075) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended; to the Committee on Indian Affairs.

By Mr. CARTER of California: A bill (H.R. 5076) to indemnify depositors in Federal Reserve member banks; to the Committee on Banking and Currency.

By Mr. GUYER: A bill (H.R. 5077) granting pensions to certain soldiers and sailors of the War with Spain, the Philippine insurrection, or the China relief expedition, to certain maimed soldiers, to certain widows, minor children, and helpless children of such soldiers and sailors, and for other purposes; to the Committee on Pensions.

Also, a bill (H.R. 5078) to restrict the payment of interest on postal-savings deposits by amending sections 756 and 757, chapter 20, title 39, United States Code, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. MARLAND: A bill (H.R. 5079) to supplement State laws pertaining to the conservation of crude petroleum and to prevent the shipment in interstate or foreign commerce of crude petroleum produced in violation of such State laws; to the Committee on Interstate and Foreign Commerce.

By Mr. BACHARACH: A bill (H.R. 5080) to amend sections 23 and 25 of the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. HILL of Alabama: A bill (H.R. 5081) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. CHRISTIANSON: A bill (H.R. 5082) to repeal the homestead, preemption, and desert land laws of the United States of America and all laws or parts of laws amendatory thereto providing for the transfer of public lands to individuals for agricultural purposes; to the Committee on the Public Lands.

Also, a bill (H.R. 5083) providing for payment of $100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. SANDERS: A bill (H.R. 5084) to regulate the manufacture and sale of stamped envelopes; to the Committee on the Post Office and Post Roads.

By Mr. MARLAND: A bill (H.R. 5085) to provide means for the employment of men and women in nonproductive public work in every county in every State in the United States; to fix the rate of wages for such work; to regulate the value of the money paid; and to provide for liquidation of the debt so created; to the Committee on Banking and Currency.

By Mr. LUDLOW: A bill (H.R. 5086) to provide that certain substitute clerks and letter carriers in the Postal Service shall receive a basic annual salary; to the Committee on the Post Office and Post Roads.

By Mr. KVALE: A bill (H.R. 5087) placing certain position in the Postal Service in the competitive classified service; to the Committee on the Civil Service.

By Mr. CANNON of Wisconsin: A bill (H.R. 5088) to amend sections 183 and 184 of chapter 6 of title 44, of the United States Code, approved June 30, 1926, relative to the printing and distribution of the CONGRESSIONAL RECORD; to the Committee on Printing.

By Mr. EATON: A bill (H.R. 5089) to provide sick leave with pay for civilian employees of the United States Government; to the Committee on Civil Service.

By Mr. RAMSAY: A bill (H.R. 5090) to tax reserve sums held by banks; to the Committee on Banking and Currency.

By Mr. SUMNERS of Texas: A bill (H.R. 5091) to amend section 289 of the Criminal Code; to the Committee on the Judiciary.

By Mr. ENGLEBRIGHT: A bill (H.R. 5092) to authorize and require payment by the Treasury of the United States of the world price of gold for gold produced in the United States; to the Committee on Ways and Means.

By Mr. O'MALLEY: A bill (H.R. 5093) to provide counsel for the defense and prosecution of rights of indigent patentees, and for other purposes; to the Committee on Patents.

By Mr. EATON: Joint resolution (H.J.Res. 158) to authorize an appropriation of $10,000 for the expenses of participation by the United States in the Seventh International Congress of Military Medicine and Pharmacy; to the Committee on Foreign Affairs.

By Mr. GUYER: Joint resolution (H.J.Res. 159) granting the consent of Congress to a compact or agreement between the State of Kansas and the State of Missouri authorizing the acceptance for and on behalf of the States of Kansas and Missouri of title to a toll bridge across the Missouri River from a point in Platte County, Mo., to a point at or near Kansas City in Wyandotte County, Kans., and specifying the conditions thereof; to the Committee on Interstate and Foreign Commerce.

By Mr. KRAMER: Concurrent resolution (H.Con.Res. 16) requesting the observance of April 30 as "President's Day"; to the Committee on the Judiciary.

By Mr. McSWAIN: Resolution (H.Res. 111) providing for the consideration of H.R. 5081; to the Committee on Rules.

By Mr. RAYBURN: Resolution (H.Res. 112) providing for the consideration of H.J.Res. 157; to the Committee on Rules.

By Mr. McFADDEN: Resolution (H.Res. 113) to investigate the activities of subversive organizations; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

Memorial of the State of Minnesota, memorializing Congress relative to national legislation providing for refinancing of agricultural loans at lower rates of interest; to the Committee on Agriculture.

Memorial of the Senate of Puerto Rico, memorializing Congress to approve pertinent legislation for the dredging and improvement of the harbor of Mayaguez; to the Committee on Rivers and Harbors.

Memorial of the Legislature of the State of California, memorializing Congress to accept the cemetery situated at Sawtelle as a national cemetery; to the Committee on Military Affairs.

Memorial of the Legislature of the State of Missouri, memorializing Congress to enact a law that will be adequate for the relief of the now despairing farmers of the drainage and levee districts of Missouri and other States; to the Committee on Irrigation and Reclamation.

Memorial of the State of Minnesota, memorializing Congress to enact legislation for the refinancing of outstanding drainage bond indebtedness; to the Committee on Irrigation and Reclamation.

By Mr. SHOEMAKER: Memorial of the Legislature of Minnesota, memorializing Congress to issue the money and establish the value thereof; to the Committee on Banking and Currency.

Also, memorial of the Legislature of Minnesota, memorializing Congress to take appropriate action to place in the hands of a judicial tribunal the determination of damages suffered by owners of property bordering the Lake of the Woods, and to authorize the Department of Justice to compromise and adjust the valid claims arising out of the fluctuation of the level of said lake; to the Committee on Claims.

Also, memorial of the Legislature of Minnesota, memorializing Congress relative to national legislation providing for refinancing of agricultural loans at lower rates of interest; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLGOOD: A bill (H.R. 5094) for the relief of Andrew J. Watts; to the Committee on Military Affairs.

By Mr. BEITER: A bill (H.R. 5095) for the relief of Louis Anastasia; to the Committee on Military Affairs.

By Mr. BLACK: A bill (H.R. 5096) for the relief of Anna Volker; to the Committee on Claims.

Also, a bill (H.R. 5097) authorizing adjustment of the claim of Frank Spector; to the Committee on Claims.

By Mr. BLOOM: A bill (H.R. 5098) for the relief of Jack L. Sollins; to the Committee on Military Affairs.

By Mr. BRUNNER: A bill (H.R. 5099) for the relief of Gladys E. Faughnan, guardian; to the Committee on Claims.

Also, a bill (H.R. 5100) awarding the Distinguished Service Cross to John H. Potts; to the Committee on Military Affairs.

By Mr. BURNHAM: A bill (H.R. 5101) for the relief of Hallie Coffman; to the Committee on Naval Affairs.

Also, a bill (H.R. 5102) for the relief of William W. Hayes; to the Committee on Military Affairs.

By Mr. CANNON of Wisconsin: A bill (H.R. 5103) for the relief of Roland Zolesky; to the Committee on Claims.

By Mr. CARDEN: A bill (H.R. 5104) granting a pension to Coleman C. Poynter; to the Committee on Pensions.

By Mr. CONDON: A bill (H.R. 5105) for the relief of Bartholomew Shea; to the Committee on Claims.

Also, a bill (H.R. 5106) for the relief of Edward Burk; to the Committee on Claims.

By Mr. EVANS: A bill (H.R. 5107) for the relief of Ray Conklin; to the Committee on Military Affairs.

By Mr. GIFFORD: A bill (H.R. 5108) for the relief of Ralph C. Myrick; to the Committee on Military Affairs.

By Mr. GRISWOLD: A bill (H.R. 5109) for the relief of Joe G. Baker; to the Committee on Claims.

By Mr. HEALEY: A bill (H.R. 5110) for the relief of John B. McGovern; to the Committee on Claims.

By Mr. JOHNSON of Texas: A bill (H.R. 5111) to authorize the appointment of First Lt. Claude W. Shelton, retired, to the grade of captain, retired, in the United States Army; to the Committee on Military Affairs.

By Mr. JOHNSON of West Virginia: A bill (H.R. 5112) for the relief of Robert Moyer; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 5113) granting an increase of pension to Lucy A. Cartmell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5114) granting a pension to Rawley B. Wright; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5115) granting an increase of pension to Sarah E. Boler; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5116) granting an increase of pension to Orrie S. McCutcheon; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5117) granting a pension to Mary A. Ruble; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5118) granting an increase of pension to Mary M. Gibbs; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5119) granting an increase of pension to Flera Messick; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5120) granting an increase of pension to Emeline Petty; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5121) granting an increase of pension to Josie Zerkle; to the Committee on Invalid Pensions.

By Mr. JONES: A bill (H.R. 5122) for the relief of William S. Steward; to the Committee on Claims.

By Mr. KENNEDY of Maryland: A bill (H.R. 5123) granting a pension to Lydia E. Boehmer; to the Committee on Pensions.

By Mr. KVALE: A bill (H.R. 5124) granting a pension to Mary Tompkins; to the Committee on Pensions.

By Mr. LEWIS of Colorado: A bill (H.R. 5125) granting a pension to Kate M. Kirby; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5126) granting a pension to Gertrude E. Ripley; to the Committee on Pensions.

Also, a bill (H.R. 5127) granting a pension to Mary J. Stearns; to the Committee on Pensions.

By Mr. LUCE: A bill (H.R. 5128) granting a pension to Cora M. Higgins; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H.R. 5129) granting a pension to John O. Allen; to the Committee on Pensions.

By Mr. LUNDEEN: A bill (H.R. 5130) for the relief of Joseph Lane; to the Committee on Claims.

Also, a bill (H.R. 5131) for the relief of John F. Patterson; to the Committee on Military Affairs.

By Mr. McKEOWN: A bill (H.R. 5132) for the relief of Wylie L. Sibley; to the Committee on Naval Affairs.

By Mr. McLEOD: A bill (H.R. 5133) for the relief of J. G. Bayerline; to the Committee on Claims.

By Mr. MALONEY of Connecticut: A bill (H.R. 5134) granting a pension to Ida D. Fletcher; to the Committee on Pensions.

By Mr. MORAN: A bill (H.R. 5135) granting a pension to Catherine Overlock; to the Committee on Invalid Pensions.

By Mr. MUSSELWHITE: A bill (H.R. 5136) granting a pension to Rebecca Barnard; to the Committee on Pensions.

By Mr. PARKER of Georgia: A bill (H.R. 5137) granting a pension to Bertha C. Laux; to the Committee on Pensions.

By Mr. PEYSER: A bill (H.R. 5138) for the relief of Harry P. Hollidge; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5139) granting a pension to Joseph Early; to the Committee on Pensions.

Also, a bill (H.R. 5140) granting a pension to Maude Brindle; to the Committee on Pensions.

By Mr. SCHAEFER: A bill (H.R. 5141) for the relief of George A. Hearth; to the Committee on Military Affairs.

Also, a bill (H.R. 5142) for the relief of Eustace Parks; to the Committee on Claims.

Also, a bill (H.R. 5143) for the relief of Earl Allen Thomas; to the Committee on Naval Affairs.

By Mr. SHANNON: A bill (H.R. 5144) for the relief of Hugh G. Morris; to the Committee on Military Affairs.

By Mr. STOKES: A bill (H.R. 5145) granting a pension to Charles S. Benson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5146) for the relief of John F. McDonough; to the Committee on Military Affairs.

Also, a bill (H.R. 5147) granting a pension to Harry Thompson; to the Committee on Pensions.

By Mr. SUMNERS of Texas: A bill (H.R. 5148) for the relief of Baylor Hospital, Dr. F. M. Gilbert, and Dr. T. C. Gilbert; to the Committee on Claims.

By Mr. THOMASON of Texas: A bill (H.R. 5149) for the relief of Joseph John Douglas; to the Committee on Naval Affairs.

By Mr. TREADWAY: A bill (H.R. 5150) granting a pension to William Henry Coffey; to the Committee on Pensions.

Also, a bill (H.R. 5151) granting a pension to Lucretia S. Smart; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

587. By Mr. CONNOLLY: Resolution adopted by the board of directors of the Philadelphia (Pa.) Chamber of Commerce, protesting against passage of the so-called "30-hour-week work bill"; to the Committee on Labor.

588. By Mr. EATON: Resolution adopted by trustees of Chamber of Commerce of New Brunswick, N.J., protesting against passage of Black bill (S. 158); to the Committee on Labor.

589. By Mr. HOWARD: Resolution authorizing investigation by the State Legislature of Nebraska of Union Stock Yards Co., Omaha, Nebr.; to the Committee on Agriculture.

590. By Mr. KVALE: Petition of Legislature of the State of Minnesota, urging enactment of legislation for the refinancing of outstanding drainage bond indebtedness; to the Committee on Irrigation and Reclamation.

591. Also, petition of Pine County (Minn.) National Farmers' Holiday Association, urging enactment of the Frazier bill, and any measures pending for the benefit of agriculture; to the Committee on Agriculture.

592. Also, petition of Minnesota Railway Labor Executives' Association, urging enactment of direct relief legislation, public-works construction program, Federal banking and transportation protection; to the Committee on Appropriations.

593. Also, petition of Minnesota State Legislative Board of the Brotherhood of Railroad Trainmen, urging legislation providing for a 6-hour day without reduction of daily, weekly, or monthly earnings; to the Committee on Labor.

594. By Mr. LEWIS of Colorado: Memorial of the General Assembly of the State of Colorado, urging the Congress to make a study of the unregulated competition of intercoastal carriers by water and the abnormally low rates charged by them which adversely affect transcontinental rail carriers, all of which works to the detriment and injury of the industries located in that portion of the United States lying between the Mississippi River and the Sierra Nevada Range; to the Committee on Interstate and Foreign Commerce.

595. By Mr. LINDSAY: Petition of J. L. Taylor & Co., wholesale custom tailors, New York City, concerning the 30-hour week bill; to the Committee on Labor.

596. Also, petition of E. A. Bromund Co., New York City, urging support of program of public works on local undertakings, particularly grade-crossing eliminations throughout the country; to the Committee on Labor.

597. By Mr. LUNDEEN: Petition of the Central Council of District Clubs of St. Paul, Minn., urging legislation that will enable the Federal home-loan bank to function efficiently and helpfully; also urging the immediate remonetization of silver; to the Committee on Banking and Currency.

598. Also, petition of the Oshkosh unit, Yellow Medicine County Farm Bureau, Canby, Minn., urging the passage of legislation refinancing farm mortgages at a reasonable rate of interest, and placing agriculture on a parity with other industries; to the Committee on Agriculture.

599. Also, petition of Faribault Post, No. 43, the American Legion, Faribault, Minn., advocating the abolishment of all first- and second-class postmasters in the United States and its possessions, and that all appointments of postal employees be taken out of politics and placed strictly under the civil service; to the Committee on the Civil Service.

600. By Mr. MEAD: Petition of Western New York Railroad Employees, re supporting the passage of the Hatfield-Keller pension bill; to the Committee on Pensions.

601. By Mr. MORAN: Petition of the Hollingsworth & Whitney Co., of Winslow, Maine, against passage of the Black bill (S. 158); to the Committee on Labor.

602. By Mr. O'MALLEY: Memorial from the Legislature of the State of Wisconsin, urging the Congress of the United States to maintain the present scope of the United States Forest Products Laboratory and to extend its activities commensurate with any Federal program projected for emergency reforestation developments; to the Committee on Agriculture.

603. Also, memorial of the Legislature of the State of Wisconsin, urging the President and the Congress of the United States to include a comprehensive reforestation project in Wisconsin and neighboring States in the emergency program for providing employment; to the Committee on Agriculture.

604. Also, a memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact legislation for the establishment of an unemployment insurance system on a Nation-wide basis; to the Committee on Labor.

605. By Mr. REID of Illinois: Resolution of the Du Page County Executive Committee of the American Legion, Department of Illinois, protesting against the official recognition by the United States of America of the Union of Soviet Socialist Republics; to the Committee on Foreign Affairs.

606. By Mr. RUDD: Petition of E. A. Bromund Co., New York City, favoring the President's public-works program on local undertakings, particularly grade-crossing eliminations throughout the country at an ultimate cost of $6,000,000,000; to the Committee on Labor.

607. Also, petition of J. L. Taylor & Co., wholesale custom tailors, New York, favoring the 30-hour work week with certain reservations; to the Committee on Labor.

608. By Mr. SINCLAIR: Petition of Hettinger County Taxpayers' Association, urging the enactment of legislation for the use of ethyl alcohol as a motor fuel; to the Committee on Ways and Means.

609. By Mr. SUTPHIN: Petition of Chamber of Commerce of New Brunswick, N.J., voicing objection to the Black bill (S. 158); to the Committee on Labor.

610. By Mr. SWICK: Petition of city of New Castle, Lawrence County, Pa., by the mayor and members of council in regular session, urging an early report from the Army engineers, to whom has been referred the matter of canalization of the Beaver and Mahoning Rivers, and that all necessary action be taken to have this project placed on the President's work-relief program; to the Committee on Rivers and Harbors.

611. By Mr. TRAEGER: Memorial of the Legislature of the State of California, dated April 4, 1933, urging enactment of legislation relating to banks so as to provide a system of insurance to protect bank depositors through the payment of premiums by each of said banks, according to its strength, resources, deposits, and other relating factors with regard to banking, and to place such an insurance system under the supervision of the Secretary of the Treasury, with power to determine the rate and proportion of premiums to be paid by each bank; to the Committee on Banking and Currency.

612. Also, petition of the Assembly and Senate of the State of California, dated April 10, 1933, to the Congress of the United States, to accept the cemetery situated at Sawtelle, Calif., as a national cemetery; to the Committee on Military Affairs.

613. Also, memorial of the Assembly and the Senate of the State of California, dated January 26, 1933, urging passage of legislation to effect or permit the issuance of postage stamps commemorating the sixtieth anniversary of the planting of the parent Washington navel orange trees in honor of California citrus industry; to the Committee on the Post Office and Post Roads.

614. By Mr. WATSON: Resolution adopted by the American Federation of Full Fashioned Hosiery Workers, Quakertown, Pa., favoring the 30-hour 5-day week bill; to the Committee on Labor.

615. By Mr. WELCH: Petition of California State Legislature, Assembly Joint Resolution No. 25, relative to memoralizing and petitioning the President of the United States and Congress to accept the cemetery situated at Sawtelle as a national cemetery; to the Committee on Military Affairs.

SENATE

FRIDAY, APRIL 21, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the amendment of the Senate to the concurrent resolution (H.Con.Res. 15) creating a joint committee to investigate the causes of the wrecks of dirigibles.

The message also announced that the House had passed a bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Reynolds
Ashurst	Couzens	King	Robinson, Ark.
Austin	Cutting	La Follette	Robinson, Ind.
Bachman	Dickinson	Lewis	Russell
Bailey	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fletcher	McCarran	Steiwer
Bone	Frazier	McGill	Stephens
Borah	George	McKellar	Thomas, Okla.
Brown	Glass	McNary	Thomas, Utah
Bulkley	Goldsborough	Metcalf	Townsend
Bulow	Gore	Murphy	Trammell
Byrd	Hale	Neely	Tydings
Byrnes	Harrison	Norbeck	Vandenberg
Capper	Hastings	Norris	Van Nuys
Caraway	Hatfield	Nye	Wagner
Carey	Hayden	Overton	Walcott
Clark	Hebert	Patterson	Walsh
Connally	Johnson	Pittman	Wheeler
Coolidge	Kean	Pope	White
Copeland	Kendrick	Reed	

Mr. LEWIS. I wish to announce that the Senator from New Mexico [Mr. BRATTON] is necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. REED. I desire again to announce that my colleague [Mr. DAVIS] is absent from the Senate on account of illness.

The PRESIDING OFFICER. Ninety-one Senators have answered to their names. A quorum is present.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of April 17, 18, 19, and 20 was dispensed with, and the Journal was approved.

JOINT COMMITTEE TO INVESTIGATE DIRIGIBLE DISASTERS

The VICE PRESIDENT. The Chair appoints the Senator from Utah [Mr. KING], the Senator from Massachusetts [Mr. WALSH], the Senator from Wisconsin [Mr. DUFFY], the Senator from California [Mr. JOHNSON], and the Senator from New Jersey [Mr. KEAN] as the members on the part of the Senate of the joint select committee created, under House Concurrent Resolution 15, to investigate the wreck of the U.S.S. *Akron* and other Army and Navy dirigibles.

CHANGE IN DATE OF THE INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Governor of the State of Iowa, enclosing certified copy of a joint resolution adopted by the Legislature of Iowa, ratifying the twentieth amendment to the Constitution, fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF IOWA,
EXECUTIVE OFFICE,
Des Moines, April 19, 1933.

Hon. JOHN N. GARNER,
Vice President, Washington, D.C.

SIR: I am herewith enclosing a certified copy of a resolution of the forty-fifth general assembly entitled "A joint resolution and

enactment ratifying a proposed amendment to the Constitution of the United States of America relating to the President and Vice President of the United States and to the Congress of said United States and to the Members of said Congress", which resolution was ratified January 20, 1933.

Yours very truly,

CLYDE L. HERRING, *Governor.*

STATE OF IOWA,
EXECUTIVE DEPARTMENT.

To all to whom these presents shall come, greeting:

I certify that the copy hereto attached is a true copy of joint resolution entitled "A joint resolution and enactment ratifying a proposed amendment to the Constitution of the United States of America relating to the President and Vice President of the United States and to the Congress of said United States and to the Members of said Congress."

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Iowa, at the city of Des Moines, this 19th day of April A.D. 1933.

[SEAL] CLYDE L. HERRING, *Governor*

Attest:

Mrs. ALEX MILLER, *Secretary of State.*

Senate Joint Resolution 4 (by Myers)

A joint resolution and enactment ratifying a proposed amendment to the Constitution of the United States of America relating to the President and Vice President of the said United States and to the Congress of said United States and to the Members of said Congress

Whereas the Seventy-second Congress of the United States of America, duly assembled, on or about the 3d day of March 1932, by a resolution duly concurred in by a constitutional majority of both Houses of said Congress, did submit to the legislatures of the several States of said United States for ratification a proposal to amend the Constitution of the United States of America; and

Whereas said resolution and proposed amendment is in words and figures as follows, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"'ARTICLE —

"'SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified, and the terms of their successors shall then begin.

"'SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January unless they shall by law appoint a different day.

"'SEC. 3. If, at the time fixed for the beginning of the term of the President, the President-elect shall have died, the Vice-President-elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President-elect shall have failed to qualify, then the Vice-President-elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President-elect nor a Vice-President-elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"'SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"'SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"'SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three fourths of the several States within 7 years from the date of its submission'":

Now, therefore—

Be it enacted and resolved by the General Assembly of the State of Iowa, That said proposed amendment to the Constitution of the United States of America as set forth herein under sections 1 to 6, inclusive, of the said resolution of the said Congress is hereby ratified and consented to by the State of Iowa and by the general assembly thereof; be it further

Resolved and enacted, That copies of this enactment and resolution, duly certified to by the Governor of the State of Iowa and attested by the secretary of state of the State of Iowa, under the seal of the said State, be forthwith forwarded by said Governor to the Secretary of State of the United States, and to the Presiding Officers of each House of the Congress of the United States.

N. G. KRASCHEL,
Lieutenant Governor.
GEO. E. MILLER,
Speaker of the House.
BYRON G. ALLEN,
Secretary of the Senate.

Approved January 20, 1933.

CLYDE L. HERRING, *Governor.*

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Michigan, which was referred to the Committee on Agriculture and Forestry:

STATE OF MICHIGAN,
FIFTY-SEVENTH LEGISLATURE, REGULAR SESSION OF 1933.

Senate Concurrent Resolution 35, requesting legislatures of other States to memorialize the Congress of the United States to pass Senate bill No. 1197, known as "the Frazier bill", providing that existing farm indebtedness shall be refinanced by the Government of the United States

Whereas a crisis exists and hundreds of thousands of once-prosperous farmers in this Nation have already lost their homes and their all by mortgage foreclosures because of the fact that the price of agricultural products has for years been below the cost of production, a condition that affects all of the people of this Nation and is largely responsible for the continuance of the depression; and

Whereas there is no adequate way of refinancing existing agricultural indebtedness and the farmers are at the mercy of their mortgagees and creditors; and

Whereas unless immediate relief is given, thousands and hundreds of thousands of additional farmers will lose their farms and their homes and millions more will be forced into our cities and villages and the army of unemployed will necessarily increase to alarming proportions, precipitating a condition that threatens the very life of this Nation; and

Whereas the State Legislatures of Montana, North Dakota, Minnesota, Wisconsin, and Illinois have each and all memorialized Congress to pass Senate bill No. 1197, known as "the Frazier bill", without delay, which bill provides that existing farm indebtedness shall be refinanced by the Government of the United States at 1½ percent interest and 1½ percent principal on the amortization plan, not by issuing Federal Reserve notes the same as the Government now does for the banks through the Federal Reserve bank: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That the Legislature of the State of Michigan respectfully requests and petitions the legislatures of other States that have not already done so to memorialize Congress to pass Senate bill 1197 without delay, in order that the agricultural indebtedness of this Nation may be speedily liquidated and refinanced and agriculture saved from utter ruin and destruction and this depression brought to an intelligent and speedy end, and respectfully requests that the State legislatures cause copies of such memorial, after same has been passed, to be sent to the President of the United States, to the President of the Senate, and the Speaker of the House, to Senator FRAZIER at Washington, D.C., and to WILLIAM LEMKE, Congressman, at Washington, D.C.

Adopted by senate, April 11, 1933.

Adopted by house of representatives, April 12, 1933.

DON W. CANFIELD,
Secretary of the Senate.
WRIGHT F. GRAY,
Clerk of the House.

The VICE PRESIDENT also laid before the Senate the following concurrent resolutions of the Legislature of the Territory of Hawaii, which were referred to the Committee on Territories and Insular Affairs:

Concurrent resolution memorializing the Congress of the United States to restore to the Public Utilities Commission of the Territory of Hawaii jurisdiction over certain public utilities

Whereas there are a number of public utilities operating within the Territory of Hawaii, which are now, by virtue of certain acts of Congress, placed some under the supervision and control of the Federal Interstate Commerce Commission and some under the supervision and control of the United States Shipping Board: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, regular session 1933 (the house of representatives concurring), That the legislature favors the passage by Congress of an act or acts to the effect that the existing control and jurisdiction of the Federal Interstate Commerce Commission and of the United States Shipping Board over public utilities operating in the Territory of Hawaii, shall, except so far as regards interstate commerce, be transferred to the Public Utilities Commission of the Territory of Hawaii; and be it further

Resolved, That a certified copy of this resolution be forwarded to the President of the United States, to the Vice President of the United States, to the Speaker of the House of Representatives of the United States, and to the Delegate to Congress from the Territory of Hawaii.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, T.H., April 6, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on April 5, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES OF THE TERRITORY OF HAWAII,
Honolulu, T.H., April 6, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on April 5, 1933.

HERBERT N. AHUNT,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

Concurrent resolution memorializing the Congress of the United States of America to enact legislation, and the Bureau of Immigration of the Department of Labor of said United States to establish rules for the acceptance of Hawaiian birth certificates as prima facie evidence of birth in the Hawaiian Islands

Whereas under section 196 of the Revised Laws of Hawaii, 1925, as amended by Act 202 of the Session Laws of Hawaii, 1927, the secretary of the Territory of Hawaii is empowered, whenever satisfied that any person was born within the Territory of Hawaii, to issue to such person a certificate showing such fact; and

Whereas the immigration officers of the United States decline to recognize the certificate so issued by the secretary of the Territory of Hawaii, but recognize only certificates issued by the immigration officers in charge at Honolulu, city and county of Honolulu, Territory of Hawaii, in accordance with subdivision E of rule 21 of the immigration rules of January 1, 1930; and

Whereas the certificates issued as aforesaid by the secretary of the Territory of Hawaii are issued only after an examination in every respect as thorough as that provided under the aforementioned immigration rule: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the Congress of the United States of America be, and it hereby is, urgently requested to provide, by appropriate and adequate legislation, for the acceptance by the Bureau of Immigration of the Department of Labor and all other bureaus and departments of the United States of such certificates of Hawaiian birth as prima facie evidence of the fact as set forth in such certificates of birth in the Territory of Hawaii or the islands now comprising said Territory, and that the Bureau of Immigration of said Department of Labor be, and it hereby is, respectfully requested, pending the disposition of this concurrent resolution by said Congress, to establish a rule authorizing and requiring members and agents of said Bureau to accept such certificates of Hawaiian birth as prima facie evidence of the fact as set forth in such certificates of birth within the Territory of Hawaii or the islands now comprising the same; and be it further

Resolved, That duly authenticated copies of this concurrent resolution be transmitted to the Secretary of the Interior, the Secretary of Labor of the United States of America, and each of the two Houses of the Congress of said United States, and the Delegate to Congress from Hawaii.

THE HOUSE OF REPRESENTATIVES OF THE TERRITORY OF HAWAII,
Honolulu, T.H., April 5, 1933.

We hereby certify that the foregoing concurrent resolution was adopted in the House of Representatives of the Territory of Hawaii on March 7, 1933.

HERBERT N. AHUNA,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, T.H., April 5, 1933.

We hereby certify that the foregoing concurrent resolution was adopted in the Senate of the Territory of Hawaii on April 5, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

Concurrent resolution

Whereas, under and by virtue of Act 210 of the Session Laws of Hawaii, 1927, the board of supervisors of the city and county of Honolulu and the sewer and water commission of said city and county have been authorized to prepare plans and estimate of cost of constructing a tunnel through the Koolau Range, beginning at the Kalihi-Honolulu side, at Kalihi, in close proximity to Fort Shafter, and running to Koolaupoko, Oahu; and

Whereas the construction of such project is now a question of imperative moment, not only for the relief of unemployment in the Territory of Hawaii, but more so from a military and strategic viewpoint; and

Whereas there is now pending in the Congress of the United States a bill providing for a bond issue of $500,000,000 for the relief of unemployment: Now, therefore, be it

Resolved by the House of Representatives of the Territory of Hawaii (the senate concurring), That the Congress of the United States be and it hereby is respectfully memorialized to set aside and to be made immediately available from said bond issue the sum of $4,000,000 for said project, said amount to be expended by the territorial highway engineer upon plans and specifications approved by the Secretary of Agriculture of the United States; and further

Resolved, That copies of this concurrent resolution be forwarded to the Secretary of Agriculture of the United States, to the Speaker of the House of Representatives of the United States, to the President of the Senate of the United States, and to the Delegate to Congress from Hawaii.

THE HOUSE OF REPRESENTATIVES OF THE TERRITORY OF HAWAII,
Honolulu, T.H., April 7, 1933.

We hereby certify that the foregoing concurrent resolution was adopted in the House of Representatives of the Territory of Hawaii on April 6, 1933.

HERBERT N. AHUNA,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, T.H., April 7, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on April 7, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the board of directors of the American Manufacturers Export Association, New York City, favoring the prompt negotiation of reciprocal bargaining tariffs by the United States with foreign nations, looking toward the freer interchange of commodities mutually advantageous, which was referred to the Committee on Finance.

He also laid before the Senate a petition and two letters in the nature of petitions signed by 37 citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 7 memorials, 10 telegrams, and 13 letters in the nature of memorials, from 730 citizens and organizations in the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a communication from the secretary-treasurer of the Envelope Manufacturers' Association of America, embodying a resolution adopted by that organization favoring the adoption of an amendment to the Constitution giving Congress the right to regulate the hours of labor and establish minimum-wage rates for all industries, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the executive committee of the Associated Cooperage Industries of America, protesting against the passage of the so-called "Black-Connery 30-hour week 6-hour day bill", which was ordered to lie on the table.

He also laid before the Senate a telegram from the National Guard Association of the United States, by Claude V. Birkhead, its president, protesting against the proposed elimination of field training and also cuts in armory drills for the National Guard, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the West End Society, of Brooklyn, N.Y., protesting against the alleged mistreatment of Jews in Germany, and favoring the passage of necessary legislation permitting the immigration of German Jews into the United States, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens, being postal employees, of Oklahoma City, Okla., praying for the passage of a 30-hour week work bill for postal employees, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by St. Regis Local, No. 45, International Brotherhood of Paper Makers, of Deferiet, N.Y., favoring the passage of legislation establishing a 6-hour day and 30-hour week for workers, which was ordered to lie on the table.

Mr. McCARRAN presented the following joint resolution of the Legislature of the State of Nevada, which was referred to the Committee on Agriculture and Forestry:

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Senate Joint Resolution No. 21, introduced by Senator Tobin on March 9, 1933, now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of state at my office in Carson City, Nev., this 22d day of March A.D. 1933.

[SEAL] W. G. GREATHOUSE,
Secretary of State.

Senate joint resolution memorializing Congress to grant to forest users in the United States a moratorium of 2 years for the payment of grazing fees for the year 1932, and to omit charges for grazing fees for the year 1933

Whereas our great national depression has imposed a blow upon the livestock industry of the West that amounts to bankruptcy; and

Whereas livestock owners in many instances cannot pay their State and county taxes; and

Whereas many livestock owners are faced with the necessity of holding their stock under fence and upon land without feed thereon, because of the present depression they cannot secure the necessary funds to pay grazing fees; and

Whereas the possibility of securing the necessary funds through any of the Government agencies would be too late to save the situation, and if so obtained would only be borrowing from one department to pay another; and

Whereas we feel that imminent disaster is upon us unless relieved by a moratorium of at least 2 years on the grazing fees due for 1932, and the remission of all fees for 1933: Now, therefore, be it

Resolved by the Assembly and Senate of the State of Nevada, That we memorialize the Congress of the United States to take immediate steps to provide a moratorium of at least 2 years on the payment of grazing fees due from livestock men as users of the Government ranges for 1932, and a total remission of grazing fees for the year 1933; and be it further

Resolved, That properly certified copies of this resolution be forwarded by the secretary of state to the President of the United States Senate, to the Speaker of the House of Representatives, to the Secretary of Agriculture, to each of our Senators, and to our Representative in Congress.

MORLEY GRISWOLD,
President of Senate.
V. R. MERIALDO,
Secretary of Senate.
FRED S. ALWARD,
Speaker of the Assembly.
GEORGE BRODIGAN,
Chief Clerk of the Assembly.

STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved March 20, 1933, 1:40 p.m.

F. B. BALZAR, *Governor.*

Mr. McCARRAN also presented the following joint resolutions of the Legislature of the State of Nevada, which were referred to the Committee on Banking and Currency:

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Senate Joint Resolution No. 10, introduced by Senators Winters, Carpenter, and Friedhoff February 1, 1933, now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of state at my office in Carson City, Nev., this 16th day of February A.D. 1933.

[SEAL] W. G. GREATHOUSE,
Secretary of State.

Senate joint resolution memorializing the Reconstruction Finance Corporation and the Regional Agricultural Credit Corporation to reduce the interest rate on, and to extend the time for payment of, agricultural and livestock loans

Resolved by the Senate and the Assembly of the State of Nevada, That—

Whereas the present interest rates charged by the Regional Agricultural Credit Corporation in the State of Nevada are excessive under present conditions and should be lowered to at least 4 percent per annum; and

Whereas said loans made are required to be approved by the Reconstruction Finance Corporation: Now, therefore

The Legislature of the State of Nevada hereby respectfully requests the Reconstruction Finance Corporation and the Regional Agricultural Credit Corporation to reduce the rate of interest on all pending agricultural and livestock loans and all future loans to at least 4 percent per annum, and to extend time for payment of the principal on present loans for an additional 3 years, and to make all future loans for not less than 3 years. The secretary of state of the State of Nevada is hereby directed to transmit certified copies hereof to the president or chairman of the Reconstruction Finance Corporation, to the executive officer of the Regional Agricultural Credit Corporation for this Federal land-bank district, and to the United States Senators and Representative in Congress from the State of Nevada.

MORLEY GRISWOLD,
President of Senate.
V. R. MERIALDO,
Secretary of Senate.
FRED S. ALWARD,
Speaker of the Assembly.
GEORGE BRODIGAN,
Chief Clerk of the Assembly.

STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved February 15, 1933, 3:35 p.m.

F. B. BALZAR, *Governor.*

Senate joint resolution memorializing the Congress of the United States to speedily rehabilitate silver, and petitioning the President-elect to call an international conference on the subject

The restoration of silver to its natural parity ratio of 16 to 1, based on the ratio of world production of silver and gold, appears to be essential to sound and necessary expansion of the basic currency of the world. Such restoration appears to be the most feasible plan to increase the purchasing power of more than half of the population of the world, enabling them to buy products of the United States and other gold-standard nations. Such restoration appears to be a requisite in order to increase our export trade and the sale of our surplus production, now depressing our domestic market below the actual cost of production. No plan as yet presented would do more toward restoring the economic stability of the world than the realization of the facts: That silver is not even as much a commodity as is gold; that four fifths of the silver now being produced, and that ever has been produced, has been used for monetary purposes, while only half of the gold ever produced has been so used; that laws did not make money of either gold or silver; they were money long before any monetary laws were ever enacted; that since the beginning of time there has not been produced throughout the world on the average more than 15 ounces of silver to 1 ounce of gold, and that in 1932 there were actually less than 13 ounces of silver produced to each 1 ounce of gold; that monetary laws alone have artificially decreased the demand for silver through restricting its use as money, thus decreasing its relative value, and we must therefore now remove or neutralize these artificial restrictions before we may hope to restore the natural laws of supply and demand. Nevada therefore favors any and all legislation, whether national or international, tending to effect the rehabilitation of silver, but is informed and believes that the only bill introduced in the Senate and the House of Representatives during the last two sessions of Congress which has received a favorable report from any committee is that introduced by Senator PITTMAN for the purchase of American-produced silver with silver certificates, and this in all probability is the extent of legislation that could be enacted at the present session of Congress. And while some might be inclined to take nothing less than what they think is right, others are inclined to compromise upon the best they can get if it be a really forward step, particularly so when faced by an emergency which demands prompt alleviation. The Silver State therefore submits that said Pittman bill is a step in the right direction, will tend to offset the unnatural supply of silver now derived from the melting of Indian silver coins and at least to that extent will tend to restore the market for silver to the normal mine production and the normal world demand; whereupon, at subsequent sessions of Congress, when conditions may be more favorable for silver legislation, we may hope for amendment of the Pittman bill to enlarge its scope and effect. In 1897, Nevada vigorously supported the Federal act (29 Stat. 624) authorizing the President of the United States to appoint five or more commissioners to attend any international conference called by the United States or any other country with a view to securing by international agreement a fixity of relative value between gold and silver as money, by means of a common ratio between these metals with free mintage at such ratio; and appropriating $100,000 for the expenses of any such conference. That act is still in full force and effect, but the conference has never yet been called, even though the Senate of the United States in adopting the Pittman resolution specifically requested the President to do so. The Silver State therefore respectfully urges and petitions the President-elect to call an international silver conference to be held in the United States at the earliest practical date.

Resolved, therefore, by the Senate and Assembly of the State of Nevada, That we memorialize the present Congress of the United

States to enact the Pittman bill (S. 3606), and respectfully petition the President-elect of the United States to promptly call an international conference to rehabilitate silver.

Resolved further, That copies of this resolution be transmitted forthwith by the secretary of state of Nevada to the President of the United States Senate, to the Speaker of the House of Representatives, to the chairman of the House Committee on Banking and Currency, to our Senators and our Representative in Congress, and a copy under the great seal of the State of Nevada to the President-elect of the United States.

MORLEY GRISWOLD,
President of the Senate.
V. R. MERIALDO,
Secretary of the Senate.
FRED S. ALWARD,
Speaker of the Assembly.
GEORGE BRODIGAN,
Chief Clerk of the Assembly.
STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved March 6, 1933, 9:03 a.m.

F. B. BALZAR, *Governor.*

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Assembly Joint Resolution No. 19, introduced by committee on military and Indian affairs February 11, 1933, now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of state, at my office in Carson City, Nev., this 18th day of March A.D. 1933.

[SEAL] W. G. GREATHOUSE,
Secretary of State.

Assembly joint resolution requesting Congress and the Reconstruction Finance Corporation to make immediate provision for relief of Nevada Indians

Resolved by the Assembly and Senate of the State of Nevada, That—

Whereas the Indians living on the Walker Lake and the Pyramid Lake Indian Reservations in the State of Nevada have presented resolutions to the Legislature of Nevada; and

Whereas in said resolutions it is made to appear that the Indians of the State of Nevada have been suffering from cold and hunger during this winter; that no work is to be had and no help is given to certain Indians by the Indian Affairs Bureau; that they have been refused help by the Reconstruction Finance Corporation and by other institutions, who claim that Indians are wards of the Government, while, on the other hand, they have been told by Indian officials that certain Indians are nonwards of the Government; and

Whereas said resolutions request the Nevada Legislature to appropriate funds to relieve said Indians, and, if not possible, that said legislature recommend to Congress that proper provisions be made immediately for the said Nevada Indians; and

Whereas the financial condition of the treasury of the State of Nevada is such that it will be impossible at this time to make an appropriation out of the State treasury for said Nevada Indians: Now, therefore

The Legislature of the State of Nevada hereby respectfully requests the Congress of the United States and the Reconstruction Finance Corporation to immediately make provision for the relief of the destitute Indians of the State of Nevada. The secretary of state is hereby requested to transmit certified copies of this joint resolution to the United States Senators and Representative in Congress from the State of Nevada, and the said United States Senators and Representative are respectfully requested to take immediate action in conformity with the purposes of this joint resolution.

FRED S. ALWARD,
Speaker of the Assembly.
GEORGE BRODIGAN,
Chief Clerk of the Assembly.
MORLEY GRISWOLD,
President of the Senate.
V. R. MERIALDO,
Secretary of the Senate.

STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved March 16, 1933, 2:27 p.m.

F. B. BALZAR, *Governor.*

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Senate Joint Resolution No. 22, introduced by Senator Winters March 13, 1933, now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of State at my office in Carson City, Nev., this 18th day of March A.D. 1933.

[SEAL] W. G. GREATHOUSE,
Secretary of State.

Senate joint resolution relating to the Carson City United States Mint and Assay Office

Whereas the appropriation for the United States Mint at Carson City, Nev., for the fiscal year beginning July 1, 1933, was discontinued by the Seventy-second Congress, which adjourned sine die March 4, 1933; and

Whereas the State of Nevada has during the period of more than 75 years last past produced more than $1,000,000,000 of mineral wealth for the benefit of the people of the Nation, and its mineral resources in precious and other metals will continue to contribute to the wealth and prosperity of the whole country if its further development is not hindered by adverse Federal legislation; and

Whereas there is and has been at Carson City, Nev., a substantial stone building erected by the Federal Government and known as the Carson City United States Mint, and which mint, beginning in the year 1870 and up to the year 1893, coined gold and silver money of a total value of $49,274,434.30; and

Whereas ever since the discontinuance of the coinage of money at said Carson City Mint the same has been used and conducted as a United States assay office for the purchase of gold bullion and making assays for miners, prospectors, and others at a small cost of about $6,500 per annum, out of which has been paid the compensation of an assayer in charge, assistant assayer, and watchman; and

Whereas by reason of the failure of the last Congress to make an appropriation for said Carson City Mint the same will necessarily have to discontinue and be closed on July 1, 1933; and

Whereas during the period of 6 years last past the United States Bureau of the Mint, Treasury Department, under which all mints and assay offices are conducted, has netted the Federal Government a profit of over $22,000,000; and

Whereas the continuance of said mint at Carson City is warranted for the convenience and benefit of the mining industry of the State of Nevada; and

Whereas President Franklin D. Roosevelt has recently stated that there is need of an adequate supply of money in order to restore the economic condition of the country; and

Whereas it is the opinion of the Legislature of the State of Nevada that the Federal Government should increase the coinage of silver in order to secure an adequate and controlled inflation of money, and thus bring about a raise in commodity prices for the products of the farms and mines and other producers of the Nation: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of Nevada, That the President of the United States be, and he is hereby, respectfully requested to favorably consider recommending to the Congress the advisability of increasing the purchase and coinage of silver in order to provide additional basic money, and in this connection to also recommend that the Carson City Mint be equipped and reopened for the coinage of silver into money as well as for the purposes of purchasing gold and silver bullion and making assays of gold and silver bullion for the benefit of the mining industry of Nevada. The secretary of the State of Nevada is hereby directed to transmit certified copies of this joint resolution to the President, White House, Washington, D.C., and to United States Senators KEY PITTMAN and P. A. MCCARRAN and Representative JAMES G. SCRUGHAM.

MORLEY GRISWOLD,
President of Senate.
V. R. MERIALDO,
Secretary of Senate.
FRED S. ALWARD,
Speaker of the Assembly.
GEORGE BRODIGAN,
Chief Clerk of the Assembly.

STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved March 16, 1933, 2:56 p.m.

F. B. BALZAR, *Governor.*

Mr. McCARRAN also presented the following joint resolutions of the Legislature of the State of Nevada, which were referred to the Committee on Finance:

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Assembly Joint Resolution No. 22 introduced by Mr. Cooper on February 16, 1933, now on file and of record in this office.

In witness whereof, I have hereunto set my hand and affixed the great seal of state at my office in Carson City, Nev., this 22d day of March A.D. 1933.

[SEAL] W. G. GREATHOUSE,
Secretary of State.

Assembly joint resolution memorializing Congress to increase the tariff on copper

Whereas the production of copper in the mining regions of the United States is an industry furnishing employment to thousands of men, giving them the opportunity to support families to the credit of this Nation; and

Whereas copper is so extensively useful in the industries and sciences in our own Nation; and

Whereas the production of copper by cheap labor has presented a competitive condition with which our American people, by reason of American living standards, are unable to compete, thus

throwing many thousands of industrious men out of employment and destroying the right of American families to exist in the manner and maintain American principles and ideals as contemplated by our Constitution: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of Nevada, That the Congress of the United States be memorialized to impose an additional tariff upon copper to the extent that the total tariff thereon may be 10 cents per pound instead of 4 cents as at present; and be it further

Resolved, That properly certified copies of this resolution be forwarded by the secretary of state to the President of the United States Senate, the Speaker of the House of Representatives, to each of our Senators and to our Representative in Congress.

FRED S. ALWARD,
Speaker of the Assembly.
GEORGE BRODIGAN,
Chief Clerk of the Assembly.
MORLEY GRISWOLD,
President of the Senate.
V. R. MERIALDO,
Secretary of the Senate.

STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved March 22, 1933, 10:03 a.m.

F. B. BALZAR, *Governor.*

Assembly joint resolution memorializing Congress for the passage of legislation for the encouragement and relief of the mining of precious metals, gold and silver, and for the making of exception for payment of income tax on the proceeds of production of such metals

Resolved by the Assembly and the Senate of the State of Nevada—

Whereas we are deeply cognizant of the persistent and consistent attitude and struggle heretofore made and maintained by our esteemed United States Senators, Key Pittman and Tasker L. Oddie, in the furtherance of the cause of silver, particularly with reference to stabilization of the value thereof, with a view of affording a more satisfactory economical basis to expand international trade with so-called "silver nations" of the World, and which in turn would result in the stimulation of prospecting and mining of silver within our State; and

Whereas no support has been given or afforded to the miner by the National Government in any manner to offset the pressing, prevailing increase of cost of mining for gold and silver; and that it appears that present world conditions charge our Nation with the duty of early action, internationally or individually, toward the restoration of silver to its former status prior to the demonetization thereof as a recognized medium of currency:

Therefore the Legislature of the State of Nevada urgently requests the present Congress and the national administration that early legislation be enacted to stabilize the price of silver for the encouragement of foreign trade with silver nations and countries not pledged to the maintenance of the gold standard, and that a defined policy be pursued which will eventually lead to the remonetization of silver to its former status prior to its demonetization in 1873; further

Resolved, That our representatives in Congress to convene after March 4, 1933, be, and they are hereby, urged to offer and support the adoption of an amendment to the internal revenue laws of the United States to exempt thereunder the proceeds of mines of the Nation engaged in the mining of gold and silver from the payment of any income tax to the Government upon gold and silver production. The secretary of state of Nevada is hereby instructed to transmit certified copies of this joint resolution to United States Senators KEY PITTMAN and PATRICK MCCARRAN and Representative JAMES G. SCRUGHAM.

FRED S. ALWARD,
Speaker of the Assembly.
GEORGE BRODIGAN,
Chief Clerk of the Assembly.
MORLEY GRISWOLD,
President of the Senate.
V. R. MERIALDO,
Secretary of the Senate.

STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved March 20, 1933, 1:34 p.m.

F. B. BALZAR, *Governor.*

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Assembly Joint Resolution No. 24, introduced by Mr. Bugbee February 16, 1933, now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of the State at my office, in Carson City, Nev., this 22d day of March A.D. 1933.

[SEAL] W. G. GREATHOUSE,
Secretary of State.

Mr. McCARRAN also presented the following joint resolution of the Legislature of the State of Nevada, which was referred to the Committee on Public Lands and Surveys:

STATE OF NEVADA,
DEPARTMENT OF STATE, *ss:*

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Assembly Joint Resolution No. 10, introduced by Mr. Bugbee, January 30, 1933, now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of state, at my office in Carson City, Nev., this 16th day of February A.D. 1933.

[SEAL] W. G. GREATHOUSE,
Secretary of State.

Assembly joint resolution memorializing Congress not to pass H.R. 13558, relative to filing of notices of location of mining claims in United States land offices

Resolved by the assembly and the senate, That—

Whereas there has been introduced in the House of Representatives of the Congress of the United States a bill, known as "H.R. 13558", which provides for the filing of notices of location of all mineral claims in land offices of the United States, and that proofs of labor on such mining claims be similarly filed, in addition to filing requirements now required under State laws, and that in case of failure to so file in the United States land offices all claims for which such filings have not been made shall be open to relocation in the same manner as if no location had ever been made on said claims, and granting the Secretary of the Interior power to prescribe rules and regulations for carrying out the provisions of the act and requiring the payment of such fees for filing all papers required to be filed under the provisions of the proposed laws; and

Whereas as almost all of the public lands within the State of Nevada are potential mineral lands and thousands of mining claims now located on them, or which may be hereafter located thereon, have not been and cannot be so described in the location notices, that these claims could be placed upon a map without a long, tedious, and expensive survey, much of the mineral land being as yet unsurveyed and unplatted, and as such claims are held by citizens or may be located by others who are unable to bear the expense of surveying them and paying the filing fees to be required, especially in the present economic condition of the country; and

Whereas the provisions of such proposed law by Congress are unjust and wholly unnecessary and would work great hardship upon the prospectors and owners of mining claims: Now, therefore,

The Legislature of the State of Nevada earnestly protests against the passage of said bill, namely, H.R. 13558, and requests that the Senators and Representative of the State of Nevada in Congress oppose said bill and vote against the passage of the same, and that the Congress of the United States take cognizance of this protest and defeat the passage of said bill. The secretary of state of the State of Nevada is hereby instructed to forward a certified copy of this joint resolution to the President of the Senate, the Speaker of the House of Representatives, and to the United States Senators and Representative in Congress from the State of Nevada.

FRED S. ALWARD,
Speaker of the Assemby.
GEORGE BRODIGAN,
Chief Cerk of the Assembly.
MORLEY GRISWOLD,
President of the Senate.
V. R. MERIALDO,
Secretary of the Senate.

STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved February 15, 1933, 3:40 p.m.

F. B. BALZAR, *Governor.*

EXECUTIVE REPORT OF THE NAVAL AFFAIRS COMMITTEE

As in executive session,

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably the nomination of Pay Director Christian J. Peoples to be Paymaster General and Chief of the Bureau of Supplies and Accounts, in the Department of the Navy, with the rank of rear admiral, from April 29, 1933, for a term of 4 years, which was ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 1487) for the relief of Auguste C. Loiseau; to the Committee on Claims.

By Mr. DILL:

A bill (S. 1488) for the relief of Eivind Anderson; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 1489) granting a pension to Georgina Edmonds; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 1490) to authorize the Secretary of War or the Secretary of the Navy to withhold the pay of officers, warrant officers, and nurses of the Army, Navy, or Marine Corps to cover indebtedness to the United States under certain conditions; to the Committee on Military Affairs.

By Mr. NORBECK:

A bill (S. 1491) granting a pension to Martin Suppan (with accompanying papers); to the Committee on Pensions.

By Mr. LONERGAN:

A bill (S. 1492) authorizing the issuance of a special postage stamp in honor of Brig. Gen. Thaddeus Kosciusko; to the Committee on Post Offices and Post Roads.

A joint resolution (S.J.Res. 44) providing for the ratification of constitutional amendments by popular elections; to the Committee on the Judiciary.

By Mr. COOLIDGE:

A bill (S. 1493) for the relief of the Franklin County Trust Co., of Greenfield, Mass.;

A bill (S. 1494) for the relief of the Security Trust Co., of Lynn, Mass.; and

A bill (S. 1495) for the relief of the Springfield Safe Deposit & Trust Co., of Springfield, Mass.; to the Committee on Claims.

By Mr. LEWIS:

A bill (S. 1496) for the relief of Nannie Swearingen; to the Committee on Claims.

By Mr. FRAZIER:

A bill (S. 1497) for the relief of Jerry O'Shea; to the Committee on Indian Affairs.

By Mr. WHEELER:

A bill (S. 1498) authorizing the Secretary of the Interior to pay E. C. Sampson, of Billings, Mont., for services rendered the Crow Tribe of Indians; to the Committee on Indian Affairs.

By Mr. STEPHENS:

A bill (S. 1499) to amend section 4530 of the Revised Statutes of the United States;

A bill (S. 1500) authorizing pursers or licensed deck officers of vessels to perform the duties of masters of such vessels in relation to entrance and clearance of same; and

A bill (S. 1501) to amend section 2 of an act entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion, and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea"; to the Committee on Commerce.

By Mr. NORBECK:

A bill (S. 1502) to amend section 5219 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

HOUSE BILL REFERRED

The bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, was read twice by its title and referred to the Committee on Finance.

PRINTING OF MANUSCRIPT "CONTRACTS PAYABLE IN GOLD"

Mr. SHIPSTEAD submitted the following resolution (S.Res. 62), which was referred to the Committee on Printing:

Resolved, That the manuscript entitled "Contracts Payable in Gold", by George Cyrus Thorpe, showing the legal effect of agreements to pay in gold, be printed as a Senate document.

"CROSS-QUESTIONS AND SILLY ANSWERS"—ARTICLE BY JOHN A. LOGAN

Mr. LOGAN. Mr. President, I ask unanimous consent to have inserted in the CONGRESSIONAL RECORD an article written by Mr. John A. Logan and published in the Edmonson News, of Brownsville, Ky., in the issue of Thursday, April 13, 1933, entitled "Cross-Questions and Silly Answers."

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the Edmonson News, Brownsville, Ky., Apr. 13, 1933]

CROSS-QUESTIONS AND SILLY ANSWERS

By John A. Logan

1. A benevolent President and Congress provided 2,000,000,000 new dollars for the relief of depositors in banks but the Federal Reserve banks have this money locked in their vaults and neither the banks nor the people can get it. We are told, if we are a State bank, that we must first be examined by national-bank examiners and if we pass inspection, which we won't, and have "acceptable" collateral, which we ain't, we can get the money, which we can't.

"A servant ruleth."

2. A benevolent President and Congress provided millions of dollars for the establishment of Federal home-loan banks last October for the purpose of relieving the home owner who resided in cities, towns, and villages, yet these banks have never made a loan to a single home owner. They say they cannot loan direct to home owners, but operate only through building and loan associations and like organizations. They urge building and loan associations to become members of the Federal home-loan bank system, the first requisite being that the building and loan associations shall send them a membership fee of $1,500. This they do, and that is as far as they can get. The rest of the time is taken up by the home-loan banks in asking the building and loan associations silly questions which the building and loan associations try to answer in what must be a silly manner to the sleek-haired gent who occupies a desk in the Federal home-loan bank. In the meantime, another sleek-haired gentleman at another desk in the same building is all day long writing long letters urging building and loan associations to become members of the Federal home-loan bank and relieve the great distress of the home owners in their community. They are like Uncle Cater was by his saddle mare. They have the money but they don't want to part with it.

"A servant ruleth."

3. Billions of dollars have been provided by a benevolent President and Congress for Federal farm-loan banks. A number of clerks in these said banks write letters the whole day long to the various associations urging them to send in applications for loans. This is done. Three men, "good and true", appraise the property. The application is sent in, together with the appraisement and the recommendation of the loan association. Within a few weeks a dapper young fellow who does not know which end of a mule is hitched to a plow, is sent down from the Federal land bank to check the appraisement, etc. The farm does not look good to him. It would not. There are no sidewalks or paved roads running through the farm. The farm home is not steam heated and, horror of horrors, it does not even have a bathroom, or even hot and cold water! He promptly turns the loan down and hurries back home to the city and tells his fellows that one half of the world does not know how the other half lives. But, the clerks at the desk continue to send out letters urging the association to send in applications for loans. Truly one half of the clerks in Federal home-loan banks and the Federal farm-loan banks and the Federal Reserve banks have no idea what the other half therein is doing.

And yet, the depression goes sadly on.

But why should we "keer",
For we have beer?

6-HOUR DAY, 30-HOUR WEEK

Mr. BLACK. Mr. President, some days ago I placed in the RECORD a letter from a man in Toledo, Ohio, with reference to certain statements he made as to several companies having attempted to have their employees write letters of protest against the 30-hour week bill. Later the Senator from Ohio [Mr. BULKLEY] inserted a telegram in the RECORD concerning that statement.

I have now two newspaper articles from Toledo quoting the president of one of these companies. These articles disclose the fact that Mr. Daniel H. Kelly is the executive vice president of the Electric Auto-Lite Co., and that he was responsible for a meeting of the manufacturers in Toledo to voice opposition to the measure. One of the newspaper articles contains this statement:

The letter—

Referring to the letter which I placed in the RECORD—

ostensibly from an employee of one of the companies, complained that jobs of employees who refused to oppose the 30-hour-week plan had been threatened. It was pronounced by Daniel H. Kelly, executive vice president of the Electric Auto-Lite and a director of the other companies, as "a complete falsehood without any basis of fact."

Further the article says:

Mr. Kelly said employees of the company have been informed of the objections to the 30-hour week bill and had been furnished with some suggested forms for expressing opposition if they de-

sired to register an opinion against the bill, but he denied that any pressure of any kind had been exerted. He said the information given was purely of an educational and informational nature. As proof of this, Mr. Kelly gave out a copy of the notice which was posted in the plants, signed by him as executive vice president.

Mr. President, I am going to ask that both of these articles be placed in the RECORD. It will be noted that the notice is signed by the vice president, who had called the meeting of protest, and was placed conspicuously for the employees to see it. It gives nine different reasons for their opposition to the measure and then calls upon them and suggests that if they object to the bill, he would suggest that they wire the President of the United States and their Congressmen. It seems that Mr. Kelly says he did not coerce, but simply gave information of an educational nature in order that they might act.

Mr. President, I ask that the two newspaper articles referred to may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The articles are as follows:

[From the Toledo (Ohio) Blade, Apr. 14, 1933]

INDUSTRIALISTS HERE OPPOSE 30-HOUR WEEK—PROTEST RESOLUTION SENT TO SENATORS, DUFFEY BY MANUFACTURERS' ASSOCIATION

The Merchants & Manufacturers' Association of Toledo, through its secretary, Friday sent to James A. Emery, general counsel of the national organization, and to Ohio Senators and Congressman WARREN J. DUFFEY the official protest of the organization against the proposed 30-hour week bill now pending in Congress.

The resolution adopted at a meeting of 75 Toledo manufacturers in the Toledo Club late Thursday, was offered by Daniel H. Kelly, executive vice president of the Electric Auto-Lite Co., and pledged members of the association to write to President Roosevelt, Senators Bulkley and Fess, and Members of the Ohio delegation in Congress to oppose the bill.

CALLED VICIOUS

Mr. Kelly said the legislation, known officially as the "Connery-Black bill", is the most vicious bill ever proposed. He said it represents an appropriation by the Government of functions which do not belong to the Government and would set up, he said, barriers between the States and would operate to the advantage of manufacturers who do only an intrastate business.

A motion to send three members to Washington to voice the protest was defeated. The association did, however, vote to provide forms of protest letters for employees who wish to protest the measure. It was deemed advisable that the employees' letters be not written on company stationery to avoid the appearance of coercion.

WAGE RATE FORECAST

Frank Collins, vice president of the National Supply Co.; Thomas Bentley, of the A. Bentley & Sons Co.; and others questioned the constitutionality of the Connery-Black bill, if enacted into law. The measure was described as the opening wedge in a plan to socialize industry.

Mr. Kelly said that although the measure does not provide wage rates, the next step, he forecasts, would be to add a wage-fixing provision.

[From the Toledo (Ohio) Blade, Apr. 19, 1933]

FACTORY HEADS DENY CHARGES—LETTER READ IN SENATE ON 30-HOUR WEEK ASSERTS THREATS WERE MADE

Denial of charges presented in a letter read by United States Senator BLACK in the Senate late Tuesday was made by officials of the Electric Auto-Lite Co., Logan Gear Co., and Bingham Stamping Co. Wednesday.

The letter, ostensibly from an employee of one of the companies, complained that jobs of employees who refused to oppose the 30-hour-week plan had been threatened. It was pronounced by Daniel H. Kelly, executive vice president of Electric Auto-Lite and a director of the other companies, as "a complete falsehood without any basis in fact."

Mr. Kelly said employees of the company have been informed of the objections to the 30-hour-week bill and had been furnished some suggested forms for expressing opposition if they desired to register an opinion against the bill, but he denied that pressure of any kind had been exerted. He said the information given was purely of an educational and informational nature. As proof of this Mr. Kelly gave out a copy of the notice which was posted in the plants, signed by him as executive vice president. The notice follows:

"Following is a statement regarding the objections to the 6-hour per day, 5- per week bill now pending in the House of Representatives:

"(1) The bill provides for the Federal Government to invade a field of regulation which belongs exclusively to the States.

"(2) It provides for additional governmental interference with business.

"(3) It would set up tariff walls between States and put interstate business at a disadvantage with intrastate business.

"(4) It will give foreign competitors extraordinary advantages over American producers.

"(5) It would require an extensive and expansive staff of Federal inspectors.

"(6) It would make illegal seasonal and emergency overtime work.

"(7) It would increase the demand for machinery to replace workmen.

"(8) It would necessitate complete readjustments in production methods, wage scales, and contracts.

"(9) The enforcement of the 30-hour-per-week provision would deepen the depression, retard recovery, decrease the total wage bill of the Nation, and dislocate the entire industrial structure of the country.

"The bill expressly eliminates executives, general superintendents and their immediate personal staffs. All other clerical employees would be immediately put on 6-hours-per-day, 30-hours-per-week basis. This would still further cut the time that you could work and your income.

"If you object to this change, would suggest that you wire the President of the United States and your Congressman."

ST. LAWRENCE WATERWAY TREATY

Mr. LONG. Mr. President, I understood that the Senate recessed last evening, or did it adjourn?

Mr. ROBINSON of Arkansas. It took a recess.

Mr. LONG. Mr. President, I was informed this morning that my friend, the Chairman of the Foreign Relations Committee [Mr. PITTMAN], had undertaken to visé the Senate to find out how we stood on the St. Lawrence Waterway Treaty, and, for fear that some Senators will send in word that they are in favor of the treaty without having heard something upon the other side of the question, I am compelled to take up a few moments to let the Senate understand how well Canada thinks she has performed at the expense of the American people.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG. I yield.

Mr. LEWIS. May I say to the able Senator from Louisiana that I think there must be some error in the assumption that the Chairman of the Foreign Relations Committee, an eminent Member of this body, would sound out Senators individually, with a view of ascertaining or directing their individual opinions. I think someone must have misinformed the Senator from Louisiana.

Mr. LONG. I do not think the Senator from Nevada is going to take exception to my statement.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Nevada?

Mr. LONG. I yield to the Senator from Nevada.

Mr. PITTMAN. I am sorry to have to differ with the distinguished Senator from Illinois; I think I have never had to do so before; but I am attempting to ascertain now the sentiment of Senators on this side of the Chamber relative to action at an early date on the treaty referred to, and I intend to pursue that course.

Mr. LEWIS. I understood the Senator from Louisiana to intimate that the chairman of the committee had sought the opinions of individual Senators as to where they stood on that question.

Mr. LONG. Mr. President, I said "visé." I may not know what that word means, but as I interpret the word, I will inform the Senator from Illinois, I meant by it that the Senator from Nevada was attempting to find out how Senators on this side of the Chamber stood with regard to that treaty. I do not think that would be improper, and if I were interested in it I probably would do the same thing.

Mr. LEWIS. I beg to say that if it is merely a question of taking up the treaty, I can understand that; but I thought the able Senator had intimated that the Chairman of the Foreign Relations Committee had sought to obtain the individual views of Senators on the treaty, which I knew he would not do.

Mr. LONG. I think we are all acquainted with our system here. Before bringing up some measure we find out how Senators stand on it. I do that, and I think the Senator

from Nevada learned to do that long before I ever learned to do so.

Mr. PITTMAN. Mr. President, with all courtesy, I will say to the Senator from Illinois that I think his misunderstanding was due to the word "visé" used by the Senator from Louisiana. I perfectly understood what he meant, having discussed the matter with him.

Mr. LONG. I thank the Senator from Nevada for his contribution.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. COPELAND. Mr. President, may I ask the Chairman of the Foreign Relations Committee, the Senator from Nevada [Mr. PITTMAN], if he will not consent to have the resolution regarding the division of costs between the Federal Government and the State of New York referred to the Committee on Commerce? Since our last discussion of the matter here I have met the members of the power commission of my State. We discussed the matter at considerable length. When they left my office they expressed their willingness to have the resolution referred to the Commerce Committee provided it did not mean an endless discussion in that committee and delay of presentation of the matter. May I not ask the Senator if he would be willing to have the matter referred to the Commerce Committee?

Mr. PITTMAN. Mr. President, the only object of referring a matter to a committee is that information may be gathered for the benefit of the Senate. The reference of this matter at this time to any other committee than the Foreign Relations Committee would certainly not expedite the obtaining of information for the benefit of the Senate.

As I said the other day, the question of whether or not the State of New York will be permitted to participate in the expenditure of the necessary money to build the St. Lawrence project and in consideration thereof shall have the use of the water allocated to the United States for the generation of power by the State of New York is involved in the whole question of whether we shall ratify the treaty or not. In the first place it involves the total cost to the United States Government in connection with the project. If the United States Government pays all the money allocated to the United States for the project, it will be probably $89,000,000 more than if the water to generate the power were allocated to the State of New York.

The whole question was studied and investigated and reported on by a commission. The report of the commission is quite voluminous. It was referred to a subcommittee of the Foreign Relations Committee, together with the entire treaty, and exhaustive hearings were had upon it by that subcommittee. Hearings were had on all the questions brought out in the report of the commission. The question of the use of water allocated to the United States for the generation of power by the State of New York was involved in the whole consideration. The committee, it is true, as a committee has already favored the recommendation of the commission that the waters allocated to the United States, after a prior use of them under the treaty by the two Governments for navigation and without interference with the use of the waters for navigation, might be used by the State of New York for the generation of hydroelectric power in consideration of paying that proportion of the cost of the project that the commission stated should be allocated to the generation of power, which is $89,000,000.

The whole question was gone into by the Canadian Government on exactly the same report. The Canadian Government approved the report of the commission and allocated to the Province of Ontario, which borders on the part of the river where the power is generated, the use of the waters allocated to Canada for the generation of hydroelectric power. That was a very natural thing to do. The policy established by the Congress in several acts has been that the States which are deprived of natural resources, whether they be sovereign waters or whether they be timber or whether they be oil, are entitled to compensation for the withdrawal of those potential resources and taxable property by the Federal Government for its own use. That is the policy of the whole United States.

That policy is recognized by Canada in this matter with respect to Ontario. Canada has said in effect that if private individuals built the dams across the river, which would serve the same purpose for navigation, that then the dams and power houses would be subject to taxation on the one half by the Province of Ontario and on the other half by the State of New York, and if the waters are to be utilized for power, and Ontario on the one hand and the State of New York on the other hand are willing to pay, then that part of the entire cost of the project as determined by the commissioners of Canada and the United States should be allocated to that part of the construction, and, of course, it should go to that source.

We have recognized the same policy in connection with the Boulder Dam project. We recognized that the States of Arizona and Nevada, being the owners of the bed of the Colorado River and the banks of it, but being compelled by our Constitution to allow the Federal Government under the interstate commerce clause to utilize that State property for the building of a project, Congress has recognized that they should be compensated, so to speak, and so it has been provided that during the period of amortization all over and above the annual collections for power required to amortize annually the amount of the cost to the United States Government shall be divided between the States of Arizona and Nevada. It is true in that case that the States put up no money, and therefore they get only the surplus over the amortization fund; but in this case the State of New York and the Province of Ontario are required to put up that part of the construction cost which the commission for both governments have allocated as a proper cost to be charged as between navigation and the generation of power.

But all of these questions are interlocked with the entire problem involved in this project which has for its primary purpose navigation, but for its secondary purpose the generation of cheap hydroelectric power for the people of this country.

The Federal Government approves the commission's report. The Executive has approved it. So far as represented by the subcommittee of the Foreign Relations Committee the committee has approved it. It is approved by the Canadian Government and the Province of Ontario.

It would seem to me, whether the Senators from New York are opposed to the St. Lawrence Treaty or not, that they would be exceedingly anxious to have the resolution passed as soon as possible because it only provides that if and when the St. Lawrence Treaty is ratified by the United States Senate and becames effective, then the water that may be used for power shall be used by the State of New York upon the payment of its just part of the construction cost. We have had voluminous hearings in the matter. Those hearings can be obtained by any Senator. They can be read and Senators can formulate their own opinions on this particular phrase or collateral issue arising out of the treaty.

It is evident that if the matter is referred to the Commerce Committee, or to any committee other than the Foreign Relations Committee, they must have hearings, they will have hearings, and in this session of Congress, when nearly every committee is intensely busy, when every Senator is intensely busy, when we are striving to deal with the most important problems that have ever faced this country, it would seem that there is no reasonable excuse to go over and over again something that has already been accomplished. It would add no information for the Senate that is new, and it would accomplish nothing on earth except delay; and I hesitate to think that the Senator from New York would desire delay on any question.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. PITTMAN. I have not the floor.

Mr. LONG. Mr. President, I have the floor.

Mr. SHIPSTEAD. Will the Senator yield for the purpose of permitting me to ask the Senator from Nevada a question?

Mr. LONG. I yield in order that the Senator may address a question to the Senator from Nevada.

Mr. SHIPSTEAD. As I understand, the Federal Government and the Power Authority of New York have agreed upon the controversial questions involved, as to the use of water and the disposition of water.

Mr. PITTMAN. That has all been agreed upon.

Mr. SHIPSTEAD. And is it not also a fact that a subcommittee conducted hearings for several weeks, gave everyone interested an opportunity to be heard, and that referring this matter now to the Commerce Committee, necessitating hearings, would only delay and prolong the consideration and final disposition of this treaty?

Mr. PITTMAN. That is the only result that would be accomplished so far as I can see.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield to the Senator from New York.

Mr. COPELAND. I agree to much that the Senator has said; but the matter which I have in my mind has not been studied by the committee. Ninety million dollars is a lot of money.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield; and if so, to whom?

Mr. LONG. I am willing to yield to the Senator from Idaho if he wishes to ask something of the Senator from New York?

Mr. BORAH. Do I understand that the Senator from Louisiana proposes to enter upon a debate as to the merits of this treaty?

Mr. LONG. Yes, sir.

Mr. BORAH. Well, Mr. President, if the debate is to be opened, of course, the farm bill will have to be put aside.

Mr. LONG. No; I am not doing it in that way. I am debating the farm bill.

Mr. BORAH. I understand perfectly what the Senator is doing, but others will do the same thing.

Mr. LONG. We have not anything else to do right now, anyway.

Mr. BORAH. If that is true, I have no objection.

Mr. LONG. We are waiting on the inflation bill.

Mr. BORAH. I supposed there was an amendment to the farm bill pending now.

The VICE PRESIDENT. The question before the Senate is the amendment of the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. LONG. Before yielding further, if my friend from New York will permit me, I wish to say to the Senator from Idaho—he was not here when we began—that what brought up this discussion this morning was the fact that within his just and legal and other rights, the Senator from Nevada [Mr. PITTMAN], as chairman of the Foreign Relations Committee, was inquiring of Senators on this side of the Chamber how they stood on the St. Lawrence waterway treaty; and knowing, as I probably would have answered myself had I not known better and studied the matter a little bit more than ordinarily I would have studied it as a Senator, that a Senator might say he was all right on this proposal without looking into it particularly, I concluded that I had probably better give the Senate the Canadian view of this treaty.

The Senator from Idaho may not know it, and the Senator from Nevada may not know it, but I wanted the people of the country and the Members of the Senate to know just how Canada feels that it has caused America to invest $600,000,000 to take away American commerce from America and to give the commerce to Canada. That is why, pending Senators being asked privately as to how they might preliminarily look on this matter, I thought it was necessary to say something about this treaty this morning.

Mr. BORAH. Mr. President, I do not desire to interfere with the Senator's program or any other Senator's program. I simply wish to know whether we are going ahead with the farm bill. If this treaty is to be opened to debate, of course that is within their pleasure, and other Senators will pursue the same course.

Mr. LONG. I do not intend to defer action on the farm bill, and I do not intend to speak more than just a few moments.

Mr. COPELAND. Mr. President——

Mr. LONG. I yield to the Senator from New York.

Mr. LEWIS. Mr. President, may I be permitted to say——

Mr. COPELAND. The Senator from Nevada did not answer my question, if the Senator will yield for just a moment.

Mr. LEWIS. May I say that I was unconscious that any move was afoot to bring this treaty before the Senate for discussion. I am very much interested in this treaty. The State of Illinois is very much interested in many phases of it. I am known to oppose these phases. I deplore the fact that a situation exists where there is an understanding from any source to bring this treaty on for consideration without full information in the Senate upon such a subject.

For myself I am glad to have the Senator from Louisiana say anything he desires; but I wish to say to the Senator from Idaho that I am heartily in accord with him. I had no knowledge that this treaty was being brought on for consideration. I am opposed to its being brought on for consideration now, supplanting the farm bill; and I desire to have it known particularly that I desire a hearing, and a full and complete hearing, as to this treaty when it comes up, that I may express, in behalf of the State of Illinois, its opposition.

Mr. COPELAND. Now, Mr. President, I want to add, if the Senator will permit me, another word to the Senator from Nevada. What the Senator from Nevada is doing is delaying the final action upon this matter because, with all due deference to him, there are some of us here who are sufficiently interested in this question to wish to know what will be the economic effect upon the United States of building the St. Lawrence Canal. My State is interested because it is proposed to tax New York $90,000,000 of the cost of this canal. Any man who lives in that State must have enough interest in the taxpayers to want to know, "If we spend this $90,000,000, are we going to get our money back in the way of returns from the value of the power, or are we going to ruin our State by the diversion of commerce and trade to the St. Lawrence Canal?"

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Missouri.

Mr. CLARK. How much of that $90,000,000 is to be spent in Canada for Canadian labor and Canadian materials?

Mr. COPELAND. All of the money spent in the international section of the canal, which is the part involved here—all of it, all of the work which is done on Canadian soil—will be done by Canadian labor, but paid for by the United States, and $90,000,000 of it will be paid by my State.

Mr. CLARK. In other words, under this treaty we win the privilege of footing the bill, and that is the only privilege we get?

Mr. LONG. Exactly.

Mr. COPELAND. Mr. President, my desire is that this matter may be referred to the Committee on Commerce to deal with a domestic question. I am not talking about the engineering features, or the other features which were considered by the Foreign Relations Committee, and well considered; but I wish to have the domestic side of it considered now, in order that we may determine in the State of New York whether we are throwing away $90,000,000, and harming our State tremendously. I want to say to the Senator from Nevada that if he thinks he is going to have rapid and immediate action on this matter through the process which he proposes, he is very much mistaken. I pledge for myself that if the matter goes to the Commerce Committee, these matters which have to do with the economic features will be the limit of what we will undertake—not the engineering problems or these other matters, but the purely domestic problems—and I think it is a perfectly fair proposal which I made to the Senate that this matter

should go to the Commerce Committee for the consideration of those domestic problems.

Mr. PITTMAN and Mr. NORRIS addressed the Chair.

Mr. LONG. I hope Senators will not ask me to yield further. I intend to speak for only a very few minutes; and if other Senators wish to say anything, they can do so in their own time. I will yield to the Senator from Nevada, however, if he wishes to answer what the Senator from New York has just said.

Mr. PITTMAN. The Senator says I did not answer his question. I thought my explanation was obvious. However, I will answer it almost categorically.

I certainly object, for the reasons I stated, to having the joint resolution referred to the Commerce Committee; and, to hasten the determination of the matter, I ask unanimous consent that the Senate vote on which committee it will be referred to without further debate.

Mr. LONG. I do not want to have my remarks interrupted by any unanimous-consent proposal now, Mr. President.

Mr. NORRIS. Mr. President, I ask unanimous consent that at the conclusion of the Senator's remarks we vote without further debate.

Mr. LONG. I do not want to make any unanimous-consent agreement now. The Senator from New York might not be here. He has already announced that he has an important engagement this morning.

Mr. NORRIS. He has already spoken on the matter.

Mr. LONG. His remarks were interrupted by the morning hour having come to a close at 2 o'clock. That is my recollection. I am speaking about the other day.

Mr. NORRIS. Yes; that is correct.

Mr. LONG. Mr. President, I have only a few words to say on this matter, but something ought to be said for the benefit of the American dollar and the American people on this St. Lawrence waterway treaty.

LENGTHENING ROUTE TO FOREIGN MARKETS

Mr. President, to begin with, I am afraid we have never been able to get the Senators who think they are interested in this treaty to look at just what they are doing. My friend from Nebraska no doubt believes that by favoring this treaty, he is voting to shorten the route to the sea for the farmers of Nebraska. He is not doing any such thing. He is actually lengthening the route over a thousand miles in order to be able to spend $600,000,000 of the American people's money for the benefit of Canada. We are not only lengthening the route to the sea by several hundred miles but we are diverting the traffic of America to Montreal and through Canada, and practically eliminating our own ports and our own traffic routes from all such things as participation in traffic.

Mr. President, I may not be able to convince the Senator from Idaho and the Senator from Nebraska and the Senator from Nevada that I am right about this matter. They may not take my word for it; but I will give them the word of the Empire with which they are dealing as to what we are about to do with America's $600,000,000.

This is a photostatic copy of an editorial appearing in the Toronto Mail and Empire of July 19, 1932.

WATERWAYS TREATY PROVIDES SHIP AND POWER CANALS AT SMALL COST TO CANADA

To be sure it is "at small cost to Canada." They have learned how to build up there. Canada has found out how to build. Canada has found out that whenever she wants to build anything in Canada, for Canada, with Canadian labor, for Canadian ports, the way to do it is to build it with the money of the United States. There may be some of us who have not found that out, but Canada has found it out; and every time I see the Canadian emissaries coming to the United States, I shiver in my boots as to what they are going to leave us when they return.

Now, let me read this editorial:

On its face the St. Lawrence waterways treaty signed at Washington yesterday by Hon. W. D. Herridge and Colonel Stimson is more favorable to Canada than any previous arrangement ever made with the United States.

Well, it will have to go some if that is true. "On its face", says this great Canadian journal, this treaty that has been signed between the United States and Canada "is more favorable to Canada" than any other treaty that they have ever made with the United States. With the well-known fact that we never lost a war and never won a conference with Canada, they are gracious enough to tell us that this treaty is more in their favor than any that they have ever had before.

I read further:

It is more favorable than anyone outside a limited government circle could have hoped for.

Why, to be sure "it is more favorable than anyone outside a limited government circle could have hoped for." Nobody else except the birds in that government that has been getting concessions of this kind from the United States since long before we had the War of 1812 would have had any idea that we would undertake to spend $600,000,000 of American money to build up ports in Canada, to increase the mileage distance to the sea, in order that they could take American commerce away from here.

I read a little further:

Congress must ratify the instrument before Parliament is asked to do so.

That is very noteworthy. Naturally they know they will have no trouble in getting the Canadian Parliament to ratify it.

The cost of the undertaking is to be borne mainly by the United States.

Why certainly. Why have that put in there? What is the use of informing the Canadian people that the cost of this Canadian project is to be borne mainly by the American people? It is a waste of space, it is a waste of breath, to try to inform the Canadian people that it is going to be borne mainly by the American people. Why certainly! They would not have been down here negotiating to build a canal in Canada, for Canadian commerce, with Canadian labor, for the benefit of Canada, if they had had any idea that the Canadian Government was going to have to pay for it. Why, certainly not! That is axiomatic. That goes without saying.

The Canadian two-stage plan in the international section is adopted in place of the United States single-stage plan. Canadian sovereignty over the works in Canadian waters is absolutely established.

Certainly; we knew that.

To this end there is a complete segregation of the properties on the two sides of the border. Without altering in the slightest degree Canada's age-long policy of joint development of the St. Lawrence waterway, we obtain a 27-foot navigation channel from the Atlantic to the head of Lake Superior. What is still more important, we have retained the right to construct an all-Canadian waterway, at any time in the future, if the expenditure involved in such undertaking is deemed advisable.

Certainly. In other words, because they not only control but—and I will read it again—they have "retained the right to construct an all-Canadian waterway at any time in the future if the expenditure involved in such undertaking is deemed advisable." In other words, we may sacrifice our rights to Canada, but Canada retains her rights in this matter.

The judgment of the United States Supreme Court, requiring Chicago to reduce the extraction of water from Lake Michigan to a mere fraction of what it has been and is today, is embodied in the treaty.

I am going to pause in the reading here long enough to try to inform some of the Senators from the Mississippi Valley and the Southern States and coast States what this means.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. Is it not a fact that while, under the terms of the treaty, the United States absolutely internationalizes a lake which lies wholly within the boundaries of the United States, thereby giving up for all time jurisdiction over the amount of water that can be diverted from Lake Michigan

to the Lakes-to-the-Gulf project, it still permits Canada to take all the water she wants out of Georgian Bay to construct an all-Canadian waterway from Georgian Bay to the Ottawa River, lying wholly within Canada, and to take as much water as she pleases out of the Great Lakes system?

Mr. LONG. That is my understanding. The United States has spent hundreds of millions of dollars, as we understood, to promote our domestic waterway system for our foreign and domestic commerce. Now the proposal is to limit the amount of water supply that we can have through the Great Lakes system for this construction of the all-year-round waterway system from the Great Lakes to the Gulf, which is interwoven with our flood-control plan. A dollar spent for one is a dollar spent for both. But the proponents of this project intend to come along and to divert $600,000,000 of our money, not for the purpose of promoting this American system of commerce but in order that $600,000,000 may make it possible for Canada to take advantage of a proposition on which the United States is spending all this money.

PROTECT AMERICAN PORTS

Let us consider the ports of the State of Texas. They are as much interested in this matter as anyone else. Consider the ports of the State of Texas, like Galveston and Houston and Port Arthur; the ports of Louisiana, like Lake Charles, Baton Rouge, and New Orleans; the ports of Mississippi, like Gulfport; the ports of Alabama, like Mobile; the ports of Georgia, like Savannah; of South Carolina, like Charleston, and on up the coast line. Are the States like Missouri, Illinois, Arkansas, Louisiana, all of these States, to see trade advantages taken away from these ports and away from these waterways, and funds which are needed for the completion of the flood-control projects diverted up to Canada in order that Canada may have the only port which American commerce can patronize, because we have spent all of our money for the purpose of extolling the port of Montreal and other Canadian ports, and have denied the money that is needed for the proper development of our own waterways?

I had a map here showing the situation, but the Senator from New York had to take it with him. It illustrates the matter. We do not need, in order to have a shorter route to the sea from these Western States, to go through Canada, unless we are determined that when we leave the sea we are going around close to Newfoundland in order to get to those States. A waterway can be cut for an approximate distance of around 300 miles; I do not know the exact distance, and I have not the figures which are shown on a map, which the Senator from New York had to take with him a moment ago, but if we want to transport traffic from the sea to the west, as I understand it, we can go down through the Hudson River a distance of only 338 miles, all-American, on American soil, with American labor, and go into the American port of New York City, a distance of only three hundred and some-odd miles, at a cost which will be infinitely less than it is going to cost to build the St. Lawrence waterway, and bring the traffic to the sea by a route which is some thousand or so miles shorter than to go through Canada, at an expense of $600,000,000 of American money.

Mr. President, let me read further from this Canadian editorial.

> Other advantages summarized.
> Not only this! The United States abandoned its ancient contention that Lake Michigan is an "American lake."

Certainly! We might have known that if we got into anything with them, we were going to give up something—$600,000,000 is not enough. Building up a port of Canada is not enough. Lengthening the route in order that we can give our trade to Canada is not enough. We have to give away Lake Michigan.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. LEWIS. I remind the able Senator from Louisiana that the Secretary of State, then Secretary Root, in dealing with Canada touching the question of a treaty concerning the lake, announced to Canada that that lake was an integral lake, a domestic body of water belonging to the United States, was in no wise an international body of water, nor were its banks international, and that, therefore, it was removed from the discussion as an international water; and Canada did not then, nor has she since in writing anywhere, taken issue with that fact, because it was established in history.

Mr. LONG. Mr. President, I thank the able Senator. I had understood that there was no contention whatever, and I thank the Senator for the source from which this information comes, that there was no contention whatever that Lake Michigan was an international body of water, including even the banks. It has been accepted, and no claim has been made to the contrary, that Lake Michigan was an integral part of the United States of America. But lo and behold! we come here now with a treaty by which we are internationalizing Lake Michigan in order to give Canada water which is seriously and badly needed to take care of the domestic commerce and the domestic plan of navigation and flood control of the United States. I say domestic within the sense that it is within the borders of the United States.

Let me read a little further, because we get a better explanation from the Canadian papers than we have ever been able to get from the American press. They understand the matter better. If we want to find out what the treaty provides, we should not ask our American statesmen and our American friends to explain it. The gentlemen in Canada will understand it so much better, and can state its benefits so much more succinctly, if they state what it is, so far as concerns Canada, that it is a waste of time to fool around among our domestic statesmen and newspapers in trying to find out what a treaty contains. Therefore I read from the Canadian editorial again:

> That great body of water has become forever—

Listen to this. This ought to make the American hearts swell with pride:

> That great body of water has become forever through this new treaty an international body of water, which belongs to the St. Lawrence watershed instead of to the Mississippi watershed.

I wonder what the statesmen of the Mississippi Valley, 32 States which use the Mississippi River watershed—I wonder what the men who are sitting in the United States Senate from the shores of the Ohio River, and the Missouri River, and the Mississippi River, and from the States which are affected by the rivers which flow into the Mississippi River—I wonder what they think of this proposal that we now are to take Lake Michigan away from the Mississippi watershed to prevent the canalizing of the all-year-round waterway system and turn it over to the St. Lawrence waterway project in order that we can give Canada ports which the United States cannot have.

I read again:

> While enlarged canals will not bring great ocean liners to Toronto and other inland Canadian cities, it will greatly stimulate water-borne traffic to and from these cities by lake vessels and ocean tramps.

Sure; we will not bring the great trans-Atlantic liners in there, but we will take the little old tramp steamers and the other little old vessels over water taken away from us and keep the United States from having anything but a jig-jog traffic moving into American ports in order to load up trans-Atlantic liners with freight at Canadian ports.

I read further:

> Even Port Arthur and Fort William, more than 2,300 miles from the Straits of Belle Isle, will be in close touch by water with the shippers of Great Britain and the world. The deeper waterway means much, not only in Ontario and Quebec, and the Prairie Provinces, for it also confers upon the eastern Maritime Provinces, and even upon British Columbia, opportunities for increased trade with the interior of Canada.

Certainly. I hope Senators understood that. Here is a very salient statement made. It is stated here that this gives to the mother country, the British Empire, greater opportunities to promote its trade with Canada. The United States is not only spending $600,000,000 to take Canadian and British trade from the United States, but we

are actually spending this money so that hereafter the trade that is coming to the United States from Canada will be certain to go from Canada to Great Britain, at the expense of the United States.

What business we are getting out of Canada now we are giving up to Great Britain, spending $600,000,000 of the money of the American people in order that the business the American people are now getting from Canada will go through the St. Lawrence project to Great Britain. That is what they say here in black and white. They know what they are doing. We may not know it, but they do. I read further:

On the eve of the imperial conference the treaty announces the creation of a larger field and new facilities for Empire trade.

Certainly; Empire trade, trade within the Empire. This project, which is to be constructed with the money of the people of the United States, makes it possible for the Canadians to announce that they have developed trade waterways, and facilities within the Empire so that the trade and interchange between the various provinces and countries of Great Britain will be expedited, to our loss.

I now read again from this sheet:

Cost to Canadian Treasury only $38,000,000.

We are putting up $600,000,000 to start with, and that will not half pay the cost before we get through with it, but the cost to the Canadian Treasury is to be only $38,000,000.

Listen to this, gentlemen of the Senate. I want those who are legislating for the people of the United States to listen to this next line:

No feature of the treaty is more surprising or more satisfactory than the low cost to Canada at which the undertaking is to be carried out.

Nothing, they say, is more surprising to Canada than the low cost of the project to Canada. Certainly it is surprising. I read further:

Because of want of information, the press has carried all sorts of extravagant statements as to the heavy financial burden with which the taxpayers were to be saddled in a time of depression. As late as last Saturday a Montreal newspaper estimated that the Canadian people would be mulcted to the tune of $570,000,000. All such erratic predictions have been relegated to the realm of the absurd and sublimely ridiculous. The treaty provides that the cost of the deep waterways to the Dominion Treasury will be $38,071,000. This total is reached by adding the $22,320,000 to be spent in the International Rapids section for property damages, rehabilitation work, and the Chrysler Island Canal to the $82,954,000 to be spent for locks and canals on the Canadian section, and by subtracting from the total $67,202,500 to be paid by Ontario to the Dominion on account of power works in the international section. This total cost of $38,071,000 may be cut to $33,638,500 if a proposed guard lock at Beauharnois is found unnecessary, which is altogether probable. These figures are based upon the 1926 estimates made by the international board of engineers on the project and since revised by that board. It is not to be forgotten that general construction costs are now down about 30 percent. The reasonableness of this remark is based on the fact that the Livingston Channel, in the Detroit River, was estimated to cost $7,000,000 and is now actually being built under contract for $3,400,000. If the cost of construction were to remain as low as it is today during the years of construction the outlay by the Dominion Treasury might not amount to more than $25,000,000. The cost to the United States is placed at $243,661,000, made up of $178,651,000 to be spent on the International Rapids section and $65,100,000 for channel deepening and other necessary works in the upper lakes. Canada is given credit for $128,000,000 spent on the New Welland Canal and for other construction work.

CANADIAN LABOR AND MATERIALS

Most of the construction work will be done in Canada. All the construction work on the national section will, of course, be done here, but there is more than that. Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used.

I hope the Senate got that. This is a Canadian newspaper which says:

Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used. All the labor and materials employed in the Canadian power development at Chrysler Island and Barnhart Island power plants is to be paid for by the Ontario Government and will, of course, be Canadian—

Why, certainly—

As indicated by the maps published in connection with the treaty, the international section, which reaches from a little below Prescott to a little below Cornwall, is 115 miles in length. Most of the development occurs in Canadian waters.

Now, Mr. President, I am going to skip just a bit of what is printed along that line and come to a reference to a very important part of this treaty.

MAY BUILD ALL-CANADIAN CANAL

Those who have been nervous about Canadian sovereignty should read article 5 of the treaty, which provides that each of the high contracting parties shall retain complete ownership of, and complete legislative and administrative jurisdiction over, all works lying on its own side of the international boundary, irrespective of the agency by which such works are constructed.

TIMELY GESTURE TO THE EMPIRE

Later on we read:

Chicago checked; Lake Michigan internationalized.

We ought to be proud of this. It seems like any time we can take a slap at Chicago, then everybody seems proud about it, but I see no reason for that, because Chicago's waterways are most necessary to all of us. What do they say about checking Chicago?

As already noted, the treaty itself puts an end to Chicago's ambition to drain the Great Lakes for the benefit of a deep waterway to the Gulf of Mexico by way of the Mississippi Valley.

It puts an end to the dream of Chicago. It puts an end to the dream of St. Louis and Cairo and Memphis and of Arkansas and of Mississippi. It puts an end, it says here, to all those things. I hope my able friend from Illinois heard me read it.

As already noted, the treaty itself puts an end to Chicago's ambition to drain the Great Lakes for the benefit of a deep waterway to the Gulf of Mexico by way of the Mississippi Valley.

Why, certainly; it is going to dry the Mississippi Valley to the point where it will be nothing but a floodgate. It will put an end to navigation in the Mississippi Valley, according to this Canadian view of the matter. It will put an end to it because when you internationalize Lake Michigan and keep us from having the waters of that lake that are necessary to canalize that river in order to have all-the-year-round navigation you have bottled up the one great commercial waterway system of America that everyone thought should be kept open.

Away back yonder the President of the United States—I have forgotten which President it was—sent Robert Fulton down to New Orleans. Before he had invented the steamboat he was sent by Mr. Dearborn, the Secretary of War, down to New Orleans, La., to look into the proposition of cutting a canal between Lake Pontchartrain, leading into the Mississippi River, in order that the Mississippi River might be made a commercial waterway from the Great Lakes to the Gulf, and in order that it might be a great source of national defense in war time. Robert Fulton went down to Louisiana and reported back to the United States Government that there ought to be constructed a canal connecting Lake Pontchartrain with the Mississippi River.

BUILT AND PAID FOR BY LOUISIANA

The United States Government never did build that canal from Lake Pontchartrain to the Mississippi; but when the war came on with Germany, in 1918 the State of Louisiana was appealed to by the national authorities, and that State laid out a total sum of $26,250,000 to build the canal between Lake Pontchartrain and the Mississippi River for the benefit of the people of the United States. We thought we were going to get our 26¼ million dollars back; we were entitled to our $26,000,000 back; but, instead of paying us back the $26,000,000 for building that canal between Lake Pontchartrain and the Mississippi River, which everybody from Fulton's day down to now said ought to be built, you have taken our money, added about $75,000,000 to it, and propose to give it to Canada to destroy this great project in the Mississippi Valley for the benefit of the port of Montreal.

I will read a little bit further from this article. I sometimes think, Mr. President, that we ought just to have an

executive council, so that we might get along a little bit better. I tell you if this thing keeps going on the thing for us to do will be to move to Canada. If I had money enough to move to Canada, I believe I would go there; I want to get nearer my boss. Now I read a little bit further from this Canadian newspaper:

It provides that the abstraction of water through the Chicago Drainage Canal, shall be reduced by December 31, 1938, to an amount not exceeding an annual average of 1,500 cubic feet per second in addition to the domestic pumpage by the city of Chicago.

This arrangement, which permits a 9-foot channel to the Mississippi, cannot be varied except by international agreement. It is the first time in history that the United States has agreed to place the abstraction of water from Lake Michigan under international control. This really means that Lake Michigan is admitted by the neighboring Republic to be an international waterway, like the other Great Lakes. Henceforth it belongs definitely by international agreement to the St. Lawrence watershed and cannot be exploited for the increased benefit of the Mississippi watershed.

Do you think, Mr. President, that we who are living on the Mississippi River, who have stood the scourges of floods on that river year in and year out, who have seen our homes washed away, our agricultural land destroyed in the space of a nighttime, who have seen men, women, and children picked up in boats from the waters that come from all over the United States and have flooded on that land—do you expect now that we are going to let you make us nothing but a dumping ground for the flood waters of this Nation, and that we are not going to be allowed to share in the international benefits of navigation when America has waters within its own confines? Is that going to be the policy of the United States? Are you going to turn your back on a flood-control project to which this Nation is committed and which involves an expenditure of $1,000,000,000 or more, and take $600,000,000 of that money and divert it to Montreal in order to give this country a port?

And what are you doing to New York? Why destroy the port of New York? Why destroy Chicago? Why destroy New Orleans? And you are doing the same thing to the ports of the Pacific coast. There is nobody sitting in the Senate from the Pacific coast who has studied this question sufficiently who does not know that if you are going to throw this whole thing over in the mountain part of this country to where it has got to go by Canada by the shortest route that can be provided to Great Britain, it is going to mean the condemnation of Pacific coast ports; it is going to mean the same thing to those ports that it is going to mean to Atlantic ports.

DEVELOP AMERICAN WATERWAYS

Mr. President, every man with any kind of pride is interested in the waterway improvement work that has been done from Florida up to the Great Lakes. I see my friend the Senator from Florida in his seat. We have been trying to get a canal cut across the peninsula of Florida in the United States. Such a canal would accommodate more commerce than the Panama Canal accommodates. We have been trying day after day and night after night to get this country developed not only through the means of Mississippi waterways and Ohio waterways and Missouri waterways, but we have also been trying to get a canal cut across the peninsula of Florida. Somebody said it would cost two or three hundred million dollars to do it; various estimates have been made of the cost; but, regardless of what estimates have been made of the cost, it could have been done for less than one third the amount of money that we are going to spend under this international treaty in order to benefit the port of Montreal. We have not built that canal—that is too expensive a proposition; we cannot complete the Mississippi River improvement—that is going to cost too much; we cannot complete the Missouri River improvement—that is going to cost too much; we cannot complete the work on our ports and the work on our harbors because it is going to cost too much; but here we are in a treaty, in order to have the privilege of giving away Lake Michigan to Canada, in order to have the privilege of giving away the commerce of the Lakes, we are to spend more money than it will cost for all the projects that have been mentioned and which are being held up today because it is said America has not enough money to pay for them. What statesmanship! I graduated out of the class I formerly belonged to so long ago, Mr. President, until I do not feel at home.

As I said a few days ago in the Senate, something ought to be done to make us feel some consciousness of the welfare of our own people. I believe it is going finally to come down to a time when someone will propose a constitutional amendment to provide that members of the Cabinet and legislators who make and ratify treaties shall spend a few days in some other occupation and learn a little more about them, because when we become embroiled and entangled with these questions and with transactions and dealings of this kind with foreign nations we never come out of them except by giving up the rights and commerce of America and paying for foreign investments and foreign improvements in order that we may take away commerce from the United States.

Mr. President, I think I have talked enough on this matter. I am not going to read the remainder of this article, but I am going to send it to the desk and ask that it may be printed at the conclusion of my remarks; and, if possible, I ask that it be printed in regular-sized type, if there is no objection, because I should like to have the article read.

The PRESIDENT pro tempore. Under the rule it cannot be printed in the regular-sized RECORD type without authority of the Joint Committee on Printing.

Mr. LONG. Then I will just ask to have it printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the article will be printed at the conclusion of the Senator's remarks.

(The article appears at the end of Mr. LONG's remarks marked "Exhibit A.")

Mr. LONG. I will say this word in closing. I ask Members on this side of the Chamber and on the Republican side of the Chamber, until they have had an opportunity to go into the points of this treaty not, preliminarily or otherwise, to commit themselves as being in favor of this monstrosity. I ask, regardless of any poll that may be made in the Senate, that no Senator preliminarily, conditionally, or otherwise, commit himself in the remotest degree or extent to the support of what is contained in this international treaty between Canada and the United States; and when this matter shall be properly before the Senate we will then be in a position to go into it from Dan to Beersheba and register our objections to the United States' spending the money of its people for the benefit of Canada and thereby creating further unemployment among its own citizens.

EXHIBIT A

[Editorial from the Toronto Mail and Empire, Toronto, Canada. One of the outstanding newspapers of the Dominion. It expresses the joy and appreciation of Canada at the great victory won by Canadian statesmen in the St. Lawrence treaty between the United States and Canada, signed at Washington, July 18, 1932.]

WATERWAYS TREATY PROVIDES SHIP AND POWER CANALS AT SMALL COST TO CANADA

On its face the St. Lawrence Waterways Treaty signed at Washington yesterday by Hon. W. D. Herridge and Colonel Stimson is more favorable to Canada than any previous arrangement ever made with the United States. It is more favorable than anyone outside a limited Government circle could have hoped for. Though executed at the American Capital, it concedes to this country practically all the conditions long insisted upon by the most jealous guardians of Canadian rights. Congress must ratify the instrument before Parliament is asked to do so. The cost of the undertaking is to be borne mainly by the United States. The Canadian 2-stage plan in the international section is adopted in place of the United States single-stage plan. Canadian sovereignty over the works in Canadian waters is absolutely established. To this end there is a complete segregation of the properties on the two sides of the border. Without altering in the slightest degree Canada's age-long policy of joint development of the St. Lawrence waterway, we obtain a 27-foot navigation channel from the Atlantic to the head of Lake Superior. What is still more important, we have retained the right to construct an all-Canadian waterway, at any time in the future, if the expenditure involved in such undertaking is deemed advisable. The judgment of the United States Supreme Court, requiring Chicago to reduce the extraction of water from Lake Michigan to a mere fraction of what it has been and is today, is embodied in the treaty.

OTHER ADVANTAGES SUMMARIZED

Not only this, the United States abandons its ancient contention that Lake Michigan is an "American lake." That great body of water has become forever, through this new treaty, an international body of water which belongs to the St. Lawrence watershed instead of to the Mississippi watershed. While enlarged canals will not bring great ocean liners to Toronto and other inland Canadian cities, it will greatly stimulate water-borne traffic to and from these cities by lake vessels and ocean tramps. Even Port Arthur and Fort William, more than 2,300 miles from the Straits of Belle Isle, will be in close touch by water with the shippers of Great Britain and the world. The deeper waterway means much not only to Ontario and Quebec and the prairie Provinces, for it also confers upon the eastern Maritime Provinces and even upon British Columbia opportunities for increased trade with the interior of Canada. On the eve of the imperial conference the treaty announces the creation of a larger field and new facilities for empire trade.

COST TO CANADIAN TREASURY ONLY $38,000,000

No feature of the treaty is more surprising or more satisfactory than the low cost to Canada at which the undertaking is to be carried out. Because of want of information, the press has carried all sorts of extravagant statements as to the heavy financial burden with which the taxpayers were to be saddled in a time of depression. As late as last Saturday a Montreal newspaper estimated that the Canadian people would be mulcted to the tune of $570,000,000. All such erratic predictions have been relegated to the realm of the absurb and sublimely ridiculous. The treaty provides that the cost of the deep waterways to the Dominion Treasury will be $38,071,000. This total is reached by adding the $22,320,000 to be spent in the International Rapids section for property damages, rehabilitation work, and the Chrysler Island canal to the $82,954,000 to be spent for locks and canals on the Canadian section, and by subtracting from the total $67,202,500 to be paid by Ontario to the Dominion on account of power works in the international section. This total cost of $38,071,000 may be cut to $33,638,500 if a proposed guard lock at Beauharnois is found unnecessary, which is altogether probable. These figures are based upon the 1926 estimates made by the international board of engineers on the project and since revised by that board. It is not to be forgotten that general construction costs are now down about 30 percent. The reasonableness of this remark is based on the fact that the Livingston Channel, in the Detroit River, was estimated to cost $7,000,000 and is now actually being built under contract for $3,400,000. If the cost of construction were to remain as low as it is today during the years of construction, the outlay by the Dominion Treasury might not amount to more than $25,000,000. The cost to the United States is placed at $243,661,000, made up of $178,651,000 to be spent on the International Rapids section and $65,100,000 for channel deepening and other necessary works in the upper Lakes. Canada is given credit for $128,000,000 spent on the new Welland Canal and for other construction work.

CANADIAN LABOR AND MATERIALS

Most of the construction work will be done in Canada. All the construction work on the national section will, of course, be done here, but there is more than that. Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used. All the labor and materials employed in the Canadian power development at Chrysler Island and Barnhart Island power plants is to be paid for by the Ontario Government and will, of course, be Canadian. As indicated by the maps published in connection with the treaty, the international section, which reaches from a little below Prescott to a little below Cornwall, is 115 miles in length. Most of the development occurs in Canadian waters.

MAY BUILD ALL-CANADIAN CANAL

Those who have been nervous about Canadian sovereignty should read article 5 of the treaty, which provides that each of the high contracting parties shall retain complete ownership of, and complete legislative and administrative jurisdiction over, all works lying on its own side of the international boundary, irrespective of the agency by which such works are constructed. Such works shall constitute a part of the territory and property of the country in which they are situated. This proviso is deliberately inserted to protect Canadian sovereignty over all structures lying on the Canadian side, even though these structures have been built with United States money. In addition to this, Canada retains the specific right to construct at any time in the future, wholly within its own territory, alternative channel and canal facilities along the Great Lakes or in the St. Lawrence River, including the international section of the St. Lawrence. It has a right to use for such purely Canadian canal purposes whatever water there may be necessary for the operation thereof. As we indicated before, this clause places Canada in a position to build an all-Canadian waterway, if at any time in the future it is deemed wise to enter upon the expenditure involved in such an undertaking. This is one of the most important and one of the most satisfactory points in a treaty which fairly bristles with satisfactory points.

TIMELY GESTURE TO THE EMPIRE

The Ottawa Government regards this treaty as of great importance to Great Britain and the Empire. It was, therefore, anxious to have it signed before the opening of the imperial conference, and it is to be congratulated upon having obtained its wish in this respect. It is stipulated in one of the articles of the treaty that all British shipping in all parts of the Empire shall have the right to navigation in the Great Lakes and St. Lawrence waterway for all time. This means that all British ships as well as all Canadian ships shall have access through the deepened water channels to the head of Lake Superior. In this sense, the Great Lakes are merged with the oceans. The Great Lakes become the Mediterranean Sea of North America. It is not expected that great liners will ascend the canals, but there will be an ever-increasing flow of freighters and ocean-going vessels carrying cargoes inland and returning with outgoing cargoes.

The deepened route will be of a special advantage to the shipping and trading industry of the United Kingdom, because, according to the gnomonic map projection, Montreal and Windsor, Ontario, lie in a straight line on the shortest route from Liverpool. The deep waterway will thus provide a remarkably direct route for the shipment of grain, flour, coal, and other commodities between interior Canada and Great Britain. We thus have Windsor, Hamilton, Toronto, Kingston, Montreal, and Quebec (with Fort William and Port Arthur only a little out of line) on an invaluable imperial trade artery connecting them with the mother country.

CHICAGO CHECKED, LAKE MICHIGAN INTERNATIONALIZED

As already noted, the treaty itself puts an end to Chicago's ambition to drain the Great Lakes for the benefit of a deep waterway to the Gulf of Mexico by way of the Mississippi Valley. It provides that the abstraction of water through the Chicago Drainage Canal shall be reduced by December 31, 1938, to an amount not exceeding an annual average of 1,500 cubic feet per second, in addition to the domestic pumpage by the city of Chicago. This embodies the decree of the United States Supreme Court in international law. Chicago must cut its present flow from 8,180 cubic feet per second to the maximum prescribed in the treaty. This arrangement, which permits a 9-foot channel to the Mississippi, cannot be varied except by international agreement. It is the first time in history that the United States has agreed to place the abstraction of water from Lake Michigan under international control. This really means that Lake Michigan is admitted by the neighboring Republic to be an international waterway like the other Great Lakes. Henceforth it belongs definitely by international agreement to the St. Lawrence watershed and cannot be exploited for the increased benefit of the Mississippi watershed. It is further provided that there shall hereafter be no abstraction from the Great Lakes system to another watershed except by authorization of the international joint commission representing both nations. This constitutes a perpetual safeguard to the waters of the Great Lakes system from Port Arthur, Fort William, and Duluth to the Gulf of the St. Lawrence.

OGOKI WATERSHED AS COMPENSATION

Canada gains another victory over the so-called "Ogoki diversion." It has been known for a long time that Ogoki Lake, lying north of Lake Superior, and all the waters flowing into it, which now find their outlet in Hudson Bay, can be readily diverted into Lake Nipigon, and thus into the St. Lawrence River system. Canada thus gains the right to divert 4,000 cubic feet per second of water into Lake Nipigon for use in power developments on the Nipigon, St. Mary, and St. Lawrence Rivers. It is estimated that this additional flow of water will furnish 520,400 horsepower, and this is all to belong to Canada. There is another important point in the fact that this access of water from the Ogoki watershed will compensate for the limited loss for the drainage canal which is to be allowed Chicago. In this connection it is to be added that the United States is to spend millions of dollars on the construction of compensation works in the Niagara and St. Clair Rivers. These works will, the engineers say, furnish adequate protection for navigation all down the Great Lakes system to Montreal.

CANADA GETS 4,000,000 HORSEPOWER; UNITED STATES 1,000,000

The treaty has its power side as well as its navigation side. The work in the international section and in the national section will develop about 5,000,000 horsepower. Of this, 2,000,000 horsepower will be available in the international section and 3,000,000 in the national section. Canada—that is to say, the Province of Ontario—is to obtain 1,000,000 of the 2,000,000 horsepower to be produced in the international section, but all of the 3,000,000 horsepower to be developed in the national section, which is wholly in Quebec, will belong to this country. This means that Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development. We thus come in on a basis of 4 to 1, which ought to be satisfactory to most hydroelectric enthusiasts and to most private power enthusiasts in Quebec. It is, of course, up to Quebec to use the power available in its own provincial area in the manner that it sees fit by agreement with the federal authorities. Our point at the present is that by the negotiation of this highly favorable treaty with the United States, Ontario and Quebec are protected for long years to come against a shortage of power. This power means much to the industrial future of the nation, because it can be used to operate plants lying along 2,300 miles of deep-water navigation in full communication with every part of the world. This combination of cheap power and transportation facilities will be one of the most remarkable in the world.

GREAT ST. LAWRENCE INDUSTRIAL REGION

It is probably not going too far to predict that with this new canal and power development on the St. Lawrence River, with

little cost to Canada, the Great Lakes region and St. Lawrence Valley will, in the next few years, be lifted into a place of industrial leadership. The present depression is only a passing phase. The deep-waterways treaty, like the imperial conference, is a long step on the road toward the recovery of prosperity. As already indicated, with the deep-water channel to Great Britain and to other parts of the world, and with an abundance of cheap power for manufacturing purposes, a multiplication of industries along the Great Lakes and St. Lawrence River is certain to occur within the next few years. We shall probably not be viewing the situation too optimistically if we say that the new St. Lawrence River development will give this part of North America a foremost place in industrial development. We believe, indeed, that the most highly industrialized section of the New World will bestride the international boundary.

IN HARMONY WITH PAST DEVELOPMENTS

We have already shown that there is to be no abandonment of Canadian sovereignty in the St. Lawrence. The treaty involves no departure from the historical Canadian policy regarding the St. Lawrence and the Great Lakes. For many years the Canadian and United States Goverments have cooperated in improvements to navigation in order to provide larger and larger vessels with adequate accommodation and especially adequate depths of water. The United States has used our canals and Canada has used the American canals. Much of the excavation work in the Detroit and St. Clair Rivers has been done by the United States in Canadian waters, with, of course, Canada's consent. On the other hand, channels deepened by Canada have been free to the United States. A good deal of this sort of work and of compensation work remains to be done between Lake Erie and Lake Huron, in the Niagara River, in the upper St. Lawrence River, and in the lower St. Lawrence. Our contention is that in working with the United States under the restrictions embodied in the treaty there is no departure from our long-established national policy.

REMOVING OBSTACLES TO NAVIGATION

The primary object of the treaty is to provide a 27-foot waterway from the ocean to the head of the Great Lakes. This depth of water is already available for all but a small fraction of the distance. That fraction lies between Lake Ontario and Montreal. This part of the route, with its 14-foot canals, has for long constituted a definite obstacle to navigation. It has held up the development of the rest of the route. It renders the new Welland Canal, upon which we have spent $128,000,000, or nearly four times as much as the new development is to cost the Dominion Treasury, comparatively useless. This is a matter in which all of Ontario, all of Quebec, and indeed the whole of Canada, are intensely interested. The time has come to remove the hiatus in order that the greatest lake and river navigation route in the world may come into its own. The missing link is to be fitted into the chain. It would be foolish to leave the job undone.

TRIUMPH FOR BENNETT AND HERRIDGE

The waterways treaty between His Majesty the King and the President of the United States was signed by the Hon. W. D. Herridge, Canadian Minister at Washington, and by Hon. H. L. Stimson, United States Secretary of State. The Prime Minister has said that it fulfills the conservative pledge regarding the St. Lawrence made at the Winnipeg convention of 1927 and the Prime Minister's own pledge in the same connection, which he gave in Winnipeg during the general election of 1930. We are not surprised at his frank assertion that no big interests are to be allowed to block the enterprise.

The negotiation and the conclusion of the treaty illustrate the present Government's belief in the future of Canada. They also illustrate the driving power of the Prime Minister and his capacity for getting big things done. On the eve of the greatest Empire conference the world has ever seen, he has been able to announce this new Canadian and imperial arrangement with the United States. To Mr. Herridge goes the main credit for the negotiation of the treaty. Ever since last October he has labored night and day to bring it about. He has made countless trips between Ottawa and Washington on this special mission, and with the backing of the Premier he has been able to secure an instrument which concedes to Canada practically all of Canada's demands. He has obtained a treaty which places the bulk of the cost on the United States and involves the Dominion Treasury in an expenditure of less than $40,000,000. This and his success in obtaining a greatly increased number of air channels from the United States for radio purposes, amply justify his appointment to the Washington post. He would not have accepted that position but for the prospect of doing these two jobs for Canada, and his double achievement marks him as an international diplomat of first-class order. We do not think that any Canadian will take exception to this statement. In the language of the street, he has carried the message to Garcia, delivered the goods, and brought home the bacon.

Mr. REED obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

Mr. VANDENBERG. Mr. President, will the Senator from Oregon withhold the suggestion for a moment?

Mr. McNARY. Very well.

Mr. VANDENBERG. Now will the Senator from Pennsylvania yield to me for a sentence?

Mr. REED. Gladly.

ST. LAWRENCE WATERWAY TREATY

Mr. VANDENBERG. Mr. President, at the proper time, when the St. Lawrence Treaty comes before the Senate, I shall be very happy to undertake to demonstrate that the remarkable address to which we have just listened is as replete with errors of fact as it is with errors of consistency.

Mr. LONG. Mr. President, I want to say that the Senator from Michigan is in error all the way through on the question of waterways, or else we are.

Mr. VANDENBERG. I simply want to illustrate with one example the thought that I undertook to condense into one sentence. My able friend from Louisiana has repeatedly referred to the $600,000,000 project involved. The net cost to the American Treasury is $125,000,000, according to official estimates of those upon whom we are entitled to depend. I do not care to debate the matter at the present time, because it would be inappropriate to debate it now. Anyone can get ex parte statements upon any side of the proposition as he may wish. I simply suggest that it is unfair to prejudge the matter on the basis of ex parte statements. I made that statement as a fair example of the fact that there are two sides to the question.

Mr. REED. Mr. President, I should like to suggest that all these estimates of cost are practically valueless, because we cannot make an estimate of cost unless we know whether we are talking about the gold dollar of yesterday or the rubber dollar of tomorrow.

Mr. LONG. At the proper time, as the Senator from Michigan expresses it, we will show that the cost to the United States will be probably much nearer $1,000,000,000 than $600,000,000.

CALL OF THE ROLL

Mr. McNARY. Mr. President, I renew my suggestion of the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Reynolds
Ashurst	Couzens	King	Robinson, Ark.
Austin	Cutting	La Follette	Robinson, Ind.
Bachman	Dickinson	Lewis	Russell
Bailey	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fletcher	McCarran	Steiwer
Bone	Frazier	McGill	Stephens
Borah	George	McKellar	Thomas, Okla.
Brown	Glass	McNary	Thomas, Utah
Bulkley	Goldsborough	Metcalf	Townsend
Bulow	Gore	Murphy	Trammell
Byrd	Hale	Neely	Tydings
Byrnes	Harrison	Norbeck	Vandenberg
Capper	Hastings	Norris	Van Nuys
Caraway	Hatfield	Nye	Wagner
Carey	Hayden	Overton	Walcott
Clark	Hebert	Patterson	Walsh
Connally	Johnson	Pittman	Wheeler
Coolidge	Kean	Pope	White
Copeland	Kendrick	Reed	

The PRESIDENT pro tempore. Ninety-one Senators having answered to their names, a quorum is present.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting several nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. REED. Mr. President, I desire to make a short statement regarding the so-called "Thomas amendment", which, as I understand it, embodies the administration's proposal for changes in our currency system.

President Roosevelt's program for inflation reminds me of nothing so much as a child playing with dynamite. He is trying to make prices go up. He may succeed. The trouble is that in doing so he may destroy the country and himself as well.

To tamper with the currency is like lighting the fuse of a high explosive and standing by to see what happens. If the fuse sputters and dies, nothing happens; and in the case of the President's program nothing would be accomplished. If it reaches the explosive, things happen rapidly and with destructive effect. The whole history of inflationary experiments in other countries shows that it is almost as impossible to control inflation set in motion by printing-press money, following the abandonment of the gold standard, as it is to keep a charge of nitroglycerine in check when the burning fuse reaches it.

There are 30,000,000 households in the United States. Every one of these would suffer immediately in the rise in the cost of living. It would be felt in the grocery bill, the fuel bill, the clothing bill, in the cost of transportation, insurance, education, and every other item entering into the family budget.

There are 50,000,000 savings accounts in the United States. As prices rise each savings-bank depositor, each person with money in the bank or in a building and loan association, loses money daily by simply keeping his money on deposit.

There are 122,000,000 life-insurance policies in force in the United States. Millions of policyholders are wholly dependent on the proceeds of these policies to educate their children or to provide for their own old age. The value of these policies goes down with the dollar, and exactly to the same extent, as the policies are payable in dollars. As prices rise and the dollar is worth less, the insurance policy is worth less, the prospective annuity disappears, and the carefully saved educational fund with it. There are millions of boys and girls whose college careers are wrapped up in these policies. Many of them would be denied an education if the dollar drops in value.

There are 48,000,000 persons gainfully employed in the United States. There are 10,000,000 in agriculture, 14,000,000 in manufacturing industries, 6,100,000 in trade, 4,000,000 in transportation and commerce, 4,000,000 in clerical employment, 5,000,000 in personal service, 3,000,000 in professional pursuits, and 1,000,000 in mining. Every man who draws a pay envelope or receives a pay check would suffer an immediate wage cut, probably followed by further reductions, as the dollar declined in value and the cost of living rose.

There were in February 4,100,000 families, including approximately 17,000,000 persons, directly dependent on public or private relief agencies in the United States. They would get less to eat and wear or it would cost the country more to feed and clothe them as prices rose. They cannot be allowed to starve or to go unclothed. That means taxes would rise and the Government would have to pour billions more into relief funds.

It is contended by advocates of inflation that it would help the farmer by raising the prices received for his crops. How would the farmer benefit if wheat sold for $10 a bushel and the $10 would not buy a pair of overalls or a gallon of gasoline?

There have been fewer marriages in the United States during the last 2 years than at any time for 10 years past, due directly to the depression. These deferred marriages represent a huge backlog of building, of house furnishing, of buying of all kinds, ready to be released as business improves and certainty as to the future is restored. Is it to be assumed that a rapid rise in living costs will encourage or discourage marriage? I think the answer is obvious. If these young people cannot be married now, how could they marry with prices skyrocketing and their earnings lagging behind, as is always the case in inflation? Fear of the future will continue. Marriages will continue to be deferred.

Russia inflated her currency. The old ruble has disappeared. The new Russian ruble, or chervonetz, has a fluctuating value in different parts of Russia, and no fixed value anywhere. Hunger and misery are widespread in Russia, not only in the cities but in the country districts. They are trying so desperately to get enough gold to stabilize their currency that it is said by our newspapers this week that Russian dentists are now using steel instead of gold in filling teeth.

Germany approached inflation gradually over a period of several years. Like a snowball rolling down a mountain, it gathered volume and momentum as it went along until in the final smash at the bottom it buried everyone in an avalanche of worthless money. Toward the end it took a million marks to buy a loaf of bread; and one good American dollar, with gold back of it, would have bought enough paper marks to extinguish the entire German national debt. In the end they swept up the valueless currency, baled it, and sold it for waste paper, eventually establishing a new currency based on gold borrowed from the United States and other countries which had been wiser in their fiscal policies.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. VANDENBERG. In line with the Senator's argument, may I present him, with my compliments, a hundred billion German marks, which, at face value, would have retired the entire American national debt, but which, unfortunately, finally was worth only 2½ cents. [Laughter.]

Mr. REED. I thank the Senator. I shall be glad to pay him in Russian rubles. I hand him a note for 10,000 Russian rubles. [Laughter.]

Mr. VANDENBERG. I think we are even.

Mr. REED. Germany today is impoverished and there is as much unemployment and more suffering, proportionately, in Germany than there is in the United States.

England went off the gold standard on September 21, 1931, expecting to improve her trade position. This expectation has not been realized. British trade shows no perceptible improvement. Her shipping is in as bad a plight as it could be. All reports from England, and the indices of British trade as of the present time, indicate that she gained nothing and lost much by this action. Necessary or not, it is obvious that England lost enormously in prestige, and that with the depreciation of the pound sterling the banking center of the world moved definitely from London to New York.

If we now inflate our currency, lower the gold content of the dollar, or experiment in any other way with what has been one of the few sound currencies in the world, we, in turn, will risk losing our dominant position in world trade and world finance—a position which at present permits us to dictate terms to other nations less favorably situated.

England eventually will have to come back to gold. I do not think the United States should ever abandon the gold standard, except as the existing emergency suggests the wisdom of temporarily suspending gold payments. I offer no criticism of the embargo on gold shipments. It seems to me that it was wise, prudent, proper action to take at the time. I offer no criticism of the suspension of specie payments within the United States, as was done on the 4th of March; but my criticism does go, with all the earnestness that is in me, to the proposals that were sent to us yesterday afternoon, and were embodied in the Thomas amendment.

Inflation is the process by which governments throw off responsibility and go on a jamboree. They pursue a picturesque course for a while, but they wake up with a headache. This is the thing for the sober men and women of America to remember when inflation is proposed. There may be a temporary exhilaration, but there is always a "morning after."

Mr. PITTMAN. Mr. President, I do not intend to discuss this matter at this time; and yet I cannot refrain from calling attention to the fact that the attitude of the Senator from Pennsylvania [Mr. REED] and his former administration has not changed a particle. They were opposed for 3 years to devaluating the dollar. They are opposed now to devaluating the dollar. The fact that the dollar today

will buy twice as much of products as it would when his administration went in 4 years ago does not concern him at all. He is pleased with it. He sees nothing whatever that is terrible in the existing condition.

The fact that the farmer who borrowed a thousand dollars when wheat was $1 a bushel, and he could pay his thousand-dollar loan with a thousand bushels of wheat, now has to pay it with 2,000 bushels of wheat, does not concern the Senator from Pennsylvania at all. He would be totally unwilling to have the dollar devaluated 50 percent so that the debtor would be able to pay with the same amount of products that he would have had to pay with when he contracted the debt.

We have exactly the same thing now that we had before. The Senator's Republican administration for 3 years made the same speeches: "Let things alone." They were fine. It was all right. The Senator comes here now and argues that the man who has money will lose if the dollar is reduced in purchasing power. Of course he will lose. A man's dollar today will buy twice what it would buy before the Republican administration went in. There are 30,000,000 people in this country who are dependent on farming, who, by reason of the high price of the dollar, cannot raise enough commodities, at the cost to them of raising those commodities, to pay the expense of their production.

The Senator speaks for the few people who have some money. He does not speak for the 30,000,000 people in this country dependent on farming who are ruined by the increased value of the dollar. He does not speak for the 13,000,000 men who are out of jobs and have not anything at all with which to buy, nor the 13,000,000 of old people and children dependent on the 13,000,000 idle laborers who have not anything with which to buy.

The Senator cannot get out of his mind the cause of the man who has, when the cause of the men who has not is the problem before the United States today. It is the same old issue. If the dollar is devaluated in its purchasing power, the fellow who has it is going to have to pay more for what he gets. That is the argument. He will have to pay more for the potatoes that he eats; he will have to pay more for the wheat that he eats; he will have to pay more for the cotton that he wears, or the wool that he wears. Therefore, if he has to pay more for it, it is an injury to the man who has money.

I admit that. That is a pure, simple proposition. It has been the issue for 4 years. It is the issue now; but, thank God! the people of this country woke up to the issue at the last election, and they are not ignorant of the issue today.

Mr. REED. Mr. President, will the Senator tell me when they woke up?

Mr. PITTMAN. Yes; at the last election. Perhaps the Senator did not wake up then.

Mr. REED. The Democratic national platform declared for a sound currency. Does the Senator think that to issue greenbacks to retire Government bonds is a sound currency?

Mr. PITTMAN. That is just the way the old Republican Party always argue. They construe everything to mean that their money shall be twice as valuable as the country intended that it shall be. "A sound currency!"

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. PITTMAN. Just a second, until I finish this thought.

This amendment provides that the Secretary of the Treasury, with the approval of the President or by his direction, may enter into an agreement with the Federal Reserve banks and the Federal Reserve Board that such banks shall enter into open-market Government bond and security purchases to the extent of $3,000,000,000 and that they shall buy Treasury bills within that $3,000,000,000. That is that part of the amendment; but what was attempted on that line? Under the existing law we tried to induce the Federal Reserve banks to aid in inflation and expansion of credit. They did not do it. They said they could not do it. Then we passed the Steagall-Glass bill. Why? Because we wanted to increase the eligible paper of member banks—which was already $5,000,000,000—to $10,000,000,000, in the hope that the Federal Reserve System, the existing instrumentality, would expand not merely three billions but whatever was necessary; but it proved an utter failure. Only $125,000,000 was expanded under that act.

Now we come back to them, and we say to them, "If you will issue the three billions in open-market transactions, as you have the power to do, and will buy Treasury bills, as you have the power to do, then, if that meets the condition, that ends it."

Mr. REED. The Senator is talking about one of the least harmful provisions of the Thomas amendment; but if he will start on page 3, in line 15, he will find a part that I think even he cannot defend. It provides for the issuance of $3,000,000,000 of totally unsecured greenbacks for the purpose of buying in outstanding securities; and that, Mr. President, is proposed 10 days before the Treasury is going to have to go into the market to sell a new refunding issue; and the adoption of that part of the amendment will utterly destroy the market for Government bonds. It will be necessary to force them on the Federal Reserve banks, because the public will not buy a nickel's worth of them.

Mr. PITTMAN. Yes; we heard that for 3 years, and we heard only about 2 weeks ago that if any such inflation was even proposed, instead of the market for commodities going up it would probably go down. We heard that there was going to be wild excitement; but let me get back to that provision and show the Senator that he is not quite accurate now, even if this amendment should be enacted. I think I remember the amendment. I had something to do with assisting in drafting it.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. PITTMAN. Let me finish this branch of the discussion, and then I will yield to the Senator.

We are not issuing three billions of greenbacks. I answer that categorically as absolutely inaccurate.

Mr. REED. Why does the Senator put in the power to issue them, if we are not going to do it?

Mr. PITTMAN. I say, if we issue them, the Senator is inaccurate. The three billions that we issue in the first place will withdraw obligations of our Government of an equal amount. That is all that they can be issued for—maturing obligations of our Government to the extent of $3,000,000,000. That is not all. They cannot be used for current expenses. Again, the same amendment provides for a sinking fund of 4 percent of the outstanding note issue which would redeem them in any event in 25 years.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. REED. Redeem them in 25 years without interest; and the Senator considers that sound money!

Mr. PITTMAN. It is not sound money to a banker, because he would not do anything without interest, and an awful lot of it; but I say it is perfectly sound as far as economics is concerned.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. PITTMAN. In just a minute. I say that when we issue non-interest-bearing obligations to take up an interest-bearing obligation the obligations of the Government are less; and when we provide a sinking fund of 4 percent to retire the notes that have taken the place of those bonds, which are to be retired and canceled, we do a sound economic act.

Mr. REED. If that is so, then why is it not sound to issue greenbacks to pay the entire outstanding American debt?

Mr. PITTMAN. If we issued greenbacks, as in 1862, the act would be subject to the charge of unlimited inflation, but in this case we will have only $3,000,000,000 through the Federal Reserve banks and possibly $3,000,000,000 more through the Treasury.

Mr. REED. And the Senator really thinks that the $3,000,000,000 limit will not be enlarged if we launch upon this experiment?

Mr. PITTMAN. It will not be enlarged if the opinion of the experts who have been advising the Republican Party for years is sound—that is, if that is sufficient to prime the pump. If that $3,000,000,000 is sufficient to reestablish a sufficient rise in commodity prices to call private capital

into the market, there will never be any necessity for a further issue by the Treasury.

Mr. REED. The Senator approves, then, of the $3,000,000,000 limit?

Mr. PITTMAN. Certainly.

Mr. REED. Why was it not put into the plan until yesterday afternoon?

Mr. PITTMAN. I do not know. There were a number of things put into it yesterday afternoon.

Mr. REED. Does the Senator happen to know that the President was expecting to send us that section with no limit in it whatever?

Mr. PITTMAN. I do not know anything of the kind. I know that he was not expecting to send us anything until it was completed, and I know that it was not completed, and that there was no final determination on it, until 2 o'clock yesterday afternoon. I know that to be a fact. If the Senator knows any more about what the President intended to do, I would like to have his information.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield first to the Senator from Florida, who rose some time ago.

Mr. FLETCHER. The Senator from Pennsylvania has made reference to greenbacks, and there have been a number of slurring remarks about greenbacks. Have we any better money in this country today than greenbacks? What are they talking about? Three hundred million dollars of greenbacks, with $156,000,000 of gold in reserve.

Mr. REED. Precisely; and not one penny of gold is going to be behind these bills, call them greenbacks or not, as you please.

Mr. PITTMAN. Yes; and there is only 4 percent of gold behind $120,000,000,000 of promises to pay in gold in this country, and everyone knows now that they never will be paid in gold if gold is demanded. The world knows it. There is 4 percent of gold behind the obligations, which was ample when people believed it was ample. Five hundred million dollars in our money in Great Britain, in the Bank of England, was ample for all the great credit of Great Britain as long as people believed it was ample. A reserve of 20 percent or 25 percent in a bank as against deposits is ample as long as depositors believe it is ample. But I say this, that when the discussion of war debts started throughout the world, and people understood what a small quantity of gold there was, and what a tremendous pyramiding of obligations burdened it, they doubted whether there was enough to pay such obligations. I hope that the time will come back when confidence will be sufficiently restored so that people and governments will believe that there is enough gold to meet normal current demands, and that unnecessary demands will not be made.

Mr. REED. The Senator has touched on a most interesting subject, and I wish that he would enlighten us as to this: Is it the intention of the Roosevelt administration to repudiate the promise to pay in gold which is contained in all of our outstanding Federal bonds?

Mr. PITTMAN. I have never heard anything that would indicate to my mind any such intention.

Mr. REED. Then it is expected that the Government will pay those bonds and their interest in one kind of dollars while we collect taxes in another kind. Is that the intention?

Mr. PITTMAN. The Senator knows well enough that there would not be the embargoes on gold now, and he knows well enough that there would not be the demand that gold be put in the Treasury now, if it were not known that it is impossible now, and perhaps will be for years impossible—certainly during this emergency—to redeem all Government obligations in gold. The Senator knows that.

Mr. REED. Then the Senator regards that promise as impossible of fulfillment, does he?

Mr. PITTMAN. I am afraid that it is impossible, under existing conditions throughout the world——

Mr. REED. The American people will be very sorry to hear that.

Mr. PITTMAN. I know they will be sorry to hear it; but the Senator asked me for my personal opinion. I believe that it is essential that this race throughout the world for the depreciation of currencies, for economic advantage which the countries obtain through depreciation of currencies, has to stop or there will be an end absolutely to anything except managed currencies, without relation to other currencies, which may bring international trade to the disappearing point.

Mr. REED. I agree with the Senator that the race between managed and constantly diminishing currencies has to stop, and that is why I am particularly sorry to see the United States launch into that race at this time.

Mr. PITTMAN. I think that the United States should not enter into a conference without every legitimate protection behind our Government. The United States never has used any power it was not necessary to use, and in my opinion it never will use any power it is not necessary to use; but I think that we would do a disservice to our Government and our people, and that we would be unpatriotic, if we sent our Government economically disarmed into any conference.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Nevada yield to the Senator from Idaho?

Mr. PITTMAN. I yield.

Mr. BORAH. I was detained from the Chamber, and I want to ask the Senator before he takes his seat, in case he has not covered the matter, how much inflation is possible under this amendment.

Mr. PITTMAN. I should say that under the amendment inflation would be possible to the extent of $6,000,000,000.

Mr. BORAH. That must depend upon the proposition of securing the consent of the Federal Reserve Board?

Mr. PITTMAN. I am stating that as a possibility. If the Federal Reserve Board performed its banking functions, and used its money to buy Government securities to the amount of $3,000,000,000, and that restored conditions of credit in this country, that would be the end of it. If it did not perform its function, then the additional power would reside in the President, when he found that to be a fact, to cause to be issued $3,000,000,000 more of notes for the purpose of meeting maturities of Government obligations.

Mr. BORAH. But if we reach the conclusion that the Federal Reserve Board will not agree with the President on the first proposition, then the full amount of inflation which this amendment would provide would be $3,000,000,000, would it not?

Mr. PITTMAN. That would be the limit of it.

Mr. BORAH. That is about two billions less than has been frozen in the banks since the 1st of March. That seems to me moderate inflation.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. KEAN. Is it not true that the Federal Reserve Board is appointed by the President of the United States, and therefore can he not have the Federal Reserve Board practically agree to anything he wishes?

Mr. PITTMAN. The Federal Reserve Board cannot make the Federal Reserve banks agree to anything, because they are individual banks, and the Senator must know that.

Mr. BORAH. Before this first provision of the amendment would go into operation, there must be consent on the part of the 12 directorships of the Federal Reserve System and the Federal Reserve Board in addition to that. In my opinion, judging the future by the past, it would be most difficult if not impossible to secure that.

Mr. REED. Mr. President, will the Senator yield to me to answer that?

Mr. PITTMAN. I yield.

Mr. REED. The Senator will have a fine chance to determine its impossibility on May 2, when the next issue of refunding securities will have to be made by our Treasury. The public will not buy them. The Federal Reserve banks

are going to be dragooned into taking them, and we will see whether they will withhold their consent.

Mr. BORAH. Mr. President, in view of the past, we need have no uneasiness about the Federal Reserve Board or the Federal Reserve directorships consenting to anything which would lead to any degree of inflation whatever. My doubt as to this amendment is that it does not provide sufficient inflation.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. PITTMAN. I yield.

Mr. BARKLEY. The Senator will recall that in the emergency act we provided for practically $2,000,000,000 of inflation, and that $2,000,000,000 was printed by the Bureau of Engraving and Printing and is now down here on the shelf. Only 23 million of the $2,000,000,000 has ever been called for, because banks through whom it was expected to be put into circulation have not asked for its use, because they will not make loans to people. In addition to that, there has been all along possible an inflation of about $4,000,000,000, prior to the passage of the Emergency Banking Act, but due to conditions, to the lack of confidence, and to the fear which has existed among the people, among bankers and business men and everybody else, none of that money has gotten into circulation. The object of this amendment, as I understand it, is to create a currency which will find its way into circulation among the people and thereby perform the duty intended to be performed by all the possible currency for which we have provided in bills we have passed heretofore. Am I correct about that?

Mr. PITTMAN. I think so. I agree with the Senator, at least.

Mr. President, I wish to say this: I think we have disposed of the greenback question, because there will be as much behind the proposed notes as there is behind our bonds, because there is to be an amortization fund to pay off the notes. The only difference between the Treasury notes and a bond is that the bond draws interest and people make money out of it. But the bond does not serve the purpose of a circulating medium, and it is of far more benefit to the people of this country in this period of deflation that they have a circulating medium than that they have bonds locked up.

This currency—whether it is issued through the instrumentalities of the Federal Reserve System or, upon their failure to issue it, is issued directly by the Treasury—is to take up maturing obligations of the Government. It is taking an interest-bearing bond and substituting a non-interest-bearing bond with the power of circulation.

I know that we have had to argue time and time again the question as to whether or not there was enough circulating media in this country. We are constantly met with the statement that there is ample circulating currency in the country. But let us leave out the question of circulating currency. We will assume that there is $4,400,000,000 of gold currency in circulation in the country. Let us assume that. Where is it? If it is in the Treasury of the United States, it is called from circulation; but if it is held in banks which are carrying 60 or 70 percent of their reserves against their deposits, it might as well be in the Treasury; because it is not circulating among the people, although termed by the Treasury "technically in circulation."

Of course, we all admit that one of the great circulating mediums of this country is checks on deposits. But we know that the turnover in checks since 1929 up until very recently—I do not know what they have been in the last few days, but up until very recently—was only about one fourth of what it was in 1929. So that much of our circulating media was put out of existence in this country.

With the existing currency tied up in banks to the extent of three times what it was in 1929, and our check turnover reduced three fourths by reason of there being no investment a depositor can make that will give an indication of profit, and our banks refusing to lend because property values have been falling, it appears unreasonable to denounce such limited expansion of currency as unlimited inflation.

We have all come to the point, we have nearly all agreed on it, that we cannot start the restoration in this country until we start a rise in commodity prices. Today, caused by the hope of the possible passage of this legislation, we find all commodities of this country enhanced in value, we see the price of wheat and cotton and other farm products and nearly everything else rising. Is that such a terrible calamity? Is it a terrible calamity that somebody has to pay a little more for the wheat he eats and the cotton he wears? Yet that is the argument of the Senator from Pennsylvania—that the man who has money has to pay more for the things he enjoys.

I just wish to say one more thing about that. I do not think that any intelligent, advised statesman believes in unlimited inflation. I agree with everything the Senator has said with regard to those examples of unlimited inflation, such as the case of the German mark. If he cannot draw a distinction between the power of the Treasury of Germany to issue unlimited paper marks and this measure, which authorizes a limit of $3,000,000,000, allowing it to be used only for the retiring and canceling of an equal number of maturing outstanding Government obligations, and providing a sinking fund which will retire and cancel all those notes within 25 years, then it is totally impossible to explain to anyone in this country who is in favor of holding the purchasing power of money high, as the Senator is an able and intelligent man.

Mr. HATFIELD. Mr. President, has the Senator any facts that would determine the reserve which is held by the banking institutions of the country at the present time?

Mr. PITTMAN. Yes; we have reports on them. We very frequently have such reports. We had a report here the other day from the banks in New York, which indicated that those banks were carrying about 66 percent reserve. Such reports are being published all the time and they may be obtained from the Treasury Department every day.

In the discussion of this bill Senators are arguing a proposition which is called "inflation" and are trying to convince the people that it is similar to the action of Germany in relation to the mark, when there is no foundation whatever for the statement. The unfortunate thing about such statements is that this is the first relief that the people of the country have had in over 3 years, for it is a relief when we find wheat going up and cotton going up and meat products going up to a point where their price is almost reaching the cost of production. That result will encourage the people to take their deposits out of the banks and to use them. God knows, no one can argue that the deposits of the banks ought not to be used; but they will not be used except on a rising market.

It looks as though Senators maintaining the position of opposition to this policy would like to crush even the little increase in commodity prices that has taken place. The speech of the Senator is the old-fashioned scare speech. He compares the present condition to the most dire things which have happened in regard to inflated currency issues, such as happened to the German mark, when there is nothing on earth in this proposed amendment that justifies any relation to that situation whatsoever. We find the same old crowd around the Senate who were kicked out of the Government. We find the "greatest Secretary since Hamilton" casting his shadow around the Office Building; we find the next greatest Secretary since Hamilton, whose resignation was recently accepted by the Government of the United States as Secretary of the Treasury, casting his shadow again athwart our office buildings. What for? To maintain the magnificent prosperity of their administration under the same rules and laws and policies?

There is no use in fighting this proposal. This country demands cheaper money, and, with the aid of these able men who know banking, we can get cheaper money without running the risk of excessive inflation; but if Senators who are now opposing this proposal are successful in defeating it or long delay its inauguration, they will be responsible for a condition that may be far worse than conservative inflation. In any event, however, we are going to have cheaper

money. We are not going to make it necessary to produce 2 bushels of wheat in order to buy a dollar. We are not going any longer to require 25 pounds of cotton to buy a dollar. We are going to have a reasonable adjustment of prices as they were for 8 or 10 years in this country. That level is going to be brought about in spite of the opposition of Senators who resist this policy, and their scares and their efforts and their illogical and false comparisons are going to have no effect whatever on the proposed legislation.

Those Senators should be happy, they should be contented that there has been so much conservatism, so much care, so many safeguards thrown about the inflation. It were possible, under the dire suffering of the people, that they could have gone to wild inflation. When 30,000,000 people have suffered, not for 3 years but for 7 years, by reason of the prices of farm products being so low, by reason of the fact that their commodities would not buy enough dollars to pay their taxes and interest; when 13,000,000 idle men and women, with 13,000,000 dependents, are suffering; when a majority of the people of the country are in poverty and in distress, I say that Senators in opposition should congratulate the administration and should aid the administration in this conservative and safe approach toward inflation.

Mr. CONNALLY. Mr. President, the Senator from Nevada has made a splendid reply to the Senator from Pennsylvania [Mr. REED], but there were some statements made by the Senator from Pennsylvania which I wish to challenge.

The Senator from Pennsylvania bases much of his argument on the desire of protecting policyholders and investors in savings banks. He has stated that if we reduce the value of the dollar we shall imperil the man who has an insurance policy and will imperil the depositor in the savings bank. I want to remind the Senator from Pennsylvania that the holder of the insurance policy to whom he refers is already imperiled. But for the assistance of the Government the insurance companies would be in liquidation, as many of them are today. Why? Because their money is invested in farm mortgages and in home mortgages, and the values of real estate have gone down and down and down so that today, if the insurance companies of the United States, on the present value of the dollar, should liquidate, the holder of an insurance policy would not get the value of his policy, and the Senator from Pennsylvania ought to know that. Otherwise, why was it necessary for the Government to step in and finance the insurance companies in order to keep them from going into bankruptcy?

The Senator says that we must save the savings-bank depositors. But for the help of the Government the savings banks of this Republic would now be in the hands of receivers, as many of them are. Why? Because their money was invested in securities the prices of which were inflated because of the high dollar, the bloated dollar, the dropsical dollar, the diseased dollar. We speak of a "sound" dollar. No dollar is sound when it is bloated and extended to three times its purchasing power when the debts based upon that dollar were contracted. That is what would happen to the savings banks and insurance companies today if they were liquidated on the present value of the American dollar.

What about the deposits in the ordinary commercial banks of the country? Are they not entitled to some consideration? Let me remind the Senator from Pennsylvania that the reason banks have closed, the reason they are now in the hands of receivers, the reason they are in the hands of conservators is because of what? It is because their debtors, the people who owe the banks, cannot pay the banks their notes. Why? Because they contracted those debts on high values of commodities and on high values of securities, and now, due to the enhancement of the value of the dollar, they are unable to pay those debts because the value of their products has declined, the value of their real estate has declined, and so the reason that depositors in commercial banks throughout the Republic are suffering today is because of the high and exaggerated value of the dollar.

Let me ask the Senator from Pennsylvania, are not the depositors in ordinary banks entitled to some consideration? Is it only the savings-bank depositor that is entitled to his money at 100 percent?—no; not a hundred percent, but 250 percent, because the dollar now, in many cases, will buy in commodities 250 percent of what it would buy when those deposits were made.

The Senator from Pennsylvania contends that if we adopt any measure which will lower the value of the American dollar America will lose its dominating position in world trade. Mr. President, there has been no one more insistent than the Senator from Pennsylvania in declaring that America has lost its position in world trade because of the depreciated currencies of foreign countries. In the last Congress the Senator from Pennsylvania was repeatedly demanding that we lift the tariff walls against Europe higher and higher and higher on the plea that the countries of Europe, because of their depreciated currencies, were flooding our markets, taking away our foreign trade, and driving the American manufacturer and the American laboring man out of the market. Senators will bear witness to what I declare.

The Senator from Pennsylvania has repeatedly on this floor asserted that the fall of European currencies was ruining American foreign trade and ruining the American manufacturer because of the increase in our imports. Let the Senator consult the figures of the Department of Commerce which show that, relatively speaking, American imports are increasing and American exports are decreasing. What does that mean? It means that foreigners, through depreciation of their currencies, are injuring American trade abroad and our prices at home. The lifting of our money is the same as the lowering of their money. If we can put the value of the dollar down more nearly to the level of their currencies we shall correct that situation and may, in some part, regain the position which the Senator from Pennsylvania says we lately lost.

Mr. BORAH. Mr. President——

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. I want to ask the Senator the question which I asked the Senator from Nevada. How much inflation does the Senator think there is in this bill?

Mr. CONNALLY. That depends, I shall say to the Senator from Idaho, of course, on how far the power granted is exercised.

Mr. BORAH. There is a limit to it, whatever power may be exercised.

Mr. CONNALLY. To be sure, but within that limit it depends. For instance, one clause provides that about $3,000,000,000 of securities and notes may be issued, and, under another clause, the President may reduce the gold content of the dollar. If he should reduce the gold content of the dollar, of course there would be an increase of circulation, an increase of currency, because of the lessening of the value of gold in the dollar and the increase of the gold reserve in the Treasury.

Mr. BORAH. Then the Senator can make no estimate as to how much inflation we might have?

Mr. CONNALLY. I do not care to make an estimate because I do not really have information that is accurate, nor can I foretell the extent to which the powers may be exercised.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Florida?

Mr. CONNALLY. I yield.

Mr. FLETCHER. Mr. President, in a few minutes I expect to submit the report to the Senate on the so-called "Thomas amendment." There is a provision inserted by the committee to the effect that the Federal Reserve Board shall have the power to increase or decrease the reserves required by the Federal Reserve banks. That will of itself check inflation, if a check shall be needed.

Mr. CONNALLY. Mr. President, the Senator from Florida has answered the Senator from Idaho.

Mr. BORAH. No; the Senator from Florida did not answer the Senator from Idaho.

Mr. CONNALLY. I was not able to hear what the Senator from Florida said, but, noting the contented look on

the face of the Senator from Idaho, I assumed that the Senator from Florida had answered his question.

Mr. FLETCHER. Mr. President, I merely mentioned a provision added by the committee which will constitute a check.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Arkansas?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Arkansas. As a partial answer to the question submitted by the Senator from Idaho, there is a possible inflation of the currency under the first paragraph of the amendment of a maximum amount of $3,000,000,000. What other expansion may take place, if any, will depend upon the application of the amendment by the President.

Mr. BORAH. I presume that there could be expansion of $3,000,000,000 under the first clause if the President and the Reserve Board should agree, and under the second clause, if the President should see fit, he could issue $3,000,000,000 of currency notes. That would make $6,000,000,000 all told. That is what I have assumed to be the sum total of inflation which could take place. My opinion is that about $3,000,000,000 is what will take place. There is little reason to assume that the Federal banks and the Federal Board will consent to inflation in any respect.

Mr. KEAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from New Jersey?

Mr. CONNALLY. I yield.

Mr. KEAN. Mr. President, I will say that under this bill, as I understand it, first there can be an expansion of $3,000,000,000 under clause 1 and, second, an expansion of $3,000,000,000 under clause 2. Then the bill gives the President the right to reduce the gold content of the dollar to 50 cents, which would double the total amount of currency outstanding.

Mr. CONNALLY. Mr. President, in reply to the Senator from Idaho let me add, suppose we should inflate to the extent of $6,000,000,000; we will not then have done much more than to regain the ground which was lost by the closing of the banks. There are now approximately $6,000,000,000 of bank deposits frozen in the closed banks of the country.

Mr. BORAH. I would not have the Senator think that I am alarmed over the amount of the expansion. I do not think it is excessive. I have had little opportunity to study the measure, but my first impression is that in its practical effect there will be but moderate inflation.

Mr. CONNALLY. I so understood the Senator a while ago.

Mr. President, to those who are fearful of wild inflation such as the Senator from Pennsylvania suggested, such as that which occurred in Germany and Russia, let it be known that there are safeguards in this measure and that it is impossible to enter upon any such campaign of wild inflation as ever was dreamed of in those countries. Where is the gold of America? It is locked up. We have the largest gold reserve in the world. It is locked up to redeem America's obligations and to guarantee the payment of America's currency. It is locked up and there is an embargo on it. Does anybody fear that that reserve is going to be dissipated? Of course not. That reserve will remain here for use of the Government.

The Senator from Pennsylvania complains about paper money. He voted for the Glass-Steagall bill, which provided for the issuance of paper money secured by Government bonds, which is comparable in some respects to the provisions of this measure. He fears the issuance of paper currency, but he voted, I am sure, for the Borah amendment, which provided for the issuance of currency by the national banks upon the security of Government bonds alone. That is what is provided in this measure in one of its features.

According to the theory of the Senator from Pennsylvania, the country would be better off if commodities went still lower, because the savings banks' depositors would get more on their savings, the life insurance policy beneficiaries would get more from the holder's estate. Talk about the increased cost of living! What about the millions of people in America who are toiling on the farms and ranches and in other occupations that do not yield a livelihood? Are not they entitled to some consideration? Is all the consideration to be given to the industrial workers, to the savings-bank depositors, to the life-insurance policyholders?

The Senator from Pennsylvania and other Senators know that the dollar now, on its present valuation measured by commodities, is not a sound dollar. They know it is not a just dollar. They know it is not a fair dollar. They know it is not an honest dollar.

Mr. President, the Senator from Pennsylvania also said that Great Britain had not achieved any advantage by going off the gold standard. He has contradicted his own argument which he made heretofore that she has helped her trade and is not going back on the gold standard until she is well prepared to do so unless by international agreement.

Mr. President, I wanted to make these observations in reply to statements made by the Senator from Pennsylvania. He represents that particular school of thought that wants to stand still. The administration of Mr. Hoover, largely under the leadership of the Senator from Pennsylvania, undertook to inflate, but not with money. It undertook to inflate with credit. It produced the Reconstruction Finance Corporation, which proposed to raise prices and revive business by taking the Government's money and handing it over to borrowers who would take it to the banks and pay their debts, and as a result there was no inflation at all because it was simply a transfer of the obligations from that class of creditors to the United States Treasury, and when the banks got the money they locked it up in their vaults and refused to lend it. The Hoover policy of inflation did not work for the common good. It worked only for the benefit of those people who got money out of the Reconstruction Finance Corporation.

The Senator from Pennsylvania believes in the doctrine of "stand still and do nothing." The power of the Government ought to be exerted within its constitutional limits whenever the necessities of the situation require affirmative action. With foreign governments depreciating their currency, beating the United States in the matter of world trade, cutting down our exports and increasing our imports, hammering down the prices of our exportable wheat and cotton and the products of our factories, fields, and ranches, if the Government of the United States is indifferent to the needs of its own people and does not attempt to exercise its powers to meet those conditions and offset this campaign against American finance and American business, then we ought to adjourn the Senate and go home.

Mr. SHIPSTEAD obtained the floor.

Mr. FLETCHER. Mr. President, will the Senator yield to me?

Mr. SHIPSTEAD. For what purpose, may I inquire?

Mr. FLETCHER. I desire to submit a report from the Committee on Banking and Currency.

Mr. SHIPSTEAD. Oh, certainly; I yield to the Senator for that purpose.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the amendment intended to be proposed by Mr. THOMAS of Oklahoma to House bill 3835, the farm relief bill, reported it with amendments and submitted a report (No. 40) thereon.

The report was ordered to be printed and to be printed in the RECORD, and it is as follows:

[Senate Report No. 40, Seventy-third Congress, first session]

CURRENCY AMENDMENT TO FARM RELIEF BILL

Mr. FLETCHER, from the Committee on Banking and Currency, submitted the following report to accompany amendment of Mr. THOMAS of Oklahoma to H.R. 3835:

The Committee on Banking and Currency, to whom was referred the amendment (relating to the currency) intended to be proposed by Mr. THOMAS of Oklahoma to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, having considered the same, report favorably thereon with amendments and recommend that the proposal do pass. However, the committee recommend that the

proposal be not attached as an amendment to the agricultural bill (H.R. 3835), but that it should be passed as a separate measure.

The amendment of Mr. THOMAS of Oklahoma as proposed to be modified is as follows:

[Omit the part in black brackets and insert the part in italic]

Amendment intended to be proposed by Mr. THOMAS of Oklahoma to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, viz: On page 43, after line 5, insert:

"PART 6. FINANCING—AND EXERCISING POWER CONFERRED BY SECTION 8 OF ARTICLE I OF THE CONSTITUTION: TO COIN MONEY AND TO REGULATE THE VALUE THEREOF

"SEC. 34. Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) [that] an economic emergency requires an expansion of credit, or (4) [that] an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

"(a) To direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve banks and with the Federal Reserve Board whereby the Federal Reserve Board will, and it is hereby authorized to, notwithstanding any provisions of law or rules and regulations to the contrary, permit such reserve banks to agree that they will, (1) conduct, pursuant to existing law, throughout specified periods, open-market operations in obligations of the [Federal] *United States* Government or corporations in which the United States is the [principal] *majority* stockholder, and (2) purchase directly and hold in portfolio for an agreed period or periods of time Treasury bills or other obligations of the United States Government in an aggregate sum of $3,000,000,000 in addition to those they may then hold, unless prior to the termination of such period or periods the Secretary shall consent to their sale. No suspension of reserve requirements of the Federal Reserve banks, under the terms of section 11[–c] (*c*) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11[–c] (*c*). Nor shall it require any automatic increase in the rates of interest or discount charged by any Federal Reserve bank, as otherwise specified in that section. *The Federal Reserve Board, with the approval of the Secretary of the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgment of the Board and of the Secretary of the Treasury, to prevent undue credit expansion.*

"(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section [of this act], or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then [he] *the President* is authorized—

"(1) To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled 'An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States', approved February 25, 1862, and acts supplementary thereto and amendatory thereof, in the same size and of similar color to the Federal Reserve notes heretofore issued and in denominations of $1, $5, $10, $20, $50, $100, $500, $1,000, and $10,000; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States: *Provided*, That when any such notes are used for such purpose the bond or other obligation so acquired or taken up shall be retired and canceled. Such notes shall be issued at such times and in such amounts as the President may approve but the aggregate amount of such notes outstanding at any time shall not exceed $3,000,000,000. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, an amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 percent annually of such outstanding notes, and the Secretary of the Treasury is hereby directed to retire and cancel annually 4 percent of such outstanding notes. Such notes and all other coins and currencies heretofore or hereafter *coined or* issued by or under the authority of the United States shall be legal tender for all debts public and private.

"(2) By proclamation to fix the weight of the gold dollar in grains nine tenths fine at an amount that he finds is necessary from his investigation to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

"SEC. 35. The Secretary of the Treasury, with the approval of the President, is hereby authorized to make and promulgate rules and regulations covering any action taken or to be taken by the President under subsection (a) or (b) of section 34.

"SEC. 36. (a) The President of the United States is authorized to accept silver, in amounts not to exceed in the aggregate in value in the United States currency $100,000,000, in payment of the whole or any part of any amount of principal or interest due from any foreign government or governments on account of any indebtedness to our Government, such silver to be accepted at not to exceed the price of 50 cents an ounce. The authority of the President to accept silver as herein authorized shall be limited to a period of not to exceed 1 year from the passage of this act.

"(b) The silver bullion [purchased] *accepted and received* under the provisions of this section shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law.

"(c) The silver accepted and received under the provisions of this section shall be deposited in the Treasury of the United States, to be held, used, and disposed of as in this section provided.

"(d) The President shall cause silver certificates to be issued in denominations of $1, to the total number of dollars for which such silver was accepted in payment of debts. Such silver certificates shall be used by the Treasurer of the United States in payment of any obligations of the United States.

"(e) The silver so accepted *and received* under this section shall be coined into standard silver dollars and subsidiary coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of such silver certificates issued under the provisions of this section, and such coins shall be retained in the Treasury for the payment of such certificates on demand. The silver so [obtained and deposited] *accepted and received* under this section, except so much thereof as is coined under the provisions of this section, shall be held in the Treasury for the sole purpose of aiding in maintaining the parity of such certificates as provided in existing law. Any such certificates or reissued certificates, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates: *Provided*, That, in the redemption of such silver certificates issued under this section, not to exceed one third of the coin required for such redemption may in the judgment of the Secretary of the Treasury be made in subsidiary coins, the balance to be made in standard silver dollars.

"(f) When any silver certificates issued under the provisions of this section are redeemed or received into the Treasury from any source whatsoever, and belong to the United States, they shall not be retired, canceled, or destroyed, but shall be reissued and paid out again and kept in circulation; but nothing herein shall prevent the cancelation and destruction of mutilated certificates and the issue of other certificates of like denomination in their stead, as provided by law.

"(g) The Secretary of the Treasury is authorized to make rules and regulations for carrying out the provisions of this section.

"SEC. 37. Section 19 of the Federal Reserve Act, as amended, is amended by inserting immediately after paragraph (c) thereof the following new paragraph:

"Notwithstanding the foregoing provisions of this section, the Federal Reserve Board, upon affirmative vote of not less than five of its members and with the approval of the President may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either demand or time deposits."

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Minnesota yield for a brief statement in connection with the report just made?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Arkansas for that purpose?

Mr. SHIPSTEAD. Certainly, Mr. President.

Mr. ROBINSON of Arkansas. Mr. President, an interesting and perhaps important question has been raised with respect to the subject matter of the amendment just reported by the chairman of the Committee on Banking and Currency, the Senator from Florida [Mr. FLETCHER]. That question is whether the Senate shall proceed to consider the amendment referred to as an amendment to the pending farm bill or shall treat it as a separate measure. It is expected by the proponents of the amendment that it will be offered as a provision in the pending bill.

There are some reasons which may be stated in justification of this policy. In the first place, there is pending now an informal conference of the very greatest importance pre-

liminary to the international economic conference which is expected to be held in the early future.

If anything is to be accomplished in connection with the stabilization of exchange and of foreign currencies, it is desirable that the authority of the President be defined as soon as practicable. The President feels that it would be of great value and assistance to him to have this amendment considered and disposed of as soon as may be found practicable, to the end that he may know and that others interested in the conference may know the extent of his authority, to the further end that he may be assisted and supported in making arrangements which it is believed are of first importance to the commerce of the United States, to domestic conditions as well, and for that matter to the business situation in various parts of the world.

It is not expected that the amendment will be acted upon without fair consideration by the Senate. It is anticipated, however, in view of what has been stated by certain Senators as reported in the press, that if a deliberate filibuster is undertaken in connection with the amendment, the Senate will avail itself of the opportunity to terminate that filibuster under its rules.

This statement is made not as a threat but as a public and open response to declarations made by the Senator from Pennsylvania [Mr. REED] or attributed to him in the press to the effect that it is proposed to delay action on the amendment for a considerable period for the purpose of quickening, if possible, public sentiment throughout the country in opposition to it.

Mr. President, in all fairness, that course ought not to be taken. I have no power and no disposition to impose my views upon any other Senator, but I do desire that all Senators understand that if the President of the United States is to be hampered and impeded in the all-important work which he is just now undertaking, in carrying on negotiations with the representatives of some of the principal foreign governments preliminary to the proposed international economic conference, that fact should be known to the country and the Senate should consider and act upon the amendment in the light of that fact.

Mr. President, I thank the Senator from Minnesota for so kindly yielding to me.

Mr. HASTINGS. Mr. President, will the Senator from Minnesota yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Delaware?

Mr. SHIPSTEAD. For what purpose, may I inquire?

Mr. HASTINGS. I just want to ask the Senator from Arkansas whether it would be a practical matter to temporarily lay aside the farm bill so that we might take up immediately the amendment that has been reported by the Chairman of the Committee on Banking and Currency instead of adding it to the farm bill?

Mr. ROBINSON of Arkansas. No. The farm bill cannot be temporarily laid aside, because it is proposed that the amendment shall be considered as an amendment to the farm bill. I have no objection to proceeding to the consideration of the amendment whenever it is offered. If the Senator makes that request when the amendment has been offered, I shall consent to it if other Senators see fit to do that same thing.

Mr. HASTINGS. I understood the purpose or necessity of considering it as a part of the farm bill is the fact that the President desires the discussion to be going on while the international conference is in progress. If that be true, it occurred to me that we might accomplish the purpose by laying aside the farm bill and giving those of us who may be willing to support the farm bill, and who are opposed to the amendment, an opportunity to express ourselves.

Mr. ROBINSON of Arkansas. No, Mr. President. I tried to make it clear in my first statement that that is not the policy which it is expected will be pursued. It is expected that the amendment will be offered whenever the opportunity arises to offer it, and that the Senate may then at its pleasure proceed to the consideration of the so-called "inflation amendment."

Mr. McNARY. Mr. President, will the Senator yield for just a moment?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Oregon?

Mr. McNARY. I shall be obliged to the Senator if he will.

Mr. SHIPSTEAD. I shall be glad to yield to the Senator from Oregon. Let me say, however, that after the Senator has finished I hope this controversy will be carried on at another time and at a later hour.

I yield to the Senator.

Mr. McNARY. Mr. President, it is unfortunate for myself that I was not on the floor when the Senator from Arkansas [Mr. ROBINSON] made his statement with respect to the amendment about to be proposed by the Chairman of the Banking and Currency Committee. I expressed yesterday the hope that it might be presented, if at all, as a separate measure. I repeat, it is not fair to the Members of the Senate to be confronted with a situation such as they have in the matter of the proposed legislation.

We have a farm bill with three different sections to it. A few are in favor of all of them. When an inflationary proposal is attached which is wholly separate from the subject attempted to be treated by the farm bill, many will vote in favor of the farm bill who will not vote for and do not favor the proposal to be submitted by the Senator from Florida, the Chairman of the Banking and Currency Committee.

It is impossible by a single vote, it is impossible by a series of votes, for one to express his views on these unrelated subjects; and in all fairness to orderly legislation and to the Senator himself, who always desires to express his views on particular measures, I submit that this combination presents a situation where it is impossible for a Senator properly and fairly to express himself by a vote. It has been my very strong hope that the unfairness of that situation would be seen by the able Senator from Arkansas.

Now, Mr. President, I am told that the Committee on Banking and Currency have reported to the Senate that this amendment should be proposed as a separate bill. In view of that great committee's judgment and recommendation, why can we not take up and conclude the farm bill, and at a seasonable time take up the other bill if it is reported from the committee favorably as a separate measure?

I make that appeal to the Senator in fairness to every Member of the Senate.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Minnesota yield?

Mr. SHIPSTEAD. I yield.

Mr. ROBINSON of Arkansas. It is always a pleasure to me to respond to any suggestion that the Senator from Oregon may make when I find myself in a position to do so. If he had heard the statement that I made prior to his recent entry into the Chamber—he was necessarily absent—he would have understood that my object in rising at this time is to settle, insofar as I can do so, the doubt that has arisen as to what the procedure will be with respect to the so-called "inflation amendment."

The President feels that it is essential that such action as the Congress may be disposed to take on the subject shall be taken as soon as is practicable. Since the purpose of a filibuster has been announced—not by the Senator from Oregon but by other Senators, including the Senator from Pennsylvania—against the inflation amendment, I do not find it practicable or possible to respond to that spirit by indicating a desire to delay action on the amendment which has just been reported by the Senator from Florida.

We have the same situation with respect to almost every bill that comes in here. Frequently amendments are incorporated that Senators vote against, and they always have the alternative of either supporting the measure or refusing to support it after the amendments are incorporated.

Senators will not only have the opportunity of discussing fairly and fully the proposed amendment having relation to the currency, but, if it be incorporated in the bill, they

will still have the opportunity of voting for or against the bill.

Of course, it is true that there are some Senators for the currency amendment who are opposed to the farm bill, and there may be some Senators who are opposed to other provisions of the farm bill who are for the currency amendment; but if we wait until this preliminary conference is over, the amendment will fail of its first, immediate purpose. If we wish to strengthen the hands of the President in the very heroic and difficult task which he is assuming—a task in which, in my judgment, he has the support of 95 percent of the people of the United States without regard to age, race, color, or previous condition of servitude—if we want to give him encouragement and assistance, we should define his authority in time for that definition to be reflected in his negotiations which are commencing this evening.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Minnesota yield?

Mr. SHIPSTEAD. For what purpose?

Mr. THOMAS of Oklahoma. I desire to clarify the present parliamentary status of the proposed amendment. I ask the Senator to yield for that purpose.

Mr. SHIPSTEAD. For how long?

Mr. THOMAS of Oklahoma. Half a minute.

Mr. SHIPSTEAD. Very well.

Mr. THOMAS of Oklahoma. Mr. President, on yesterday, by unanimous consent, I offered an amendment. Further by unanimous consent it was referred to the Banking and Currency Committee. I understand that the Banking and Currency Committee has submitted a report on that amendment. I now ask if that is correct.

The PRESIDING OFFICER. The report has been submitted to the Senate.

Mr. THOMAS of Oklahoma. Then, I understand that the amendment and the report accompanying it are now on the Vice President's desk. Is that correct?

The PRESIDING OFFICER. The Senator's understanding is correct.

Mr. THOMAS of Oklahoma. A third inquiry: There is now pending an amendment to what is known as the "farm relief bill"?

The PRESIDING OFFICER. The pending amendment is the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. THOMAS of Oklahoma. Will it be in order as soon as that amendment is disposed of for me to propose and offer the amendment as reported by the Banking and Currency Committee?

The PRESIDING OFFICER. In the opinion of the present occupant of the chair, it will be.

Mr. BARKLEY. Mr. President, if the Senator from Minnesota will yield at that point——

Mr. SHIPSTEAD. No, Mr. President; I refuse to yield any further. Every Senator has the right to take the floor in his own right. I do not intend to occupy the floor for the rest of the day. There will be plenty of opportunity to continue this controversy after I am through.

I rose merely for the purpose of addressing the Senate for a few minutes on the subject which was called to the attention of the Senate first by the Senator from Pennsylvania [Mr. REED] and was discussed also by the Senator from Nevada [Mr. PITTMAN] and the Senator from Texas [Mr. CONNALLY].

It is a subject that is of momentous consequence for this country. I hope I can discuss it temperately; and I shall follow the rule that I have always followed in the Senate, never to discuss any question here in a partisan spirit. This question is of too great importance to be discussed from the standpoint of party politics.

May I suggest to the Senate that the condition in which we find ourselves now comes as a logical consequence of policies and acts that we have committed in the past? The situation in which we find ourselves now was as inevitable as a result of the policies practiced in the last 15 years as that the sun will rise tomorrow morning. Where we are going from here I am sure I do not know.

Mr. NORRIS. But we are going.

Mr. SHIPSTEAD. Where we go will depend upon the policies we inaugurate and pursue from now on.

Now, I desire to call to the attention of the Senate the fact that I am absolutely opposed to unbridled inflation as much as I am opposed to unhampered deflation. We hear so much from certain quarters about the dangers of inflation; and they cannot be underestimated. We have had examples in Europe of that. We have had examples of the dire results of unbridled inflation in our own country. As a matter of fact, the credit inflation from 1924 to 1929 destroyed the credit system of the United States; and, as a result of policies we have pursued since, we are on the road to destroy the credit system of the Government itself by an unwise, I might say almost insane, abuse of the credit system of the United States.

During the years 1924 and 1929 I was presumptuous enough to protest on the floor of the Senate against the unbridled inflation of credit and cheapening of the dollar, resulting in higher prices and unbridled speculation. Those who now cry against inflation did not respond at the time. They called it "prosperity."

Senators talk about the inflation of Germany. I venture to say that there were not so many people dispossessed of their property, there were not so many bankruptcies in Germany, as a result of the inflation of its currency, as have resulted here from the inflation of our credit system that ended in the bursting of the bubble in 1929 and the resulting deflation. Both kinds of inflation resulted from and were caused by an unwise administration of credit policies in both countries.

Certainly the condition that we have here today is an inevitable result of the unwise credit policies pursued both by private finance and by the Government during the last 10 or 15 years.

The most important function that a credit system can render to the country is that those who manage it shall so manage it as to prevent a fluctuation in the monetary unit. The dire consequences to industry, to commerce, to property rights, to the income of the Government itself that can come from fluctuation of the purchasing power of the monetary unit should not be necessary to be discussed here now. We know them by bitter experience.

It is well known by the most eminent economists of the world that the most important duty of those who control the credit system is to maintain the stability of the monetary unit; and because we have failed to do that we have had this alternate inflation and deflation, cheap dollar and dear dollar. Going one way, we destroy the property of one class of people, the creditor class. By an unlimited and unhampered deflation we destroy the value of property; we destroy and bankrupt the debtor; and we are rendering no service to the Nation in either direction that we may travel.

It has been said that England did not accomplish anything by going off the gold standard. England did not inflate after leaving the gold standard, but she accomplished this: Through proper management of her currency, managing her monetary unit for the benefit of Great Britain, so far as Great Britain could be benefited, Britain stopped the descending price level in 1931, when she went off the gold standard, and the price level of Great Britain today is about the same as it was in 1931, or possibly 2 percent above. We, through our management of foreign exchange and our currency system, permitted prices to continue to decline. So we are where we are today.

Now we are off the gold standard. We do not know where our currency is at the present time. In the inflation of credit from 1924 to 1929 the unlimited supply of capital issues that were peddled throughout the country piled such an overhead burden of charges and debts that they never could be liquidated, and, of course, our currency would have to go where it is today, and we do not know where it is going now.

The question is, Can we now so manage our currency as to counterdeflate, to stop the deflation, and start on an orderly road back to a revaluation by an orderly and controlled inflation, building a better foundation for our credit system, without going to extremes of inflation, as was done in Germany, or without going to the extreme of the inflation in this country which ended in the explosion of 1929.

I have not had an opportunity to study the provisions of the Thomas amendment. I understand there are other amendments to be offered which are not now before the Senate.

Mr. President, I wanted to take a few minutes to point out that the dangers of deflation are as destructive to property values and to property rights and to human rights as are the extremes of inflation. One is as bad as the other, and unless we can create some agency of control of credit, of management of currency, so as to have some form of stability in order that citizens engaged in industry and trade may know what the value of currency and foreign exchange is going to be, we will be like a boat drifting at sea, going from bad to worse. I hope that can be done. I think it is far more important to the recovery of this country, to the safety of this country, than any other question we can discuss here; but discussion will not solve the problem, unless we act in such a way that we shall inaugurate policies which will lead to recovery, rather than increase the suffering, the uncertainty, the insecurity of the people of this country today.

Mr. President, because of the things which were said here this afternoon, with implications of a recommendation for further deflation, I will say, with all due respect to anyone who does not agree with me, that I think a man in public life, a man who is a citizen of the United States, who upholds the policy of deflation which has been deliberately encouraged since the crash of 1929, is as dangerous to the welfare of the country as is any man who advocates an unbridled inflation, which may make the dollar worth 1 cent. So, when we discuss the things which we are to discuss in the next few days, I hope no one will take umbrage if I suggest that we bear the two extremes in mind. No one desires one or the other. We cannot let this deflation go on, dispossessing millions of people of their property, destroying all values in our institutions, destroying the values back of the life-insurance policies and the savings-bank deposits, destroying the values of all the assets in the banks, making property worthless, bankrupting the farmer and everyone else. Property that is worthless is as worthless as money that is worthless. One is as bad as the other.

There has been a tendency here to uphold one and not the other, and for that reason I dare to impose upon the Senate for just a few minutes to call attention to the dangers involved in both, in order, though possibly it may be too ambitious a hope, that it might lead to a concentrating on the happy medium which I am sure we are all trying to reach.

Mr. VANDENBERG. Mr. President, I have no desire to discuss at the moment the direct question of currency inflation which has been involved in the debate thus far this afternoon, but it does seem to me highly essential to call attention to the fact that there are two different movements affecting our money resources now organizing themselves under the roof of the Treasury. Unless they are harmonized they represent a futile paradox. Regardless of what happens in respect to inflation upon the one hand, I submit that deflation must stop, upon the other.

One movement deals with currency inflation, and the other movement deals with a liberalization of the banking formula of the country, under which we are to endeavor to repossess the American people of their deposits in the banks of the Nation. It seems to me that we have our emphasis entirely in the wrong place this afternoon if the emphasis is exclusively upon the former movement, and if we cease to realize the utter importance of the latter movement and allow it to lose its essential impulse.

Mr. President, all the emphasis this afternoon has been upon currency in its physical sense. Even in dealing with currency in its physical sense—money, as we understand it—the emphasis has been entirely upon the volume of this physical currency, rather than upon the philosophy of its use. The latter phase defines the actual utility of whatever volume of physical currency either exists or may subsequently be created. That means, as I view it, another misplaced emphasis, because whatever type of currency the Nation shall have it is sterile unless it goes to work and stays at work.

Mr. President, currency at work is bank-credit currency. It becomes the type and token of exchange which is represented by bank checks and kindred evidences of a negotiable credit. It is credit money. It is the major money of the Nation; and it is at present fatefully strangulated.

The importance of this latter type of money, because it is actual money in its essence and in its effect, is at least 15 times as great as the importance of physical currency itself. This is susceptible of easy proof. Therefore I take the liberty of submitting the thought that it will be perfectly futile for us to proceed in respect to physical currency on an inflationary or any other basis unless and until the deflationary policy of the Treasury and Federal Reserve Board and Federal Reserve district banks in respect to the banking formula of the Nation shall be liberalized. Perhaps, without intending disrespect, I should say this policy should be rationalized.

I take the liberty of submitting the thought that if we concentrate our view upon physical money and cease to realize the desperate fundamental importance of the closed-bank problem and the limited-bank problem in the United States, we have ceased to keep our vigil at the point where it has its first and most fundamental effect upon the lives, the happiness, and the resources of the American people. Indeed we thus should cease our primary attentions to the very existence of countless American communities.

Mr. President, that is not my idea alone, by any manner of fashion. The Associated Press reported upon April 19 that at the request of the Finance Committee of the United States Senate Dr. Warren M. Persons, prominent economist, had submitted a "program for the rehabilitation of our economic system which, among others, envisions a controlled dollar."

I call attention to the fact that I am discussing the opinion of a high economist enlisted by the Finance Committee of the Senate for the purpose of obtaining an authoritative view respecting the precise problem now at the bar of the Senate. Let me continue reading from that Associated Press report:

> As a preliminary to his plan or the adoption of any other plan for stopping continued deflation, Dr. Persons is of the opinion that it may be necessary to "take definite action for preventing runs on banks." In this respect he holds "it may be necessary for the Government and the banks to guarantee temporarily the deposits of those banks which are allowed to open."

Mr. President, I want to subscribe most emphatically in this aspect to Dr. Persons' view. I want to insist again that, no matter what we do with the currency, if we are going to save an opportunity for the great mass of the American people to enjoy their share of whatever recuperation we may have in mind, we have, first of all, to stabilize the banking function; we have, first of all, to open closed banks; we have, first of all, to release the impounded banking resources which belong to the great mass of American depositors; we have, first of all, to make American savings safe for Americans.

Mr. President, I protest that too much emphasis can be put upon currency in its physical sense if that emphasis is at the expense of a realization that we have not yet developed, under the auspices of the Treasury and of the Federal Reserve System, a livable formula for reopening the yet unopened banks of this Nation.

I welcomed another news dispatch as reported by the Associated Press on the same date, namely, April 19, and I quote again:

> In announcing the conference here today—

That is, in Washington—

In announcing the conference here today of the governors of the 12 Federal Reserve banks, Secretary Woodin made it clear that he was looking primarily for means of putting into operation the idle currency now available to the banks, and the freeing of four or five billion dollars locked up in closed institutions.

Mr. President, I submit that when Secretary Woodin was dealing with that phase of this dual problem, on the 19th of April, he was dealing with the first problem that has to be answered. He was belatedly putting first things first. But the Senate is not putting first things first when it deals with currency inflation instead of dealing with the so-called "Glass bill", and whatever adequate provision it may have within it, or which can be put in it, for the insurance of the bank deposits of this Nation. It is folly to tamper with the superstructure until the foundations are renewed in safety.

I confess that the announcement of the Secretary sounded rather ironical in some of our ears, particularly in Michigan ears, in view of the fact that this optimistic word respecting the release of idle currency and the opening of closed banks came upon the very heels of a declination, a refusal, to permit 250 closed banks in the State of Michigan to reopen upon a basis established by action of the State legislature, upon a basis which every man in Michigan believed would create sound institutions which can permanently stand. I speak with respect and with an appreciation of the time which Treasury officials gave me in these long negotiations, and of what ultimately may prove to be a more helpful attitude. But I speak with profound regret that we were not allowed to proceed to swift convalescence.

What is the use of pretending to give a different type of currency—if that is what you are going to do—to the depositor in closed banks up and down the country if he cannot even get at the basic deposit itself which has got to be translated into this new currency? The primary need is to release the deposit and reopen the bank upon a basis which will permit it to stay open, and, equally important, upon a basis which gives the depositor the maximum and immediate use of his deposits.

Those 250 closed banks in a single State represent the very life and livelihood of at least a hundred communities. I hesitate to contemplate what may happen in respect to those communities if all the deposit resources of their people and their local governments shall remain frozen and then subsequently shall be ruthlessly liquidated under the hammer of the auctioneer at the knock-down prices of today.

So it is, Mr. President, I say that I heartily welcome the announcement from the Treasury that not only are they concerned with currency in a physical sense but that they are equally concerned with currency in the sense of bank-credit money, which represents 15 times as important a medium of exchange as actual physical currency itself. The refusal of the Treasury and the Federal Reserve Board to sanction the so-called "Michigan plan" resulted in a rather bitter statement from the able Governor of my Commonwealth. I quote just one sentence from it:

They have no program and they will not let us put ours into effect.

Mr. President, that is a rather shocking indictment. I submit it not in literal terms but as an indication of the reaction in respect to the orders and the ultimatums that are being handed down under this banking formula at the Capitol. The Governor of Michigan even goes so far as to add that, in his view, he may find it necessary, if the institutions within his purview can have no cooperation whatever from high authority, to request them all to withdraw from the Federal Reserve System.

Some of our statesmen have thought they saw in the present depressionary movement an opportunity to encourage unified banking, an opportunity to drive State banks out of existence, to drive all institutions into a unified system under the national aegis, but I submit that in the light of the experience which some of us are having the tendency is not in that direction. On the contrary, I regret to report, the creation of a feeling that after all the midcontinent cannot trust its banking decisions to national authority at the National Capital, just as it long ago learned that it cannot trust its banking destinies to Wall Street and New York.

Last night's newspapers again indicated—and I am quoting—

A general plan to be used for the possible reopening of closed banks will be considered at an important meeting tonight by representatives of the Reconstruction Finance Corporation, the Federal Reserve System, and the Treasury Department.

Mr. President, there is a field of hope of relief. This whole proposition turns on a state of mind. It turns on an executive attitude; it turns on a policy of the administration. The letter killeth; it is the spirit that giveth life.

The New York Herald Tribune of April 19 in its headline says:

Woodin to offer billions in closed banks.

That is the thing I am praying for, but it takes something more than headlines to do it. We have lived on headlines for 60 sad days. The New York Times of the same date says:

Roosevelt to halt all gold exports.

And I cordially agree that that was essential and advisable. To that extent I follow the President. I emphatically agree that the American dollar should now be left to its own external fate in international exchange. That is a form of inflation which is useful and which I applaud, even though I do not go along with the balance of a program which may too easily produce uncontrolled inflation. But let me continue the headlines—

Plans for liberal reserve credit.

But we have got to do more than planning, Mr. President; we have got to have a reasonably sympathetic administrative attitude in the Federal Reserve and in the district banks and in the Treasury Department respecting the things that Congress is undertaking to do by way of credit expansion in behalf of these institutions. Congress can only provide the tools; Congress cannot force their use.

You can lead a horse to water but you cannot make him drink. Here is proof that the horse has declined to drink. Here is another Associated Press dispatch of April 19:

Approximately $2,000,000,000 of new currency are available under the recently enacted banking law. The banks have called for only $31,652,000 up to April 15. Only five Federal Reserve districts have used any of this new currency—New York, Philadelphia, Boston, Cleveland, and St. Louis.

Mr. President, I respectfully suggest that the wrong verb was used in the dispatch. The dispatch says that the banks had called for only $30,000,000. I know better. I assert that $30,000,000 was all that was issued. The call—or the need to call—was something else. It does no good to call into a deaf ear, and there are none so deaf as those who decline to hear. It is that phase of the problem that challenges my profound concern and it is that phase which makes me welcome this subsequent announcement within the last 24 hours both from the Treasury and from the Federal Reserve headquarters that a new spirit of cooperation and composition is to exist in respect to dealing with these closed banks up and down the Nation. Let us pray that they will not keep the word of promise to the ear and again break it to the hope.

It is not anybody's desire to reopen insolvent banks; but I submit, Mr. President, that we have been proceeding since the first week in March on a philosophy of action which not only demands the summary solvency of institutions at the moment but equally the summary liquidity of institutions at the moment; and I again submit, as I have repeatedly before on the floor of the Senate, that summary liquidity represents a massacre of the depositors and their deposits in this country. Summary liquidation at today's values means that the depositor has ceased to be a depositor in these days of good promise. Under such auspices the depositor is cleaned out when there is a subsequent chance to share in the recuperation of values that are contemplated

under the balance of the "new deal." I want to keep him and his deposit and his bank alive for the resurrection.

Currency in its physical sense is important, and that is the particular thing to which the Senate is now almost exclusively addressing itself. But credit money, meaning the normal functioning of normal banks, is infinitely more important. Indeed, I repeat, it is at least 15 times as important. In some instances it is a hundred times more important.

Talk about contraction in our physical currency. What about the contraction in our bank-credit currency? Talk about inflated currency. How about deflated banks? Listen to this:

In 1929 the total clearings of the clearing houses of the United States for the year were $713,000,000,000. Compare that with the supply of currency: $713,000,000,000 of credit money exchanged hands in a year when there was not over $6,000,000,000 of actual physical currency in existence. That indicates something of the relative importance of the two propositions. But that is not all. Let us see what happened to this bank-credit currency in 1931. It had gone down from $713,000,000,000 of clearing-house exchanges to $463,000,000,000. It was nearly cut in two. It went down still more in 1932. The figures are utterly eloquent. They move me to lay before the Senate my plea that no matter how much emphasis we may put upon physical currency it is important in this equation that fundamentally and primarily the first emphasis belongs upon bank-credit currency and the normal functioning of banks. Otherwise we are off on a reckless detour.

We cannot have this normal banking function without confidence in banks, and we cannot have adequate confidence in banks recaptured, Mr. President, in the face of the experience which the depositors of the United States have suffered in the last few months; we cannot recapture that confidence until we put the warrant of the Federal Government, on a legitimate and self-liquidating basis, behind the deposits in the acknowledged banks of the United States.

I am not talking about a guaranty which is a drain upon the Treasury. I am talking, as I always have, about an insurance which is self-sustained and self-supported and which will say to the depositors of this Nation, "You are just as safe in the regular banking structure of the land as you are in the Postal Savings bank." Until they are thus safe, Mr. President, we shall not renew the normal banking functions, and until we do renew the normal banking functions and renew the normal flow of bank-check credits and the normal flow of bank-credit money, everything else that we do will be secondary and relatively impotent. We want all our solvent banks open. We want all of them sure to stay open. We want a rule of reason in respect to solvency; and then we want a warrant which entitles the depositor to that complete and absolute confidence which is prerequisite either to a happy people or to social and economic justice.

Therefore, I am saying in conclusion, that whatever emphasis belongs upon the question of physical currency, there is a primary emphasis which has not yet been appropriately put upon this other medium of exchange and the institutions upon which it depends. I say again that the conferences down yonder in the Treasury and in the Federal Reserve System, which are dealing with physical currency, are secondary in their final advantage to the American people, secondary to those other conferences which are undertaking to liberalize the viewpoint and the attitude of the Treasury and the Federal Reserve System toward the closed banks and the impounded bank deposits of the American people.

Mr. LONG. Mr. President, will the Senator from Michigan yield to me for a question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. I yield the floor; I am through.

Mr. LONG. I want to ask the Senator from Michigan a question.

Mr. VANDENBERG. I shall be glad to yield to the Senator for that purpose.

Mr. LONG. From what I have heard of the Senator's address I am led to believe that he entertains more or less the same view that I have expressed here on the floor that we need a more liberal Federal Reserve Board.

Mr. VANDENBERG. I cordially agree with the Senator.

Mr. FLETCHER. I suggest the absence of a quorum.

Mr. SHIPSTEAD. Mr. President——

Mr. FLETCHER. I thought the Senator wanted to get action on his amendment. That is what I desire to do.

Mr. LONG. Let us vote.

Mr. FLETCHER. If the Senator desires to speak, I withhold my suggestion.

Mr. SHIPSTEAD. Just for a moment apropos of the remark that was made about the need of a more liberal Federal Reserve Board. I would amend that by taking out the word "liberal" and inserting the word "intelligent."

Mr. FLETCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Reynolds
Ashurst	Couzens	King	Robinson, Ark.
Austin	Cutting	La Follette	Robinson, Ind.
Bachman	Dickinson	Lewis	Russell
Bailey	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fletcher	McCarran	Steiwer
Bone	Frazier	McGill	Stephens
Borah	George	McKellar	Thomas, Okla.
Brown	Glass	McNary	Thomas, Utah
Bulkley	Goldsborough	Metcalf	Townsend
Bulow	Gore	Murphy	Trammell
Byrd	Hale	Neely	Tydings
Byrnes	Harrison	Norbeck	Vandenberg
Capper	Hastings	Norris	Van Nuys
Caraway	Hatfield	Nye	Wagner
Carey	Hayden	Overton	Walcott
Clark	Hebert	Patterson	Walsh
Connally	Johnson	Pittman	Wheeler
Coolidge	Kean	Pope	White
Copeland	Kendrick	Reed	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. FLETCHER. Mr. President, regarding the amendment, I wish to submit very briefly some views about it, views which are concurred in, I may say, by the Farm Loan Bureau. This is the position they take about it.

The Senate has under consideration an amendment to section 29 (a) of the amendment proposed by Senator WAGNER to bill H.R. 3835 with reference to agricultural credits. In this connection attention is called to an amendment to section 29 (a) which was adopted by the Committee on Agriculture of the House when the Emergency Farm Mortgage Act of 1933 was being considered. This amendment read as follows:

> Such loans shall be made upon application therefor by such banks and upon compliance with the requirements of this section. Such loans shall be made to aid the orderly liquidation of any such bank in accordance with such plan as may be approved by the Farm Loan Commissioner. Before any such plan is approved by the Commissioner he shall be satisfied that the plan carries out the purposes of this section and that such part of the proceeds of the loan as is devoted to settlements with bondholders will be used only to effect an equitable settlement with all bondholders. After the plan has been approved by the Commissioner he shall require the bank to mail a copy thereof to all its known bondholders and to publish a notice setting forth its provisions in at least three newspapers having general circulation.

It is believed that this amendment will tend to safeguard the making of loans by the Farm Loan Commissioner to joint-stock land banks and should be adopted. If the language above referred to is added as an amendment, it should be inserted after the words "the requirements of this section", on page 12, line 7, of the amendment proposed by the Senator from New York [Mr. WAGNER].

In a moment I shall offer that amendment, and I think there will be no objection to it. It facilitates the clearing

up of the whole matter. It was thoroughly considered in the House and is not inconsistent with other provisions in the amendment offered by the Senator from New York. I shall offer the amendment after we dispose of the pending amendment.

An amendment to the same section has been proposed by Senator SHIPSTEAD. This amendment provides in part that before any loan to a joint-stock land bank is made by the Farm Loan Commissioner—

(1) That such bank will pay, in purchasing its own outstanding farm-loan bonds paid for out of the proceeds of the loan, an amount not to exceed 110 percent of the amount which such holders may have paid for their bonds prior to April 17, 1933, but in no event to exceed the face value of such bonds, together with the accrued and unpaid interest thereon; and (2) that whenever any such bonds are so purchased by such bank at a price less than the amount of the face value of such bonds, together with accrued and unpaid interest thereon, the difference between such face value and interest and the amount paid for such bonds by the bank shall be credited pro rata to the borrowers from such bank in reduction on their loans outstanding at the time of such purchase.

The purpose of the first condition is obviously intended to prevent speculators from making a profit on the joint-stock land bank bonds which they may have purchased prior to the adoption of the proposed legislation. It will be exceedingly difficult to ascertain the exact amount paid for these bonds. However, if it is desired to adopt an amendment of this character, it would be preferable to provide that the holders of the bonds of any bank should not receive more than 110 percent of the average bid price of the bonds of such bank over a period of 6 months prior to March 1, 1933.

With reference to the second condition which would require the banks to pass on to their farmer borrowers any paper profit that might be realized from the purchase and retirement of their bonds, it seems clear that if this provision is adopted, it will defeat the whole purpose of the section. The provisions with respect to making loans to joint-stock land banks were incorporated in the proposed bill for the purpose of aiding in their orderly liquidation. The proposal contemplates that the joint-stock land banks will purchase and retire half of their outstanding bonds. After the retirement of bonds in the case of many of the banks their statements would show that the transaction had resulted in a substantial profit. As a matter of fact, however, this apparent or paper profit may never be available to the banks. In many instances it may be entirely wiped out by the losses which will be sustained during the period of liquidation. It will not be possible, therefore, to determine the exact amount of profit, if any, that the banks may make until they have been finally liquidated. If the banks are required to give their respective borrowers the benefit of the apparent profit which would be shown in their statements following the retirement of their bonds, none of the banks would be able to accept loans from the Farm Loan Commissioner.

The question of the disposition to be made of joint-stock land banks is an important one, and it is felt that no plan for refinancing farm-mortgage indebtedness would be complete unless provision is made for the orderly liquidation of these institutions. As the matter now stands, it is an important link in the whole scheme of refinancing. The proposal has received the approval of the administration, the banks, and the farm organizations. If it is made inoperative through the adoption of the proposed amendment, it is inevitable that a great percentage of the joint-stock land banks will be forced into receivership.

The total resources of the joint-stock land banks amount to approximately $430,000,000. If these institutions are forced into receivership, it will undoubtedly have a very deleterious effect upon the whole farm-mortgage situation. Receiverships will work hardships upon the borrowers, cause greater losses to the security holders, and would unquestionably have a bad effect upon the market for the new bonds which are to be issued under the other provisions of the same bill. In short, the adoption of the amendment proposed by the Senator from Minnesota would make the plan absolutely unworkable.

That is the principal objection to the amendment. The plan has been agreed upon by the Federal land-bank people, the joint-stock land bank people, the Farm Loan Board, and the farm-loan associations, or practically all of them, so far as I know. To modify that plan, according to the Senator's amendment, would practically destroy the workability of the plan and defeat its purpose. Therefore, I hope the amendment of the Senator from Minnesota will be defeated.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Minnesota?

Mr. FLETCHER. I yield.

Mr. SHIPSTEAD. I am not sure that I understood one of the statements made by the Senator. He said the amendment would prevent the making of any profits in the retirement of the bonds. He also said the amendment would destroy the purpose of the bill. The Senator did not mean to leave the impression that the purpose of the bill is to make a profit, did he?

Mr. FLETCHER. No. The purpose of the bill is to effect a liquidation of the banks, and the Senator's amendment would not do it. It would throw them into receivership. Orderly liquidation is one thing and receivership is another thing. Receivership would result in inevitable loss, whereas they believe if they can get the accommodation under the plan they have suggested, many of the banks will be able to go on and finally work themselves out. Whatever benefit they can get in the operation of the plan by settlement with the bondholders inures to the Farm Bureau. The plan is possible from every standpoint.

Mr. CAREY. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from Wyoming.

Mr. CAREY. Is it not true that the only way in which these banks can be liquidated, and the only way in which the borrower can be taken care of, is by permitting the banks to purchase a part of their bonds at a discount?

Mr. FLETCHER. That is true; and the benefit to the banks in that way proceeds to the farmer.

Mr. CAREY. It goes on to the farmer, and an amendment such as the Senator from Minnesota proposes will make impossible the liquidation of the joint-stock bank, and, by making that impossible, will make it impossible to help the borrowers from that bank.

Mr. FLETCHER. Precisely.

Mr. CAREY. It will force the bank into a receivership, and the borrower will be forced to pay the full amount of his mortgage, if it is possible to collect it, and also to pay a high rate of interest.

Mr. FLETCHER. That is true. He will have to pay it, or else he will be foreclosed and lose everything.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Nebraska?

Mr. FLETCHER. I yield.

Mr. NORRIS. I do not for a moment question the sincerity of the Senator; but I confess that I cannot understand why the amendment of the Senator from Minnesota, if enacted, would have the effect which the Senator says it will have.

The object of the amendment is to pass on to the borrower any benefit that may come. The Senator says that is going to happen without the amendment. That is disputed, as I understand, by the Senator from Minnesota.

Mr. FLETCHER. This amendment requires that the exact amount paid for these bonds shall be ascertained in each case. The idea was, of course, that the people who own bonds, thinking the Government is going to loan money on them or otherwise take them up, will put up their price right away, and that the bonds could not be gotten in that way. The price is to be determined not by an average over a period of 6 months. The limit in this amendment is that the holder shall receive not more than 110 percent of the

average bid price of the bonds at the time, whereas it ought to be, if adopted at all, the average bid price over a period of 6 months.

Mr. NORRIS. The object is, as I understand, to give to the man who has invested his money in these bonds 10 percent profit.

Mr. FLETCHER. How will it be ascertained what a man paid for his bonds?

Mr. NORRIS. He would have to show that. It seems to me that would not be difficult to ascertain. He would have to show what he paid in order to get anything.

Mr. FLETCHER. I doubt very much if the holders of these bonds will be found willing to give that information.

Mr. NORRIS. Then they could not sell their bonds.

Mr. FLETCHER. There is no way of getting at it.

Mr. NORRIS. They cannot get anything if they do not show that.

Mr. CAREY. Mr. President, will the Senator from Florida yield?

Mr. FLETCHER. I yield.

Mr. CAREY. There is another point in connection with these bonds. Assuming that the bank offered to buy certain bonds, say, at 70, and some other bondholder objected to the bank paying that price, he has an equal share in the assets of the bank. Each bondholder has the same share; and the bondholder could object to anything of this kind.

Mr. NORRIS. If the Senator from Florida will permit me, I do not understand how one bondholder could prevent some other bondholder from selling his bonds at any price he wanted to.

Mr. CAREY. Under this arrangement, they can pay 10 points more for the bonds than the man purchased them for.

Mr. NORRIS. Yes.

Mr. CAREY. Assuming that one man paid 40 for his bonds, and another man paid 50, could not the man who had paid 40 object to the bank paying the other bondholder 50?

Mr. NORRIS. I do not understand how he could.

Mr. CAREY. I think he would have a right to demand as much for his bond as the other bondholder.

Mr. NORRIS. In the first place, he does not need to sell his bond at any price if he does not want to; and I do not understand how one bondholder could object to another bondholder's getting more or getting less.

Mr. CAREY. The assets of the bank are being paid out at higher prices than they will pay him for his bond.

Mr. NORRIS. Yes; probably they would not pay every man the same. They would not pay, however, more than 10 percent in advance of what the bond cost him. The original holder of the bond is out, as I understand. He has sold his bond. He probably paid 100, or nearly that, for his bond; but he sold it to somebody else. The amendment of the Senator from Minnesota, as I understand, provides that in purchasing bonds that man could not be paid more than 10 percent in advance of what he paid.

Suppose he does not want to take it. He does not need to. He does not need to sell at par if he does not want to. He can take his chances on whatever may happen. I take it, however, knowing that these banks are going to be liquidated, that he would jump at the opportunity of getting a profit of 10 percent.

Mr. CAREY. Unless he desired to hold the bonds.

Mr. NORRIS. He would not hold these bonds as an investment, because the banks are going to be liquidated. They are going out of business.

Mr. CAREY. He would have this advantage: If a part of the bondholders should sell their bonds, say, for 50 percent of what they were worth, it would raise the value of the balance of the bonds to somebody else by reducing the liabilities of the banks that much. If the bank could borrow $50,000, and with that sum retire $100,000 of bonds, the rest of the bonds would be worth more money.

Mr. NORRIS. Yes.

Mr. SHIPSTEAD. Mr. President, I desire to restate some of the things I said about this amendment last night, because so many Senators were not here at that time.

The purpose of this part of the bill is to make possible the orderly liquidation of joint-stock land banks. For the purpose of accomplishing that object we furnish $100,000,000 of Government money; and in furnishing that money I believe we have a right to, and I think we should, put such restrictions upon the expenditure of the money that, so far as we can bring it about, justice shall be done to the bondholder, to the stockholder of the joint-stock land bank, and to the borrower.

There are three parties here whose welfare and property rights will be affected by the use of this money. If this were an entirely private corporation—as, of course, it is—using its own money, I would not suggest any interference with its own process of liquidation. But because in this case its orderly liquidation is made possible only through the use of public money, I believe we should put such restrictions upon the process of liquidation as to see that justice is done to all three parties concerned.

What is it to liquidate any business? It is to dispose of its assets for what can be obtained for them, and to pay the liabilities.

What are the liabilities of the joint-stock banks?

They have about $430,000,000 in bonds outstanding that were sold to investors. That is the amount of their liabilities—$430,000,000. Their assets are composed of $460,000,000 of farm mortgages held against liabilities. What are the bonds worth upon the market? Some time ago, when I made inquiry from a reliable source, I discovered that the average value of the bonds on the market was less than 40 cents on the dollar. I was told that the market price had gone up about $10 on an average within a very short time.

If with this money, $100,000,000, furnished by Congress, the joint-stock land banks can go out and buy the bonds, their own liabilities, at a great discount—for instance, 40 cents on the dollar—they can buy, for $100,000,000, $250,000,000 of their liabilities and liquidate them for $100,000,000.

There is a difference here between what they owe and the price for which they can purchase back their bonds of $150,000,000. If they retire $250,000,000 of the liabilities with $100,000,000, that leaves the difference between $430,000,000 and $250,000,000 as outstanding liabilities. That leaves a liability of $180,000,000. Against this $180,000,000 they have $460,000,000 in the form of assets, leaving $280,000,000 in assets with which to liquidate $180,000,000 of liabilities.

I understand that 50 percent of these $460,000,000 of mortgages are not in default; and 50 percent of $460,000,000 makes $230,000,000 of assets that are not in default.

We protect the bondholder in this respect: We give him back his money. There was merit in what the Senator from Arkansas [Mr. ROBINSON] said last night, that it was not fair to give a man who had held a bond for 10 years, possibly without drawing any interest, proportionately as much—that is, to give him his money invested, plus 10 percent—as it would be given the money invested, plus 10 percent, to a man who had held his bond only for 2 weeks. There is merit in that; and I am perfectly willing to pay 10 percent on top of what he has paid for his bond, plus a reasonable amount of interest during the time he has held the bond, less whatever dividends he has received.

We protect the bondholder in that respect; and I think he ought to be protected, because unless we protect him and turn over to the joint-stock land banks $100,000,000, they will have a monopoly in the purchase of these bonds, and they can freeze out the bondholders unless they are put in the hands of a receiver. They can bid so low that he cannot get his money back. Of course, he has the alternative of asking for a receivership.

Mr. CAREY. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes.

Mr. CAREY. Why does the Senator say that the land banks will have a monopoly? People will buy the bonds as they are buying them now. They will have the same backing, the same security back of them. They will be sold in the market as well as to the banks, I think.

Mr. SHIPSTEAD. I anticipate that people will not buy liabilities from an institution that is going to be liquidated, because, if it is to be liquidated, all of its bonds will have to go on the market.

Mr. CAREY. If the banks are purchasing a certain proportion of these bonds at a discount, would there not be reason for people holding them and speculating in them?

Mr. SHIPSTEAD. I have an idea that with this amendment there would not be any reason for speculating in those bonds. I do not think a speculative profit should be made out of a transaction to which the Government furnishes the money for the purpose of liquidation.

Mr. CAREY. But there are other people involved. The man who bought the bond may have paid a hundred dollars for it. He should be able to hold the bond and get $100.

Mr. SHIPSTEAD. Under this amendment he could get his $100.

Mr. CAREY. If the bank should pay it.

Mr. SHIPSTEAD. Under this amendment it is provided they shall pay 110 percent of the purchase price, except that they must not pay above par.

Mr. CAREY. Suppose they had to pay 110 percent. They might not have the money to pay that much for them.

Mr. SHIPSTEAD. That limitation is applied to the $100 that is loaned.

Mr. CAREY. They can buy that amount of bonds?

Mr. SHIPSTEAD. Yes; at the present value.

Mr. CAREY. That would not help the bank to liquidate. They might just as well have their bonds out at par as to pay 110 to retire them. The bank would not be any nearer liquidation than before they borrowed the money.

Mr. SHIPSTEAD. They would save $150,000,000 at the average market price of today. They would retire $250,000,000 of bonds with $100,000,000 investment.

Mr. CAREY. I think the Senator overlooks the fact that the bonds of the different banks have very different values.

Mr. SHIPSTEAD. I know that.

Mr. CAREY. I do not think we can take the average value of the bonds. Some of the banks are in fair shape and some are almost insolvent.

Mr. SHIPSTEAD. That is true. They will all become insolvent unless they get this $100,000,000, in my opinion.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. TRAMMELL. As I understand the purpose of the amendment, it is that a purchaser of a bond may receive back his bond, with 10 percent additional.

Mr. SHIPSTEAD. Yes.

Mr. TRAMMELL. If that is true, why, then, interfere with the legitimate investor at an honest price getting back his hundred dollars, if it costs him that? As I understand what the Senator proposes, he is willing to give a hundred dollars to the man who paid the hundred dollars, but he does not propose to set up a speculating scheme whereby he can buy a bond at $10 and go out and get a hundred for it?

Mr. SHIPSTEAD. That is correct.

Mr. TRAMMELL. And carry on that speculative operation with Government funds?

Mr. SHIPSTEAD. Yes.

Mr. TRAMMELL. Is that the purpose of the amendment?

Mr. SHIPSTEAD. That is one purpose which I hope to accomplish. The banks buying $250,000,000 of bonds for $100,000,000 save $150,000,000. They reduce their liabilities by that much. They have that much less to pay. A bank and the stockholders lose nothing if through this process of borrowing money from the Government they are able to retire their liabilities, and whatever profits they make in the purchase of their own liabilities they pass on to the benefit of the borrower.

If one buys a thousand dollar bond for $400, and against that as an asset has a mortgage of a thousand dollars, in a private business transaction, and can buy his own note back for $400, a note floated against the mortgage for a thousand dollars, and can collect that thousand dollars on the mortgage, he makes the difference between what he paid for the note and what he was able to collect on the mortgage. That is a private business transaction, and we would not interfere with that. But this is public business with public funds in order not to undo the work that was done when we created the joint-stock land bank system, to make it possible to give them a chance to liquidate in an orderly manner, to give as much of what is left to the bondholders, to protect the stockholder, and to give the benefits, whatever benefits may accrue, to the borrower, I think we have the right to put these restrictions on the use of this money.

Are we going to lend money to a private institution to retire its liabilities for 40 cents on the dollar, and then permit it to collect the mortgages in full, so far as they can, when they have 50 percent of the mortgages not in default? It seems to me that if we want to help the farmers and the bondholders, and also protect the stockholder, we have a chance to do it.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. NORRIS. Is it a fair statement to say that the Senator from Minnesota is trying, in his amendment, to give the benefit to the borrower, the mortgagor, of all savings made by the use of this public money?

Mr. SHIPSTEAD. Yes.

Mr. NORRIS. Is this true, that either the stockholder of the joint-stock land bank, or the farmer, one or the other, is going to get the benefit of the public funds, the hundred million dollars appropriated in this bill?

If the Senator's amendment were not agreed to, would it be accurate to say that this benefit would go to the stockholder rather than to the mortgagor?

Mr. SHIPSTEAD. If this amendment is not agreed to, there are two possible beneficiaries. Either the bondholder may make it impossible to purchase the bonds for less than par, by holding them off the market, and compel the joint-stock land bank to keep bidding for the bonds in order to carry out the purpose of the bill; if that is the case, many of the people who have bought these bonds for very low percentage on their face value would have an immense profit. The joint-stock land banks, in my opinion, are the only ones who would buy the bonds, because, it seems to me, no one would come out and buy bonds from an institution which the Government by law had said it was going to liquidate.

Mr. NORRIS. If the Senator's amendment is agreed to, would it not follow that speculators would at once buy these bonds, on the theory that they were going to get a hundred cents on the dollar out of this public money?

Mr. SHIPSTEAD. There is that possibility. On the other hand, there is also this possibility, that the stockholders of the joint-stock land banks, in order to make money on the transaction, would want to buy the bonds as cheaply as they could, because they were retiring their liabilities. Many people in business would like to buy their bonds or their notes back for 30 or 40 cents on the dollar. They would have to pay that much less. But they want to collect what they have coming from the other fellow in full, or as nearly in full as possible.

If the joint-stock land banks can save a hundred or two hundred million dollars on their bonds by the use of this Government money, they do not lose a dollar of money invested for the bondholder; he gets his money back. If to the borrower the remainder is prorated as credit on his mortgage, I fail to see how there can be any injury to anyone, but it would be of benefit to three parties—to the borrower, who gets the benefit of total savings; to the stockholder, who gets his bank liquidated; and to the bondholder, who receives the money back that he gets on the bonds.

Mr. FLETCHER. Mr. President, the amendment provides—

that whenever any such bonds are so purchased by such bank at a price less than the amount of the face value of such bonds, together with accrued and unpaid interest thereon, the difference between such face value and interest and the amount paid for such bonds by the bank shall be credited.

It is impossible for them to ascertain what the profit is. They may have made a profit. The end is not yet. They have simply started. They may not, in the final analysis, realize even as much as they paid, but the Senator would force them by this amendment immediately to give credit to the borrower. A bank would not be willing to borrow under such circumstances. I do not think the banks would apply to the Farm Loan Commissioner for loans if they had at once to give credit to the borrower for the difference between the full face value and interest on the mortgage and what they paid for it. I think the Senator would destroy the workability of the plan. They could not make the settlement.

Mr. SHIPSTEAD. It seems to me that if the banks want to liquidate their liabilities, they would be glad of an opportunity to do so. When they retire a bond, whatever they paid for it they have reduced that much of the liability, and they have received credit. The minute they buy that bond, at whatever price they pay below par, they receive credit. If they paid $30—30 cents on the dollar—then already they have a credit of $100 and they have made $70. Why not at the same time extend that credit to the borrower, as something already received?

Mr. CAREY. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. CAREY. I think that in this discussion the Senator from Minnesota overlooks one thing; that is, the fact that we are only lending under this proposed law to the joint-stock land banks $150,000,000, while the total amount of their mortgages or bonds is some $400,000,000.

Mr. SHIPSTEAD. Four hundred and sixty million dollars.

Mr. CAREY. So that they have under this bill a very small proportion of their bonds or their liabilities on which to work. The proposed law provides that there will be a reduction in interest on all loans to 5 percent. That means that the joint-stock land banks will have to make up for the difference in interest on the proportion of their loans that are not sold to the Reconstruction Finance Corporation under this proposed law. So they have to have some extra money to take care of that. They also agree that they will not foreclose on loans during a period of 2 years. That means that for a period of 2 years the banks have to pay interest on their outstanding bonds, while they may not be collecting interest from the borrowers. Therefore, I think, to say that the bank is not doing anything for the borrower is hardly fair, because the bank is giving something in return for the money it is borrowing, and, further, it is borrowing but a small percentage on the basis of loans outstanding.

Mr. TRAMMELL. Mr. President, the difference is not paid by the banks; it is paid by the Government. The Government provides an appropriation of $15,000,000 to take up the slack or the difference in the interest. It is paid by the Government.

Mr. CAREY. That is only in case of the bonds which the Government is issuing for the benefit of the Federal land banks. It does not apply, as I understand, to the loans made by the joint-stock land banks.

Mr. TRAMMELL. The farm-loan banks.

Mr. CAREY. The farm-loan banks, but not the joint-stock land banks.

Mr. TRAMMELL. They are so knit together that it is difficult to make the distinction.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Minnesota.

Mr. ROBINSON of Arkansas. Mr. President, yesterday I submitted some remarks on this amendment and took the position that the effect of the amendment would be to involve practically all the joint-stock land banks in receivership. A further investigation of the subject confirms me in that conclusion. The object of this amendment is in conflict, as stated by the Senator from Florida and by the Senator from Wyoming, with the primary purposes of the bill as worked out after a prolonged study of the subject by the Farm Loan Bureau and the Banking and Currency Committee, in that it will render inoperative title II insofar as it provides for loans to joint-stock land banks to bring about orderly liquidation.

The chief purpose of the bill is relief to the farmer; first, by raising the price of the crops he produces; second, by scaling down and easing his mortgage indebtedness; and, third, by extensions. The mortgage section of this bill as set out in the Wagner amendment is the result of months of consideration and study. The object is to scale down loans so far as possible, reduce interest rates, and prevent foreclosures during the period of adjustment of farm mortgage prices.

The joint-stock land bank problem was considered on the basis of the necessity of liquidating these banks in a manner that would do the least harm to the farmer and prevent the continuation of the drastic liquidation of these banks during the past few years, which resulted in numerous foreclosures and widespread taking over of farms by these banks.

The loans of the joint-stock land banks approximate $450,000,000. Receivership of these banks would involve the throwing on the market of nearly half a billion of joint-stock land bank assets, cause untold chaos, and demoralize present farm values. They are bad enough now. After long and detailed consideration of the problem title II of the pending bill was agreed to by the Banking and Currency Committee and by the Farm Loan Commissioner as the most advisable manner of liquidating these banks in such a way that the farmer will receive, first, a reduction in the rate of interest on his loan; second, a scaling down of his farm mortgage in the discounting of the loans of the joint-stock land bank to the Federal land banks; and third, the prevention of foreclosures during the period of liquidation.

It has been said here that the loaning of money under this section to the joint-stock land banks would enable them to retire all their bonds at 40 cents on the dollar, thus netting them a profit of the balance. There is not the remotest possibility of the situation working out in that manner. It is true that the bonds of these banks have a nominal quotation of from 30 to 75 cents on the dollar, depending on the strength of the particular bank, but to buy a considerable quantity of the bonds of any bank whose bonds are quoted at such figures would probably result in an increase in the quoted price. The quoted price of the joint-stock land bank bonds does not in any sense reflect the price at which any substantial amount of them can actually be purchased. At the present time there is no strong demand for these bonds. Hence they are offered at a greatly deflated price.

The purchase of any material part of the bonds of any bank would have to be at a higher figure than the nominal quotations now made or the bondholder would not accept the offer.

It is not proposed in title II that the funds to be loaned under this section will in any case be sufficient to retire the greater part of the bonds. The Farm Loan Commissioner will loan to such joint-stock land banks as can furnish proper collateral to secure the loan an amount agreed to by the Commissioner. With that amount the bank will make a public offer to the bondholders of the bank for retirement of part but not all the bonds of the bank held by each bondholder.

As a practical example of how this legislation will work, take a bank with $10,000,000 of 6-percent mortgages and $10,000,000 of 5-percent bonds. Under title II this bank would be entitled to borrow about $2,500,000 from the Farm Loan Commissioner, subject to his approval and subject to being able to furnish satisfactory collateral. An offer would then be publicly made to all bondholders of that bank to pay them approximately 50 cents on the dollar for half of their bonds. If the bondholders accept, a total of $5,000,000 of the $10,000,000 of bonds will be purchased with the $2,500,000, and the bank would then have $5,000,000 of

bonds outstanding at 5 percent interest rate and would owe $2,500,000 to the Farm Loan Commissioner, although on the $10,000,000 of mortgages still owned by the bank the interest rate would be reduced to 5 percent for the life of the loan, whether 20 years or 30 years.

When, Mr. President, you take into consideration that the reduction is 1 percent per annum you can readily see that there is no possibility of these banks remaining out of receivership when there is no excess possible to be earned above the amount required in the liquidation of their own obligations.

The object of this bill is to aid the farmer by scaling down both his interest and his mortgage, and by granting him extensions. If the loans are to be subject to the conditions of this amendment they will not be made at all, and the banks will pass into receivership, throwing immediately on the market $500,000,000 worth of joint-stock land bank assets.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. BLACK. Mr. President, I desire to ask the Senator from Minnesota a question. It seems to me that either the Senator is incorrect, with reference to his amendment, or that he has made a mistake in the mechanics of the amendment. The amendment of the Senator, for instance, provides—

Before any joint-stock land bank shall receive a loan as provided for in this section such bank shall enter into an agreement with the Farm Loan Commissioner (1) that such bank will pay, in purchasing its own outstanding farm-loan bonds paid for out of the proceeds of the loan, an amount not to exceed 110 percent of the amount which such holders may have paid for their bonds prior to April 17, 1933.

Under the Senator's amendment one man might have bought bonds 4 years ago or 5 years ago and he could sell his bonds for 110 percent of the amount that he paid for them, and the same thing would be true of a man who had bought his bonds a week ago. It seems to me that the Senator should rectify that condition in his amendment. I would suggest, if he thinks that is correct, that he strike out the words "110 percent" and add after the figures "1933" language such as this: "together with 6 percent interest per annum since the date of purchase."

Such an amendment would fit all instances of purchases, either 6 percent or 4 percent or 8 percent or whatever the Senator wants to place it at; but it is certainly a legitimate objection to his amendment in its present form that a man who had held a bond for a week would get 10 percent profit and a man who had held a bond for 4 years would get 10 percent profit.

Mr. SHIPSTEAD. Mr. President, there is merit in what the Senator says, and I called attention earlier in my remarks to the objection on that point made by the Senator from Arkansas [Mr. ROBINSON]. The Senator from Alabama [Mr. BANKHEAD] also mentioned it to me. As a result, I have here a proposed modification which I will read and ask the Senator if it meets his approval. I have prepared an amendment that limits the payment of principal to 100 percent of the amount which such holders may have paid for their bonds prior to April 17, 1933, "plus interest on such amount at the rate of 5 percent per annum from the date of the purchase of such bonds by such holders, less the amount of any interest received by them on such bonds."

Mr. BLACK. Has the Senator already offered an amendment of that kind?

Mr. SHIPSTEAD. I have not offered it. I have prepared it and am ready to offer it, and will offer it now.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota, as modified, will be read by the clerk.

The LEGISLATIVE CLERK. On page 13, between lines 18 and 19, it is proposed to insert:

(c) Before any joint-stock land bank shall receive a loan as provided for in this section such bank shall enter into an agreement with the Farm Loan Commissioner (1) that such bank will pay, in purchasing its own outstanding farm-loan bonds paid for out of the proceeds of the loan, an amount not to exceed 110 percent of the amount which such holders may have paid for their bonds prior to April 17, 1933, plus 10 percent and plus interest on such amount at the rate of 5 percent per annum from the date of the purchase of such bonds by such holders, less the amount of any interest received by them on such bonds, but in no event to exceed the face value of such bonds, together with the accrued and unpaid interest thereon; and (2) that whenever any such bonds are so purchased by such bank at a price less than the amount of the face value of such bonds, together with accrued and unpaid interest thereon, the difference between such face value and interest and the amount paid for such bonds by the bank shall be credited pro rata to the borrowers from such bank in reduction on their loans outstanding at the time of such purchase.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota, as modified, to the amendment of the Senator from New York [Mr. WAGNER].

Mr. BLACK. Mr. President, will the Senator yield for another question?

Mr. SHIPSTEAD. I yield.

Mr. BLACK. There is still a conflict in the Senator's amendment, I think, because the words "110 percent" are in the amendment as read.

Mr. SHIPSTEAD. The clerk failed to note that 110 percent has been changed to 100 percent.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota, as modified.

Mr. CAREY. Mr. President, I should like to ask the Senator from Minnesota a question.

Mr. SHIPSTEAD. I yield.

Mr. CAREY. I understand the amendment provides that the holder of a bond shall receive 5 percent per annum from the time that he has purchased the bond. Is that correct?

Mr. SHIPSTEAD. Less the amount of any interest received.

Mr. CAREY. Mr. President, I desire to offer an amendment in the nature of a substitute for the amendment of the Senator from Minnesota.

Mr. SHIPSTEAD. Does the Senator refer to the amendment, as modified, or to the original amendment?

Mr. CAREY. I wish to offer an amendment in the nature of a substitute for the original amendment.

Mr. SHIPSTEAD. Can we not act on the modification to the amendment first?

Mr. REED. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. REED. Has not the Senator from Minnesota authority to modify his own amendment without asking the consent of the Senate?

The PRESIDING OFFICER. The Chair is of that opinion, and the Chair had stated that the question was on the amendment, as modified.

Mr. SHIPSTEAD. Very well.

Mr. CAREY. I offer and ask the clerk to read an amendment in the nature of a substitute for the amendment offered by the Senator from Minnesota.

The PRESIDING OFFICER. The amendment in the nature of a substitute will be stated.

The LEGISLATIVE CLERK. On page 12, line 22, after the word "section", it is proposed to insert:

Such loans shall be made to aid the orderly liquidation of any such bank in accordance with such plan as may be approved by the farm-loan commissioner. Before any such plan is approved by the commissioner he shall be satisfied that the plan carries out the purposes of this section and that such part of the proceeds of the loan as is devoted to settlements with bondholders will be used only to effect an equitable settlement with all bondholders. After the plan has been approved by the commissioner he shall require the bank to mail a copy thereof to all its known bondholders and to publish a notice setting forth its provisions in at least three newspapers having general circulation.

Mr. AUSTIN. Mr. President, on what page and line does the amendment come in?

The PRESIDING OFFICER. The Chair is informed the amendment comes in on page 12, line 22, after the word "section."

Mr. AUSTIN. Mr. President, I wonder what print of the bill is referred to. In the original print, as used by the clerk,

there does not seem to be any such word at the point indicated.

Mr. CAREY. I think the amendment should come in on page 13, between lines 18 and 19.

Mr. President, I am not going to take any time discussing this amendment. The Senator from Florida stated that this amendment had been prepared by the farm-loan commissioner as a substitute for the amendment offered by the Senator from Minnesota. I think the amendment is plain. It provides that the liquidation of these banks shall be controlled by the Farm Loan Commissioner; that he shall have supervision, and that any plan of liquidation shall be approved by him. It also provides for equitable treatment of the bondholders of the banks. I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wyoming [Mr. CAREY] in the nature of a substitute for the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. SHIPSTEAD. Mr. President, before the vote is taken I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Reynolds
Ashurst	Couzens	King	Robinson, Ark.
Austin	Cutting	La Follette	Robinson, Ind.
Bachman	Dickinson	Lewis	Russell
Bailey	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fletcher	McCarran	Steiwer
Bone	Frazier	McGill	Stephens
Borah	George	McKellar	Thomas, Okla.
Brown	Glass	McNary	Thomas, Utah
Bulkley	Goldsborough	Metcalf	Townsend
Bulow	Gore	Murphy	Trammell
Byrd	Hale	Neely	Tydings
Byrnes	Harrison	Norbeck	Vandenberg
Capper	Hastings	Norris	Van Nuys
Caraway	Hatfield	Nye	Wagner
Carey	Hayden	Overton	Walcott
Clark	Hebert	Patterson	Walsh
Connally	Johnson	Pittman	Wheeler
Coolidge	Kean	Pope	White
Copeland	Kendrick	Reed	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Wyoming in the nature of a substitute for the amendment of the Senator from Minnesota.

Mr. SHIPSTEAD. I make the point of order that the amendment of the Senator from Wyoming is an amendment in the third degree.

The PRESIDING OFFICER. The Chair is of the opinion that the point of order is well taken.

Mr. ROBINSON of Arkansas. Mr. President, in that view of the matter, since the Chair sustains the point of order, those who are in favor of the amendment of the Senator from Wyoming, if they wish to vote for it, would vote "nay" on the amendment of the Senator from Minnesota and thus have an opportunity to vote "yea" if the amendment of the Senator from Wyoming is subsequently offered. I think the amendment of the Senator from Wyoming is all right. I think it is fair. I do not believe the Shipstead amendment should be agreed to, as I have already stated.

Mr. CAREY. Mr. President, I withdraw my amendment now, and will offer it after the amendment of the Senator from Minnesota is disposed of.

Mr. SHIPSTEAD. Mr. President, before the vote is taken on my amendment I should like to call this point to the attention of the Senate. The principle involved in the amendment now pending tries to carry out the same principle for borrowers of the joint-stock land banks as has already been accorded borrowers of the Federal land banks In principle it is the same, but it is not the same in words. Here is what was incorporated in the bill for the benefit of the borrowers from the Federal land banks:

> Any borrower who obtains a loan from a Federal land bank after the date of this paragraph takes effect may, at any time after the expiration of 5 years from the date such loan was made, tender to such bank on any regular installment date bonds issued under this paragraph in an amount not to exceed the unpaid principal of his loan, and the bonds so tendered shall be accepted by the bank at par in payment of any part of such unpaid principal.

The principle involved in the section just read does not vary except in wording from the amendment now pending. A borrower from the Federal land bank can go out and, if he can buy the bonds on the market at 40 cents on the dollar, can take those bonds and present them to the Federal land bank and those bonds will pay their face value upon the debt represented by his mortgage. My amendment provides that the money which is furnished by the Federal Government for purchasing the outstanding liabilities of the joint-stock land banks below par—that is, the amount at which they are purchased below par—shall go to the benefit of the borrowers from the bank. We are giving to the borrowers of the joint-stock land banks the same privilege we have already given to the borrowers of the Federal land banks. That is all the amendment means.

Mr. ROBINSON of Arkansas. Mr. President, the statement just made by the Senator from Minnesota is somewhat misleading. The new bonds which are to be permitted to be used in settlement of debts due the bank have their interest guaranteed by the Government. They are based upon a substantial scale down. That is an entirely different proposition from taking bonds that are worth 30 or 40 cents and denying the bank the right to purchase its own bonds, as it is now required to do by law, and giving the proceeds to the alleged borrower. The bank would have no object in making a loan if it could get no benefit from it. The loans would not be made. The effect of the Shipstead amendment would be to prevent any loans under this provision of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

Mr. SHIPSTEAD. I call for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota. [Putting the question.] The amendment is rejected.

Mr. SHIPSTEAD. I ask for a division.

The PRESIDING OFFICER. The Chair had announced its decision on the vote just taken and the request for a division comes too late.

Mr. REED. Mr. President, I understand that during my absence from the Chamber the Senator from Arkansas [Mr. ROBINSON] called attention to some newspaper articles printed this morning which seemed to imply that I had stated an intention to filibuster against the amendment of the Senator from Oklahoma [Mr. THOMAS]. I want to assure the Senator and his colleagues that no such statement was authorized by me and no such ridiculous intention was ever entertained by me. I have no idea of filibustering against the amendment, but I do know that some of my colleagues and I intend to speak our minds plainly about it in the hope that the country will come to realize what is in the amendment; and in the further hope that, realizing it, the country will make its feelings so well known that the amendment will not be adopted.

Mr. President, I should like to say further that many inquiries have come in as to the amount of inflation that might be possible under the amendment. I think it is very easy to compute.

In the first place an inflation of $3,000,000,000 may be authorized—it is not compelled, but it is authorized—under the first section of the bill. A further and additional inflation of $3,000,000,000 may be resorted to by the use of printing-press money authorized by the second section of the bill. A third type of inflation over and above that $6,000,000,000 which I have mentioned may be resorted to by the use of the authority which it would give to the President to diminish the gold content of the dollar.

If the present outstanding circulation of the United States—which, at this moment, is about $6,000,000,000—were treated to that process, obviously its amount would be doubled. There we have an additional six billions of cur-

rency which would be issued by the exercise of that presidential power.

I have reached a total of 12 billions of additional currency.

In addition to all of that, our present gold reserves, with the present standard of gold content in the dollar, are sufficient as the law now stands to justify an additional currency issue of sound money of about $4,000,000,000; and that in itself would be doubled by the use of this power of the President to diminish the gold content.

That is to say, if all of the power given by this bill were exercised, we would have an addition of 3 billions through purchases by the Federal Reserve banks of Government securities; an addition of another 3 billions through the issuance of printing-press money to retire outstanding Government bonds; an addition of 6 billions through the inflation of the present outstanding currency; and an addition of 8 billions through a use of our surplus gold stocks based on this new diminished gold-reserve requirement.

Three plus three plus six plus eight makes twenty billions of dollars. That is the maximum inflation, as I compute it, authorized by this bill. I disregard as comparatively unimportant the silver section with which the bill concludes.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Louisiana?

Mr. REED. I do.

Mr. LONG. How does the Senator get the $8,000,000,000 from the gold? We have $4,400,000,000 of gold. If it is devaluated 50 percent, that only increases the amount $4,400,000,000.

Mr. REED. No, no. We have at the present time the 40-percent gold reserve required.

Mr. LONG. That is right.

Mr. REED. That backs up the outstanding 6 billions of currency that we now have. We have at this minute a surplus gold stock which would justify the issuance of about 4 billions of additional currency.

Mr. LONG. Oh, well——

Mr. REED. There is no demand for it, and that is why it is not issued. I am giving the maximum.

The immediate result, if all the powers were exercised, would be an addition of about $12,000,000,000 to our currency, with a possible additional 8 billions under this power to issue currency against our surplus gold stocks.

I think that answers the question.

Mr. ROBINSON of Arkansas. Mr. President, it is not my intention now to enter upon a discussion of the currency amendment soon to be presented. I am happy to learn that my friend the Senator from Pennsylvania was misquoted when the statement was attributed to him by the press of the country that he was organizing something in the nature of a filibuster.

It is true that I recall that he said, in his statement disavowing any purpose to filibuster, that he and others associated with him intended to express their minds fully and freely.

Mr. REED. Freely, I said.

Mr. ROBINSON of Arkansas. Freely, which may be subject to interpretation——

Mr. REED. Will the Senator permit an interruption?

Mr. ROBINSON of Arkansas. Certainly.

Mr. REED. I do not want to have any misunderstanding about it. As I view the situation—of course, our leader on this side may see it differently—I do not see any reason why this amendment should not be conclusively disposed of by next Wednesday at the latest.

Mr. ROBINSON of Arkansas. Very well, Mr. President. I am happy to have the assurance of the Senator from Pennsylvania that in his opinion the amendment may be disposed of by next Wednesday.

As I said in my statement, there is no purpose with which I am familiar to prevent Senators from expressing their minds freely. The subject is one of very great importance. I think the Senator from Pennsylvania has removed from the issue, for the present at least, what appeared to be the threat of an impending filibuster, and I thank him.

Mr. CAREY. Mr. President, I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The Senator from Wyoming offers an amendment which will be stated.

The LEGISLATIVE CLERK. On page 13, line 18, after the word "reasons", it is proposed to insert:

Such loans shall be made to aid the orderly liquidation of any such bank in accordance with such plan as may be approved by the Farm Loan Commissioner. Before any such plan is approved by the Commissioner he shall be satisfied that the plan carries out the purposes of this section, and that such part of the proceeds of the loan as is devoted to settlements with bondholders will be used only to effect an equitable settlement with all bondholders. After the plan has been approved by the commissioner he shall require the bank to mail a copy thereof to all its known bondholders, and to publish a notice setting forth its provisions in at least three newspapers having general circulation.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wyoming to the amendment of the Senator from New York.

Mr. WAGNER. Mr. President, as far as I am concerned, I have no objection to the proposed amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on the Wagner amendment, as amended.

Mr. McCARRAN. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from Nevada offers an amendment to the amendment of the Senator from New York which will be stated.

The LEGISLATIVE CLERK. On page 19, line 10, of the Wagner amendment, immediately before the word "to", it is proposed to insert "(1)"; and in line 15, after the word "purposes", it is proposed to insert:

(2) irrigation districts organized under the laws of any State and operating under contract with the United States to aid in the payment of their operation and maintenance charges and provide funds for the installation and operation of necessary works and to protect the rights of the United States in the project,

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada to the amendment of the Senator from New York.

Mr. McCARRAN. Mr. President, the clause sought to be amended by the amendment I have sent to the desk is one that provides relief to these various reclamation projects. There is no reason why projects fostered by the Government in the first instance, on which Government money to the amount of millions of dollars has been expended, should not be included, so that those who have come into these projects, have settled the lands, and have made good up to the period of depression, may be aided.

May I explain that this amendment is solely for the purpose of aiding those who to a large extent have relieved the Government from its burden by taking over the project under State statutes, and have assisted the Government in reducing the expenses. By reason of the depression, by reason of the fact that they have been unable to sell their crops during the past 2 years, they find themselves unable to pay the maintenance and operation charges.

Is there any reason why they, of all the projects, should be segregated and set apart, and not allowed to borrow from the Reconstruction Finance Corporation or from any one of the agencies of the Government, giving as security the bonds of the particular district? Is there any reason why they should be set apart so that this land may return to the Government and be entirely depleted of its value? They indeed should have the same consideration that any other reclamation project should have.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from New York?

Mr. McCARRAN. Yes.

Mr. WAGNER. Where does the Senator find that in the proposed amendment we are providing any funds to any irrigation district for operating expenses? That is a departure from the principle of this bill.

Mr. McCARRAN. That is exactly what I am trying to get away from—the departure. In other words, realizing that the learned Senator from New York does not know the nature of these projects, realizing that his knowledge is circumscribed because he does not understand the condition of these projects, I take it that the Senator does not understand what it is for those upon the projects to be behind in their payments to the Government for maintenance and operation.

"Maintenance and operation" means the maintenance of the project which is a burden upon the projector. Those who have come in there, taken up and reclaimed the land, applied the water and caused it to produce, are now confronted with the rules and regulations of the Department under which they operate to the extent that they cannot have the gates opened, so that they cannot even get water for this spring's crop, and unless they get water they are entirely deprived of the crop coming on this year. Maintenance and operation charges were imposed upon them last year and the year before. They were unable to meet those charges. Their alfalfa is on their hands. Their cattle are on their hands. Their grain is on their hands. They cannot get a dollar for it in any one of these projects.

On the other hand, at the solicitation of the Government these men have taken over the projects and have relieved the Government, coming in under State statutes, if you please. They elect their own board of directors. They have their own managers. They have relieved the Government of an enormous expense. They do not come under the direct head of Government projects. In other words, they are not entirely dependent on the Government for their support. They are in the course of agricultural pursuits. This amendment simply proposes that they may give to the Reconstruction Finance Corporation the bonds of their particular district, voted by their people, pledging and promising that they will pay back the loan—that they may have the right to borrow from the agencies of the Government and pay as any other borrower would pay.

What secures this money? More than there is behind many of the projects, because the lands that were reclaimed by these projectors—if I may so term them—are Government lands, to which the initial title still remains in the Government. The projectors have not been able to pay off yet. Some of them are paying as high as $100 an acre. They have paid only $40, and still owe $60. Some of them have paid different prices. These people were brought into these projects at the solicitation and invitation of the Government. They did not come in seeking anything except what the Government said they should have.

I have in my possession circulars sent out over the United States, inviting homesteaders to come in and take up 80, 160, or 200 acres of this land and put their lives into it to reclaim it from a desert waste. It took three generations, if you please, to sod some of these projects. The first generation came in and the winds and the rains and the desert blasts swept them out, and they had to go. The next generation came on and found nothing better. The third generation came on and, perchance, established themselves. They are now established and have taken over these projects. All they are asking by reason of this amendment is the right to borrow—not the right to have a gift made to them—the right to borrow by the vote of their own projectors, those who have given their lives to these projects.

Is there any reason why the learned Senator from New York, whose knowledge of the West is circumscribed to Washington, in all probability, should say that he will not accept this amendment, and that those who have caused the desert to bloom, who made conditions as they are in the West, shall suffer, and he will circumscribe the whole situation so that those who came in under Government invitation shall not have the benefit of Government legislation?

Mr. WAGNER. Mr. President, I am very sorry that I aroused the Senator to the extent of questioning my knowledge of the West. However, I do not think that is involved in this particular question.

I sympathize with the attitude of the Senator and in what he is seeking to accomplish for his constituents, and, so far as I am concerned, if the Senate wants to depart from the principle involved in this legislation, I am quite willing to accept it. But thus far we have limited the legislation to refinancing existing indebtedness. We will need a very much larger appropriation if we are also to extend these loans for the operation of the drainage districts and these other districts which are now operating. It is that departure which the Senate will have to determine.

I have no desire to prevent the Senator from getting the relief for those for whom he is pleading, but we will have to increase the authorization of $200,000,000 by a considerable sum, if we are to go into the business of lending money to these districts for the purpose of operating their particular projects. That is simply a matter of principle, which the Senate must decide. I want the Senator to be assured that I am in sympathy with his cause, and admire his fervid pleading.

Mr. McCARRAN. Mr. President, in reply to the Senator, if I may reply, the Senator does not grasp the situation. I should like to have him understand it. This is not a question of paying for the continuation of the operating expenses of these projects. The proposed sum would not have to be increased at all. It is a question of meeting conditions which prevail now. If we do not do something for the settlers on these projects, these people who have come in and taken up the desert, this desert land will be turned back to the Government at a loss of millions and millions of dollars, because the Government in the first instance, inviting these homesteaders in there, spent $10,000,000 in cold cash on at least my own project, the Newlands project, named after the author of the law.

These farmers simply find themselves with their crops on their hands. They cannot move them. Certainly they must either move or get water for this season. The gates are shut down. They will not be opened until these expenses for last year have been paid. They will have to move out, and the land will revert to the Government, to the loss of the Government and the loss of the life and the blood and the money of those who came in there and tried to settle. That is all there is in this amendment, an opportunity for those who have tried to develop this country to get just a little assistance out of the money we are asked to appropriate.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. McCARRAN].

Mr. McCARRAN. I ask for a division.

On a division, the amendment was agreed to.

Mr. CLARK. Mr. President, no question can possibly be of more importance in this crisis of our economic history than the question of affording relief to American agriculture. It is a matter of such vital import to the whole of our people that we should proceed with extreme care. The farmers of the United States are, in my opinion, in no condition to withstand another Farm Board fiasco, which I greatly fear will be the result of this proposed act.

The story of American agriculture since the conclusion of the World War forms one of the major tragedies in the history of modern times. Arbitrarily limited and circumscribed by Mr. Hoover during the war, prevented from selling the products of the soil for the best price they would bring in the markets of the world, agriculture was caught almost immediately after the signing of the armistice in an artificial depression caused by the sudden deflation of agricultural values forced by the arbitrary action of the Federal Reserve Board. And this tragic situation has steadily deepened since 1921. In the false peudoprosperity of the Harding and Coolidge administrations, which we now know to have been only a stock-market prosperity, the 30,000,000 Americans making up the farm population of the United States had no part.

To fully comprehend the plight of the American farmer, it must be remembered that since the close of the war the farm debt of the United States has increased from

less than $4,000,000,000 to more than $14,000,000,000, an increase of more than $10,000,000,000, a sum comparable to the whole of the interallied debt owed the United States by other nations which is being heralded as the great economic weight which is crushing the world. But there is this very essential difference between the foreign debt and the farm debt, and that is that the foreign debt was cut in half before it was funded—we gave our debtors over $11,000,000,000 outright—and then was funded over a long period, running up to 68 years, at the lowest possible rate of interest, while the farm debt of the United States consists of short-term obligations, constantly falling due, difficult to renew, to be renewed, if at all, only on ruinous commissions and bearing interest at 6 or 7 or 8 percent or even higher. The depreciation on the value of farm lands and improvements in the last 12 years has reached a staggering sum, well in excess of $20,000,000,000, a sum so vast as almost to pass the comprehension of the human mind.

Fundamentally, the tariff is primarily responsible for the condition of the farmer. The tariff on agricultural commodities thrown out as a sop to the farmer to induce him to endure the whole infernal prohibitive tariff system can never be effective on commodities in which we produce great exportable surpluses which must be sold abroad at prices regulated by world conditions. This fact was conclusively demonstrated in the last 2 years, when with a tariff of 42 cents a bushel on wheat, wheat actually sold out in western Kansas down to 24 cents a bushel.

What has happened to the farmer is this: That over a long period of years he has been compelled to buy everything he had to buy in a protected market and to sell everything he had to sell in a free market at prices regulated by world conditions. It has been the same proposition as if the farmer had been for years bucking a faro bank or some other gambling game in which there was a definite percentage against him. That would break Henry Ford or John D. Rockefeller if he kept it up long enough, and it has just about "busted" the American farmer now.

Mr. President, I am against the pending bill for reasons which I shall presently state, because I believe that it involves a serious abdication on the part of Congress and a delegation of power to a department of the executive abhorrent to our theory and system of government. I am against it because it is inadequate in its relief. It has been impossible for me to listen without a smile to some of the objections raised to this character of legislation. Old battle-scarred veterans of the army of privilege, men who vehemently defended every infamy in the Fordney-McCumber and Hoover-Grundy tariff bills, who voted for prohibitive tariffs in a revenue bill, have piously held up their hands in holy horror at the idea of imposing a tax for the benefit of a special class and at the idea of any interference with the law of supply and demand.

Mr. President, the protective tariff, which has now in many instances become the prohibitive tariff, was never anything except a tax on the consuming public in the interest of a special class. It is the cornerstone of privilege. Most of our economic evils are built around it. It is the most flagrant and outrageous interference with the law of supply and demand in the entire history of the world. It does not lie in the mouths of men who throughout their political lives have worn the livery of the devil of prohibitive tariffs to be complaining against special taxes in the interest of the agricultural class who have been brought to ruin by that very system.

How can a man support the prohibitive tariff system and protest against interference with the law of supply and demand? The tariff, by its very nature, is an interference with the law of supply and demand. The Esch-Cummins Act, the Interstate Commerce Commission Act, the Federal Trade Commission law, the Packers and Stockyards Act, the Adamson law, the 8-hour law, the Convict Labor Act, are all interferences with the law of supply and demand. The public utility laws of the various States granting monopolies to certain favored utilities are nothing but interferences with the law of supply and demand. Half the laws on the statute books are interferences with the law of supply and demand—some of them good and some of them bad. But men who have cheerfully and vigorously participated in every form of infringement on that law in the interest of protected industry and entrenched capital are now sore at heart and struck with horror at the idea of any invasion of the law of supply and demand for the benefit of the farm population of the United States.

Mr. President, my opposition to this measure is on far different grounds. With the declared purposes of the proposed law I am in entire sympathy. With the declaration of emergency, which is the prelude to title I, I am in entire agreement as affording a reasonable explanation of the action of Congress, although I cannot agree that a congressional declaration of emergency can possibly supply any constitutional sanction for acts otherwise unconstitutional.

My objection to this measure, Mr. President, is that it involves a more sweeping abdication of power by the Congress than has yet been accomplished in the history of our Government, and that it invests the Secretary of Agriculture, a mere statutory officer, with powers more dictatorial than have ever been entrusted to any official, military or civil, in wartime or peacetime, not excluding the various Presidents of the United States, since the adoption of the Constitution.

Under the terms of the bill, the Secretary of Agriculture is invested with dictatorial power over the farmers and a large part of the industries of the United States. He is given power to tax one industry and not to tax another, to apply the tax in one portion of the United States and to refrain from levying it in another, to tax the processors of one commodity for the purpose of increasing the price of another commodity. He is even granted authority to increase tariff rates, and to exercise the authority imposed by the Constitution on Congress of regulating import duties. He is authorized to suspend the antitrust laws of the Nation. These are grants, not to the President, but to a mere statutory official.

The President himself is left without authority to curb the exercise of these extraordinary powers except by removal of the Secretary of Agriculture. Without suggesting that such a thing is likely to happen in the present situation, it is not amiss, perhaps, to remark in the consideration of a measure which may become a precedent that there have been instances when Cabinet officers defied Presidents, notably in the case of Secretary Duane in Jackson's administration, and Secretary Stanton in Johnson's administration. In the latter case a hostile congressional majority actually asserted the right of a member of the Cabinet to exercise statutory authority and to defy removal by the Executive himself. The refusal of the President to accede to this proposition led to his impeachment and a trial by this body, where he was saved from conviction by a margin of only 1 vote.

We are asked to grant to the Secretary of Agriculture powers of which such distinguished public servants as Alexander Hamilton, Albert Gallatin, Robert J. Walker, and Salmon P. Chase never even dreamed.

Congress is asked to sign a blank check and to hand it over to be filled in by the Secretary of Agriculture. Powers are here delegated which were never requested by Washington, Jefferson, Madison, Jackson, or Lincoln. Powers are here given to the Secretary of Agriculture such as Woodrow Wilson never requested for a subordinate during the worst crises of the World War. No President of the United States has ever exercised such power as is conferred upon the Secretary of Agriculture by this measure.

Moreover, Mr. President, I regard the relief sought to be achieved under the terms of the bill as inadequate. As I said in the beginning of my remarks, no one realizes more keenly than I the plight of the American farmer and no one is more anxious to help him than am I. But I do not believe that this end can be achieved under the pending measure.

When in the early days of the Hoover administration, through the Farm Marketing Act, the farmers of the country were led to expect great things in the way of improvement of farm conditions, these high hopes resulted only in overwhelming disappointment. The Farm Board fiasco re-

sulted in tragic disaster for American agriculture. I do not wish to disappoint the farmers of the United States again, for they are in no condition to stand it.

Whether we know it or not, we are dealing with the farm-relief question for the last time. The farmer's condition is so desperate, his powers of resistance have sagged so low that this time relief must be adequate or it will be forever too late.

During the progress of the recent campaign President Roosevelt repeatedly stated that prosperity could never be permanently restored to the United States until the buying power of the millions who make up our farm population and the additional millions who live in the small towns and villages of the United States has been fully restored. This diagnosis of the President has never been successfully challenged. If his conclusions were correct, then it must follow that we will content ourselves with a measure of half-way farm relief at our peril.

If it is really our purpose to restore the buying power of the farmer—and, in my opinion, nothing could be of greater benefit to industry as well as agriculture—than restoration to the farm prices of the period 1909 to 1914 is, in my judgment, little more than a gesture in this direction. Since the period 1909 to 1914 the farmers' costs of production have greatly increased, as was ably shown last week by the Senator from North Dakota [Mr. FRAZIER], when he demonstrated the extent to which the farmers' freight rates, taxes, interest on debts, merchandise costs, and other expenses have increased since the period of 1909 to 1914. Therefore it seems to me to be farcical to assert that the pending bill will restore the farmers' buying power.

Furthermore, Mr. President, I do not believe that the leasing of some 50,000,000 acres of so-called "marginal land" is sound. In the first place, it will require an army of men to administer it, and that at a time when every effort is being made to reduce expenditures. In the second place, it will necessarily constitute a sort of pension system or dole. Once fastened upon the Government, it may become the permanent policy of our Nation. In the third place, it has never been demonstrated that the existing surpluses are normal surpluses. Such surpluses are as much the result of underconsumption as of overproduction. Before retiring vast areas of land from production, it might be desirable to find out how much these surpluses amount to when consumption has been restored to normal and the American people are again eating three square meals a day. Moreover, Mr. President, we cannot adequately estimate the real farm surplus until after there has been a breaking down of the indefensible, prohibitive tariff walls and until some opportunity has been offered for exchanging our surplus wheat, cotton, and pork for foreign products and merchandise which is not seriously competitive with our own industries.

Mr. President, surely there must be some simpler and less expensive method through which our various farm surpluses can be so segregated that we will be able to assure to the farmer a fair price in the domestic market. This is the heart of the problem with which we are dealing. In my opinion, there is no way under high heaven of successfully regulating the various farm surpluses under the marginal acreage theory; for if by this or any other method these surpluses should be reduced to the vanishing point, there will inevitably be years of short crops when our production of wheat and other farm commodities will not be sufficient to supply our own needs. Congress certainly does not wish to deliberately invite such a situation.

There have been long periods in our history when our farm surpluses constituted the most important part of the wealth of the Nation. If world trade were once again permitted to flow in its natural channels this might well occur again. Therefore, Mr. President, I repeat that the sound and sensible policy would be to continue to produce surpluses, but to so segregate them so that they will not be a factor in our domestic markets.

Mr. President, this measure represents a conglomeration of several different legislative propositions, having no logical or reasonable connection with each other, some of which are good and some of which are bad. It was apparently the theory of those who prepared this proposed act that by adding on such meritorious measures as the so-called "Smith cotton bill", contained in part 1 of title I, and the measure for refinancing farm mortgages and drainage district bonds, Senators will be compelled to swallow the obnoxious portions of the bill.

I am intensely interested in the matter of refinancing farm mortgages. I am very much in favor of the provision of the bill for affording relief to drainage districts, which is strikingly similar to the provisions of a bill which I myself recently introduced in this body. There is no necessity whatever for the inclusion of these measures in the pending bill. They are embodied in a separate bill which passed the House last week and is now pending in the Senate and may be brought up for consideration at any time. I protest, Mr. President, that the action of the committee in undertaking to bludgeon Senators into swallowing obnoxious propositions by tying them on to propositions of merit is both dishonest and unfair. For my part, I voted for and actively supported the Smith bill in the last Congress and would gladly do so again. I should gladly vote for title II having to do with the refinancing of farm mortgages. But I cannot vote for the rest of the bill, no matter into what kind of a hodge-podge it may be thrown.

Mr. COSTIGAN. Mr. President, the Senator from New York [Mr. WAGNER] is temporarily absent. I desire to offer an amendment to his amendment. I have asked that he be notified. Perhaps it is just as well to state the amendment for the benefit of the clerk, since it has already been drawn to the attention of the Senator from New York.

On page 19, line 14, of the amendment of the Senator from New York I move to strike out the word "completed."

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Will the Senator send his amendment to the desk?

Mr. COSTIGAN. This is a different amendment from the one which the clerk has at the desk. I am moving orally to strike out the word "completed" and, after the word "projects", to add the words "substantially advanced toward completion and".

The original text as submitted by the Senate committee in the form of an amendment used the word "undertaken" in connection with "projects". The amendment of the Senator from New York uses the word "completed". Neither word would appear to be entirely satisfactory because of technical objections which may be raised. Obviously the word "undertaken" would allow too broad a latitude, and the word "completed" may prevent the use of certain funds for refinancing even where maintenance incidental to construction, and other similar proper purposes may indicate something less than absolute completion. Has the Senator from New York any comment to make?

Mr. WAGNER. Mr. President, I do not think that this proposed amendment materially changes the purpose of the particular provision, and I am quite willing to have the amendment go to conference for consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 19, line 14, it is proposed to strike out the word "completed" and, after the word "projects" in the same line, to insert "substantially advanced toward completion and".

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. COSTIGAN. Mr. President, I send to the desk and ask the clerk to read another amendment to the amendment of the Senator from New York.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The LEGISLATIVE CLERK. On page 19, line 12, after the word "State", it is proposed to insert a comma and the words "including private corporations organized for drainage, levee, levee and drainage, or irrigation purposes."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado to the amendment of the Senator from New York [Mr. WAGNER].

The amendment to the amendment was agreed to.

Mr. COSTIGAN. I also offer the amendment appearing at the desk on the same sheet as the amendment which has just been agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 19, line 15, after the word "projects", it is proposed to insert a comma and the words "including, in the case of irrigation systems, dams and reservoirs, and electric-power projects developed by, incident to, and directly connected with such irrigation systems."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose an amendment on page 8, line 2, to strike out the words "may, in his discretion", and insert the word "shall". My amendment makes mandatory, instead of purely discretionary, that farm-loan banks shall be authorized to make loans to individual borrowers in districts where there are no farm-loan associations from which they can obtain the loan. It has been heralded throughout the country that there was being set up in this bill a convenient and accessible method whereby the small farmer could obtain loans, I believe, up to $5,000 even in sections that are not included within a Federal land-bank district or a land-bank association district.

Mr. WAGNER. Mr. President, I did not quite understand the place where the amendment is to be made.

Mr. TRAMMELL. On page 8, in the latter part of line 2, I propose to strike out the words "may, in his discretion", and insert "shall".

Mr. WAGNER. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I do not care to discuss at length the very plain proposition as to which way we should vote, but on page 8 of the amendment of the Senator from New York I desire to strike out lines 12 to 16, inclusive. That is the provision in the bill which requires one half of 1 percent interest more upon farmers who borrow under this provision than under the general provisions of the bill. I move that that section be stricken out—page 8, lines 12 to 16, inclusive.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Florida proposes, on page 8, to strike out lines 12 to 16, as follows:

> The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 percent per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations.

Mr. TRAMMELL. This provision requires a greater amount of interest from a person obtaining a loan direct than in sections where they have not the convenience of these banks than does the provision in my amendment. My idea is to put them on a parity in the matter of interest.

Mr. WAGNER. Mr. President, I would suggest that it has been the policy, in the loans made by the farm land banks ever since their existence began, that where the loan is not made to an association one half of 1 percent additional interest is charged. It is again a question of whether the Senate wants to depart from that very thoroughly long-established principle.

Mr. TRAMMELL. I think that should be changed, especially at the present time, when the Government is assuming practically all responsibility of straightening up our financial wrecks and correcting certain features of our joint-stock land banks. It seems to me we should be as liberal as possible with the farmer who has borrowed or may borrow under the plan Congress is now making.

Mr. WAGNER. I do not think the Senator meant to say the farm land banks are wrecked. They are in a very healthy financial condition at the present time.

Mr. TRAMMELL. I did not mean that literally, but the provisions of the bill, according to my construction, have dealt much more generously with the banks and stockholders and bondholders than with the poor, helpless farmer whom we are trying to assist. I want them all dealt with fairly, but I want the farmer treated as fairly and generously as possible under the present circumstances. No class of our people is more in need of liberal aid.

Mr. WAGNER. I am sure the Senator must misunderstand the intent of the bill. I think the primary benefits are extended to the farmer. I think the primary benefit to the farmer is to reduce his indebtedness. If incidental to that the banks which have financed the particular loans are benefited somewhat, too, it is purely incidental, but the primary purpose of the bill is to lighten the burden of debt on the farmer.

Mr. TRAMMELL. I fully appreciate that it has a number of splendid provisions, and I am going to support them, but I offer that comment. It is merely my own opinion. The bill is much more generous in its provisions in the protection of the banks and stockholders and bondholders than in the protection and for the assistance of the farmer. I mean no reflection, but that is my opinion. I did not write the bill; but if I had been writing it, my center of sympathy and desire to assist would have been around the farmer who is in desperate circumstances and needing the assistance of the Government. I believe the average person who will read the bill will certainly not accuse anybody of discriminating in any instance in behalf of the farmer.

Mr. WAGNER. The rates of interest are reduced, and wherever the Federal land bank purchased a mortgage at less than the face value of the mortgage, that difference goes directly to the farmer.

Mr. TRAMMELL. It certainly should. I know of a great many generous banks who give the farmer the benefit of anything of that sort now without a law requiring it. That is a wise concession frequently for both parties. If we get anything out of the bill in the interest of the farmer, I am very thankful for it, but I do not think it has been written as favorably to the farmers of the land as it has in behalf of the banker and the people who have their money invested in the enterprise with which we are dealing.

Mr. WAGNER. Has the Senator any suggestion to make?

Mr. TRAMMELL. Yes; I have one. I want to offer an amendment. I want to place the person who got the direct loan upon the same basis, as to interest, as any other person.

Mr. CAREY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wyoming?

Mr. TRAMMELL. I yield.

Mr. CAREY. I should like to state that the reason for that is that, ordinarily, in dealing through a Federal land bank, an association is formed and members of the association subscribe for stock in the bank and also guarantee the paper of the borrowers in the association. The reason for the one half of 1 percent was that there is no guaranty back of the direct loan as there is back of the loan made to the association. In other words, the bank has the security of all the borrowers of the association.

Mr. TRAMMELL. Yes; I know they combine them in that way, but it seems to me in making an individual a loan which is authorized they would exercise the same precaution that they would in making a loan where the borrowers are in an association. Of course, they have that much additional security. In view of the fact that the money, when obtained from the Government, is obtained at a rate of interest that permits a certain spread, I do not see why we should tax the person because he is inconveniently situated and charge him more interest than we would if he were conveniently located for the purpose of getting his money.

Mr. CAREY. The cost of administration is a little greater in the individual loan, and the association assists the bank in looking after the loans, which is not possible where a man is not a member of the association.

Mr. FRAZIER. Mr. President, I am strongly in favor of the amendment of the Senator from Florida, for the reason that the 4½ percent rate of interest to the farmer is too high in comparison with the other rates of interest. In my opinion there is no excuse for charging the independent farmer who is not in an association one half of 1 percent more. I should like to see the next two paragraphs, which provide for the association, stricken out also. We have no way of judging the future except by the past. In the past these associations or the regulations compelling associations to be formed and compelling the borrower to take 5 percent of the amount of his loan in capital stock have proved to be only an additional burden in the way of an additional interest rate upon the borrower. The bill is a 5-year bill, and an additional 1 percent per annum means 5 percent for the 5 years. It means an additional 1 percent for a loan made at 5½ percent instead of 4½ percent. The three paragraphs should be stricken out.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida. (Putting the question.) The Chair is in doubt.

Mr. TRAMMELL. Let us have a division.

On a division, the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to offer another amendment. I will read it and then send it to the desk. On page 6, at the end of line 13, add the following paragraph:

That where it appears that the property mortgaged is worth less than the amount of the mortgage and the charges on the property, the mortgagor may request reappraisal of the property; and if it is ascertained that the property mortgaged is of less value than the amount due on the mortgage, a readjustment of the sum of the mortgage shall be made, and such reduction made that it will equal the amount of the value of the property as reappraised, and thereafter that will be the amount of charge against the property on account of the mortgage.

The idea is that if there is a mortgage existing upon a farm for $10,000, for illustration, and the man is unable to carry the mortgage, and it is known to him and to his neighbors and everybody else that property values have depreciated until the property is now really worth only $5,000, and if the representatives of the bank will make a little inquiry they will find it is not worth over $5,000, then we should readjust the situation in regard to the amount of mortgage under the appraisal, and the mortgage shall then be continued at the amount of the appraised value.

Of course, that would sound very ridiculous and absurd in normal times when business was going along in its ordinary, customary way; but when Congress is making provision to assist with Government funds this and that enterprise, all kinds of private institutions, and when in this bill Congress is providing for making adjustments, charge-offs, and prop-ups for the farm-loan banks, why should we not readjust to the extent that we will not have a mortgage continued for $10,000 when the property, upon an appraisal by the representatives of the bank, is found to be worth only $5,000? Why not have a readjustment? Why not let the farmer continue to own his own farm with a smaller mortgage upon it, instead of foreclosing and then permitting a stranger to acquire it at the smaller valuation?

It seems to me that the Government would lose nothing by it, and it would often give a farmer an opportunity to continue his operations and an opportunity to live; whereas, upon the other hand, with the $10,000 mortgage hanging over him without any adjustment whatever, he could not possibly ever extricate himself from that indebtedness, and the Government would be no better off.

Of course, something has been said here about the question of interest, about charging off some interest; but provision is made for the Government paying that interest. It is claimed we are very sympathetic to the farmer and allow him a certain reduction of interest; but we see to it in the provisions of this bill that the spread we give to the farmer in the nature of a reduction is paid to the banks by the Government—paid first by an appropriation, and then, after that is exhausted, it is paid by a reduction of the amount of interest that we charge to the banker for the funds he is using in carrying on these transactions.

I desire to try out this plan and see if it would not bring about a better condition in instances of mortgages where the properties are not worth, say, more than half the face value of the mortgage, under present reduced valuations, in the hope that it would eventually help the poor farmer, who is in a condition where he never can pay off a mortgage that is twice the amount of the value of his property. This plan would also assist the Government, because it would have the effect of encouraging the farmer to go ahead, when otherwise he would know that there was no possibility of his extricating himself from this situation and would give up in despair.

I will say that while that kind of a transaction is not customary, it is not by any means unknown in private affairs. I have known a good many times in my own State of readjustments between a creditor and a debtor. As an illustration, they would get together, and the creditor would say, "You owe me $10,000. Your security is not worth over $5,000. I know that there is no chance for you to pay." The debtor says, "If you can just fix this in some way on a $5,000 basis, I can work it out." So they get together and make such an adjustment.

I should like to see a provision along the line proposed by my amendment. The amendment is rather crudely worded. I wrote it at my desk here, with talking all around me; yet the language makes plain my purpose.

Mr. WAGNER. Mr. President, as I understand, what the Senator proposes is that if a mortgagor having a mortgage of $10,000 makes application to have a reappraisal of the property upon which the mortgage is given, and that reappraisal indicates that the value of the property is one half the amount of the mortgage—that is, it is worth $5,000—then the mortgagee by law will be compelled to reduce that mortgage by 50 percent.

Mr. TRAMMELL. That would be part of the process of a rearrangement of this whole situation.

Mr. WAGNER. How can we, by law, compel a mortgagee to reduce his mortgage, the amount of money which is owing to him?

Mr. TRAMMELL. We can use some of these little inoffensive methods that you use in regard to some other matters by simply saying that banks can get money only if they agree to certain policies. That is the way your bill forces certain other relief. We provide that before they can get the money they must promise that they will do certain things.

Mr. WAGNER. But under the amendment proposed by the Senator from Florida, we by law are saying to a mortgagee, "After we reappraise the property, and determine that the value of the property is less than the face of the mortgage, you, the mortgagee, must reduce the mortgage down to the actual value of the property." I do not know of any constitutional way in which we can compel such a reduction; and I am sure that is clearly in violation of all constitutional rights.

Mr. TRAMMELL. I was thinking that we would have to use one of these circuitous routes, of course, for enforcing it.

Mr. WAGNER. This is not a circuitous route. This is direct.

Mr. TRAMMELL. But in a great many other instances, when some individual Senators want to enforce something about which there is a question from a legal standpoint, they seem to devise just a little pressure here and there; and, the first thing we know, we have a situation where they succeed in getting what they desire.

I would plead for an ingenuity on behalf of the farmers equal to that exercised for the benefit of other interests.

I believe this proposal could be worked out along the line of my amendment. Of course this is a practice that exists to quite an extent in private business. I have known of bankers who have readjusted and restated accounts,

thinking it was better both for the bank and for the debtor to have a readjustment.

I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida to the amendment of the Senator from New York.

The amendment to the amendment was rejected.

Mr. WHEELER. Mr. President, I send to the desk an amendment which is to be offered on behalf of the Senator from Utah [Mr. KING] and myself, to strike out, on page 4, paragraph (2), the words beginning "By proclamation", on line 20, down to and including the words "foreign currencies", in line 24, and to insert certain language in lieu thereof.

The PRESIDING OFFICER. Is that amendment offered to the pending amendment?

Mr. WHEELER. No; I offer this as an amendment to the so-called "Thomas amendment."

The PRESIDING OFFICER. That is not under consideration at this time.

Mr. WHEELER. Out of order, then, I ask to offer this amendment.

The PRESIDING OFFICER. The Senator from Montana asks that he may offer this amendment and have it printed and lie on the table to await the consideration of the Thomas amendment. Without objection, it is so ordered.

The amendment of the Senator from New York [Mr. WAGNER] is still before the Senate and open to amendment. Are there any further amendments to be offered to it?

Mr. THOMAS of Oklahoma. Mr. President, I am advised that there is now pending on the desk of the Presiding Officer the amendment offered by myself on yesterday and thereafter referred to the Committee on Banking and Currency. I am advised that the Banking and Currency Committee has made a report. At this time I call for the report submitted by the committee upon the amendment.

The PRESIDING OFFICER. The Chair is advised that the report is not available at the moment. It will be available in a short while. Does the Senator desire to offer his amendment as an amendment to the pending Wagner amendment?

Mr. THOMAS of Oklahoma. No; I offer it as part VI.

The PRESIDING OFFICER. It is not in order until the Senate disposes of the amendment that is now pending. The Chair understood that it was to be offered, not as an amendment to this amendment but as an independent amendment.

Mr. THOMAS of Oklahoma. The Chair is correct, and at the proper time I will call up the amendment.

The PRESIDING OFFICER. The Chair will be glad to recognize the Senator from Oklahoma. The amendment which is now pending, known as the "Wagner amendment", should be disposed of first.

Mr. FRAZIER. Mr. President, I offer as a substitute for the so-called "Wagner amendment", as a substitute for title II, the amendment which I send to the desk. I do not care to have it read unless that is required. It is a measure that I have introduced in the last three sessions of the Congress.

The PRESIDING OFFICER. Without objection, the amendment will be considered without being read.

Mr. FRAZIER's amendment was, on page 27, beginning with line 7, to strike out through line 5 on page 43, and to insert in lieu thereof the following:

TITLE II

SEC. 21. This title shall be known as "The Farmers' Farm Relief Act."

SEC. 22. That the Government now perform its solemn promise and duty and place American agriculture on a basis of equality with other industries by providing an adequate system of credit, through which farm indebtedness and farm mortgages now existing may be liquidated and refinanced, through real-estate mortgages on the amortization plan, at 1½ percent interest and 1½ percent principal per annum, and through mortgages on livestock used for breeding or agricultural purposes at 3 percent interest per annum through the use of the machinery of the Federal farm-loan system and the Federal Reserve Banking System.

SEC. 23. The Federal Farm Loan Board is hereby authorized and directed to liquidate, refinance, and take up farm mortgages and other farm indebtedness, existing at the date of enactment of this act, by making real-estate loans, secured by first mortgages on farms, to an amount equal to the fair value of such farms and 50 percent of the value of insurable buildings and improvements thereon, through the use of the machinery of the Federal land banks and national farm-loan associations, and to make all necessary rules and regulations for the carrying out of the purposes of this title with expedition. In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceeds the fair value of any farm and 50 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Such loans shall be made at a rate of 1½ percent interest and 1½ percent principal per annum, payable in any lawful money of the United States.

SEC. 24. The Federal Farm Loan Board is further authorized and directed to liquidate, refinance, and take up chattel mortgages and other farm indebtedness, existing at the date of enactment of this act, by making loans at the rate of 3 percent interest per annum, secured by first mortgages on livestock used for breeding or agricultural purposes, to an amount equal to 65 percent of the fair market value thereof, such loans to run for a period of 1 year, with right of renewal from year to year for a term of 10 years: *Provided*, That any depreciation in the value of such livestock is replaced by additional livestock used for breeding or agricultural purposes, and the amount of the loan is reduced 10 percent each year.

SEC. 25. There is hereby authorized to be appropriated, out of any money not otherwise appropriated, $100,000 for the use of the Federal Farm Loan Board to carry out the provisions of this title. The necessary and actual expenses incurred in carrying out the provisions in this title shall be apportioned and prorated and added to each individual mortgage, and such sums so added shall be paid to the Federal Farm Loan Board for administrative purposes.

SEC. 26. The funds with which to liquidate and refinance existing farm mortgages and other farm indebtedness shall be provided by the issuing of farm-loan bonds by the Federal farm-loan system, through the Federal Farm Loan Board and the Federal land banks, as now provided by law, which bonds shall bear interest at the rate of 1½ percent per annum, if secured by mortgages on farms, and 3 percent per annum if secured by chattel mortgages on livestock used for breeding or agricultural purposes. These bonds, after delivery to the Federal Farm Loan Board, may, by it, be sold at par to any individual or corporation, or to any State, National, or Federal Reserve bank, or to the Treasurer of the United States. And it shall be the duty of the Federal Reserve banks to invest their available surplus and net profits after the dividends are paid to their stockholders in such farm-loan bonds, such profits to include the franchise tax now paid to the United States.

SEC. 27. In case all of said farm-loan bonds are not readily purchased, then the Federal Farm Loan Board shall present the remainder to the Federal Reserve Board, and the Board shall forthwith cause to be issued and delivered to the Federal Farm Loan Board Federal Reserve notes to an amount equal to the par value of such bonds as are presented to it. Such farm-loan bonds to be held by the Federal Reserve Board as security in lieu of any other security or reserve.

SEC. 28. The Federal Farm Loan Board and the Federal land banks shall turn over all payments of interest and principal on such farm-loan bonds, for which the Federal Reserve Board issues Federal Reserve notes to the Treasurer of the United States, and shall be by him kept for the purpose of redeeming said Federal Reserve notes and reinvested by him as a sinking fund in municipal or State bonds and bearing interest at the rate of at least 2 percent per annum, both principal and interest to be paid in any lawful money of the United States.

SEC. 29. Whenever the amount of money actually in circulation in the United States shall exceed $75 per capita, then the Treasurer of the United States, by and with the approval of the Federal Reserve Board and the President of the United States, may retire Federal Reserve notes in an amount equal to the principal paid on farm-loan bonds, for which Federal Reserve notes were issued, not to exceed 2 percent in any one year, of the amount of Federal Reserve notes so issued.

SEC. 30. There is hereby created a Board of Agriculture consisting of one member from each State, elected by the farmers of such State, who shall be elected by delegates selected by a mass convention of farmers in each county or parish within the United States, who are indebted and declare it to be their intention to take advantage of this title, such county or parish convention to be its own judge as to who are bona fide farmers and otherwise eligible to participate in its proceedings.

SEC. 31. The Federal Farm Loan Board is hereby authorized and directed to give public notice, through the Federal land banks, to the farmers of each county or parish of the time and place of holding the first county or parish convention, which shall be held at the seat of government of each county or parish; and it shall at the same time give notice of the first convention of the State delegates, to be held at the State capital of each State, notice of such convention to be given within 60 days after the enactment of this act.

SEC. 32. The farmers attending such county or parish convention and the State delegates attending such State convention shall

organize and make such rules and regulations for their procedure as they deem necessary or convenient, and shall elect a president and a secretary and make arrangements for such other and future conventions as they may deem necessary to carry out the purposes of this title, and they shall at all times cooperate and assist the Board of Agriculture, the Federal Farm Board, the Federal land banks, and national farm-loan associations to liquidate and refinance farm mortgages and farm indebtedness.

SEC. 33. The State delegates so elected shall meet at the State capitals of their respective States and elect a member of the Board of Agriculture, who shall hold his office from the date of such election and for a period of 2 years from January 20 following, and who shall receive $15 per diem and necessary traveling expenses while on official business, to be paid by the Federal Farm Loan Board out of any funds set apart by section 25 of this act.

SEC. 34. Immediately after their election the members of the Board of Agriculture, upon call of the Federal Farm Loan Board, shall meet at Washington in the District of Columbia and organize by electing a chairman and a secretary, and they shall make such rules and regulations as they deem necessary and expedient to carry out the purposes of this title. They shall elect an executive committee of three, none of whom shall be members of the Board of Agriculture, who shall hold their office at the will of said Board, and who shall receive a salary of $7,500 per annum, and 5 cents per mile for necessary traveling expenses while on official business, to be paid by the Federal Farm Loan Board out of any funds set apart by section 25 of this act.

SEC. 35. The members of the Board of Agriculture shall keep in touch with and report to the executive committee the progress of liquidating and refinancing farm mortgages and farm indebtedness in their respective States. They shall cooperate with county or parish and State governments, and with all farm and cooperative organizations within their respective States, to speedily bring about the liquidation and refinancing of farm mortgages and farm indebtedness.

SEC. 36. The executive committee of the Board of Agriculture shall advise with and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Federal Farm Loan Board and the Federal Reserve Board, and they shall cooperate with said Boards and with county or parish and State governments and with the various farm organizations, and with the agricultural colleges of the Nation, in order to bring about a just and speedy liquidation and refinancing of farm mortgages and farm indebtedness. They shall report any member of the farm-loan system or the Federal Reserve Board who neglects, hinders, or delays the carrying out of the provisions of this title to the President of the United States, and it shall be the duty of the President, upon cause shown, to remove any such officer and to appoint some other suitable person in his place with the advice and consent of the Senate.

SEC. 37. The benefits of this title shall also extend to any farmer, or member of his family, who lost his farm through indebtedness or mortgage foreclosure since 1919, and who desires to purchase the farm lost or another farm. It shall also extend to any tenant, or member of his family, who desires to purchase a farm, provided he has lived on and operated a farm as a tenant for at least 3 years prior to the enactment of this act.

SEC. 38. The executive committee of the Board of Agriculture shall have power in case of crop failures, and in other meritorious cases, to extend the time payments due on loans made under this title from time to time for a period not exceeding 3 years, provided the mortgagor keeps up the payment of all taxes on the mortgaged property.

SEC. 39. This title shall be liberally construed, and no technicalities or limitations shall be imposed or permitted to interfere with the speedy carrying out of its purposes; and the provisions of the Federal farm-loan system and the Federal Reserve Banking System shall apply as far as applicable in the carrying out of the provisions of this title; and all laws or parts of laws in conflict herewith are for the purpose of this title repealed. The persons charged with the duty of carrying out the provisions of this title are authorized and directed to do all things necessary or convenient to accomplish its purposes with expedition.

Mr. FRAZIER. Mr. President, in the Seventy-first Congress a bill which was practically the same as this amendment was known as "S. 5109." In the Seventy-second Congress it was known as "S. 1197." It was introduced again at the beginning of this Congress as S. 457. I offer it as a substitute for the Wagner amendment.

Mr. McNARY. Mr. President, this amendment has the endorsement of the farm organizations. It is a very comprehensive measure. It has been reported out favorably by the Agricultural Committee. The Senator from North Dakota is now offering it as an amendment to the pending bill and it should receive very thorough consideration.

I want to appeal to the Senator from Arkansas to move a recess at this time and let this amendment be considered tomorrow.

Mr. ROBINSON of Arkansas. Mr. President, I think it may be possible to arrange an agreement that will enable the Senate to recess now. I understood from the Senator presenting the amendment that he preferred to proceed with it tomorrow. If we can recess until 11 o'clock tomorrow and have a vote on this amendment not later than 1 o'clock, I shall have no objection to taking a recess now.

Mr. FRAZIER. I have no objection to that.

Mr. McNARY. Mr. President, I shall conform to the judgment of the Senator who offers the amendment. If he thinks 2 hours is ample time for the consideration of the amendment, I have no objection.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that when the Senate completes its labors today, it take a recess until 11 o'clock tomorrow, and that not later than 1 o'clock tomorrow the Senate proceed to vote, without further debate, on the amendment of the Senator from North Dakota [Mr. FRAZIER].

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. CONNALLY. Mr. President, I desire to enter a motion to reconsider the vote by which the amendment putting sugar into the bill was adopted.

Mr. LONG. Mr. President, a point of order. There was a roll call and the Senator from Texas did not vote on the prevailing side.

Mr. CONNALLY. Mr. President, I will state that the Senator from Texas was not in the Chamber and did not vote on the matter at all.

The PRESIDING OFFICER. The Senator has a right to enter the motion.

Mr. LONG. Mr. President, does the Chair rule that if a Senator is not here when a matter is voted on he can come in later and move to reconsider?

The PRESIDING OFFICER. Yes; the Chair so rules.

Mr. LA FOLLETTE. The rule specifically provides for that.

Mr. LONG. The time limit on that was up yesterday.

The PRESIDING OFFICER. No; the Senator is mistaken about that.

Mr. LONG. I should like to have that question looked up. The rule, as I understand it, is very plain that a Senator must have voted on the prevailing side.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The question has been decided by the Senate. Rule XIII provides:

> Any Senator voting with the prevailing side or who has not voted may, on the same day or on either of the next 2 days of actual session thereafter, move a reconsideration.

The Chair holds that the Senator from Texas is within his rights. The motion will be entered.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER, as in executive session, laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

THE BASIC ISSUE IN RECOGNITION OF SOVIET RUSSIA

Mr. COPELAND. Mr. President, I ask unanimous consent to insert in the RECORD an address of the Rev. Dr. Edmund A. Walsh, Ph.D., Vice President of Georgetown University, April 18, 1933, on the subject "The Basic Issue in Recognition of Soviet Russia."

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

> Mr. Commander, ladies, and gentlemen, recognition of the Soviet Union ultimately and basically is not a question of repudiated debts or confiscated property or Communists on soap boxes in Union Square, as that distinguished tribune of the people, Mr. Alfred E. Smith, visualizes the problem in his recent statement advocating recognition of the Moscow Government. Mr. Smith exercises a well-merited influence, and his opinions on domestic policies command the confidence of a very wide constituency of Catholics, Protestants, and Jews. But I feel obligated to make clear to you, in a very limited time, why his Russian views are not shared by so many American citizens of his own faith who see eye to eye with him in most other respects.
>
> Two civilizations diametrically opposed in their principles, their practices, and their objectives come face to face before the su-

preme tribunal of public opinion in a manner that has no precedent in international relations. The form of government which Soviet Russia would impose by force on the entire world is too well known to need rehearsal here. Suffice it to say that it proposes, as a government policy, to abolish universally every shred of the democratic ideal embodied in the Declaration of Independence, the Constitution of the United States, and the Bill of Rights. That is the plain meaning of section 1, paragraph 9, of the Soviet constitution, which affirms that what has been accomplished in Russia is a "decisive step toward the union of the toilers of all countries into one world Soviet Socialist Republic." Paragraph 7, same section, declares Soviet jurisdiction to be "international in its class character." Article 72 of that same constitution—not article 72 of the Communist Party nor the reiterated articles of provocation sponsored by exuberant individual Communists but article 72 of the organic law of a sovereign state provides in judicial language that the capital of this contemplated Socialist league of nations shall be the city of Moscow. And, further, specific pronouncements by responsible Soviet officials explain that this conquest of all non-Communist states is to be achieved by force of arms. Moscow is not content to live and let live.

Nor is this hostility merely academic or theoretical. It has been reduced to concrete form in the two practical agencies which the Communist Party of Russia created after the second Russian revolution. The domestic instrument contrived to insure the permanency of Marxian communism on Russian soil is called the Soviet Government, which becomes thereby, in Mr. Zinoviev's celebrated phrase, a sort of fifth wheel. The external apparatus for the conquest of the non-Communist world is called the Third International. Both are the direct creations and active agents of the political bureau of the Communist Party. These two agencies of world revolution are, in the words of Ramsay MacDonald, "organically connected." The nations of the world have refused to accept the stale pretext that the Third International is a private organization over which the Soviet Government has no control. It is not a private organization and never was. It was founded by responsible officials of the Soviet Government while holding office, was convoked by the official Soviet telegraph agency, its first meetings were held in a Government building within the Kremlin, and its revolutionary program published in the official state organ, Izvestia, on January 24, 1919. Its subversive activities from that date to this are matter of public record.

We have never questioned nor do we now question the right of the Russian people to set up any form of government they see fit to endure. All such accusations are either sheer ignorance or malicious attempts to deceive the simple-minded. We were the first nation in the world to recognize the Russian revolution by extending full diplomatic recognition to the new government on March 22, 1917, 1 week after the abdication of Nicholas II. What we do question and refuse to tolerate is the insupportable arrogance of the Communist Party, which came into power on November 7, 1917, and which assumes to dictate to us the form of government we shall have in these United States. Our motive is not fear, which is the only justification some advocates of recognition can find for our present policy. The motive is self-respect and a decent regard for sovereignty under international law.

Rightly, then, has the Government of the United States refused to compromise with those two allied agencies—the Soviet Government and the Third International—refuses categorically and without reservation for the very reasons once advanced by a distinguished American lawyer trying a case of conspiracy. He argued that in any common pact directed against public security, the act of one member is the act of all, and the guilt of all is the guilt of each after the conspiracy is formed. "In other words", he explained to the jury, "if you and I join together for the doing of an unlawful act, the fact that you may remain 10 miles away while I go and commit the crime does not relieve you either legally or morally or exempt you from punishment." So argued Senator WILLIAM E. BORAH when he so ably defended the people of his State against organized lawlessness at Wallace, Idaho, on July 27, 1899, and won his case. He has since become the most outstanding of those who advocate immediate recognition of Soviet Russia. Extraordinary lapse of memory!

With his habitual disregard for the actualities in the case, Senator BORAH made another speech in the Senate on April 11, this year, in which he assured that body that he had made extensive research into the question of Soviet hostility to the United States and was able to report:

"* * * That there has never been since Mr. Stalin became Dictator of the Russian Government any attempt whatever upon the part of the Soviet Republic to interfere with the governmental affairs of the United States or to seek by propaganda to interfere with the governmental affairs of this country. * * * In my opinion the charge that the Soviet Government is seeking to undermine or destroy our Government is an exploded and absurd proposition."

I greatly fear that the investigations of the distinguished Senator must have been interrupted by a roll call. He overlooked the easily ascertained fact that on May 6, 1929, there was held in Moscow a meeting of the so-called "American Commission of the Third International." Mr. Stalin pointed out at great length to the visiting delegates from the United States the most efficacious means for drawing revolutionary profit from the prevailing economic crisis in their homeland. In other words, the ruler of the Soviet Government, while encouraging his American agents in their use of purring platitudes and honeyed phrases calculated to obtain diplomatic recognition of the Soviet Union, drops the mask in Moscow and instructs his American visitors thus:

"I think, comrades, that the American Communist Party is one of those few Communist Parties in the world upon which history has conferred a task of a decisive character from the viewpoint of the world revolutionary movement. * * * The crisis of world capitalism is developing at an increased speed and is bound to extend also to American capitalism. * * * It is necessary that the American Communist Party should be able to meet this historical moment fully armed, and to take the lead in the coming class battles in America. * * * With this end in view the American Communist Party must be improved and bolshevized. * * * With this end in view we must strain our efforts to forge genuinely revolutionary groups and genuinely revolutionary leaders of the proletariat who would be able to lead the many millions of the American labor classes into the revolutionary class battles."

This speech, suppressed for some time, was published in Moscow on January 15, 1930, long after Mr. Stalin became Dictator of Soviet Russia. If that be a sample of Mr. BORAH's capacity for research, I know of no reputable university that would award him a Ph.D. on it. And in common with many other incomplete thinkers he appeals to the historic precedent that we recognized the French Revolution despite the inflammatory language and internationalism of its leaders. Similarly, the argument is often advanced that we recognized the Russian Czars, recognized the Turks, Mussolini, and Hitler, despite the fact that we are utterly opposed to many of the political ideals and practices of their respective systems. Gentlemen, these are partial statements; and the lie that is half a truth is the hardest lie to combat. Recognitionists who press this argument are either uninformed or malicious. They suppress the vitally important fact that none of these foreign powers has set up in its capital city an organization for the purpose of overthrowing foreign governments; their leaders launch no invitation to nationals of other countries to wage civil war against the authorities of their respective lands; none of these powers has so flagrantly offended international friendship that its ministers and ambassadors have been expelled from numerous states whose patience and long suffering became exhausted. When Citizen Genet anticipated some of the forms of soviet diplomacy in 1794 he was promptly withdrawn by the French Revolutionary Government on demand of Washington. And should Mr. Mussolini or Mr. Hitler conduct their international relations as Mr. Stalin does, I am confident they would meet the same reception here that Mr. Stalin's government has met for 15 years.

And in his peroration, Senator BORAH made an appeal not to isolate Russia any longer, but to admit her to our councils as a contribution to international peace. But who built that Chinese wall, to which the recognitionists love to point, if not Russia herself by her wanton disrespect and contempt for international friendship? Nothing keeps her inside her self-imposed isolation except her highly cultivated, hysterical sense of martyrdom and her own perverse will which refuses to observe the most elementary rules of international decency. Let her check her razors at the door and she will be admitted to the party.

It has been argued, too, that the presence of an American ambassador in Moscow will tend to mollify Soviet excesses and give diplomacy a chance to restrain the unruly commissars. Ask the British Ambassador about that as he departs from Moscow after the premeditated insult flung into his teeth with reverse English, so to speak, that it might be sure to rebound into the face of a third foreign power for good measure. You will recall that Sir Esmond Ovey was recently informed by the Soviet Commissar of Foreign Affairs that he must not imagine he was in a place like Mexico. And ask Mexico herself why she withdrew her minister from Moscow in 1929 and severed diplomatic relations. Ask the French Government how Soviet ambassadors observe international courtesy. They were obliged to expel Mr. Rakovsky from Paris for launching an appeal, while Ambassador to France, counseling the French Army to rise in mutiny against their officers. Ask China why she expelled Karakhan, Soviet representative, in 1926 and what she found when she raided the quarters of the Soviet Legation!

But there are some in our midst who would sacrifice self-respect and public welfare in the sacred name of hypothetical trade and dubious export possibilities. Take the cash, they murmur, and let the credit go. Money has no odor and sweet is the music of falling shekels. Even on that shamefully mercenary basis of private profit, the argument still remains fallacious and puerile. In the one year of 1930, Soviet Russia purchased enormous supplies in this country, amounting to $114,300,000, and that was done without recognition. Lack of recognition is no bar to trade. And recognition does not guarantee increase of trade. Her purchases have now dwindled to almost nothing simply because American banks grew alarmed about her heavy commitments and withdrew credit facilities.

In reprisal, the Soviet Government transferred its purchases to Germany, as it always can do in virtue of its foreign-trade monopoly, which is used as a political weapon to punish the nationals of any country that annoys Moscow's tender susceptibilities. I might observe in passing that Mr. Smith's description of American trade with Russia as being carried on "under cover" is, of course, a pure figure of speech or else unmitigated nonsense. It was and is the most open business on Broadway. It has never been prohibited by anybody. What Amtorg does under cover is doubtless important business, but of another kidney.

And how shall Moscow pay for the mirage of exports from our factories which the recognitionists conjure out of their distorted

imagination? In cash? She has none. She is hopelessly bankrupt. She is distrusted by the loaning powers whose memory of her wholesale repudiation of previous loans is still green. She is faced with domestic starvation, compromised internally by the unfulfilled promises of a fantastic 5-year plan, and reduced again to the sorry expedient of finding public scapegoats in sensational trials of foreign engineers who have been terrorized into making alleged confessions of economic espionage. Or, can she pay in goods by dumping the monopolized products of her forced labor into the free markets of America, there to depress instead of raising commodity prices? Ask the American Federation of Labor what that would do to the few jobs left for the American workman or the American farmer, and if they intend to submit tamely to it!

Therefore the alleged trade must be financed by new credits advanced by the banks and financiers who, as usual, will profit handsomely by this new raid on the people's hard-earned savings. If we may believe recent revelations, these philanthropists rarely use their own money for the flotation of foreign loans. It has been noted that the trade proposal, involving an extension of credit or a peddling of Russian bonds, is warmly advocated in those very financial circles which have forfeited the right to dictate public policy any longer. They had their heyday—and what a heyday it was! They were publicly scourged as convicted malefactors by President Roosevelt in his courageous inaugural address when he said:

"Faced by failure of credit they have proposed only the lending of more money. Stripped of the lure of profit by which to induce our people to follow their false leadership they have resorted to exhortations, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish. The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit."

You will note, too, that those who clamor for an official trade agreement are strangely silent about the experiences of governments which have made such pacts. Why has Italy terminated her trade agreement? Because it proved wholly unsatisfactory and contrary to Italian expectations. Why did England, long before the present controversy, denounce her trade agreement? Because it proved harmful to the best interests of the British commonwealth of nations. These valuable experiences are ignored by those who would plunge us into the same unprofitable speculation. They ask us to accept an emasculated tragedy of Hamlet with no mention made of the Prince of Denmark. There are two ways of acquiring political wisdom—by foresight and by hindsight. Which shall we choose? And shall we listen to the insane proposals to appropriate millions for Russian trade from Government funds at a moment when 13,000,000 Americans are in danger of starvation while other millions of farmers and tenants are faced with foreclosure and eviction through lack of means to succor them?

I know that in some quarters it is being whispered that the increasingly dangerous situation in the Far East may force the United States Government into a compromise with Soviet Russia. Recognition, it is said, may become necessary as a gesture of prudence for purely political reasons that are too delicate for open discussion. I agree that it is not to the country's interest to analyze publicly those particular motives. I will limit myself, consequently, to recalling the parable of the kindly humanitarian who attempted the experiment of making a treaty of alliance with a rattlesnake to keep trespassers off his land. Fortunately for him, he discovered in time that the nature of his curious ally was fixed and unchangeable and that it would sink its fangs impartially into hands that caress or fists that menace. It knows neither friend nor foe, but only alien flesh. It will strike anything that is vulnerable.

Ladies and gentlemen, recognition is an act of national political expediency. There is no juridical right to recognition and no legal or moral obligation to recognize. In the present case there are positive grounds for refusing to recognize. American policy and practice have been governed by two considerations clearly set forth by that eminent jurist John Bassett Moore in his monumental International Law Digest:

(1) That the government seeking recognition shall be in de facto possession and control of the territory over which it claims jurisdiction without substantial revolt or opposition on the part of its population. We do not demand legitimacy of succession, nor do we inquire into the validity of the possessor's title.

(2) That the government in question shall be able and willing to perform its international obligations and conform to the usages accepted by the civilized nations of the world. Failure to conform to these obligations is cited by Judge Moore as sufficient grounds for refusing recognition.

That the present Soviet Government fulfills the first requirement is not questioned. That it still does not and will not accept that reasonable second requirement is matter of public record. Therefore, it seems to me that three courses are open to the Government of the United States. The first would be honorable recognition. By that I mean reciprocal diplomatic relations after proof of Moscow's willingness to desist from the unethical, the illegal, and utterly unacceptable hostility to non-Communist states which has been her undeniable practice heretofore. Written guaranties are useless. I say "proof" of such desisting, not promises. They have been consistently violated as he who cares may read, and no new facts are available to indicate a change of essential policy in that regard. The acid test of Moscow's sincerity lies in her willingness or refusal to banish the Third International from her territory, disassociate herself from the offensive international conspiracy to which she is now partner, and respect the inalienable sovereign rights of other nations and governments. This should be accomplished before, not after, recognition, when the rose would have been plucked. An unparalleled opportunity lies before us for a magnificent service to peace and neighborly conduct among nations by vindicating the sanctity of international good manners to which President Roosevelt has definitely pledged his administration. If we default in that clear duty we shall have forfeited the respect of the world whose eyes are watching what we are about to do with our unique bargaining power. We have a manifest appointment with Opportunity that may make history. God grant that we be not in conference with the money changers when she knocks.

The second course is the reverse of the first. It would be dishonorable recognition, by which I mean acceptance of Soviet Russia's terms, which are: Recognize us as we are with no conditions or reservations except the guaranty of a substantial loan and with full scope for our particular form of international friendship. What that is you will find in the writings of Lenin and in the record of our dealings with other governments.

The third course would be simply continued nonrecognition as America's answer to the continuance under Soviet auspices and direction of the Third International. That is the logical consequence of America's traditional recognition policy. The burden of the proof and the first step to friendship rests with Moscow. No commission to Russia or round-table conference is needed for that. She opened the breach. She is continuing the breach, and she alone can close it. Do not be misled by the subtle sophistry of pseudo liberals, the emotionalism of the misinformed, and the sordid propaganda of dollar chasers.

Last Wednesday night in the Metropolitan Opera House, New York, that venerable comedian, Mr. George Bernard Shaw, put on a 1-ring circus again in which he garrulously committed intellectual suicide. Peace to the memory of the great preface writer and defender of Joan of Arc! Among his numerous pitifully ignorant inaccuracies he did stumble, however, on one rough nugget of truth as he laboriously drove a very dull plow through old, old ground. It was the United States, he argued, in the person of American efficiency engineers who saved the tottering Soviet regime by their skill, their technical services, and their wide cooperation in the execution of the 5-year plan. Shall we now gratuitously save that unspeakable tyranny a second time and rivet the yoke of despotism tighter to the bent back of an oppressed peasantry by tendering their masters the support of diplomatic recognition? Or shall we not wait until the hand of friendship can reach across the barrier of hatred erected by the political bureau and the Third International to the friend for whom it is intended and to whom it has never been denied—the Russian people!

THE MOST PROFITABLE INVESTMENT OF THE FEDERAL GOVERNMENT

Mr. CAPPER. Mr. President, I ask permission to place in the RECORD extracts from an informative article in Science Magazine, by Watson Davis, managing editor of Science Service, under the title "The Most Profitable Investment of the Federal Government."

There are literally thousands of examples of the dollars and cents fruitfulness of Federal scientific research. For example, the conquest of hog cholera by serum developed by Federal scientists before the World War and now applied in cooperation with the States is estimated to save farmers and the public some $20,000,000 a year. This is more than the whole cost of Department of Agriculture research.

If the coastal surveys made by Federal engineers did nothing more than save from disaster a modern vessel once in every 5 years, the whole cost of the Coast and Geodetic Survey would be met. Bureau of Standards researches on automobile fuel, oil, tires, and brakes alone repay to the public in savings over 50 times the whole cost of this research establishment with its multiplicity of useful functions. The development of cowling for airplane engines by the National Advisory Committee for Aeronautics, which is now in wide commercial use, is estimated to save some $5,000,000 annually as applied to American airplanes. The cost of the committee is less than a sixth that saving.

[From Science Service, Apr. 14, 1933]

THE MOST PROFITABLE INVESTMENT OF THE FEDERAL GOVERNMENT

By Watson Davis, managing editor, Science Service

Scientific research conducted by the Federal Government is its most profitable investment. Among the millions and the billions for wars, past, present, and future, for post offices, for Congress, for prohibition enforcement, for Indians, for interest on the public debt, for Reconstruction Finance Corporation and other dollar transfusions to the financial structure, for relief, for reforestation,

there are items of a few thousands and hundreds of thousands of dollars for scientific research.

The United States Department of Agriculture scientists are finding new uses for familiar farm products, fighting soil erosion, improving livestock, protecting plants and crops, and safeguarding the ordinary consumer against bad food and drugs. In far-off China or the tropics, explorers of the Department roam to bring back strange plants that help our farmers. Within our country's borders, entomologists are combating the insect menace.

United States Geological Survey geologists are mapping and surveying the mineral domain that the machine age may not die of starvation. United States Coast and Survey ships and engineers are surveying our coasts to safeguard commerce and shipping.

Out in that group of Washington laboratories, not near the oratory of Congress, there are men and women of the United States Bureau of Standards staff studying the rainbow of chemical elements, developing new facts about heat, stressing steel and newer metals, perfecting standards, methods, and processes of incalculable value to industry and pursuing a thousand other useful scientific tasks.

Astronomers at the United States Naval Observatory observe the stars in order that our watches and clocks may have the correct time. Meteorologists of the United States Weather Bureau observe and forecast the weather for farmers, aviators, and city folks. United States Bureau of Mines engineers by experiments, practical and theoretical, safeguard and develop the mines of the Nation.

The appropriations for such scientific research functions of the Federal Government are the best investments made by the Government. The returns to the public in terms of percentage run to figures like 50,000 percent instead of the conventional 6 percent that bankers have popularized.

True, the profits do not flow back into the United States Treasury directly as dollars. The profits are made not by Uncle Sam but by the American public. That is fitting, for the business of the Government is not to make money but to undertake functions that benefit the whole people.

Scientific research is often a long-time investment, with the benefits going to our children and their children. It is a safe investment. Unlike bonds of maturity in the year 2000 or later, issued to pay for rails that even now are rusting away, the money spent for fundamental scientific research is a secure investment that will continue to pay public-service dividends down through the ages.

If you think of the Budget of the United States Government as a gigantic pie, the slice that is eaten to provide scientific research and service, which is perhaps the most profitable of its many activities, is so small that it can barely be seen. Of the Federal dollar less than seven eighths of a cent is expended for the constructive scientific research and service conducted to the profit of the whole Nation.

This eighty-five one hundredths of 1 percent (based on the 1931–32 expenditures) includes all the administrative, clerical, and other routine expenses in connection with the Government's scientific work. If the salaries of the scientists themselves and the money expended for apparatus, etc., were considered alone, the item would be much smaller—so minute that it would be difficult to find it among the millions upon millions of dollars that pass through Uncle Sam's pocketbook. Obviously the Federal Budget can never be balanced by eliminating any or all of the scientific work of the Federal Government.

The crippling of an essential scientific investigation or service here and another there may give a feeling of righteousness and go through the motions of cutting down Government expenditures, but it will not balance the Budget or materially lift the tax burden. The effect will be hardship on the farmer, the manufacturer, or the consumer in later years, when the much greater direct tax of undone scientific research will be felt.

Not only will the ultimate consumer and future generations lose but Uncle Sam himself will find his day-to-day routine governmental activities made more expensive if the scientists are fired. In addition to fundamental and applied scientific research, the Federal scientific bureaus perform tests that assure that the Government gets its money's worth in purchasing supplies, erecting buildings, etc.

If a total is obtained of all the money spent by the Government for all kinds of research, education, and developmental work, not just scientific research and service, it is found that only 2.7 percent of the United States' expenditures is accounted for. Who then eats Uncle Sam's Budget pie?

Wars, past and future, gobble 75.2 percent of the Federal Budget. Warships, soldiers, veterans, interest, and retirement of debts from past wars, and their incidentals consumed $3,758,000,000 of the United States 1931–32 expenditures. Compare this cost of warfare and national defense with $42,000,000 for scientific work, both research and service, in 1931–32. Of the 1934 Budget presented to Congress last fall, less than $35,000,000 is devoted to scientific research and service.

The legislative, executive, and judicial functions of the Federal Government consumed 12.6 percent of the 1932 expenditures, and public works in 1931–32 were responsible for 9.5 percent of the expenditures.

Meeting the annual bill for profitable scientific research in the United States Budget is a relatively small matter from a financial standpoint. The complete elimination of the annual Federal investment in scientific research, which is unthinkable, would not help materially in "balancing the Budget." The annual per capita cost is only about 30 cents. The per capita cost of all Federal Government activities runs from $30 to $40 per year, depending upon what year is taken.

You, as one of 120,000,000 Americans, make your profitable investment in Federal scientific research when you smoke five packages of cigarettes (Federal tax 6 cents a package), use 30 gallons of gasoline in your auto (Federal tax 1 cent a gallon), drink 2 gallons of beer (Federal tax $5 a barrel of 31 gallons).

The total cost of scientific research and service in the many Government departments is estimated at $34,768,000 in the 1934 Budget submitted to Congress last fall. Since then this Budget has been deeply cut, of course. The actual Federal science expenditures in the peak year 1931–32 were only about $40,000,000.

This bill for some $40,000,000, which will pay immense profits both now and to future generations, could be met by: The cost of a single modern transocean express steamer; the money needed to build four cruisers; one tenth of the annual United States tobacco tax; one third of the "pay of the Army", which does not include supplies or civilian hire expenditures of the United States Army; less than a tenth of the savings made by President Roosevelt in the veterans economy measures now being put into effect.

For Uncle Sam's annual investment in scientific research and service, for the 30 cents you as a citizen contribute indirectly each year, you and your children will get many dollars of real profit in everyday living, now and in the future. Figures show that typical research projects return profits of some 50,000 percent, that is, $150 for your 30 cents. And the most beneficial returns are those that cannot be computed in mere dollars and cents.

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Important in the progress of science have been the labors of scientists, working day after day for modest salaries in the Federal Departments of Agriculture, Commerce, Interior, etc., without avaricious thought of personal gain.

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Industry has to a large extent been convinced by bountiful returns that applied scientific research pays and pays well. As income to industry rose after the World War, allotments for research increased, but not perhaps as rapidly as the increase in national income. And as the depression began to take its toll upon business, the research staffs were not fired but in most cases they were preserved and even strengthened.

There has been a new rush in research to create new products and materials to replace those affected by the depression, to develop new and cheaper methods of utilizing old materials and making staple articles. Costs have been held within limited budgets through the science and ingenuity of the research staff. Surveys made by the National Research Council show that industry is continuing to a large extent its scientific research activities.

In the reorganization of the Federal Government now in progress the same spirit should rule. The cost of all scientific research and its auxiliary services in the Federal Government is only about $35,000,000 (based on 1934 Budget) and this is a mere fraction, seven eighths of 1 percent, of the total Budget.

In fact, all the educational, research and developmental work of the Government consumes only about 3 percent of the Federal cost. A smaller percentage is devoted to constructive education, research, and development work now than before the World War. In 1910, 5.1 percent was spent for "education, research, and development." In 1915 it was 5.4 percent. In 1920 it dropped to 1.3 percent, due to war costs. Since 1925 it has hovered between 2.5 and 3.2 percent.

Compare this with the national income of the whole Nation, not Government expenditures. Figures by the National Bureau of Economic Research show that the national income in 1910 and 1915 was $31,000,000,000 to $37,000,000,000 in round billions, whereas from 1925 to 1930 it varied from about $80,000,000,000 to $90,000,000,000.

APPOINTMENT OF JOHN COLLIER COMMISSIONER OF INDIAN AFFAIRS

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the New York Sun of April 18, 1933, entitled "A Political Outsider Is About to Get His Red Men."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Sun, Apr. 18, 1933]

WHO'S NEWS TODAY—A POLITICAL OUTSIDER IS ABOUT TO GET HIS RED MAN

By Lemuel Parton

John Collier and Mary Austin have had a friendly struggle for many years to see who should get the American Indians. President Roosevelt finally awards them to Mr. Collier, in naming him Commissioner of Indian Affairs.

That's a bit extreme, of course, but if anybody is entitled to speak of "my Indians" it is Mr. Collier. For 20 years he has worked, fought, schemed, and dreamed for the Indians—their land, water rights, pensions, food, health, recreation, vital statistics, their culture, ethnology and art, and all the above appurtenances of their cousins and their aunts.

Politically he is a rank outsider. All the winds of patronage were set dead against him. The puissant Senators, THOMAS and GORE, of Oklahoma—where dwell nearly one half of the American Indians—whetted their knives. Senator ROBINSON of Arkansas advanced a politically orthodox candidate. Land, oil, and water

companies did everything but offer a bounty for his skin. Albert B. Fall, former Secretary of the Interior, used to bark like a coyote at the mention of his name. Yet here he is, slipping in under the tepee, politically speaking.

Secretary Ickes not only certifies him, but it is understood that it was he who urged his appointment on the President. The real Battle of the Big Horn will come on the issue of his confirmation by the Senate. In behalf of his Indians Mr. Collier has stirred up much powerful enmity.

Striding along a country road in Marin County, Calif., I have repeatedly tried to divert Mr. Collier's mind from Indians. It can't be done. He is a long-legged, somewhat humorless Savonarola, blazing with zeal for the Red Man, haranguing, pleading, denouncing, organizing, writing, speaking for many years as secretary of the American Indian Defense Association. New York bred, he dabbled in left-wing belles-lettres and was director of Cooper Institute here for a year. The new low on social reform after the war left him with unused zeal which he directed toward Indian welfare. He has fought courageously and uncompromisingly.

RECESS

Mr. SMITH. I move that the Senate take a recess until tomorrow at 11 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock and 47 minutes p.m.) took a recess until tomorrow, April 22, 1933, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate April 21 (legislative day of Apr. 17), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Sumner Welles, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Cuba.

FIRST ASSISTANT SECRETARY OF THE INTERIOR

Theodore A. Walters, of Idaho, to be First Assistant Secretary of the Interior, vice Joseph M. Dixon.

MEMBER OF THE FEDERAL FARM BOARD

Francis Winfred Peck, of Minnesota, to be a member of the Federal Farm Board for the unexpired portion of the term of 6 years from June 15, 1930.

REGISTER OF THE LAND OFFICE

Thomas F. Thomas, of Utah, to be register of the land office at Salt Lake City, Utah, vice Eli F. Taylor.

DIRECTOR OF THE UNITED STATES COAST AND GEODETIC SURVEY

Raymond S. Patton, of Ohio, to be Director of the United States Coast and Geodetic Survey for a term of 4 years, beginning April 29, 1933, vice himself.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 21, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Blessed Father, who dwelleth in the heavens above and in the hearts of Thy believing children, lay Thy hand upon these energies of ours and more and more build them up and purify them; convert them to growing affection, sacrifice, and devotion for the good of the public weal. Give us such a measure of Thy spirit that shall disturb us with the joy of elevated thoughts and motives. O strong Teacher of Nazareth, take away all barren desires and mold our characters into Thine own image. May each of us be for our brother as Thou art the Father of us all. We pray that Thou wouldst rule over our people that loyalty, fidelity, and cooperation may prevail for one goal—the promised land of peace, happiness, and contentment. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE STOP-ALIEN REPRESENTATION AMENDMENT

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address made by my colleague [Mr. TARVER] this morning over the radio.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. COX]?

There was no objection.

Mr. COX. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by my colleague, Hon. M. C. TARVER, of Georgia, on stop-alien representation amendment, broadcast over station WJSV, Washington, April 21, 1933:

Few people would insist, as a matter of primary justice, that those who are not citizens of a country should exercise any control over its government, directly or indirectly. The stop-alien representation amendment, introduced in the Senate by Senator CAPPER and by myself in the House, proposes to allow the people of this Nation, through their legislatures, to say whether they are satisfied to have continued an absurd situation by which a tremendous alien population has representation in Congress and power in the allocation of electors for President and Vice President. A brief explanation of why this is true is a necessary preliminary to further discussion.

The Fifteenth Census shows that at the time it was taken 122,093,455 people resided in the States of the Union, excluding Indians not taxed, and not including the population of the District of Columbia. By the Reapportionment Act of 1929, and prior laws, each State became entitled beginning March 4, 1933, to one Representative in the lower House of Congress for each population unit of 279,712, or major fraction thereof. That figure was slightly less than that obtained by dividing the entire population by 435, the total Membership of the House, which is 280,674, but was the figure it was necessary to adopt as the basic unit in order that each State might have one Congressman for each unit of population, or major fraction, and the Membership of the House remain at 435.

The census shows, however, that of the total mentioned only 115,808,842 were found to be citizens of this country. Therefore, 6,284,613 who were citizens of foreign governments were in effect accorded representation in the Congress of the United States, in that they were counted in determining the number of Representatives to which a State should be entitled in the lower House. In addition to that they were accorded an influential part in the selection of a President and Vice President, since the number of a State's votes in the Electoral College is determined by the number of its Representatives and Senators.

There is a strong belief on the part of many patriotic organizations, and, I think, upon the part of a large majority of our people generally, that this is an unfair situation. We recognize no basic moral right on the part of subjects of any foreign government, who owe and profess no allegiance to our own, to representation either in our national law-making body or in the selection of our President and Vice President. The fact that they are not allowed to vote does not alter the situation. Their numbers increase the congressional representation of the States in which they reside, giving them a power disproportionate to the numbers of their citizens, to the disadvantage of States whose alien population is small; and congested as they usually are in certain restricted areas, such as what is known as "Little Italy" in New York City, they furnish the population basis upon which their naturalized countrymen, residing in the same area, and actuated by the same ideas and beliefs, are permitted to elect Congressmen and select electors for the election of a President. The injustice extends further than the disproportionate power between the States; it causes the setting up within the States of congressional districts based on alien population, where far-different district lines would be necessary if only citizens were counted, and subjects American citizens living within those areas to the domination of foreign elements.

It is unfortunate that the question cannot be discussed intelligently without referring to particular States and localities within States. It is unquestionably desirable that issues relating to the fundamental law of the land should be viewed from the firm standpoint of right and justice without regard to the effects upon certain localities of decisions one way or the other. It is also desirable that there should be eliminated from consideration a great many arguments, pro and con, which have been injected from time to time into discussions of this matter.

The stop-alien representation amendment should not be proposed, ratified, nor rejected upon the basis of misinformation or prejudiced and unfair arguments.

The effect of the proposed amendment excluding aliens from the count in determining congressional representation would not be so drastic as has by some been suggested. Without entering into an unnecessary discussion of dry figures, it is sufficient to point out that if over 6¼ million aliens are excluded from the count, the population basis of congressional representation will be reduced under the major-fractions plan from 279,712 to 267,207, so that the States without a disproportionate share of alien population will not lose a single Congressman. It is sometimes thoughtlessly argued that because the number of aliens represents 22 times the population unit for congressional representation, 22 congressional seats would shift from certain States to other States because of the adoption of the proposed amendment. There is no merit at all in such arguments. Only 7 congressional seats would shift from one State to another. California, Connecticut, Massachusetts, and Washington would lose 1 each; New York would lose 3. Wisconsin, although it has

the large alien population of 122,603, would actually gain a seat instead of losing one; and other gains of 1 each would be made by Alabama, Georgia, Kentucky, Mississippi, North Carolina, and Tennessee. Illinois, with an alien population of 451,533, would not lose a single Representative, occasioned by the fact that with a population of 7,630,388 it now has a minor fraction of 78,164 above the necessary population for 27 Congressmen; and in the exclusion of its aliens from the count and the adoption of the new and reduced population unit of 267,207 it would have a major fraction of 231,473 over 26 units and would therefore continue to have 27 Congressmen. Yet how great and how beneficial would be the effect upon the rights of American citizens residing in Illinois if congressional district lines should be changed so as to include within each district approximately the same number of American citizens, disregarding the almost half million aliens, living largely in congested areas, in determining where these lines should run.

It would necessarily increase the representation of the American citizens living in Illinois, and take away from largely alien constituencies where naturalized citizens hold the balance of power under present conditions the right to have Representatives in the United States Congress. It is a very serious mistake to consider this question solely from the standpoint of changes that might be effected in representation as between the States. Changes that would be effected in power of selection of their Representatives by American citizens within the States would perhaps transcend that feature in importance.

As an evidence of how the people of a State, even a State as vitally concerned as New York, with its 1,497,525 aliens, feel about this question when it can be disassociated from all sectional considerations, I quote a provision of the Constitution of New York relating to the selection of its State assemblymen:

"The members of the assembly shall be chosen by single districts and shall be apportioned by the legislature at the first regular session after the return of every enumeration among the several counties of the State, as nearly as may be according to their respective inhabitants, excluding aliens."

In other words, the State of New York, viewing the matter as one of moral right, decides in the formation of its constitution that aliens should not be represented in its legislature. If that be true, why should they be represented in the Congress of the United States? Why should they be represented in determining the number of electoral votes that shall be allowed a State?

Many arguments have been advanced based upon the possible effect of the proposed stop-alien representation amendment upon the decision of various national issues. These are only incidentally interesting. If we concede the alien's right to representation, we concede his right to have representatives, and the very name of representative implies that he must be the agent of his constituency, speaking their views and voicing their ideals; and if those views and ideals do not accord with ours, we have no right to complain. We cannot, therefore, properly examine the views of alien constituencies in determining their right to representation in Congress. The root of the matter lies deeper than that. I insist that a man owing allegiance to a foreign government, whose duty in case of conflict with our Government would be to stand against our flag, even though his character be spotless and his ideals as pure as those of an angel in heaven, has no right to have a representative participate in making the laws for this Nation or in the selection of its President and Vice President. That question ought to be decided without regard to whom it will help or hurt, what legislation it will further or retard, what locality may benefit or suffer, but with the sole purpose to accord to American citizens the right to control their own Government and to have a National Legislature representative of them, and of them only. And if determined on that basis, I have no question but that the stop-alien representation amendment will be approved by the Congress and ratified by the States.

PAN AMERICANISM

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a speech delivered by the President of the United States on Pan American Day.

The SPEAKER. Is there objection to the request of the Delegate from Puerto Rico?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered by the President of the United States on Pan American Day:

ADDRESS OF PRESIDENT ROOSEVELT AT THE SPECIAL SESSION OF THE GOVERNING BOARD OF THE PAN AMERICAN UNION ON THE OCCASION OF THE CELEBRATION OF PAN AMERICAN DAY, APRIL 12, 1933

I rejoice in this opportunity to participate in the celebration of Pan American Day and to extend, on behalf of the people of the United States, a fraternal greeting to our sister American Republics. The celebration of Pan American Day in this building, dedicated to international good will and cooperation, exemplifies a unity of thought and purpose among the peoples of this hemisphere. It is a manifestation of the common ideal of mutual helpfulness, sympathetic understanding, and spiritual solidarity.

There is inspiration in the thought that on this day the attention of the citizens of the 21 Republics of America is focused on the common ties—historical, cultural, economic, and social—which bind them to one another. Common ideals and a community of interest, together with a spirit of cooperation, have led to the realization that the well-being of one nation depends in large measure upon the well-being of its neighbors. It is upon these foundations that Pan Americanism has been built.

This celebration commemorates a movement based upon the policy of fraternal cooperation. In my inaugural address I stated that I would "dedicate this Nation to the policy of the good neighbor—the neighbor who resolutely respects himself, and, because he does so, respects the rights of others—the neighbor who respects his obligations and respects the sanctity of his agreements in and with a world of neighbors." Never before has the significance of the words "good neighbor" been so manifest in international relations. Never have the need and benefit of neighborly cooperation in every form of human activity been so evident as they are today.

Friendship among nations, as among individuals, calls for constructive efforts to muster the forces of humanity in order that an atmosphere of close understanding and cooperation may be cultivated. It involves mutual obligations and responsibilities, for it is only by sympathetic respect for the rights of others and a scrupulous fulfillment of the corresponding obligations by each member of the community that a true fraternity can be maintained.

The essential qualities of a true Pan Americanism must be the same as those which constitute a good neighbor, namely, mutual understanding and through such understanding a sympathetic appreciation of the other's point of view. It is only in this manner that we can hope to build up a system of which confidence, friendship, and good will are the cornerstones.

In this spirit the people of every republic on our continent are coming to a deep understanding of the fact that the Monroe Doctrine, of which so much has been written and spoken for more than a century, was and is directed at the maintenance of independence by the peoples of the continent. It was aimed and is aimed against the acquisition in any manner of the control of additional territory in this hemisphere by any non-American power.

Hand in hand with this Pan American doctrine of continental self-defense, the peoples of the American republics understand more clearly, with the passing years, that the independence of each republic must recognize the independence of every other republic. Each one of us must grow by an advancement of civilization and social well-being and not by the acquisition of territory at the expense of any neighbor.

In this spirit of mutual understanding and of cooperation on this continent you and I cannot fail to be disturbed by any armed strife between neighbors. I do not hesitate to say to you, the distinguished members of the governing board of the Pan American Union, that I regard existing conflicts between four of our sister Republics as a backward step.

Your Americanism and mine must be a structure built of confidence, cemented by a sympathy which recognizes only equality and fraternity. It finds its source and being in the hearts of men and dwells in the temple of the intellect.

We all of us have peculiar problems, and, to speak frankly, the interest of our own citizens must, in each instance, come first. But it is equally true that it is of vital importance to every nation of this continent that the American governments, individually, take, without further delay, such action as may be possible to abolish all unnecessary and artificial barriers and restrictions which now hamper the healthy flow of trade between the peoples of the American republics.

I am glad to deliver this message to you, gentlemen of the governing board of the Pan American Union, for I look upon the Union as the outward expression of the spiritual unity of the Americas. It is to this unity, which must be courageous and vital in its element, that humanity must look for one of the great stabilizing influences in world affairs.

In closing may I refer to the ceremony which is to take place a little later in the morning at which the government of Venezuela will present to the Pan American Union the bust of a great American leader and patriot, Francisco de Miranda. I join with you in this tribute.

EXTENSION OF GASOLINE TAX—MODIFICATION OF POSTAGE RATES

Mr. McCLINTIC. Mr. Speaker, I desire to announce that I was excused from attendance yesterday on account of being at the White House, and if I had been present I would have voted "aye" on the tax measure.

TERM OF SERVICE OF PRESIDENT AND VICE PRESIDENT AND MEMBERS OF CONGRESS

The SPEAKER laid before the House a communication from the Governor of the State of Iowa announcing ratification by the legislature of that State of the twentieth amendment to the Constitution of the United States.

MUSCLE SHOALS

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report (H.Res. 111, Rept. No. 50) on the bill (H.R. 5081) for printing under the rule:

House Resolution 111

Resolved, That immediately upon adoption of this resolution the House shall proceed to the consideration of H.R. 5081, and all points of order against said bill shall be considered as waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, it shall be in order for the chairman of the Committee on Military Affairs by direction of that committee to offer amendments to any part of the bill. If there be no such amendments offered by the chairman of the Committee on Military Affairs, then the previous question shall be considered as ordered on the bill to final passage without intervening motion except one motion to recommit.

THE ST. LAWRENCE WATERWAY

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report (H.Res. 112, Rept. No. 51) on the resolution (H.J.Res. 157) for printing under the rule:

House Resolution 112

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of H.J.Res. 157, and all points of order against said joint resolution shall be considered as waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except one motion to recommit.

UNEMPLOYMENT RELIEF

Mr. STEAGALL. Mr. Speaker, as I understand the situation, we will take up now by unanimous consent the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, with general debate for 2 hours having been agreed upon.

The SPEAKER. That has not yet been agreed upon.

Mr. SNELL. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SNELL. As I understood the situation, we agreed to take up this matter, and the only question left open was the question of the 2 hours' general debate. I told the majority leader yesterday that as soon as I consulted with the ranking minority members of the Committee on Banking and Currency, I would agree to the time for general debate. I have consulted with the gentleman from Massachusetts [Mr. LUCE], and the gentleman thinks 2 hours' general debate would be sufficient.

Mr. STEAGALL. Then, Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes; and pending that motion, I ask unanimous consent that general debate be limited to 2 hours, one half to be controlled by myself and one half to be controlled by the gentleman from Massachusetts [Mr. LUCE], to be confined to the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 4606) to relieve suffering caused by unemployment, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. GOSS. Reserving the right to object, will the bill be printed in the RECORD at this point?

The CHAIRMAN. Not ordinarily.

Mr. GOSS. I ask unanimous consent that the bill be printed in the RECORD at this point. Otherwise I shall object to dispensing with the reading of the bill.

The CHAIRMAN. Without objection, the bill will be printed in the RECORD at this point.

There was no objection.

The bill referred to is as follows:

Be it enacted, etc., That the Congress hereby declares that the present economic depression has created a serious emergency, due to widespread unemployment and increasing inadequacy of State and local relief funds, resulting in the existing or threatened deprivation of a considerable number of families and individuals of the necessities of life, and making it imperative that the Federal Government cooperate more effectively with the several States and Territories and the District of Columbia in furnishing relief to their needy and distressed people.

SEC. 2. (a) The Reconstruction Finance Corporation is authorized and directed to make available out of the funds of the Corporation not to exceed $500,000,000, in addition to the funds authorized under title I of the Emergency Relief and Construction Act of 1932, for expenditure under the provisions of this act upon certification by the Federal Emergency Relief Administrator provided for in section 3.

(b) The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is increased by $500,000,000: *Provided*, That no such additional notes, debentures, bonds, or other such obligations authorized by this subsection shall be issued except at such times and in such amounts as the President shall approve.

(c) After the expiration of 10 days after the date upon which the Federal Emergency Relief Administrator has qualified and has taken office, no application shall be approved by the Reconstruction Finance Corporation under the provisions of title I of the Emergency Relief and Construction Act of 1932, and the Federal Emergency Relief Administrator shall have access to all files and records of the Reconstruction Finance Corporation relating to the administration of funds under title I of such act. At the expiration of such 10-day period, the unexpended and unobligated balance of the funds authorized under title I of such act shall be available for the purposes of this act.

SEC. 3. (a) There is hereby created a Federal Emergency Relief Administration, all the powers of which shall be exercised by a Federal Emergency Relief Administrator (referred to in this act as the "Administrator") to be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall receive a salary, to be fixed by the President, and necessary traveling and subsistence expenses within the limitations prescribed by law for civilian employees in the executive branch of the Government. The Federal Emergency Relief Administration and the office of Federal Emergency Relief Administrator shall cease to exist upon the expiration of 2 years after the date of enactment of this act, and the unexpended balance on such date of any funds made available under the provisions of this act shall be disposed of as the Congress may by law provide.

(b) The Administrator may appoint and fix the compensation of such experts and, subject to the provisions of the civil service laws, appoint, and, in accordance with the Classification Act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act; and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere and for printing and binding), not to exceed $350,000, as are necessary to carry out the provisions of this act, to be paid by the Reconstruction Finance Corporation out of funds made available by this act upon presentation of vouchers approved by the Administrator or by an officer of the Administration designated by him for that purpose.

(c) In executing any of the provisions of this act the Administrator and any person duly authorized or designated by him, may conduct any investigation pertinent or material to the furtherance of the purposes of this act and, at the request of the President, shall make such further investigations and studies as the President may deem necessary in dealing with problems of unemployment relief.

(d) The Administrator shall print monthly, and shall submit to the President and to the Senate and the House of Representatives (or to the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session), a report of his activities and expenditures under this act. Such reports shall, when submitted, be printed as public documents.

SEC. 4. (a) Out of the funds of the Reconstruction Finance Corporation made available by this act, the Administrator is authorized to make grants to the several States, to aid in meeting the costs of furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment in the form of money, service, materials, and/or commodities to provide the necessities of life to persons in need as a result of the present emergency, and/or to their dependents, whether resident, transient, or homeless.

(b) Of the amounts made available by this act not to exceed $250,000,000 shall be granted to the several States applying therefor, in the following manner: Each State shall be entitled to receive grants equal to one third of the amount expended by such State, including the civil subdivisions thereof, out of public moneys from all sources for the purposes set forth in subsection

(a) of this section; and such grants shall be made quarterly, beginning with the second quarter in the calendar year 1933, and shall be made during any quarter upon the basis of such expenditures certified by the States to have been made during the preceding quarter.

(c) The balance of the amounts made available by this act, except the amount required for administrative expenditures under section 3, shall be used for grants to be made whenever, from an application presented by a State, the Administrator finds that the combined moneys which can be made available within the State from all sources, supplemented by any moneys available under subsection (b) of this section, will fall below the estimated needs within the State for the purposes specified in subsection (a) of this section: *Provided*, That the Administrator may certify out of the funds made available by this subsection additional grants to States applying therefor to aid needy persons who have no legal settlement in any one State or community, and to aid in assisting cooperative and self-help associations for the barter of goods and services.

(d) After October 1, 1933, notwithstanding the provisions of subsection (b), the unexpended balance of the amounts available for the purposes of subsection (b) may, in the discretion of the Administrator and with the approval of the President, be available for grants under subsection (c).

(e) The decision of the Administrator as to the purpose of any expenditure shall be final.

(f) The amount available to any one State under subsections (b) and (c) of this section shall not exceed 15 percent of the total amount made available by such subsections.

SEC. 5. Any State desiring to obtain funds under this act shall through its governor make application therefor from time to time to the Administrator. Each application so made shall present in the manner requested by the Administrator information showing (1) the amounts necessary to meet relief needs in the State during the period covered by such application and the amounts available from public or private sources within the State, its political subdivisions, and private agencies, to meet the relief needs of the State, (2) the provision made to assure adequate administrative supervision, (3) the provision made for suitable standards of relief, and (4) the purposes for which the funds requested will be used.

SEC. 6. The Administrator upon approving a grant to any State shall so certify to the Reconstruction Finance Corporation which shall, except upon revocation of a certificate by the Administrator, make payments without delay to the State in such amounts and at such times as may be prescribed in the certificate. The Governor of each State receiving grants under this act shall file monthly with the Administrator, and in the form required by him, a report of the disbursements made under such grants.

SEC. 7. As used in the foregoing provisions of this act, the term "State" shall include the District of Columbia, Alaska, Hawaii, and Puerto Rico; and the term "Governor" shall include the Commissioners of the District of Columbia.

SEC. 8. This act may be cited as the "Federal Emergency Relief Act of 1933."

Mr. STEAGALL. Mr. Chairman, this bill is intended to afford the use of the National Treasury for relief of distress and destitution resulting from unemployment. The sum provided as a maximum to be expended is $500,000,000, which is to be furnished from funds of the Reconstruction Finance Corporation. The Reconstruction Finance Corporation, under this bill, is authorized to expand its obligations for the purpose of raising the funds required for carrying out the purposes of this act. Two hundred and fifty million dollars are to be advanced to States on the basis of one third of aid under the provisions of this bill, and two thirds of aid from all other sources. Two hundred and fifty million dollars, or one half, is to be used in the form of grants to the States to aid in meeting the "cost of furnishing relief and work relief, and in relieving the hardship and suffering caused by unemployment, in the form of money, service, materials, commodities, to provide the necessities of life to persons in need, as a result of the present emergency, and to their dependents." One half of the funds, which is to be used to supplement aid secured from other persons after the 1st of October, may, after October 1, 1933, be used under the general authority for grants which I have just outlined.

The bill provides that after the establishment of the national administration to control the fund, no further aid may be furnished by the Reconstruction Finance Corporation under title I of the Emergency Relief Act of 1932; and that all funds left in the Reconstruction Finance Corporation under that act shall be turned over to the emergency relief administrator provided for in the bill now under consideration.

There is now on hand with the Reconstruction Finance Corporation a sum between $50,000,000 and $60,000,000, or thereabouts. This bill provides for the appointment by the President of a Federal emergency relief administrator, whose appointment shall be confirmed by the Senate and whose salary shall be fixed by the President. The Federal emergency relief administration and the office of the Federal emergency relief administrator are to terminate after a period of 2 years.

The committee had before it the testimony adduced at the hearings in the Senate on the Wagner-Costigan-La Follette relief bill, and also conducted hearings for some days in which conditions affecting unemployment were outlined to the committee. There are 4,000,000 families in need of aid. Conditions are growing worse all the time. Local means are being exhausted. The only hope for anything approaching adequate aid lies in resort to the Federal Treasury.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I am glad to yield.

Mr. O'CONNOR. Will the gentleman tell us in what essentials, if any, this bill differs from the Wagner-Costigan-La Follette bill?

Mr. STEAGALL. This bill is identical with the Senate bill as introduced in the House. This came about by reason of the question of constitutionality raised by the resolution of the gentleman from New York respecting the right of the Senate to originate this legislation. In view of that question, the committee of the House thought it well to consider the House bill introduced by the gentleman from Maryland [Mr. LEWIS], and that is the bill under consideration.

There have been only two amendments to this bill: One, a mere matter of phraseology to make the language of the bill correspond with the language of the title and to employ the identical language which has been interpreted repeatedly by officials of the Reconstruction Finance Corporation. This amendment simply added, in lines 8 and 9, page 5 of the bill, after the words "work relief", the following phrase: "And in relieving the hardship and suffering caused by unemployment." This language was in the title of the bill, was taken from a former act, and has been repeatedly construed so as to have an established legal interpretation by the administrative officers of the Government.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I am glad to yield.

Mr. DOUGHTON. Will the gentleman explain to us what is meant by the phrase "work relief" and whether the chief features of this bill are those of employment or whether it is mainly a dole proposition?

Mr. STEAGALL. If the gentleman will permit, I will answer his question in a moment, after I have finished calling attention to the amendments that were adopted by the Committee on Banking and Currency.

The second amendment, which was not regarded as of very great importance or significance, is on page 5, line 15, and changes the figures "$200,000,000" to "$250,000,000." This change is in the subdivision of the bill which provides for supplementary loans, loans to be made with reference to the relief aid afforded in States from other agencies on a basis of one third Federal aid to two thirds of other aid, the purpose being to divide the $500,000,000 fund into two equal amounts, one to be used primarily to supplement other aid and the other to be used in direct grants for relief purposes as outlined in section 4, the language of which I have just called to the attention of the House.

The gentleman from North Carolina [Mr. DOUGHTON] asked a question. I do not remember for the moment the exact language of his question. I will say in answer it is recognized by all that wherever it is practical to do so aid should be extended for the purpose of enlarging employment and relieving distress by that method. But the bill goes further, the purpose being that so far as, in the discretion of the administrator of this fund, it is found necessary and proper to do so all restrictions, limitations, and interferences may be done away with, to the end that people in destitution may be furnished food and the necessaries of life without undue delay.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Certainly.

Mr. HASTINGS. Keeping in mind that we have unemployment and distress in every section of the country, I should like to have the chairman's construction of section 4 as to how this money is to be apportioned among the States.

Mr. STEAGALL. It will be distributed in the exercise of the discretion lodged in the administrator of the fund. It will not be on a population basis or any other arbitrary method, but will be administered with respect to the requirements and necessities disclosed by the investigation conducted by the administrators of the fund. There is a limitation, however, that not more than 15 percent of the funds may go to any one State.

Mr. HASTINGS. The distinguished chairman and the other members of the committee who reported the bill, of course, understand that we have unemployment and distress in every State in the Union, yet there is no legislative direction in the bill as to distribution. This is left entirely to the administrator of the bill.

Mr. STEAGALL. That is true. The funds will be distributed by the Administrator and the President. Any community in the United States is interested in any other community whose citizens are suffering for want of food, clothing, and shelter. It so happens the problem is most acute in the larger centers and cities, in some instances the wealthy centers, but the situation that confronts the country is a practical one. It is a question of going directly to the center of distress and dealing with it in a direct way as far as it may be done without taking away from the States and the local communities a proper share and voice in the administration of the funds. Only those in need have a right to expect aid, and all such should be taken care of as far as may be done without regard to communities where there is no such need.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Certainly.

Mr. CLARKE of New York. I see another agency is set up under the terms of the bill. Will the gentleman explain how many will be employed in this new agency and why the agency is necessary when we have so many other agencies?

Mr. STEAGALL. The Reconstruction Finance Corporation is purely a loaning agency of the Government. It is, in fact, a banking institution set up with governmental funds for the purpose of making loans. The Corporation must require full and adequate security. The purpose of this bill is to relieve hunger and distress in the United States. To do this intelligently the problem must necessarily be approached from this standpoint and not from the standpoint of loaning money.

Mr. TARVER. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. TARVER. Directing the gentleman's attention again to section 4 (b) in which the amount of $200,000,000 was increased to $250,000,000 by the committee, will he not explain why this action was suggested by the committee?

In this connection I wish to point out that the benefits of this particular part of the fund cannot be obtained by a great many States, such as my own State, the constitution of which prohibits the State from making a grant of public funds for relief purposes. It is made available only in amounts "equal to one third of the amount expended by such State" for relief purposes.

Therefore the State of Georgia could not obtain any of this $250,000,000 provided in section 4 (b). Their matters of relief have been taken care of largely by private contributions made by their citizens, through agencies such as community chests.

Mr. STEAGALL. I will say to the gentleman that under the provisions of this bill the ratio limit with reference to aid in any particular State, as it relates to aid from other sources, is not limited to aid supplied by your State treasury, but aid from all sources.

Mr. TARVER. The gentleman is referring now to another portion of the bill relating to the remainder of the fund. Section 4 (b) provides specifically—

> Each State shall be entitled to receive grants equal to one third of the amount expended by such State.

And States which have not expended any amount, because they are prohibited by their constitutions from doing so, could not obtain any part of this $250,000,000. My understanding is that civil divisions of a State are included, but the major portion of the relief afforded in my State has been done through private contributions.

Mr. STEAGALL. It is not limited to funds supplied by the State treasury, but funds from "all sources."

I am sorry I cannot continue to yield. We have only an hour of time, and I have promised to yield time to other gentlemen, and especially to the gentleman from Maryland [Mr. LEWIS], the author of the bill. On this account, I am obliged to yield the floor, much as I regret not being able to answer further questions.

Let me say in conclusion that all of us deplore the necessity for this legislation, but the necessity exists, and it is a national problem that challenges the attention and the interest of every patriotic citizen of the United States, not alone upon humanitarian grounds but from the standpoint of public policy. We cannot afford to ignore the dangers that result from a continuance of the distress that exists in many of our cities and centers of population. Let us hope we shall be able to find normal methods by which to restore opportunity for employment, that men who want to work may find an opportunity to labor and support their loved ones, but until our leadership finds such methods of relief there is no course left us except to see that all the resources of the Nation are employed as far as necessary to end hunger and human suffering in the United States. [Applause.]

Mr. Chairman, I reserve the balance of my time.

Mr. LUCE. Mr. Chairman, members of the committee who dissent in the matter of this bill recognize that they put themselves in the ungracious attitude of seeming to object to the relief of distress; and yet it is my hope that reasonable men will admit that while there may be unanimity of opinion as to an end to be accomplished, there may be legitimate differences as to the methods to be pursued.

The dissenting members object because the method here proposed seems to them unnecessary and unwise. They deem it, in part, unnecessary because of the creation of a new agency to carry out work that might be intrusted to existing agencies, inasmuch as it stipulates that some of this duty, without responsibility, shall be conferred upon the Reconstruction Finance Corporation, and because the methods in point of detail are inconsistent with tried and tested methods that have proved satisfactory.

First, as to the proposal that this money shall be handled through the Reconstruction Finance Corporation.

As the chairman of the committee has accurately explained, the Reconstruction Finance Corporation was conceived and has been developed as a lending agency. It is now to be required to be part of the mechanism of a giving agency. It is simply to be a conduit through which the public funds will travel. Upon inquiry in the committee as to the reason why this roundabout method should be pursued, we learned that the reason, and the only reason, for this is to deceive the people of the United States.

The only purpose of this is to make them think, inasmuch as the gifts go through the Reconstruction Finance Corporation, they are not a current expenditure. The only purpose of this is to keep it out of the Budget and by that much fail to disclose to the taxpayers of the country the expenditure in any one 12 months. We created a budget partly in order that the people might know what money was spent and when it was spent, and here is a proposal to hide the expenditure of $500,000,000 so that the public may not be aware of the financial facts of the case. Now, granted that the purpose is noble—granted, indeed, for the moment, if you please, that other features of the bill are

estimable—there can be no defense for using a method that violates the very purpose of the Budget, a method that will accomplish no beneficial results save by way of deceit, and, of course, I ought not to class that as a beneficial result. The only result is one of deceit of the public as to the exact amount of the expenditures in the current year.

The Reconstruction Finance Corporation is to do nothing except obey the behest of a new official, the administrator. It is not to question whether the purposes or the needs or anything about the expenditure are wise. It is not to inquire whether the money is prudently spent. It is to have no responsibility whatever.

The Treasury Department was created for the purpose of doing such work as this, and not one single valid reason was given why the Treasury Department should not perform it.

The Reconstruction Finance Corporation, as I told you and the chairman of the committee has told you, is a lending body. Here for the first time we are fastening on it the stigma of being a giving body. You may say that this has been done in the various so-called "50–50 propositions"—by the way, I have opposed every one of them—but the case differs in that here $250,000,000 is to be given outright.

Furthermore, you are for the first time having the whole Nation distribute money to all its parts. It is the first step that costs. What excuse can be given? How can it be explained that we should engage in the work of extracting money from all the States, bringing it to Washington, and giving it back to all the States? Only on the ground that some of the States will get more than their fractional share, and some will get less than their fractional share. The only excuse that can be given for this waste motion is that some of the States are to get more than their numbers alone would warrant and some States less.

Let us ask whether it is wise to engage in the policy of national giving. I must not take the time to lay before you all the possibilities, but I may suggest for your consideration whether this is not an entering on the dole system, a system that has been the curse of England and has brought upon her more distress than any other legislation enacted by Great Britain in our lifetime.

It is, in effect, a step toward the dole system, a system that cannot be defended in this country.

The proposal is to give $1 for every $3 paid out by the States. This was urged on us that it might incite the States to give more money and encourage charitable contribution. Is it reasonable, does your own experience tell you, that the offer of $1 upon the spending of $3 will be any big incitement to greater public giving or greater private charity? If this measure is to prevail, it ought to follow the plan that we have always used, of one half by the United States and one half by the States. Then there might be some real incitement to somebody to make more gifts than otherwise would be the case.

I would call your attention particularly, however, to one paragraph in the report of the majority members of the committee:

> The bill also provides a discretionary fund of $250,000,000 from which grants to States will be made when the combination of Federal, State, and local funds prove inadequate. This is a safety fund to make sure that insufficient State resources do not result in human suffering.

Gentlemen of the committee, through your chairman, I tell you that this hides most cleverly the more important purpose of this bill. In one single sentence there the majority of the committee glides over the great objection to the bill. The committee does not elsewhere answer in any part of the report the most serious objections to the bill. All the majority of the committee dared do was to put in that glittering generality which does not tell the real story.

Let me disclose to you, if I may, some of the things this conceals. In the minority views, and I venture somewhat immodestly to ask your perusal of them, you will find reprinted section 5 of the bill, a section which is full of trouble. Mind you, a Federal administrator is to be created, a new official, to be the germ of a new bureau that will have mushroom growth, as did the Children's Bureau, for nobody expects that its life will terminate in 2 years. To change the metaphor, this is the opening wedge for establishing another Federal agency. Not satisfied with handling from Washington the care of children, handling matters of maternity, and other concerns of individuals, it is now proposed to handle matters of charity.

This Federal administrator is to ascertain certain things about the expenditure of this money. Among others, he is told to find out how much has been contributed by private sources and private agencies for relief. Imagine the work contemplated in going into every city, town, and hamlet of the country to find out how much money has been given for private relief! The very impossibility of the task discloses the impropriety of putting it into this bill or of putting upon any man that duty.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. O'CONNOR. Does the gentleman construe the bill to mean that that will authorize this administrator to investigate and interrogate these agencies as to how much money they are spending and what they are doing with it?

Mr. LUCE. I think that is what is contemplated, but unfortunately the bill is so vague in this section and in other particulars that I do not dare to state definitely that this is meant, but from the testimony before the committee and from the reading of the bill we infer, and I think justly, that it is the intention to have from Washington examination of all the charitable organizations and activities of the land. That is one of the reasons why we protest.

Mr. DEEN. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. DEEN. Does the gentleman believe or not that this bill is perhaps a step in the direction of sowing a good crop of seed for communism throughout the United States?

Mr. LUCE. It is socialism. Whether it is communism or not I do not know, but it is still more adding to the functions of Government for the Nation to concern itself with the spending of money coming from private sources and expended by private agencies for individual relief.

Mr. DEEN. Does the gentleman believe or not that the people of the United States who are unemployed would have greater respect for the Members of this Congress if we were to expand properly the currency by putting new money in circulation on a profitable public-works program, rather than resorting to this sort of legislation?

Mr. LUCE. Mr. Chairman, it is my cherished hope, and a vain one, that at some time I may be able to have the attention of the House for about 4 hours on the currency question. To dispose of it in 4 seconds is beyond my power. [Laughter.]

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. McCORMACK. I should like to get the opinion of my distinguished friend from Massachusetts as to whether or not he believes that it is a socialistic philosophy of government for the Federal Government, where an actual emergency exists, assuming Members honestly feel that the actual emergency exists, to extend its power and its influence in bringing relief to those who are afflicted as a result of this depression—confining it to the Government?

Mr. LUCE. If we were acting according to the academic principles of political science, a great deal of what we are doing would not be done, but every man's heart is touched by the exigency. Our sympathy goes out to our fellow men, and we are stretching our political consciences, not partisan, but the consciences that rest on political science, to do most of the things we are now doing. I began by saying that I sympathize with the end, and if it were to be accomplished by the accustomed and legitimate means I have no doubt that I would vote for the bill. I am protesting against this method of doing it.

Mr. McCORMACK rose.

Mr. LUCE. I cannot yield further.

Mr. McCORMACK. But my friend has not answered my question.

Mr. LUCE. Mr. Chairman, I did not mean to answer the gentleman's question, and I tried to conceal that fact. [Laughter.]

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. MARTIN of Colorado. Turning his attention to the criticism of this feature of the bill about procuring the statistics as to the amount of relief that can be furnished by various State agencies, is it not a fact that all that information is now available to and in the possession of the relief administrators in the States and the State governments?

Mr. LUCE. It may be in some States. I do not know. But, in any event, I call the gentleman's attention to the fact that the next point in my indictment is to the effect that the administrator is to "assure adequate administrative supervision." This compels the administrator, if he performs his duty through his agencies, to supervise in the lump, not only the figures to which the gentleman has referred but also all matters of their detail.

Next, he is to determine what are "suitable standards of relief." He is to be entrusted with passing judgment upon all the charitable agencies of the land to determine whether the Salvation Army is conducting its affairs properly, whether the Volunteers of America, the American Legion, or any other agency is performing its duty. You are imposing upon this man the passing of judgment upon "suitable standards" of relief.

The bill may be construed to the effect that it is to be his duty to watch the expenditure of the money after it has been turned over to the States. This means that through his agents he has to go into every city of the land and determine whether the sad charges of graft and corruption, appearing in the very meanest type of political manipulations, are justified. He has to make inquiry in every nook and corner as to whether there is not only efficiency but also honesty, integrity, and good faith.

I have adverted to the fact that another bureau is to be established, another bureau that is to rival those already in existence, and this is contemplated at a time when we are trying to destroy bureaus, for one purpose of the economy bill and the reorganization bill was to get rid of bureaus. Here you are creating another, and you are entrusting its administrator with dispensing at his will $250,000,000, for only half of the total is to be used in matching and the other half is to be under the complete control of this administrator of public relief.

Mr. Chairman, these considerations are of grave importance, but more serious in the end will be the clothing of individual charity with a national interest.

It is to be greatly regretted that the development of human society in these modern days, particularly the development of the cities, has, in large measure, destroyed neighborhood responsibility, but, accepting it as inevitable, wholly unavoidable, we might recognize the wisdom of having town and city responsibility. If necessary in times of emergency, there may also well be State responsibility; but I submit, sir, with the boundaries of the State should end the responsibility for caring for neighbors. After all, the maintenance of associations that group around the family and the home and the maintenance of neighborhood and community spirit are among the great things to be preserved. I am appealing to you not still further to deaden responsibility by taking it farther away. The more you take it away the more mechanical it becomes, the weaker it becomes, the colder it becomes. In every respect it is unwise for the Nation to take over neighborhood responsibility.

Mrs. KAHN. Will the gentleman yield?

Mr. LUCE. Certainly.

Mrs. KAHN. Has there been any estimate at all made of what each State will get under this allocation, the amount of money each State will get?

Mr. LUCE. No. Such figures, which would have to be largely estimates, were not given to us by States. I am glad the lady from California asked the question, because I had forgotten to say I am given to understand that many States are refusing, through their legislatures, to do this very thing—are refusing to dispense the money of the State—in the confident hope that they can get it out of the National Treasury. This measure will incite other States to do the same thing. It puts the temptation before all States, among them my own State, to abandon self-reliance. We have been proud of the fact in my State that we have met our own problems. Some of the other States are equally proud, and I believe warrantably so, that they have not come here even to borrow. This bill will make it almost imperative that every State, despite its own sense of responsibility, shall accept gratuities from the Nation. And so you will break down that spirit of State responsibility, as well as that of local responsibility, which is so all-important in this crisis.

Mrs. KAHN. I should like to ask if allotment by population would not be a fairer basis of allotment rather than the basis set out in the bill—that is, the amount of money already subscribed by that State for relief?

Mr. LUCE. The lady addresses her interrogatory to the first half of the bill, the matching proposition. There is $250,000,000 to be given away without any condition of that sort, to be given away at the judgment of one man here in Washington, who alone will determine.

Mr. MILLARD. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. MILLARD. The State of New York pays 30 percent of the Federal taxes. That means the State of New York will pay $75,000,000 of this $250,000,000, and under this bill they can receive only a limit of 15 percent?

Mr. LUCE. Only 15 percent.

Mr. MOTT. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. MOTT. Under this bill it is apparently mathematically possible for some seven States to receive the entire amount of money available under this bill. Could the gentleman inform the House whether under the provisions of this bill there is any assurance that my particular State could get anything upon request? Have we any assurance that the State of Oregon, if we would apply for relief under this bill, would get anything at all, or would that be entirely in the discretion of the administrator of the bill?

Mr. LUCE. I understand it is entirely in the discretion of the administrator as to at least half the money.

Mr. ADAMS. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. ADAMS. Assuming that the gentleman's viewpoint is correct, as to the separate localities taking care of their own indigent and needy; let us suppose it is impossible for them to do so; does he still maintain the opinion that the country must come to their assistance?

Mr. LUCE. I will not admit the gentleman's postulate. I believe every State can take care of its own.

Mr. ADAMS. At this particular time?

Mr. LUCE. At this particular time.

Mr. HEALEY. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. HEALEY. Does the gentleman realize that today practically every State has a welfare officer who may well furnish the data and information required for the administration of this bill?

Mr. LUCE. Judging from what I hear about certain States that information would be in part untrustworthy.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. REED of New York. Is it not true that practically every church has a charitable organization to carry on its usual and customary benevolence? Would not the churches and every community which has its own welfare organization be subject to the same investigation?

Mr. LUCE. They would be.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. RICH. I was informed yesterday that there are counties in my district where individuals have been requested to get on the relief because of the fact the money is available and they might just as well be on the relief as not.

Mr. LUCE. Such conditions are to be found.

Mr. RICH. And I understand if Federal funds were to come into certain sections and be distributed in this manner it might take funds away from places where the money is really needed. This would bring about an unjustifiable distribution of money where it was not needed.

Mr. LUCE. Undoubtedly so.

Mr. Chairman, I reserve the remainder of my time.

Mr. BYRNS. Before the gentleman takes his seat, will he answer a question?

Mr. LUCE. Certainly.

Mr. BYRNS. I just came into the Chamber. Do I understand it is the position of the gentleman from Massachusetts that under no circumstances should the Federal Government make any contribution to States or municipalities for the relief of the citizens of these States or municipalities?

Mr. LUCE. Had the gentleman heard me he would, I think, have known that I do not object to lending money to the States. I object to giving money to the States.

Mr. BYRNS. I understand. What I am talking about is contribution. I think I so framed my question with reference to the $250,000,000 that is carried in this bill.

Mr. LUCE. I do object to contribution.

Mr. BYRNS. Under any circumstances?

Mr. LUCE. By the Nation under any circumstances.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 30 minutes to the gentleman from Maryland [Mr. LEWIS].

Mr. LEWIS of Maryland. Mr. Chairman, I want to ask the special indulgence of my colleagues in beginning my remarks. It is that any question they may wish to ask be deferred until we reach the reading of the bill under the 5-minute rule.

In approaching the subject of this day, and considering the kind of objections we have thus far heard, it seems not inappropriate that we recur for a moment to that greatest of all teachers who once spake upon this subject and admonished the nations:

> When the Son of man shall come in His glory, and all the holy angels with Him, then shall He sit upon the throne of His glory:
> And before Him shall be gathered all nations: and He shall separate them one from another, as a shepherd divideth his sheep from the goats.
> And He shall set the sheep on His right hand, but the goats on the left.
> Then shall the King say unto them on His right hand, Come, ye blessed of My Father, inherit the kingdom prepared for you from the foundation of the world:
> For I was anhungered, and ye gave Me meat: I was thirsty, and ye gave Me drink: I was a stranger, and ye took Me in:
> Naked, and ye clothed Me: I was sick, and ye visited Me.
> And the King shall * * * say unto them, Verily I say unto you, inasmuch as ye have done it unto one of the least of these My brethren, ye have done it unto Me.

The country acknowledges this Great Teacher, and its response is the relief bill before you—but this response has been referred to this morning as bringing a stigma upon the Nation's records. Let us consider for a moment the examples of other nations. In Germany in 1931 not $500,000,000, but $1,514,800,000 was appropriated to like purposes. In the country over which the flag of England waves, not $500,000,000, but $1,158,000,000 was appropriated for this purpose.

In the case of Germany, if you multiply by our population factor for comparison, its fund would be equivalent to $3,000,000,000. In the case of England, using our population as a basis, the fund would be the equivalent of about $3,500,000,000. Yet the country of Washington is to suffer a stigma, it is said, because it responds at all, even in the small measure of one sixth as much, to this great national and Christian duty.

IF IT IS A DOLE, WHO IS RESPONSIBLE?

Mr. Chairman, the fundamental argument addressed against this measure is that with its passage we are entering upon the pathway of the dole. I shall address myself at once to this part of the discussion.

In 1931 it first became my privilege to visit the Old World; and upon my return friends were asking always, LEWIS, how did you find things in Europe?

My answer was that at that time in Holland, in Belgium, and in Switzerland I found conditions about what they considered their normal; but that in Great Britain and in Germany conditions resembled those in the United States with this important difference, my colleagues: That in Germany and in Great Britain the agony was taken out of it for the unemployed by their social insurance systems you have just heard dubbed as the dole.

In England, in Germany, and other countries the Prime Minister does the worrying, and why not? Who more than the Prime Minister is responsible for the conditions in which the disemployed workman finds himself? Has it not been the policy of these States for over a century to produce, in large part, just the conditions of disemployment under which we now suffer? Have they not encouraged the sciences? Have they not subsidized the inventor with exclusive patents? Have they not formed great industrial organizations to secure mass production; and all for what purpose? In order to reduce the cost of production for the benefit of society. And their policy has succeeded. Eight men now do the work of ten men a few years ago.

Yes; their policy has succeeded. Even in 1929, in our own country, 2,000,000 human beings, competent and anxious to work, were crying for the privilege, while their cries were drowned by the hilarity of the banquet table, the hilarity of men who were becoming millionaires in a week or multimillionaires in a month. I say their policy has succeeded. Two million were then out of work. Many more of them, due to the same cause, are suffering that condition now.

Mr. Chairman, we have to thank the scientist, the inventor, and the efficiency engineer, and we do thank them, for the achievements by which production labors have been so greatly lowered. Doubtless, in the long run it is desirable that the work of society should be accomplished with a minimum of labor; but, Mr. Chairman, it is only desirable provided certain fundamental conditions are not violated, and one of these conditions is the right of the human being to earn his living in the sweat of his face. [Applause.] The world does not owe a man a living, I grant you; but just as sure as there is a God in the heavens, the world does owe him a chance to make a living; and it is a delinquent, slacking nation that will take away from this workman by state policies his opportunity to labor, and sneer at him when the moment of the inevitable dole has arrived.

Now, the answer of these Prime Ministers, accepting their responsibility, has been the dole.

Let us see whether this was the wisest answer that could be made. We may not doubt its justness, I think, under the circumstances, but we may still question its wisdom as a method.

EQUALITY BEFORE THE LAW

No one here, I am sure, would consciously deny this workman equality before the law. It is the boast of our American civil polity that it guarantees it to all, and yet it is denied this disemployed workman when his job is taken from him without indemnification. Let me give you but one illustration. This state policy to economize labor with its disemployment of the workman, is all meant for the benefit of society. Let us see what happens when property is taken for the benefit of society. A new street needs to be cut across from one avenue to another. The owner of the property objects, through sentiment or ancestral pride; but the answer of the city council is that the convenience of the city must prevail over his personal desires. So he is evicted from the premises, but, mark you, gentlemen, he is not evicted until just compensation is made to him for the property rights thus taken away.

The right to work—who has ever doubted it? Who will dispute it anywhere in the world? And yet, Mr. Chairman, this right to work, as old as civilization, will not assure a single workman a loaf of bread tomorrow or safeguard his family from eviction. I appeal to my colleagues of the American House of Commons whether they will be willing,

when the legislative opportunity be presented, to deny this workman the same legal sanctions for his right to work, the same day in court, granted to property before the law.

DISCRIMINATION AGAINST WORKERS

Mr. Chairman, we should be able to rely on the natural instincts to protect this right to work, and often we can—but its violation unfortunately is very general. Often the fault lies in the indifference of the employer, but it is not always the employer who is found delinquent. I have an instance in mind which occurred in a certain railroad shop, not in Maryland. When the traffic of the railroad had fallen one third, the management of the road found that it would have to reduce employment by one third; and the question of the disposition of the remaining employment was left to a vote of the men in the shop, themselves. The meeting was secret, not open. What happened in the secret meeting? Instead of giving 6 men 4 days a week, the elders got control and voted 4 men 6 days a week, and the company accepted their conclusion.

I want to make two remarks about the decision of this meeting and the action of the responsible managers of the road. First, as to the president of the road. He had no more right to put that discriminating question to the men than he had a right to put a similar question to the stockholders. He had no more right to permit this discrimination in employment than he would have had to say to one third of the stockholders, if the dividend fund had fallen one third, "We only have two thirds of the dividend fund left, and I am going to prefer the older stockholders." The stockholders have been granted legal sanctions for their rights—if he had attempted it we know what the courts would have promptly done.

Now, as to the men who would deliberately outlaw their fellows, push their fellow workmen off the raft of life, I want to say to them that they have invented a new form of blacklist, and that their blacklist is not a bit less odious than the blacklist they and their fathers as workmen have detested throughout history.

UNEMPLOYMENT CHRONIC

I say that this condition is chronic. Even if some power in the skies were to lift the depression and we were back to 1929 normalcy, the indications are that not less than one third of the present 12,000,000 now unemployed would still be vainly rapping at the factory gates.

I am not going into what I think are all the causes of the depression. What I speak of will be a principal cause but unfortunately an abiding one. There are two kinds of inventions. There is the kind of invention that reduces human employment, like the ditch-digging machine, where 2 men take the place, it is said, of 100 workmen. There is another kind: the automobile which has added so greatly to employment in the last 20 years in our own country. I shudder, Mr. Chairman, to think of what our unemployment situation would be had the automobile not come to take up the hands released by work-reducing inventions. If there were some power that could distribute the two kinds of inventions with equality, like the sexes—one little boy, one little girl, one little girl, one little boy—we should not have this aggravating problem before us. But a special emphasis is being placed in our system on work-reducing inventions. In every factory, efficiency engineering is being applied, and there is a "suggestion box" where the workmen are invited to drop suggestions, to reduce factory expense by reducing factory employment. I see no prospect of change in this condition.

EMPLOYMENT ASSET MOST IMPORTANT ASSET OF SOCIETY

Have we not come to the time when we must realize, as lawmakers, that the employment asset is the most important asset society possesses? It is true that, because of our neglect to properly define the subject matter, the employer often looks upon this employment attribute of his property as he looks on the physical property itself, as if it belonged to himself wholly. But it does not belong to him wholly. The employment attribute belongs also to the human beings who must have it in order to live. Our industrial order must accept its obligation to support our part of the human family, and to do this it must administer the employment asset as a trust for willing, competent workers. No industrial order can deny such an obligation. Even under feudalism a place was found for every person however humble, yea, and even slavery did not refuse to feed and clothe and doctor the slave, no matter what might happen to crops or to markets.

Mr. Chairman, I repeat, the disemployment problem is a chronic condition—2,000,000 out of work in 1929, with indications of becoming 4,000,000 at the end of this depression. The President spoke of the "forgotten man." There are now some 12,000,000 of them standing, waiting at the factory gates. Among them is a class that is worse outlawed than the forgotten man. I refer to the men over 45 years of age, who have reached the dead line of employability; behold them, my associates, they are the untouchables of America. Behold them as the protest of Bobby Burns starts ringing in your ears—

See yonder poor, o'erlabour'd wight,
So abject, mean, and vile,
Who begs a brother of the earth
To give him leave to toil;
And see his lordly fellow worm
The poor petition spurn,
Unmindful, tho' a weeping wife
And helpless offspring mourn.

Gladiatorial qualifications are now required in the market where the worker sells his work. But the workshop is not a Roman arena, even if it does often call for equal courage and for more than equal sacrifice.

THE LAWMAKER'S NEGLECT

How does it happen that the lawmakers have neglected this right to work?

Perhaps a reminiscence from my own experience will help us in answering that question. When I was a little lad about 12 years of age working in the coal mines of Pennsylvania, I had an experience which left an indelible impression on my mind. It was 50 years ago, I am obliged to say. The driver was just starting into the mines on his first trip in the morning with two empty cars and a mule drawing them. The mule suddenly took a crazy spell—or was it a crazy spell; perhaps it had a lucid interval and saw that there was no escape but in suicide. At any rate it ran away headlong into the mine, beyond the control of the driver, until it came to a switch where a prop was sustaining some loose rock. When the cars struck the switch they jumped the track, struck down the prop, down came the overhanging roof, crushed the cars, killed the mule, and ended the earthly career of that driver.

Now, what happened in the head offices on the 1st of the month following the report of the accident? The directors reasoned correctly enough that they could not operate coal mines without killing mules, without smashing mine cars, and that, therefore, the cost of new mules and of new cars was properly chargeable to the expenses of conducting the business. But how about the driver's life? Ah, he was not property. He was an American citizen. "Civis Romanus sum." His wife had no rights. Yet, if his coal-blackened face had been blackened by an African sun, if that accident had happened in the Alabamas before the war, the same directors would have charged up, of course, at least $1,000 more to replace the slave. Meanwhile, what happened to the widow and her children. A collection was taken in the mining village that filled her cupboards for a week or two, and there her history is lost in the common miseries of a callous world.

May I add, here, a perhaps too personal sequel to that accident. The first workmen's accident compensation law passed on this side of the Atlantic Ocean was passed in 1902 by the General Assembly of the State of Maryland, and that act was prepared by the hands of the man who as a boy witnessed the accident in the coal mines of Pennsylvania. [Applause.]

LEGAL SANCTIONS

My colleagues, it is evident that we cannot rely on the moral instincts alone to safeguard this right of the worker—legal protection must be provided for this right to work, just as it is provided for property rights. Mr. Swope, the

president of the General Electric Co. of the United States, has recognized that the worker's relations to employment should not be longer neglected by lawmakers and industrial leaders. Some 2 years ago he proposed a plan most favorably received by the public which carried securities for the workers, embracing:

(a) Unemployment insurance.
(b) Old-age insurance.
(c) Health and life insurance.
(d) Accident insurance.
(e) Stabilization of the industry.

In order to effectuate these benefits Mr. Swope proposed the legal establishment of national trade associations for each industry, each to be managed by a board of 9 persons, 3 employers, 3 employees, and 3 representatives of the public. The insurance funds are to be maintained by equal contributions from the employers and employees. These insurance features required such national trade associations, he thought, so that workers might transfer from one employer to another without losing their benefits. This proposal was specifically approved by the United States Chamber of Commerce.

The Swope objectives include and serve the worker who is on the pay roll, who has a job. But how about the jobless, the "men at the gate"? They, too, have rights. But here again they are "forgotten", these "untouchables", even in the noble plan of Mr. Swope. Here, my colleagues, lie our duties, the duties of the lawmaker. Which shall it be? Shall the worker be given his share of the work, or shall he be given a dole? How can we continue to deny him both?

WORKER MAY SUE

And so the proposed bill adds to the Swope plan a provision for the jobless. The worker may apply for work in his trade to the workmen's accident commission of his State, and if it finds him competent and his record is all right, it notifies the trade association, which is then placed under a legal duty to give him his share of the work available or pay him the wages it refuses him a chance to earn.

I have only given you now the barest outline of the method of administration discussed elsewhere in full detail. No new offices are created by the plan—its administration is entrusted to the trade association and the existing State workmen's accident commissions, with an appellate jurisdiction when necessary in the Federal Trade Commission.

I feel justified in advising you that under the National Trade Association idea proposed by Mr. Swope, along with his unemployment and other insurance features, effective legal sanctions can be provided to assure this workman out of employment his share of the employment on proving his competency to work. If the employers within the Trade Association gratuitously ignore his right to work, then the Trade Association ought to take the responsibility of denying his God-given right, and ought to pay him, not a dole, but just compensation for a right which it is denying an unoffending human being. [Applause.]

The CHAIRMAN. The time of the gentleman from Maryland has expired.

EXHIBIT A

ANALYSIS OF RIGHT-TO-WORK BILL

SECTION 1. (a) Declaration legalizing citizen's right to work and on proof of competency to share of the employment available in his trade; which if denied, compensation payable from the trade in lieu thereof.

(b) Competent worker, unemployed, may apply to workmen's accident compensation commission of State for employment in his trade, which notifies trade association, which may contest his competency and record. If these be good, commission orders trade association to employ or place him.

Boards of national trade associations to submit rules for determining competency; also disciplinary regulations in relation to discharge, suspension, or demotion for neglect or occupational misconduct.

Incompetency shall not be imputed to worker on account of age unless he has reached pensionable age, nor on account of a physical defect if he can in fact do the work involved.

(c) If trade association refuses or fails to place worker in 1 week after certificate by commission, it may be sued by worker for compensation before such workmen's accident compensation commission, which, if case proved, shall order trade association to pay the worker compensation, to continue until worker is employed. Compensation to be governed by the wages prevailing in the State.

(d) Each trade association required to establish compensation fund.

(e) Secretary trade association to make monthly reports to Federal Trade Commission showing pending compensation claims and state of fund. Monthly excise tax sufficient to pay such claims is levied upon corporation members of association to be assessed by Federal Trade Commission based on number of employees.

(f) Workmen's accident compensation commissions of States to have plenary jurisdiction to enforce the act, from which same appeals may be taken to same courts as in workmen's accident compensation cases.

SEC. 2. The act shall apply—

(a) To corporations employing not less than 25 persons engaged in (1) manufacturing, (2) mining, (3) transportation, (4) electrical communication, (5) building construction, (6) distribution of gas and petroleum products, and electrical energy, printing industries.

(c) Such industries to be classified by the Federal Trade Commission into trade associations according to products or services suitable to carry out the act.

SEC. 4. (a) Temporary initial board members to be designated by the Federal Trade Commission:

(1) Three members on behalf of the public from persons affiliated with organizations of consumers of the product or service.
(2) Three employees from unions of workmen in the trade.
(3) Three employers from the corporations engaged in the trade.

(b) Terms of office shall be staggered so that of first appointments one third of each set of members shall serve 1 year, 2 years, and 3 years, respectively.

(c) Meetings of the boards: (1) To organize and adopt bylaws.

(d) Permanent members of the board to be elected according to system prescribed by the Federal Trade Commission.

(e) Corporations to continue payment of wages to employee members while on association business.

SEC. 5. (a) Plans for stabilization of industry and employment shall be prepared by the national trade associations:

(1) Equitable partition of available work among competent workmen.
(2) Life, disability, and health insurance for employees.
(3) Workmen's accident compensation.
(4) Workmen's old-age pensions.
(5) Workmen's unemployment insurance.
(6) Stabilization of production.

Operation by—

(1) Trade association under its rules and regulations as approved by Federal Trade Commission.

(2) Boards in each corporation representing management and employees.

(3) Administration expenses shall be paid by members of trade association in proportion to number of employees.

EXHIBIT B

METHOD OF ENFORCEMENT OF THE ACT

To effect enforcement of the act an excise tax of 1 percent on their gross income is imposed on corporations liable. A drawback of 99 percent of this tax is allowed those which become members of the Trade Associations if they comply with their duties under the act. As an additional incentive the members of the association are exempted from the Sherman Antitrust Act if they do not actually conspire to raise prices.

DRAWBACK OF TAX TO MEMBERS OF TRADE ASSOCIATIONS

That Congress can levy such a tax is quite certain. There have been innumerable instances of acts of Congress designed to protect and assist industry by the imposition of taxes on production and commerce, so graduated or differentiated as to effect this object. These instances began with the organization of the Government, and had long preceded it. The question which is alone suggested is as to whether Congress, having levied a tax, can grant a drawback to the members of the trade associations.

The drawback of 99 percent, or in fact a bounty of that amount now granted domestic manufacturers, of the customs duty paid by them on importations of the raw material entering into their manufactures, is a full precedent. This discrimination or bounty in their favor, designed to encourage American industries—that is, "provide for the general welfare", is not contested as a violation of the Constitution. The similar purpose, certainly much magnified by necessity, presented by the proposed American coal cartel, would rescue a basic industry of the country from its long-continued deplorable state.

CONSTITUTIONALITY OF DRAWBACK AND BOUNTIES

The practice of the bounty and drawback goes back to the very foundations of the American Government. Hamilton favored "pecuniary bounties" and said:

"Pecuniary bounties are one of the most efficacious means of encouraging manufactures. Their advantages are:

"(a) They are positive and direct.
"(b) They avoid temporary augmentation of price.
"(c) They do not have tendency to produce scarcity."

If any doubt as to the validity of such legislation has existed, it is answered by the recent decision of the Supreme Court sustaining the flexible provision of the tariff law under which the

United States Tariff Commission and the President are empowered to lower or raise tariff rates for "protective purposes."

Bounties to the fishing industry appeared in the very first tariff acts. (See sec. 4, act of 1789 on p. 15, Tariff Acts, 1790 to 1909; also *U.S.* v. *Nickerson*, 17 How. 204.) The bounty to fishing was long continued. The drawback system is but another illustration of the bounty. The drawback, an old method in the practice of protection, is found in the act of 1789 and continues to this day. (See Dictionary of Tariff Information, p. 272, as to its use in the different countries.)

The McKinley Tariff Act of October 1, 1890 (par. 231) provided for bounties on sugar "grown" and "produced" within the United States. Some $30,000,000 were paid sugar producers "within the United States" under the bounty provided by the McKinley Act which remained in operation about 4 years. The validity of the sugar bounty in that act was not passed on by the Supreme Court before its repeal. But that Court did sustain a later act of March 2, 1895, granting a bounty to producers of sugar under the McKinley Act who had complied with its provisions but who had not been paid their bounties at the time the McKinley Act expired.

TAXES MAY BE IMPOSED TO ENCOURAGE DOMESTIC INDUSTRY

By an odd turn in our judicial history, even those doubts about the constitutionality of a protective tariff, which were raised by Daniel Webster, were not disposed of by the Supreme Court until its October term in 1928. In passing on the constitutionality of the flexible provisions of the Tariff Act of 1922 by which the President, in conjunction with the Tariff Commission, is empowered to reduce or increase certain tariff rates, the Supreme Court said:

"It is contended that the only power of Congress in the levying of customs duties is to create revenue and that it is unconstitutional to frame the customs duties with any other view than that of revenue raising. It undoubtedly is true that during the political life of this country there has been much discussion between parties as to the wisdom of the policy of protection, and we may go farther and say as to its constitutionality, but no historian, whatever his view of the wisdom of the policy of protection, would contend that Congress since the first revenue act in 1789 has not assumed that it was within its power in making provision for the collection of revenue to put taxes upon importations and to vary the subjects of such taxes or rates in an effort to encourage the growth of the industries of the Nation by protecting home production against foreign competition. It is enough to point out that the second act adopted by the Congress of the United States July 4, 1789 (ch. 2, 1 Stat. 24), contained the following recital:

"'SECTION 1. Whereas it is necessary for the support of government, for the discharge of the debts of the United States, and the encouragement and protection of manufactures, that duties be laid on goods, wares, and merchandises imported:

"'*Be it enacted, etc.*'

"In this First Congress sat many members of the Constitutional Convention of 1787. This Court has repeatedly laid down the principle that a contemporaneous legislative exposition of the Constitution when the founders of our Government and framers of our Constitution were actively participating in public affairs long acquiesced in, fixes the construction to be given its provisions.

"*J. W. Hampton, Jr., & Co.* v. *the United States*, decided April 9, 1928 (276 U.S. 394)."

The act of 1789, referred to by the court, not only carries a "bounty" by name to the fishing industry in section 4 but a discriminating drawback in section 5 under the name of a "discount" to American-built ships of 10 percent of the duties on merchandise carried by them. (Tariff acts 1789 to 1909, p. 15.)

THE 10-PERCENT TAX ON STATE-BANK CIRCULATION

An important illustration of the power of Congress to discriminate in the imposition of an excise tax is found in the tax of 10 percent imposed on the circulation of private State banks. The tax was not imposed on the similar circulation of the equally private national banks, although the circulation of neither the State nor the national banks was legal tender, but resembled each other perfectly in their exchange characteristics. The Court sustained this discriminatory tax in the celebrated case of *Veazie Bank* v. *Fenno* (8 Wall. 533).

OTHER INSTANCES OF LEGISLATIVE DISCRIMINATIONS

The history of the levy of taxes and the imposition of duties is replete with instances of legislative "welfare" discriminations. Until recently, taxes imposed on corporation net incomes were remitted on net incomes derived from foreign sources. In the case of inheritance taxes and income taxes, the rates of the tax are obviously discriminatory. There is a discrimination of 20 percent in our tariff in favor of Cuba. Accident compensation laws exempt employers whose employees number less than a prescribed number. In fact, it may be said that revenue legislation is not likely to be intelligent or just, which does not discriminate in order to recognize some special "general welfare" considerations in its applications.

Other references to relevant decisions by the courts are as follows:

Oleomargarine case: *McCray* v. *United States* (195 U.S., p. 27); *Kelly* v. *Lewellyn* (274 Fed. Rep. 108).

Discriminating not unconstitutional: *American Sugar Refining Co.* v. *Louisiana* (179 U.S. 89; 45 L.Ed. 102); *Williams* v. *Fears* (179 U.S. 270; 45 L.Ed. 186).

(See generally Cooley's Constitutional Lim., p. 825–N–3, 8th ed., 221 U.S. 660; 65 L.Ed. 899.)

Phosphorus matches: Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 674).

Narcotic drugs: Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 674).

Cotton futures: Willoughby on the Constitution of the United States (2d ed., vol. 2, 679).

Opium, Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 679).

One cannot read the phosphorus, narcotic, or opium acts and the decisions of the courts in relation thereto without the conviction that Congress may legislate to accomplish certain national "welfare" objectives not specifically named in the Constitution. One naturally expects this, since Congress is authorized by the Constitution "to lay and collect taxes * * * to provide for the general welfare." In the narcotic acts we find a full-fledged prohibition law not distinguishable in its features from the Volstead Act.

Under both the Volstead and the narcotic acts the privilege of sale is restricted to a particular class of persons, and the sale itself is permissible only on a doctor's prescription. The decisions of the Supreme Court justify the statement that the welfare clause in the past has always proved sufficient authority for legislation when the "welfare" objective represented a paramount necessity and when the desirability of the legislative restraint was generally admitted and the means employed were not unreasonable.

For a full discussion of the meaning of the "welfare clause" reference is given to the statements of James F. Lawson, Esq., dated February 2, 3, 1933, before the Senate Judiciary Committee on Senate bill 5480. Also to a statement by Hon. DAVID J. LEWIS, Member of Congress, on the subject before the same committee on February 3, 1933, in re the Black 30-hour bill. It is believed that these studies will leave the student in little, if any, doubt that the clause in section 8, article I, known as the "general welfare clause" was intended to give Congress a real power.

Mr. LUCE. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, we are asked today to consider a most unusual departure from ordinary conduct in governmental matters as we have heretofore understood them. It is a most extraordinary departure even in this time of extraordinary departures in which we are living. It is most unfortunate that gentlemen who are in favor of this bill do not use the time which is available to them in answering the very evident objections to the bill which have been presented. There is only a certain amount of time to be given the consideration of this very important measure, and it does seem as though that time should be taken to present objections to the bill and to answer them if they can be answered.

Two chief objections have already been expressed, but they are so important, they are so vital and basic, that we cannot make a mistake in reemphasizing and redefining them.

The most important thing to be considered in connection with this legislation is whether or not this Government will for the first time embark on the policy of giving money away freely to its citizens, and giving it away in large sums. It is true that in the past where earthquake has occurred or flood or some other act of God which has affected temporarily but very materially some small locality in the country, where local needs are enormous, but where local help is paralyzed, the Government has come to the aid of the community and appropriated sums, small from the point of view of the National Treasury; but now we are asked to distribute among the people of this country half a billion dollars, and that, even in the amounts we are daily discussing, is a great deal of money. We are asked to give this money away without any chance of its ever being repaid.

I do not suppose there is anyone here who has a monopoly in his desire to give help to the need which we know now exists in the country, but for the majority report to spend 75 percent of its space in discussing the great needs of the country seems rather superfluous. To have speakers get up here and say what the needs are also seems superfluous. We know those needs are there. The only problem is how are those needs to be met. Shall we insist that the States, to the extent they are able, shall meet those needs before the Federal Government steps in, and then, when it does step in, shall it merely loan to the States or shall it make grants of money? We are now asked to make a grant of this enormous sum without any chance of possible return.

It is said that the possibilities of the States to borrow have ceased; that some States have no right to borrow, and

some States have exhausted all their borrowing ability, even if they had it. We know, however, that we met this problem last July, when the relief bill was adopted, and we set aside $300,000,000 to be loaned to States by the Reconstruction Finance Corporation for their relief needs. Of that sum about $60,000,000 is left today. No reason has been given yet, and I should like to ask the sponsors of this bill if they can give any reason why, if additional help is needed, we cannot follow the same procedure and allocate, through the Reconstruction Finance Corporation, an additional sum to be loaned to States, and where the States may not borrow, to be allocated to them with the understanding that they will be repaid out of future Federal grants for road purposes or for other purposes. In other words, if our paramount purpose is meeting the needs of the people in various States, where they are not able to do it themselves, is it too much to ask that the States shall assume whatever obligation they can, and that they should be willing in the future to receive less from what the Government might otherwise be giving them for other needs?

Is there anything left of our Federal system? Day by day we are asked to consider things which any constitutional student would consider entirely out of the question a few weeks ago. Shall we admit that the whole Federal system is gone? Should we not remember that our Government is a government of granted powers from 48 sovereign States to the Central Government, and should we not, as far as possible, keep away from the idea of making the Government responsible for employing everybody, for supervising everything, and for giving relief to everybody?

There is one other point in this bill which is paramount, and that is the method of accounting, so to speak. We have set up in the past a Reconstruction Finance Corporation to lend money to railroads, insurance companies, banks, States and municipalities, agricultural and other organizations, but throughout we have realized, as was well said today by the Chairman of the Committee on Banking and Currency, that we have a kind of bank, a lending agency, to make loans for various specific purposes. Now, for the first time, we are about to use that loaning organization and say to it, "You are to give away one half billion dollars, with no chance of its ever being repaid." In other words, the Reconstruction Finance Corporation would immediately be faced with a half billion dollar deficit; and for what purpose? It is Federal money, of course, because if there is no way in which it can be paid back, it must be paid ultimately by the Federal Treasury. If that is the case, why not face the issue and say, "Here is a certain amount of money which must go for relief. It must be readily available. The Treasury will make it available and pay it under certain conditions." Why put it through the Reconstruction Finance Corporation, unless it is an attempt to conceal what we are really doing, to conceal the fact that we are spending this much money? If the Reconstruction Finance Corporation is a loaning agency, why are we asking it to give away money? If this money is to be given for relief purposes, then let us face the issue squarely. Let us not fool ourselves and pretend when the year is over that we have not spent that money just because we have allowed the Reconstruction Finance Corporation to give it away instead of giving it away from the Treasury directly.

Those are the two most important points in this bill; and in the time that remains for general debate, I believe those points should be met squarely by those who sponsor this bill, and an explanation given to the Members of this House as to why those matters have been handled in the way they have.

Before I conclude I want to quote from the hearings held on this bill. Senator WAGNER, as is well known, sponsored this bill in the Senate. This is a quotation from his testimony in the committee on this very matter, the question of whether it should be a loan or a gift. I asked Senator WAGNER as follows:

Mr. HOLLISTER. Why could not the same result be achieved by merely increasing the $300,000,000 authorization that was in the relief bill passed last July?

Senator WAGNER. It could have been done that way. This is another method.

Mr. HOLLISTER. It would have escaped entirely the criticism of gift money.

Senator WAGNER. That is true.

Mr. HOLLISTER. It would have left the obligation on the States.

Senator WAGNER. Yes. Heretofore the bills I have advocated, and which passed, provided for the advance in the way of a loan, but this is the method which those in authority have agreed upon, and it is agreeable to me.

Mr. HOLLISTER. Why ought we to depart from the idea in the relief bill of last July, shifting now from a loan to a grant, if it is possible still to borrow?

Senator WAGNER. It would only be on the theory that this has become a national matter.

Mr. HOLLISTER. Nobody would starve if we did it the other way.

Senator WAGNER. No. I would say that the President suggested this method.

Now, Mr. Chairman, if the only reason we are adopting this method is because it has been suggested by the President, I say that is not sufficient reason. I say that if we are going to depart from the idea of having the States care for their own and of having the Federal Government keep away from the dole system, we should make that clear.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. HOLLISTER] has expired.

Mr. LUCE. I yield 1 additional minute to the gentleman from Ohio, Mr. Chairman.

Mr. HOLLISTER. If we are going to depart from the idea which has prevailed heretofore in this country, and if we are going to start on the dole system—the dole system which has brought Germany, England, and other countries into the economic condition in which they are today—I say that we ought to have some clear reason for it, rather than merely the statement that this is the way the President wants it.

Mr. ROGERS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. ROGERS of Oklahoma. I take it the gentleman is not in favor of the Federal Government giving money to citizens?

Mr. HOLLISTER. Absolutely not.

Mr. ROGERS of Oklahoma. How, then, does the gentleman justify the State's doing that which the Federal Government should not do?

Mr. HOLLISTER. Because it is not the function of the Federal Government. The powers of the Federal Government are granted to it. Each State is its own sovereignty. Each State should look after its own citizens.

Mr. ROGERS of Oklahoma. The gentleman does not object to the end sought to be accomplished; he objects to the means used to reach the end.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. McCORMACK. Mr. Chairman, I was very much interested in the remarks of my able and philosophically minded friend from Massachusetts [Mr. LUCE], and I was quite interested in his response to a question propounded by a gentleman on the Democratic side of the aisle as to the regulation of private agencies for the raising and dispensing of money for relief purposes. While I am in accord with his reply, nevertheless, his reply was such as to prompt me to ask the question of the gentleman from Massachusetts that I did, as to whether or not in his opinion this particular bill came within the purview of what is known as the socialistic philosophy of government.

I expected my honorable and distinguished friend to make an honest reply which he did. He evaded the question and frankly stated that he intended deliberately to evade a direct reply. However, the inference was left by him, as the result of his answers, that the provisions of this bill came within the purview of what is known as the socialistic philosophy of government. Of course, he did not intend to convey to the people throughout the country that this bill is socialistic in its character. Nevertheless, such an inference was left by him, and I felt that there should be incorporated in the RECORD the remarks of some Member

that this legislation is consistent with the predominant philosophical governmental thought that prevails today.

My friend from Massachusetts knows as well as I do—and far better than I do—and I acknowledge this frankly, because he is one of the most eminent students of government in America today, yes, in the world today—that government has two functions to perform: Primary or essential functions, and secondary or optional functions. My friend knows that the primary or essential functions are military, financial, and civil, the preservation of our country against foreign aggression, the raising of money through taxation to pay the expenses of government, and the protection of our people against internal disorder. These are functions that any government must maintain. Even the most unstable governments of the world must defend or try to defend its people against a foreign foe, must raise money through taxation to pay the expenses of government, and must try to protect its people against internal disorder. These, in substance, are the primary functions of government.

Then there are the optional functions of government. Where conditions arise among social and economic groups, and the existing agencies are unable to cope with the same, government is then justified in using its power and influence to assist the social or economic group affected when such assistance inures to the general welfare of the country.

The proper activity of government does not stop when it has performed strictly essential functions. There are many elements of general welfare which would be left unprotected if the proper function of government stopped there. The promotion of the common good requires, indirectly at least, the cognizance and adjustment of problems when they arise, and particularly when no other agency exists capable of establishing and administering policies and making adjustments consistent with the best interests of society as a whole.

When conditions exist affecting a large group of its people, and private agencies are incapable of handling the same and making the necessary adjustments, government is justified and warranted in taking jurisdiction, under its secondary or optional function, without regard to whether or not precedent exists. The mere fact that we have never before had to do anything such as is contemplated in this bill does not mean when an emergency exists which requires cognizance of and action by the Government that we have not got the power to do so, and equally that is no reason why we should not do so.

As one great student of government once said:

> Since individual welfare is the ultimate, though not strictly the formal object of government, that object ought to be deliberately promoted by government, whenever it cannot be adequately furthered by any other agency.

Every optional governmental activity is the result of an attempt to regulate abuses that arose under the unrestricted individualistic economic system as created and operated by the so-called "Manchester School of Economic Thought." Our Interstate Commerce Commission was necessary as a result of abuses. Our minimum wage laws were necessary as the result of abuses. All social legislation now on the statute books became necessary as the result of abuses. All our regulatory bodies became necessary as the result of abuses that occurred sometime in the past. The abuses were so numerous and accumulated to such an extent they had to be corrected, controlled, regulated, or removed, if possible. No other agency existed capable of coping with the situation, so naturally Government entered into this field under its optional powers; and this is what we are doing today.

The assumption of government under optional duties or powers is usually based on expediency or necessity due to certain conditions existing. Conditions and circumstances usually determine the obligations and necessity of government's extending its field of optional functions. Under our scheme of government the exercise over optional functions of government is usually, and whenever possible, left to private enterprises and agencies. The fact that we generally follow this practice does not mean that government has not the right to extend its field when necessity requires. When private agencies are unable to control, regulate, or cope with a situation affecting a large group of our citizens, and if the existing condition, if continued, will affect the general welfare, it is the duty of government to take cognizance of the condition and assume its responsibility.

> Whenever the general interest * * * is threatened with injury which can in no other way be met or prevented, it is the duty of public authorities to intervene. When there is a question of defending the rights of individuals, the poor and the helpless have a claim to especial consideration. The rich have many ways of shielding themselves and stand less in need of help from the State, whereas those who are badly off have no resources of their own to fall back upon and must chiefly depend upon the assistance of the State.

These words are quoted from public utterances of one of the most outstanding and conservative students of government of all time.

This is what we are trying to do in assisting the farmer; this is what we are trying to do in assisting the small-home owner; this is what we are trying to do in assisting the worker; this is what we are trying to do today for those economically in distress.

Our Government, every other agency failing, entering into this field in the exercise of its optional powers, is acting consistent with the present governmental thought. Legislation of this kind is unfortunately necessary at this time and should be passed by an overwhelming vote. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, save for the last unfortunate sentence of my friend from Massachusetts, I desire to be put on record as saying "amen" to his whole speech. It did not belong in this discussion, however. We do not differ as to the principles involved. The only question here is one of method. My proposition is that this ought to be a State and local affair, not a National affair.

Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Chairman, no one in this House, I am sure, is unmindful of the general condition that exists throughout the country. I do not believe any of us would preserve property and fail to feed the hungry ones who are to be found on every hand, no matter what method we might have to use to convert that property into buying power and use that buying power to keep people from starving to death; but I am particularly interested in the indifference shown by Members of Congress who make no examination into the things we are proposing to do by this particular legislation.

There has never been this type of legislation enacted by Congress, regardless of the speech of the gentleman from Massachusetts [Mr. MCCORMACK] to the contrary. We are here asked, for the first time, to begin a type of continuous doling out of the Federal Treasury so as to meet showings made by States for requirements presented by them to feed the hungering people of such States. There is no showing in the hearings on this bill that it is necessary for any State to come to the Federal Treasury in this sort of way. Even the chief sponsor of the measure, Senator WAGNER, refused to state that New York State could not properly take care of its people and meet the situation presented to that State at the present time. He was pressed on this question, and yet he refused to say that his State could not perform this duty for its people.

If you will examine this bill, you will find it sets up an administrative bureau; and section 6, on page 7, provides that "the administrator upon approving a grant to any State shall certify to the Reconstruction Finance Corporation which shall, except upon revocation of a certificate by the administrator"—unless the administrator withdraws his certificate, the Reconstruction Finance Corporation shall—

> make payments without delay to the States in such amounts and at such times as may be prescribed in the certificate.

This is pretty broad power.

We read, on page 6, at line 10, after the word "provided"—

> That the Administrator may certify out of the funds made available by this subsection additional grants to States applying there-

for to aid needy persons who have no legal settlement in any State or community.

And in paragraph (e), on page 6, at line 21, we read, and I want you to get the extent of this grant of power—

The decision of the Administrator as to the purpose of any expenditure shall be final.

It does not provide that, the President and the administrator; it says "the administrator."

You will have to read the bill carefully to know what you are doing when you vote on this measure.

I am as humane as any person in this House. The saddest thing I can imagine is little children starving because they have not food to appease their hunger, and I am going to tell you an incident that happened in this very city of Washington about 2 months ago. A grade mother visited one of the schools in this city, and at noontime there was a little boy lying on one of the benches. She went over to him and said, "What is the matter, little man?" He said, "My stomach hurts. Something is gnawing right here [indicating]." She said, "Have you had your lunch?" He said, "No; I have not had any lunch; we did not have anything at home this morning but a few crackers, and mother gave those crackers to me and my little brother and sister; we ate them, and that is all we had, and I had nothing to bring to school." So he had not had any lunch. He did not know what was the matter with him. It was hunger gnawing the very life out of this child, and at the same time Mr. Ballou, the head of the schools of this city, was opposing the using of funds that were proposed to be donated from private sources to keep these children from being hungry, and it was shown that there were many such children here. This is a sad situation to me, and it appeals to me.

I do not think it is necessary for us to come to the Federal Treasury and ask for $500,000,000 out of the funds that will have to be put into this Treasury by taxation from the people in order to meet situations in several parts of the country. There is no showing in the hearings as to what the different sections of the country need. I asked that this information be given, but it was not furnished. There is nothing definite in the hearings on this bill that would give the House information, if you should read them from cover to cover.

There is no provision that the several States shall participate even according to their requirements.

There must be bureaus set up; there must be agencies established to administer, and there must be other elements of preparatory work before you can even come to the administrator and lay your needs before him and have them considered by him. But there is still another thing which I think we ought to take into consideration.

THIS BILL WILL UNBALANCE THE BUDGET

You know about the first day we met here, there was a tremendous appeal from the President for us to save funds and balance the Budget and cut out people, especially the soldiers of the World War, even though they were suffering disabilities and were destitute and even though they had casualties that kept them from earning a living, and the testimony in this particular hearing shows that two or three hundred thousand ex-service men, admittedly disabled, admittedly in want, will be added to the bread lines to be taken care of out of this fund.

The McDuffie report on the economy bill said as follows:

As of the end of this fiscal year the public debt of the United States Government will have been increased by the amount of approximately $5,000,000,000 during the course of the last 2 years. The President stated in his message:

"For 3 long years the Federal Government has been on the road toward bankruptcy. For the fiscal year 1931 the deficit was $462,000,000. For the fiscal year 1932 it was $2,472,000,000. For the fiscal year 1933 it will probably exceed $1,200,000,000. For the fiscal year 1934, based on the appropriation bills passed by the last Congress and the estimated revenues, the deficit will probably exceed $1,000,000,000 unless immediate action is taken. Thus we shall have piled up an accumulated deficit of $5,000,000,000."

These deficits are without taking into consideration the expenditures for the sinking fund. They are, therefore, actual.

This has had a profound effect upon the credit of our Government. As conclusive evidence it is to be noted that whereas several months ago the rate of interest on 90-day Treasury bills was one tenth of 1 percent, it rose on February 23 to 0.55; on March 1 to 0.99; and on March 6 to 4¼ percent. This cannot be ignored or taken lightly.

But this is not all. On March 15 the Treasury is confronted with a huge refunding operation amounting to $694,000,000 of 3¾-percent and 2-percent certificates of indebtedness. On May 2 it must refund an additional $239,000,000 of 2-percent and on June 15, $374,000,000 of 1½-percent certificates. A total prior to the end of this fiscal year of $1,300,000,000 must be refunded. And in addition approximately $300,000,000 must be borrowed to meet the operating expenses of the Government for the remainder of this fiscal year.

The ability to successfully conduct these large operations totaling almost $2,000,000,000 within the course of the next 3½ months is seriously menaced by the extent to which the United States Government has been in the past living beyond its income and in the absence of drastic and immediate action will continue to do so. The credit of the United States Government is in danger. The first refunding date, March 15, is under our noses. This is the emergency. This is why action must be taken now.

I voted for the economy bill. I voted for that measure in order to help save, as the President pointed out in his message was necessary, four or five hundred million dollars, and proceedings have been put into effect and are now going into force, looking forward to the saving of this money by cutting off disabled veterans of all wars. By my vote, I am not going to undo and belie what I tried to do on that occasion by voting for this appropriation. This simply means taking $500,000,000 out of the Treasury that we saved in the way the President asked through the economy bill, and delivering it to an administrator to be put wherever he wants to put it, and on whatever showing satisfies him.

I do not expect that my speech will have much effect on the Members sitting here. I do not expect you will spend much time looking into the merits of this bill. When the title of a bill indicates it is for humanitarian purposes, we are all for such things, just as we have passed every kind of farm bill presented here, because the headlines of the bill looked good, and we do not go much further than that to weigh the merits of the proposal. However, I am speaking because of the principle I feel is involved in this proposed legislation.

Now, if I may call your attention to what has happened in countries that have had the dole system, I would read to you from a contemporary English author as to the effect of the dole system on the morale of the English people; and by the way, I have had a number of letters from my district, especially where the colored people have refused to accept employment as long as they are getting these Red Cross sacks of flour donated by the United States Government. They are not going to do anything as long as they get this help. We cannot always discriminate and we cannot always adjust these matters, but let me read you this quotation.

I am reading from page 105 of the hearings:

I am reading from a book the title of which is "The Nineteenth Century (1834)—A History", by Robert Mackenzie. It covers this point so thoroughly that I think it is well to quote from it, that we may get some insight into the practical operations of this type of procedure. [Reading:]

"The evils of pauperism in England had become unendurable, and it was felt that some attempt to remedy them could no longer be delayed. According to the wise practice which about that time came into frequent use, a commission of inquiry was appointed, that legislation might be based on competent knowledge. The investigation of the commissioners revealed a system 'destructive to the industry, forethought, and honesty of the laborers; to the wealth and morality of the employers of labor, and of the owners of property; and to the mutual good will and happiness of all.' The enormous cost of the system—nearly 8,000,000 sterling—was not by any means its most serious aspect. It was achieving with appalling rapidity the utter demoralization of the English peasantry. Already the wholesome repugnance to accept the pauper's dole had become almost extinct. In some counties men refused to work, as they preferred the easier and ampler maintenance of the parish. Wages were supplemented from the rates, and in consequence fell so low that they ceased to yield support to the laborer. There were whole parishes in which the laborers were paid partly by their employers and partly from the rates. There were other parishes where cultivation actually ceased, because the revenue yielded by the land was not equal to the sum extracted for support of the poor. Relief was demanded

as a right, and in some counties was avowedly given to all who applied. Pauperism had become hereditary. Once conceded to the applicant, the privilege was continued during life, and transmitted to his idle and debased progeny. Money thus acquired was spent freely in vicious indulgence. Tradesmen bribed the parish officers to obtain for them contracts at unjust prices. The parochial administration with fatal rapidity was corrupting the poor and consuming the substance of the rich."

I have read to you the experience of one nation which has had this problem repeatedly before it and which has given to us the inkling of the way to begin to dissipate the national wealth through channels that will degrade the people themselves. I want to say that I am wholly in sympathy with feeding the poor and the suffering, but I think that the system that you are initiating here, of asking $500,000,000, is the wrong system.

Now, I should be willing to lend the cities and States in the several sections of the country that could make a showing of necessity all they need, even if we have to cancel it later, but I am not willing to open the doors of the Treasury in this way and set up a bureau to administer a permanent dole system. [Applause.]

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 3 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, this Nation is on fire—we are informed that over 22,000 suicides have been committed because of the depression—that over 100,000 men, women, and children have died because of malnutrition—malnutrition is the cowardly name that we use for slow starvation—call it malnutrition, but it is starvation just the same. When a condition of that kind exists I am not concerned about the method that is used to put an end to it—I am not concerned about technicalities. Let us stop this starvation. That is the mandate the people gave us last November. I am for this bill as an emergency measure because there are starving men, women, and children due to unemployment because of this depression, and this bill is intended to give immediate relief.

I am fully aware that this depression is not caused by nature, but is man made—that it is due to the fact that a few have monopolized the money of the Nation—that there is not sufficient money in circulation to do the money work—not a sufficient unit of exchange, or yardstick, with which to measure the energy of the unemployed.

I am equally aware that when Congress passes the Frazier bill and puts in circulation from two to three billion dollars of new money—when it passes the Patman bill and pays the soldiers' compensation in cash—not by issuing more tax-exempt interest-bearing bonds and plunging this Nation further in debt but by issuing new currency, the same as we did for the banks—that then there would be no further need for legislation of this kind.

It is easy for us who are still getting three square meals a day to talk about method of procedure and technicalities, but there are several million hungry men, women, and children today in this Nation—they want something to eat, and I do not care by what method you give it to them, the quicker the better. Therefore I am for this bill as an emergency measure. Something must be done, and done now, to help these hungry people.

We should realize that the wealth of this Nation consists not merely of the earth and its resources—but of people. Without men, women, and children all the resources of this great Nation would amount to absolutely nothing. There can be no wealth, in a general sense, without people. There can be no wealth except for the men, women, and children who use it. Therefore we should not destroy the wealth of this Nation by starving millions of men, women, and children and by impairing the health of millions more because of malnutrition. Such a course is blind ignorance, is national suicide, which, if carried far enough, means the destruction of this Nation.

If a foreign nation had destroyed 22,000 of our men and women, and if it were slowly starving another 100,000 of our citizens, we would all be willing to shed our lifeblood and give our property to end that calamity. Why tolerate that on our part that we would not permit another nation to do? Why not feed the hungry men, women, and children? Why not end this starvation? Let us pass this bill. The dole system is not a permanent institution in America. We will get permanent relief when we pass the Frazier and the Patman bills. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I yield to the gentleman from Maine [Mr. BEEDY] such time as he desires.

Mr. BEEDY. Mr. Chairman, in the course of the hearings upon this bill it was frankly admitted that there was not available definite information as to the exact number of people in a state of destitution. The truth of that statement will be readily understood. It is easily understandable because we know it is practically impossible from the very nature of the task to obtain accurate statistics of this kind.

But, roughly speaking, we were told that there are 3½ million families which are in a state of dependency. That would mean approximately twelve or thirteen million people.

We are wandering in strange fields today. We are confronting new problems, and no man need be ashamed to say that he does not feel sure of himself.

I do not feel that I am competent to decide all these problems with mathematical exactness or that I have the last word upon them. I never felt more eager to reach out for truth in my life than I have felt at this present session of Congress. Confronted, as we are, with many dilemmas, I think we ought to face this one question pretty squarely. In solving this immediate problem shall we think only of 12,000,000 or 13,000,000 people, or must we take some thought upon our obligation to the other one hundred and seven or eight millions? If we have something in our scheme of government that is worth saving, let us save it in the name of more than one hundred millions of people.

We must do everything we can within the legitimate scope of our power to promote the general welfare of the Nation, and it is under that clause of the Constitution, and that alone, that any possible power to do what we are now asked to do can be found. Certain it is that the general welfare is not to be promoted by burdening the General Government until it breaks under the strain. In that event we shall subject 120,000,000 people to chaos and indescribable suffering.

In asking ourselves whether we should support this proposal we should not lose sight of the human tendency, the normal operation of the laws of human nature. Shall this Federal Government, of limited powers, in a time of turmoil, when there is much confusion of thought, when, as the gentleman who has just left the floor, says, the Nation is on fire, shall this Government launch forth upon a program of giving away to the people of the Nation money which it does not have to give—money which it has not yet been able to raise by taxation? With a debt of $21,000,000,000, with our daily expenses exceeding our daily revenues by millions, I submit that it is extremely dangerous to encourage the belief that anyone who is in trouble, in need, and unemployed may of right come to the Government and get something for nothing. We may take this proposed step; this day we may give the power to a new Federal bureau to give away $500,000,000 of money yet to be borrowed. If we do it we shall live to rue the day.

The gentleman from Maryland [Mr. LEWIS], who introduced the bill, tells us that we should not consider this paltry $500,000,000. He asks, "What is $500,000,000 compared with our power to give?" He says, "Why, Germany this last year gave away $1,600,000,000 in relief funds." I think I am correct as to the amount he cited. But it must be remembered that poor Germany has been under ever-increasing radical pressure; she has been on fire, not for a few months, but for years. The first demand on Germany was not for $1,600,000,000. The necessitous situation which confronted Germany has so inflamed radical thought that the masses in their need have been taught to look more and more to the government for help of every kind. This kind of political philosophy has been urged and reurged in Germany until mass demands have been made upon successive governments in Germany, not alone to preserve order, not alone to protect life and property, to encourage legitimate

industry and preserve equality of opportunity for honest labor, but demand at length was made as of right that the public purse be opened by government to feed and clothe and to insure against numerous social hazards the needy and the indolent alike. Such a theory of government encourages indolence and constantly increases want and need.

The first demand in Germany was for less than $500,000,000, no doubt. But the demand grew. The natural law of human nature multiplied the demands upon government by those who aimed to get something for nothing. When the German Government of the moment undertook to withstand the ever-increasing drains upon the public treasury, its life was threatened. Election succeeded election.

In the ever-growing demands upon government in Germany radical coalitions destroyed one government after another. Each new government has found itself under the necessity of acceding to these radical demands, and what is to be the end God only knows.

Let us turn to England. She started in with old-age insurance. She started in with the policy which the gentleman from Maryland referred to as social insurance, unemployment insurance. At length England succumbed to the demand for a dole. Finally the burden was so great on the exchequer of England that she was dragged off the gold standard, and the evil consequence of that tragic event is not yet in full evidence.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Not now. What is it that makes people hungry today? It is lack of employment. If we would reach the vitals of this situation, we must protect our industry and our labor from the products of cheap industry and cheap labor abroad. We Republicans pleaded here in this House for such action at the last session. We next desired to take action at this session of the Congress to stem the increasing tide of unemployment. We said that unless you set up a flexible tariff, which will go up as the money of other countries goes down, we said that unless you take that step you will see more unemployment and more destitution. I said then and I repeat that there are two ways out. Either you must set up this flexible tariff system and protect American labor, or you must go off the gold standard. The latter I considered to be dangerous. However that may be, we are now off the gold standard. By pursuing that course you have instilled fear in the heart of every citizen in this Nation; yes, you have instilled fear in the hearts of other nations, and no man can foretell the wide-spread evil which is bound to follow the debasement of the American dollar.

Let me raise my feeble voice in warning. I will go as far as the next man through a State government to meet any situation of need which arises within the borders of the State, but as long as I have sworn an oath to support this Federal Constitution, as long as I value the American system, I must do my part to save the Federal structure. I cannot vote to launch this Government upon a policy of giving away public money which must be borrowed at a time when we cannot meet our running expenses.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. The gentleman will please excuse me. It is said there is a saving grace in this bill; that the States are to match the money one dollar for three. But on October 1, 1933, that matching clause expires, and from then on it is a question of what State is going to get how much. Let us take, for example, the Governor of the State of Massachusetts. He has never come to the Federal Treasury and pleaded for money, but after you pass this bill his people are going to say to him, "If you want to be governor of this State, do you think that we are going to sit by and see the great State of New York go in and take $75,000,000 out of this fund while we take nothing?"

This bill had its birth in New York. They came to our committee and, through Senator WAGNER, they said that they were contributing $28 for every $100 spent in running the Federal Government. They urged the passage of this bill, undoubtedly, that they might come in for immediate relief. I said, "Have you gotten to the point where you cannot raise money in the great State of New York to feed your men and women who need food?" They would not say that they had. They finally admitted that they could raise more money, but evidently they want to come here and get back out of this $500,000,000 something to compensate them for the 28 percent which they have contributed to the past cost of Federal Government. Seven States can take every cent of this $500,000,000 relief fund, and the pressure from the wealthy States, with their big cities and their millions of unemployed, will be extreme. I undertake to say that there will be numerous charges and counter charges of gross partiality and favoritism if we launch out upon this program.

I know it is no use for me to talk. I have almost lost the courage to rise here and discuss bills; but yet in the last moment, even as I said to the gentleman from Massachusetts, "I do not know whether I should try to speak or not", something urged me to rise and say what I have said. I have helped make the record. I have given you my thought as it is given me to think. I may be wrong and you of the majority may be right, but I am afraid we are going on a way which will mean a complete disruption of our entire Federal system of government.

I understand that an influential adviser of the President recently said, "I think the people voted for 'the left' at the last election, and they are going to get 'the left'"; and we are getting it. God save the people of the United States from the dangers that I see confronting us in the future. [Applause.]

The CHAIRMAN. The time of the gentleman from Maine [Mr. BEEDY] has expired.

Mr. STEAGALL. Mr. Chairman, I shall not make answer to the charge of my good friend from Massachusetts, that those responsible for this legislation are attempting to deceive the public. That is rather a harsh charge. I shall content myself by saying that the Reconstruction Finance Corporation is permitted to issue its own obligations to obtain money, and there is left over in the Corporation now fifty or sixty million dollars of funds. No one knows that it will be necessary to use the entire amount of $500,000,000 provided in this bill; and, of course, with the financing program that confronts the Treasury, it is desirable that we make the best showing we can. We do not desire to show an item of one half billion dollars when it is not known that such an amount will be required.

The suggestion has been made that this measure is a form of socialism. I do not know who there is left in this House that is in a position to complain about that. I know I am not. I know the gentleman from Massachusetts [Mr. LUCE] is not. He and I have been joint sinners during the former administration in passing the Reconstruction Finance Corporation Act and other legislation of similar type. I think the gentleman will agree with me that he and I, at least, are estopped from complaining about anything socialistic in this legislation. There are abundant precedents to support this policy of having the Government supply aid, to supply food and clothing and shelter to relieve citizens in distress. We have done it for people in foreign lands; we have done it in various instances for our own citizens at home. That is all we are doing now. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the Congress hereby declares that the present economic depression has created a serious emergency, due to wide-spread unemployment and increasing inadequacy of State and local relief funds, resulting in the existing or threatened deprivation of a considerable number of families and individuals of the necessities of life, and making it imperative that the Federal Government cooperate more effectively with the several States and Territories and the District of Columbia in furnishing relief to their needy and distressed people.

SEC. 2. (a) The Reconstruction Finance Corporation is authorized and directed to make available out of the funds of the Corporation not to exceed $500,000,000, in addition to the funds authorized under title I of the Emergency Relief and Construction Act of 1932, for expenditure under the provisions of this act upon certification by the Federal Emergency Relief Administrator provided for in section 3.

(b) The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is au-

thorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is increased by $500,000,000: *Provided*, That no such additional notes, debentures, bonds, or other such obligations authorized by this subsection shall be issued except at such times and in such amounts as the President shall approve.

(c) After the expiration of 10 days after the date upon which the Federal Emergency Relief Administrator has qualified and has taken office, no application shall be approved by the Reconstruction Finance Corporation under the provisions of title I of the Emergency Relief and Construction Act of 1932, and the Federal Emergency Relief Administrator shall have access to all files and records of the Reconstruction Finance Corporation relating to the administration of funds under title I of such act. At the expiration of such 10-day period, the unexpended and unobligated balance of the funds authorized under title I of such act shall be available for the purposes of this act.

Mr. HOLLISTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: On page 2, line 12, strike out the period and add the following: "And all funds so made available shall be subject to the terms of paragraph (b), section 1 of title I of the Emergency Relief and Construction Act of 1932: *Provided, however*, That nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this act because of constitutional or other inhibitions, or because the State or Territory has borrowed to the full extent authorized by law."

Mr. HOLLISTER. Mr. Chairman, the last part of this amendment is identical in wording with language found in paragraph (b), section 1, title I, of the Emergency Relief Act of 1932, which the first part of the amendment specifically incorporates in this bill. This language is inserted so that no State, no matter what its financial condition is, no matter what its constitutional inhibitions are, whether it may or may not have reached the limit of its borrowing power, may still, under this provision, borrow from the Reconstruction Finance Corporation for relief purposes.

The sole purpose of this amendment is not to change by one jot or one tittle the form of organization which has been set up in this present bill. It still leaves the discretion in the President; it still leaves discretion in the relief administrator; it still leaves the amount of the fund the same; it still divides the fund into two parts, one which will be permitted to be drawn on for matching purposes and the other for general purposes. All it does is to remove the provision for making a direct grant the giving away of the money of the Federal Government for relief purposes. It simply keeps what I am sure, on sober, second thought we shall all agree ought to be kept. It keeps the Government from going into the direct-relief business. It obligates the States to repay the money when and if they can, no matter how far deferred in the future the repayment may be.

I say if we do not put in this amendment or if we adopt the bill in its present form, we are embarking on the dole system which has brought other countries of this world into the condition they are in today, a system which we shall never be able to stop and which will get worse and worse until the half billion dollars which we are talking about today has reached many billions.

The acceptance of this amendment changes nothing. It makes the money just as much available for relief, but it says that the Government expects the States will pay it back in the future.

Mr. O'MALLEY. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. O'MALLEY. Are not the banks and the railroads on the dole system now?

Mr. HOLLISTER. The banks and the railroads have borrowed money from the Reconstruction Finance Corporation. They borrowed the money, and I am asking that the States do the same thing. If that is a dole, then the State would be on the dole system.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. ZIONCHECK. Is the gentleman so optimistic as to think that these institutions will pay this money back at any time?

Mr. HOLLISTER. If the present system of legislation is carried to its logical conclusion, most decidedly not.

Mr. ZIONCHECK. If the gentleman will permit a further question, it has come from my district that Reconstruction Finance Corporation, or R.F.C., means "releaf for capitalists." Does the gentleman believe in that and not in relief for the poor people?

Mr. HOLLISTER. No; it is relief for everybody if its original purpose had been properly carried out.

Mr. ZIONCHECK. But it has not been followed out in that way.

Mr. HOLLISTER. It has been followed as closely, I think, as the members of the Reconstruction Finance Corporation Board could do under the circumstances. I have great respect for the members of the board. I think they are doing the best job they can under the circumstances. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, the amendment offered by the gentleman from Ohio would tear the heart out of this bill. The effect of the amendment is merely to add $500,000,000 to the funds of the Reconstruction Finance Corporation to be lent to the States under the terms of the Emergency Act of 1932. It is simply an abandonment of the purpose and the philosophy of this bill and a return to the loan system embodied in the Relief Act of 1932.

It has been demonstrated that the relief under that act did not, and could not, meet the necessities of the situation, and the plain fact is that it is ridiculous, if we wish to do so, to attempt to return to the loan system in the case of States and municipalities that have gone the limit of their power to tax, and this is the general rule in this country. States, counties, and municipalities now find themselves helpless in any effort to raise additional funds by taxation. Under the admission of the gentleman, and under the very terms of the amendment itself, States would be relieved from all constitutional limitations in contracting for loans. They would be authorized to borrow in excess of the authority of the constitutional powers of the States. Of course, under such conditions, no legal contract of repayment could be made. All thought of legal contracts is a mere fiction.

The amendment would destroy this bill, and if the committee desires to do that they should vote for it. If not, the amendment should be voted down.

I may say to the membership of the committee that for one I followed the leadership of the President of the United States in 1932 in passing relief legislation. The act of 1932 was an administration measure, having the approval of the President of the United States at that time. The bill now before the House is a bill sponsored and supported by the present administration, and is approved by the present occupant of the White House. It is his method of dealing with the problem of relief. The plan is to set up an administration with the right to go into the States and communities and find out the requirements and then brush aside obstacles that stand in the way of efforts to feed the hungry and clothe the naked and furnish shelter for helpless women and children in the United States. [Applause.]

Mr. LUCE. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the good will entertained by myself toward the chairman of the committee, and I am proud to hope by himself toward me, may insure that a comment on his remarks is meant in no discourteous or unfriendly manner. I wish to remind him that through centuries it has been deemed contrary to good parliamentary procedure to instruct a legislative body as to the wishes of a Chief Executive. The precedents are numerous and clear. We may as well frankly recognize the fact that the Congress of the United States has in truth abdicated its responsibilities, yet I beg gentlemen on the other side not to add to the humiliation of the Congress by needless use on the floor of orders that come from the other end of the Avenue.

Now, sir, I should like to say that I did not introduce the subject of socialism into the debate. I had not used the word until some gentleman on the other side by questioning me put me in an awkward position of answering.

When it came to my friend from Massachusetts I told him frankly—because I could afford to—that I did not mean to answer his question. I desired to keep such extraneous topics outside of the discussion.

Here is the straight, clear issue whether you want to give or you want to lend. My friend, the chairman of the committee, exaggerates when he says that this amendment will take the vital part out of the bill. It will still leave all of the obnoxious provisions that I have called attention to, I have no doubt. Now, the question is whether you want to be a giver or a lender, and on that you will either vote up or vote down this amendment. [Applause.]

Mr. BYRNS. Mr. Chairman, I move to strike out the last word. I have been somewhat amused at some of the arguments presented this afternoon by the opposition to this bill. My distinguished friend from Massachusetts, Mr. LUCE, for whom I have a very high regard, becomes very sensitive lately when mention is made of the fact that the administration favors a measure.

All the Members of the previous Congress know that when the Reconstruction Finance Corporation bill was passed in 1932 we were told, not only by message, but in argument on the floor of this House, that the President of the United States, at that time Mr. Hoover, was very anxious to see that bill passed and felt that it should be passed in order to relieve a serious situation.

I heard no such speech made then as the gentleman from Massachusetts has just made, although he was a Member of the House and participated, as I recollect, in that debate.

The gentleman has referred to the fact, as have other speakers in opposition to the bill, that it is a contribution, a gift by the people to the States of this Nation, and yet the gentleman's own party passed bills appropriating millions of dollars for the citizens of foreign countries as a gift, and for no other purpose. [Applause.]

(H. R. 4606) I can see an abundance of reason for supporting this bill when Congress, for the relief of Russia and the relief of those who were living in Belgium, because it was told they were starving, appropriated millions of dollars for their relief. Then why, if in the judgment of the President, relief should be afforded to our own people, suffering women and children, should we not appropriate this money to the various States? It will not do now to say that this is a dole or a contribution which is being made for the relief of suffering for the people of our country, when Congress has granted that relief for the people of foreign countries.

I hope this bill will pass just as it has been reported by the Committee on Banking and Currency. I do not want to offend my friend from Massachusetts, Mr. LUCE, but I think it is generally understood that the administration favors this bill as it is written and believes that it is necessary under the circumstances. It is discretionary with the President. If he feels that all this amount is not needed, he does not have to use it; but, in God's name, if it is needed to relieve starving children and suffering women, let us vote for it. I am sure that it will meet the approval of the people and the taxpayers of the country when we do it. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Mr. LUCE) there were—ayes 61, noes 180.

So the amendment was rejected.

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word. The reason I ask recognition at this time is to call attention to a resolution which I introduced on April 3, House Resolution 91, relative to the jurisdiction of the Senate in passing the so-called "Wagner bill." That is a matter of record on page 1132 and page 1133 of the RECORD. I shall not refer to it further. On the following day a long colloquy was had covering several pages of the RECORD, and eventually the so-called "Treadway resolution" was referred by the Speaker to the Committee on the Judiciary. That was on the 4th of April. It was referred to that committee for their consideration of the question involved in the original resolution, and that is as to whether or not such a bill should have come to the House from the Senate or whether the House should not return the bill to the Senate without action. In the meantime the so-called "Lewis bill", identical with the Wagner bill, was introduced, so that the House then naturally had proper consideration of the subject. On April 6 there was still further colloquy on the floor in reference to this subject matter, and on page 1354 of the RECORD the majority leader made the following statement:

I think the House should dispose of the Treadway resolution before we consider either the Senate or House bill.

Mr. Chairman, I have relied upon that statement of the majority leader and have believed that this measure would not come up until such time as the Committee on the Judiciary saw fit to decide the question involved in the original resolution. I do not question the fact that this bill now before us is properly here. Of course, it is. Nevertheless, a constitutional question was presented by my resolution, a question which many Members of the House thought to be very serious. I understand, further, that immediately the Committee on the Judiciary appointed a subcommittee to consider the question, and I understand, indirectly, not officially, that that subcommittee reported its findings to the full Committee on the Judiciary. The question I propound now is, Why was this bill brought up before the committee reported its findings to the House, and what becomes of the statement of the distinguished gentleman from Tennessee [Mr. BYRNS] that he thought that before either bill should be considered the House should have that report from the Committee on the Judiciary?

Mr. BYRNS. Mr. Chairman, I do not want to take the time of the committee unnecessarily, but in view of the remarks of my friend from Massachusetts [Mr. TREADWAY] I may say that my remarks with reference to the House bill, quoted by him, perhaps should be classed as surplusage.

Mr. TREADWAY. Oh, nothing coming from the gentleman would be so regarded.

Mr. BYRNS. It was unnecessary for me to refer to the House bill, because, of course, the gentleman's objection to the consideration of the Senate bill did not carry with it an objection to the House bill. I felt at the time that it might be possible to dispose of the question raised by the gentleman from Massachusetts in ample time to have the Senate bill quickly considered, passed, and made a law, because I think all will agree that if this is what we intend it to be, a relief measure, it is important that it should become a law as quickly as possible.

There can be no objection to passing the House bill and sending it over to the Senate and permitting the Senate, if it chooses, to pass the House bill, and then to lay the Senate bill, now on the Speaker's desk, on the table. When it appeared that owing to a tremendous amount of business before the Committee on the Judiciary there was going to be some delay in the consideration and report of the resolution introduced by the gentleman from Massachusetts, the gentleman from Alabama [Mr. STEAGALL], who is Chairman of the Banking and Currency Committee, took up this bill, as I think he was justified in doing. It is now before the House, and as the gentleman from Massachusetts says, it is properly before the House.

Mr. HOEPPEL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 2, line 7, after the word "exceed", strike out "$500,000,000" and insert in lieu thereof "$750,000,000"; and on page 2, beginning in line 17, strike out "$500,000,000" and insert in lieu thereof "$750,000,000."

Mr. HOEPPEL. Mr. Chairman, I am in favor of this bill, and I favor this amendment because I am of opinion that the bill is not far-reaching enough. Five hundred million dollars under the circumstances is insufficient, and I hope that you gentlemen will support this amendment to increase the amount to $750,000,000.

In the early days of this session we were told the House was on fire and that we must act. What did we do? We

voted to take $500,000,000 away from the veterans and Federal employees, but today when the American Nation is prostrate, when the blood is flowing from its veins, we are here discussing the question, and you gentlemen are ridiculing the fact that I am trying to bring more money to the impoverished American citizen. I contend that that is just exactly what is wrong with our country today. Members of the Congress today are not considerate enough of the plight of the American Nation. As I mentioned a moment ago, the people of this Nation are lying prostrate. The blood is flowing from their veins, and what do we do? We sit and quibble whether or not we are going to apply a tourniquet or whether we will sew up the wound and let the blood flow freely again. I say we have been derelict in our duty in the past, and we are derelict now when we try to hold down this appropriation to only $500,000,000. It is insufficient. Our friends on the Republican side are opposing this bill because they claim it is a dole. There is no greater dole than the dole the American Nation is giving today in the high interest rates they are paying on Government tax-exempt bonds.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. BROWN of Kentucky. Does not the gentleman think it would be better if we increased this to $500,000,000,000 instead of $500,000,000?

Mr. HOEPPEL. Seven hundred and fifty million is my amendment.

Mr. BROWN of Kentucky. But if we increase it to $500,000,000,000, does not the gentleman think that would be better? [Laughter.]

Mr. HOEPPEL. Answering the ridiculous question of the gentleman, I fear he is speaking in German currency. We are giving the bondholders of the 4½-percent Liberty loans an annual interest subsidy of $270,000,000. I say if we wish to do something for our people, let us recall those bonds and pay them in currency. Then we will at least save $270,000,000 a year in interest which could be applied to this expenditure for relief purposes.

I should like to call attention to the fact that there is one weakness in this bill, and that is that it provides for the issuance of 4-percent bonds. The American Nation today has over $1,000,000,000 in postal deposits, which billion dollars or more is turned over to the American bankers at 2½ percent. Under this bill the bankers can relend this Postal Savings deposit of one billion to the Government in 4-percent bonds. In other words, you are giving the bankers in this bill $15,000,000. I contend that the right of the American people to be properly taken care of in their distress is paramount to that of the American banker. If we can pass legislation to take from the veterans and Federal employees that which is properly due them, I say that we at the same time can take from the bankers the exorbitant interest rates which we are paying on bonds. At the same time we should enact legislation which will prevent further issuance of tax-exempt securities.

Mr. BOILEAU. Will the gentleman yield for a parliamentary inquiry?

Mr. HOEPPEL. I yield.

Mr. BOILEAU. Mr. Chairman, would it be in order to move to adjourn until such time as the Membership are willing to extend the proper courtesy to a Member of the House while he is addressing the Committee? If so, I should like to make that motion.

The CHAIRMAN. The gentleman is not recognized for that purpose.

Mr. HOEPPEL. It is pleasing to me, in a sense, and I hope this will be properly recorded in the RECORD, in order that the people throughout the highways and byways of America, the people who are suffering, may know just exactly how this Congress is reacting to a proposition to bring to them the necessary relief which they require and which they should have, and which is not covered in this bill.

The CHAIRMAN. The time of the gentleman from California [Mr. HOEPPEL] has expired.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HOEPPEL].

The amendment was rejected.

The Clerk read as follows:

SEC. 3. (a) There is hereby created a Federal Emergency Relief Administration, all the powers of which shall be exercised by a Federal Emergency Relief Administrator (referred to in this act as the "Administrator") to be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall receive a salary, to be fixed by the President, and necessary traveling and subsistence expenses within the limitations prescribed by law for civilian employees in the executive branch of the Government. The Federal Emergency Relief Administration and the office of Federal Emergency Relief Administrator shall cease to exist upon the expiration of 2 years after the date of enactment of this act, and the unexpended balance on such date of any funds made available under the provisions of this act shall be disposed of as the Congress may by law provide.

(b) The Administrator may appoint and fix the compensation of such experts, and, subject to the provisions of the Civil Service laws, appoint, and in accordance with the Classification Act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act; and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere and for printing and binding), not to exceed $350,000, as are necessary to carry out the provisions of this act, to be paid by the Reconstruction Finance Corporation out of funds made available by this act upon presentation of vouchers approved by the Administrator or by an officer of the Administration designated by him for that purpose.

(c) In executing any of the provisions of this act the Administrator, and any person duly authorized or designated by him, may conduct any investigation pertinent or material to the furtherance of the purposes of this act, and at the request of the President shall make such further investigations and studies as the President may deem necessary in dealing with problems of unemployment relief.

(d) The Administrator shall print monthly, and shall submit to the President and to the Senate and the House of Representatives (or to the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session), a report of his activities and expenditures under this act. Such reports shall, when submitted, be printed as public documents.

Mr. FULLER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. FULLER: Page 4, line 2, after the word "and", strike out the words "subject to the provisions of the Civil Service laws, appoint, and, in accordance with the Classification Act of 1923, as amended,".

Mr. FULLER. Mr. Chairman, you can always tell when those materially interested in civil service and those who want to hold the jobs themselves have placed language in a particular bill. To my amazement and surprise, in a case where it provides for a dole or a charity to help the unemployed, the Civil Service employees have inserted a clause here providing that this law shall be administered by them.

I noticed in the press that the administration says it will dispose of 30,000 of them who have now been in the Service 30 years or more, and will retire them in order to give labor to others. The amendment I have offered does not affect the passage of this bill in any shape or form. It does not go to the heart of any part of the language that is really a part of the bill. Not only that but if we stop to think about it for a moment, this is a bill for the relief of the distressed people of this country. If there is going to be some relief aside from a dole and a gift to people, let us place some people in charge who are out of employment and let them labor under this law.

We all know that in the administration of the emergency law that was passed some time ago it was not a question of politics, and it is not going to be a question of politics here, but in every State where it is more or less controlled by State originations, we have charitable organizations and private citizens who do this work without pay. We have county and State units, and hire a few to look after the funds, generally keeping books, and these employees are paid small salaries. Under the terms and provisions of this bill, we would have to call in the Civil Service to administer this

law back in our county, back in our towns in the State from which we come. The Civil Service employees draw substantial salaries. A measure for the relief of the poor and needy—charity—a dole—is certainly one ideal case when the Civil Service should not apply.

This language should be eliminated. There is no reason why it should be retained in the bill and the Civil Service employees be allowed to administer the law. There are plenty of people out of employment who can do this work just as well as those who are under Civil Service. The language of the bill states:

Fix the compensation of such other officers and employees as are necessary to carry out the provisions of this law.

That does not mean here in the Washington office but all out in the States where this money is going to be distributed to feed the hungry and clothe the destitute. Leave it as it has been in the past. Let this law be administered as are the other laws of the country.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. COCHRAN of Missouri. The gentleman's amendment would in no way prevent the employment of a person who happened to be in the Civil Service if the administration wanted to employ him?

Mr. FULLER. Certainly not.

Mr. COCHRAN of Missouri. This makes it optional.

Mr. FULLER. It leaves it to the Administrator.

Mr. COCHRAN of Missouri. It leaves it optional with the Administrator, just as was done in the case of the Reconstruction Finance Corporation Act.

Mr. FULLER. That is it exactly. This has been the history of all these bills. The way it is now provided in the bill out in the field, in the little hamlets, or out on the public roads, no officials can draw compensation unless they are taken from the Civil Service list. [Applause.]

Mr. GOLDSBOROUGH. Mr. Chairman, I rise in opposition to the amendment.

The purpose of inserting the Civil Service provision in this bill was in order that the bill might not bear any political complexion whatever. The number of employees involved is very trivial. The fund is very limited.

Mr. FULLER. How much does it amount to? Three hundred and fifty thousand dollars.

Mr. GOLDSBOROUGH. If this provision had not been placed in the bill, the charge would have been made that it was an administration measure to be used for political purposes in the various States. This is the reason the provision was included in this humanitarian bill. We thoroughly understand it. It was discussed with the administration and we hope the amendment will not be supported.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. ALLGOOD. The Civil Service provision was not included in the Reconstruction Finance Corporation Act. The employees administering that law were not put under civil service.

Mr. GOLDSBOROUGH. That was a business proposition, not a humanitarian one.

Mr. ALLGOOD. They have filled up the Civil Service lists. No more Civil Service examinations will be held, and the people on the outside who need jobs have not a chance in the world of getting them. [Applause.]

Mr. GOLDSBOROUGH. I will say to the gentleman that I hope he is no more sympathetic toward getting positions for our people than I am.

I may say to him that this provision was inserted in this bill deliberately in order that the country might know it was a humanitarian and not a political measure.

The CHAIRMAN. The question is on the amendment of the gentleman from Arkansas.

The amendment was agreed to.

Mr. BEEDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BEEDY: Page 3, line 15, after the word "salary", strike out the words "to be fixed by the President" and insert "not to exceed $8,500."

Mr. BEEDY. Mr. Chairman, I do not care to take the time of the Committee to make a speech on the proposed amendment. It speaks for itself. It involves a question which I raised in committee. I then stated I could not conceive it possible that any man big enough to administer this relief fund would think of asking the country to pay him more than the Members of Congress themselves receive.

I may add that I think perhaps it would also look better to the country if we were to put a limitation upon the salary to be paid the Federal administrator rather than to leave ourselves open to the charge of empowering the President to do as he pleased with this particular bill in the way of salary.

I offer the amendment and hope it will be incorporated in the bill in the interest of common sense and prudence.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. GREEN. I think the gentleman is absolutely correct. In fact, in an emergency like this somebody ought to do this relief work for $1 a year.

Mr. BEEDY. It may be difficult to find anybody who could give his entire time without compensation. I think we ought to get a big, broad-gaged humanitarian who would not ask us more than $8,500 a year. I do not think we should leave the burden on the President and leave the door wide open for the exercise of pressure on the Chief Executive, to the end that somebody be given this job at a high salary.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Certainly.

Mr. STEAGALL. May I ask the gentleman if he does not think, in the light of present developments, we might trust the Chief Executive to limit these salaries to proper amounts?

Mr. BEEDY. I will trust him; but if the gentleman from Alabama were in the President's place, I think he would welcome this particular amendment.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. FITZPATRICK. Would the salary of $8,500 a year be subject to the 15-percent cut?

Mr. BEEDY. No; because this is a special salary provided for after the passage of the Economy Act. I do not think it would be affected by the Economy Act at all.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. BEEDY) there were—ayes 135, noes 64.

So the amendment was agreed to.

Mr. FULLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULLER: On page 4, line 4, strike out the words "fix the compensation of."

Mr. FULLER. Mr. Chairman, several of the Members have called my attention to the fact that since the adoption of the amendment I offered a moment ago, these words are superfluous, inasmuch as they occur in line 1, and, therefore, the four words "fix the compensation of" should be stricken out. I have examined the text, and I think this should be done.

This is a perfecting amendment and simply makes the language absolutely clear.

The amendment was agreed to.

The Clerk read as follows:

SEC. 4. (a) Out of the funds of the Reconstruction Finance Corporation made available by this act, the Administrator is authorized to make grants to the several States, to aid in meeting the costs of furnishing relief and work relief in the form of money, service, materials, and/or commodities to provide the necessities of life to persons in need as a result of the present

emergency, and/or to their dependents, whether residents, transient, or homeless.

(b) Of the amounts made available by this act not to exceed $200,000,000 shall be granted to the several States applying therefor, in the following manner: Each State shall be entitled to receive grants equal to one third of the amount expended by such State, including the civil subdivisions thereof, out of public moneys from all sources for the purposes set forth in subsection (a) of this section; and such grants shall be made quarterly, beginning with the second quarter in the calendar year 1933, and shall be made during any quarter upon the basis of such expenditures certified by the States to have been made during the preceding quarter.

(c) The balance of the amounts made available by this act, except the amount required for administrative expenditures under section 3, shall be used for grants to be made whenever, from an application presented by a State, the Administrator finds that the combined moneys which can be made available within the State from all sources, supplemented by any moneys, available under subsection (b) of this section, will fall below the estimated needs within the State for the purposes specified in subsection (a) of this section: *Provided*, That the Administrator may certify out of the funds made available by this subsection additional grants to States applying therefor to aid needy persons who have no legal settlement in any one State or community, and to aid in assisting cooperative and self-help associations for the barter of goods and services.

(d) After October 1, 1933, notwithstanding the provisions of subsection (b), the unexpended balance of the amounts available for the purposes of subsection (b) may, in the discretion of the Administrator and with the approval of the President, be available for grants under subsection (c).

(e) The decision of the Administrator as to the purpose of any expenditure shall be final.

(f) The amount available to any one State under subsections (b) and (c) of this section shall not exceed 15 percent of the total amount made available by such subsections.

With the following committee amendment:

Page 5, line 8, after the word "relief", insert the words "and in relieving the hardship and suffering caused by unemployment."

Mr. STEAGALL. Mr. Chairman, this is merely a perfecting amendment to make the language conform with the title, and I ask for the adoption of the amendment.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. VINSON of Kentucky. In connection with the amendment, as I recall, the existing law carries the words "furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment." Is it the intent and purpose of subsection (a) of section 4 to continue the work that has been carried on under the Reconstruction Finance Corporation in relieving distress?

Mr. STEAGALL. That is the purpose; yes.

The amendment was agreed to.

With the following further committee amendment:

Page 5, line 15, strike out "$200,000,000" and insert "$250,000,000."

Mr. STEAGALL. Mr. Chairman, this is a committee amendment which I explained in my statement to the committee and which I hope will be adopted. I think there is no difference of opinion in the committee about it and I hope there will be no controversy over the proposed amendment.

Mr. TARVER. Mr. Chairman, I rise in opposition to the committee amendment.

I am somewhat surprised that the chairman states that in his remarks to the committee he explained this amendment. I listened attentively to the remarks of the chairman in explanation of the bill and asked the chairman to explain to the committee why this amount had been increased from $200,000,000 to $250,000,000. He did not answer my inquiry with regard to the reason of the committee for increasing the amount and I have since carefully examined the full transcript of his statement made to the committee and find no reference thereto made therein.

Mr. GOLDSBOROUGH. May I answer the inquiry of the gentleman?

Mr. TARVER. In just a moment.

This is the portion of the bill dealing with the proportions in which the $500,000,000 shall be used. The first proportion affected here was contained in the Senate bill as $200,000,000 and set out in the House bill when it was introduced as $200,000,000, being the part of the $500,000,000 which is used in matching expenditures made by the States, and leaving a balance of $300,000,000 to be distributed on the basis of need, without regard to what amount may have been expended by the States.

Now, it is proposed by the committee to increase the first-mentioned fund to $250,000,000 and thereby take away from the second fund, which is to be distributed on the basis of need, $50,000,000, leaving the second fund only $250,000,000. Most of the States of the Union, and if I have been correctly informed, 40 of them, are prohibited by their constitutions from making appropriations from public funds for relief purposes. Therefore, only eight of the States, including, I think, Illinois, New York, Michigan, and Pennsylvania, could participate in the first portion of this fund, and it does seem to me that until some reason is advanced by the committee why the amount of $200,000,000 for the benefit of these few States should be advanced to $250,000,000, we ought to be willing to retain in the bill the $300,000,000 for the benefit of the States that are deprived of participating in the first fund.

In these 40 States most of the relief work has been done by charitable organizations and by private contributions. This cannot be considered in the apportionment of the amount carried under subsection (b) of section 4. Only the amounts that have been expended from public funds by the States, which, of course, include any subdivision of the States, can be included.

In my State, and I suspect the same condition exists in many States, while the State is prohibited by the Constitution from making any appropriation for relief, some appropriations are made by counties and by municipalities, but these pale into insignificance compared with the amount of expenditures that are made by charitable organizations and which arise from private contributions.

Now, why should we provide, as I have said, to sum up $250,000,000 for 8 States of the Union and only $250,000,000 for the other 40 States? Why not reject the committee amendment and leave the $200,000,000 as provided in the Senate bill and as provided in the bill of the gentleman from Maryland [Mr. LEWIS], upon its original introduction, for the 8 States and let the other 40 States have three fifths of the fund?

I yield now to the gentleman from Maryland who stated he is in position to explain the matter, and I hope that now some member of the committee, either the gentleman from Maryland or someone else, will be willing to tell us why the committee thought it necessary to raise the first amount to $250,000,000 and deprive the second fund of $50,000,000.

Mr. GOLDSBOROUGH. The situation is this. It may be improper for me to make the statement, but an amendment was offered to fix the amount at $350,000,000, and there was a good deal of sentiment for it. The Member making that motion changed it to $300,000,000, and it was obvious that it would carry, and so a substitute was moved and the substitute was agreed to.

Mr. TARVER. Then those of you who did not want any change would be better satisfied to leave it as it was originally introduced.

Mr. GOLDSBOROUGH. I have said all I want to, and perhaps I have said more than I ought to.

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. LUCE) there were 142 ayes and 49 noes.

Mr. PARKER of Georgia. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. STEAGALL and Mr. TARVER as tellers.

The Committee again divided, and the tellers reported that there were 183 ayes and 44 noes.

So the committee amendment was agreed to.

Mr. HASTINGS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, line 24, after the word "shall", strike out the remainder of section 4 and insert "be in proportion to the population of each State."

Mr. HASTINGS. Mr. Chairman, this is a sympathetic amendment. I am in favor of the bill. Let me explain the effect of the amendment. Examine the printed copy of the bill. Section 4 provides for the amount available. In subsection (f) it is provided that the amount available to any one State shall not exceed 15 percent of the total amount made available by such section.

The amendment I propose would distribute it according to the population of each State. Mr. Chairman, there is distress in every State in the Union. There is not an exception in a single county in the entire Nation, and unless this bill is amended there is no direction to the administrator as to how this $500,000,000 is to be distributed.

Let me call your attention to the fact that under paragraph (f) it provides that not more than 15 percent shall go to any one State.

Now, 15 percent of $500,000,000 is $75,000,000. Seven times $75,000,000 will amount to $525,000,000 and will more than exhaust the $500,000,000.

So it is possible under the terms of subsection (f), if not amended, for all this money to go to not more than seven States of the Union.

Let us grant relief to every State. This distribution is made upon the application of the Governors of the several States and supervised by the State relief committee or officer under the general supervision of the Governor of the State.

If anyone from your own State writes you and asks whether we passed a relief bill in Congress, you would reply that we did; that we provided for a distribution of $500,000,000. You will then be asked how the citizens of each State are going to know the amount any State will receive. There is distress in every county and State in the Union, and I would not vote to withhold relief; but I do not see how any Member of Congress on either side of the aisle, when he or she knows there is distress in each State in the Union, can afford to vote against an amendment that would insure an equitable and fair distribution of this money to the several States in proportion to the population of each State. I sincerely hope that the amendment will be adopted.

Mr. LUCE. Mr. Chairman, I ask for better order in the Chamber so that I may lay before the committee the most remarkable examples of altruism on the part of Members of Congress that have ever come to my attention. The gentleman whose name this bill ordinarily carries comes from the State of New York. His altruism consisted in presenting to the committee an argument for a bill whereby, as he said, his State would give $28 and get back $15. Nevertheless, such was his great interest in the rest of the country, that his benevolence showed itself to be unbounded benevolence. He committed himself to a bill whereby his State gives $28 and gets back $15.

Now comes the gentleman from Oklahoma [Mr. HASTINGS] with an amendment. His State, as the bill stands, will get more money than under his proposal. He asks us to amend the bill so that Oklahoma may receive less of the bounty of the Nation than it otherwise would. I think, Mr. Chairman, we ought to gratify both of these gentlemen; but, unfortunately, in order to do so we would have contradictory provisions, and much as I regard my friend from Oklahoma, I fear the bounty and generosity of the gentleman from New York is in dollars so much larger that I shall have to stand for his gift to the Nation.

Mr. LOZIER, Mr. ROGERS of Oklahoma, and Mr. MOTT rose.

Mr. LUCE. Mr. Chairman, in order to gratify the wishes of the gentlemen who rise to interrogate me, I shall split myself into three parts and yield to all three, but first to my friend from Missouri, whose name stands next to mine on the roll. I follow him on the roll, but I too rarely am able to follow his judgment.

Mr. LOZIER. The gentleman is very gracious in yielding to me, for which I am grateful. Apropos of the claim that New York contributes 28 percent of the revenues of the Nation, I rise to say that there never was a greater fallacy presented to or accepted by the American people. New York does nothing of the kind. New York is the clearing house through which a substantial part of the wealth of 47 other States is reported to the Federal Government for taxation. Many railroad companies operating in other States, great industrial concerns whose plants are in other States, and corporations and individuals conducting extensive business activities from coast to coast are legally domiciled in New York, but much of their wealth is created in other States, and a lion's share of the taxes New York pays are contributions gathered from over all the Nation. I am getting tired of New York and Pennsylvania making a claim that is false in theory and false in fact. Much of the wealth of other States is, for the purposes of taxation, cleared through the States of New York and Pennsylvania because the corporate or individual owners and earners of such wealth are domiciled in the Empire and Keystone States. Where do the great New York and Pennsylvania insurance companies get the enormous assets on which they pay taxes? From 48 States.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. LOZIER. Yes.

Mr. O'CONNOR. Does the gentleman dispute the number of people we have there, too?

Mr. LOZIER. Oh, no; but I assert that a large part of the taxes paid by New York come from properties in other States and from new wealth created in other States.

Mr. LEWIS of Maryland. Mr. Chairman, I move to strike out the last word. The amendment proposed by the gentleman from Oklahoma would work an abortion of the whole purpose of this bill. This bill is not designed as a measure to raise funds to distribute as subsidies or dividends to the respective States. This is a relief measure, with competent administrative superintendence to study and ascertain the need of relief in the respective States, and to assign the relief money accordingly. The amendment of the gentleman, without unfavorably characterizing it, would distribute this relief money as if it were a dividend fund, which it is not.

Mr. HASTINGS. But you place a limitation of 15 percent; and if you can place a limitation of 15 percent that shall go to a State, why could you not put on a limitation which will provide that the money shall be distributed in proportion to the population of the several States?

Mr. LEWIS of Maryland. Some people so fear a new idea that they are afraid to brush down the cobwebs lest the ceiling may fall, and the limitation of 15 percent upon the amount that might be distributed to a particular State is to allay apprehensions in that direction.

Mr. ROGERS of Oklahoma. If it is good to put a 15 percent limit upon it, why would it not be good to assure every State of getting some of it?

Mr. LEWIS of Maryland. We assure them according to their needs.

Mr. ROGERS of Oklahoma. Are they not all in need?

Mr. LEWIS of Maryland. This is not a dividend fund, it is not a subsidy that can be distributed upon the basis of population.

Mr. HASTINGS. Why place the limitation of 15 percent?

Mr. LEWIS of Maryland. To prevent possible abuse of the fund on the part of some States.

Mr. HASTINGS. Then, to prevent further abuse, I offer my amendment.

Mr. MOTT. Mr. Chairman, I take it under the provisions of this bill it is mathematically possible for some seven States to get the entire amount available under the bill. Can the gentleman inform us what assurance any particular State, such as the State of Oklahoma or my own State, the State of Oregon, would have under the circumstances of getting anything under this bill?

Mr. LEWIS of Maryland. The gentleman tempts me to repeat a classic rebuke: "O, thou of little faith." When the time comes that the administrators of the laws of my country cannot be trusted with a fund as sacred as this,

let us tear down the American flag and forget we are Americans. [Applause.]

Mr. MOTT. May I inquire if that is the best answer the gentleman can give?

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. McKEOWN. I have an amendment to offer to this section.

The CHAIRMAN. The question is on the motion of the gentleman from Alabama [Mr. STEAGALL].

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. HASTINGS].

The question was taken; and on a division (demanded by Mr. HASTINGS) there were—ayes 70, noes 150.

Mr. HASTINGS. Mr. Chairman, I demand tellers.

The CHAIRMAN. Those who favor taking this vote by tellers will stand and remain standing until counted. [After counting.] Four Members have risen; not a sufficient number. Tellers are refused.

Mr. McKEOWN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McKEOWN: Page 5, line 7, after the word "States", insert "and to the Secretary of the Interior not to exceed $10,000,000 for aid of Indians with which to make per capita payments all reimbursable from tribal property upon such terms agreed upon by and between the tribal authorities and the Secretary."

Mr. GOSS. Mr. Chairman, I make the point of order that the amendment is not germane. The amendment requires the money to be given to the Secretary of the Interior instead of to the States under the Reconstruction Finance Corporation.

Mr. McKEOWN. It is by the director of the relief fund.

The CHAIRMAN (Mr. BULWINKLE). The Chair is ready to rule. The Chair sustains the point of order.

Mr. McGUGIN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: On page 5, line 14, strike out lines 14 to 25, inclusive.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

Mr. McGUGIN. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. Does the gentleman desire to withdraw his amendment?

Mr. McGUGIN. Yes.

The CHAIRMAN. Is the gentleman opposed to the bill?

Mr. McGUGIN. I am unless it is straightened up in better shape than it is now.

Mr. O'CONNOR. If the gentleman is not opposed to the bill he is not entitled to recognition.

The CHAIRMAN. The gentleman from Kansas [Mr. McGUGIN] asks unanimous consent to withdraw his amendment.

Mr. GOSS. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

Mr. GOSS. Mr. Chairman, may we have the amendment read?

By unanimous consent, the Clerk again reported the amendment offered by Mr. McGUGIN.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. McGUGIN].

The amendment was rejected.

The Clerk read as follows:

SEC. 5. Any State desiring to obtain funds under this act shall through its Governor make application therefor from time to time to the Administrator. Each application so made shall present in the manner requested by the Administrator information showing (1) the amounts necessary to meet relief needs in the State during the period covered by such application and the amounts available from public or private sources within the State, its political subdivisions, and private agencies, to meet the relief needs of the State, (2) the provision made to assure adequate administrative supervision, (3) the provision made for suitable standards of relief, and (4) the purposes for which the funds requested will be used.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

I am sorry, Mr. Chairman, that the gentleman from Alabama [Mr. STEAGALL] became so hasty in the consideration of the bill a moment ago; that the Membership of this House should be shut off from offering reasonable and fair amendments to the bill. This is the point I should like to bring before the House: Here is a bill, the purpose of which is for the relief of the people of this country, predicated upon the theory that the States themselves are now so insolvent that they cannot take care of their own, yet there is a provision in the bill which does violence to that theory and to that principle, and that provision is that one half the funds provided by this bill cannot be used unless the States will match one third of it.

This damnable program that has grown up in this country of so-called "Federal aid", to be matched by the States, has led directly to the impoverishment of the States themselves. You are telling 48 States they can have $250,000,000 provided they will further increase the tax burdens upon their homes and their farms by matching one third of it; telling the bankrupt States that is what they must do in order to obtain the benefits under section 4, subsection (b).

If, indeed, this be a bill for relief because the States are unable to care for their own, then there should not be in this bill this one third matching provision, and it should be stricken from the bill. That is the question which I should have liked to have placed before this House fairly and squarely upon its merits, but I was denied any opportunity to offer an amendment to strike out that provision by the hasty motion of the gentleman from Alabama, Mr. STEAGALL, chairman of the committee.

Now, this House is either a legislative body or it is not a legislative body; and if we are going to consider amendments, let us consider them; and if not, then let us not profess to consider them. Bring all your bills in here with a gag rule denying the right of amendment, or bring them in under the general rules and let us consider them on the floor of this House. I believe 435 Members of this House are capable of passing upon these amendments without being shut off and denied the opportunity to offer amendments which go to the important parts of a bill.

I would have no exception to the House of Representatives refusing to go along on an amendment that I offered. That is the judgment of the House to exercise itself, but I do criticize the effort being made and the program being carried out to shut off reasonable and fair amendments. It is hypocrisy to bring bills in under the general rules of the House and then be shut off from an opportunity to offer amendments.

I submit to you that it is at least a question worthy of the consideration of this House as to whether or not it is wise in a relief bill to say to the 48 States, most of whom are unable to balance their budgets, that in order for them to participate in one half of the benefits of this bill they must match it with increased tax burdens upon their own people. However, it is a question on which the House gave no consideration because of the motion of the chairman of the committee.

I yield back the balance of my time.

the pro-forma amendment was withdrawn.

Mr. GLOVER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I regret as much as anyone in this body that our country is in a condition requiring legislation of this character; and I am supporting this bill because it is now a necessity. I am very much surprised at the attitude of our friends on the right who held the reins of power for 12 years. They came into power when the country was in a prosperous condition; they went out of power with the country in the midst of this depression, yet we see them vote almost in a body sometimes to refuse to give this relief to the people of the country who are now in distress. But this is not my purpose in getting this time.

This bill ought to be carefully administered. If it is, then we shall have set a noble precedent that will be followed hereafter.

As I interpret this bill, when the grants of money are made to the States, the States have the absolute right to use it for the purpose of relieving distress through providing employment. I desire to ask the author of the bill, who sits by my side, whether I am correct in my conclusion on this one point. We, in my State, are taking the turn-back we get from the tax on gasoline and building the lateral post roads that lead into the great highways that have been built by the State and National Governments, over which the United States mail is carried. They are, in the sense of the Constitution, post roads. I want to know of the chairman, and I ask him this question that the RECORD may show his interpretation: Have the States the authority to use the funds that may be given them under this bill in connection with State and county funds in giving labor to those in the community in the building of these post roads?

Mr. LEWIS of Maryland. I ought to say to the House that not being the actual author of the bill I cannot have the fullest confidence in my interpretation of it, but in my judgment the words "work relief" carry the authority or opportunity as to which the gentleman has addressed his question.

Mr. GLOVER. I am very glad to get this information; and I wanted it in the RECORD in order that our people in administering this fund may know they can use it in this way. Money used in this way is not wasted. We all know that much money has been wasted. When it is administered in this manner, you get a dollar's worth of road construction for every dollar given for relief.

Mr. DIES. Mr. Chairman, I rise in opposition to the pro-forma amendment. I shall only consume a few minutes, because I know the House wants to vote on this bill. I am in favor of this measure and shall vote for it. We cannot permit American citizens to suffer and starve in the midst of plenty. We all deplore the extraordinary conditions that make this bill necessary. We have in the past appropriated various sums to relieve the victims of drought, floods, and earthquakes, not only in our own country but in foreign nations. The present emergency is without parallel in recent times, and no government can remain inactive when any substantial portion of its citizenship is suffering from hunger, cold, and destitution.

However, it seems rather shocking to me that at a time like this, when we are considering measures to relieve destitution and starvation in this country, and when we are undertaking to expand currency and credit in order to raise commodity prices and restore to normal employment the millions of our fellow citizens who are walking the streets in idleness, and when we are seeking to preserve our economic and political system from collapse, that lobbyists like Ogden Mills, the former Secretary of the Treasury, and others should be all over this Capitol undertaking to prevent the constructive legislation of this administration to restore the dollar to its normal purchasing power and to raise commodity prices.

I mention this fact because I have just introduced a resolution to investigate the activities of Ogden Mills and the other lobbyists who are at this moment in the Capitol exerting their influence for the purpose of defeating constructive legislation that will restore this country to a normal condition. [Applause.] My resolution also proposes to investigate the activities and plans of foreign governments and international bankers to propagandize the country with a view of seeking to cancel the war debts and maintaining the abnormal value of our currency at home and abroad to the detriment of American labor, agriculture, and industry. Newspaper dispatches from France state that the French Government is appropriating a large sum of money for propaganda purposes in the United States. One paper quotes the figure set aside for this purpose by the French Government at 66,000,000 francs. What a parody it is to behold the French Government appropriating money for propaganda purposes in the United States when she professes her inability to pay the just and honest obligations owing to the American people. Through what agencies she proposes to work in her attempt to mold public opinion in this country is unknown. It seems to me that it is high time for Congress to expose these nefarious activities.

It will also be interesting to uncover the well-directed and highly organized lobbying activities that are being conducted for the purpose of maintaining the gold dollar at an abnormal level, which is rapidly bringing bankruptcy and ruin to the great majority of the American people. Such lobbying is vicious and indefensible and should be exposed to the sunlight of public opinion. The methods and means and objectives of those who are conducting these harmful activities should be fully exposed. We should make an example of these lobbyists that will deter others from engaging in similar activities for a long time in the future. The President and the Democratic Party promised to drive the money changers from the temple. It is equally important that we drive the lobbyists from the Capitol. [Applause.]

The pro-forma amendment was withdrawn.

The Clerk read as follows:

SEC. 6. The Administrator upon approving a grant to any State shall so certify to the Reconstruction Finance Corporation, which shall, except upon revocation of a certificate by the Administrator, make payments without delay to the State in such amounts and at such times as may be prescribed in the certificate. The Governor of each State receiving grants under this act shall file monthly with the Administrator, and in the form required by him, a report of the disbursements made under such grants.

Mr. TRUAX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: Page 7, line 24, after the word "grants", insert "the Governor of each State shall file a statement that no foreclosures of real estate shall be made by State officials during the period for which said Federal aid is asked."

Mr. GOSS. Mr. Chairman, I make the point of order the amendment is not germane to this particular section.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. GOSS. As I understood the amendment from its reading by the Clerk, it requires the Governor of each State to file with the administrator a document declaring that no foreclosures shall be made. This might easily interfere with State laws. We in the House are not able to know that we could legally require the Governors to file such a document.

Furthermore, the bill requires that the Governor of each State receiving grants under this act shall file monthly with the administrator, and in the form required by him, a report of the disbursements made under such grants.

I cannot see that the subject of foreclosures comes under this section.

The CHAIRMAN. Does the gentleman from Ohio desire to be heard on the point of order?

Mr. TRUAX. Mr. Chairman, the amendment provides——

Mr. GOSS. Mr. Chairman, I make the point of order that the gentleman must talk to the point of order and not to the amendment.

The CHAIRMAN. Does the gentleman from Ohio care to be heard on the point of order?

Mr. TRUAX. Yes.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. TRUAX. The amendment provides that no foreclosures shall be made by State officials; in other words, by liquidators of closed State banks appointed by the Governor.

The CHAIRMAN. The Chair is ready to rule.

The amendment offered by the gentleman from Ohio is not germane either to the section or the bill, and the Chair sustains the point of order.

The Clerk read as follows:

SEC. 7. As used in the foregoing provisions of this act, the term "State" shall include the District of Columbia, Alaska, Hawaii, and Puerto Rico; and the term "Governor" shall include the Commissioners of the District of Columbia.

Mr. LUCE. Mr. Chairman, I move to strike out the last word and ask for order.

Mr. Chairman, I have been solicitous for order because I wish to explain to every Member the nature of the motion to recommit. The motion to recommit refers to a phrase in existing law and does not of itself set out the intent.

If the amendment should be adopted, it will carry out the views of those who think that this money should be lent, as under the legislation previously instructing the Reconstruction Finance Corporation. Members who believe in lending will answer "aye"; those who believe in giving will answer "no."

Mr. WEIDEMAN. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. WEIDEMAN. It is more blessed to give than to receive.

Mr. KNUTE HILL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, "By their fruits ye shall know them." The members of the minority party, if you noticed, voted almost as a unit against this measure. They call this a gift, and they say that it is not in the province of the National Government to give to individuals. Secondly, they say that we are trying to hide this gift by incorporating it under the Reconstruction Finance Corporation.

Let us look at the record of the Republican Party during the last 12 years. Under the Harding administration they gave Teapot Dome and other valuable oil fields to Doheny and Sinclair. Were these not gifts? They say they were not gifts. A rose with another name has the same sweet smell. They were gifts—gifts constituting our richest natural resources, the heritage of our children. Was there any voice raised on the other side of the House at that time against these gifts, not to the poor and needy but to multimillionaires? Did not Calvin Coolidge sit as Vice President and know all about it? Did not Hoover sit as Secretary of Commerce? Did they object? Not until Senator Walsh, that magnificent man with a magnificent intellect, uncovered the gift you Republicans had tried to cover, were Daugherty and Denby sent out of the Cabinet and Fall sent to the penitentiary.

During Coolidge's administration we gave back to Mellon and others refunds of their income taxes, and you tried to hide them by not allowing them to be published.

During Hoover's administration of the last 4 years may I call your attention to the fact that he tried to cancel $11,000,000,000 of international debts by secret negotiation. This in the final analysis, if it had been consummated, would have been a gift at the expense of the taxpayers of this country. I ask you, was there any voice raised on the part of the Members on the left here against it?

I believe you have no occasion to say that you are opposed to a gift to the people when you have permitted in the last 12 years these things under the unspeakable Republican leadership of Harding, Coolidge, and Hoover. Under Harding and Coolidge came an artificial prosperity, and we were urged to buy, buy, buy until it hurt. Prosperity would last forever. Under Hoover we were solicited to purchase foreign bonds and securities by international bankers, and high officials in the Cabinet said they were good. When the crash came in 1929, Hoover at first refused to recognize it, then said it was temporary and "prosperity was around the corner." They brought on this condition of dire distress and now refuse to permit us to relieve it.

On November 8 the people of the United States made up their minds they wanted a new deal. They sent a great humanitarian down to the other end of Pennsylvania Avenue. This man has vision and wisdom and courage, and we are trying by this bill to give him the power and the authority to help the people who are down and out, the forgotten men and women.

I believe, in all fairness, we should give this authority to a man whom we trust, a man who will show his humanitarian spirit toward all the people—not only those who are up high, but those who are lowly, the everyday American citizen—the forgotten man. [Applause.]

The distinguished gentleman from Massachusetts [Mr. LUCE] stated openly on the floor of this House, in reply to a direct question, that even in the case of dire distress of the people, should the local government or the State government be unable to or neglect to or refuse to furnish aid, he would still oppose the giving of aid by the Federal Government. And he calls himself a humanitarian. I submit that the noble founder of the Republican Party, Abraham Lincoln, would never have taken such an ignoble view of the functions of government. But the leadership of the Republican Party for the past decade or two is as far removed in ideals and principles from the leadership of Lincoln's day as the darkest night is from the light of day.

They call this socialism. If this be socialism, then the responsible leadership of the Democratic Party is socialistic, the large majority of the Congress is socialistic, and the overwhelming majority of the people of the United States are backing them whole-heartedly in that kind of socialism.

They call this an innovation. Thank God, we have a man at the other end of Pennsylvania Avenue who has during the past few weeks smashed a few precedents in order to secure justice and relief. He has shown himself a militant, progressive leader of action.

We have a pilot at the helm of the ship of state who is unafraid; a pilot who knows what course to take in this devastating storm of depression; a pilot who has not only the loyal support of the majority of his crew but the unbounded confidence of the vast majority of the passengers. The ship will be brought safely into port with the Stars and Stripes flying from its masthead notwithstanding the petty opposition of a few reactionaries and the technical obstruction of a discarded leadership. If the leaders of the Republican Party persist in this course, they will eventually plunge their party into the same political oblivion as that suffered by the Whig Party prior to the Civil War. The signs of dissolution and decay are evident. "Whom the gods would destroy they first make mad." I make no charge against the rank and file who have been misled, but the leadership of the Republican Party during the past 12 years has been mad with power. Now it is mad with envy and fear lest the motto "Justice to all and special privileges to none" becomes a wholesome reality. [Applause.]

The Clerk concluded the reading of the bill.

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House, with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee having had under consideration the bill (H.R. 4606) to provide for the cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, had directed him to report the same back to the House, with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. LUCE. Mr. Speaker, I demand a separate vote on the so-called "Civil Service amendment".

Mr. TARVER. Mr. Speaker, I demand a separate vote on the committee amendment to section 4 (b).

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them in gross.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment upon which a separate vote is demanded.

The Clerk read as follows:

Page 4, line 2, after the word "and", strike out the words "subject to the provisions of the Civil Service laws, appoint, and, in accordance with the Classification Act of 1923, as amended."

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. LUCE) there were 175 ayes and 87 noes.

Mr. LUCE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 215, nays 161, not voting 55, as follows:

[Roll No. 17]

YEAS—215

Abernethy	DeRouen	Keller	Richards
Adair	Dickinson	Kelly, Ill.	Robertson
Adams	Dies	Kemp	Robinson
Allgood	Dingell	Kenney	Rogers, N.H.
Ayers, Mont.	Dockweiler	Kerr	Rogers, Okla.
Bailey	Doughton	Kloeb	Romjue
Beam	Douglass	Kniffin	Rudd
Beiter	Doxey	Kocialkowski	Ruffin
Berlin	Drewry	Kopplemann	Sadowski
Biermann	Driver	Kramer	Sanders
Black	Duffey	Lamneck	Sandlin
Bland	Duncan, Mo.	Lanham	Schaefer
Blanton	Dunn	Larrabee	Schuetz
Bloom	Durgan, Ind.	Lee, Mo.	Schulte
Boland	Eagle	Lesinski	Secrest
Boylan	Eicher	Lloyd	Shallenberger
Brennan	Ellzey, Miss.	Lozier	Sirovich
Briggs	Faddis	McClintic	Smith, Va.
Brown, Mich.	Farley	McCormack	Smith, W.Va.
Browning	Fernandez	McDuffie	Snyder
Brunner	Fitzgibbons	McKeown	Somers, N.Y.
Buchanan	Fletcher	McMillan	Spence
Buck	Ford	McReynolds	Stubbs
Bulwinkle	Foulkes	Major	Studley
Burch	Fuller	Maloney, La.	Sullivan
Burke, Calif.	Gasque	Martin, Colo.	Sutphin
Busby	Gavagan	May	Swank
Cady	Gillespie	Mead	Sweeney
Caldwell	Gillette	Meeks	Tarver
Cannon, Mo.	Glover	Milligan	Taylor, Colo.
Carden	Granfield	Mitchell	Taylor, S.C.
Carley	Gray	Monaghan	Thompson, Ill.
Carpenter, Kans.	Green	Montet	Truax
Carpenter, Nebr.	Greenwood	Moran	Turner
Cary	Gregory	Morehead	Umstead
Castellow	Griffin	Murdock	Utterback
Chapman	Griswold	Musselwhite	Vinson, Ga.
Clark, N.C.	Haines	Nesbit	Vinson, Ky.
Cochran, Mo.	Hamilton	Norton	Wallgren
Coffin	Harlan	O'Connell	Walter
Colden	Hart	O'Malley	Wearin
Cole	Hastings	Oliver, Ala.	Weaver
Collins, Miss.	Hildebrandt	Oliver, N.Y.	Weideman
Colmer	Hill, Ala.	Owen	Werner
Cooper, Tenn.	Hill, Sam B.	Palmisano	West
Cox	Howard	Parker, Ga.	White
Cravens	Hughes	Parks	Wilcox
Crosby	Jacobsen	Patman	Willford
Cross	Jeffers	Peyser	Williams
Crowe	Jenckes	Pierce	Wilson
Cullen	Johnson, Okla.	Ramsay	Wood, Ga.
Cummings	Johnson, Tex.	Randolph	Wood, Mo.
Deen	Johnson, W.Va.	Rankin	Woodrum
Delaney	Kee	Rayburn	

NAYS—161

Andrew, Mass.	Disney	Jones	Parker, N.Y.
Andrews, N.Y.	Ditter	Kahn	Parsons
Arens	Dobbins	Kelly, Pa.	Peavey
Arnold	Dondero	Kinzer	Perkins
Ayres, Kans.	Doutrich	Knutson	Pettengill
Bacharach	Dowell	Kurtz	Polk
Bacon	Eaton	Kvale	Powers
Bakewell	Edmonds	Lambertson	Prall
Beedy	Eltse, Calif.	Lambeth	Ragon
Blanchard	Englebright	Lea, Calif.	Ramspeck
Boehne	Evans	Lehlbach	Ransley
Boileau	Focht	Lemke	Reece
Bolton	Foss	Lewis, Colo.	Reed, N.Y.
Britten	Frear	Lewis, Md.	Reilly
Brown, Ky.	Gibson	Luce	Rich
Burke, Nebr.	Gilchrist	Ludlow	Rogers, Mass.
Burnham	Goldsborough	Lundeen	Sears
Byrns	Goodwin	McCarthy	Seger
Carter, Calif.	Goss	McFadden	Shoemaker
Carter, Wyo.	Guyer	McFarlane	Simpson
Cavicchia	Hancock, N.Y.	McGrath	Sinclair
Chase	Hancock, N.C.	McGugin	Smith, Wash.
Christianson	Hartley	McLean	Snell
Church	Healey	McLeod	Stalker
Clarke, N.Y.	Henney	Maloney, Conn.	Steagall
Cochran, Pa.	Hess	Mansfield	Strong, Pa.
Collins, Calif.	Higgins	Mapes	Strong, Tex.
Condon	Hill, Knute	Marland	Sumners, Tex.
Connery	Hoeppel	Marshall	Taber
Connolly	Hoidale	Martin, Mass.	Taylor, Tenn.
Cooper, Ohio	Hollister	Merritt	Thom
Crosser	Holmes	Millard	Thomason, Tex.
Crowther	Hooper	Mott	Thurston
Crump	Hope	Moynihan	Tinkham
Culkin	James	Muldowney	Tobey
Darrow	Jenkins	O'Brien	Traeger
Dirksen	Johnson, Minn.	O'Connor	Treadway
Turpin	Whittington	Wolcott	Woodruff
Watson	Wigglesworth	Wolfenden	Young
Welch	Withrow	Wolverton	Zioncheck
Whitley			

NOT VOTING—55

Allen	Corning	Huddleston	Reid, Ill.
Almon	Darden	Imhoff	Richardson
Auf der Heide	Dear	Kennedy, Md.	Sabath
Bankhead	De Priest	Kennedy, N.Y.	Scrugham
Beck	Dickstein	Kleberg	Shannon
Brand	Fiesinger	Lanzetta	Sisson
Brooks	Fish	Lehr	Stokes
Brumm	Fitzpatrick	Lindsay	Swick
Buckbee	Flannagan	McSwain	Terrell
Cannon, Wis.	Fulmer	Martin, Oreg.	Underwood
Cartwright	Gambrill	Miller	Wadsworth
Celler	Gifford	Montague	Waldron
Chavez	Harter	Peterson	Warren
Claiborne	Hornor	Pou	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Miller (for) with Mr. Beck (against).
Mr. Warren (for) with Mr. Brumm (against).
Mr. Dear (for) with Mr. Wadsworth (against).
Mr. Martin of Oregon (for) with Mr. Buckbee (against).

General pairs:

Mr. Bankhead with Mr. Gifford.
Mr. Corning with Mr. Stokes.
Mr. Pou with Mr. Allen.
Mr. Chavez with Mr. Fish.
Mr. Fitzpatrick with Mr. Reid of Illinois.
Mr. Fiesinger with Mr. Swick.
Mr. Lindsay with Mr. Waldron.
Mr. Gambrill with Mr. Brooks.
Mr. Huddleston with Mr. Cannon of Wisconsin.
Mr. Kleberg with Mr. Darden.
Mr. Celler with Mr. Claiborne.
Mr. Almon with Mr. Harter.
Mr. McSwain with Mr. Imhoff.
Mr. Montague with Mr. Terrell.
Mr. Sabath with Mr. Richardson.
Mr. Underwood with Mr. Lanzetta.
Mr. Dickstein with Mr. Flannagan.
Mr. Cartwright with Mr. Kennedy of New York.
Mr. Auf der Heide with Mr. Hornor.
Mr. Fulmer with Mr. Brand.
Mr. Kennedy of Maryland with Mr. Peterson.

Mr. WILCOX. Mr. Speaker, my colleague from Florida, Mr. PETERSON, is absent on account of illness. If he were present, he would vote "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment upon which a separate vote is demanded.

The Clerk read as follows:

Page 5, line 15, strike out "$200,000,000" and insert in lieu thereof "$250,000,000."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. TARVER) there were—ayes 208, noes 53.

So the amendment was agreed to.

The SPEAKER. The question now is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. LUCE. Mr. Speaker, I offer the following motion to recommit the bill, and upon that I demand the yeas and nays.

The Clerk read as follows:

Mr. LUCE moves to recommit the bill to the Committee on Banking and Currency with instructions to report the bill back to the House with the following amendment:

"Page 2, line 12, strike out the period and add the following: "'and all funds here made available shall be subject to the terms of paragraph (b) of section 1 of title I of the Emergency Relief and Construction Act of 1932: *Provided, however*, That nothing in this section shall be construed to authorize the Corporation to deny an otherwise acceptable application under this act because of constitutional or legal inhibitions or because the State or Territory has borrowed to the full extent authorized by law.'"

Mr. BLANTON. Mr. Speaker, I make the point of order that the motion is not germane to the bill. This is not a loan bill.

The SPEAKER. The Chair thinks that this is a limitation and overrules the point of order. The question is on the motion to recommit.

Mr. LUCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 109, nays 263, not voting 59, as follows:

[Roll No. 18]

YEAS—109

Andrew, Mass.	Ditter	Lambertson	Rich
Andrews, N.Y.	Dondero	Lambeth	Rogers, Mass.
Arnold	Doutrich	Lanham	Sanders
Ayres, Kans.	Doxey	Lehlbach	Seger
Bacon	Eaton	Luce	Shallenberger
Bailey	Edmonds	Ludlow	Simpson
Bakewell	Ellzey, Miss.	McFadden	Snell
Beedy	Eltse, Calif.	McGugin	Stalker
Blanchard	Englebright	McLean	Strong, Pa.
Boehne	Evans	McLeod	Sumners, Tex.
Bolton	Focht	McMillan	Taber
Britten	Foss	Marshall	Taylor, Tenn.
Burnham	Gibson	Martin, Mass.	Tinkham
Busby	Goodwin	May	Tobey
Carter, Calif.	Goss	Merritt	Traeger
Carter, Wyo.	Griswold	Millard	Treadway
Cavicchia	Guyer	Morehead	Turpin
Chase	Hancock, N.Y.	Moynihan	Waldron
Christianson	Hartley	Parker, Ga.	Watson
Clarke, N.Y.	Hess	Parker, N.Y.	Whitley
Cochran, Pa.	Higgins	Perkins	Wigglesworth
Collins, Calif.	Hollister	Pettengill	Wolcott
Colmer	Holmes	Powers	Wolfenden
Connolly	Hope	Ragon	Wolverton
Cooper, Ohio	Jenkins	Ransley	Woodruff
Crowther	Kahn	Rayburn	
Culkin	Kinzer	Reece	
Darrow	Kurtz	Reed, N.Y.	

NAYS—263

Abernethy	Dobbins	Kenney	Reilly
Adair	Dockweiler	Kerr	Richards
Adams	Doughton	Kloeb	Robertson
Allgood	Dowell	Kniffin	Robinson
Arens	Drewry	Knutson	Rogers, N.H.
Ayers, Mont.	Driver	Kocialkowski	Rogers, Okla.
Beam	Duffey	Kramer	Romjue
Beiter	Duncan, Mo.	Kvale	Rudd
Berlin	Dunn	Lamneck	Ruffin
Biermann	Durgan, Ind.	Larrabee	Sadowski
Black	Eagle	Lea, Calif.	Sandlin
Bland	Eicher	Lee, Mo.	Schaefer
Blanton	Faddis	Lemke	Schuetz
Bloom	Farley	Lesinski	Schulte
Boileau	Fernandez	Lewis, Colo.	Sears
Boland	Fitzgibbons	Lewis, Md.	Secrest
Boylan	Fletcher	Lloyd	Shoemaker
Brennan	Ford	Lozier	Sinclair
Briggs	Foulkes	Lundeen	Smith, Va.
Brown, Ky.	Frear	McCarthy	Smith, Wash.
Brown, Mich.	Fuller	McClintic	Smith, W.Va.
Browning	Fulmer	McCormack	Snyder
Brunner	Gasque	McDuffie	Somers, N.Y.
Buck	Gavagan	McFarlane	Spence
Bulwinkle	Gilchrist	McGrath	Steagall
Burch	Gillespie	McKeown	Strong, Tex.
Burke, Calif.	Gillette	McReynolds	Stubbs
Burke, Nebr.	Glover	McSwain	Studley
Byrns	Goldsborough	Major	Sullivan
Cady	Granfield	Maloney, Conn.	Sutphin
Caldwell	Gray	Maloney, La.	Swank
Cannon, Mo.	Green	Mansfield	Sweeney
Carden	Greenwood	Mapes	Tarver
Carley	Gregory	Marland	Taylor, Colo.
Carpenter, Kans.	Griffin	Martin, Colo.	Taylor, S.C.
Carpenter, Nebr.	Haines	Mead	Thom
Cary	Hamilton	Meeks	Thomason, Tex.
Castellow	Hancock, N.C.	Milligan	Thompson, Ill.
Chapman	Harlan	Mitchell	Thurston
Church	Hart	Monaghan	Truax
Clark, N.C.	Hastings	Montet	Turner
Cochran, Mo.	Healey	Moran	Umstead
Coffin	Henney	Mott	Utterback
Colden	Hildebrandt	Muldowney	Vinson, Ga.
Cole	Hill, Ala.	Murdock	Vinson, Ky.
Collins, Miss.	Hill, Knute	Musselwhite	Wallgren
Condon	Hill, Sam B.	Nesbit	Walter
Connery	Hoeppel	Norton	Wearin
Cooper, Tenn.	Holdale	O'Brien	Weaver
Cox	Hooper	O'Connell	Weideman
Cravens	Howard	O'Connor	Welch
Crosby	Hughes	O'Malley	Werner
Cross	Jacobsen	Oliver, Ala.	West
Crosser	James	Oliver, N.Y.	White
Crowe	Jeffers	Owen	Whittington
Crump	Jenckes	Palmisano	Wilcox
Cullen	Johnson, Minn.	Parks	Willford
Cummings	Johnson, Okla.	Parsons	Williams
Deen	Johnson, Tex.	Patman	Wilson
Delaney	Johnson, W.Va.	Peavey	Withrow
DeRouen	Jones	Peyser	Wood, Ga.
Dickinson	Kee	Polk	Wood, Mo.
Dies	Keller	Prall	Woodrum
Dingell	Kelly, Ill.	Ramspeck	Young
Dirksen	Kelly, Pa.	Randolph	Zioncheck
Disney	Kemp	Rankin	

NOT VOTING—59

Allen	Claiborne	Huddleston	Ramsay
Almon	Corning	Imhoff	Reid, Ill.
Auf der Heide	Darden	Kennedy, Md.	Richardson
Bacharach	Dear	Kennedy, N.Y.	Sabath
Bankhead	De Priest	Kleberg	Scrugham
Beck	Dickstein	Kopplemann	Shannon
Brand	Douglass	Lanzetta	Sirovich
Brooks	Fiesinger	Lehr	Sisson
Brumm	Fish	Lindsay	Stokes
Buchanan	Fitzpatrick	Martin, Oreg.	Swick
Buckbee	Flannagan	Miller	Terrell
Cannon, Wis.	Gambrill	Montague	Underwood
Cartwright	Gifford	Peterson	Wadsworth
Celler	Harter	Pierce	Warren
Chavez	Hornor	Pou	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Wadsworth (for) with Mr. Dear (against).
Mr. Brumm (for) with Mr. Warren (against).
Mr. Beck (for) with Mr. Miller (against).
Mr. Allen (for) with Mr. Corning (against).
Mr. Stokes (for) with Mr. Pou (against).
Mr. Buckbee (for) with Mr. Lanzetta (against).
Mr. Fish (for) with Mr. Auf der Heide (against).
Mr. Swick (for) with Mr. Martin of Oregon (against).
Mr. Reid of Illinois (for) with Mr. Imhoff (against).
Mr. Bacharach (for) with Mr. Lindsay (against).

Additional general pairs:

Mr. Cannon of Wisconsin with Mr. Gifford.
Mr. Huddleston with Mr. Ramsay.
Mr. Claiborne with Mr. Terrell.

Mr. BUCHANAN. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman present and listening when his name was called?

Mr. BUCHANAN. I was present, but listening to one of my colleagues talk.

The SPEAKER. The gentleman does not qualify.

Mr. MANSFIELD. Mr. Speaker, my colleague, Mr. TERRELL, is absent on account of illness. If present, he would have voted "no."

Mr. HARLAN. Mr. Speaker, my colleague, Mr. FIESINGER, is absent on account of illness. If present, he would have voted "no."

Mr. CONNERY. Mr. Speaker, the gentleman from Massachusetts, Mr. DOUGLASS, was unavoidably called away and asked me to state that if present he would vote "no."

Mr. BYRNS. Mr. Speaker, the following Members are unavoidably absent; if present, they would have voted "no" on the motion to recommit and would vote "yea" on the passage of the bill: Messrs. SABATH, RICHARDSON, FITZPATRICK, DARDEN, FIESINGER, ALMON, CHAVEZ, SIROVICH, DOUGLASS, GAMBRILL, LEHR, CELLER, DICKSTEIN, KENNEDY of New York, PIERCE, PETERSON, MCSWAIN, UNDERWOOD, KLEBERG, KENNEDY of Maryland, FLANNAGAN, BANKHEAD, BRAND, BROOKS, HORNOR, CARTWRIGHT, and MONTAGUE.

Mr. HART. Mr. Speaker, my colleague, Mr. LEHR, is absent on account of important business.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. STEAGALL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 331, nays 42, not voting 58, as follows:

[Roll No. 19]

YEAS—331

Abernethy	Boehne	Caldwell	Colden
Adair	Boileau	Cannon, Mo.	Cole
Adams	Boland	Carden	Collins, Calif.
Allgood	Boylan	Carley	Collins, Miss.
Andrews, N.Y.	Brennan	Carpenter, Kans.	Colmer
Arens	Briggs	Carpenter, Nebr.	Condon
Arnold	Britten	Carter, Calif.	Connery
Ayers, Mont.	Brown, Ky.	Carter, Wyo.	Connolly
Ayres, Kans.	Brown, Mich.	Cary	Cooper, Ohio
Beam	Browning	Castellow	Cooper, Tenn.
Beiter	Brunner	Cavicchia	Cravens
Berlin	Buchanan	Chapman	Crosby
Biermann	Buck	Christianson	Cross
Black	Bulwinkle	Church	Crosser
Blanchard	Burch	Clark, N.C.	Crowe
Bland	Burke, Calif.	Cochran, Mo.	Crowther
Blanton	Burke, Nebr.	Cochran, Pa.	Crump
Bloom	Byrns	Coffin	Culkin

Cullen	Hastings	McLean	Schulte
Cummings	Healey	McLeod	Scrugham
Darrow	Henney	McReynolds	Sears
Deen	Hess	Maloney, Conn.	Secrest
Delaney	Hildebrandt	Maloney, La.	Seger
DeRouen	Hill, Ala.	Mansfield	Shoemaker
Dickinson	Hill, Knute	Mapes	Sinclair
Dies	Hill, Sam B.	Marland	Sirovich
Dingell	Hoeppel	Marshall	Smith, Va.
Dirksen	Holdale	Martin, Colo.	Smith, Wash.
Disney	Holmes	May	Smith, W.Va.
Ditter	Hooper	Mead	Snyder
Dobbins	Hope	Meeks	Somers, N.Y.
Dockweiler	Howard	Milligan	Spence
Dondero	Hughes	Mitchell	Steagall
Doughton	Jacobsen	Monaghan	Strong, Pa.
Doutrich	James	Montet	Strong, Tex.
Dowell	Jeffers	Moran	Stubbs
Drewry	Jenckes	Mott	Studley
Driver	Jenkins	Muldowney	Sullivan
Duffey	Johnson, Minn.	Murdock	Sutphin
Duncan, Mo.	Johnson, Okla.	Musselwhite	Swank
Dunn	Johnson, Tex.	Nesbit	Sweeney
Durgan, Ind.	Johnson, W.Va.	Norton	Tarver
Eagle	Kahn	O'Brien	Taylor, Colo.
Eaton	Kee	O'Connell	Taylor, S.C.
Edmonds	Keller	O'Connor	Taylor, Tenn.
Eicher	Kelly, Ill.	O'Malley	Thom
Eltse, Calif.	Kelly, Pa.	Oliver, Ala.	Thomason, Tex.
Englebright	Kemp	Oliver, N.Y.	Thompson, Ill.
Evans	Kenney	Owen	Thurston
Faddis	Kerr	Palmisano	Tobey
Farley	Kinzer	Parks	Traeger
Fernandez	Kloeb	Parsons	Truax
Fitzgibbons	Kniffin	Patman	Turner
Fletcher	Knutson	Peavey	Turpin
Focht	Kocialkowski	Perkins	Umstead
Ford	Kopplemann	Pettengill	Utterback
Foss	Kramer	Peyser	Vinson, Ga.
Foulkes	Kurtz	Pierce	Vinson, Ky.
Frear	Kvale	Polk	Wallgren
Fuller	Lambertson	Powers	Walter
Fulmer	Lambeth	Prall	Wearin
Gasque	Lamneck	Ragon	Weaver
Gavagan	Larrabee	Ramsay	Weideman
Gibson	Lea, Calif.	Ramspeck	Welch
Gilchrist	Lee, Mo.	Randolph	Werner
Gillespie	Lehlbach	Rankin	West
Gillette	Lemke	Ransley	White
Glover	Lesinski	Rayburn	Whitley
Goldsborough	Lewis, Colo.	Reece	Wilcox
Granfield	Lewis, Md.	Reilly	Willford
Gray	Lloyd	Richards	Williams
Green	Lozier	Robertson	Wilson
Greenwood	Ludlow	Robinson	Withrow
Gregory	Lundeen	Rogers, N.H.	Wolcott
Griffin	McCarthy	Rogers, Okla.	Wolfenden
Griswold	McClintic	Romjue	Wolverton
Guyer	McCormack	Rudd	Wood, Ga.
Haines	McDuffie	Ruffin	Wood, Mo.
Hamilton	McFadden	Sadowski	Woodruff
Hancock, N.C.	McFarlane	Sanders	Woodrum
Harlan	McGrath	Sandlin	Young
Hart	McGugin	Schaefer	Zioncheck
Hartley	McKeown	Schuetz	

NAYS—42

Andrew, Mass.	Doxey	Merritt	Snell
Bacon	Ellzey, Miss.	Millard	Stalker
Bailey	Goodwin	Morehead	Sumners, Tex.
Bakewell	Goss	Moynihan	Taber
Beedy	Hancock, N.Y.	Parker, Ga.	Tinkham
Bolton	Higgins	Parker, N.Y.	Treadway
Burnham	Hollister	Reed, N.Y.	Watson
Busby	Jones	Rich	Whittington
Chase	Lanham	Rogers, Mass.	Wigglesworth
Clarke, N.Y.	Luce	Shallenberger	
Cox	Martin, Mass.	Simpson	

NOT VOTING—53

Allen	Claiborne	Huddleston	Pou
Almon	Corning	Imhoff	Reid, Ill.
Auf der Heide	Darden	Kennedy, Md.	Richardson
Bacharach	Dear	Kennedy, N.Y.	Sabath
Bankhead	De Priest	Kleberg	Shannon
Beck	Dickstein	Lanzetta	Sisson
Brand	Douglass	Lehr	Stokes
Brooks	Fiesinger	Lindsay	Swick
Brumm	Fish	McMillan	Terrell
Buckbee	Fitzpatrick	McSwain	Underwood
Cady	Flannagan	Major	Wadsworth
Cannon, Wis.	Gambrill	Martin, Oreg.	Waldron
Cartwright	Gifford	Miller	Warren
Celler	Harter	Montague	
Chavez	Hornor	Peterson	

So the bill was passed.

The Clerk announced the following additional pairs:

On this vote:

Mr. Dear (for) with Mr. Wadsworth (against).
Mr. Corning (for) with Mr. Allen (against).
Mr. Pou (for) with Mr. Stokes (against).
Mr. Lindsay (for) with Mr. Bacharach (against).
Mr. Lanzetta (for) with Mr. Buckbee (against).

Until further notice:

Mr. Warren with Mr. Brumm.
Mr. Huddleston with Mr. Reid of Illinois.
Mr. Brand with Mr. Beck.
Mr. Major with Mr. Fish.
Mr. Cady with Mr. Swick.
Mr. Shannon with Mr. Waldron.
Mr. Claiborne with Mr. Harter.

Mr. CONNERY. Mr. Speaker, my colleague the gentleman from Massachusetts [Mr. DOUGLASS] is unavoidably absent. He asked me to state that if he were here he would vote "yea."

Mr. MANSFIELD. Mr. Speaker, my colleague the gentleman from Texas [Mr. TERRELL] is absent on account of illness. I am authorized to state that if he were present he would vote "yea."

Mr. CULLEN. Mr. Speaker, the following gentlemen are unavoidably absent, and if present would have voted "yea" on the passage of the bill: Messrs. SABATH, IMHOFF, RICHARDSON, FITZPATRICK, CANNON of Wisconsin, ALMON, DOUGLASS, MARTIN of Oregon, CHAVEZ, MILLER, DICKSTEIN, CELLER, AUF DER HEIDE, FIESINGER, GAMBRILL, KENNEDY of New York, KLEBERG, SISSON, TERRELL, PETERSON, LEHR, UNDERWOOD, BROOKS, DARDEN, CARTWRIGHT, BANKHEAD, MCMILLAN, MCSWAIN, KENNEDY of Maryland, FLANNAGAN, MONTAGUE, and HORNOR.

Mr. CADY. Mr. Speaker, I desire to vote "yea."

The SPEAKER. Was the gentleman in the room listening when his name was called?

Mr. CADY. No; I was in the telephone booth.

The SPEAKER. The gentleman does not qualify.

Mr. O'MALLEY. Mr. Speaker, my colleague the gentleman from Wisconsin [Mr. CANNON] is unavoidably absent. If he were here he would have voted "yea."

Mr. WEST. Mr. Speaker, my colleague the gentleman from Ohio [Mr. IMHOFF] is unavoidably absent. If he were here he would have voted "yea" on the final passage of this bill, would have voted "nay" on the motion to recommit, and would have voted "yea" on the Fuller amendment.

Mr. WILCOX. Mr. Speaker, my colleague the gentleman from Florida [Mr. PETERSON] is unavoidably absent on account of serious illness in his family.

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the bill was passed was laid on the table.

THE PRESENT CONGRESS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech made by my colleague the gentleman from Michigan [Mr. WEIDEMAN] over Radio Station WJBK on last Friday evening, April 14, 1933.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. CARL M. WEIDEMAN over WJBK, Detroit, Mich., Friday, April 14, 1933:

My friends of the radio audience and the Forgotten Man's Club, I appreciate the courtesy extended to me by station WJBK to address you concerning the work of the present Congress. Having been in session for the short period of 5 weeks, it has passed a tremendous amount of important legislation, including—

The emergency banking bill.
The economy bill (which I voted against).
The reforestation bill.
The farm relief bill.
The beer bill.

The majority of the Members of Congress have given the President their support on these measures, as part of the administration plan which is designed to help relieve the general unemployment and economic condition now prevailing throughout the entire country.

These bills are a part of a whole plan which is intended to bring about some measure of prosperity in our country. Time only can tell whether or not the President has the correct solution of the problem.

Even with the emergency legislation which has been passed to date, we have merely scratched the surface of abuses which we face and which have been prevalent and growing during the last 12 years of Republican administration.

There still are to be brought before the Congress about 10 bills, which will complete the President's emergency program. Among the bills to be considered are—

The Federal securities bill.
A State bank relief bill.
A farm loan bill.
The Tennessee River (Muscle Shoals) project.
The 30 hour a week bill.
Gasoline tax bill.
Wagner bill for unemployment relief.
Tariff relations bill.
Public works bill.
Home mortgage relief bill.

Your Congressman believes that the citizens of this city are willing to give these measures a trial to see what the result will be, having expressed themselves so decisively at the polls last November. It is the intention of the Members of Congress to go just as far in supporting the President as their conscience and good judgment permit. Your President has assumed a great responsibility. Not all Members vote for all emergency legislation; their loyalty to a cause has been severely strained in voting for some of the measures already proposed, believing that some measures did not go far enough and that other measures went too far.

If the proposed program does not get the desired results, I predict that in January, after a fair trial of the President's program, should it prove unsuccessful or deficient in certain matters, Congress shall go forward and attempt to remedy the defects in the present legislation.

I believe that the newer Members of Congress are the most progressive group ever sent to Congress, but their records are being written now, and in 2 years when it is complete you will know whether or not your representatives have been loyal to you or whether or not they have jumped through the hoop at the crack of the whip of reactionaries.

I believe that the most important requisite that any public official should have is courage, courage to follow the interests of the common people, the reasoning of his own mind after a fair analysis of any subject and the courage to follow his reasoning to its ultimate end.

There can be no ultimate solution of our problems until laws are passed which abolish the curse of money which now controls our Government, the abolition of the large rates of interest, restriction of hours of labor, unemployment insurance, old-age pensions, extension of the laws governing deposits in Postal Savings, a Government bank properly controlled, the guaranty of deposits in banks, and the decentralization of wealth to be accomplished through inheritance and income or accretion taxes.

In connection with the decentralization of wealth let me cite the findings of a personal research along this line. Shortly after my arrival in Washington I became engaged in conversation with Congressman EDGAR HOWARD, of Nebraska, a real progressive Democrat and the man who introduced a resolution at the last session forcing pitiless publicity of the loans made by the Republican administration through the Reconstruction Finance Corporation. He informed me that Andrew Mellon, our late Secretary of the Treasury, and the Mellon family controlled more wealth than the combined assessed valuation of the States of Nebraska and South Dakota.

I immediately sent to the Library of Congress for figures on wealth of the Mellon family and for the assessed valuation of Michigan. I found, my friends, that this one family controlled more wealth than the assessed valuation of real and personal property in the great State of Michigan.

For the moment the most interest on approaching legislation seems concentrated on the Black bill, better known to us as the 30 hour a week bill. Briefly, this bill provides that no man or woman engaged in certain industries not essential to health and the sustaining of life shall work more than 30 hours a week or 6 hours a day for 5 days a week. The primary purpose of the bill is to furnish more work to a larger number of people.

My office has been deluged with telegrams and letters since the bill passed the Senate and was placed in a House committee for consideration. In most instances the letters have not been received from the forgotten man, whose ideas on such matters I covet most, but from a group of men who do not let themselves be forgotten in Washington. I speak of the corporations and the employers of labor.

Nearly all employers are united in opposition to the passage of this measure. While there are features in the bill which need altering, I can see no honest reason why every man, woman, and child in this country should not have 2 days of rest and recreation every week.

If not, then why our modern improvements and labor-saving devices in the factory and on the farm? Why the production of more food than we can eat, more workingmen than we can find employment for, and facilities for making more clothes than we can wear if men and women outside of a chosen few must continue to struggle, and fear the future, the same as they have down through the ages?

If our toil has not benefited those whose labors and faith have borne the brunt and hardships of modern life, our civilization is a failure.

Another matter of supreme importance is the proposed guaranty of bank deposits. We are all stopping now, studying and analyzing the system which has prostrated this great city of ours.

Is not it ridiculous, this banking system of ours as it has existed in the past? If I wanted to borrow $500 from any of you or you wanted to borrow $500 from me we would demand good security.

Yet, you and I have for years walked into a bank and deposited thousands of dollars with a cashier whom we did not know. Probably you had thousands on deposit in a bank and you didn't know a single officer and had no more idea than "the man in the moon" as to how the money was invested. It would seem from the results that we might as well have invested it in the moon.

My friends, the fundamentals of handling money are simple. The great trouble is that international bankers have complicated the system with the purpose to entangle and deceive you. They tell us that we must trust experts in banking. It has been a "heads I win, tails you lose" proposition too long. We are entitled to a guaranty on the money we place in the keeping of others, and if we can fight hard enough we will get it.

It is bitter history now that, after our bank crashes, committee after committee called at the Treasury Department, all loudly proclaiming they represented the stockholders, but none the depositors.

I felt it my duty as a representative of the people of my district to learn what was going on behind closed doors. I called at the office of the Treasury Department and asked admittance to these conferences, which was denied by Mr. Watkins. I believed then and I believe now that I, as your Congressman, had a right to know the true condition of our banks, but the master bankers didn't want all facts made public. The truth is, we didn't know the facts then, nor do we know them now.

All we know of what was said or done has been the statements, guarded and indefinite, that have been forced by an insistent press which has joined our demand that some attention be paid to the 800,000 people in this city who trusted our banks and our bank examiners.

A few days later I learned that our welfare funds were depleted, that women and children left penniless by this awful catastrophe would be refused the necessities of life, unless relief money deposited in these banks was released. Again, I demanded action through a letter written to Jesse H. Jones, a Republican chairman of the Reconstruction Finance Corporation, on March 31. In this letter I stated in part:

"Without taking any position and regardless of the banking situation of the city of Detroit, and without determining which group is right or wrong in the local fight concerning reorganization of banks, I am asking you to become interested in the sorry plight of these numerous citizens of Detroit to release immediately further moneys, to be deposited for the use and benefit of the city of Detroit so that it can carry out this relief work and keep the citizens from actual starvation.

"This is no time to quibble. People are actually starving in Detroit and I fear the consequences unless something is done immediately in the way of aid to those sorely distressed people. If necessary, I think you should disregard all rules and regulations and red tape to release this money. Hungry mouths know no technicality. I implore you to assist me in this measure and to help our city immediately."

In conclusion I wish to say something concerning the adjusted-service certificates and the bonus bill.

The time is not opportune to force consideration of the bill. We are hopeful that the administration will consider it in connection with present plans and request its enactment. I believe that its passage would help the country more than any legislation that has been proposed, and, besides, would save the Government $112,000 a year and abolish a useless commission. However, the President must not be disturbed at this time in his efforts to relieve destitution, save the homes and farms of the people and to give jobs to the unemployed, including the veterans.

The bill is not dead; it is very much alive; if present proposals, when enacted—should this bill not be included—do not expand the currency and do not furnish employment to the jobless, the administration and public sentiment, I am sure, will demand its present passage.

The bill can be passed in the House by a two-third majority. We are informed that a two-third majority of the Senators are against it. We do not want to make a gesture; we want the bill passed; and in not forcing consideration at this particular time we are working in the interests of its final passage. Ask your Senators and Congressmen how they will vote on this.

I know—and regret exceedingly—that veterans all over the Nation are losing their homes and their families are in distress because they cannot collect this money. It makes my heart bleed to think about the misery and despair that will be caused by the passage of the so-called "economy bill"; that bill is going to deprive each congressional district of $1,000,000 a year; such money would probably turn over 15 times during the year; therefore the small merchants and business men generally in each congressional district in the United States are going to lose $15,000,000 a year in buying power, commencing July 1. That is an added reason why the measure should be enacted now.

In closing, I want to say that the Members of Congress have confidence in our President, Franklin D. Roosevelt, knowing that his heart is with the oppressed and the down-trodden, and he is making a sincere effort to relieve your condition, and the Members of Congress will cooperate with him in attempting to bring about a speedy recovery to normalcy so that you may again enjoy all of the necessities of living and those common luxuries which you have become accustomed to, such as the radio, the auto-

mobile, electric appliances, and other things commensurate with the decent American standard of living. I thank you.

UNEMPLOYMENT RELIEF (H.R. 4606)—EXTENSION OF REMARKS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the bill.

Mr. RICH. Mr. Speaker, reserving the right to object, I question the wisdom of granting Members 5 legislative days within which to frame speeches and put them in the RECORD for political purposes every time a bill comes up for consideration. The time to discuss a bill is when the bill is under consideration.

The Government Printing Office is trying to save money these days and the Government is interested in trying to save the taxpayers' money.

Does not the gentleman think an extension of 5 days is more time than is necessary for the particular purpose for which it is asked?

Mr. STEAGALL. I suggest to the gentleman from Pennsylvania that the Members are overworked. I see no reason why they should not have 5 days as well as 1 day, 2 days, or any lesser time.

I hope the gentleman will not press his objection, although it means nothing to me personally.

Mr. RICH. Mr. Speaker, I do not want to object to requests that seem to be reasonable, but I sometimes think the granting of too much time is not a good thing.

Mr. Speaker, I withdraw my objection at this time.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I shall, of course, vote "aye" on the final passage of this meritorious legislation, although I am compelled to vote "nay" on the amendment to strike out the Civil Service provision.

This bill places at the disposal of the States, through the Reconstruction Finance Corporation, the sum of $250,000,000 against thrice that sum provided by the States for "relief and work relief" for the unemployed, and the further sum of $250,000,000 as an unconditional grant to the States for the same laudable purposes.

The urgent need for this legislation is apparent to all and is intended to extend aid to the millions of our citizens who are in distress and who are suffering for lack of sufficient food, clothing, and shelter. It is clearly the duty of the Government to assist in this worthy enterprise—indeed, it is one of its very noblest functions—and our Republican friends are really not serious in their opposition, I am sure, for they do not want our citizens to starve and go hungry and improperly clad so long as it is possible for us to alleviate those unhappy conditions, which are a disgrace to our institutions and system of laws. This is the very least that we can do for the men, women, and children of America who are the unfortunate victims, if you please, of the greed, the avarice, and the cupidity of a small group, who in the past have been the sole beneficiaries of all the favors, gratuities, special privileges, and largess that have been bestowed upon them under the sanction of law and authority by the agencies and instrumentalities of the Government. There is, therefore, my colleagues, no valid argument or reason that can be advanced in opposition to this relief measure.

Mr. Speaker, I cannot, however, vote in favor of striking the proviso to apply the principle of civil service to those who are to be entrusted with the administration of this act, for I have already indicated that I do not consider this in the nature of a political patronage bill. It is undoubtedly true that the other party has violated these salutary principles on many past occasions, but the fact that they have done wrong is certainly no justification for our doing so. The proposed amendment is un-Democratic and unworthy of the party of Cleveland and Wilson, the outstanding champions of civil-service reform, and I shall therefore vote against it and follow the leadership of the able chairman of the committee reporting this bill, the gentleman from Alabama [Mr. STEAGALL].

Mr. KOPPLEMANN. Mr. Speaker, I want to make it clear that I shall vote for this proposed relief bill whether or not the amendment under consideration is adopted.

The present problem of relief is tremendously burdensome to communities as well as States. As far back as 2 years ago I told the director of the community chest in my city of Hartford, Conn., that the Federal Government would eventually be compelled to enter into this question of relief for the destitute. That time has come.

The question before you today is not whether the Government shall or shall not give aid. The giving of aid at this particular time is a recognized governmental responsibility. The question before us, however, is the manner in which aid should be extended by the Federal Government. The amendment now under consideration is an attempt to answer that question. The amendment asks that the States pay back any moneys secured under this act when and if able.

I am a director of a charity organization. Whenever as an act of charity my organization gives an individual relief in the form of money we at the same time require him to sign an agreement to repay at such time as he may be able. In this way we are in position to aid the individual in maintaining his own self-respect. Through the extension of financial aid under such terms we do not break down the individual's spirit nor pauperize him through the granting of an outright dole.

The amendment under consideration attempts to accomplish this same desirable purpose. I do not believe there is an individual in this House nor in the Congress who wants to degrade any State by compelling it to accept an outright gift in the form of a dole. Let the States retain their respectability in these unparalleled days, so that when the time comes no State, including my own, shall be stigmatized because it received a dole from the National Government.

Mr. REILLY. Mr. Speaker, in the Seventy-second Congress we passed the Reconstruction Finance Corporation bill, which provided $300,000,000 to aid the States in handling their unemployment relief problems.

All of that money has been expended to date except about the sum of $60,000,000. There is no indication that the unemployment-relief problem is getting any less burdensome, but, on the contrary, there is much evidence that the cities and States are getting less able every day to handle their local relief problems.

The pending bill simply adds $500,000,000 to the National Government's contribution to the unemployment-relief work of this country.

The gentleman from Massachusetts [Mr. LUCE] opposes this bill because under the terms of the measure the money is given to the States or rather presented to them as a gift, while under the terms of the Reconstruction Finance Corporation Act the money was to be loaned to the States.

The gentleman from Massachusetts is also opposed to the bill because he claims that there has been no showing that States are unable to handle their own unemployment-relief work.

While it is true that by the terms of the Reconstruction Finance Corporation Act the money given to the States to aid them in their unemployment-relief work was intended to be a loan, there are few people today, I take it, conversant with the circumstances under which the loans were made, but who will agree that in the end all advances made by the National Government to the various States in the shape of unemployment-relief assistance through the Reconstruction Finance Corporation Act will in the end turn out to be gifts.

Many of the States of the Union have constitutional provisions against borrowing money from the National Government or anybody else, and therefore various subterfuges were invented to permit these States to get their share of the appropriation for relief work provided in the Reconstruction Finance Corporation Act.

Mr. Speaker, there is ample evidence in the hearing before the Banking and Currency Committees of the House

and the Senate tending to show that the great majority of the States are unable to adequately handle their unemployment-relief problems.

Our present industrial depression has brought more wreck and ruin to our citizens, financially and otherwise, than has ever followed any industrial panic that this country or the world has ever experienced.

We are told that the pending bill constitutes unprecedented legislation. Since the beginning of the present administration Congress has been passing unprecedented legislation, and undoubtedly this session of Congress will go down in history as a Congress that paid no attention to legislative precedent.

Our country at the present time is confronted with a condition and not a theory, and the President and Congress really have no precedent to follow. The question before Congress is not whether or not such legislation as the pending legislation was ever passed in this country before, but rather whether or not the pending bill constitutes legislation necessary in this crisis of our country's history.

Fundamentally, I believe relief problems are local problems and then State problems, but there may come a time when relief problems become national problems. In this great industrial crisis States lines have become obliterated, and it is the duty of the National Government to assist the various States in the handling of the great work of feeding and clothing their armies of unemployed, who through no fault of their own are unable to take care of themselves.

Under the terms of the Reconstruction Finance Corporation bill, and also under the terms of the pending bill, it may well be assumed that no State or States will get relief from the fund provided in this bill unless, in the judgment of those having charge of that fund, the State or States have done the best they could to meet their own relief problems.

Congress must necessarily delegate to some person or persons the matter of determining when, where, and how national relief assistance shall be distributed among the States.

It is of vital importance to every State in this Union, the smaller States as well as the larger States, that our unemployed people be fed, clothed, and housed in this trying hour, in order that the agitators and propagandists of communism may not find fertile fields in which to sow the seeds of national dissension.

ORDER OF BUSINESS

Mr. KVALE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Speaker, I have requested this time in order to ask the majority leader if he has any information as to whether the expansion program which has been announced contains any provision for an adequate tax structure to accompany it step by step?

Mr. BYRNS. I have no information on the subject.

Mr. KVALE. Would the gentleman be willing to try to ascertain whether such plans are in contemplation? I think it is of vital importance.

Mr. BYRNS. I shall make an effort along that line.

MUSCLE SHOALS

Mr. SNELL. Mr. Speaker, I want to ask the majority leader a question. As I understand the program, tomorrow is going to be confined to the consideration of Muscle Shoals legislation?

Mr. BYRNS. Yes.

Mr. SNELL. There is to be general debate on the bill tomorrow?

Mr. BYRNS. Yes.

Mr. SNELL. There will be no reading of the bill, of course, because 6 hours of general debate is provided.

Mr. BYRNS. Nothing will be up tomorrow except general debate on the Muscle Shoals bill. The debate will necessarily have to go over until Monday because of the length of time provided.

INVESTIGATION OF THE "AKRON" DISASTER

The SPEAKER. Pursuant to House Concurrent Resolution 15, the Chair appoints as members of the Joint Committee to investigate the *Akron* disaster the following Members of the House: Mr. DELANEY, Mr. MCSWAIN, Mr. HARTER, Mr. ANDREW of Massachusetts, and Mr. HOPE.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DARDEN, for 3 days, on account of illness in family.

To Mr. CELLER, for an indefinite period, on account of illness.

To Mr. PETERSON, for 1 week, on account of illness in family.

To Mr. CLAIBORNE, at the request of Mr. COCHRAN of Missouri, for 2 days, on account of illness.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J.Res. 13. Joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered; to the Committee on the Public Lands.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 55 minutes p.m.) the House adjourned until Saturday, April 22, 1933, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. O'CONNOR: Committee on Rules. House Resolution 111. Resolution providing for the consideration of H.R. 5081; without amendment (Rept. No. 50). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 112. Resolution providing for the consideration of House Joint Resolution 157; without amendment (Rept. No. 51). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4507) for the relief of Bogustas De Kartowski; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 5124) granting a pension to Mary Tompkins; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DARDEN: A bill (H.R. 5152) granting the consent of Congress to the State Highway Commission of Virginia to replace and maintain a bridge across Northwest River in Norfolk County, Va., on State Highway Route No. 27; to the Committee on Interstate and Foreign Commerce.

By Mr. TARVER: A bill (H.R. 5153) to amend an act entitled "An act to equip the United States penitentiary, Atlanta, Ga., for the manufacture of supplies for the use of the Government, for the compensation of prisoners for their labor, and for other purposes", approved July 10, 1918 (U.S.C., title 18, sec. 794); to the Committee on the Judiciary.

By Mr. DUNN: A bill (H.R. 5154) to establish a Banking Commission for the purpose of protecting all moneys deposited in the banks of the United States and its possessions; to the Committee on Banking and Currency.

By Mr. ALMON: A bill (H.R. 5155) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes", approved July 11, 1916, as amended and supplemented, and for other purposes; to the Committee on Roads.

By Mr. WHITLEY: A bill (H.R. 5156) to amend the act relating to the filing of judgments of Federal courts; to the Committee on the Judiciary.

By Mr. KELLY of Pennsylvania: A bill (H.R. 5157) to authorize appropriations for emergency highway construction with a view to increasing employment, and for other purposes; to the Committee on Roads.

By Mr. RANKIN: A bill (H.R. 5158) providing for the exercise of power conferred by section 8 of article I of the Constitution: to coin money and to regulate the value thereof; to the Committee on Banking and Currency.

By Mr. EAGLE: A bill (H.R. 5159) to provide for regulated expansion of currency and credit, to reduce the national debt, to raise the price level of commodities, and for other purposes; to the Committee on Banking and Currency.

By Mr. GOLDSBOROUGH: A bill (H.R. 5160) to regulate the value of money in accordance with paragraph 5, section 8, article I, of the Constitution of the United States; to reestablish the gold standard; to provide for its maintenance and stabilization; and for other purposes; to the Committee on Banking and Currency.

By Mr. DIES: Resolution (H.Res. 114) authorizing the investigation of lobbying activities; to the Committee on Rules.

By Mr. BRENNAN: Resolution (H.Res. 115) to investigate unfair methods of competition in the cement industry; to the Committee on Interstate and Foreign Commerce.

By Mr. SHOEMAKER: Resolution (H.Res. 116) authorizing the investigation of the unlawful and secret plottings of the several revolutionary organizations or individuals who are now enjoying the asylum and sanctuary of the Government of the United States; to the Committee on Rules.

By Mr. SNYDER: Joint resolution (H.J.Res. 160) proposing an amendment to the Constitution of the United States authorizing Congress to restrict the income derived from capital; to the Committee on the Judiciary.

By Mr. O'MALLEY: Joint resolution (H.J.Res. 161) proposing an amendment to the Income Tax Act of 1932 providing for an emergency surtax of 50 percent on the net income of all foreign subsidiaries of American corporations, individuals, partnerships, or manufacturers; to the Committee on Ways and Means.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Michigan, memorializing Congress to pass Senate bill no. 1197, known as the "Frazier bill", providing that existing farm indebtedness shall be refinanced by the Government of the United States; to the Committee on Agriculture.

By the SPEAKER: Memorial of the Legislature of the State of Minnesota, memorializing Congress that appropriate action be taken to place in the hands of a judicial tribunal the determination of damages suffered by owners of property bordering the Lake of the Woods, and to authorize the Department of Justice to compromise and adjust the valid claims arising out of the fluctuation of the level of said lake; to the Committee on Claims.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H.R. 5161) for the relief of Wiener Bank Verein; to the Committee on Foreign Affairs.

By Mr. CONNERY: A bill (H.R. 5162) granting a pension to Mary A. Weisse; to the Committee on Invalid Pensions.

By Mr. DEEN: A bill (H.R. 5163) for the relief of Calvin M. Head; to the Committee on Claims.

By Mr. WILCOX: A bill (H.R. 5164) for the relief of William A. Somerville; to the Committee on Claims.

By Mr. IMHOFF: A bill (H.R. 5165) granting a pension to Emma Moore; to the Committee on Invalid Pensions.

By Mr. KRAMER: A bill (H.R. 5166) granting a pension to Charlotte M. Spalding; to the Committee on Invalid Pensions.

By Mr. KVALE: A bill (H.R. 5167) for the relief of Francis H. Bellew; to the Committee on Claims.

By Mr. POLK: A bill (H.R. 5168) granting a pension to Annie Stouder; to the Committee on Invalid Pensions.

By Mr. SMITH of Washington: A bill (H.R. 5169) granting a pension to Adam Johnson; to the Committee on Pensions.

By Mr. STALKER: A bill (H.R. 5170) for the relief of the American-La France & Foamite Corporation of New York; to the Committee on the District of Columbia.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

616. By Mr. CULLEN: Petition of United Irish Societies of Brooklyn, N.Y., urging the passage of Senator BLACK's measure regulating the working hours of railroad employees; to the Committee on Labor.

617. Also, petition of the American Manufacturers Export Association, urging the immediate negotiation of reciprocal tariffs by the United States Government with other national governments, looking toward the freer interchange of commodities mutually advantageous; to the Committee on Ways and Means.

618. Also, petition of Typographical Union, No. 6, of New York City, endorsing the bill introduced by Senator BLACK; however, they emphatically protest against the inclusion in the bill of the amendment whereby the newspaper and periodical industry is excluded from the provisions of the bill; to the Committee on Labor.

619. By Mr. GIBSON: Petition of Burlington Post, No. 2, American Legion, department of Vermont, opposing removal of the regional office of the Veterans' Administration at Burlington, Vt.; to the Committee on World War Veterans' Legislation.

620. Also, petition of American Legion, Department of Vermont, pledging its support of the national commander of the American Legion; to the Committee on World War Veterans' Legislation.

621. By Mr. HOWARD: Resolution adopted by the Nebraska Senate, memorializing the Secretary of Agriculture of the United States concerning "call money" for the packers; to the Committee on Agriculture.

622. By Mr. IMHOFF: Petition of Mrs. W. A. Bricker, Anna H. McCalla, Essie Dyke, and 97 others of Middleton Township, Columbiana County, Ohio, asking Congress for an appropriation for the purchase of wheat to be made into flour and distributed to the needy through the medium of the American Red Cross; to the Committee on Appropriations.

623. By Mr. JOHNSON of Minnesota: Resolution by the St. John's and Mamre locals of the Farmer's Union, St. James, Minn., to insure passage of the Frazier bill; to the Committee on Agriculture.

624. Also, resolution by the National Farmers' Holiday Association, Pine County unit, Hinckley, Minn., urging passage of legislation that will give farmers loans at 3 percent interest, including amortization; to the Committee on Agriculture.

625. Also, resolution by the members of the Watonwan County Farmers' Cooperation and Educational Union of America, Local 270, to insure passage of the Frazier bill; to the Committee on Agriculture.

626. Also, resolution by the stockholders of the Wilkin County National Farm Loan Association, for the passage

of the Shipstead agricultural bill; to the Committee on Agriculture.

627. Also, resolution from the Little Falls Township United of the Morrison County (Minnesota) Farm Bureau Association, for the continuation of farm agents; to the Committee on Agriculture.

628. By Mr. KVALE: Petition of Veterans of Foreign Wars, Post No. 1562, Faribault, Minn., favoring parity of naval armaments of the United States with other countries; to the Committee on Naval Affairs.

629. Also, petition of Raymond Dewane, of Morris, Minn., favoring revaluation of the gold ounce; to the Committee on Coinage, Weights, and Measures.

630. By Mr. LINDSAY: Petition of the Associated Cooperage Industries of America, St. Louis, Mo., opposing the 30-hour week bill in the cooperage industry; to the Committee on Labor.

631. By Mr. MAPES: Petition of Grand Rapids League of Catholic Women, Grand Rapids, Mich., Mrs. E. J. Marin, chairman of legislation, protesting against the equal-rights amendment; to the Committee on the Judiciary.

632. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact legislation requiring all shipments of coal in interstate commerce to be accompanied by a sworn statement of the shipper, specifying the percentage of the ingredients and other qualities of the coal which affect its heating value, including the British thermol units per pound when the coal is dry, the percentage of ash when the coal is dry, the percentage of sulphur when the coal is dry, and the volatile matter in the coal; to the Committee on Interstate and Foreign Commerce.

633. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to take prompt and favorable action on the farm relief bill which has been presented to the Congress by President Roosevelt; to the Committee on Agriculture.

634. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to provide the necessary machinery and credit to make possible loans to the financial institutions having frozen assets upon satisfactory collateral; to the Committee on Banking and Currency.

635. Also, memorial of the Legislature of the State of Wisconsin, urging the Postmaster General to issue a series of special stamps in commemoration of the three hundredth anniversary of the white man's discovery of Wisconsin; to the Committee on the Post Office and Post Roads.

636. By Mr. RUDD: Petition of the Associated Cooperage Industries of America, opposing the passage of the 30-hour work week; to the Committee on Labor.

637. By Mr. SMITH of West Virginia: Memorial of the Legislature of the State of West Virginia, memorializing Congress to pass such legislation as will permit the Federal Government to acquire lands on headwaters of Ohio and Potomac Rivers, for the purpose of flood control; to the Committee on Flood Control.

638. Also, memorial of the Legislature of the State of West Virginia, relating to the allocation of Federal relief funds appropriated under the Federal Reforestation and Flood Control Unemployment Relief Act; to the Committee on Flood Control.

639. By the SPEAKER: Petition of Board of Supervisors of Mason County, Ill., requesting that the garden-seed supply be allocated by the Illinois Emergency Relief Commission; to the Committee on Agriculture.

SENATE

SATURDAY, APRIL 22, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. BRATTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	La Follette	Robinson, Ind.
Ashurst	Couzens	Lewis	Russell
Austin	Cutting	Logan	Schall
Bachman	Dickinson	Lonergan	Sheppard
Bailey	Dieterich	Long	Shipstead
Bankhead	Duffy	McAdoo	Smith
Barbour	Erickson	McCarran	Steiwer
Barkley	Fletcher	McGill	Stephens
Black	Frazier	McKellar	Thomas, Okla.
Bone	George	McNary	Thomas, Utah
Borah	Glass	Murphy	Townsend
Bratton	Gore	Neely	Trammell
Brown	Hale	Norbeck	Tydings
Bulow	Harrison	Norris	Vandenberg
Byrd	Hastings	Nye	Van Nuys
Byrnes	Hayden	Overton	Wagner
Capper	Hebert	Patterson	Walcott
Caraway	Johnson	Pittman	Walsh
Clark	Kean	Pope	Wheeler
Connally	Kendrick	Reed	White
Coolidge	Keyes	Reynolds	
Copeland	King	Robinson, Ark.	

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is still necessarily detained from the Senate on account of illness.

Mr. LEWIS. I wish to announce that the Senator from Washington [Mr. DILL] is necessarily detained from the Senate. I ask that this announcement stand for the day.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

THE LATE SENATOR HOWELL, OF NEBRASKA

The VICE PRESIDENT laid before the Senate a note of appreciation, addressed to the Secretary of the Senate, from Mrs. Alice C. Howell, expressing thanks for flowers sent and courtesies extended by Senators upon the occasion of the death of Hon. Robert B. Howell, late a Senator from the State of Nebraska, which was ordered to lie on the table.

CHAIN STORES: SALES, COSTS, AND PROFITS OF RETAIL CHAINS (S.DOC. NO. 40)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, submitting, pursuant to Senate Resolution 224, Seventieth Congress, a report relative to sales, costs, and profits of retail chains, which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs:

Senate Concurrent Resolution 6

Concurrent resolution memorializing the Congress of the United States of America to enact legislation to provide pay and allowances for the adjutant general of the Territory of Hawaii

Whereas the act of Congress of June 3, 1916 (ch. 134, sec. 66, 39 Stat. 199), provides for the appointment of the adjutant general of the Territory of Hawaii by the President of the United States of America; and

Whereas the adjutant general of the Territory of Hawaii is an officer of the United States; and

Whereas the Congress of the United States of America appropriates annually a sum of money for the support of the National Guard of the United States: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, seventeenth regular session (the house of representatives concurring), That the Congress of the United States of America be, and it hereby is, urgently requested to provide, by appropriate legislation or otherwise, the same pay, subsistence, rentals, and transportation for the adjutant general of the Territory of Hawaii as officers of corresponding grade of the Regular Army are or may be entitled to by law; and be it further

Resolved, That duly authenticated copies of this resolution be transmitted to the Delegate to Congress from Hawaii, the Secretary of War of the United States, and each of the two Houses of the Congress of the United States of America.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, T.H., April 5, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on March 31, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES OF THE
TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, April 5, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on April 5, 1933.

HERBERT N. AHUNA,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

The VICE PRESIDENT also laid before the Senate a letter from Charles M. Thomas, chairman committee on economics, Federation of Civic Associations of the District of Columbia, relative to proposed curtailment of appropriations for the public schools of the District of Columbia, which was referred to the Committee on Appropriations.

He also laid before the Senate two petitions signed by 40 citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 2 memorials and 6 letters and 2 telegrams in the nature of memorials, signed by 1,480 citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

Mr. ASHURST presented the following memorial of the Senate of the State of Arizona, which was referred to the Committee on Banking and Currency:

Senate Memorial 2

To the Senate and House of Representatives of the Congress of the United States:

Your memorialist, the Senate of the Eleventh Legislature of the State of Arizona, respectfully represents:

Whatever its origin, the economic depression from which the Nation is suffering owes its continued existence to the withdrawal from circulation, for reasons which will not here be reviewed, of a great portion of the national currency and of the various forms of money credit.

This shortage of currency and of money credit must be relieved before prosperity can return.

There must be an expansion of the Nation's circulating mediums of exchange—an expansion which will not increase the burden of taxation.

The bonded debt of the United States, in round figures, is $21,000,000,000, an indebtedness which is costing the taxpayers approximately $1,000,000,000 per annum.

It is withholding from circulation a vast sum of money which otherwise would be invested in employment-making, business-stimulating enterprises.

Wherefore your memorialist urges that the Congress enact legislation (and the submission of a constitutional amendment if necessary) looking to an increase of the national currency in the amount of the national bonded debt; that a date be fixed on which the interest on United States bonds will cease, and that the new currency be employed in the retirement of all such bonds; and your memorialist submits that while saving the taxpayers a billion dollars annually in interest, such action will release the stupendous sum now being hoarded through investment in Government bonds, for investment in lucrative private enterprises, and start into forward motion the endless chain of circulating wealth which inevitably brings prosperity.

And your memorialist will ever pray.

Adopted by the Arizona State Senate Eleventh Legislature, March 12, 1933.

W. J. GRAHAM, *Secretary of Senate.*

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Agriculture and Forestry:

Assembly Joint Resolution 24 relative to memorializing the Congress of the United States to enact a moratorium on foreclosures of real-property mortgages and on sales under deeds of trust on real property

Whereas a period of depression exists in the State of California, throughout the United States, and the world, accompanied by general inability to procure loans from any source; and

Whereas in several States legislation providing temporary relief from foreclosure and sale of homes and farms, subject to a mortgage or deed of trust, has been enacted or proposed; and

Whereas in the present emergency it is imperative that the home and farm owners throughout the United States be afforded adequate relief from foreclosure and sale of their homes and farms subject to a mortgage or deed of trust; and

Whereas it lies within the power of the Congress to enact relief legislation; and

Whereas in various parts of the United States force and intimidation have been and are now being employed to prevent foreclosure of mortgages on real property and sales under deeds of trust on real property: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California most respectfully urges and petitions the special session of the Seventy-third Congress to enact legislation declaring a moratorium in respect to the sale of farms, dwelling houses, and outbuildings, whether on execution, under power of sale contained in a mortgage or deed of trust, or in an action for the recovery of a debt or the enforcement of a right secured by mortgage or other lien; and be it further

Resolved, That the Legislature of the State of California requests the honorable Senators and Representatives in the National Congress representing this State in the Senate and House of Representatives of the United States to use every honorable means to secure the enactment of such legislation; and be it further

Resolved, That the chief clerk of the assembly be, and he is hereby, directed to send copies of this resolution to the President of the Senate, the Speaker of the House of Representatives, and to each Member of the Senate and House of Representatives from the State of California.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Foreign Relations:

Assembly Joint Resolution 9, relative to memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war

Whereas one of the main causes for the maintenance of large military and naval establishments, and which is a standing menace to peace between nations, is to be found in the fact that patent rights on and the manufacture of arms, munitions, and implements of war are in the hands of international combinations of capitalists, who sell their products indiscriminately to the governments of the world and promote the sale of such products by arousing and encouraging feelings of national prejudice and jealousy and by employing the press and the officers of the Army and Navy to produce periodical war scares in different countries; and

Whereas this menace to international peace can be eliminated and the ultimate disarmament promoted by having the Government manufacture its own equipment and articles used for war purposes: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California jointly, That the Legislature of the State of California earnestly memorializes and petitions Congress to enact legislation to the end that all patent rights for arms, munitions, and other equipment to be used for war purposes should be acquired by the Government; and be it further

Resolved, That in order to obtain international acceptance of the intent and purpose of this resolution we respectfully urge that the President of the United States, by appropriate means, have this subject matter presented at future international disarmament conferences; and be it further

Resolved, That the chief clerk of the assembly is hereby directed to transmit forthwith upon its adoption to the President of the United States and to the Senators and Members of Congress of the State of California.

RELIEF OF UNEMPLOYMENT—GRANTS TO STATES

Mr. COPELAND. Mr. President, I ask that there may be printed in the body of the RECORD and referred to the Committee on Banking and Currency a telegram which I have just received from the mayor of the city of New York calling attention to the unemployment situation.

There being no objection, the telegram was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y., *April 21, 1933.*

Senator ROYAL S. COPELAND,
Senate Chamber, Washington, D.C.:

The city of New York, through its taxpayers and citizens, has responded most generously to the cause of unemployment relief during the past 3 years without stint or reluctance.

The citizens' relief groups and private agencies have expended almost all of their resources and are experiencing difficulty in carrying on this great work.

The city's emergency home- and work-relief operations are caring for over 200,000 families, which is steadily increasing. As a matter of fact, the increase in the number seeking and receiving relief from public funds has increased over 100 percent during the past 4 months. Fifty-five thousand new family applications are being received monthly through the home-relief bureaus. Public-relief expenditures have increased 80 percent during the past 6 months. The usual public relief extended by the city, such as child welfare, veteran relief, care of the blind, dependent children, health, hospitals, etc., is not included. Emergency funds being expended through public agencies, New York City, at the present time is $7,000,000 per month.

Relief to the unemployed has now become a matter of serious concern insofar as the city of New York, and I believe other municipalities, are concerned, and not only is it a matter of assistance to the municipalities from State governments but it is a mandate on the Federal Government to place all resources possible to aid

the municipalities. The Lewis-Wagner bill, now before the House and Congress, providing for the appropriation by the Federal Government of $500,000,000, should be expedited and enacted into law at the earliest moment, and I would suggest the following amendments:

The bill provides that $250,000,000 shall be made in grants to States and municipalities on a 1-to-3 basis. I would respectfully recommend that the bill be amended to have the grants to States made on a 1-to-2 basis. This amendment would give the State and city of New York a better opportunity for the raising of its funds through taxation.

JOHN P. O'BRIEN, *Mayor.*

Mr. WAGNER presented a telegram from Hon. John P. O'Brien, mayor of the city of New York, identical with the above telegram presented by Mr. COPELAND, which was referred to the Committee on Banking and Currency.

6-HOUR DAY, 5-DAY WEEK—DETROIT REFERENDUM

Mr. BLACK. Mr. President, I desire to ask unanimous consent to insert in the RECORD a copy of the initiatory petition to the council of the city of Detroit referendum to vote in that city on the 30-hour week for motormen, conductors, and coach operators of the department of street railways.

I desire to call attention to the fact that the petition was circulated January 18, 1933, and 48 hours later sufficient signatures were obtained. On January 21 there were 16,500 signatures on the petition. On January 25 the council placed it upon the ballot; on March 6 it was voted upon, and the vote for the ordinance was 51,941 and against the ordinance 26,747.

There being no objection, the referendum petition was ordered to lie on the table and to be printed in the RECORD, as follows:

INITIATORY PETITION

To the honorable the Common Council of the City of Detroit:

We, the undersigned, being qualified electors of the city of Detroit, respectfully present this initiative petition and pray that the proposed ordinance hereinafter set forth be adopted by your honorable body and in case it shall not be so adopted petitioners further pray that it be submitted to a vote of the electors of the city pursuant to the provisions of sections 1 to 9 of chapter II, title III, of the charter of the city of Detroit. The proposed ordinance is as follows, to wit:

An ordinance to relieve unemployment of motormen and conductors and coach operators of the department of street railways of the city of Detroit by limiting the weekly hours of work and sharing available work.

It is ordained by the people of the city of Detroit:

SECTION 1. Motormen and conductors and coach operators employed by the department of street railways of the city of Detroit shall work not to exceed 30 hours each week and shall be paid on an hourly basis.

The purpose and substance of the ordinance is:

To share available work amongst motormen, conductors, and coach operators of the department of street railways of the city of Detroit by adoption of 30-hour-week limitation with pay on an hourly basis.

This petition was circulated on January 18, 1933, and so strong was public sentiment that 48 hours later sufficient signatures were obtained.

On January 21, 16,500 signatures were filed with the city clerk—over 3,500 more than the legal requirements.

On January 25 the common council placed it upon the ballot, at the primary election on March 6, 1933, and on that day the people voted 2 to 1 in favor of it.

Official vote

For the ordinance	51,941
Against the ordinance	26,747

The election was certified on March 14, 1933. City Clerk R. W. Reading declared the ordinance to be law, and effective from March 22, 1933. (See Legal News of Mar. 22, 1933.)

Mr. COPELAND. Mr. President, may I ask that there be printed in the RECORD, following the statement of the Senator from Alabama [Mr. BLACK], a letter which I have received from the mayor of Mishawaka, Ind., in reference to the Black bill.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

CITY OF MISHAWAKA, IND., *April 18, 1933.*

Hon. ROYAL S. COPELAND,
United States Senator, Washington, D.C.

DEAR SIR: It is my recollection that you voted for the Black 30-hour week bill when it was before the Senate.

As mayor of this city, I beg to call your attention to the fact that on March 1 of this year the 6-hour day, 5-day week plan was inaugurated in our street department, in which we employ over 50 men regularly and at times have as many as 150 extra.

So satisfactory have we found this plan that we recently extended it to the park and golf departments, and we are contemplating its extension to the water and electric departments. We find that the men make more money and do far more efficient work for the city in the 6-hour day than under the "staggering" system.

It is the writer's observation that President Roosevelt is desirous of establishing a minimum wage in connection with the 30-hour week. The wage scale to which we have steadfastly adhered allows 50 cents an hour for common labor.

It is because we believe in this plan that I am writing to commend you for the position you have taken in regard to the labor problem in this crisis, and to cite an example of the practical working, especially in municipal life, of the plan.

With assurance of my high personal regard, I beg to remain,

Yours very truly,

MASON L. PETRO, *Mayor.*

FOREIGN DOLLAR BONDS INTEREST PAYMENTS ON WHICH ARE IN DEFAULT

Mr. FLETCHER presented a statement of the American Council of Foreign Bondholders, Max Winkler, president, New York City, entitled "Foreign Dollar Bonds Interest Payments on Which Are in Default", which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

(Letter No. 26)

NEW YORK CITY, *April 19, 1933.*

FOREIGN DOLLAR BONDS INTEREST PAYMENTS ON WHICH ARE IN DEFAULT

PART III

Without any immediate prospects of a turn, the tide of default, which commenced in January 1931, still flows on, the latest item on the list being an issue of the Colombian Agricultural Mortgage Bank, interest on which should have been paid on April 15. News of another interest payment, missed by the same bank on the 1st of the month, came too late for inclusion in our last bulletin.

No explicit statement has been made regarding default on the Colombian Government's 6-percent bonds, but bondholders have been officially warned that it will surely be incurred unless the conflict with Peru ends speedily. However, the market took a decidedly hopeful view of this situation and advanced prices 7 points in the first 8 days of the current month, which was, perhaps, unduly optimistic, especially with regard to the January bonds, which now carry 3½ months' accrued interest.

Classification of 136 defaulted loans under heads of their respective listings shows that 78 percent of the total outstanding principal amount is for loans listed on the New York Stock Exchange; 10½ percent is for listings by the curb association; and 11½ percent is for unlisted bonds. But this ratio is changed if current market valuations are substituted. In this case we find 82 percent stock-exchange listings, 10½ percent curb, and 7½ percent unlisted.

At least 136 bond issues, on which one and a half billion dollars are outstanding, are now in default with regard to interest payments. No attempt has been made to pile on the agony. The number of issues in default can easily be increased to 150 if the several offerings of one loan were to be counted singly, as they are in some cases by the stock exchange. Certain bond issues, on which default is imminent, are not included.

Lows for all time were mostly recorded in 1932, but in some instances pertain to 1931 or 1933. A few cases in which phenomenally low prices were paid for bonds onerated by accrued interest, which the market knew would be defaulted on the next coupon date, have received special treatment in this review by addition of 2 or 3 points to the quotation since, evidently, the buyer of a bond for $20, plus $30 accrued interest scheduled for default, is really paying $50.

Current values for bonds which have not been sold for weeks, and for which the market quotation shows a spread of 10, 15, or more points, are not readily estimated, but such bonds generally belong to groups which have lately shown a trend indicating whether the true current market is nearer the bid or the offering price.

All figures are represented as approximate, but the picture shown, as of the first week in April 1933 is believed to be fairly accurate and usefully informative:

New York listings	Outstanding	Market valuation		Issues
		Low	Current	
Stock exchange	$1,175,274,700	$103,403,250	$168,995,730	87
Curb association	153,309,000	11,065,940	21,466,570	21
Unlisted	170,472,800	11,634,800	15,521,290	28
Total	1,499,056,500	126,103,990	205,983,590	136

Total current market value of the bonds, although only 13½ percent of par, is now nearly 65 percent over the aggregate of

lows. Since little improvement in the economic conditions of defaulting countries has been registered, this more favorable rating must be attributed to a sensible realization by the market that former valuations were absurdly low and were inspired by a panicky feeling here. Moreover, since many of the inherently bad risks are still priced as low as ever, the average appreciation of the better class defaulted bonds has been much more than 65 percent. The market rating still needs adjustment, but it is closer to intrinsic values than it was last year.

Of the total outstanding, $462,392,300, or 31 percent, is for Europe and $1,036,664,200, or 69 percent, for America, but it should be remembered in this connection that the 3 Kreuger and 2 Russian loans account for $219,006,000 of the European quota.

Current market value of defaulted foreign bonds listed on the New York Stock Exchange, namely $168,995,730, compares with $4,886,594,458, the official compilation of current market value of all foreign bonds so listed. This is less than 3½ percent, and has been instrumental in reducing the average price of the stock exchange totals to 61.24 for foreign government bonds and 51.73 for foreign company bonds.

Only two foreign bond issues in default, listed on the stock exchange, exceed $10,000,000 in current outstanding market value, namely, Vienna 6's of 1952 and Brazil 6½'s of 1926–57, although 39 of the 87 listed issues in default are outstanding in over $10,000,000 principal amount.

Defaulted stock exchange issues declined to 9 percent of par, and have since risen to 14½ percent. Curb foreign bonds in default fell to 7½ percent and recovered to 14 percent. Unlisted defaulted issues dropped to 7 percent and rose afterwards to 9 percent.

Current market value of the defaulted curb bonds exceeds that of the unlisted bonds by 38 percent, although there are 28 unlisted issues in default and only 21 curb issues, the outstanding par value of which is considerably lower.

A large proportion of the foreign defaulted bonds listed on the New York Stock Exchange is quoted daily in the morning and evening newspapers; a smaller proportion of those listed on the curb also receive this publicity, but the market prices of unlisted bonds can be ascertained only by tiresome inquiry for each issue by name. Even so, conflicting reports are given by different authorities, and actual sales effected are generally unobtainable.

Since few investors are familiar with statistics of the unlisted foreign bond market, the following particulars of 28 loans in default may be of interest:

Number and bond issues	Nationality	Outstanding
2 (corporate)	Swedish	$96,409,500
7 (4 banking and 3 corporate)	Hungarian	18,435,500
5 (2 provincial and 3 municipal)	Brazilian	16,200,800
6 (1 provincial, 3 municipal, and 2 banking)	Colombian	10,405,900
1 (national)	Greek	9,405,900
1 (national)	Salvadoran	9,008,100
2 (1 provincial and 1 municipal)	Argentine	4,804,500
1 (corporate)	Costa Rican	1,700,000
1 (banking)	Panamanian	1,447,500
1 (national)	Bolivian	1,296,000
1 (provincial)	Peruvian	1,189,000
Total principal amount outstanding		170,472,800

Recently, the current market value of these bonds was $15,521,290, of which $7,229,720 pertains to the Swedish Match loans and $2,394,000 to the Greek Government loan, leaving only $5,897,570 for the remaining 25 bond issues.

However, this small sum of less than $6,000,000 represents at least $60,000,000 paid in cash by American investors, and is deserving of such protection as might be afforded by listing somewhere.

Wars in South America are still playing havoc with government revenues which should be available for dollar bond service. The Sellier & Bellot Munition Co., of Czechoslovakia, declared a 20-percent dividend on April 10. Is that where our money is going?

The market now esteems Austrian defaulted bonds highly, and is somewhat better inclined than it was toward Hungarians, but Yugoslavia is entirely out of favor. It hardly seems possible that a 7-percent consolidated municipal bond of Hungary should be worth as much as two 7-percent national government bonds of Yugoslavia.

It is, to a certain extent, possible to account for the seeming discrepancy. Coupons of Austrian obligations, including provincial municipal, and corporate issues, may be cashed rather freely with representatives of important central European, including Austrian, financial institutions, at approximately 75 percent of the face value.

The market for coupons on Hungarian bonds varies between 35 and 45 percent of the face value, and even at these levels it is not always easy to effect transactions. While the cashing of coupons on Yugoslav bonds has not as yet been reported, the council learns, on good authority, that offers ranging up to 40 percent of the face value of the coupons in question have been made.

AMERICAN COUNCIL OF FOREIGN BONDHOLDERS, INC.,
MAX WINKLER, *President.*

EXECUTIVE REPORTS OF THE PUBLIC LANDS COMMITTEE

As in executive session,

Mr. KENDRICK, from the Committee on Public Lands and Surveys, reported favorably the following nominations, which were ordered to be placed on the Executive Calendar:

Theodore A. Walters, of Idaho, to be First Assistant Secretary of the Interior, vice Joseph M. Dixon; and

Thomas F. Thomas, of Utah, to be register of the land office at Salt Lake City, Utah, vice Eli F. Taylor.

BILLS AND A JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BANKHEAD:

A bill (S. 1503) to provide for the redistribution of the overbalance of population in industrial centers by aiding in the purchase of subsistence homesteads, and for other purposes; to the Committee on Banking and Currency.

By Mr. FLETCHER:

A bill (S. 1504) for the relief of Walter J. Bryson Paving Co.; to the Committee on Claims.

By Mr. STEIWER:

A bill (S. 1505) for the relief of Thomas E. Reed; to the Committee on Military Affairs.

A bill (S. 1506) to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon; to the Committee on Agriculture and Forestry.

A bill (S. 1507) for the relief of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles; to the Committee on Claims.

A bill (S. 1508) providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon; and

A bill (S. 1509) to credit the Klamath Indian tribal funds with certain amounts heretofore covered into the Treasury for reimbursement of appropriations; to the Committee on Indian Affairs.

A bill (S. 1510) to amend the act entitled "An act to adjust water-right charges, to grant other relief on the Federal irrigation projects, and for other purposes", approved May 25, 1926, with respect to certain lands in the Langell Valley irrigation district; to the Committee on Irrigation and Reclamation.

A bill (S. 1511) granting a pension to Mary E. Allen (with accompanying papers); to the Committee on Pensions.

By Mr. BONE:

A bill (S. 1512) to authorize acquisition of complete title to the Puyallup Indian Tribal School property at Tacoma, Wash., for Indian sanatorium purposes; to the Committee on Indian Affairs.

By Mr. COPELAND:

A joint resolution (S.J.Res. 45) to authorize an appropriation of $10,000 for the expenses of participation by the United States in the Seventh International Congress of Military Medicine and Pharmacy; to the Committee on Military Affairs.

DEVELOPMENT OF THE TENNESSEE VALLEY—AMENDMENT

Mr. NORRIS submitted an amendment intended to be proposed by him to Senate bill 1272, the Muscle Shoals and Tennessee Valley development bill, which was ordered to lie on the table and to be printed.

RELIEF OF AGRICULTURE—AMENDMENTS RELATIVE TO THE CURRENCY

Mr. PATTERSON submitted an amendment intended to be proposed by him to the so-called "Thomas amendment" to House bill 3835, the farm relief bill, which was ordered to lie on the table and to be printed.

Mr. HAYDEN submitted an amendment intended to be proposed by him to the amendment proposed by Mr. THOMAS of Oklahoma to House bill 3835, the farm relief bill, which

s ordered to lie on the table, to be printed, and to be nted in the RECORD, as follows:

)n page 6, lines 1 and 2, to strike out the figures "$100,000,000" l insert in lieu thereof "$250,000,000."

)n page 6, line 6, after the word "ounce", to strike out the iod, insert a semicolon and the following words: "but no such rment shall be accepted unless such government gives assur- e, satisfactory to the President, that it will not melt or debase own coins to make such payment in silver."

)n page 8, after line 7, to insert the following as a new agraph:

(g) Whenever the Government of the United States and one more foreign governments have agreed to measures for stabiliz- the price of silver, the Secretary of the Treasury, in his dis- tion, is authorized to sell silver now or hereafter deposited in Treasury, or to purchase silver with silver certificates issued in same manner as is provided in this section, for the purpose of isting in the maintenance of such stabilized price."

RELIEF OF UNEMPLOYMENT—AMENDMENT

Mr. HAYDEN submitted an amendment intended to be)posed by him to the bill (H.R. 4606) to provide for co- eration by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, which was referred to the Committee on Banking and Currency, ordered to be printed, and to be printed in the RECORD, as follows:

On page 8, after line 5, to insert the following new section:

"SEC. 8. The Reconstruction Finance Corporation is authorized and directed to make available out of the funds of the Corporation not to exceed $50,000,000, to be used by the Administrator for the purchase of wheat which shall be delivered to the American National Red Cross, to be used for the purposes and in the manner provided in the joint resolution entitled 'Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress', approved July 5, 1932. The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is increased by $50,000,000."

On page 8, line 6, strike out "8" and insert "9."

CONDITIONS IN CUBA

Mr. KING. Mr. President, the situation in Cuba has assumed a serious aspect. A number of Senators, including the Senator from Idaho [Mr. BORAH], have recently challenged the attention to the tragic conditions existing in Cuba. More than a year ago I presented to the President of the United States and to the Secretary of State memoranda, in which I discussed the confused and dangerous situation in Cuba, and also presented my views as to what course should be pursued in order to avert revolution. I was opposed to intervention, but believed that the situation was so perilous that a certain course should be taken to avert the coming conflagration. I deem it not improper—indeed, at the present moment entirely proper—to have the communication to the President inserted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The letter is as follows:

OCTOBER 9, 1930.

MY DEAR MR. PRESIDENT: I am deeply concerned with the recent trend of events in Cuba. My interest is not of recent origin but dates from a visit paid to Cuba in 1897 at the request of some of my colleagues in the House of Representatives. The Cubans had revolted against the authority of Spain, and the question was being discussed in Congress as to whether the United States would recognize the belligerency of the insurgents, intervene, or maintain neutrality. Under General Weyler shocking brutalities had been committed and the situation in Cuba was most tragic. Widespread starvation existed throughout the island, and the revolution brought a train of sorrows and evils which cannot be described.

After spending weeks in the war-stricken section of Cuba, I returned and reported conditions to my colleagues. With the aid of the United States Cuba was soon liberated from Spanish supremacy and the Cuban people thereafter established a republican form of government.

Since that time, as I have just stated, I have been deeply interested in Cuba and the Cuban people. Sometime prior to the election of General Machado in the year 1924, the Cuban Government, with the aid of the United States, prepared a measure which was later enacted into law, designated as the Crowder Electoral Code, the purpose of which was to secure a free and untrammeled exercise of the right of suffrage by the Cuban people in order that they might better maintain the representative form of government contemplated by the Cuban Constitution of 1901. This constitution, like our own, created an executive, a legislative, and a judicial branch of government, with specific and clearly defined powers.

General Machado was elected in November 1924, upon a platform pledged to a free and unrestricted right to the exercise of suffrage by the Cuban people. On December 20, 1925, 6 months after his inauguration, he caused to be enacted by the Cuban Congress a bill suspending the Crowder Electoral Code until the year 1928, thus removing many of the safeguards provided for in said code to insure honest and fair elections. This law, among other things, provided:

(a) For the repeal of article 287 of said code;

(b) It forbade the reorganization of the existing three parties or the creating of new parties, except under the most impossible conditions;

(c) The pre-empting of the powers of the delegates to party conventions and lodging all of such powers in the executive committees of such three existing parties, as therein provided for, and abolishing primary elections.

Article 287 of the Crowder Code prohibited members of congress, persons holding public office or in the employ of the government, from acting as delegates, except where they were specifically elected by the people. This obviously salutary provision of the Crowder Code having been repealed by the act of December 20, 1925, members of congress and those enjoying public office under the Machado regime immediately assumed control of the executive committees of the three existing parties, and as a consequence thereof the entire political machinery of the government was brought under the complete domination and control of President Machado.

Under such circumstances Machado, on June 21, 1927, submitted to the Cuban Congress a project for the amendment of the constitution of 1901. This project was passed by both houses of congress, approved by the President, and published in the Official Gazette on the same day that it was submitted, to wit, June 21, 1927. The bill, as passed by congress, provided for the holding of a constitutional convention approximately 7 months after the passage and approval of the act.

This project for constitutional change so enacted by the Cuban Congress provided, among other things, for—

(a) The extension of the presidential term of office from 4 to 6 years, with no reelection, and the proroguing of President Machado's tenure for an additional period of 2 years.

(b) Abolition of the office of vice president.

(c) Increasing the membership of the senate from 24 to 36 members.

(d) Proroguing the tenure of the 24 incumbents for periods of 2 and 4 years and providing that thereafter senators shall be elected for a period of 9 years, rather than 6 years, as provided in the constitution of 1901.

(e) Extending the terms of office of the members of the house from 4 to 6 years, proroguing of the tenure of the incumbents for a period of 2 additional years.

(f) Proroguing the term of office of the incumbent provincial governors, provincial councils, municipal mayors and councils, and members of the boards of education, except the mayor and council of the city of Habana, which was to be federalized.

Delegates to the constitutional convention to be held pursuant to the above provisions were selected by the executive committees, which, as I have before stated, were largely, if not completely, composed of members of the house and senate of the Machado regime. This act aroused the opposition of a very substantial element of the Cuban people theretofore affiliated with the three existing parties, and since no reorganization of the said parties was permitted under the act of December 20, 1925, these citizens of Cuba organized the Union Nationalista Party, which organization undertook to hold meetings for the purpose of perfecting the party organization and placing candidates in the field for election as delegates to the constitutional convention. The meetings, the evidence shows, were repeatedly broken up and dispersed by the military forces and all efforts of the members of this organization to carry out their purpose were completely frustrated. Thereafter pretended elections were held, resulting in the alleged election of delegates to the constitutional convention, all of whom had been theretofore selected by the said executive committees of the three existing parties. The convention so constituted was thereupon convened.

Article 115 of title XIV of the Cuban Constitution of 1901 contains the following unusual provision:

"The constitution shall not be amended in whole or in part except by a resolution adopted by two thirds of the total number of members of each colegislative body.

"Six months after an amendment has been agreed upon, a constitutional convention shall be convened, the duties whereof shall be limited to either approving or rejecting the amendment voted by the colegislative bodies, which latter shall continue in the performance of their duties with absolute independence of the convention.

"Delegates to the said convention shall be elected by each province in the proportion of 1 for every 50,000 inhabitants and in the manner that may be provided by law."

It will be observed from the foregoing provisions that the constitutional convention was limited to either the approval or rejection of the amendments submitted by the Cuban Congress. Notwithstanding this provision, however, the constitutional convention, in pursuance of the public statement made by President Machado some 4 days before the convention met, proceeded to and

did entirely change the provisions of the measure submitted by the Cuban Congress. Among the many changes so made was one which permitted the reelection of President Machado for a period of 6 years at the ensuing election of 1928. The action of the constitutional assembly was duly promulgated by President Machado without submission to the people.

President Machado then caused the Cuban Congress to pass a second measure further suspending the Crowder Electoral Code, and this measure, like the previous one, among other things, prevented the reorganization of the existing three parties, the centralization of the power of the said political organizations in the executive committees thereof, and the elimination of party conventions. Thereupon the said existing three parties, acting through their executive committees, proceeded to nominate President Machado for reelection as the alleged unanimous choice of the said three parties. At this point the Union Nationalista organization again attempted to perfect a political organization, only to be met with the same opposition, their meetings being broken up and dispersed by the military forces and the headquarters of the organization was placed under the control of a squad of soldiers.

Under these circumstances the election of November 1, 1928, was held, and although I am reliably informed that not more than 5 percent of the qualified voters cast their ballots at this election, the Machado organization reported that President Machado had been reelected by a large majority of the Cuban people. The effect of this pretended election was to maintain President Machado in power for a further term of 6 years, nowithstanding the fact that the constitution of 1901 specifically provided that the presidential term should be for a term of 4 years and that no person could hold office for more than two consecutive terms.

Inasmuch as the action of the constitutional convention was clearly in violation of the constitution of 1901, it is patent that President Machado's reelection on November 1, 1928, was in violation of the fundamental laws of the Republic, and that by reason thereof the Machado government is not and cannot be held to be, under any conceivable theory, a duly constituted government within the duly accepted meaning of this term.

It is quite evident, from a most dispassionate consideration of the policies pursued by Machado since his advent to office, that he has been actuated by but one obvious purpose, namely, to perpetuate himself in power, and to accomplish this he has subverted the entire scheme of constitutional, representative government contemplated by and provided for in the constitution of 1901.

Machado's arrogation of power has appeared to be without limit. The functions of the legislative and judicial branches of the Government have been exercised through presidential decrees contrary to the express provisions of the constitution and the Organic Act of 1909.

A large military organization has been created and maintained that has consumed from 20 to 25 percent of the total national revenue, while at the same time vitally necessary activities of the Government, such as public health, sanitation, education, and agriculture have been neglected.

External loans have been negotiated entailing the imposition of extremely burdensome taxes upon a people already overtaxed. These loans have been made ostensibly to carry forward so-called "public-works projects", many of which, however, were nonessential, such as the new capitol building that, to date, has required an expenditure of a sum in excess of $20,000,000.

Cuba, with the end of the first half of the current fiscal year, will have an accumulated deficit of some $50,000,000, with no possible means of liquidation, and a rapidly descending revenue under budgetary estimates.

The right of free speech and lawful assembly have been abolished, and a government adequate for the protection of life, liberty, and property, as contemplated by the Platt amendment and the subsisting treaty with the United States, is no longer existent. Labor has been denied the right of organization and the wages of the laborer reduced to a starvation level largely as the result of governmental interference.

This situation was brought to the attention of the American public by an investigation conducted by the American Federation of Labor officials as far back as 1927, and subsequently confirmed by numerous impartial investigations, such as that conducted by William English Walling as set forth in an article appearing in the May issue of Current History of this year, and of Prof. Albert Bushnell Hart, of Harvard University, in an article set forth in the January issue of Current History of this year, and by the Foreign Policy Association in an extensive report published in 1929.

President Machado, as shown by the investigations just mentioned and repeatedly confirmed to me by members of the Cuban Congress, has been able to bring about this dictatorship by the diversion of a very substantial portion of the revenues of the national lottery, amounting to several millions of dollars annually, and by the ruthless employment of the military forces of the nation as an instrumentality of intimidation and coercion. He now proposes to further perpetuate his unconstitutional regime by the oncoming election of November 1 next, at which time there will be elected two thirds of the membership of the Senate for a period of 9 years and one half of the membership of the House of Representatives for a period of 6 years. On the information which has come to me from numerous reliable sources, I am convinced that this pretended election is opposed by the vast majority of the voters of Cuba, who are prevented from expressing their will by virtue of the illegal acts of the Machado regime hereinbefore referred to. It is this situation that has precipitated the recent alarming disturbances that have occurred in the island. In my opinion, our Government has not been fully advised as to the deplorable conditions in Cuba, nor has it had cognizance of the tyranny and oppression of the Machado regime and of the methods employed by Machado to suppress liberty and to bring the people under his despotic rule. As I have indicated, there is no freedom of speech or of the press. Any criticism of the Machado administration is prohibited, newspapers are suppressed, and those who have spoken in favor of constitutional government have been driven from the island or have been imprisoned. In my opinion, the Machado government would have been overthrown some time ago had it not been for the feeling fostered by Machado that he was supported by the United States and that the military arm of the latter would protect his administration.

The relation of the United States to Cuba because of the provisions of the Platt amendment is unique and somewhat extraordinary. If it were not for these provisions there would be no duty resting upon the United States to interfere in the domestic affairs of Cuba. The United States has intervened upon two different occasions since 1903, basing its intervention upon what were construed to be obligations arising under the Platt amendment. If there is any obligation upon the United States to maintain in Cuba a government "adequate for the protection of life, liberty, and property", then it would seem that when a situation exists such as we find in Cuba today—a condition under which there is no liberty and where a despotic and tyrannous dictatorship is regnant—the United States should, at least, indicate that it is not giving encouragement to or support of such despotic rule and would look with disfavor upon any policy destructive of constitutional government and which denies liberty and justice to the Cuban people.

Indeed, it might and perhaps should go farther, in view of the transcendent importance of the election called for November 1, 1930, and indicate that it does not approve of any plan which designed to frustrate the will of the people and deny them the right to select and vote for persons to represent them in the Cuban Congress.

In my opinion, if the people of Cuba were permitted to hold a free and fair election in November next and were given to understand that the United States would not intervene to perpetuate the Machado regime, the revolutionary movement now gaining headway would subside and peace would be restored. However, with martial law prevailing, constitutional guaranties suspended, the people subjected to intimidation and terror, men of influence and standing in whom the people have confidence imprisoned or driven into exile, and the freedom of speech and the press destroyed or denied, a free and fair election is not possible, and forces will be created that will culminate in revolution.

I had the honor, upon a number of occasions, to invite the attention of your predecessor and of the State Department to the unsatisfactory conditions in Cuba, and took the liberty of suggesting that the confidence placed in Machado was not justified, and the more than friendly support, moral and otherwise, given him by this Government would strengthen his ambitions for power and eventuate in a train of evils which might involve the United States. The rule of Machado will inevitably result in social and political disturbances ending in revolution. A revolution in Cuba would be most unfortunate. It would result in the loss of life and the destruction of property and would add to the woes now visited upon the Cuban people.

Cordially and sincerely,

WILLIAM H. KING.

The PRESIDENT,
The White House.

PROPOSED EMBARGO ON MUNITIONS SHIPMENTS

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD statements of members of the Foreign Relations Committee, appearing in the Washington Herald of April 19, in reference to the arms-embargo resolution, House Joint Resolution 93, which is now before the Senate Foreign Relations Committee.

I also ask leave to have printed in the RECORD a letter from John Bassett Moore to Representative FISH; also an editorial from the Washington Herald of April 19, 1933, regarding the same resolution.

Mr. President, this resolution involves three grave consequences:

First. It involves the constitutional question of Congress delegating its war-making power to the Executive.

Second. It involves the violation of our Federal policy of neutrality.

Third. It is, in effect, an authorization of intervention in a conflict between nations.

Judge Moore points out that a country that ships arms and munitions of war to one country, while denying such shipments to another, is by international law an actual participant in war on the side of the country to which it sends munitions.

It is an act of intervention which denies neutrality. In other words, we have declared ourselves a party to the war, and are involved in that war and subject ourselves to the retaliatory attacks of the country which we seek to penalize.

In passing such resolution, therefore, the jurist finds we are abandoning our American policy of neutrality set up by Washington and Jefferson. We are jeopardizing our Monroe Doctrine. We are authorizing "entangling alliances." We make ourselves the cat's-paw of Great Britain, which urges this neutrality violation on us without daring to do itself what it asks of us. We, in fact, give the Executive a carte blanche to involve us in war under the pretense of aiding peace. We pass to the Executive the war power which the Constitution granted Congress. We become a rubber stamp, and abdicate our sworn duty as representatives of the people to protect their sons from war.

Even a party majority in full power does well to think twice before committing the country to an international policy condemned by our leading jurist as an abandonment alike of the neutrality law of nations and the American policy since Washington.

There is another phase of the question which we who sit in this Chamber may do well to consider. I refer to present cloak of concealment of facts, and the likely public charge that we are passing a resolution under false pretenses.

As I called attention here on March 3, 1933, during the past 15 months we exported to Japan alone over $100,000,000 worth of war materials to be converted over there into arms and ammunition—though we shipped in 1932 to all countries, Japan included, only a paltry $1,668,000 worth of finished arms and ammunitions, subject to the proposed resolution.

War powers have their own gun and munition plants. What they want of us is the raw or semimanufactured materials.

It is the weak country, the people without gun and munition plants, that need arms and ammunition.

This resolution puts us in the position of helping the war power, while choking the weak country and making it a prey to war of conquest—the very thing that is now happening with Wall Street financing the deal with "dollar bonds" and war supplies, and London and Paris as partners in the spoils.

American branch banks in Japan and Manchuria, and Japanese branch banks in Wall Street, are handling the business—while we pass the whitewash brush called an "embargo" on arms to protect the peace of the world.

American branch factories and utilities, with a direct capital investment of $60,000,000 in Japan—as revealed by the Commerce Department—are doubtless at this moment busy converting American materials shipped to Japan into arms and munitions for Japanese warfare, while employing Japanese labor.

The "dollar bond" issues of Japan to the amount of nearly $400,000,000, floated by American private bankers and trust companies, are listed on the New York Stock Exchange to invite American investors to be partners of Japan in its war of conquest. You may read the quotations on these Jap "dollar bonds" in your morning and evening paper.

This resolution is the whitewash brush. We pose for peace by making Congress do the whitewash act. We pose for peace, while all our financial activity is in aid of war. Then we turn over to the Executive the constitutional franchise, delegated to us by the founding fathers, and thereafter have nothing to say.

If this resolution is passed it will develop some job in explaining to our constituents the abdication of our congressional responsibility. It seems to me the old way is preferable to the new—to refuse to "pass the buck" of responsibility under the Constitution—to refuse to depart from the neutrality doctrine of America—to make no excuses, because we will then have nothing to excuse. A plain statement of the facts is better any time than concealment.

We will not have to say that we passed a "peace resolution" and then shipped 90 percent of our export lead to Japan to conquer China; that we "ducked" our constitutional duty and gave the President power to send our sons to war.

Prohibition of the shipment of arms to filibustering parties, financed by private capital such as Wall Street, would be justifiable. Such power, however, already resides in the Executive, it appears, as when the Government in our early history stopped an alleged filibustering expedition supposed to have been undertaken by Aaron Burr.

But the joint resolution, House Joint Resolution 93, which passed the House and is now before the Senate, does not deal with private individuals or expeditions, but with "a dispute or conflict between nations."

It prohibits at the President's pleasure shipments of "arms or munitions of war from any place in the United States to such country or countries."

It deals with warring "countries" and not with private parties or filibusters.

And on that, our leading international jurist, John Bassett Moore, plainly tells Congress:

> The prohibition of the neutral government itself to supply arms and munitions of war is based upon the unquestionable fact that the supply of such articles to a fighting force is a direct contribution to its military resources, and as such is a participation in the war; and, if a government does this, it virtually commits an act of war.

Listen again to Jurist Moore, in direct reference to the resolution now before the Senate:

> The pending resolution is, I do not hesitate to affirm, opposed to the settled policy and the highest interests of the United States, also to the provisions of our Federal Constitution.

This resolution is based on the League of Nations' so-called theory of "war to end war." The League of Nations dares not put into practice its own theory, but says: "Let Uncle Sam do it."

Great Britain dares not itself violate the neutrality law of history by adopting this embargo, but says: "Let Washington do it."

And the White House says: "O.K., if we can make Congress responsible for the act."

Congress, therefore, is to authorize the United States to adopt the League of Nations policy of "war to end war", which the League dares not enforce itself. We are to be the blind tools of Great Britain and authorize intervention in "conflict between nations", which Great Britain has not the courage or candor to undertake.

We are to do this against the neutrality policy of 140 years of American history. We are to authorize "foreign entanglements" against the warnings of Washington and Jefferson. We are to desert our sworn fealty to the Constitution to serve the League, to which we do not belong, and to serve Great Britain, from whom we declared our independence in order to become a nation.

Is American neutrality a thing of the past, as now in effect declared? Is the Constitution dead, as between Wall Street and London? Furthermore, is the Constitution dead as between Congress and the people of the United States?

Finally, is this a clever ruse to commit us to the League and its allied powers in fact, though not in name, by a joint resolution of Congress supporting the League's basic creed of "war to end war"—with the United States authorizing the policy of war under a cloak of peace?

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota to print in the RECORD the papers referred to by him.

There being no objection, the papers were ordered to be printed in the RECORD, as follows:

JOHNSON OPENS FIGHT TODAY ON ARMS EMBARGO—ROBINSON OF INDIANA AND LEWIS TO JOIN DETERMINED DRIVE TO PREVENT SENATE ACTION

A small but determined group in the Senate Foreign Relations Committee yesterday prepared for a finish fight against the administration's arms-embargo resolution.

The battle will start today, when the measure, which already has passed the House, comes up for consideration in the committee.

JOHNSON TO LEAD

The fight will be led by Senator HIRAM JOHNSON, Republican, of California, who has support of Senator LEWIS, Democrat, of Illinois, and Senator ARTHUR R. ROBINSON, Republican, of Indiana.

ROBINSON said:

"This confers an extraordinary power on the President of the United States. It is a power never given to a President in our history.

"Even in this day of dictators no dictator has the absolute power to declare war or peace. I will fight this proposition because I believe it will involve us in war and I do so without consideration of the political party to which the President belongs."

LEWIS PREDICTS WAR

LEWIS said:

"I am against it. I fought it before the Foreign Relations Committee of the Senate when it was first considered here.

"I am unwilling that other countries should have the power to dictate to the United States, particularly when the warring nations can involve us in matters which are of no concern to us.

"Warring nations should not be permitted to have the power to interfere with the orderly shipment of supplies by this Nation. The proposed embargo power would surely lead us into wars."

NEW YORK, N.Y., *March 27, 1933.*

The Honorable HAMILTON FISH, Jr., M.C.,
Washington, D.C.

MY DEAR MR. FISH: Although I am unable to appear at the hearing on the so-called "arms-embargo resolution" on March 28, I feel it to be my duty to write you a few lines on the subject. I will first state the objection to the proposed measure as it stands, and will then point out how it may readily be made to conform to international law.

It will soon be 20 years since the outbreak in Europe of what eventually became known as the "World War." Following that unfortunate event there developed, in the ordinary course of things, a war madness, manifested in the exaltation of force, and the belittling of the enduring legal and moral obligations which lie at the foundation of civilized life. Peaceful processes fell into disrepute. We began to hear of the "war to end war"; and pacifists, enamored of this shibboleth, espoused the shallow creed that international peace could best be assured by the use of force or threats of force. We were told that preexisting international law had suddenly become obsolete, and that the world had entered upon a new era in which the general tranquillity was to be maintained by "sanctions", by boycotts, and by war. But the final stage was reached in the spawning of the notion, now rampant, that peoples may with force and arms exterminate one another without breach of the peace, so long as they do not call it war. This may appropriately be called the stage of bedlam. In all this, however, students of history will find nothing new. The development of such manias normally characterizes the progress of a great war, just as their decline marks the return to sanity.

To the final stage to which I have referred belongs the supposition that the law of neutrality no longer exists, and that in future there will be no more neutrals. It is on this theory that the proposed resolution is essentially based. It is true that the resolution does not in terms say so; and it is equally true that less is just now said about this phase of the subject than was said not long ago. But it is only on this theory that the sweeping terms of the resolution can be defended.

As a lifelong student and administrator of international law, I do not hesitate to declare the supposition that neutrality is a thing of the past to be unsound in theory and false in fact. There is not in the world today a single government that is acting upon such a supposition. Governments are acting upon the contrary supposition, and in so doing are merely recognizing the actual fact. In the winter of 1922–23, there was held at The Hague an international conference to make rules for the regulation of the activities of aircraft and radio in time of war. The parties to this conference were the United States, France, Great Britain, Italy, Japan, and the Netherlands. I had the honor to represent the United States in the conference and to be chosen to preside over it. We were able in the end to reach a unanimous agreement, which was incorporated in a general report. An examination of this report will show that it was largely devoted to the definition of the rights and duties of belligerents and of neutrals in time of war, and that it treated as still existing the Land War Neutrality Convention, the Convention for the Adaptation of the Geneva Convention to Maritime Warfare, and the Convention Concerning Neutral Rights and Duties in Maritime Warfare, all made at The Hague in 1907. The conference by which the report was adopted took place more than 2 years after the making of the Versailles Treaty and the Covenant of the League of Nations; the various delegations, it should be needless to state, acted under the authority and instructions of their respective governments; and yet the idea that the law of neutrality had become obsolete never was suggested. So far as I am aware, not a single party to the Versailles Treaty or a single member of the League of Nations has ever actually taken the position that the law of neutrality is a thing of the past. The principal powers in the League have on occasion taken precisely the opposite position. The fact is notorious that, after the Greeks were egged on to make war on the Turks and war actually came, Great Britain decided to remain neutral in the conflict, into which Canada and perhaps some of the other self-government Dominions unequivocally announced that they would not be drawn without their consent. In other recent wars Great Britain has pursued a neutral course. Other governments have done the same thing. No government, so far as I am advised, has repealed its neutrality laws. Those of the United States still remain on the statute books; and, if they are to be repealed, it should be done directly and not by implication or by embarking on a lawless course in the name of peace.

We hear much today of the duties of the United States as a "world power", and the supposition seems widely to prevail that we have only lately reached that eminence. I am too good an American to think so poorly of my country and its achievements. The United States has always been a world power. It acted as a world power when, on the outbreak of the wars growing out of the French Revolution, its first President, George Washington, with Thomas Jefferson as his Secretary of State, proclaimed our neutrality. It acted as a world power when, some years later, it suppressed the activities of the Barbary pirates. It acted as a world power when, in 1812, it went to war in defense of neutral rights. It acted as a world power when it proclaimed the Monroe Doctrine. It acted as a world power in extending its trade and opening up foreign countries to its commerce, as it so effectually did by peaceful processes during the Presidency of Gen. Andrew Jackson. It acted as a world power when it refused to permit the intervention of foreign nations in our Civil War. It acted as a world power when it forbade the further maintenance of the European empire set up in Mexico by French arms during our Civil War. It acted as a world power when, in the administration of President Grant, with Hamilton Fish as his Secretary of State, it brought about, through the greatest of all international arbitrations, the amicable settlement of the Alabama claims, and in so doing made a signal contribution to the further development of the law of neutrality. It is useless to continue the specification of instances. Nations, like individuals, may increase their power by combining with a due attention to their own business the extension of their friendly offices to brethren in trouble, and by conserving their militant resources for occasions when their vital interests are at stake. A nation that undertakes to meddle with every foreign disturbance is bound to become an international nuisance, to its own detriment as well as to the annoyance of other countries. Power is neither gained nor kept by such methods.

It is obvious that certain recent agitations have been and still are carried on under radically erroneous impressions as to the legal significance of the supply of arms and munitions of war to the parties to armed conflicts. The statement is often made that the trade in contraband is lawful, and the statement is also often made that such trade is unlawful. These statements may seem to be conflicting; but, when properly understood, they are both correct. Because there is much dispute as to what the term "contraband" includes, and because it has so far been deemed proper to limit the burdens to which a neutral power is subject, international law has not up to the present time required neutral governments to prevent their citizens from manufacturing, selling, and shipping contraband, including arms and munitions of war, in the regular course of commerce. Hence, in the sense that a neutral government is not obliged to suppress such trade, the trade is lawful. On the other hand, however, international law recognizes the right of a party to a war to prevent such articles from reaching its adversary, and, if it seizes them, to confiscate them. In other words, international law, treating the trade as being, in an international sense, intrinsically unneutral and unlawful, permits the parties to the struggle to inflict the penalty, and to this the trader's government cannot object. The trader conducts the business at his peril.

But, while a neutral government is not obliged to suppress the contraband trade of its citizens, it is forbidden itself to supply contraband to a belligerent, and particularly is forbidden itself either to sell or to give to him munitions of war. Neutrality, in the legal sense, embraces not only impartiality, but also abstention from participation in the conflict (Moore, Digest of International Law, vol. 7, sec. 1288, p. 863). The prohibition of the neutral government itself to supply arms and munitions of war is based upon the unquestionable fact that the supply of such articles to a fighting force is a direct contribution to its military resources, and as such is a participation in the war; and, if a government does this, it virtually commits an act of war. If it does this in behalf of one of the parties, it abandons its neutrality and is guilty of armed intervention; and if it does it for both parties, although it may be said to be impartial, it does what neither of the parties themselves can do; namely, fights for each against the other. It is not long since the United States became, through an inadvertent failure to observe these elementary principles, involved in an unfortunate incident affecting a great and friendly American country, the Republic of Brazil. Happily the intervention quickly ended, as the government in behalf of which it was committed abruptly disappeared, and in a few days we duly recognized its successor, as 15 other governments promptly did.

From the elementary principles of international law above set forth it necessarily follows that, if a government bans the shipment of arms and munitions of war to one of the parties to an armed conflict and permits it to the other, it intervenes in the conflict in a military sense and makes itself a party to the war, whether declared or undeclared.

The pending resolution is, I do not hesitate to affirm, opposed to the settled policy and the highest interests of the United States and also to the provisions of our Federal Constitution. If adopted, it would enable the President (1) to make international engagements of the most far-reaching kind at his will, without the advice and consent of the Senate, and (2) to carry us into war without the prerequisite constitutional declaration of war by Con-

gress. Perhaps it may be answered that by the proposed resolution the Senate would voluntarily abdicate its constitutional powers regarding international engagements, and that the Congress would likewise abdicate its constitutional powers regarding the declaration of war. This argument might be accepted if the Senate and the Congress could constitutionally divest themselves of their constitutional powers and commit everything to the Executive. But, as they were unwilling to do this during the so-called World War, when it was proposed to give the President complete dictatorial powers, I can only suppose that the present extraordinary agitation is due to the misleading and somewhat deafening clamor of those who, in the name of peace, would confer upon the President an unlimited right to engage in hostilities. I refrain from saying "an unlimited right to make war" only out of deference to the profound and learned authorities who assure us that war can be abolished either by calling it peace or by refraining from calling it war. This is, I may remark, a favorite notion with those who demand that the Kellogg Pact shall be equipped with "teeth" in order that it may masticate alleged "aggressors" and otherwise benignantly bite and gnaw its way to universal peace and concord. Unfortunately, there are many who appear to have been infected with these confused notions, which have been so industriously propagated in the United States. But, judged by the course of the principal members of the League of Nations during the past 10 years, and by their attitude toward the hostilities lately in progress in the Far East and elsewhere, such notions appear never to have had any real charm for the responsible authorities of the countries which would have been required to make the chief sacrifices in blood, in treasure, and in tears. To say this is not to impeach their wisdom or their sincerity. It may merely indicate that, having had enough of war, they long for real peace and an opportunity to recuperate.

Should the proposed measure become a law, no gift of prophesy is required to foretell what will follow. Groups moved by interest, or swayed, consciously or unconsciously, by propaganda, will clamor at the White House and at the Department of State for the unneutral application of the ban m favor of those whom they like or approve and against those whom they dislike or disapprove. We are assured that we may trust our authorities to resist such importunities, and to refrain from doing things that would involve the country in trouble. In other words, we are told that our authorities may be relied upon to refuse to exercise the powers so sweepingly conferred upon them. This is indeed a singular argument. Couched in the language of irresponsibility, it is not only self-stultifying but also unjust. The burdens and cares resting, especially at the present juncture, upon those who administer our affairs, are already grave and harassing enough without imposing upon them the pastime of playing with war. Within the terms of the pending resolution, our Government would be asked to set itself up in rash and arrogant judgment upon the acts of other nations and on the merits of their conflicts, with a view to give or to permit military aid to one as against another. Before committing ourselves to this presumptuous program spun of the wild and flimsy fantasy that when nations fall out and fight, the question of the "aggressor", which still baffles students even of ancient wars, lies upon the surface of things and may be readily, safely, and justly determined by outsiders, of whose freedom from individual interest or bias there is no guaranty, we should reflect upon the fact that, had such a notion heretofore prevailed, we might and in all probability should ourselves have been the victim of it. As a marshaling of all the incidents would unduly prolong this letter, I will call attention to only two.

During our Civil War we were more than once menaced with the possibility of intervention, and, had it taken place, no one can say how fateful would have been the consequences. But, as an American, I share with my fellow countrymen, as members of a great and united people, the universal sense that it is well that we were not permanently divided.

On April 6, 1898, there assembled at the White House the diplomatic representatives of six great European powers, who made in behalf of their governments what was called "a pressing appeal to the feelings of humanity and moderation of the President and of the American people in their existing differences with Spain." We need not question the motives of the governments by which this remonstrance against our armed intervention was made. The President of the United States did not question their motives in his answer; but, with the conscious dignity that became himself as well as his great office, he expressed the confident expectation that the remonstrating powers would equally appreciate the effort of the United States "to fulfill a duty to humanity by ending a situation, the indefinite prolongation of which had become insufferable." Two weeks later the Congress of the United States adopted a resolution under which the Government intervened with arms. The governments that had remonstrated against this step evidently did not regard Spain as the aggressor in the unhappy controversy between that country and the United States. The implication was clearly and directly to the contrary; and according to the theory on which the pending resolution rests, the remonstrants, when the United States forcibly intervened, might appropriately have declared an embargo upon the shipment of arms and munitions to this country, while continuing to supply Spain with the implements of war. All this might, on the new theory, have been done in the name of peace; and if the United States had exhibited resentment, this might have been treated only as further proof of its malevolent and aggressive disposition. It is better to reflect on such things while the opportunity still exists. It would be inexcusably short-sighted to assume that what has happened before will never happen again. We might also remember that our war for independence was treated by the great majority of powers merely as an act of rebellion against lawful authority. We waged the War of 1812 in support of disputed claims of national right. Many of our own people, including General Grant, have condemned our War with Mexico as an unjust aggression; but I am not aware that any of them has taken the ground that the general interest or the cause of peace would have been advanced if the powers of the world, some of which were not then themselves above suspicion, had combined their forces to oppose or to crush us.

If the real purpose back of the pending resolution is simply to prevent the United States from furnishing implements of war to those who are engaged in armed strife, this may readily be done by providing for a comprehensive, nonpartisan embargo on the shipment of arms to all countries engaged in armed strife, whether international or civil. Such an embargo would naturally be announced and imposed by public proclamation. Of this no foreign power could complain. There are already various countries which, in accordance with their laws, impose such a ban. This is entirely proper under international law. Whether such an inhibition would, without the cooperation of all other neutral nations, tend to limit the area, the destructiveness or the duration of wars is a conjectural matter on which I do not now undertake to pass. Nor do I intend to discuss the question how far such a policy may tend to render weaker nations, financially unable to maintain munitions factories of their own, incapable of asserting or of defending their rights against larger powers. Considerations such as these lie within the domain of policy. The general bans, where they exist, are based upon the belief that, as the supply of arms and munitions constitutes a military aid, it is better and safer to forbid it altogether. In imposing upon itself such a restriction a nation acts within its undoubted rights and gives no just cause for reproach.

Sincerely yours,

JOHN BASSETT MOORE.

EMBARGO PLAN UNWISE

Doubtless there will be—certainly there ought to be—a fight to the finish against the adoption by the Senate of any such arms-embargo resolution as that which has just been jammed through the House.

It is proposed by this resolution to authorize the President to enter into arrangements with foreign governments to prevent the shipment of arms whenever and wherever he thinks best.

No resolution dealing with such an intricate foreign problem has any place on the legislative program of this extraordinary session of Congress, which was called to relieve the emergency here at home.

Adoption of this resolution will not relieve the domestic emergency but may aggravate it by new threats of war.

But the resolution is as unwise as it is untimely, because, as Representative BECK, of Pennsylvania, pointed out:

"It seeks to vest in the President of the United States, to a large extent, the supreme issue of war and peace, for with this power his ability to implicate us in any part of the world seems reasonably clear."

As this student of the Constitution rightly contended, this resolution would empower the President, in case of war or in case of its threat, "not merely to form an alliance with other powers to boycott one or both of the nations involved in the conflict", but also to select "which of the two warring nations he regards as the aggressor and which this Nation will favor by allowing munitions of war to be sent by our citizens, and which it will discriminate against."

By the Federal Constitution the power to declare war is placed with the Congress. There it should remain.

And the way to keep the power to make war where the Constitution put it is to reject outright the arms-embargo resolution which the House has approved and sent to the Senate.

The American people look to their Senators in Congress, Democrats and Republicans alike, to hold this unwise and untimely proposal in the Committee on Foreign Relations until the Congress meets in regular session next January.

Then there will be ample time to subject this un-American provocative and dangerous proposal to that careful study and ample debate which will expose the reckless folly of this latest attempt to lure the United States into a war-breeding alliance with foreign powers.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, in which it requested the concurrence of the Senate.

EDUCATION—ADDRESS BY DR. WILLIAM F. RUSSELL

Mr. CAPPER. Mr. President, I have here a copy of a very able radio address of William F. Russell, Ph.D., LL.D., dean Teachers College, Columbia University, on April 16, 1933, on the subject of education. It is a timely and

admirable discussion of the relation of the American school system to the Government. I ask permission to have it printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD as follows:

EDUCATION A LIBERTY WE PRIZE AND A RIGHT WE WILL MAINTAIN

To discuss the place of education in the United States today, with which you are familiar, would appear at first sight to be the elucidation of the obvious. But it happens sometimes that we least understand what is closest to us. Because we have never lived under any other form of government it is possible that we take our blessings for granted; and because schools are open and well attended, it may never have occurred to us to examine what they really are trying to do.

I believe that education has played a commanding role in the life of America. I shall try to make plain what it is that makes the United States different from any other nation on earth, and how schools and colleges and teachers have helped to make it so.

It is well said that distance lends enchantment and that familiarity breeds contempt. This is natural and human. This is well illustrated in the case of the soldiers who returned from France. We know that the war was no bed of roses, and there was little pleasure in the mud of the trenches, ankle-deep in water, waiting for a high-explosive shell. Nevertheless veterans delight to recall those days. Flanders' fields glow with poppies—and with memories.

It is this same trait that colors our view of history. One of the periods of the past, most pleasant to recall, is the time when "knighthood was in flower"; and as we ride by ancient ruins of castles in Europe or stand on the turrets of the walls at Carcassonne, we see visions of happy knights and nobles, minstrels and magicians. Those were the days of romance.

But if we take off our rose-colored spectacles, and reconstruct in our imaginations what we know to be the truth, those were actually days of discomfort and distress. The castle was uncomfortable. Windows without glass were covered by tapestries to keep out the cold. There was grime and filth, disease, and lack of sanitation. Uncomfortable as conditions were, the people could be happy if there were order and quiet.

But why else were the castles perched high on the hills or hidden in the swamps? Only to give protection against hostile invasion. We complain today of bandits in Mesopotamia, or Macedonia, or Manchuria, or Manhattan; we are distressed by disorder; but in the days of old when knights were bold, every journey required an escort; travel and trade were prosecuted at grave personal risk; and war prevailed almost all the time.

This state of affairs drove men into fortified castles for their self-protection, and once inside the walls you can readily understand that they had to submit to the will of the lord. Each did as he was told. The farmer, the woodchopper, the shepherd, no matter how hard he worked, had to give up the lion's share of what he produced. He could eat and sleep, but he had few rights, and what was worse, there was no chance for him to do anything different—not for him or his children. The few at the top had all the privilege; the great mass had only to slave and obey.

In general, this was the sort of life lived by most of your ancestors and mine since the beginnings of history. Chained to the station of birth, the doors of opportunity shut, insecure as to life and property, your ancestors and mine longed for the day to come when a man's life would not depend upon the whim of a tyrant, when he would be entitled to the fruits of his labor, when his children would have a chance.

The history of how we changed from that day to this is complicated. We know that the early German tribes long ago developed the rudiments of popular control; that the English barons at Runnymede wrested certain rights from a reluctant king; but the big advances toward democracy in England came during the rule of the Stuarts and Cromwell, and this was just the time when Englishmen began to settle in America. On this side of the Atlantic we can trace the emergence of a new kind of government based upon the ideals of liberty and equality. It appeared in the first colonial agreements, it flourished in the Revolutionary War, it was written into the Declaration of Independence, it was incorporated in the Constitution, and it was developed from Washington to Jefferson and John Marshall, from Jackson to Lincoln, and down to the present day. In truth, the United States was a "new nation conceived in liberty and dedicated to the proposition that all men are created equal." For the first time in history a great people covering a wide expanse of territory had developed a government "of the people, by the people, and for the people". "We hold these truths to be self-evident, that all men are created equal, that they are entitled to life, liberty, and the pursuit of happiness, and that all governments derive their just powers from the consent of the governed."

Liberty and equality—these are the fundamental ideals of the United States.

What is liberty? Burke said that it was, first, to have the right to choose our governors; second, to have the right to cashier them for misconduct; and, third, to have the right to frame a government for ourselves.

What is equality? It does not mean that we are all alike, equally tall or short, bright or dull, rich or poor. It means that all of us shall have essentially an equal voice in our Government, that we stand measurably equal before the law, and that every one of us, particularly our children, as nearly as we can provide, shall have an equal chance to do the work in the world and render the service that his talent, industry, and character warrant. When there is equality no child is born to serve a particular master nor is he bound to the station of his birth.

I hope that the clarity of this idea will not become dimmed by generality or vagueness of words. I am trying to make plain what I think our country wants to be. Its aim and ambition have little to do with wealth and prosperity as such, with radios, bathtubs, or automobiles; with banks, mines, and oil wells; with good roads or safe harbors. These are found both in democracies and autocracies. The ideal of our country goes deeper. Our ancestors tried to put into real life the dreams of ages past. They tried to bring possibilities within the reach of hopes. To you and me they left the legacy of liberty and equality, and they came nearer to realizing these ideals on a larger scale than in any other country on earth. If you ever weary of the words "liberty" and "equality", go back to the ideas behind them; and when you become impatient or distressed with the life we lead when times are bad, ask yourself if you would like to go back to knighthood or to tyranny or slavery. You do not have to use much imagination. Think what is happening to many unhappy people in certain so-called "civilized countries" at this very moment.

America grew to love liberty and equality. There was nothing automatic about this development. It was no natural growth. Nothing is farther from the truth than the belief that the "fierce spirit of liberty" and "hope of equality" pervaded all the early settlers alike; that all the newcomers embraced these ideals, and then there ensued a process of gentle evolution. In fact, I think it can be argued successfully that just the opposite is the case; that men, when left to follow their natural tendencies, drift steadily into despotism, and that equality is foreign to all the instincts of man. No; there was nothing unconscious about the development of American ideals. Liberty and equality were bought at the price of great effort and sacrifice.

What happened, was roughtly, this: Most of the colonies were settled under grants by the King to favored individuals. This put a ruling class in power at the start. These large landowners imported the poor, the humble, the destitute to work for them. Class lines were sharply drawn. The rich exploited the poor. Even in the colonies like Plymouth, which started with everybody poor and nearly equal, distinctions of class and caste came only too soon. As a colony grew older, it tended to become less democratic. Liberty and equality would have vanished from the American scene had not two factors operated. The first of these was the frontier constantly extending into the West. The seaboard might lie in the clutches of royal governors and wealthy landowners, but on beyond, at the edge of the Indian country, there was a chance for the man of no wealth; and into these settlements went those enticed by ideals of democracy or driven by a sense of oppression. The second factor was the presence of fearless and humane analysts of our social order, men like Samuel Adams, Thomas Paine, and Jefferson who hesitated neither to preach nor to complain. By the patriots on the seaboard, by the democratic communities in the backwoods, stimulated by stupidity of English misrule, the struggle for liberty and equality was maintained. Often there was a period of quiet. Occasionally there was a recession as there has been in these recent years. But the struggle went steadily on. Never was it a quiet growth. Never was it a mere exercise of the suffrage. It was a constant and bitter fight.

One of the best illustrations of this struggle for freedom and equality in the United States is found in the history of our education. You know, of course, in certain colonies education developed rapidly. By 1650 Massachusetts had an excellent school system, and Maryland almost at the start led the way in its educational organization. But did you know that from the early days until 1825 there was almost a steady decline? By 1800 our education was at its lowest ebb. The wealthy sent their sons to private schools; a few charity schools were maintained for pauper children; the rest had no schooling at all. The story of the way in which our present system of public schools got its start should be an inspiration to us all.

You see, the United States, about the time when Washington was President, began to go through the industrial revolution. Prior to this the bulk of the manufacturing (as the name implies) had been done by hand. When spinning and weaving were performed on the wheel and hand loom, the work could be done at home just as well as anywhere else. In fact, it was more advantageous so, for the weaver could run a small farm in summer, weave on rainy days and in the winter, and sell or trade the cloth himself. When Samuel Slater, who had worked in factories in England, was able to duplicate from memory the carefully guarded secrets of the power machines, he started the factory system in America. No longer could one worker compete with steam or water, and many machines could be driven as easily as one, provided they were under one roof. This meant that the worker lost his independence. No longer did he own his own loom. No longer was he his own boss. Together with many others, he became a factory hand and worked for an owner who bought the raw material, paid a wage, and sold the product. This industrial revolution put many men in the power of one; it brought country people to the city; it crowded miserable tenements; it stimulated vice, immorality, and disease; it forced miserable conditions of work and long hours of labor by men, women, and children.

James Truslow Adams, writing of these times, says:

"'In collecting our help', wrote one (New England millman), 'we are obliged to employ poor families, and generally those having the greater number of children.' 'Tending machines', wrote

another, 'did not require men, but was better done by girls from 6 to 12 years of age.' * * * In one Rhode Island plant in 1801 Josiah Quincy found 100 of them at work for from 12 to 25 cents a day, there being 'a dull dejection in the countenances of all of them.' Possibly three quarters of the operatives were young women, but sometimes an entire family let themselves out. In one case, for example, a man signed a contract for $5 a week for himself, $2 for his 16-year-old son, $1.50 for his 13-year-old son, $1.25 for his daughter of 12, $0.83 for his boy of 10, $2.33 for his sister, $1.50 for her son of 13, and $0.75 for her daughter of 8." (Adams, James Truslow. The Epic of America, Boston, 1933, p. 131.)

On June 15, 1825, the Senate of the State of Massachusetts received a report of a survey of hours of children's labor and their opportunity for schooling. Instances were cited of 354 boys and 584 girls. Six worked only 11 hours a day, many at least 12 hours, and most from daylight to dark. Only 27 boys and 71 girls had any opportunity whatever to go to school, and even this was "for 4 weeks" or "for 8 weeks" or "for 2 months, because of lack of water", which kept the factory closed. All through the records of legislatures, patriotic societies, and labor organizations of that time are found analyses of conditions and protests and evidences of pressure upon lawmakers for the correction of evils. The committee on education of the New England Association of Farmers, Mechanics, and Other Workingmen concluded their report of April 3, 1832, as follows:

"Your committee cannot, therefore, without the violation of a solemn trust, withhold their unanimous opinion that the opportunities allowed to children and youth employed in manufactories to obtain an education suitable to the character of American freemen, and the wives and mothers of such, are altogether inadequate to the purpose; that the evils complained of are unjust and cruel; and are no less than the sacrifice of the dearest interests of thousands of the rising generation of our country to the cupidity and avarice of their employers. And they can see no other result in prospect as likely to eventuate from such practices than generation on generation reared up in profound ignorance and the final prostration of their liberties at the shrine of a powerful aristocracy: Therefore be it

"*Resolved*, That a committee of vigilance be appointed in each State represented in this convention, whose duty shall be * * * to get up memorials to the legislatures of their respective States praying * * * for some wholesome regulations with regard to the education of children and youth employed in manufactories." (Commons, J. R. Documentary History of American Industrial Society, Cleveland, 1910, V, pp. 198–199.)

Petitions of this kind had a powerful effect, and it was not many years until free public schools had been established in almost every industrial State, with child labor laws and compulsory attendance regulations.

Thus it is plain to be seen that the prevention of child labor and the development of compulsory education for all children was not primarily a humanitarian idea, conceived by leaders like Horace Mann and Henry Barnard, to be conferred by kindly taxpayers upon a grateful people. Rather, public education was the result of an organized demand by the people themselves. They were angry. They knew what they wanted—and they got it.

The American public school is a response to the demand for liberty and equality; and every added offering and every educational improvement has its origin there. Kindergartens and libraries, adult and physical education, teachers of music and art, school doctors, dentists and nurses, adequate equipment and fireproof buildings, free textbooks, transportation, schools for blind, deaf, and crippled, and vocational education—each was provided by representatives of our people, school-board members or legislators, because citizens demanded these opportunities for our children. None of these improvements come by natural evolution. They were the achievement of years of struggle on the part of millions of militant citizens.

Make no mistake! Teachers did not force the school system upon the American taxpayer. Teachers did not expand the educational offering. Teachers did not compel the extension of opportunities more equally to all. Teachers were merely employed to do what the public wanted; and it was the public that overpowered the miser, the exploiter, and the autocrat.

I have attempted to show the relation of the American school system to the national purpose of our country. Tenaciously, by bitter struggle, both in Europe and America, our fathers labored. The advance was not steady. There were periods of wavering, of halt, and occasionally there were recessions. But from each period of difficulty the old ideals emerged stronger than ever before.

In the midst of the present crisis we are deluged with proposals as to the way out. We hear alluring talk of fascism, communism, and assumption of governmental power by self-selected engineers and technologists. Let us be sure that we appraise all these in the light of the American ideal. President Roosevelt and the Government at Washington, in masterly fashion, are demonstrating to us and to the world that a firm hand and a clear plan can operate with respect for liberty. They know that for too many years the world has lived under tyrants. Let us also recall the ages when we lived in ignorance; and when we hear suggestions of returning to the days of the little red schoolhouse and when we see legislatures forced to question every educational offering beyond the barest minimum, let us clearly recall conditions as they were when children did not have a chance. For the price of liberty is eternal vigilance, and public education, dear to the hearts of the American people, is a liberty we prize and a right we will maintain.

FARMERS' UNION LEGISLATIVE PROGRAM

Mr. THOMAS of Oklahoma. Mr. President, I ask permission to have printed in the RECORD an address delivered by John A. Simpson, president of the National Farmers' Union, over the National Broadcasting System on Saturday, April 22, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

LEGISLATIVE REPORT—FARMERS' UNION ACTIVE

Since our last radio talk, March 25, the Farmers' Union legislative program has received unusual recognition in the United States Senate. Our program and organization were recognized first by the Senate Agricultural Committee granting an open hearing on the farm relief bill. This lasted for 4 days. You would find a report of this hearing most interesting. I am sure you could secure a copy by writing your Senator, asking him to mail you a copy of the hearing before the Senate Agricultural Committee on H.R. 3835. A thorough study of these hearings will be worth a lot more to you than newspaper reports as to what the farm bill contains and what the Farmers' Union plan of marketing embraces.

The 5th of this month the Senate Agricultural Committee, after the conclusion of the open hearings on the farm bill, unanimously put the Farmers' Union cost-of-production plan into the bill. It is found on page 25 of the bill and entitled "Part 3."

A letter from Hon. Paul Nesbitt, of Chama, N.Mex., says that after reading the testimony of the various witnesses before the Senate Agricultural Committee on the farm bill he is not surprised that the Senate was convinced of the merits of the Farmers' Union cost-of-production plan.

Immediately after receiving a favorable report from the Senate Agricultural Committee, I sent out a call asking our members over the United States to send delegates to Washington; also to wire and write Congressmen and Senators. An avalanche of telegrams and letters came to Washington. Over 200 Farmers' Union members from 21 States were here for a week or more assisting me in my efforts to convince Members of the United States Senate the Farmers' Union cost-of-production plan should remain in the bill. We also secured conferences with the Secretary of Agriculture, Mr. Wallace, and with the head of the Farm Loan Board, Mr. Morgenthau. A committee of 5, selected from the delegation of 200, together with myself, were also granted a hearing with the President.

After several days of debate in the Senate the Farmers' Union cost-of-production amendment was adopted by a vote of 47 to 41. It was a great victory for the one farm organization that had the courage to stand for what they believed right regardless of who opposed it.

To you farmers listening in, if that is the kind of an organization you like to have represent you here in Washington, join with us and make us stronger; or if you do not believe in it, remain on the outside where you hinder what we are trying to do.

I want to take time to mention that our members in Ohio, Michigan, and Pennsylvania, where they have self-organized as a result of these radio talks, were well represented here in Washington and did splendid work in behalf of the National Farmers' Union legislative program with their Senators and Congressmen.

My own home State, Oklahoma, sent the largest delegation, 46. The best recommendation that I can bring to any audience is the fact that for 14 years the Oklahoma State Farmers' Union in their annual conventions each year elected me their president, and always respond to every request I make as national president.

It is to the credit of anyone to gain the approval of strangers, but it is doubly true of he who has the approval of his home folks.

While the delegates were here in Washington they also did effective work on the Frazier bill and the Wheeler bill. I am sure their work was a factor in the Wheeler bill receiving 33 votes in the Senate on the 17th of this month. About 60 days ago, in the last session of Congress, in a test vote it only received 18. The Wheeler bill provides for the remonetization of silver and is known as "S. 70."

In all our contacts with Members of the House and Senate, and we had meetings in which as many as 48 Congressmen and Senators attended, we thoroughly impressed on them that the Farmers' Union is against all bond issues. We consider it almost a crime for this Government to issue bonds and pay bankers interest every time the Government needs money. We are firmly convinced that if it is safe for the Government to sign an interest-bearing obligation, it is much safer to sign a United States Treasury note that is a noninterest-bearing obligation.

THE FARM RELIEF BILL

They tell you the farm organizations sponsored the administration's farm relief bill. I shall give you some first-hand information and let you draw your own conclusions as to whether those who wrote the bill were real representatives of the farmers of this Nation.

On page 8 of the hearings before the Committee on Agriculture of the United States Senate on H.R. 3835, Secretary of Agriculture Henry Wallace gave the committee the list of names of those who

wrote this bill. I find he gives 34 names. I do not have the time to give you all of these names and tell you who they are. I shall only give you a few of the most prominent ones.

First, I find that great farmer, Mr. E. F. Creekmort, who labors for the American Cotton Cooperative Association at a meager salary of $75,000 per year, either getting his pay out of the taxpayers of the Nation or the 5-cents-per-pound cotton turned in by the farmers who belong to the cotton association. This friend of the farmer helped write the bill.

I find Mr. C. E. Huff, president of the Farmers' National Grain Corporation, represented by M. W. Thatcher. Mr. Huff was a country preacher, serving as a minister without pay. He now patriotically draws $15,000 per year and expenses from the Farmers' National Grain Corporation. This patriot, through his representative, Mr. Thatcher, helped write this bill.

I observe among those of the brain trust, who assisted in constructing this wonderful piece of legislation, the name of Dr. J. Phil Campbell, director of extension, Athens, Ga. I presume you farmers in Georgia listening in feel like you were well represented when this bill was drawn.

Here are another bunch of patriots who rendered valiant service in the construction of this farm-relief measure. They are editors of commercial agricultural papers. The prosperity of these papers depend upon the advertising they receive from the big-business interests that exploit the farmers. Here they are: Dr. Tait Butler, editor Progressive Farmer, Memphis, Tenn.; C. V. Gregory, editor Prairie Farmer, Chicago, Ill.—Gregory farms the paved streets there in Chicago; Mr. Dan Wallace, editor The Farmer, St. Paul, Minn.; Mr. Dante M. Pierce, with the Wallace Publishing Co., Des Moines, Iowa. You farmers were certainly well represented among the authors of this great proposed piece of legislation.

I wish I had the time to analyze every one of them. I do not. However, I must not omit the last signature on the list, that great farmer, H. I. Harriman, president of the United States Chamber of Commerce.

One year ago the National Grange, the American Farm Bureau, and the Farmers' Union agreed on a marketing program and prepared a bill that was approved by the Committee on Agriculture of the United States Senate and by the Committee on Agriculture of the House of Representatives. In the Senate it was known as the "McNary bill, S. 5027." We prepared a pamphlet and sent it to each Member of the House and Senate; in fact, scattered them all over the United States. I read from page 3 of that pamphlet:

"The Marketing Act should be amended immediately by the inclusion of the debenture plan, equalization fee, or any other method which will make it effective in controlling surpluses, in making tariffs effective on farm crops, and in securing for American farmers cost of production on those portions of their crops sold for consumption in our own Nation; nothing less is a remedy for the agricultural-marketing problem."

The Farmers' Union in three national conventions adopted that kind of a program unanimously, and as late as March 11, this year, in a Nation-wide convention in Omaha reiterated our allegiance to the principles of "cost of production for that portion of our crops consumed in this country."

The only crime I committed was being loyal to the Farmers' Union by supporting the program adopted in their national convention. I was one farm leader in Washington who did not surrender.

As the bill passed the House, title I, section 3, reads as follows:

"The Federal Farm Board and all departments and other agencies of the Government are hereby directed to sell to the Secretary of Agriculture at such price as may be agreed upon all cotton now owned by them."

In the hearings I suggested to the committee that there was great opportunity for scandal in this provision. Upon this suggestion the committee amended it to read, "That the Secretary of Agriculture should not pay more than the market price on the day of purchase. My suggestion probably saved the taxpayers of this Nation not less than $30,000,000.

To you farmers listening in, let me say that you need someone to help you here in Washington who does not surrender.

LEGISLATORS OR RUBBER STAMPS

I have been doing legislative work in Washington for the last 20 years. It is my judgment that in all that time there was never a higher standard of Members of the House and Senate than in this session of Congress. The vast majority of them are sincere, able men and women, willing to do their very best in the interest of the people who sent them here.

They have been handicapped in many instances by the demands from their home folks for them to follow the President, right or wrong. The newspapers of the country have fed the Nation that kind of froth and foam—a lot of hooey. Some of you listening in have written, others have wired your Congressman and Senators, commanding them to vote for some pending bill that the sender of the telegram or letter had never read. I warn you to be careful about instructing your Congressmen and Senators concerning bills that you have never seen. You should want your Congressman to be faithful to his oath of office and be a Congressman instead of being disloyal to that oath by becoming a rubber stamp.

It is strange how the press can deceive the public with statements that are so inaccurate. Ten-year-old children would discover the inaccuracies. For instance, one of the editors of the Sioux City Tribune, Sioux City, Iowa, had a front-page editorial the 13th of this month in which the editor stated that I had dismally failed in my efforts before the Senate Agricultural Committee to even get consideration for the Farmers' Union cost-of-production plan. It was a long editorial, with every paragraph just as big a misstatement of facts. The Associated Press had carried the fact that the 5th of this month the Senate Agricultural Committee had unanimously placed the Farmers' Union cost-of-production plan in the bill. The very day the Tribune carried this editorial the United States Senate, by a vote of 47 to 41, adopted the Farmers' Union cost-of-production plan and placed it in the farm bill. This fact was carried in the Associated Press everywhere. It is a mystery why the Sioux City Tribune should so absolutely misrepresent the truth, and more strange is the fact that some of its readers were led to believe the statements in the editorial. This is just a sample of the more than a thousand clippings I have received where newspapers have misrepresented the Farmers' Union and myself, as its national president. So far as I am concerned, it is of small importance. I am immune. Your Congressman, your Senators are not immune. You should treat them fairly and know the facts before you form opinions of what they are doing.

DISARMAMENT

Among peace societies doing effective work in behalf of abolishing war is the Women's International League for Peace and Freedom. They are right now in an active campaign all over the United States getting signatures to a disarmament petition. The Farmers' Union believes in every honest effort toward ending war. We also believe world-wide disarmament is necessary to outlawing war. When these disarmament messengers present their petition we recommend every patriotic citizen sign.

QUACK REMEDIES

All kinds of cures for the ills that beset the farmer are bobbing up in Congress these days. One of these is a bill for requiring a certain percent of alcohol in all motor fuel. The theory is that it would help corn farmers by using large quantities of corn for making industrial alcohol.

The Department of Agriculture is making an investigation of the subject, and a few days ago called those interested into a conference. I listened for 2 hours without getting much practical information. About that time the chairman asked me for any statement I should like to make. I told him I had no statement to make, but I should like to ask the experts present a few questions. The privilege was granted me, and I asked those interested in alcohol the wholesale price of alcohol per gallon at the present time. They told me 40 cents per gallon. I asked from what this 40 cents per gallon alcohol was made. They answered that it was made of blackstrap molasses. I asked why they did not make it out of 15-cents-per-bushel corn. They said that it would make the alcohol cost more; that blackstrap molasses was a cheaper material for making alcohol than 15-cents-per-bushel corn. I then asked what the wholesale price of gasoline was, and they told me that a standard grade of gasoline was a little less than 3½ cents per gallon. I then suggested to those present that in the first instance all the crude oil belongs to farmers; that it was a farm crop just as much as cotton or wheat. I also called their attention to the Government reports that practically every State has oil potentialities. Some of the States where oil is still undiscovered are reported by the Government geological surveys as having almost every acre an oil possibility.

I am sure it would be interesting to many farmers listening in, that in States where oil has been discovered many times farmers get annual rents for leases given on the underground crop. For many years in Oklahoma I received a dollar per acre on 400 acres of land that was more than a hundred miles from the nearest oil well. It was rent money from my beneath-the-surface crop. It paid my taxes.

I am forced to this conclusion: It would be folly to require the users of motor fuel to purchase 40-cent-a-gallon fuel when there is an overproduction of 3½-cent-per-gallon fuel. It would be discrimination to say to the farmers who have oil beneath the surface of their farms, "We will, by legislation, cut off the market for a certain percent of your fuel oil." It would be like passing a bill for the cotton farmers in which all clothing had to be made of cotton.

I am not sure but what certain interests bring up these side issues for the purpose of muddying the waters and getting our attention away from the real issues.

BROADCASTING GETS RESULTS

We have received many, many letters from our program of this station a month ago. Not only have we received these letters but the results have been splendid. Here is a letter from Mangum, Okla., that says more than a thousand people listened in from that town. Here is one from Guthrie Center, Iowa, stating that neighbors whose radios were out of commission came in wagons to listen in during the Farmers' Union hour. Our national secretary reports that the largest self-organized local for this month is Oberlin local, at Blanchard, Mich. They organized and sent in 80 male members and 59 women, a total of 139. One of the songs in today's program was dedicated to this local.

I recommend that all over the United States you call county meetings for Saturday, April 29, these meetings to be held in your courthouse at 2 p.m. that day; that you discuss these various questions and adopt resolutions, mailing a copy to the President of the United States, to your Congressman, and your Senators. That will be four copies. Also agree to write individual letters. By all means do not neglect to resolve against the Government

issuing any more interest-bearing obligations. Declare in favor of the Wheeler bill, the Frazier bill, and cost of production. You can afford to do this much to help yourselves. You farmers who gather at these courthouses where you have no Farmers' Union, form a temporary Farmers' Union and write to E. E. Kennedy, our national secretary, Kankakee, Ill., for information and full instructions. Remember it is those farmers who belong to the Farmers' Union who make possible the work the Farmers' Union is doing here in Washington. You farmers who do not belong, so far as you are concerned, we would have to abandon this work today. Get in and make us stronger in our fight for you.

INFLATION

Things have been happening very fast in the last few days. There are indications that there is a general movement on the part of the administration and the leaders of both House and Senate to start a program that at least approaches that of the Farmers' Union. However, do not get excited. It may turn out as the farm bill did—a thing of little value—or as the refinancing bill, of even less value than the farm bill. The refinancing bill does not even approach the remedies offered in the Frazier bill. The inflation promised at this particular time may turn out to be as weak as what has been offered us in the farm bill and in the farm refinance measure.

I am sure you have observed, however, that just the talk of inflation has been worth more to prices of commodities than the moratorium, Reconstruction Finance Corporation, the home-loan bank, and all the billions of money borrowed by the Government and poured out to big institutions.

If we could only have a real application of the Farmers' Union program; if we could have cost of production for that portion of farm crops consumed in this country; if we could be refinanced as the Frazier bill provides, with Government money instead of money borrowed from bankers and on a basis of 1½ percent interest instead of about 5 percent as provided in the refinancing bill; if we could only have the Wheeler bill passed, which provides for the remonetization of silver, then this Congress could go home with absolute assurance that they had not only saved this Nation but the whole world. Such a program put into operation would preserve and protect the integrity of all property. It is high time the Government was giving a little protection to the property of the people as well as to the money of the bankers.

It is a shame and a disgrace that every time the Government needs some money it must sign an interest-bearing obligation in order to have bankers sign and make some money for the people. If there are people who have so much money they are willing to loan it to the Government, this Government, instead of borrowing that money, should make them pay the expenses of Government through taxation.

I can remember, during the World War scoundrels would go out to farmers to sell them Government bonds when the farmer had no money with which to buy the bonds. These rascals would say, "I will loan it to you." A few farmers had the nerve to grab a club and run such reprobates off their farms. Think of the gall of it. A man with plenty of money making a farmer who had no money borrow of him to buy bonds.

Think of the ultrarich of this country supporting and promoting a tax system that takes out of the mouths of children the very food they need in order that these ultrarich may have money to loan to the Government.

We Farmers' Union folks are doing everything in our power to get officials in Washington to see that it is a crime for this Government to issue any more interest-bearing bonds. These ultrarich draw interest from taxes raised out of the sweat of the farmers and laborers of this Nation. These same ultrarich get written into the laws provisions for exempting the bonds that they hold from all kinds of taxation. If there is such a thing as a human leech, a human barnacle, it is the promoter of tax-free Government bonds.

THE WHEELER BILL

For a permanent cure and a world-wide remedy there is no substitute for the Wheeler bill. It is the only inflation that immediately makes a market for the products of the farms and factories of this country. It is the only measure that increases the cost of production of commodities in the silver-using countries to the extent that those countries can afford to buy our products.

Complaints of our people multiply. They say that the products of other nations are pouring in as never before, paying the tariff, and then selling at less than the cost of production in this country. They all agree that the cause is our high-priced dollar. Just recently France has been shipping in common building stone. The Legislature of Alaska a few days ago passed a resolution memorializing Congress. They set up in this resolution the fact that Japan was selling canned salmon is this country, after paying the tariff, at a lower price than cost of production of American salmon fisheries. They complained that the Canadians are shipping in halibut and selling it below American cost of production. Other nations with cheap currencies sell us their goods, make their profits, and laugh at our superstitious worship of the gold standard.

A dozen years from now we will look back and wonder how those who plundered and robbed us could deceive us into permitting the money of the country to be issued and controlled by a handful of bankers.

I want to close with a quotation from an address I read the other day delivered by Mr. Arthur E. Seagrave, of Fall River, Mass.:

"We need inflation and inflation we mean to have. The word 'inflation' makes some people shrink with fear, but it never yet scared a man with a flat tire. It is the one thing he wants above all else. The world is now traveling on a flat tire. It needs inflation to permit travel over rough roads. Its car is parked near a pump marked 'gold', but there is no pressure in the tank. We have waited a long time for relief but it has not come. But we have overlooked another tank nearby. It bears a silver label. For years it was hooked up with the gold tank until some gangsters severed the connection. But this tank is full. All we need is to restore the connection once more. Then we can reflate the tire, can renew our journey with ease and comfort, and we can finish our course with hope and confidence."

Let me also read from the pen of ex-Senator C. S. Thomas an article that recently appeared in the Rocky Mountain News. Senator Thomas is 84 years old, but his mind is as clear as a bell and his eloquence without a peer.

"Shakespeare once defined gold as the visible god. Whatever its physical qualities, it was always, and still is, the most formidable deity ever worshiped by mankind. Even when the first commandment was voiced at Sinai, the Jews were imaging the golden calf at the foot of the mountain. Moses destroyed their statue but he could not dethrone the metal which, until quite recently, men and women were privileged to see, albeit the bulk of it was buried in the ground from whence it came."

We, or some of us, therefore, know that it is yellow, bright, and heavy. Also, that by reason of the supernatural qualities with which it has been endowed, it measures and shifts the values of all things spiritual and material. Moreover, the more fortunate of the people until recently could actually acquire and enjoy meager portions of it, while, theoretically, those possessed of other forms of money might demand its conversion into gold as the only real money in the habitable world, those contending for other standards being neither honest, intelligent, nor trustworthy. The metal failed to function and then abdicated. Yet the gold god is too sacred to be seen. Its fires burn too brightly for mortal eyes to gaze upon.

The leader of American democracy, ostensibly invested by Congress with the purple of unlimited power, last week issued an old-fashioned Russian "ukase" commanding all citizens—they are still so designated—by or before May next to deposit with the financial authorities all gold and gold certificates in their possession in exchange for other forms of money. Failing this, the President by the same edict subjects them to arrest, indictment, and on conviction to a maximum fine of $10,000 or sentence of imprisonment for a term of 10 years, or both. The visible god of Shakespeare is thereby clothed with invisibility and the single standard transformed from a human agency into a thing of omnipotence.

Under the law as written, gold is legal tender for the satisfaction of all human obligations. He who demands and he from whom it is demanded have no alternative but compliance with its terms. It was thus enacted at the behest and by the command of the single-standard powers, and until yesterday it functioned as "the law of the land." But the President by his "ipse dixit" has assumed to repeal it.

The owner of paper money is not only prohibited from demanding its redemption in gold; he is commanded under the sanction of the Penal Code to exchange with the Treasury for its paper. Although his own, he may not even retain it save at the risk of his liberty. Its mere possession after May 1 becomes a felony eo ipso, not by act of Congress but by Executive order based on legislative delegation of authority.

With all due acknowledgment of the best of intentions, with which hell is said to be paved, I assert that this Executive order is the most deadly and appalling attack upon the integrity of the American Constitution thus far encountered since its ratification. Only by abdication can the Congress so legislate. Its Members falsify their oath of office when they so ordain. The President has no more power to exercise the authority thus conferred than he had before the effort was made to confer it. The plea of necessity would be farcical if the incident were not so tragical in its reaction upon American institutions.

If the assertion were true that the salvation of the Republic or of the gold standard required this extreme policy, which it is not, then neither is worth the sacrifice. The latter has long been a curse and will so continue as long as the public interests are sacrificed upon its altar. Moreover, the Government has but to stretch out its hand and grasp the remedy—a fact which the world keenly realizes while its chancelleries willfully shut their eyes to it and will have none of it. If, on the other hand, penalizing by edict of those rightfully possessing and entitled to the use of gold is within the Executive power, especially in times of peace, then no right of the American citizen is safe from the exercise of despotic power.

The Nation has traveled far and fast on the road to centralization since the Civil War, but it is somewhat melancholy to reflect that the Democratic Party under Wilson and Roosevelt has done more to demolish State boundaries and trample upon the fundamentals of the Bill of Rights than its opponent, which for three quarters of a century we have bitterly denounced for its disregard of constitutional limitations. And the bitter pill is now coated with gold whose bar sinister, branded by fraud on the Nation's forehead in 1873, dictating its policy for 60 years, itself bankrupt in morals and in fact and doomed to early extinction, has now dragged democracy into the fathomless pool of repudiation. "Alas, it is not in our stars but in ourselves that we are underlings."

Comes at this juncture the economic statement that due to expansion of debt and destruction of values, the Nation's liabilities exceed its assets. If this be true, bankruptcy is in sight and re-

pudiation is inevitable. Is it surprising that gold as usual has between 2 days run to its cover, disappeared in the gloaming and left the Nation to the elements and to fate?

STATEMENT BY SENATOR REED AND OTHERS AS TO INFLATION

Mr. AUSTIN. Mr. President, I ask leave to have inserted in the RECORD a statement on the subject of inflation issued by Senators REED and WALCOTT and Representatives SNELL and LUCE.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of Apr. 22, 1933]

REPUBLICAN ATTACK ON INFLATION

WASHINGTON, April 21.—The statement assailing the Roosevelt inflationary program, issued tonight by the Republican leaders, Senators DAVID A. REED, of Pennsylvania, and FREDERIC C. WALCOTT, of Connecticut, and Representatives BERTRAND H. SNELL, of New York, and ROBERT LUCE, of Massachusetts, follows:

"The administration inflation bill violates the most elementary principles of sound monetary, credit, and financial policies. It is better designed to defeat than to promote business recovery.

"It is said that the bill is necessary in order to avoid more radical legislation. What could be more radical than authority to issue printing-press money and to give one individual, in direct violation of the Constitution, the power to alter at will the value of the medium through which all business transactions are conducted and the terms of all monetary obligations and the value of all property expressed?

"While there are grave objections to the nomination of the Federal Reserve System by the Treasury, and it is hard to defend the unsound practices of the Government's borrowing directly from the central banks, yet in spite of these objections and the doubts which we entertain as to the efficacy of the remedy, in view of the existing emergency and the recognized need for an advance in all commodity prices, we would be willing to support some such provision as section 1 for the expansion of credit by means of open-market operations, even through direct purchases from the Treasury by Federal Reserve banks, providing discretion as to the amounts to be purchased up to the maximum provided were given the Secretary of the Treasury and the Federal Reserve officials, instead of the provision as it now stands which authorizes and practically compels the purchase of $3,000,000,000 of Government securities, irrespective of the credit or banking situation.

TERMED "INFLATION ON GRAND SCALE"

"The second section authorizes resort to the printing press and the issuance of fiat currency. It is not simply an alternative proposal to section 1 but may be supplemental. That is in addition to the $3,000,000,000 of bond-secured currency provided for by section 1; section 2 authorizes the issuance of $3,000,000,000 of notes with no reserve or security of any kind back of them—undisguised printing-press or 'say-so' money. In other words, the two sections combined mean $6,000,000,000 of additional currency, half secured by paper and half just paper. This would represent a doubling of our already swollen circulation. It is inflation on a grand scale. If it does not produce the expected results the Government, having conceded the principle, will be forced to increase the dose.

"If it does take and prices rise because of loss of confidence in the value of the country's currency then the Government may well find, as did those of Germany and France, that inflation once started feeds upon itself and soon gets completely out of control.

"This bill may well constitute the first step on the road to ruin which the German people took under compulsion, but upon which it is proposed we now voluntarily embark.

WORKERS WILL BEAR LOSS, THEY SAY

"Let there be no misgiving as to those who bear the loss. Not the well-to-do with funds invested in common stocks, who are in any event best able to take care of themselves, but the wage-earner who sees the cost of living fast outpace a lagging wage, the salaried classes and those with fixed incomes, the aged recipients of pensions and annuities, the savings-bank depositors, the holders of 122,000,000 insurance policies, the small investors with their life savings invested in one or two sound bonds, and last but not least, the farmer. German farmers today are heavily in debt and pay higher interest rates than before the great inflation.

"It may be urged that the President will not exercise the authority granted. Then why does he ask for it? And surely those who are powerful enough to force him to agree to this legislation will be strong enough to compel him to make it effective.

"The third section would authorize the President, in his discretion, to fix the number of grains in the gold dollar, but at not less than 50 percent of the present standard. This is unconstitutional. Section 8 of the Constitution vests in the Congress the 'power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.'

"But aside from the constitutional feature, it is unthinkable that there should be vested in any individual the arbitrary power to alter at will the value of money, which so directly and vitally affects all human relationships, obligations, activities, rights, and property.

EFFECT OF DOLLAR DEVALUATION

"To those who look upon the devaluation of the dollar as a means of raising the domestic price level, this action will, in our judgment, prove disappointing. It will accelerate the world competition in currency depreciation and further depress world prices and markets, to the detriment of our agricultural producers. It will only indirectly, and as a long-time process, result in an increase of domestic prices.

"The second and third sections of the bill destroy whatever chance of success the first may hold. The effect of the first proposal would be to create large excess reserves in the banks, which, seeking employment, would expand credit and foster a business and price increase providing other conditions are favorable. But the key to a business revival is cheap long-term money which will encourage the revival of heavy industries and the purchase of capital goods. But who can afford to lend on time with the threat of inflation, dilution of the currency, and the arbitrary decrease of the value of money staring him in the face? Who can afford to contract to build or to make any long-term commitment when the entire price, wage, and monetary structure may be altered at will by one individual before the contract falls due? These threats, this uncertainty, means not business stimulation but stagnation and the complete elimination of a capital market. Prices may rise, but they will rise as a result of fear, not of confidence, and no permanent prosperity can be erected on any such base.

"It seems unnecessary to emphasize that these proposals may involve the partial repudiation by the Government of its obligations and the impairment of countless contracts affecting immense sums payable in gold of the existing standard of value—contracts made by our States, our municipalities, innumerable corporations, and individuals, and millions of purchasers in good faith of their securities and obligations."

REMONETIZATION OF SILVER

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD an excellent address delivered over the radio today by the senior Senator from Montana [Mr. WHEELER] relative to the remonetization of silver.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, if I were an artist I would picture Uncle Sam as a great, sleeping giant just waking to find himself bound hand and foot, and struggling to free himself of the fetters placed upon him by his own children and his supposed friends. I would show how his own trusted financial leaders had betrayed his confidence, and how his former allies in the World War, England and France, were plotting his economic ruin. I would picture on his face surprise, then disillusionment, followed by a determination to be free.

For several years I have been trying to tell the American people that our primary money was not sufficient, and that low commodity prices were due to this shortage of primary money. More than a year ago I introduced my bill for the remonetization of silver in the United States Senate. It was ridiculed by the press and by some political leaders in both parties, but, because of its merit, and because it offers the only safe method of enlarging our primary money and raising commodity prices, it is now supported by many financial and political leaders, as well as by the Farmers' Union and millions of people in every walk of life.

I shall not attempt to paint a picture of economic conditions today with its millions of unemployed men and women vainly seeking work and facing actual starvation, for these conditions are known to everyone. Nor shall I give much time to a consideration of the forces responsible for this depression, save as it is necessary to an intelligent diagnosis of the evils which we are attempting to cure.

I sincerely hope that no farmer or other listener to my words today will misinterpret my attitude toward the national administration. I have profound admiration for the courage and alacrity with which the President and his coworkers have taken up the stupendous task which confronted them on assuming the responsibility of government. I also trust that no citizen will forget when he is disposed to criticize anything which has been done or which it is proposed to do, that this administration took over the reins of government when the Nation was in a state of almost complete financial, industrial, and agricultural collapse. It would be beyond the powers of any group of human beings to completely rectify that tragic situation in a relatively few days, a few months, or even a few years, or to do it at all without perhaps making some tactical errors in the method of approach to the enormous task.

But I do want to say that real friendship for the administration is not best expressed by unreasoning approval of every suggestion which might be credited to those in authority. The real friends of the administration will leave the praise largely to those who are always seeking to reach the favor of any man who happens to be in authority. And those real friends will submit constructive criticism to any proposed measure which they deem unsound and will continue to make suggestions along the lines which they believe would be most helpful to the Nation and in that manner to the administration itself.

History should warn the President that at the hour of his greatest national acclaim he should be most thoughtful of his

future. I do not forget that 4 years ago at this time it was almost sacrilege to question the superhuman wisdom of the great engineer who then occupied the White House, nor do I forget the relatively few years ago when President Wilson was the recipient of world-wide acclamation almost bordering on idolatry.

I need not remind you of the unhappy ending in both of these cases. It is a wise public official who never forgets that the approval of today may become the condemnation of tomorrow. The way to avoid that reaction is to make sure that the plans pursued will stand the test of time and permanently react to the welfare and prosperity of the people. In my long years of public service I concede that I have often been accused of radicalism, but never, so far as I know, of a lack of the courage of my own convictions. When I analyze the proposed financial measure I begin to wonder if I am not, after all, the conservative instead of, as I have so often been called, radical. So-called "conservatives" propose measures to give the President of the United States the power to revaluate the gold dollar up to 50 percent at any time he may see fit. When and if that is done there will be no lasting stability in the money standard of this or any other country. When we delegate to the Secretary of Agriculture the power to tax the people almost at will; when we give the President the power to dictate wage reductions, reductions in the pensions paid; when we give him full authority over the railroads and then give him the right to fix the gold content of the dollar, the people who are clamoring that we should do this should realize that we are going a long way toward destroying our form of representative government and coming mighty close to setting up a dictatorship in the White House. It may be that our form of government has so far failed that the time has come to abandon it, but I am old-fashioned enough to still believe in the fundamental principle upon which the Government was founded. It should be remembered that power delegated by the people is seldom returned to them.

The drastic action now taken by our Government was forced upon us by the advantage which other countries had over us in world trade, due to their depreciated currencies.

Suppose we should reduce the gold content in our dollar and thereby cheapen the dollar—it is my judgment that other nations would immediately debase their currencies in order to try and hold the commercial advantage they now enjoy. There would probably follow a currency debasement race between the nations of the world that would soon destroy all currency standards and lead to a world inflation that might easily destroy our present social order.

On the other hand, the adoption of bimetallism by the United States would set an example that other nations would of necessity have to follow, with profit to themselves and no injury to anyone else. It is the only common ground on which the nations can meet on perfect equality and safety.

During the last 60 days the whole world-wide financial situation has attracted the attention of mankind. The struggle for commercial advantage between nations through the manipulation of monetary exchange was never more keen than at the present time. Ever since England went off the gold standard she has forced the pound sterling down and the American dollar up, because that gave her a commercial advantage by giving her a lower production cost than the United States under the gold standard. For some mysterious reason our great financial and political leaders joined forces with the British and did all in their power to force the purchasing power of the dollar upward. This resulted, of course, in forcing down commodity prices until they reached new low levels, and this, in turn, brought bankruptcy and ruin to agriculture and industry, and unemployment to millions of American workers.

When the United States placed an embargo on the exportation of gold and officially announced that the United States had gone off the gold standard, the exchange value of the dollar started to return to normal, and commodity prices began to rise. This greatly disturbed the British, because, in this movement of the dollar they saw clearly the possibility of losing the commercial advantages they have enjoyed since they left the gold standard. In an Associated Press dispatch from London on April 20 I read: "England's main concern is that trade advantages which she enjoyed because of her debased currency after her departure from the gold standard might no longer exist."

I am not blaming England for manipulation of her currency so as to benefit herself commercially, but what shall we say concerning American financiers who have worked day and night against the best interests of the American people?

For one thing I am thankful. We now have a clear picture of the whole world-wide financial situation. It is no longer necessary to argue that our financial structure is completely inadequate. Every thoughtful man knows that the world now stands at the crossroads and that the next 12 months may decide the destiny of our present civilization. Shall we follow the blind financial leaders who have betrayed us, and almost completely destroyed us, or shall we adopt a monetary policy that successfully served mankind for thousands of years, and was later destroyed by selfish bankers through trickery and deception in 1873?

I wonder if the American people know that the gold standard is of very recent origin, and that it is responsible for the condition in which we now find ourselves. I wonder if they know that silver and gold at a fixed ratio of value between the two metals was the monetary standard of mankind for thousands of years.

There are many bills before Congress that are designated as silver bills, and that fact has led to much confusion. In the great majority of cases there is an honest difference of opinion about the merits of the several different proposals, but I think it can be truthfully said that there is also a concerted plan of the opponents of bimetallism to confuse the issue by the alleged support of certain of these purchase of silver bills. It is the old strategy of divide and conquer on the part of the enemies of effective silver legislation. Since all agree that one of the primary purposes of any such legislation is the increase of commodity prices, the question naturally arises as to how large a volume of increase in the basic money would accomplish that result. Certainly it needs no argument to prove that to purchase 100,000,000 ounces of silver at 50 cents an ounce as proposed in some of the bills would have no permanent effect whatever on the price of the farmers' and manufacturers' products. If any silver legislation is to have the potency to accomplish an increase in commodity prices, it must be a measure that makes silver a basic money on equal footing with gold, the foundation of the currency system of the Nation. In the last few days we have had a very realistic demonstration of the effect on prices of a proposed increase in the circulating money.

In the brief time which I have at my disposal today I want to impress on you as seriously as I can the fundamental differences between my bill and all the other proposed measures when it comes to the matter of international trade. Let us briefly summarize the international trade situation. Since the war every major nation of Europe has striven, and with considerable success, to make itself self-contained; that is to say, to become as independent as possible of the import market for food and industrial products. I am not criticizing the attitude of these nations; I am merely stating it as a fact to be considered in planning our future destiny.

Where do our future markets lie? What countries are there in the market for the surplus goods which we produce? If you look over the map of the world you will find that in every case where there is a great potential market for either our agricultural goods or our manufactured goods in the countries who need them the most, they use silver. Mexico is so short of the products of our mills and factories that for several millions of her people an empty 5-gallon oil can is a luxury to preserve with care for a hundred domestic uses. They need our shoes, our clothes, and hundreds of thousands of our automobiles. Mexico stands first in the nations of the world as a silver producer, and there is no other country on earth whose prosperity would be so quickly and strongly reflected in our own as Mexico. South America is also a tremendous potential market for our goods. For many of our farm products the Orient is now the greatest of all markets.

When we deal with the international trade situation we should forget these expedients based on one or two years of monetary control. At the end of these periods we will be as badly in need of export markets as we are today. Such problems should be based on a theory of centuries, not years. My bill would establish a permanent and fixed ratio of value between gold and silver in every market in the world. The ratio would be in keeping with the relative production of the two metals over many centuries of time and would be in complete accord with the historical performance of the two metals as acceptable money in world markets. Under this standard of bimetallism international obligations would be fixed and not subject to such demoralizing fluctuations as we have witnessed in the nations of the world since the war.

To those who fear that the Government would be flooded with silver should we remonetize silver, as provided for in my bill, let me ask, Where would the silver come from?

The Orient knows no other money excepting silver. For thousands of years many of these countries have refused to adopt the gold standard and have refused to use paper money or a checking system such as we have. Consequently, it is absolutely essential to their economic life that they keep the silver which they have in their own country in order to carry on their own trade and commerce. As an evidence of this, quite recently China and several other countries placed an embargo against the exportation of silver. Silver is to them what gold is to us. As the price of silver goes up China buys more silver, because she has to have more primary money when it becomes more valuable.

It has been suggested to me that in the event we remonetize silver we would stop the industrialization of China, India, and some of the South American countries. I think it is time that the American people stop thinking in terms of China, England, Japan, and South America, but to think in terms of the United States.

The trouble in recent years has been that we have been more interested in the welfare of the peoples of the rest of the world than we have been in the people of this country.

Giving China, India, Japan, and South America the benefits of cheap silver in order to permit them to industrialize their countries means, inevitably, the closing of factories in this country; it means, inevitably, that more people will be out of employment, lower wages, and longer hours. In other words, it means bringing down our standard of living to somewhere near the standard of living in the Orient, and I am at a loss to understand the minds of those who say that we must not remonetize silver because of the fact that it will stop industrialization in the Orient and in other countries.

We are today becoming isolated from world trade. Our surpluses are thrown on the domestic market, creating oversupply and a constant depression in commodity prices. This result is destructive, not only of our foreign and domestic market but to the maintenance of stable governments in silver-using countries. It forces their people to an industrialization destructive of our market for manufactured products in such countries. In sub-

stantiation of this statement, I call attention to the records of our Department of Commerce and reports of our officials:

For instance, in 1928 we exported to China $50,000,000 worth of crude materials; in 1931 we exported $55,000,000 worth of crude materials; in foodstuffs in 1928 we exported sixteen million and odd dollars' worth, and in 1931 fifteen million and odd dollars; and my understanding is that the drop in foodstuffs has been considerable since 1931.

In semimanufactured goods in 1928 there was $20,000,000, and in 1931 it had dropped to $12,000,000. In finished manufactured goods in 1928 there were seventy-eight million and odd dollars, and in 1931 there were thirty million and odd dollars' worth.

These statistics bear out what cheap silver is doing to our trade in China.

The depreciation of the capacity of silver-money-using peoples to purchase our goods produced and sold on the higher gold standard has almost extinguished some of our greatest potential markets. We are forced to the alternative of lowering our money measure of values or of raising the money measure of values of our foreign competitors.

This depression has proven beyond a question of a doubt that there is not sufficient gold in the world upon which to base the currencies of the world and thoughtful men everywhere are seriously considering and advocating a return to bimetallism.

We came within six votes of passing it in the United States Senate just the other day, and we would have passed it had it not been for the fact that Senator ROBINSON announced that the President of the United States was opposed to putting it upon the farm bill. I assert now that had we adopted my bill as an amendment to the farm bill it would have done more for the farmers of this country than all the farm legislation of every kind or character that has been advanced by professors, economists, or farm leaders throughout the United States.

Let me quote from a recent article by Lord Desborough, a noted British monetary authority:

"The world is admittedly suffering from a catastrophic fall in the level of commodity prices, followed by contraction of credit, wide-spread bank failures, financial crashes, State defaults, and repudiation of debts, which have diminished the available money of the world and caused serious economists to state in an official document that it is doubtful if this process continues whether our present civilization can survive.

"The remedy suggested in these pages is to revert to the long-established system of using both the precious metals linked together by a ratio as one metallic money for the world and as the foundation for the great structure of credit which will be raised upon it.

"Silver was demonetized in 1873 by the western nations and lost its power as money and became to a great extent only a commodity. If gold had been demonetized, the same thing would have happened to gold. At the time of the Californian and Australian gold discoveries there was a serious agitation to demonetize gold as creditors thought it was getting too plentiful, and that they were not getting the value of what they were owed.

"What is wanted is a stable measure of value for the whole world, East as well as West, which can be secured by having one standard founded upon the two precious metals linked together by a ratio."

In closing, let me say to every man who hears my views today and feels that I am right, I would ask that you respectfully write to your Senator and Congressman, urging them to press for action in this Congress for the enactment of my bill—S. 70—to remonetize silver. Now is the time to act—not tomorrow, but today.

HOUSE BILL REFERRED

The bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. FRAZIER. Mr. President, the amendment which I offered last night was printed on April 7. The only change I have made is where the term "Federal Farm Loan Board" is used to make it read "Farm Loan Commissioner", to comply with the new arrangement.

Mr. President, I have offered this plan, which was introduced as a bill in this session of Congress known as "S. 457", to refinance the existing indebtedness of farmers, as a substitute for the proposal offered by the Senator from New York [Mr. WAGNER]. I want to explain briefly the differences or make a comparison between the two plans.

The Wagner substitute, or the so-called "administration refinancing plan", provides for the issuing of farm-loan bonds to be sold at not to exceed 4 percent interest. The interest is to be guaranteed by the Government for the life of the bonds. The farmers are to pay 4½ percent straight interest for 5 years, and no amortization payment during the 5 years.

Under my substitute there are also farm-loan bonds to be issued at 1½ percent interest to be sold at par, and if they cannot be sold they are to be turned over to the Federal Reserve Board and the Federal Reserve Board is to issue Federal Reserve notes for the face value of the bonds, the bonds together with the mortgages on the farm property to be held as security for the notes so issued. Mr. President, all new wealth comes from the soil, and the first mortgages on the farms that produce the food products to feed the Nation ought to be as good security as we can get for Federal notes of any kind.

Under the proposed administration plan the interest on the 4-percent bonds goes to the purchaser as tax-exempt profits. Under my proposal the interest on the bonds that are turned over to the Federal Reserve Board, 1½ percent, goes to the Government as profit. It is generally stated that there are approximately $9,000,000,000 of farm mortgages at the present time, estimated by some to be a little less because of the foreclosures that have taken place; but at $9,000,000,000, 1½ percent interest to the Government would mean $135,000,000 annually as profit to the United States Government on those bonds. For a period of 46½ years, the term of the amortization under the plan, it would mean over $6,000,000,000 of profits to the Government of the United States and it would cost the general public nothing.

Mr. President, the limit of the issue under the so-called "administration plan" is $2,000,000,000 for a term of 2 years. Under my substitute plan there is a provision that when the actual per-capita circulation in the Nation comes up to $75, the Secretary of the Treasury and the Federal Reserve Board, together with the President of the United States, can call in those notes and have them canceled, but at not to exceed in any one year 2 percent of the notes outstanding against the bonds.

The basis of the loan under the Wagner plan is the present amount of the mortgage or 50 percent of the value of the land and 20 percent of the insurable improvements. Under my plan the basis of the loan is the present mortgage indebtedness or a fair value of the land, and 50 percent of the improvements, and provision is made for the scaling down of those loans under the provisions of the bankruptcy bill as amended in the last session of Congress. There is also provision for voluntary scaling down under the Wagner plan.

Mr. VANDENBERG. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. FRAZIER. I yield.

Mr. VANDENBERG. May I ask the Senator a question just at that point?

Mr. FRAZIER. Certainly.

Mr. VANDENBERG. Referring to line 12, page 2, am I to understand that the amount of the mortgages may represent the complete fair value of the farm? In other words, would it be a 100-percent mortgage on the basis of the fair value?

Mr. FRAZIER. Yes; on the fair value of the land at the present time. I will explain that a little later more in detail.

I want to give an example of the loans that might be made under the two plans. For example, a mortgage of $5,000 exists today on a farm, and that $5,000 represents not to exceed 40 or 50 percent of the appraised value of the farm when the loan was made. The average interest rate is about 6½ percent. That would mean an annual interest charge of $325. Under my plan, if that mortgage is renewed at $5,000 at 3 percent interest, the farmer would pay $150 in interest each year, or $175 less per year than he pays at the present

time. My contention is that the same amount of loan at the reduced rate of interest would be a much better loan from the standpoint of the farmer, and he would have a much better chance of paying it off and holding his land than under the present situation.

Or suppose the fair value of the farm under the so-called "administration plan" is $5,000; then the farmer could get 50 percent of the appraised valuation, or $2,500. Suppose the improvements on the farm were the same value as the farm land, and today we have many farms which have improvements that are worth more than the land itself. The improvements are worth $5,000 and he gets a 20 percent loan, or $1,000. The total loan value on the land in that case would be $3,500, at 4½ percent interest. That means $157.50 per annum straight interest. Under the 5-year plan there is no amortization to be paid. It is simply $157.50 per year straight interest.

Under my plan the fair value is $5,000, also 50 percent of the insurable value of the buildings, which would be $2,500 in this instance, making a total loan value of $7,500. The farmer pays 1½-percent interest on that $7,500. That means $112.50 interest for the year, or a difference of $45—$45 less than would be paid under the administration plan. The amount of the loan under the administration plan is less than half the amount of the loan under my plan. The administration loan would be $3,500, while under my plan it would be $7,500; and yet the farmer would save each year the difference between the amounts of interest, or $45 each year, with a $7,500 loan at 1½-percent interest, as compared with a $3,500 loan at 4½-percent interest.

Under the Wagner plan the farmers may repurchase land, if lost by foreclosure after July 1, 1931, up to 75 percent of the value and not to exceed $5,000. It is to be paid off under that plan in 10 years' time. Under my plan there is a clause that provides that the farmer who has lost his land by foreclosure since 1919 may repurchase under the terms of the bill that land which he lost, or other land, and thus become a home owner and land owner again.

There is also a provision that tenants who have lived on and operated a farm for a period of at least 3 years prior to the passage of the act can come under the terms of the bill to buy land. The tenant is entitled to a chance to purchase land at a low rate of interest and to become a contented home owner and land owner. Under my plan there is a provision to take care of the tenant.

There are admittedly some benefits in the administration plan. The 5-year moratorium is a benefit. Of course, the farmer must keep his taxes paid and all that, which would be expected; but, of course, if he cannot pay his 4½ percent interest during the 5 years of the moratorium it will be taxed against him after that period, but it will help him, because it will keep many farmers from losing out entirely, as they are doing in the present situation. It will give many farmers a breathing spell for 5 years.

The administration plan reduces the rate of interest just a little; 4½-percent interest for the farmer is too much, but under the terms of the plan it will be recalled that if the farmer is not a member of the farm-loan association he must pay one-half percent extra or if he becomes a new member of the farm-loan association he must buy 5 percent of the amount of the loan in capital stock of the home-loan association. Five per cent for 1 year means 1 percent for 5 years, so under the terms of the plan it would be 5½ percent straight interest for 5 years. That is practically what the farmers are paying now on the basis of 5½ percent interest, with 1 or 1½ or sometimes 2 percent amortization payment. So the bill, while it would be of some help, does not lower the rate of interest very much.

Mr. President and Senators, in the reprint of the so-called "Wagner substitute", on page 12, line 8, you will notice that an amendment was adopted, offered by the Senator from Arkansas [Mr. ROBINSON]. It is headed:

Federal farm-loan bonds as security for advances by Federal Reserve banks.

The language of that amendment is not very clear; but, as nearly as I can understand it, it simply means that the Federal Reserve banks can buy these 4-percent tax-exempt, interest-guaranteed-by-the-Government, farm-loan bonds and deposit them as collateral, and issue Federal Reserve notes to buy more of the 4-percent tax-exempt, interest-guaranteed-by-the-Government, farm-loan bonds and issue more Federal Reserve notes to buy more bonds to issue more notes to buy more bonds to issue more notes, and so forth, and so forth.

Someone said here yesterday that this bill was more for the benefit of the bankers and the bond buyers than it was for the benefit of the farmers. Let us see. We have been told repeatedly by both the old parties—by the Democratic platforms and the Republican platforms, too—that they were going to put the farmers on a parity with the business interests. Let us compare this parity with what is done for the bankers under this bill.

Under this bill the farmer at least pays 4½-percent interest on his loan. The banker buys the tax-exempt bonds at not to exceed 4-percent interest. What does he do? The Federal Reserve banker deposits those bonds as security and issues Federal Reserve notes and buys more bonds. The Federal Reserve notes are printed down here at the Bureau of Engraving and Printing by the United States Government, and the Federal Reserve banks pay the Government the cost of the paper and of the printing of those notes; it amounts to seventy seven one-hundredths of 1 percent per Federal Reserve note.

Talk about putting the farmers on a parity with the business interests! It is not much of a parity when we compel the farmer to pay 4½-percent straight interest and let the banker buy tax-exempt securities at not to exceed 4 percent. The Senator from Arkansas said that if this provision were put in it might reduce the rate of interest to the farmer one half of 1 percent. That would help some, but it would still give the banker 3½ percent of tax-exempt profit. So the parity under this bill is not much better than the parity we have had under other so-called "farm measures" in the past.

Mr. President, I am not going to talk much about the general farm conditions that exist. I think everyone is familiar with them. During the last few years the prices of farm commodities have been so low that the farmer could not pay his actual running expenses; and yet in our great cities there are literally millions of men, women, and children going hungry because they cannot buy these low-priced products raised upon the farms—products priced so low in this so-called "surplus of farm products" that the farmer cannot get a profit. He cannot pay his expenses for raising and taking care of these products.

Farmers are going broke, because they cannot sell their products for the cost of production. Millions of men, women, and children are starving because they cannot buy the food they need. There is work of all kinds to be done, Mr. President, and yet there are over 12,000,000 men and women begging for employment today. It is a strange situation. There is not enough money in circulation actually to carry on the business of the Nation.

This bill would provide for a degree of inflation. If three and a half billions of new money could be issued and put into circulation by paying off this farm indebtedness, it would undoubtedly relieve the situation. It would not be issuing tax-exempt bonds and trading them for the mortgages that are outstanding, but it would be putting actual money into circulation.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from New York?

Mr. FRAZIER. I do.

Mr. WAGNER. How does the Senator arrive at the amount that would be issued in the way of currency under his legislation?

Mr. FRAZIER. The Senator was not in the Chamber when I explained that. There is a provision in the amendment to the effect that when the actual per-capita circulation of money shall reach $75, under the plan of my amend-

ment the Federal Reserve Board and the Secretary of the Treasury and the President may authorize or direct the recall of those notes and the cancelation of not to exceed 2 percent of the amount outstanding in any one year. It would take about three and a half billions of dollars to bring the per-capita tax up to $75.

Mr. WAGNER. So that when loans are made up to that amount, under the Senator's amendment the loans would cease to be made?

Mr. FRAZIER. Oh, no; the issuing of these Federal Reserve notes would cease, but the loans would not cease. The three or three and a half billions would create a revolving fund to carry on these loans, and we believe it would be amply sufficient to make all the loans necessary. Under my plan the loan amortizes in 46½ years. At the end of the first year every 46½ payments refinances a new loan.

Mr. WAGNER. As I understand, the Senator proposes to go back and permit loans to be made for homes where there was a loss of a home beginning with 1919?

Mr. FRAZIER. After 1919.

Mr. WAGNER. And our total of secured and unsecured indebtedness now, as I understand, amounts to over $12,000,000,000.

Mr. FRAZIER. I appreciate that, Mr. President.

Mr. WAGNER. So that what I wanted to ask was this: Is it not possible that under the Senator's proposal $12,000,000,000 of currency could be issued, with no security back of it except the valuations of the properties to the owners of which the loans were made?

Mr. FRAZIER. With the provision I spoke of, it would be impossible to issue 12 billion in new money; but ultimately, through the revolving fund, the total amount of loans possible to be made might reach that figure, though it is not probable at all, because not all these loans are due at the present time, or could be refinanced either under this plan or under the Senator's plan. More than that, some of the farmers have nearly paid off their loans and they would not want to renew them. Some of them will get their interest rates reduced because of a low rate of interest such as provided here so that they would not need to reloan; and the money that is put into circulation under my amendment will find its way back into the Federal Reserve banks.

The Federal Reserve banks will not need to issue new notes. They can take the notes that come back to them and use them to refinance new loans. Economists have figures on this matter, and they say that three billions will make an ample revolving fund to take care of all the outstanding loans that farmers will want to refinance.

Mr. WAGNER. And that three billions of outstanding money will have, as a support, these loans made upon farm properties.

Mr. FRAZIER. Actual first mortgages.

Mr. WAGNER. And the value of this money will certainly be affected by the fluctuations in the value of the property. Perhaps the Senator knows of other instances, but I know of no other instance where any government has used just one single asset to support a currency issue.

Mr. FRAZIER. Mr. President, I tried to cover that part of the matter before the Senator came into the Chamber.

Mr. WAGNER. I am sorry that I was detained at my office. I have very many visitors these days.

Mr. FRAZIER. The Senator will remember that an amendment was put in the bill on page 12 of the reprint, lines 8 and 9, which provides that these 4-percent bonds may be deposited by the Federal Reserve banks as security for the issuance of new money.

Mr. WAGNER. Yes.

Mr. FRAZIER. There is the same proposition in the Senator's amendment that there is in mine.

Mr. WAGNER. No; I think that is quite a different proposition.

Mr. FRAZIER. I do not know why. The Federal Reserve Board, as I stated before, can deposit these 4-percent tax-exempt bonds and issue new Federal Reserve notes to buy more bonds to issue more notes, and so on. They could do it under my amendment just the same, only they would not get as much interest as they do under the Senator's amendment. Under my amendment they would get only 1½ percent interest. Under the Senator's amendment they would get not to exceed 4 percent; and, of course, the bankers must have interest. That is what they exist on.

Mr. WAGNER. Does the Senator expect that these bonds can be sold to the public at 1½ percent?

Mr. FRAZIER. Not many of them; and those that cannot be sold are to be turned over to the Federal Reserve Board, and they, in turn, will issue Federal Reserve notes backed by the bonds and by the first mortgages on the land that produces the food to feed the Nation. My amendment provides that much better security than the Senator's amendment does.

Mr. WAGNER. The Senator first exhausts the surplus of the Federal Reserve banks, does he not? Does not the Senator provide that these bonds are to be purchased out of the profits and surplus of the Federal Reserve banks?

Mr. FRAZIER. Oh, they buy them out of their profits and surplus and surtax; yes.

Mr. WAGNER. So that the currency is issued only after their profits and their reserves have been exhausted?

Mr. FRAZIER. That applies only to the profits they make each year, and they claim that they are not making much profit at the present time, although they have made good profits.

Mr. WAGNER. If that is so, then practically all of these loans will be made with currency secured by the deposit of the bonds with the Federal Reserve System.

Mr. FRAZIER. Yes; and a profit to the Government, if they are turned over to the Government, of 1½ percent, instead of a profit to the bond buyer, as in the Senator's amendment, of not to exceed 4 percent. That is the difference. The profit would go to the Government. It would cost the general public nothing. Under the Senator's bill the bankers or the bond buyers would get a tax-exempt profit of not to exceed 4 percent, and that probably will mean 4 percent.

Referring to the Federal Reserve banks, as the Senator knows, they have made a wonderful record in some respects. There is a provision in the law that after 6 percent profit is paid to the stockholders, and a certain amount is laid aside for sinking fund, and so forth, half of the balance shall be turned over to the Government as a surtax. I have forgotten the exact provision. To get away from turning over too much money to the Government as a surtax they constructed buildings, Federal Reserve banks, in all these districts.

Up in the city of New York, where my friend comes from, they erected what is supposed to be the finest bank building in the world. The original building cost $19,598,000, and they put on an annex costing $2,159,000, or a total of $21,757,000. It is more than the Capitol of the United States cost, by far—almost twice as much.

In 1931 the governor of the bank received $50,000 salary, and his first assistant received $50,000. The 36 officers of that bank receive total annual salaries of $557,000—an average of approximately $16,000 for each of the 36 officers of that bank up in New York. That is keeping down the surtax that otherwise would go to the Government, because they take out their so-called "legitimate expenses." Previously the president of the bank got a bigger salary than $50,000; but there was so much criticism made about it—as I remember, it was more than the President of the United States got—that they reduced the salaries to $50,000, and these officers apparently are getting along on that.

Mr. NORRIS. How can they do it? [Laughter.]

Mr. FRAZIER. Well, I do not know; but this so-called "administration bill" will help them, because they can get some more tax-exempt securities, with interest guaranteed by the Government at not to exceed 4 percent annually; that will help them to make more profits.

Mr. BORAH. Mr. President——

Mr. FRAZIER. I yield to the Senator from Idaho.

Mr. BORAH. While the Senator is discussing the Federal farm-land banks, let me ask him what this amendment that

is proposed by the Senator from New York does toward aiding in scaling down the mortgages due to or held by the Federal farm-land banks. Does it do anything except to reduce the interest?

Mr. FRAZIER. Mr. President, so far as I can understand the bill, there is no provision for the scaling down of mortgages held by the Federal land banks. There will be no scaling down, so far as I can understand it. Of course, there are some mortgagors who have been foreclosed upon since 1931, and in those cases they will be given the benefit; but as to others, there will be no scaling down. It does provide for a scaling down, voluntarily, on the other loans, but if the farm-land mortgages are not to be scaled down, in my opinion, practically none of them will be scaled down, unless it happens to be a very poor loan, with very poor security, and then the mortgagee will be glad to scale down.

Mr. BORAH. What benefit flows from this bill to the man who owes the Federal farm-land bank?

Mr. FRAZIER. It cuts the interest a little bit, and gives them a 5-year moratorium against foreclosure. There is that benefit, and that is all the benefit I can see in the bill.

Mr. SMITH. Mr. President, if the Senator will allow me, that matter was brought up in the committee. Under the Federal land-bank provision in the bill, all the benefit that will accrue to one who has a mortgage in that bank will be the reduction of interest on the new bonds, and a 5-year moratorium, wherein he will not pay any interest on amortization, but it will be charged up, and at the end of the 5 years he will have to pay all that accrued interest.

Mr. WAGNER. Not interest; no.

Mr. FRAZIER. Oh, yes; if he does not pay the interest that accrued during the 5-year moratorium, he will lose his farm.

Mr. SMITH. Exactly; but let me make this clear. The face value of the mortgage is not changed at all; there is no scaling down of the face value of the mortgage under the farm-land bank provision in the bill.

Mr. WAGNER. Will the Senator tell me how that could be done with the outstanding bonds?

Mr. SMITH. Will the Senator tell me how the farmer can pay? The present face value of the mortgage will never again be equaled by the value of the land, so that I thought and was hoping that we would have a proposition here that the Government would offer a certain percentage of the face value of all the mortgages outstanding, and that those who held the mortgages could come in and take that or leave it, covering the land bank and private institutions and all, in order to give the farmers a chance to scale down, and to give those who are holding the mortgages a chance to cash in on them, because unless this situation is relieved, one who holds a mortgage and forecloses on it, and attempts to sell the land, cannot get his money back; he cannot get the face value, and the farmer cannot pay the interest now. I was hoping that we would devise some plan by which all these mortgages might be reduced to at least an approximate appraisal value, but we have not done that.

Mr. NORRIS. Mr. President, will the Senator from North Dakota yield to me?

Mr. FRAZIER. I yield.

Mr. NORRIS. The Senator will realize that when the committee were discussing this matter, there was no one who had a plan, and I think it was conceded that it was an impossibility to cut down those mortgages, from the very nature of the thing. That did not apply to other mortgages.

Mr. WAGNER. Without a direct contribution from the Government to the individual.

Mr. NORRIS. I think that would be the only way to do it.

Mr. WAGNER. It would be the only way; and, as a matter of fact, if I may interrupt, the Government is making a contribution of $15,000,000 a year now.

Mr. FRAZIER. For what?

Mr. WAGNER. To make up the 1 percent reduction in interest. The Senator was not accurate when he said that, as to the other loans, the interest must be reduced. All of the outstanding mortgages upon which there are loans of the Federal farm-land bank are now reduced by 1 percent, from 5½ to 4½.

Mr. SMITH. That is true.

Mr. WAGNER. That difference is made up by a subsidy from the Government amounting to about $15,000,000, because the money is now being loaned at the same rate the Federal land bank pays for the money to the bondholder.

Mr. SMITH. Let us analyze that, and just see what the situation is.

Mr. WAGNER. We can scale the mortgage down; we can reduce the interest payment; but to do it we have to have an absolute contribution by the Federal Government from the taxpayers of the Nation.

Mr. FRAZIER. That is correct.

Mr. WAGNER. There is no other way of doing it, because these bonds are outstanding, with the mortgages put up as collateral security. There is no other way to do it.

Mr. SMITH. Let me call attention to one fact. The Federal land-bank bonds are up to about 85. What are they selling for now?

Mr. WAGNER. I do not follow the market.

Mr. SMITH. They are somewhere around 85, because last year we made an appropriation giving the Federal land banks $100,000,000 to strengthen their credit and $25,000,000 to aid delinquents to carry on. Therefore, the Federal land-bank bonds maintained their status on the market, but the joint-stock land bank bonds did not have any contribution or aid from the Government, and the consequence was that they sank to something like the value of the land upon which the mortgages were predicated.

Mr. FRAZIER. If this bill goes through, it will raise the value of the bonds.

Mr. SMITH. Let me get this idea to the Senator, that the loan by the Government of $100,000,000 to increase the credit of the Federal land banks and $25,000,000 to be used to aid delinquents changed the picture so far as the bondholders of the Federal land bank were concerned; but, outside of the $25,000,000 to extend the time of the delinquents, there was not one penny's aid to any mortgagee under the Federal land bank, and all of us know that the present value of the land is such that had it not been for the $100,000,000 and the $25,000,000, there is no telling where the Federal land-bank bonds would have gone. It only postpones the evil day. The inevitable will come. We are not relieving the farmer himself. The Federal Government is only postponing the evil day.

It is now said to us that if we attempt to scale down the mortgages in the Federal land bank, we will jeopardize the bonds outstanding. We are more solicitous about the bonds outstanding than we are about the poor devil who has to pay the interest and amortization on the bonds.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. WAGNER. Nobody is concerned with the bondholder, except that there is this question, that the mortgages are put up as security for the bonds, and certain conditions were made with the bondholder when he purchased the bonds.

Mr. SMITH. Exactly.

Mr. WAGNER. And we cannot violate those conditions.

Mr. SMITH. We cannot violate a condition to a bondholder, but we can let the farmer lose his home and be put out on the road because we will not make an appropriation.

Mr. WAGNER. What does the Senator suggest shall be done?

Mr. SMITH. I suggested that the best plan for us was to make an appropriation for a scaling down and take care of the matter.

Mr. WAGNER. Wherever it is legally possible to do that, a provision should be made to scale down.

Mr. SMITH. Let us make it legal.

Mr. WAGNER. How are we to do it?

Mr. FRAZIER. Mr. President, I want to say to the Senator from New York that the bill I am proposing would

take care of the situation. That is why I am proposing it. This is the third session during which I have introduced the bill, and 20 State legislatures have endorsed it, and memorialized Congress to pass it.

Mr. WAGNER. Of course the unlimited printing of money——

Mr. FRAZIER. It does not provide for an unlimited printing of money by any means; it provides for a limited inflation of the currency to take care of these farmers who are losing their homes because of no fault of their own, but because Congress has passed special-privilege legislation for the people who manipulate the prices of the products the farmers have to sell.

Mr. WAGNER. I do not know anything about that.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. I should like to ask a question of the Senator from South Carolina, in view of some of the statements he has made. The statement has been made that we can do nothing to violate the interest of the bondholder who holds bonds against these mortgages. Is there any reason why we should appropriate $100,000,000 for his benefit out of the Federal Treasury, as we did?

Mr. SMITH. And appropriate $2,000,000,000, in the pending bill, to take care of the joint-stock land bank bonds.

Mr. SHIPSTEAD. Yes.

Mr. SMITH. I defy any Senator here to analyze that.

Mr. FRAZIER. It is more than that. The Government guarantees the interest on the $2,000,000,000 worth of bonds for the life of the bonds.

Mr. BORAH. The joint-stock land bank fellow is taken care of. Let us pass on to the Federal land bank.

Mr. FRAZIER. They are taken care of under this bill.

Mr. BORAH. Not under this bill.

Mr. FRAZIER. Yes. The Federal land-bank bonds are going down, as well as the others.

Mr. BORAH. I refer to the mortgagor.

Mr. WAGNER. Let me say this about the joint-stock land bank—that is one of the phases of the matter about which I do not know very much, except this, that they must liquidate; they cannot make any new loans, and they cannot issue any more bonds. If they sell their bonds to the Federal land bank—and undoubtedly if what is said as to their value is true, they will have to sell at a price lower than the face value of the mortgage—to the extent that there is a reduction in the principal of the mortgage, that is passed on to the farmer. The farmer gets the benefit of that reduction. Wherever a mortgage is purchased by the Federal land bank at a price lower than the face value of the mortgage, the benefit is passed on to the farmer in every instance; but as to the outstanding mortgages, if there could be some way of scaling down, I would be quite willing to join in any effort that was legal.

Mr. NORRIS. Mr. President, will the Senator from North Dakota yield to me again?

Mr. FRAZIER. I yield.

Mr. NORRIS. I should like to say that the committee reached the conclusion that they could not scale down the mortgages in the Federal land-bank system unless we took the money out of the Treasury to make good the loss.

Now just for a moment consider that system. First, this system, we hope, is to continue to operate. It is not like the other system. There is no attempt to stop the business. If we ever get in the condition which we hope to reach, we expect the farm banks to continue doing business and making loans.

Mr. FRAZIER. Let me ask the Senator, What about the farmer?

Mr. NORRIS. I will come to the farmer. Just let me explain the matter as I see it.

The committee discussed this subject fully and at great length. It called in the experts. It called in the lawyers. It said, "How can we scale down these mortgages held by the farm-land bank?"

The farm-land bank derives its money from the sale of bonds, with these mortgages as security. Would not the bondholder, as a matter of fact, be able to prevent the scaling down of these mortgages, which are the only security he has for his bonds? We might pass laws from now until January which would do that, but they would be null and void. It could not be done unless we would make good the ensuing loss. Remember, also, that if we should say—if we could do so constitutionally—all these mortgages, or half of them, are canceled, the law would not have any effect. But suppose it should, that would end the farm-land-bank business; they never could sell another bond on earth. So, as I looked at this question and as the committee looked at it, the conclusion was reached that it was an impossibility to scale down the debts the mortgagors owed to the Federal land banks unless we took the money out of the Treasury and put it into that system to make good the loss.

I believe that opinion is good as a matter of law. I do not see any escape from it. It seems to me we are perfectly helpless, and we might just as well face the truth and not try to get around it. Everybody would like to scale them down if it could be done, but I do not see how it can be done.

Mr. SHIPSTEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. That is true as to every mortgage holder; we are estopped only by the bondholders of the Federal land banks.

Mr. NORRIS. The Senator is talking about something that I think I can easily differentiate. When it comes to an individual mortgage holder, the bill which we are trying to pass provides that there will be a scaling down, but that has got to be done with his consent. The bondholder in the Federal land-bank system does not own a mortgage; he has not got a mortgage. The mortgages are in Federal land banks; those banks have issued bonds on the strength of them, but those throughout the country who have bought such bonds do not hold the mortgages; they do not own the mortgages. Every mortgage is a part of the security of every bond that is floated, and it would be necessary to get the consent of every bondholder before, under the Constitution, the mortgage could be cut down one cent.

Mr. FRAZIER. Mr. President, the Senator from Nebraska is speaking on the assumption, of course, that the Federal land banks are going to be continued and put on their feet. If it were not for this regulation, does the Senator think that the Federal land banks would not scale down their mortgages?

Mr. NORRIS. They could not do it.

Mr. FRAZIER. They would have to or foreclose, just as the joint-stock land banks are doing.

Mr. NORRIS. If a Federal land bank has a mortgage on my farm for $10,000 and concludes that my farm is only worth $5,000, it would have to go through foreclosure.

Mr. FRAZIER. Yes.

Mr. NORRIS. That would be the only way to scale it down, and everybody must abide by that.

Mr. FRAZIER. Then the bill is to save the land banks and not the farmers?

Mr. NORRIS. Yes.

Mr. FRAZIER. That is it.

Mr. NORRIS. Does the farmer want the land banks saved?

Mr. FRAZIER. Oh, no; under existing conditions the land banks are of no value to the farmer, because he can not pay out, and the land banks are foreclosing.

Mr. NORRIS. But the farmer gets a moratorium; he gets a reduction in interest, and the Government makes good that reduction of interest by the payment of the money, $15,000,000, out of the Treasury of the United States.

Mr. FRAZIER. There is that benefit, of course; but that is only a small benefit. It still leaves the interest so high that the farmer cannot pay it.

Mr. NORRIS. I agree with the Senator; but our whole system may go down; our Government may fall; but so long as we have courts that are going to enforce the Constitution I do not see how we could do something, no matter how anxious we might be to do it, that would be impossible under our system of Government. It would be just an impossibility.

Mr. TYDINGS. Mr. President, I ask for order.

Mr. FRAZIER. Mr. President, the time is limited; a vote is to be taken at 1 o'clock, and I must hurry on, because I understand there are some others who wish to speak.

Mr. TYDINGS. Mr. President, I rise to a point of order.

The PRESIDING OFFICER (Mr. BLACK in the chair). The Senator will state it.

Mr. TYDINGS. With 25 Senators standing on the floor in groups, I cannot follow the debate that is going on.

The PRESIDING OFFICER. The point of order is well taken.

Mr. BORAH. The Senator from Maryland himself makes 26.

Mr. TYDINGS. And the Senator from Idaho makes 27.

Mr. FRAZIER. Mr. President, talking about the low prices of farm products, a farmer in Pennsylvania told us he was only getting 60 cents a hundred for his milk, which is practically a cent a quart; in the Midwest States, eggs, 6 cents a dozen; corn, 10 cents a bushel; oats, 3 cents a bushel; potatoes, 9 cents a bushel.

It is true that some loans are being made to the farmers through the Reconstruction Finance Corporation with Government money. They are the so-called "barnyard loans." I want to give the Senate just one instance of a "barnyard loan" as reported to me from my State. They sent out an appraiser to make these loans to the farmers. The local bank has a mortgage on their livestock and their cattle and farm machinery. The banker wants to have that mortgage paid. So he has one of the clerks of his bank go out with the appraiser for the "barnyard" loans. The bank clerk says, "Mr. Farmer, you owe the bank so much; we want to make arrangements under the 'barnyard' loan act to get you some Government money so that you can pay off our bank." They figure up everything that they have got on a fair valuation on the present time under that mortgage, but it does not come to quite enough—this is a case of which a farmer himself told me—to raise sufficient money to pay off the banker. The appraiser said, "Have you not something else you can put into this mortgage? What is that old wagon over there?" The farmer said, "It has only 2 wheels; 2 of them broke down 2 or 3 years ago". The appraiser replied, "That is all right; we will put it in for $20", and he put it in the mortgage. He figured again, and he said, "We are still $40 shy. What is that old machinery over by the fence?" The farmer replied, "That is an old header that I have not used for 5 years." The appraiser said, "Put it in for $40." It was put in and the farmer got money enough from the Government to pay off the local banker. The local bankers are apparently the only ones who are getting "barnyard" loans in North Dakota. The Government money is being used to pay off the bankers. Of course the bankers need to be paid; there is no question about that; but the farmers themselves should have some relief also.

Mr. President, I have had all kinds of petitions and letters and resolutions favoring my bill. Farm organizations have endorsed it. The Farmers' Union and the holiday-movement organization have endorsed this bill a hundred percent. Farmers all over the Nation have endorsed it.

Mr. President, during the last few months the farmers have gotten so desperate that they have been organizing to block foreclosures, and they have prevented foreclosure sales through their own organizations, taking the law into their own hands, if you please. That has been done not only in the "wild and wooly West" but in the South and in the North and in the East. Within 40 miles of the National Capital a sale was blocked in old Virginia only a few weeks ago.

Mr. President, a National Farmers' Holiday Association has been organized throughout the great agricultural States. Organized. What for? It has been organized by the farmers to protect their families and their homes and their business. That is what it is organized for. An announcement was made in the press by the president of that great organization, Milo Reno, of Iowa, one of the great farm leaders of the Nation, who says that if they cannot get the legislation they want, and if prices do not come up during next month, they are going on a strike—a farmers' strike. That is what they call their "holiday" movement.

Mr. President, I said on the floor of the Senate on a previous occasion that the most hopeful sign that I see for American agriculture today is the fact that the farmers are organizing for their own benefit and protection; and when the farmers become strongly enough organized we will not need to pass legislation for their benefit; they will control the prices of their products; they will fix their own prices. Oh, some may say, that would be wrong; it would put prices up too high; but, Mr. President, I say it would take the farmers at least a quarter of a century to get even for the penalizing and the robbing that has been taking place at their expense all these years.

Mr. President, the Congress of the United States has at various times passed what might be termed "special-privilege" legislation. It is commonly stated, by way of propaganda, over the radio and in the press that we cannot legislate prosperity for the farmer or anyone else. Well, the Congress has legislated prosperity time after time for many business organizations. The Federal Reserve Banking Act, which was passed in 1913 and since amended, I do not know how many times but almost an innumerable number, has legislated prosperity for the bankers—there is no question about that—until now the Federal Reserve banks can buy bonds and deposit them as security and on them Federal Reserve notes can be issued with which to buy more bonds. Oh, yes; it is a merry-go-round for the bankers, and yet they say they are going broke even at that. This Wagner substitute will help them some more.

Congress passed the Esch-Cummins Railroad Act which guaranteed, if you please, a profit to the railroad companies. Various tariff laws have been passed for the benefit of the big manufacturers, and they have benefited them. We put a tariff on some farm products; that is true. We have a tariff on oats of 15 cents a bushel, but they sold for 4 cents in North Dakota last winter. We have a tariff on flax of 65 cents a bushel, and it sold for 70 cents in North Dakota. The tariff is not very effective on flax or on any other farm product, but on manufactured products the tariff is effective and has been for all these years.

The United States loaned a great deal of money to the nations allied with us during the World War. Those nations said they could not pay the interest, although they were only charged from 3 or 3½ percent, and so we got together with them and appointed a commission to scale down those debts, and they were scaled down. Oh, yes; the debt of Italy was scaled down to $2,150,000,000 with interest at practically 1⅛ percent for 62 years, and then the debt is canceled. On the average, the $12,000,000,000 of loans to foreign nations, representing the war debt, was scaled down to 2⅜-percent interest for 62 years, and then the debt will be canceled. Talk about special legislation!

We have given the shipbuilding interests a subsidy. We sold them, through the Shipping Board, ships at a fraction of what they had cost the Government, and then the Post Office Department gave them contracts to carry the mail, the contracts being sufficiently large so that they could pay for the ships out of the money received. Oh, yes; and yet the farmers, who do the work and produce the new wealth of this country, who feed the Nation, cannot get any special legislation for their benefit.

Mr. President, it is about time that the Congress wake up and do something for the American farmer. If we do not do something pretty soon it will be, as the Senator from West Virginia said the other day, too late. The farmers are

organizing; they are going to do something for themselves if they are forced to go on as they are going. They are now organizing the farmers' holiday movement, which I suppose is the most militant farm movement ever organized in this country or any other country on the face of the earth; and, believe me, Mr. President, they are ready to go the limit; and why not? Their very homes, their life's savings, are being taken away from them. Why should they not organize?

Up in North Dakota the Governor issued a proclamation that no more foreclosures should take place within a period of 3 years, and he said he would back that proclamation up by the State militia. The other day up in Bismarck a little home was attempted to be foreclosed, the sale was advertised, but the Governor told the adjutant general and the captain of the local National Guard in that city to go down and see that the sale was called off. The sale was called off. The man who owned the little house was of Scotch descent, who, when the war was declared, wanted to get into it. He went to Winnipeg and enlisted there before the United States got into the war. He joined that famous Princess Pat Regiment—practically every man of which was wiped out. This man happened to be one who came back. His little home in Bismarck was mortgaged; some hard-boiled banker wanted to foreclose on it, and the Governor had to stop the foreclosure with the State militia, and save the veteran's home.

Mr. President, we have made a lot of mistakes. There is no question about that. Mistakes have been made and, in my opinion, we have not done all that we should. Mistakes have been made by party leaders in many instances. I do not need to cite any incidents, but there have been mistakes made by party leaders.

A few days ago we were all horrified to read in the morning paper and hear over the radio that the $5,000,000 queen of the air, the *Akron*, had crashed, and that only 3 survivors out of 76 passengers and crew and officers were saved. We were more shocked a day or two afterward when the surviving officer told the press that they had left their hangar in New Jersey at 7: 30 o'clock in the evening, after dark, had made a trip out over the ocean to test out some broadcasting apparatus and so forth, and ran into a terrible storm. After an hour or so they turned back over the land, but apparently their orders were such that they were directed to go back out over the ocean again. They went back straight into the storm. Somebody blundered!

Yes, Mr. President; I think there were two blunders. If there was such an order from the Department, that was a blunder. The captain who steered that ship back into the face of that storm blundered for carrying out such military orders. The great airship was a fair-weather ship at best. We learned that it needed repairs and needed them badly, and that the ship was going to be repaired as soon as this little voyage was concluded. So the great airship, the queen of the air, went down because somebody blundered.

Oh, yes; we make mistakes. Our great ship of state today is in need of repairs. It is sailing through a tremendous storm and has been buffeted by such storms for months and months. If it is going to survive, it must be steered into smoother water and fairer weather. The agricultural part of our ship of state is on the rocks right now because the Congress has sat idly by and allowed the farmers to be robbed, to be plundered by an organized bunch of racketeers. Business interests with their interlocking directorates all get their full share of the profits out of the handling of the farmers' products. A common example is given that a few years ago the total sale of farm products amounted to $7,000,000,000 in the United States. That is what the farmers got for them. After they went through the hands of the highly organized handlers of the farm products the consumers paid $22,000,000,000. In other words, the farmer dug out of the soil the new wealth amounting in that year to $7,000,000,000 all told, but the consumers paid $22,000,000,000, and thus those who handled the farmers' products made the enormous profit of $15,000,000,000. They are doing the same every year.

Mr. President, the farmers' property was deflated beginning in 1920—by whom? It was deflated by the Federal Reserve Board. We have been giving that Board more power in every Congress since I have been here and over the protest of the progressive group. We are giving them more power in the so-called "administration plan" now before us and a further chance to make more profits. They started the deflation with the farmers; they broke the farmers; they made them lose their farms, their homes, and everything they had—their life's savings. Yes; and the Federal Reserve Board is a creature of the United States Congress, too!

Mr. President, it is time we are doing something for the farmers as well as for the bankers, the railroads, the insurance companies, and the rest of the great interests.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. FRAZIER. I should rather not yield, as the time is short.

The PRESIDING OFFICER. The Senator from North Dakota declines to yield.

Mr. FRAZIER. Mr. President, a great deal has been said recently in our discussions about the theoretical law of supply and demand. Someone always refers to the law of supply and demand when we talk about farm prices. Anyone who thinks that the law of supply and demand—that purely theoretical law of supply and demand—controls the prices of farm products either does not know or does not want to know how the markets of farm products are manipulated. The gamblers in farm products can surely manipulate prices, and they do. They manipulate the prices of our food products to the detriment of the farmer and also to the detriment of the consumer to the amount of $10,000,000,000 to $20,000,000,000 a year.

As I said, 20 State legislatures have memorialized Congress to enact this measure into law. I have the list of States and it will take only a moment to read it: Montana, Nevada, Wisconsin, Illinois, Minnesota, North Dakota, California, Nebraska, Oregon, Indiana, Arizona, Idaho, Colorado, Oklahoma, South Dakota, Tennessee, Iowa, South Carolina, Kansas, and Michigan.

Mr. President, those States have the bulk of farm mortgages throughout the United States—something over $6,000,000,000 of farm mortgages, according to the last reports. They are interested and their farmers are interested in saving the farm homes. The business men are interested, the legislators are interested, and everyone in the agricultural States is interested, but here in Congress we seem to be more interested in the bond buyers and the Federal Reserve banks than we are in the welfare of the farmer. Under the terms of this bill we are giving the bond buyers 4-percent interest on the bonds, guaranteeing the interest for the life of the bonds. They might as well be straight-out Government bonds.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. With great eloquence here today it has been explained that the bondholders must be protected, and whatever benefit is bestowed upon them by the Government cannot be reflected to the farm borrower. When we gave them $100,000,000 last spring we did not specify the conditions of the appropriation. We were told the farmer would get the benefit. We should have provided for $100,000,000 in reduction of mortgages held against the bonds. That is the only way we could properly spend $100,000,000 for the benefit of the farmer.

On yesterday we arranged to furnish another $100,000,000 in such a way that they can take up $250,000,000 of bonds, making a profit of $150,000,000 if bonds are bought at present value. It is said we had to give them a profit in order to make good their losses, but if they lost all of their capital they could not lose more than $30,000,000, because that is all their capital. They cannot lose any more than their

capital and that amounts to only $30,000,000. If we gave them this money to make a profit, they can take all they can possibly lose, or $30,000,000, and have a possible profit of $120,000,000 more.

Mr. FRAZIER. Mr. President, I thank the Senator from Minnesota for his statement.

The farmers throughout the Nation are probably more familiar with the so-called "Frazier plan" than they are with any other farm measure that has ever been introduced in the Congress of the United States. The farmers throughout the United States are hoping and praying that the Congress will adopt this plan in order to save their homes from foreclosure, in order to save their life's work, in order that they may buy back the old homesteads which they lost by foreclosure in the last few years.

The prayers of the farmers of the Nation will be answered if the amendment incorporating my plan is adopted as a substitute for the so-called "administration plan." The Congress ought to lighten the burdens of the farmers by lowering their rate of interest—by giving them a reasonably low rate of interest and a reasonably long period of time in which to pay their loans.

The farmers' plight is one that cannot be fully described. They have gone out into new sections of the country and, with their bare hands, with the aid of their wives and families, have built their homes, in many instances. After 30 or 40 years, in thousands of cases, their homes have been and are being taken away from them, their life savings all gone through the dread foreclosure of the mortgages upon their homes and properties. It is time for Congress to come to the relief of agriculture.

Mr. NYE. Mr. President, I am sorry there has been an agreement as to a time to vote upon the matter. I know there are others here who want to be heard; and if it will be of any assurance to them at all, I mean to be exceedingly brief and afford as much of the remaining 35 minutes as possible for distribution among them.

Arthur Brisbane, in his column published this morning, said:

> Every rich man in America, from banker to bootlegger, asks every other rich man what leaving the gold basis means. Those that need to ask the question are men on small salaries. Prices of food and other necessities will go higher, but their salaries will not go higher, or, at best, rise slowly.
>
> It would have been a good idea to have left the gold basis before Nation-wide salary reductions were forced on employers.
>
> As usual, when big things happen, it is the "little man" who gets hit. In war he gets shot. In panics he gets poor. In depressions his wages go down. Off the gold basis, his dollar is worth less.
>
> But he is very patient.

The "little man" is indeed very patient. But in these days, when we are striving to accomplish genuine improvement, let us beware of action which may prove nothing more than action empty of both help and promise. Without a true exercise of that caution America may quickly find that there is a point at which the patience of the "little man" snaps and breaks. None are so blind today as to fail to see what the result of abandonment of patience will mean.

The pending farm bill, to which my colleague offers the amendment upon which we are about to vote, has been accepted by the farm people of this country as something worth while. Many who accept it as good have little or no acquaintance with the measure. They accept it on faith. But here in our own ranks, let it be admitted, there is not as large a measure of confidence in the proposal as one would like to see. Instead of declarations revealing enthusiastic backing of the bill and a confidence in its ability to accomplish the change so desperately needed on the farms of America, instead of this Senators are speaking of the bill as a "glorious experiment." Many have been heard to say, in effect, "We do not know what this bill is going to do; we hope it is going to do some good. Anyway, it is an attempt to improve the agricultural situation, which now is quite unbearable."

Let me warn the Senate that we had better know what we are doing. I am sure the farm people, after years of experience of this kind, are in no frame of mind to tolerate further experimentation. They have been wondrously patient. They have watched leaders cast aside legislative measures which would have gone directly to the correction of the ills of agriculture, and, in their stead, force the adoption of experimental measures until they have grown sick and tired of the practice. They are like the patient who refused to submit to a thirteenth operation after the same surgeons had gone forward 12 times with operations they frankly declared were quite experimental and might not remedy the fault with which he was afflicted. Patience, I fear, has ceased to be a farmer feature upon which America and her lawmakers and administrators can longer depend. If I do not mistake the tenor of those I know so well, the farmer today expects action—direct action. Without it he loses his home. He cannot longer continue to hold out against the ravages which have beset his course for so many years.

None can blame the farmer if he has lost, or is about to lose, his patience. The Senator from New York [Mr. WAGNER] a day or two ago declared that the troubles of debt so burdensome to the farmer today are traceable to the war. I remind the Senate that something resembling rebellion on the farms existed even before the war. Back in 1916 the farmer set out to correct the evils of a marketing system which was oppressive to his interests. He sought control of State legislatures, and suffered all manner of abuse by reason of his early effort. Then came the war. A continuation of his activity during that period was subject to the charge of disloyalty, and he continued to take "bitter medicine" during the years of that war while he saw others growing wealthy through the same war. Helplessly he submitted to the fleecing administered by the Federal Reserve bank through the deflation program of 1920; and ever since that day he has watched things go from bad to worse while his Congress and his Government experimented upon him.

Until 1928 he got nothing in the way of legislation. First he listened to majorities in Congress declare that the agricultural trouble was not real at all; that whatever trouble there was existed alone in the farmer's mind; he should go to work and help himself more; that was the one thing needed—not legislation to help the farmer. The farmer hopefully watched these adverse majorities dwindle. Then his patience was made to bear the suffering and discouragement of presidential vetoes. Then came experiments in the stead of the direct-action legislation a majority of Congress passed and saw vetoed. These experiments are too freshly in mind to call for their recitation here and now. It is sufficient to say that those experiments carried their sponsors to political graves. Yet, though these graves are still new, we find on every hand in our midst here men who are ready to try more experiments upon the farmer.

I am sure that this farm bill carries features meriting approval. I can see some improvement in commodity prices coming out of this legislation. At moments I fear the cost of accomplishing that improvement will dangerously offset any gain; but my greatest fear is that the remedies afforded in the bill are too inadequate to accomplish the fuller measure of improvement which must be enjoyed if farm homes are to be saved to their owners.

I sincerely hope that the measure can and will be so administered as to prove the existence of greater value in the legislation than its sponsors, who speak of experimentation again, seem to see in it. While I expect to support the measure when the call comes to vote upon it, I shall do so not because I believe it to be the measure of legislative help necessary, but because it is the maximum of help to be expected at this time. If it is inadequate, then the quicker we pass the measure the quicker will its inadequateness be demonstrated; and when that is demonstrated I have confidence that our administrative leadership will not hesitate in affording more adequate help.

But why, I ask, should we not avail ourselves of such opportunities as present themselves to strengthen this bill and make it something more than an experiment? The bill carries a refinancing feature intended under certain conditions to make help available to the farmer, such as will

enable him to refinance his mortgaged indebtedness at 4½ and 5 percent. True, this will be of help to some farmers, but to so few, I fear, as will mark little improvement in the general agricultural condition. Money must be much cheaper if the farmer is to recover from these many long years of depression which, after all is said and done, started on the farm.

Former Representative LaGuardia, of New York, in a dispatch under date of April 12 to his former colleagues here in Congress, expressed himself in the following manner regarding relief for the farmer in the form of obligations bearing 4½- and 5-percent interest:

If it is true that farm mortgage bill provides for 5 percent interest I appeal to you and fellow progressives to vote against such damnable provision. Sanctioning by legislation at this late date of a 5 percent interest rate is not only unconscionable but indecent. By voting against the bill you will not only protect the farmer but will be voting for the best interest of the country and the future of our Republic. I am certain that administration and leadership sponsoring this bill have been not only misinformed, misled, but deceived. Bankers' advice should not be heeded; they have not only been exposed of their wretched misconduct and selfishness and disregard of public interest but their incompetency as well. They are discredited and are now cringing, seeking to perpetuate a cruel system of exploitation. Congress must not permit them to capitalize the misery of the farmers and the workers from which they can get dividends for the next 40 years. Mark you that bankers will exchange existing mortgages for absolute good assured bonds provided in the bill. Interest rate cannot afterwards be lowered. You will recall my bill which provided for 3-percent interest, of which only 2 percent would be paid to holders of present mortgage. At the time bankers with their backs to the wall were only too glad to get such a measure; it was either that then or a complete loss of farm mortgages. The courageous spirit of self- and home-preservation displayed by the farmers of Iowa will be emulated all over the country unless their interest rate is brought down. If proper protest is displayed now the country will back such action and a low rate of interest can be written into the law. Bankers are chuckling that they are putting something over on Congress and the American people. They are too stupid to see the handwriting on the wall. Stick to 3 percent interest, of which 2 goes to the mortgage holders, as per my bill, which you will find on file and which at the time I can assure you had the approval of persons up to the very highest of present administration.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. NYE. I yield to the Senator from New York.

Mr. WAGNER. I think there is a sort of misapprehension that we have fixed a rate of 4½ percent for future loans to the farmer. We have not fixed any such rate. For the next 5 years it is not to exceed 4½ percent; but if the bonds which are to be issued, the interest on which is guaranteed by the Government, are sold at a lower rate of interest, to the extent that it is lower the farmer will get the benefit, because while there is a limit of 4½ percent during the period of 5 years, under the general provisions of the law there is to be a spread of only 1 percent between the amount paid for the money and the amount charged for the money. So that if these bonds should be sold for 2½ or 2 percent, the farmers will receive their loans for 3 percent.

There has been a misapprehension that there is a fixed and inflexible rate of interest to be charged. It is inflexible only pending the determination of how successful we are in selling the bonds which are to be issued under the measure.

Mr. NYE. Let me ask the Senator a question: Do not the provisions of his amendment require the bonds to be sold at not less than 4 percent?

Mr. WAGNER. Oh, no; there is no such provision in the bill.

Mr. NYE. Then it reads "not more than 4 percent"?

Mr. WAGNER. "Not more than 4 percent."

Mr. NYE. But it seems to me that is a virtual guaranty of the rate at which the money is going to be available to the Government—4 percent. If we carry on for a matter of 4 or 5 years and let the people who are ready to do so invest in securities of this kind, they are going to take their 4 percent, and that rate is going to be fixed for 30 or 40 years as the lowest rate of interest available to the American farmer.

Mr. WAGNER. Of course, that is not entirely the experience. The maximum fixed is not always the amount which is paid in the way of interest. I was going to ask the Senator whether he expects the bonds provided for under the Frazier amendment to be sold at 1 percent.

Mr. NYE. No; I do not expect that they can be sold. I expect that the requirement will be upon the Federal Reserve System themselves to take those bonds and to issue the currency against them.

Mr. WAGNER. So that this is really a proposal to print money up to the extent, possibly, of $12,000,000,000, because that is the total of outstanding secured and unsecured indebtedness.

Mr. NYE. Oh, Mr. President, the last person who ought to complain about basing money upon land, as we would be doing under the Frazier amendment, is the Senator from New York, who, I know, is in hearty accord with the program which has come to us within the last few days which would authorize the issuance of money without any backing whatsoever.

Mr. WAGNER. May I say to the Senator that that very bill provides that as money is issued, Government obligations are retired. To the extent that the money is issued, Government obligations are retired, which is quite a different proposition.

Mr. NYE. Then, too, we must not forget that on the opening day of this session of Congress we authorized the issuance of a kind of money that had no Government bonds back of it, or the retirement of which did not mean the retirement of Government bonds at all. We permitted the bankers to come forward with their assets, whatever they might be, and have currency issued against them; but the minute the American farmer says, "Let my land, which is here today, tomorrow, next year, and for all time, be a basis for money" we throw up our hands and say, "Oh, my! That is unsound money. That is loose talk." Why is it?

Mr. WAGNER. In the first place, those loans are very short term loans, which is quite a different thing; and when the loan is liquidated the amount of currency which is issued is retired at the same time. They are all short-term loans. This is an entirely different proposition.

Mr. NYE. Mr. President, if I may, in the remaining few minutes, be permitted to get back to the thought I was trying to convey, I wish to remind the Senate again that the farmer is in no frame of mind to be played with or experimented with. I hope that the bill that is written and that is going to be passed here will work out much more satisfactorily than anyone here seems to think it will, because if it does not, heaven alone knows what the consequences, not alone to the farmer but to his Government, are going to be.

Anyone who has contact with the farmer these days, anyone who knows how he has hoped and prayed and looked forward to this promise and that promise from month to month, knows that he is not going to stand it much longer merely on the prospect of more promises. We all get a great deal of mail from the farmers. I was tempted at one time during the last few hours to bring here to the Senate Chamber a hundred or 200 or 300 letters, all of which express the thought which I want to leave with the Senate here this morning, namely, that it is time we got something direct, something positive, to improve commodity prices that will enable the farmer to refinance his indebtedness, and enable him to maintain his home. But I am going to resort to only two such letters. One comes from a particularly eminent farmer in my State, a farmer who a few years ago was considered wealthy, a farmer who had pioneered, homesteaded, and built up a fine home, and then in more recent years found his equities, his savings, his property, vanishing to such a point that last June, when he went away from home for a month, he left the farm in the hands of his boys and asked those boys to undertake the job of shearing 250 sheep. When he returned home he found those sheep sheared, and he found a great mound of wool stored away, ready to be bundled up and carried to the market. He bundled it up and carried it off to market, and when he got to market he found that all he could get for that wool from 250 head of sheep was not enough to buy a suit

of clothes for each of the two boys who had sheared those sheep.

The same man writes that he discovered, as many others have discovered, that he could not carry upon his back from his wagon to a warehouse enough hides to exchange for a pair of decent shoes. He saw his equities going from year to year and from day to day, and I know what is in that man's mind when he sits down and writes as he did to me within the last few days. He said:

> But I sometimes think it were as well to let everything go down to the very bottom while we are at it as to try to patch up and be fleeced again in a short time. As far as the farmer is concerned we are about as low as we can get. We cannot and we will not pay taxes and interest and we refuse to have our property taken away and we refuse to move. No more "for sales" around here. About 2 weeks ago four or five hundred farmers met up at the county seat and stopped one foreclosure sale and I do not think we will have any more for a while, so things cannot get much worse for us. Let the big fellows bust, too; that is, those that are left, if that is what they want. They cannot get any more out of us. We will manage to live somehow. We won't worry. Let the other fellow worry now for a while.

That is just one little picture of the thought that exists in the agricultural mind today. The farmers are about ready, in other words, to engage, if need be, in a program that will destroy every institution and bring it down onto that level which they have occupied for the last half dozen or dozen years.

Just one more letter, and I will read very briefly from it. I do not quote this letter because I desire to cause any particular response or to be sensational, but this man and his wife who wrote me this letter, which I read in part, say this:

> It looks to me, when a government gets down so low and so greedy that they will starve their own people to death in the midst of plenty, the sooner the government goes to hell the better it will be for the rest of us.

Mr. President, I could resort to any number of letters, as other Senators could, showing that dangerous spirit which exists in the farm mind today, and yet we frankly confess here today that in the pending farm bill we are going to experiment some more with the farmer.

I hope with all my heart, Mr. President, that it may be a most successful experiment. The farmers are not ready to bear up under any more failures, and, now that the opportunity is ours to do something more than experiment and to reach out to the farmer a proposal that he may refinance his farm indebtedness, requiring, in payment, only a matter of 3 percent per year to cover the interest, and to cover the amortization on the principal, why should we not take it, why should we not accept it? We are going to do it sooner or later, and we might better do it sooner.

FORTHCOMING ECONOMIC CONFERENCE—PROPOSED REDUCTION OF WAR DEBTS

Mr. LEWIS. Mr. President, before the vote on the pending amendment, which I understand is set for 1 o'clock, I desire to submit an observation which, while not directly connected with the amendment, is necessarily a cousin to it.

I recall that some time past when in Egypt I allowed myself to attend a form of celebration where the deaths-head is brought in to confront the feast of joviality. It is no desire of mine to tender such a deadening influence upon a feast, but there is at this moment a serious thought which urges upon me the necessity of expression.

If the pending farm bill is to be a success, if the financial measure that is under consideration is to harmonize with it, and both together to work to the success of our country, there must be no such adventure as comes this morning to our notice in a threat to the United States.

Publicly it is asserted that, at the meeting which is to be held here and at London between the representatives of the foreign nations and those of the United States looking to the form of an economic conference, before any measure shall be taken in the shape of trade economy or bank or tariff finance, something must be advanced as a policy disposing of the debts owed by the foreign nations to the United States, and that these must first be treated on the basis of revision or cancelation.

Sirs, we read in the cables flashed from Europe that in some form there must be agreed by the United States, if not to cancelation, to a plan of a general revision of the whole foreign debts alleged to be owed the United States.

Mr. President, I have no intention of sounding a warning that takes on the form of a threat or intimidation. But I wish to say as a Senator representing, with my honorable colleague, one of the sovereignties of America, which will be affected in some form by this arrangement, whatever shall follow this meeting, that as asserted now by the representative both of France and of England, as reported in the press, before any concession will be made to the United States touching the matter of trade, and before any arrangement can be arrived at that shall result in some better relationship of cooperation between the countries in the matter of commerce and tariffs, there shall first be a consent by our Nation to revision or cancelation of the debts as a consideration before any action prescribing trade regulations of these harmonies shall be undertaken. If it be true that the consent to a further reduction or cancelation be the first move, then the proceeding had best end now. Here I proclaim as Senator, I am compelled to say that if at the very outset it shall be tendered to the honorable President of the United States, and those who represent him, that there must be a consent first that there shall be a revision or some form of cancelation, or cancelation or some form of revision, this conference will not succeed. It will be a failure. Mr. President, the suggestion of such necessity will be treated as a deliberate threat upon our Government of injury to us unless we surrender to the demand——

I wish to say that the American people are in no temper to be intimidated by these forms of propaganda sent by cable to precede this gathering—the generators of this flash only and to illuminate with a new fire or some fire a new prejudice or hatred. We wish peace and harmony, but the American people will not adopt any proposal by any administration of any politics or of any nation that compels the canceling of the international obligations or the revision of them. Such result would put upon the farmer a new and increased burden, as is suggested by the speeches of the Senators from North Dakota. It would mean an extraction from our Treasury of the money needed to pay our soldiers. It would deprive us of money needed to pay the interest on bonds due our own people.

I conclude by saying, as I rise to make the protest, that if there shall be an attempt made to make the revision of the debts, or the cancelation of them, the basis for the consideration of our economic parley, whatever may be its end, it had better not be proposed. The attempt to achieve it is the end of the conference. The American public will not tolerate entering upon the consideration by first surrendering America to the extortionate demands of the foreign nations. Nor will our people tolerate America to again be put in the position that while she ostensibly announces to our countrymen that this was to be an economic conference looking purely to the adjustment of trade she was trapped in the design, or was yielding to it, of tricking the American public and the people of the Nation by which the money due from nations who borrowed from us was juggled from us.

Mr. President, allow me to say that if such scheme shall once possess the mind of the American public as the purpose in hand, it will end the usefulness of this conference. The prospect or effort toward success in the plan will fill the American mind with suspicion. It will put the foreign delegates in attendance as having treated our own nationals in an unworthy way. I am anxious to have us succeed, but I prefer failure to surrender. I rather go farther, and adopt the creed which we have, through Addison, in the address by Cato:

> 'Tis not in mortals to command success,
> But we'll do more, Sempronius—

We will deserve it. In this international meet America will be all-American—true to herself and just to all others.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. NORBECK. Mr. President, I am not one of those who believe the farmer can get himself out of trouble by borrowing more money. The earnings do not permit him to pay 8-percent interest, nor 4 percent, nor even 2 percent. There must be something in addition to this bill.

I am quite distressed over the attitude of some Senators representing the industrial States, who have not all come to realize—or rather, they have forgotten—that national wealth comes from national resources, comes out of the farm, comes out of the forest, and comes out of the mines. But I must admit we have people who believe that big cities can be built and prosper on a desert; that a supporting country is not necessary. They do not realize New York is large because it has the trade of the continent. They do not realize that their business profits, the value of their property, their well-being and very existence are dependent upon the "back country."

I do not believe this bill will be the means of placing the farmer on a living basis, but I know that if interest rates could be reduced it would also reduce the farmer's annual loss. I vote for this bill because of the necessity of it. I vote for this bill because I desire to protest against existing conditions. I vote for the Frazier bill as a substitute for the administration refinancing provision, because I think such a provision is impractical; it is expected to relieve the farmer at the expense of the Treasury. I am afraid when we come to see its workings we will find it has benefited the mortgagee more than the mortgagor. Unless it is very well administered, it will permit insurance companies and mortgage companies to get a quasi Government bond for an uncollectible note and mortgage.

A couple of weeks ago I met with a hundred farmers representing various farm organizations. It was their opinion they would rather have nothing than to have the 4½-percent refunding provision, which is now carried in this bill.

Mr. President, it has been said in criticism of the Frazier substitute that it would take us off the present gold standard. I look upon that as an additional reason for supporting it.

Business prosperity cannot return until the national earnings are more fairly divided between all classes, so that each class may have some purchasing power. I believe that the agricultural depression, which started in 1920, is the major cause of the Nation-wide depression. Where there are no earnings, there can be no purchasing; without purchasing, the factories will stop. With idle factories, we have idle workingmen. With idle workingmen, we have what we now have.

Mr. President, I think it is so entirely unnecessary for a people as intelligent as ours, in a land of such great natural resources, to be in this kind of situation. We have reached the point where farm property cannot pay interest and taxes, and its value has shrunken badly. It does not pay a wage, half a wage, or even a quarter of a wage to the man who labors long days on the farm.

If the farmer could have had a fair price for his products in the last decade—that is, some wages for his labor—there would not now be any need of additional credit legislation. But it is going to take the farmer a long time to get back to a normal condition. In the meantime it would be helpful to him if the interest rate on his indebtedness could be reduced. This relief must come soon, for the land is fast passing out of his hands. Recent surveys show less land under mortgage than formerly. The farms are rapidly passing into the hands of the money lender.

If this farm-relief bill does what is expected of it—increase the farm-commodity prices a little—and we adopt the Frazier credit plan as a substitute for the provisions in this bill, the turning point will have come in agriculture, and the whole Nation will soon feel its effect. If nothing is done, we will continue in the direction we are going until all sections of the country have hit a common level, but it will be a low level.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FRAZIER. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Lewis	Robinson, Ark.
Ashurst	Couzens	Logan	Robinson, Ind.
Austin	Cutting	Lonergan	Russell
Bachman	Dickinson	Long	Schall
Bailey	Dieterich	McAdoo	Sheppard
Bankhead	Duffy	McCarran	Shipstead
Barbour	Erickson	McGill	Smith
Barkley	Frazier	McKellar	Steiwer
Black	George	McNary	Stephens
Bone	Hale	Murphy	Thomas, Okla.
Borah	Hastings	Neely	Thomas, Utah
Bratton	Hayden	Norbeck	Trammell
Brown	Johnson	Norris	Vandenberg
Bulow	Kean	Nye	Van Nuys
Byrd	Kendrick	Patterson	Wagner
Capper	Keyes	Pope	Walsh
Caraway	King	Reed	White
Clark	La Follette	Reynolds	

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. LA FOLLETTE. I ask for the yeas and nays.

The VICE PRESIDENT. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], in whose absence I withhold my vote.

Mr. LEWIS (when Mr. DILL's name was called). I beg to announce that upon this vote the Senator from Washington [Mr. DILL] is paired with the Senator from West Virginia [Mr. HATFIELD].

Mr. KENDRICK (when his name was called). On this vote I am paired with the Senator from Vermont [Mr. DALE]. Not knowing how he would vote, I withhold my vote.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and will vote. I vote "nay."

Mr. McNARY (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote.

Mr. THOMAS of Utah (when his name was called). I wish to announce that I have a general pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH], and therefore withhold my vote.

Mr. VAN NUYS (when his name was called). I have a general pair for the day with the senior Senator from Connecticut [Mr. WALCOTT]. I understand that on this amendment he would vote in the same way that I intend to vote. Therefore I feel at liberty to vote, and vote "nay."

Mr. LEWIS (when Mr. WHEELER's name was called). The Senator from Montana [Mr. WHEELER] is paired with the Senator from Rhode Island [Mr. HEBERT]. I am requested to announce that if the Senator from Montana were present he would vote "yea", and the Senator from Rhode Island, if present, would vote "nay."

The roll call was concluded.

Mr. GORE. I have a general pair with the senior Senator from Ohio [Mr. FESS], who has been called out of the city. Therefore I withhold my vote.

Mr. McKELLAR (after having voted in the negative). I have a pair with the junior Senator from Delaware [Mr. TOWNSEND], which I transfer to the junior Senator from Texas and allow my vote to stand.

Mr. LEWIS. Mr. President, I wish to announce the following general pairs:

The Senator from Colorado [Mr. COSTIGAN] with the Senator from Rhode Island [Mr. METCALF]; and

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY].

I also wish to announce that on this vote the Senator from Louisiana [Mr. OVERTON] has a special pair with the Senator from Maryland [Mr. TYDINGS]. If present, the Senator from Louisiana [Mr. OVERTON] would vote "yea", and the Senator from Maryland [Mr. TYDINGS] would vote "nay."

I wish further to announce that the Senator from Massachusetts [Mr. COOLIDGE] and the Senator from Colorado [Mr. COSTIGAN] are necessarily detained from the Senate on official business.

The result was announced—yeas 25, nays 44, as follows:

YEAS—25

Bone	Duffy	Murphy	Shipstead
Bulow	Erickson	Neely	Steiwer
Capper	Frazier	Norbeck	Thomas, Okla.
Caraway	La Follette	Nye	Vandenberg
Couzens	Long	Pope	
Cutting	McCarran	Robinson, Ind.	
Dickinson	McGill	Schall	

NAYS—44

Adams	Byrd	Kean	Reynolds
Ashurst	Byrnes	Keyes	Robinson, Ark.
Bachman	Clark	King	Russell
Bailey	Copeland	Lewis	Sheppard
Bankhead	Dieterich	Logan	Smith
Barbour	Fletcher	Lonergan	Stephens
Barkley	George	McAdoo	Trammell
Black	Hale	McKellar	Van Nuys
Borah	Hastings	Norris	Wagner
Bratton	Hayden	Patterson	Walsh
Brown	Johnson	Reed	White

NOT VOTING—26

Austin	Davis	Hatfield	Thomas, Utah
Bulkley	Dill	Hebert	Townsend
Carey	Fess	Kendrick	Tydings
Connally	Glass	McNary	Walcott
Coolidge	Goldsborough	Metcalf	Wheeler
Costigan	Gore	Overton	
Dale	Harrison	Pittman	

So Mr. FRAZIER's amendment to Mr. WAGNER's amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment of the Senator from New York [Mr. WAGNER], as amended.

PROPOSED MEASURES OF INFLATION

Mr. REED. Mr. President, I have noticed in the newspapers that the administration has sent to the House a bill requesting the bestowal of power upon the President to annul and cancel any outstanding contracts that have been made by the United States Government. It seems to me that to request such power is in full conformity with the currency experiments embodied in the so-called "Thomas amendment" pending in the Senate. It is reported by the newspapers that the President asks power even to cancel the agreement of the United States to pay its public debt; he asks power to default, annul, cancel the bonds to which we solemnly pledged the faith and credit of the United States.

Mr. JOHNSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from California?

Mr. REED. I yield.

Mr. JOHNSON. I have never heard of the measure that is suggested by the Senator. Will he do me the kindness to tell me what bill it is that seeks to give the President the right to cancel and annul all existing United States contracts?

Mr. REED. It was reported in the press of yesterday morning, and has not been denied, that the administration has sent such a measure to the House—informally, of course—asking for a number of powers, including the powers of which I speak. I will be glad to obtain copies of the press article and show it to the Senator.

Mr. JOHNSON. I will not ask the Senator to do that. I am unfamiliar with the matter, and that was the reason of my query.

Mr. REED. I shall send for the press article.

Mr. LEWIS. Mr. President, may I ask the Senator from Pennsylvania a question?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Illinois?

Mr. REED. I yield to the Senator.

Mr. LEWIS. With the permission of the Senator from Pennsylvania, I desire to say that since the Senator says it was on yesterday information was imparted to him from some source of this astounding and revolutionary suggestion, as he would correctly term it, I ask him if he has made any effort from that time to now to verify if such a fact exists, or if it is possible to have been an error of publication?

Mr. REED. I am not in the confidence of the administration, but I have seen no denial of it. If it be untrue and incorrect, I hope someone who does know the intentions of the administration will promptly contradict it.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. Certainly.

Mr. ROBINSON of Arkansas. Did the Senator state a bill had been sent to Congress?

Mr. REED. That is my understanding. I have sent for the paper and will place the article in the RECORD.

Mr. ROBINSON of Arkansas. This is the first I have heard of the subject matter of the Senator's discussion.

Mr. REED. The reports that I saw purported to be an announcement from the White House giving a list of the powers which the President was asking, and one of them, I remember distinctly, was the power to annul and cancel any existing contract of the United States Government. In case that was done the President was to specify the amount of damages to be paid to the person with whom we had the contract, and if that is unsatisfactory to the victim he is to have the right to bring suit for further damages.

Mr. BANKHEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Alabama?

Mr. REED. I yield.

Mr. BANKHEAD. Has the Senator made any effort to get a copy of such a bill?

Mr. REED. I have been making an examination of some sort to find out if anybody in the administration had denied it.

Mr. BANKHEAD. Does not the Senator recognize that if there is such a bill he could have obtained it merely by asking for it?

Mr. REED. I said this was a request that such a bill be passed. I did not state the bill had been actually introduced. Presumably that will be done today.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. KING. The Senator may recall that during this session of Congress, as well as the last session, there was some criticism of certain contracts entered into by the Postmaster General with a number of individuals and corporations, and an amendment was offered in the Senate with respect to the bill then under consideration—and the amendment was germane—that certain contracts be terminated upon the ground that they were unfair and unjust to the Government. I am inclined to think that if the Senator saw a statement such as he indicated, it related solely to those contracts to which I have referred.

Mr. REED. It was not so limited in the press report which I saw, which applied to all existing contracts of the American Government. I hope very much that it is the intention of the administration to restrict it, but as the announcement read it would apply to bonds and every other form of existing contract.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New York.

Mr. REED. I yield.

Mr. WAGNER. I did not quite understand the Senator. Where was the statement made? Was it an authentic statement?

Mr. REED. It purported to be a statement made from the White House, as I read the paper. To clear up any further doubt, I shall see if I cannot find it for the Senator and read it into the RECORD.

Mr. WAGNER. Unless it is an authentic statement, I think we ought to suspend our judgment on the question until there is something authoritative said.

Mr. REED. I agree with the Senator, and I hoped I could find someone in the confidence of the administration who would tell us that this was untrue.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. I yield.

Mr. FLETCHER. Does the Senator think it is fair or just or quite proper publicly to denounce an attitude assumed to be taken by the administration based upon a newspaper report?

Mr. REED. I have sent for the article and will have it for the Senator in a moment. I am putting it in the form of a question.

The article has just been handed to me this moment. In the New York Times I find this statement:

> Mr. Roosevelt sent to the House today a revised estimate for the 1934 independent offices supply bill carrying a reduction of $468,000,000, and at the same time submitted legislative plans formulated by Lewis W. Douglas, Director of the Budget, which would permit the President to cancel Government contracts, furlough at half pay many Army officers, retire civil-service employees who complete 30 years' active service, and give the President other discretionary powers.

Then follows the message of the President, and then the article continues:

> The legislative recommendations were, briefly, to empower the President to cancel existing Government contracts.

Then follows the list of other discretionary powers he wants, and then the article continues:

> A few confidential copies of the proposed legislation and Budget estimates were submitted by President Roosevelt to the House Appropriations Committee. These were carefully guarded, but news of the proposals spread rapidly about the city. Chairman BUCHANAN immediately called an executive session when the bill was received.

They were kept confidential from me, I can state to the Senate, as my only knowledge is the newspaper report, which appeared to be official.

Mr. ASHURST. Mr. President——

The PRESIDING OFFICER (Mr. AUSTIN in the chair). Does the Senator from Pennsylvania yield to the Senator from Arizona?

Mr. REED. I am glad to yield.

Mr. ASHURST. If it will give any comfort, and certainly his query is proper, because the item appears in one of the most reliable papers in the world, but I hope the Senator will not ask me to give the authority upon which I make this statement, but I am able to say that not even in the most remote flight of imagination was it intended by anyone connected with the administration that any such cancelation should apply to bonds issued upon the faith and credit of the United States, and paid for by the citizens thereof or by any other person.

Mr. REED. Mr. President, I thank the Senator, because his statement does reassure me very greatly. I take it, further, that, if by any chance the legislation should be couched in language so broad as to include outstanding Government bonds, the administration forces here in the Senate would support an amendment to exclude bonds from the list of contracts that might be canceled.

Mr. ASHURST. The Anglo-Saxon, the English—the American race may have faults. We may not possess some of the shining virtues of culture and the particular accomplishments of other races, but the one virtue of our American race—I hope it is not the only one but the grand virtue of our race—is solemnly and promptly to discharge all our obligations.

Mr. KING. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. I should like to answer the Senator from Arizona if I may. I wish the Senator from Arizona had been here yesterday to hear the statement of the Senator from Nevada [Mr. PITTMAN], that he does not expect the United States Government to perform its promise to pay its outstanding bonds in gold. The reason he gave was a surprising one to hear on the floor of the United States Senate, and that was that the amount of the outstanding bonds being greater than the amount of gold that is in the world, the promise could not be performed.

Mr. ASHURST. I have been for the double standard (gold and silver) ever since I was sentient. I think the coinage of silver at 16 to 1 or 20 to 1 would bring prosperity in 40 days. I have said that four different times on the floor of the Senate. I repeat, a bond payable in gold will in my judgment be paid in gold. I think, however, that we should stop the issuance of tax-exempt securities.

Mr. REED. So do I.

Mr. ASHURST. I have introduced a joint resolution proposing that hereafter no tax-exempt securities shall be issued. Some of my ablest constituents, people of importance upon whom I may have to depend to be returned to the Senate, have suggested that I ought to try to have a law or amendment enacted providing that all tax-exempt securities heretofore issued should not hereafter have any tax-exempt privileges. In my judgment the United States should and will live up to that agreement and the constitutional amendment will be prospective instead of retroactive.

I beg the learned Senator from Pennsylvania to believe that neither this administration nor any other administration will ever be elected during his time or mine which will make any move looking toward the cancelation, revocation, or avoidance of the payment of obligations and bonds issued upon the faith and credit of the Government of the United States and upon and for which the people have paid their money.

Mr. REED. I thank the Senator. I honor the Senator for the sentiments he has expressed.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. KING. The Senator will recall that immediately after the war authority was given to executive departments to abrogate a number of contracts which had been entered into which called for large payments, the furnishing of supplies, and the building of ships, to be paid for by the Government, but it was understood, of course, that any damages sustained by persons with whom the Government had contracted, growing out of the termination of the contracts, should be paid by the Government. The result was that the Government did pay a large amount in the aggregate for damages sustained by reason of the termination of the contracts.

The matter which the Senator read, it seems to me, relates solely to certain contracts to which reference has been made and which were brought to the attention of the President by Mr. Douglas in connection with the Budget. It is clear that the contracts referred to in the newspaper article are the air mail and shipping contracts, which were discussed upon the floor of the Senate a few weeks ago. Contracts had been entered into which some of us believed were unfair to the Government and in the negotiation of which the Government had been overreached. It seems to me that if upon investigation it is found that some contracts were improvidently made or were tainted with fraud, or that there were conditions attending the making of the contracts which would justify their termination, the authority should be given to abrogate the same. But, of

course, there must accompany the power of cancelation the duty and obligation of making compensation to any injured party.

Mr. REED. I do not mean to be drawn into a discussion of those subsidy contracts.

Mr. KING. May I say to the Senator a committee has been appointed—I happen to be a member of the committee—to inquire into certain contracts with a view to making recommendations to the Congress as to what disposition shall be made of them. Suppose that committee shall find that some contracts were improperly entered into, that they were so improvident as to be unfair to the Government, or to warrant their abrogation, and shall so report, would it be improper for Congress to authorize the President or some agency of the Government to terminate the same? Of course, full opportunity should be given for the review by the courts of the entire matter.

Mr. ASHURST. Mr. President, will the Senator yield further to me?

Mr. REED. I am glad to yield.

Mr. ASHURST. The learned senior Senator from Utah [Mr. KING] is correct in his horoscope of the situation. I realize that the article has been construed by not a few persons in the way in which apparently it has been construed here. But I invite attention to the fact that along with the publication from which the learned Senator from Pennsylvania read, Government bonds of all issues rose perceptibly yesterday and today, indicating that the purchasers of bonds and those seeking investments generally have no fear that any attempt will be made here to repudiate any bond or other legal obligation of the Government issued upon the faith and credit of the United States.

Mr. REED. I had a notion that Government bonds went up because it was discovered that at least a part of the Senate is still in favor of keeping the promises of the United States.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. REED. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. The Senator has discoursed with great clearness upon the sanctity of contracts. I should like to ask the Senator if he also thinks the sanctity of contracts should apply to the promise of the Government to redeem its gold certificates, and to protect the citizen in his property.

Mr. ASHURST. Yes; Mr. President. There are no exceptions with respect to contracts lawfully entered into. All legal obligations must be complied with and executed, no matter how painful compliance therewith may be. There can be no exceptions. A man may not say, "I will recognize and pay this lawful obligation, but not the other."

Mr. SHIPSTEAD. The Senator, of course, realizes that we have violated that obligation.

Mr. BORAH arose.

Mr. REED. Does the Senator from Idaho wish me to yield to him?

Mr. BORAH. Mr. President, it does not seem to me that any distinction can be drawn between a bond and any other contract so far as the power of the President would be involved. In my judgment, it would be just as difficult under the Constitution to grant to the President the power to cancel any contract as it would be to grant to him the power to cancel a bond, because both would be judicial acts; would they not?

Mr. REED. Of course if there has been fraud in a contract the defrauded person has a right to rescind, but the test of his right must always be made in court. He gives the notice of rescission, but the justice of his action must always be determined judicially.

Mr. BORAH. Of course, the President would be authorized to give notice of the termination of the contract, and so forth; but to cancel a contract is a wholly different proposition.

Mr. REED. Oh, absolutely.

Mr. ASHURST. Mr. President, will the Senator yield to me once more? Then I will not bother him further.

There is a group of decisions handed down nearly 60 years ago by the Supreme Court of the United States, known, I think, as the "*Legal Tender cases*". I have reread them within the last few weeks. Not presuming to say what the Supreme Court might do, I have no doubt that they would take the same view on that subject that they took then; and, in my judgment, the Senator from Idaho is correct. Congress might pass its bills proposing to cancel legal contracts, but the Supreme Court of the United States would have a duty to perform before that could be done.

Mr. REED. Of course, any defrauded person has a right to rescind.

Mr. ASHURST. Fraud vitiates everything.

Mr. REED. Yes.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. REED. I wonder if the Senate as a whole will not yield to me for a few minutes?

Mr. LONG. I desire to ask the Senator one question. What about the contracts the Government had for stipulated fares, which yielded under the power of regulation of the Government when circumstances required it? Why would not the same power to regulate the coinage and the value of money apply?

Mr. REED. Because the Supreme Court has held that the regulation of rates of utilities is an exercise of the police power, which may be exercised from time to time as the necessities require. The cancelation of an outstanding debt is not an exercise of the police power as we understand it in our law.

Now, Mr. President, yielding to myself for a moment, yesterday, shortly after this rather ambiguous publication was made of the desire for the power to cancel contracts, the Senator from Nevada [Mr. PITTMAN] made the flat statement here upon the floor of the Senate that he did not expect the outstanding Government bonds to be paid in gold in accordance with their terms; and he followed it with the argument, which I say I never expected to hear made on the floor of the American Senate, that they could not be paid in gold because there were more bonds outstanding than there was gold in the world—as if every holder of every Liberty bond could get to the same window at the same instant and demand gold for his obligations!

Obviously, when we had 26 billions of bonds outstanding during the war, the supply of gold in the world was less than it is today, and yet it never occurred to anybody that that was a reason for defaulting on our promise. Everybody assumed, as they have done down through the ages, that such a promise could be fulfilled by paying the first comers in gold, and then buying back the gold, if necessary, in order to pay the second comers. That is the obvious way in which such transactions are handled in commerce and in Government finance. To say here solemnly and seriously that the Government expects to repudiate its promise in those bonds—because that is the only construction that can be taken when such a statement is made by a Senator prominent in the confidence of the administration—is bound, when it is generally understood through the country, to have a terrible effect upon the Government credit.

And what effect can it have, Mr. President, upon the Government credit to find that the administration in power only 6 weeks already is repudiating its solemn promise in its platform of last autumn to stand for sound money at all hazards? They have put in the greenback proposal; they have put in the debasement of the gold content of the dollar; and last night, just before we adjourned, in came a free silver coinage amendment offered by the Senator from Montana [Mr. WHEELER], and I am told by the newspapermen that it is explained to them that that has the backing of the administration.

If the administration backs the 16-to-1 silver-coinage proposal, backs a $3,000,000,000 issue of greenbacks unsupported by any reserves, and backs this scheme to diminish the gold content of the dollar, what has become of the promise that was held out to the citizens of this country in the campaign of last autumn that the Democratic Party would stand for

sound money at all hazards—and 6 weeks after taking office it sanctions such recommendations as that?

I have here, fortunately, the exact text of the message which was sent by the President to the Speaker of the House of Representatives day before yesterday. Accompanying it is sent a message from the Director of the Budget, and it is stated by the President that with the Budget Director's statements he concurs. Here is one of the statements with which President Roosevelt concurs:

SEC. —. Whenever it shall appear to the President that the interest of the United States will best be served thereby, he is hereby authorized, in his discretion, to modify or cancel any contract to which the United States is a party and which was executed prior to the date of the enactment of this act.

Find any qualification in there, if you please, that will protect the man who bought a gold certificate from this very administration 2 weeks ago. If that passes, Congress is giving the President power, at the President's request, to swindle the investor to whom we sold gold bonds in this very month of April 1933; and if that is not meant to cover such securities, what business have we to be considering or receiving half-baked legislation like that?

The particular professor who wrote that section ought to have stopped to think that the faith and credit of the United States are involved when such a power is asked to be put in the hands of the President of the United States.

Mr. President, I was ridiculed yesterday, and charged with speaking only for the rich men of the country, when I said that the consequences of this inflation would be disastrous to the great mass of the American people. The best possible confirmation of what I said comes this morning in a statement from Mr. William Green, president of the American Federation of Labor, in which he says that he knows that this inflation scheme will be an invisible method of lowering wages. He backs up just the statement that we made here in the Senate yesterday, and announces that he will demand a corresponding wage increase to make up for this reduction that is being put upon him through money inflation.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Pennsylvania yield to the Senator from Minnesota?

Mr. REED. Just a moment. I will yield in a moment.

Mr. Green shows his plain recognition of the force of the point that the wage earners of this country are going to be the first immediate sufferers from this inflation scheme that the administration is backing. When he says that he will demand a wage increase I can readily understand that he will; but I can equally readily see that with the sidewalks full of men hunting work he is not going to get his wage increase, and therefore it will remain true that the wage earners of America are the first victims of this scheme of inflation.

Mr. President, it is probable that this thing is coming on for a vote next week—on what day nobody can say accurately; possibly Wednesday. Unless America wakes up, and lets its Congressmen and its Senators know its feeling about this plan, there is every likelihood that it will pass.

This morning my desk is littered with telegrams of congratulation from people all the way from Maine to California on some poor remarks that I made here yesterday. I am not the person to whom to telegraph. Those people ought to be telegraphing to the Senators and Congressmen who have not yet declared their position on this insane scheme. If America will wake up and will send in messages telling how it feels about this, and will cease sitting back and saying, "Oh, well, those Congressmen are going to pass it, anyway", we will have a chance of beating this bill.

EXPANSION OF THE CURRENCY

Mr. LONG. Mr. President, I have been unable to fathom the legal argument of the Senator from Pennsylvania [Mr. REED]. I hope he may do me the honor to listen to me for a few minutes, and to try to reconcile the argument he is making relative to the power of Congress to coin money and to regulate its value.

To begin with, this Government is not founded on an absurdity. We know that there is only $4,400,000,000 worth of gold coin in America. We know that we have issued in this country approximately $27,000,000,000 of obligations of the Government, payable in gold. Manifestly, neither the Government nor the courts nor the Congress will compel an absurdity. It is impossible by law to make a ball 8 inches in diameter go through a keyhole.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. REED. The Senator could not have heard what I said about that argument. Obviously, the holders of those bonds will have to come to the window one at a time. What is to prevent the Government from buying back the gold from the first comers to pay the second comers?

Mr. LONG. It is all right, I wish to say to the Senator, if the people come one at a time to the banks and to the Treasury for their gold. That is all right so long as there is no panic or emergency or depression among the people; but when matters reach a state, as they have in this instance, where everybody has gone to the banks holding $44,000,000,000 of deposits, payment of which they have a right to demand in gold, and when $44,000,000,000 is demanded in gold, or half of that, or a fourth of that, manifestly we have reached a position which means one of two things—chaos and absurdity, or an orderly regulation of money.

The Senator from Pennsylvania did not object to the power being given to the President to decrease the compensation of the soldiers of the World War. I was against that.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I yield.

Mr. REED. At the time that bill was sent to us to vote for we were assured repeatedly through press statements that the veteran disabled in service was not going to be harshly dealt with. Does the Senator suppose that that bill ever would have passed if we had known what it was in the President's mind to do to the veterans of the country?

Mr. LONG. I thought I knew what was in his mind.

Mr. REED. The Senator is lucky. He is in the President's confidence.

Mr. LONG. No; I did not get it from the President. I told on the floor of the Senate what the bill meant. The Senator from Pennsylvania, had he heard me then and believed me, would have been as wise then as he is now. The President did just what we empowered him to do. I was against that kind of power being granted to the President at the time for the purpose indicated. I was not in favor of the grant of some of the other powers.

But here is where the Senator from Pennsylvania leaves the ship. He does not remain consistent. The power of Congress to regulate commerce and regulate the value of money is found in the Constitution. I read first the provision relating to the power of Congress to regulate commerce. It is in these words:

To regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

Now I read the power over money:

To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. REED. Does the Senator find anything in that quaint old document from which he is reading that would justify Congress in giving that power to the President?

Mr. LONG. I am sorry the Senator asked me that, but if the economy bill is constitutional, this measure would be, too, and I am going to take the law as it has been interpreted for us.

Frankly, I want to partly agree with the Senator; I do not approve of the method of legislation we have pursued here, but it is the only kind of method by which we can get relief for the people, and the Senator from Pennsylvania and others have set the example that that is the process we are to follow, and I am going to get in line, because I am for inflation.

I want to get back to what I was reading the Senator. There is not a bit of difference in the world in the effect of the words giving Congress control over regulating commerce and regulating money. There is no difference. The words fix the power to regulate.

We people who have had rate controversies in the courts know what it means. This is what was done: The very interests which are today opposing the right to value the gold content of the dollar—the very interests which are today urging that we have to pay $27,000,000,000 worth of Government bonds with $4,400,000,000 worth of gold—those very interests were the first people, in 1920 and 1921, when that emergency period came about, to urge upon the court that, regardless of what contract had been made with the Government, not only the Government had the right to assail it and to cancel it but that the right was in the private interests themselves to cancel a contract made with the Government or with a State, whether the Government or the State wanted it canceled or not, if circumstances so required.

Now, let me give the Senate the cases on that.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WAGNER. I think that principle has its limitations, because the courts have held, where an agreement is made between a municipality and a public utility that a certain rate of fare shall be charged, that that is an absolute contract and cannot be abrogated. That was held in the New York case, with which I happen to be acquainted. They distinguished between a contract and a mere grant of a franchise. I thought the Senator was going too far.

Mr. LONG. I will cover that case. I am very familiar with the law and the jurisprudence. Most of the suits in my section of the country were brought against me, and I do not think it is necessary to go any farther than Louisiana decisions to get all the law on that question. [Manifestations of laughter in the galleries.]

Mr. LEWIS rose.

The PRESIDING OFFICER. The rules of the Senate forbid demonstrations in the galleries. The occupants of the galleries will please take notice and govern themselves accordingly.

Mr. LONG. Mr. President, this is what the courts have held, that where a city has only the right to grant a franchise, then a contract granting the franchise is valid and binding as fixing a fare; but if the city has the additional power to regulate rates, then the franchise fare or rate is of no value if it is not reasonable considering the times and the conditions. That is the law. Plainly, under the Constitution the United States Government has the right to regulate the value of money, and any contract the United States Government makes is made subject to the greater right of necessity, so that whenever regulation is necessary a contract cannot stand in the way. That is as clear as a pikestaff.

Who was it who made this jurisprudence? Was it made by the United States Government when the emergency arose? No. Was it made by any man in the United States? No. It was made by the financial interests of this country which own the railroads, and own the gas companies, and own the street railroads. The first case, in 1920, the *San Antonio Street Railway Co. case*, was the birth of that new doctrine out of which philosophy they gained their right to live again.

What did that decision hold? There was an agreement by which the city of San Antonio granted to the San Antonio Railway Co. a franchise to use the streets of that city, conditioned upon them granting a 5-cent fare. In 1921 the San Antonio Street Railway Co. petitioned the council of the city of San Antonio for permission to increase the fare, and the council denied them that right. Thereupon the street-railway company went into the Federal court and urged that the dollar was no longer worth a dollar. I hope the Senator from Pennsylvania at least will read what I say, if he does not listen to it. They held in that case—and I defy any man to meet me on this—that the dollar was no longer worth a dollar, but that the dollar was worth only 60 cents, and that therefore the fare of 5 cents for one ride was not a reasonable fare and they proposed to increase the fare to 7 or 8 cents.

Now, we come back to those people and say, the trouble now is not that the dollar is not worth a dollar. The trouble is that the dollar is worth $1.63, and now we say that Congress has to exert the same power that has been established as valid in the jurisprudence of this country through the action of the Supreme Court of the United States. The reply is, "Oh, no; we are holding on to our constitutional right. The fact that the dollar went down in 1921 enabled us to break the contracts we had made with the Government, but the fact that the dollar has gone up in 1933 will not relieve the Government; the Government has to stand up to an absurdity, and absolutely force the lives out of its people trying to get $44,000,000,000 in gold, when the entire gold of the United States amounts to only $4,400,000,000."

Therefore, Mr. President, Congress must act constitutionally under this power. Why all this talk about the sacredness of contracts? It is because there are some who have a little gold left, who have bonds payable in gold; but the overwhelming majority of the people of the United States have neither gold nor obligations payable in gold. They are the persons, naturally, who must benefit from devaluing the gold dollar and from the inflation of the currency; but the man hoarding gold, or who is so fortunate as to have an obligation payable in gold, has not sense enough to see that the goose can lay but one egg a day. They think that these 25,000,000 starving American people will, somehow or other, come through the sweat mill and the grist mill and the wringer, and leave them a means by which they can collect their obligations in gold. Their factories are idle today because those people are without purchasing power. The common man cannot buy from the steel mill unless he has something with which to buy; he cannot buy from the shoe factory unless he has something with which to buy; he cannot buy from the grocery store unless he has something with which to buy. But the bloated owners of fortunes in this country, that ruling class which never has been known to abdicate, cannot see that the people of the United States, 50,000,000 of them, 60,000,000 of them, have no purchasing power. They cannot see that in this emergency $44,000,000,000 of gold demands cannot be paid with $4,400,000,000 of gold, which is the amount of gold in the United States. They cannot see that the enormous production of the United States cannot be consumed by 2 percent of the people who own more than 60 percent of the wealth, and they are depending upon the mills to open and commodities to be sold and the country to thrive, when 75 to 80 percent of the people have nothing on the living face of the earth with which they can buy anything so as to start the country back on the road to prosperity.

Mr. President, the thing which usually occurs in this country is what has occurred ever since time began. The Senator from Pennsylvania reminds me of the First Triumvirate of Rome. Times have not changed a bit. Human nature is just the same as it was 2,000 years ago. People do not change at all. It is the greatest fallacy on earth to think that people change.

Three men in Rome finally divided the world into three parts. Those three men were Caesar, Pompey, and Crassus. One of that triumvirate, Crassus, demanded that the natives of the province over which he ruled pay him in gold in order to get anything to eat. He demanded that his slaves pay him in gold in order to get anything to wear. Finally, when he had absorbed and amassed unto himself all the foodstuffs and all the wearing apparel of the empire and all the gold, he still would not let a single peasant have a thing to eat unless he could come up and pay him in gold, although he had all the gold himself. The common people finally broke in and melted the gold and poured it down his dad-gummed throat until he got enough of it. [Laughter in the galleries.]

Mr. LEWIS rose.

The PRESIDING OFFICER. The Senator from Louisiana will suspend. The Chair will repeat that a rule of the Senate forbids demonstrations in the galleries, and the next time that rule is trespassed upon the Chair will have the galleries cleared. The rules must be respected if visitors expect to occupy the galleries. The Senator will proceed.

Mr. LONG. Mr. President, I am not in the confidence of the President of the United States. I have not been consulted about his plans at any time or at any stage. I do not expect to be, and I am not offended by not being. I was one of the few who sought here a year and a half ago to do whatever was within our power to bring about an expansion of the power to purchase. I was one of the few who were described as iniquitous filibusters because we undertook to hold up the proceedings of the Congress—that is, we were charged with doing that, but we denied it. We were charged with holding up the proceedings of the Congress until we could compel the President of the United States and the administration to expand the currency and to put a purchasing power into the hands of the masses. We have kept up that fight as friends of the President of the United States, both of Mr. Hoover and of Mr. Roosevelt.

Mr. President, I was a friend of President Franklin D. Roosevelt when I stood on the floor of the Senate here less than 3 or 4 weeks ago and did what I did not want to do, and said that this deflation policy into which he was being led would be the ruin of the administration and of the country with it. Our great President, as quickly as he has had time to get the other tremendously important matters out of the way, has seen the light in this matter and he has come to the only sane and sound solution that a sensible, reasonable man can reach in an emergency of this kind.

If we go on with more banks closing; if we go on with the prices of commodities going down; if we go on with the farmer producing so much that we are living in the land of plenty, the foodstuffs piled so high that we cannot see the sun on account of it, and yet the man who produces it starves to death right in the shadow of that kind of a surplus; if we go on with the homes of the country being taken away from the poor people, and those poor people walking the streets today, with the houses still empty, because nobody can get money to rent them or to buy them; if we go on with so much cotton and so much wool in this country and people naked because they cannot get money with which to buy clothes—if we go on with that kind of a condition, the gold is not going to be worth anything to anyone who has it.

Why do we hold up our hands to the great god mammon? Why can we not take the great and valuable resources of this country and spread them among the people? Simply because the medium of exchange has reached such a point that it no longer accommodates the commerce of this country and of the world.

Mr. President, I assume that the Senator from Pennsylvania is satisfied as to the law on this question. I am sorry that he makes no further argument against it, if he has any, though I think there is no real argument against it.

Mr. President, in States all over the country the law fixed a fare of 2 cents on the railroads. There was such a law in Oklahoma, as I recall, and also in Georgia. In some cases a fare of 2 cents was prescribed by the constitutions of the States, and in other instances such a fare was fixed by contract. But lo and behold, 2-cent fares were wiped out. How were they wiped out? On the ground that Congress created the Interstate Commerce Commission and granted that Commission power to change the contracts made by the State governments with the railroads. Now, it is argued that we cannot empower another agency, the President of the United States, to do what we empowered the Interstate Commerce Commission to do. Why cannot the President of the United States be given the same power under the Constitution that was given to the Interstate Commerce Commission? If we had the right to give the Interstate Commerce Commission—and the Supreme Court of the United States said we had—the power to strike down all those contracts, to strike down agreements made with States, if we had it within our right to empower the Interstate Commerce Commission to raise railroad fares from 2 cents per mile to 3 cents per mile and even to 3.6 cents per mile, then why have we not the right to empower the President of the United States to do at least as much as we gave the Interstate Commerce Commission the right to do?

The shoe is on the other foot; it is merely a case of whose ox is gored. The railroads and other interests came before the Supreme Court of the United States and said, "Oh, the gold dollar is worth only 60 cents, and the great, good Government will exercise its power of regulation to cancel those contracts"; and the great, good Government did exercise its power to cancel those contracts through the Interstate Commerce Commission. However, when we say that the gold dollar is worth $1.80 and that if we had a right to raise its value in 1921 we have a right to devaluate it and bring it down in 1933, they plead the sacred, fundamental right of contract. Why did they not plead that sacred and fundamental right of contract in 1921 when they were the beneficiaries of then existing conditions? They did not do it because they were bringing their dollar up from 60 cents to 100 cents. They come here now and plead the sacred right of contract because it is proposed to bring the dollar down from $1.60 to $1. Why did they not in 1921 plead that we did not have the right to give the Interstate Commerce Commission that authority, as they are coming here today in 1933 and pleading that we have not the right to give the President of the United States the authority? What is the difference whether we shall give the authority to the Interstate Commerce Commission or to the President of the United States? Congress authorizes whomsoever it wants to authorize, and its action has been held to be legal process.

Mr. President, I did not intend to address the Senate on this question. The Senator from Pennsylvania is evidently contenting himself with undertaking to stir up propaganda. The worst thing that could happen to the State of Pennsylvania, to the Senator from the State of Pennsylvania, and to the bondholders for whom he is pleading would be to win this fight. The worst thing that could happen to the bloated holders of money in this country today would be to win this fight against the people and President. One more such victory and there would not be anything left of them. The worst thing that could ever happen to them would be for them to be able to thwart the President of the United States in his announced policy of giving this country sufficient money to carry on its business, to put more purchasing power in the hands of the starving people, and to open up and liberalize conditions. The day big financial interests succeed in forestalling this necessary step of the Government will be the saddest day that they have ever seen; it will be a victory the consequence of which they will live to regret.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. PATTERSON. Mr. President, I send to the desk an amendment I intend to propose to the amendment intended to be proposed by the senior Senator from Oklahoma [Mr. THOMAS], which I ask to lie on the table and to be printed.

The PRESIDING OFFICER. Without objection, the proposed amendment will be received, printed, and will lie on the table.

Mr. GORE. I desire to offer at this time an amendment, which I had printed a few days since. I offer it as an additional section to the so-called "Wagner amendment".

The PRESIDING OFFICER. The Senator from Oklahoma offers an amendment to the amendment of the Senator from New York, which will be stated.

The CHIEF CLERK. At the proper place in the so-called "Wagner amendment" it is proposed to insert the following:

At the proper place insert the following:

"SECTION 1. (a) The President is authorized to establish a National Board of Conciliation with respect to farm-mortgage indebtedness, which board shall consist of the Secretary of the Treasury, the Secretary of Agriculture, a member of the Federal

Reserve Board to be designated by the President for that purpose, and such other officer or agent of the Government as may be especially charged with the administration of any law or laws relating to rural credit or farm-mortgage indebtedness.

"(b) The President is authorized to appoint in each State a board of State conciliation consisting of not more than five members, who shall serve without pay.

"(c) It shall be the duty of said State board of conciliation to appoint or designate a suitable number of local boards of conciliation in their respective States.

"(d) It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgagees an adjustment of farm-mortgage indebedtedness wherever it may be found practical to do so either by a reduction in the principal of such mortgage indebtedness or in the rate of interest thereon and/or by the conversion of short-time loans into long-time loans with a provision of amortization payments and/or through an agreement between the mortgagor and the mortgagee under which payments could be made in staple farm products or the proceeds thereof at an agreed price or value more nearly related to the price or proceeds of a like quantity of such farm products at the date of the execution of such mortgage.

"(e) The National Board of Conciliation, with the approval of the President, is authorized to prescribe suitable rules and regulations to effectuate the purposes and objects of this section."

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. GORE. I yield.

Mr. WAGNER. Mr. President, my own view was that we had constituted the Farm Loan Commissioner a negotiator and a conciliator, but the amendment may provide a more effective plan, and I am quite willing that the amendment shall at least be considered by the conferees on this bill.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. The Senator from Oklahoma has the floor. Does he yield to the Senator from Idaho?

Mr. GORE. I yield for a question.

Mr. BORAH. I was going to make a suggestion, but I will endeavor to put it in the form of a question. It seems to me that the amendment in principle is most excellent, but is it broad enough to include negotiations between those who hold the bonds of the farm-loan banks and the mortgagees?

Mr. GORE. I do not think it goes so far as that, but I am very much pleased to hear the Senator from New York [Mr. WAGNER] express a willingness that this amendment may be submitted to the conferees of the two Houses.

It is entirely permissive, it is in no sense mandatory, and it does not involve the expenditure of a single dollar. It simply places the sanction and the prestige of the United States back of a movement looking to the conciliation of debtors and creditors where farm mortgages are involved. I understand that the State of Illinois already has adopted and is pursuing a policy of this sort, and the Aetna Life Insurance Co., of Hartford, Conn., has adopted and is now pursuing a policy of this kind in several of the Western States. I had a conference with the vice president of that company a few days since, and he assured me that they are meeting at least with a measure of success.

Recently we passed a bankruptcy act. It was founded upon the Constitution; it was well within the powers of Congress. There are a great many people, however, who do not like to take advantage of a bankruptcy act. I think that is peculiarly true of the farmers. This amendment simply introduces a new principle, or a supplemental principle, under which farm mortgages may be adjusted if the parties in interest consent to such an arrangement.

Mr. SMITH. Mr. President, I should like to ask the Senator from Oklahoma a question. Under the terms of his amendment as I heard it read, proposing to set up boards of conciliation, reaching down to the communities, in the case of a mortgage in a Federal land bank as to which it was evident that there was reason why there should be a scaling down or a conciliation or a reconciliation between the creditor and debtor, would there be any restriction?

Mr. GORE. I feel, Mr. President, that the complication in respect to that point has resulted from the fact that the banks have issued bonds predicated really on the face value of the mortgages, and to interfere with them I feel might rather erode—if I may use the word—the foundation upon which the bonds are predicated. If the plan could be worked out, it would be entirely acceptable to me, but I was rather fearful that it might undermine the financial set-up of the bank itself and involve the rights of creditors who were not participants in the conciliation.

Mr. SMITH. The Senator is perfectly aware of the fact that mortgages by the hundreds are being foreclosed by the Federal land banks and the land itself is not bringing the amount of mortgage. Many of the banks, including one that I personally know of, have under the law been forced to foreclose. When they foreclose, they cannot rent the land; they are paying taxes on it, and are at a dead expense. If that condition does not affect the bonds, why should there not be a conciliation between the bondholders and the bank officials looking to a cutting down of the debt to a point where the owner of the land might be able to keep up his interest and his amortization and his taxes? In that event, it seems to me, the basis upon which the bond is predicated would be stronger and sounder than it now is, because somebody has got to lose the money.

Mr. GORE. I appreciate the force of what the Senator says. The amendment offered by me is predicated on the fact that the value of these debts has largely vanished; that the value of the property back of these farm mortgages has largely vanished; the value is not there; it has shriveled and gone. My purpose was to bring the insurance companies and other mortgage concerns to recognize that fact and to base their action upon that fact. I think the sooner we recognize these facts, act upon them, and adapt ourselves to them, the sooner we will extricate ourselves from this difficulty. I have no objection to the proposal of the Senator from South Carolina, if it can be legally wrought into this proposal. Where foreclosures take place, of course, the proceedings are instituted in the courts in pursuance of law; judgments are based upon the laws of the several States and, while such proceedings are unfortunate, they are at least legal and sometimes unavoidable, so far as we are concerned.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. GORE. I yield.

Mr. BORAH. I repeat that I think this is a most excellent amendment, but I do not see why it would be difficult at all to include the farm land bank mortgages, for the reason that it is only necessary at most to secure the consent of the bondholders to the scaling down. If the bondholders should consent, the same condition would prevail with reference to the conciliation as would prevail between the insurance companies and the parties owing the mortgages.

Mr. GORE. The Senator from Idaho is a better lawyer than I am; and if he will prepare and offer the amendment, I should be glad to accept it, because it is well within the purview of my intention. I have no objection to it.

I agree with those who regard debts as the crux of our existing trouble. Debts constitute the center of gravity in this vicious situation. I have seen our aggregate national indebtedness estimated at as high a figure as $180,000,000,000. Some 4 or 5 years ago it was estimated at $203,000,000,000. Our aggregate indebtedness has shrunken by foreclosure and by payment down to an estimated $180,000,000,000. It is a paradox that our people get into debt in good times and get out of debt in bad times. The most recent estimate I have seen of our general indebtedness is $180,000,000,000, and about the same time I saw an estimate of our national wealth at the same figure, $180,000,000,000, our national wealth having shrunk during the depression 50 percent, from $360,000,000,000 down to $180,000,000,000.

But that is not the worst. As I see it, the worst feature of the entire situation is the fact that debtors have to pay their debts once, twice, thrice, and even four times over. On the converse, the people who own the claims against the debtors have seen, without their connivance perhaps, the

value of their mortgages double, treble, and quadruple, not as the result of any act of their own or as a result of any contribution to the Nation's wealth. But this is the grim situation which confronts us. I think we have to trade ourselves out of this trouble; and if we can provide a life preserver that will assist in riding out the storm, I think we ought to do it.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. GORE. I yield.

Mr. BORAH. May I suggest to the Senator from Oklahoma that on page 2 of his amendment, line 9, he insert the words "and all parties interested", so that it would read:

It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgagees and all parties interested an adjustment of farm-mortgage indebtedness—

And so forth. That would be broad enough to enable the conferees to work out more detailed language, so as to include the bondholders.

Mr. GORE. I am pleased to accept the modification.

Mr. WAGNER. Mr. President, I have not any doubt that that power exists now in the Farm Loan Commissioner under the terms of my substitute.

Mr. GORE. I agree with the judgment of the Senator from New York. He interprets the pending amendment offered by himself to involve the power. Perhaps it does. He thinks the power exists. I merely wish to make sure that it does. The Senator will appreciate the fact that the prestige which would attach to the boards of conciliation might give them authority and enable them to go even further than the provisions contained in the bill.

Mr. WAGNER. I agree with the Senator. I think it has the advantage of declaring the congressional policy. I certainly have no objection.

Mr. SMITH. Mr. President, will the Senator from Oklahoma allow me to ask the Senator from Idaho a question?

Mr. GORE. Certainly.

Mr. SMITH. Will the Senator from Idaho read his amendment again and tell me where it is to be inserted, because I am very anxious to have the Federal land banks included.

Mr. BORAH. I have prepared it since the matter was brought up on the floor, but my idea is to insert language which would make it possible, if necessary, to work it out in more detail in conference. On page 2, line 7, after the word "mortgagees", I would insert the words "and all parties interested", so that it would read:

It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgagees and all parties interested in the adjustment of farm-mortgage indebtedness—

And so forth.

Mr. SMITH. The object being to bring in the bondholder, too?

Mr. BORAH. Exactly. Does the Senator think that will accomplish the purpose?

Mr. SMITH. I believe so.

Mr. GORE. Mr. President, I have seen an estimate that only 15 percent of farm mortgages are really in distress. That may be too low. My wish is to bring an additional lifeboat to the rescue of those debtors who are in heavy weather. As I said, this supplements the Bankruptcy Act recently passed. I think, as far as it can be done with the voluntary consent of the debtor and the creditor, the scaling down of debts in this way may prove a more successful way of deflating debts than the inflation of currency and credit. It is rather difficult to calculate where we may come out when we embark upon such a policy of inflation.

Mr. President, I wish to make just one further statement. While I agree with those who insist that debts are the crux of the present trouble, I am not in entire agreement with those who insist that debts cannot be paid because there is insufficient money in existence. I do not think that is the trouble. The trouble is the debtor cannot get hold of the money. What I want is to see wider and better markets for our farmers and for our farm produce. I think that what our farmers need is more markets and better markets, and not bigger debts and heavier debts. There is ample money in circulation if the farmers could get their hands on it. They would pay their debts if they had the money.

It may be of some importance to appreciate that point. In 1929, the year of the boom and the disaster, the total amount of payments in the United States aggregated $1,200,000,000,000. At that time we had less than $5,000,000,000 of money in circulation, and yet that small volume of money with a high degree of velocity liquidated $1,200,000,000,000 of debt, or in other words, twelve hundred billion dollars of payments were made with less than $5,000,000,000 of money in circulation.

Last year the payments dropped, I believe, as low as $500,000,000,000. Last year we had more than $5,000,000,000 of money in circulation. Last year with more money in circulation than we had in 1929 we made less than half the payments that were made in 1929. Last year with more than $5,000,000,000 in circulation we made only $500,000,000,000 of payments. Each dollar liquidated about $100 of indebtedness if I compute it correctly.

Mr. SMITH. Mr. President, would not the Senator better use a different expression in order that the country at large may understand it? We had so much in existence, but not in circulation. We had so much money in existence, but it evidently was not in circulation.

Mr. GORE. My point is this, as the Senator will appreciate: I take the official statement of the Treasury Department for each year, 1932 and 1929. Whatever limitation belongs to the definition—and it is largely a matter of definition—attaches to the one year as to the other and they cancel each other. But at that point I was observing that last year $1 liquidated about $100 of indebtedness. I had not intended to embark upon this monetary discussion, but before I sit down I will tell the story of the clown and the circus, which is familiar to Senators no doubt, but I will repeat it for the RECORD.

The clown in the circus had 19 other men forming a circle with him in the circus ring. The clown turned to his neighbor on his left and remarked that he owed him $2 and that he would make payment as soon as he could. The man to the clown's left made the same remark to his neighbor. That assurance went around the ring until the man on the right of the clown gave him a reassuring promise that he owed him $2 and would make payment as soon as he could. At that point the clown happened to find a silver dollar in his pocket of which he was unaware. He turned to his neighbor on his left and said, "By the way, I will pay you half that I owe you now", and handed him the silver dollar. The same message went around the ring until the man on the clown's right made the statement to him and delivered the dollar. The clown thanked him, dropped the money in his pocket, and a moment later putting his hand in his pocket rediscovered the silver dollar. Turning to the man on his left he said, "By the way, I will pay you off in full. I have a dollar I did not know I had." The man on his left was as generous or as honest to his neighbor. The silver dollar once again made the circuit until the man on the clown's right delivered to him the silver dollar and paid him off in full; $1 had paid $40.

A very small volume of money with proper velocity can liquidate a great deal of indebtedness. What I want to do is to revive trade and revive business and enable farmers and others to get hold of the dollar with which to pay their debts. I profoundly believe that this may in the long run prove to be a more effective policy than mere inflation in order to scale down indebtedness. I respect the opinion of other Senators upon that point. The proposed amendment seems to be meeting with favor and I commend it to the consideration of Senators and trust it will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma

[Mr. GORE] to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment to which I ask the attention of the Senator from New York [Mr. WAGNER].

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 13, line 18, it is proposed to insert:

(c) Before any joint-stock land bank shall receive a loan as provided for in this section such bank shall enter into an agreement with the Farm Loan Commissioner (1) that such bank will pay, in purchasing its own outstanding farm-loan bonds paid for out of the proceeds of the loan, an amount not to exceed 100 percent of the amount which such holders may have paid for their bonds prior to April 17, 1933, plus interest on such amount at the rate of 5 percent per annum from the date of the purchase of such bonds by such holders, less the amount of any interest received by them on such bonds, but in no event to exceed the face value of such bonds, together with the accrued and unpaid interest thereon; and (2) that whenever any such bonds are so purchased by such bank at a price less than the amount of the face value of such bonds, together with accrued and unpaid interest thereon, the difference between such face value and interest and the amount paid for such bonds by the bank shall be credited pro rata to the borrowers from such bank in reduction on their loans outstanding at the time of such purchase: *Provided*, That such credit shall not be made until the profits on the bonds so purchased by the bank are sufficient to replace the amount by which its capital has been impaired.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk another amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, line 9, before the period, it is proposed to insert a colon and the following:

Provided further, That in any case in which farm-loan bonds are exchanged for duly recorded first mortgages as herein provided in an amount equal to the amount of the unpaid principal of the mortgage on the date of such exchange, such bonds shall bear interest at a rate of 2 percent per annum.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the amendment of the Senator from New York.

Mr. WAGNER. Mr. President, I hope that amendment will not be adopted. It seems to me it would seriously affect the administration of the farm-land banks.

We have no assurance that we can sell these bonds for a 2-percent rate of interest; and I think that the way the measure now reads is a more flexible and more workable provision. I think this would be a very serious interference with the proper administration of the farm-land banks, and I hope the amendment will not be adopted.

Mr. SHIPSTEAD. Mr. President, I think the Senator from New York is laboring under a misapprehension as to the meaning of the amendment.

It is not intended that under this amendment, if it becomes a law, the 2-percent bonds shall be sold. The bill already provides that an exchange of bonds can be made for mortgages, either at a reappraised value or at face value. There is no limitation.

Mr. WAGNER. That simply would mean, if I may venture an opinion, that we will not get any scaling down of mortgages, because a bond with only 2-percent interest is not as valuable to a mortgagee as a similar type of bond would be with a 3- or a 3½-percent rate of interest. In other words, the lower the yield of the bond, the less scaling down of the mortgage will be accomplished. So I think this would just frustrate any efforts by the Farm Loan Commissioner to scale down the outstanding mortgages.

Mr. SHIPSTEAD. Under this amendment there would be no scaling down of the principal. The write-off on the debt would be in the income. Some people would rather save their capital at the expense of income. Others would rather cut the capital and have a high rate of interest. Under this amendment it is not intended that there shall be a write-off of the principal if the man is given a 2-percent bond. The write-off is in the sacrifice of income.

There are two ways of writing down a debt of long-term standing: It can be done by writing down the principal and charging 6 percent interest on the remaining part of the principal, or the interest rate can be cut down to 2 percent and the principal saved, but making it possible to charge only 2¼- or 2½-percent interest on the mortgage.

Mr. WAGNER. In that event there would be no exchange of the bonds for mortgages at all, and I think the bill would become absolutely ineffective as an aid to the farmer.

While I know that the Senator has a very worthy purpose, I think the amendment should be rejected. I am not giving my own views about it. I have consulted with those who have knowledge superior to my own upon this subject; and while the intention is excellent, as all of the Senator's intentions are——

Mr. SHIPSTEAD. I thank the Senator.

Mr. WAGNER. They all feel that it will seriously interfere with the workability of the measure and will result in frustrating the efforts to scale down mortgages.

Mr. SHIPSTEAD. Does the Senator mean to say that he thinks that this loan agency would be justified in paying a farm mortgagee the face value of his mortgage with a 4-percent land-bank bond, guaranteed as to interest by the Federal Government and exempt from all taxes, under present conditions?

Mr. WAGNER. I do not know. I should have to know about the character of the mortgage before I could answer that question. I should have to know what part of the value of the property it represents. All these facts must be known. It is necessary to deal with these cases individually. They cannot be dealt with in bulk, and thus it is difficult to answer a question of that kind. There are some cases where undoubtedly a bond should not be exchanged unless there is a considerable scaling down of the principal.

Mr. SHIPSTEAD. I agree, unless the interest is reduced by one half.

Mr. WAGNER. There are other cases, perhaps, where we would be perfectly justified in giving a bond representing the face value of the mortgage. That is why we have to make this law more or less flexible. If we make it rigid, its application will be so restricted as not to bring about the benefits which we desire to bring about.

Mr. SHIPSTEAD. Mr. President, a great deal has been said about scaling down the mortgage to the present value. I wish someone would give us a yardstick by which to measure the present value. Is there anyone here who can say what a bond is worth today?

Mr. WAGNER. No; the Senator from Minnesota misunderstood me. I did not say the present value of the property, but the present value——

Mr. SHIPSTEAD. Of the mortgage?

Mr. WAGNER. Of the mortgage; yes.

Mr. SHIPSTEAD. The present value of the mortgage is determined by the present value of the property.

Mr. WAGNER. The face value of the mortgage. In a specific case, assume that an outstanding mortgage is for $10,000. It is exchanged for bonds of the farm-land bank. The farm-land bank certainly would not exchange bonds unless there were a considerable scaling down of that mortgage, unless it represents a very small percentage of the value of the property.

Mr. SHIPSTEAD. The revaluation of the mortgage would have to depend on some basis of value for the property. What basis of value can one take in these days? What is the value of property?

Mr. WAGNER. The Farm Loan Commissioner has the right to make rules and regulations providing for the appraisal of property. He is well enough informed, he has had enough experience, to know what factors ought to enter into a determination of the value of farm properties in these days, when there is not any market for the sale of such properties. In other words, he determines the fair worth of the property.

Mr. SHIPSTEAD. Upon what basis—the market value?

Mr. WAGNER. No; not market value, of course.

Mr. SHIPSTEAD. Or the income of the property?

Mr. WAGNER. Fair worth. That can be ascertained.

Mr. SHIPSTEAD. It must be based on something.

Mr. WAGNER. Yes.

Mr. SHIPSTEAD. What can we figure as the fair worth of anything under the conditions that we are trying to remedy?

Mr. WAGNER. That is going to be the business of the Farm Loan Commissioner. I have not the knowledge necessary to prescribe rules and regulations for him; but undoubtedly, with his experience, he will be able to appraise these properties at their fair worth, which can be ascertained.

Mr. SHIPSTEAD. The Senator's modesty does him great justice. It shows that he is an honest man. I do not know where I can find an honest man who is willing to admit that he can appraise the value of a farm in these days, even to his own satisfaction, because there is no basis for value. If the Farm Loan Commissioner should fix a particular value today, or should establish a particular yardstick for the measurement of value today, next week that value or yardstick would be gone, because the price constantly goes down.

Mr. WAGNER. Will the Senator yield further?

Mr. SHIPSTEAD. Yes.

Mr. WAGNER. If that is so, there is no way of ascertaining the value of the farm land. Then the Farm Loan Commissioner cannot make any new loans, because he is restricted to loaning 50 percent of the value of the land and 20 percent of the value of the improvements. So that he must, under the law, ascertain the value as a basis for making a new loan.

Mr. SHIPSTEAD. Mr. President, I shall take only another minute to say that I think a more uniform write-off, a more uniform revaluation of these farm properties, could have been fixed if we had provided for taking these mortgages at face value and exchanging them for a 2-percent bond, guaranteed by the Government as to interest. In that way we would have some basis of valuation, and we would cut the farmer's carrying charges in two; and therefore he would, in fact, have a 50-percent reduction in his debt.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the Senator from New York.

Mr. GEORGE. May the amendment be stated?

The PRESIDING OFFICER. The amendment to the amendment will be stated for the information of the Senate.

The Chief Clerk restated the amendment to the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota to the amendment of the Senator from New York.

The amendment to the amendment was rejected.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment which I think will take only a very few moments.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 26, at the end of line 5, it is proposed to add a new section, as follows:

SEC. —. That in making loans to owners of groves and orchards, including citrus-fruit groves and other fruit groves and orchards, the Federal land banks, the farm-land banks, and all Government agencies making loans upon such character of property shall, in appraising the property offered as security, give a reasonable and fair valuation to the fruit trees located and growing upon said property and constituting a substantial part of its value.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. TRAMMELL] to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from New York [Mr. WAGNER], as amended.

The amendment as amended was agreed to.

The amendment of the committee as amended was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, if it is in order, I submit the amendment which I send to the desk and which I ask to have printed.

The PRESIDING OFFICER. Without objection, the amendment submitted by the Senator from Oklahoma will be printed. The amendment will be read.

The CHIEF CLERK. On page 43, after line 5, the Senator from Oklahoma proposes to insert the following:

On page 43, after line 5, insert:

"PART 6: FINANCING—AND EXERCISING POWER CONFERRED BY SECTION 8 OF ARTICLE I OF THE CONSTITUTION: TO COIN MONEY AND TO REGULATE THE VALUE THEREOF

"SEC. 34. Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

"(a) To direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve banks and with the Federal Reserve Board whereby the Federal Reserve Board will, and it is hereby authorized to, notwithstanding any provisions of law or rules and regulations to the contrary, permit such Reserve banks to agree that they will, (1) conduct, pursuant to existing law, throughout specified periods, open-market operations in obligations of the United States Government or corporations in which the United States is the majority stockholder, and (2) purchase directly and hold in portfolio for an agreed period or periods of time Treasury bills or other obligations of the United States Government in an aggregate sum of $3,000,000,000 in addition to those they may then hold, unless prior to the termination of such period or periods the Secretary shall consent to their sale. No suspension of reserve requirements of the Federal Reserve banks, under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c). Nor shall it require any automatic increase in the rates of interest or discount charged by any Federal Reserve bank, as otherwise specified in that section. The Federal Reserve Board, with the approval of the Secretary of the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgment of the board and of the Secretary of the Treasury, to prevent undue credit expansion.

"(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section, or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then the President is authorized—

"(1) To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled "An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States", approved February 25, 1862, and acts supplementary thereto and amendatory thereof, in the same size and of similar color to the Federal Reserve notes heretofore issued and in denominations of $1, $5, $10, $20, $50, $100, $500, $1,000, and $10,000; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States: *Provided*, That when any such notes are used for such purpose the bond or other obligation so acquired or taken up shall be retired and canceled. Such notes shall be issued at such times and in such amounts as the President may approve but the aggregate amount of such notes outstanding at any time shall not exceed $3,000,000,000. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, an amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 percent annually of such outstanding notes, and the Secretary of the Treasury is hereby directed to retire and cancel annually 4 percent of such outstanding notes. Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts, public and private.

"(2) By proclamation to fix the weight of the gold dollar in grains nine-tenths fine at an amount that he finds is necessary from his investigation to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money

issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

"SEC. 35. The Secretary of the Treasury, with the approval of the President, is hereby authorized to make and promulgate rules and regulations covering any action taken or to be taken by the President under subsection (a) or (b) of section 34.

"SEC. 36. (a) The President of the United States is authorized to accept silver, in amounts not to exceed in the aggregate in value, in the United States currency $100,000,000, in payment of the whole or any part of any amount of principal or interest due from any foreign government or governments on account of any indebtedness to our Government, such silver to be accepted at not to exceed the price of 50 cents an ounce. The authority of the President to accept silver as herein authorized shall be limited to a period of not to exceed 1 year from the passage of this act.

"(b) The silver bullion accepted and received under the provisions of this section shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law.

"(c) The silver accepted and received under the provisions of this section shall be deposited in the Treasury of the United States, to be held, used, and disposed of as in this section provided.

"(d) The President shall cause silver certificates to be issued in denominations of $1, to the total number of dollars for which such silver was accepted in payment of debts. Such silver certificates shall be used by the Treasurer of the United States in payment of any obligations of the United States.

"(e) The silver so accepted and received under this section shall be coined into standard silver dollars and subsidiary coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of such silver certificates issued under the provisions of this section, and such coins shall be retained in the Treasury for the payment of such certificates on demand. The silver so accepted and received under this section, except so much thereof as is coined under the provisions of this section, shall be held in the Treasury for the sole purpose of aiding in maintaining the parity of such certificates as provided in existing law. Any such certificates or reissued certificates, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates: *Provided*, That, in the redemption of such silver certificates issued under this section, not to exceed one third of the coin required for such redemption may, in the judgment of the Secretary of the Treasury, be made in subsidiary coins, the balance to be made in standard silver dollars.

"(f) When any silver certificates issued under the provisions of this section are redeemed or received into the Treasury from any source whatsoever, and belong to the United States, they shall not be retired, canceled, or destroyed, but shall be reissued and paid out again and kept in circulation; but nothing herein shall prevent the cancelation and destruction of mutilated certificates and the issue of other certificates of like denomination in their stead, as provided by law.

"(g) The Secretary of the Treasury is authorized to make rules and regulations for carrying out the provisions of this section.

"SEC. 37. Section 19 of the Federal Reserve Act, as amended, is amended by inserting immediately after paragraph (c) thereof the following new paragraph:

"'Notwithstanding the foregoing provisions of this section, the Federal Reserve Board, upon the affirmative vote of not less than five of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either demand or time deposits.'"

RECESS

Mr. SMITH. I move that the Senate take a recess until 12 o'clock Monday.

The motion was agreed to; and the Senate (at 2 o'clock and 48 minutes p.m.) took a recess until Monday, April 24, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

SATURDAY, APRIL 22, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who dwellest in the hearts of men—the memories of childhood and the adorations of manhood—unite in praise to Thee, whom we rejoice to call "our Father." We have been sheltered, protected, and loved by Thee, and we pray that Thou mayest soften, chasten, and subdue us to gentleness and gratitude. Fill all hearts with happiness and peace, and may we walk in their power; allow us not to be burdened with fret, care, and brooding desire. Draw our lives, O Lord, nearer and nearer to Thee that we may know of the things that are higher, sweeter, and more precious. These are communion, fellowship, and intimate relationship with Thee, as a happy child is sure of his father at his side. "I will go with Thee all the way." We thank Thee for this heavenly promise made to us. Let divine guidance have fresh meaning and might in the duties of this day. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, anounced that the Vice President had appointed Mr. KING, Mr. WALSH, Mr. DUFFY, Mr. JOHNSON, and Mr. KEAN members of the joint select committee on the part of the Senate as provided for in House Concurrent Resolution 15, to investigate the wreck of the U.S.S. *Akron* and other Army and Navy dirigibles.

THE WAY TO PROSPERITY—EXTENSION OF REMARKS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that I may be privileged to extend my remarks and incorporate therein some observations by the Clerk of the House of Representatives, Hon. South Trimble, and that they may be printed in 8-point type.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. HOWARD. Mr. Speaker, first acknowledging thankfully the gracious permission of the House to speak briefly on a subject of vast importance, I shall instantly say that the chief object of my presentation at this moment shall be to remove, insofar as I may, an erroneous impression which appears to have taken hold of the average American mind. So scientific and so cunning has been the propaganda by the international bankers, who have for so long controlled the financial policies of our own Government, that until very recent days the average citizen was just a bit ashamed to let the world know that he favored the free coinage of silver, or indeed that he favored any larger use of silver as money of the realm than at present provided by law.

I want to do my part to brush away that hideous error, and I feel that I can accomplish that good end no more certainly than by the aid of one here among us who has been regarded as having more real knowledge on the subject of bimetallism in general, and silver in particular, than any other person in the world. That authority is none other than Hon. South Trimble, the Clerk of our House of Representatives. Recently this distinguished scholar has written a remarkable article under caption, "The Way to Prosperity", which, by gracious privilege of the House, I now present in words and figures as follows:

THE WAY TO PROSPERITY

By Hon. South Trimble, Clerk of the House of Representatives

It seems to be the universal opinion that property and commodity prices must be reflated to just and equitable values before we start on the permanent road to prosperity. In my opinion the only remedy is to either revalue gold or remonetize silver. By cutting the gold dollar in two would double the amount of gold dollars. That would have the effect of doubling the value of commodities and property. By remonetizing silver at the ratio of 16 to 1 and making it a primary or basic money, a money of redemption the same as gold, would have approximately the same effect, as it would double the amount of basic or primary dollars.

Why should we for a moment consider the revaluation of gold in order to increase the volume of our basic money when the remonetization of silver will have the same practical result? The revaluation of gold would produce chaos in the business world, as we have billions of obligations, including all of our Government bonds, payable in gold dollars of the "present standard weight and fineness."

Why not repeal the law of '73, which demonetized silver, and make our own precious metal a basic money, a money of redemption on an equality with gold? The Western Hemisphere produces 84 percent of the silver of the world. The Eastern Hemisphere produces 75 percent of the gold.

In 1929, the peak production of silver in the history of the world, the United States alone produced twice as much silver as all of Europe, Asia, and Africa combined. But we, by law of our own making, destroyed its value as money, depriving it of free and unlimited coinage and full legal-tender privilege in the payment of all debts, both public and private (which it had always enjoyed from the foundation of the Government), and automatically making all of our Government obligations contracted before and during the Civil War, which were payable in coin, payable in gold. Four fifths of said obligations were held by European bankers. Thus the conspiracy to destroy silver by the international bankers, which doubled and trebled the purchasing power of our coin obligations held by them.

It is not my purpose now to discuss the general question involved in the proposition to remonetize silver by restoring it to the privileges it enjoyed from the foundation of our Government to 1873, at which time it was destroyed without the knowledge or consent of the American people. However, it is my honest conviction that if President Roosevelt were to come to Congress with a message to restore silver to its ancient place in our monetary system, Wall Street, the barometer of business, would immediately respond with rapidly advancing prices, hoarded money would come from hiding to be invested, realizing that the purchasing price of the dollar was going down and commodities and prices automatically going up.

If the remonetization of silver be the inestimable boon which its advocates claim it to be, it will enable us to realize it, but if, on the contrary, it shall prove to be an unmixed evil as its opponents assert, then we shall not have gone so far that we cannot retrace our steps without serious derangement of the business of the country. A fair trial and honest effort to solve the problem is all that reasonable men can or ought require.

We should consider this momentous question not from a political standpoint, but from a patriotic one. We must not forget that ever since the organization of our Government until 1873 silver dollars were a legal tender and recognized as the money of the country and up until 1873 the silver dollar was virtually at or above par with gold and would be so today only for the crime perpetrated by its fraudulent demonetization.

The chief argument of the gold monometallists, the single gold standard advocates, sponsored by the international bankers who are absolutely responsible for our present economic conditions, is that the advocates of bimetallism are fools, lunatics, idiots, repudiators, etc.

Now, in order to disabuse the mind of the great body of the American people who have been born since silver was demonetized, I am going to submit party platform planks and observations of a few of the great men of both political parties that have long since passed away.

The Democratic plank in 1884, Cleveland-Hendricks candidates, was:

"We believe in honest money, the gold and silver coinage of the Constitution, and a circulating medium convertible into such money without loss."

The Republican plank, Blaine and Logan candidates, was:

"We have always recommended the best money known to the civilized world; and we urge that efforts should be made to unite all commercial nations in the establishment of an international standard, which shall fix for all the relative value of gold and silver coinage."

In 1888 the Democratic platform, Cleveland and Thurman candidates—

"No financial plank."

The Republican plank, Harrison and Morton candidates, was:

"The Republican Party is in favor of the use of both gold and silver as money, and condemns the policy of the Democratic administration in its efforts to demonetize silver."

In 1892 the Democratic plank, Cleveland and Stevenson candidates, was:

"We denounce the Republican legislation known as the 'Sherman Act of 1890' as a cowardly makeshift, fraught with the possibilities of danger in the future which should make all of its supporters, as well as its author, anxious for its speedy repeal. We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discriminating against either metal or charge for mintage; but the dollar unit of coinage of both metals must be or equal intrinsic and exchangeable value * * *."

The Republican plank, Harrison and Reid candidates, was:

"The American people, from tradition and interest, favor bimetallism, and the Republican Party demands the use of both gold and silver as standard money, with such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two metals * * *."

It was in February 1891, at Toledo, Ohio, that President McKinley, then a Representative, in criticizing ex-President Cleveland's opposition to silver, said:

"During all these years at the head of the Government he was dishonoring one of our precious metals, one of our own great products, discrediting silver and enhancing the price of gold. He endeavored, even before his inauguration to office, to stop the coinage of silver dollars, and afterwards, and to the end of his administration, persistently used his power to that end. He was determined to contract the circulating medium and demonetize one of the terms of commerce, limit the volume of money among the people, make money scarce, and therefore dear.

"He would have increased the value of money and decreased the value of everything else—money the master, and everything else the servant. He was not thinking of the 'poor' then. He had left their side. He was not standing forth in their defense. Cheap coats, cheap labor, and dear money; the sponsor and promoter of these professing to stand guard over the poor and lowly. Was there ever more glaring inconsistency or reckless assumption? He believes that poverty is a blessing to be promoted and encouraged, and that a shrinkage in the value of everything but money is a national benediction.

"During all these years a conflict between silver and gold (which is, in fact, the struggle of the great common people against the Money Trust) the Democratic Party has, until this act, professed to desire the full restoration of silver as 'standard money.'"

In 1890 President McKinley declared on the floor of the House:

"I would give it (silver) equal credit and honor with gold; I would make no discrimination; I would utilize both metals as money and discredit neither; I want the double standard."

When Mr. Harrison wrote his letter of acceptance September 3, 1888, he said:

"The resolution of the convention in favor of bimetallism declares, I think, the true and necessary condition of a movement that has upon these lines my cordial adherence and support. I am thoroughly convinced that the free coinage of silver at such a ratio to gold as will maintain the equality in their commercial uses of the two coined dollars would conduce to the prosperity of all the great producing and commercial nations of the world."

Quotation from Mr. Garfield's inaugural address of March 4, 1881:

"By the experience of commercial nations in all ages it has been found that gold and silver afford the only safe foundation for a monetary system."

Hon. Daniel Webster's opinion on the Nation's monetary system:

"I am certainly of the opinion that gold and silver, at rates fixed by Congress, constitute the legal standard of value in this country, and that neither Congress nor any State has authority to establish any other standard or to displace this standard."

Hon. James G. Blaine, from the floor of the Senate, February 7, 1878:

"I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce wide-spread disaster in the end throughout the commercial world. The destruction of silver as money and establishing gold as the sole unit of value must have a ruinous effect on all forms of property except those investments which yield a fixed return in money."

Hon. John G. Carlisle, on February 21, 1878, House of Representatives:

"According to my view of the subject, the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from three sevenths to one half of the metallic money of the world is the most gigantic crime of this or any other age.

"The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences, and famines that ever occurred in the history of the world."

Excerpt of letter from Thomas Jefferson to Alexander Hamilton, January 1791 (Hamilton's Works, vol. 4, p. 96):

"DEAR SIR: I return you the Report on the Mint, which I have read over with a great deal of satisfaction. I concur with you in thinking that the unit must stand on both metals."

Excerpt from Alexander Hamilton's communication relating to our first monetary system, submitted to Congress in 1791:

"To annul the use of either gold or silver as a money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from the comparison of the benefits of a full circulation with the evil of a scanty circulation. * * * It seems most advisable not to attach the unit exclusively to either of the metals, because this cannot be done effectually without destroying the office and character of one of them as money and reducing it to the situation of mere merchandise. * * *"

Mr. Hamilton wisely concludes that this reduction of either of the metals to mere merchandise "would probably be a greater evil than occasional variations in the unit from the fluctuations in the relative value of the metals."

The gold standard has bankrupt the world. Strictly speaking, nearly all major nations of the world have been forced off the single gold standard (gold monometallism) and let us hope for the sake of mankind they will never return. The predictions made by those two great men, Carlisle, Blaine, and scores of other statesmen confront us. For the great army of farmers, mechanics, laborers, and merchants who have been reduced to bankruptcy, hunger, rags, and wretchedness by the operation of the single gold standard manipulated by avaricious, greedy, grasping capitalists, there is no remedy. To those who yet stagger under the load thus laid upon them, speedy relief can and should be given. Nature was never more bountiful, the earth never yielded more abundant harvest, human hands were never more willing. What then has produced the present state of affairs? The advocates of the gold standard may avow that it is not responsible for getting us into our present deplorable condition but there is one thing certain, they cannot say that it has done anything to get us out.

The monetary system of a nation is the cornerstone of the foundation upon which the government rests. Broadly speaking, money is a medium of exchange and is as necessary to commerce

and civilization as air and water is to animal life. You can live longer without money than you can without air and water, but you cannot be part of civilization.

When the Government permits a small class of men who deal in money for profit to dictate its monetary system it may be expected to end in the money dealers owning and controlling practically all the money, thereby controlling credit, inflating and deflating the price of property and commodity prices at will.

All money is a medium of exchange, but, strictly speaking, nothing is real money except that commodity or commodities which the Government designates by law to be money. After a nation has fixed what its money shall be it then issues different forms of credit money, all of which is directly or indirectly redeemable in the commodity money to which a fixed and stable value has been given.

This is done for convenience—it facilitates the transaction of business, just as your wheat, cotton, and so forth, certificates facilitate the buying and selling of these commodities but has no effect on the volume and value of the commodity.

There are two kinds of credit money, as to the material out of which they are made—one is made on paper and embraces all forms of Government and bank notes issued from time to time as are authorized by law; the other is token money. Token money is made from some metal that does not enjoy free coinage but is redeemable either directly or indirectly in primary, basic, or commodity money which in this country is only gold.

With so much paper or metallic credit money in your possession there is supposed to be that much redemption money to your credit with the Government. It is a check to bearer for commodity money (gold) when presented. We thus see that money primarily is a commodity property, a thing of value possessing an exchange value with all other property.

It is absolutely imperative that you should understand the distinction between actual money and credit money, as no just comprehension of our monetary system as a science can be had without it.

I am herewith appending some statistical deductions from the 1932 report of the Director of the Mint, which will be valuable to those interested in the bimetallic system of money:

"At the Christian era the metallic money of the Roman Empire amounted to $1,800,000,000. By the end of the fifteenth century it had shrunk to $200,000,000. (Dr. Adam Smith informs us that in 1455 the price of wheat in England was 2 pence per bushel.) Population dwindled, and commerce, arts, wealth, and freedom all disappeared. The people were reduced by poverty and misery to the most degraded conditions of serfdom and slavery. The disintegration of society was almost complete. History records no such disastrous transition as that from the Roman Empire to the Dark Ages. The discovery of the New World by Columbus restored the volume of precious metals, brought with it rising prices, enabled society to reunite its shattered links, shake off the shackles of feudalism, and to relight and uplift the almost extinguished torch of civilization." (Report U.S. Monetary Commission of 1878.)

STATISTICAL DEDUCTIONS FROM REPORT OF UNITED STATES MINT FOR 1932

Production of silver in United States from 1792 to July 1, 1834, insignificant. From July 1, 1834, including 1847, 309,500 fine ounces—commercial value, $404,500.

Gold produced in United States from 1792 up to and including 1847, 1,187,170 fine ounces—value, $24,537,000.

Silver produced in United States from 1848 to and including 1872, 118,568,200 fine ounces—commercial value, $157,749,900.

Gold produced in United States from 1848 to and including 1872, 58,279,778 fine ounces—commercial value, $1,204,750,000.

Silver produced in United States from 1872 to and including 1931, 3,079,337,904 fine ounces—commercial value, $2,355,641,511.

Net loss to United States producers of silver due to demonetization, figuring ratio 16 to 1, $1,625,604,165.

Gold produced in United States from 1872 to and including 1931, 164,410,045 fine ounces—commercial value, $3,398,655,300.

Annual report of mint, 1932. Price of silver bullion on London market, 925 fine—

	Per ounce
1919	125
1920	134

New York market, 1,000 fine—

1919	138
1920	137.83

STATISTICAL DEDUCTIONS FROM REPORTS OF UNITED STATES MINT FOR 1930, 1931, AND 1932

The total production of gold and silver in the world for the years 1928, 1929, 1930, and 1931, is as follows:

	Fine ounces
Total gold	82,291,368
Total silver	960,313,580

During the same period the Western Hemisphere produced of this total:

Gold, 22,032,667 fine ounces, 26.77 percent of total world production.

Silver, 810,055,614 fine ounces, 84.35 percent of total world production.

The figures given for 1931 in report of mint for 1932 are marked "subject to revision", but no doubt are accurate enough for all practical purposes.

Production of silver and gold in the world since the discovery of America:

Fine ounces gold	1,084,835,651
Fine ounces silver	15,170,272,102

Production ratio 13.98 to 1.

Total commercial valuation of gold, $22,413,757,117.

Total commercial valuation of silver, $19,195,587,185.

Total value of silver dollars of 371¼ grains, $19,613,644,800.

Silver coined from 1793 to 1873 by U.S. Mint

Silver dollars	$8,031,238.00
Half dollars	100,541,253.00
Quarters	22,288,021.50
Dimes	9,242,079.20
Half dimes	4,880,219.40
3-cent piece	1,282,087.20
Total silver coined from 1793 to 1873	146,264,898.30
Silver dollars coined in 1871	1,117,136.00
Silver dollars coined in 1872	1,118,600.00

More silver dollars coined in these 2 years than in any previous 4 years in the United States history.

Gold coined from 1793 to 1873 by U.S. Mint

Double eagles	$680,466,000.00
Eagles	55,656,940.00
Half eagles	68,889,385.00
3 dollars	1,169,883.00
Quarter eagles	26,750,302.50
Dollars	19,181,927.00
Total, 1793–1873	852,114,437.50

There was not a single gold-dollar piece coined by the United States Mint until 1849, 57 years after we established a mint (1792) and there has not been a single commercial gold dollar coined since 1899, 44 years.

Prior to 1687 the value of fine silver was $1.38 per ounce, equivalent to a ratio of 15 to 1. From 1687 to 1873 the commercial ratio ran from 14.14 to 16.25. From 1873 to 1931 the commercial ratio ran from 15.93 to 71.25. From 1834 to 1873 there never was a minute that silver was not a premium over gold.

In other words, in 1873, before silver was demonetized, you could sell 15.93 ounces of silver and buy 1 ounce of gold, while in 1931 you would have to sell 71.25 ounces of silver to buy 1 ounce of gold as a result of demonetization. Demonetization means destroying silver's use as a commodity or basic money.

Mr. HOWARD. Mr. Speaker, I am abundantly persuaded that a careful reading of the facts and figures presented by South Trimble will carry any hitherto cowardly citizen quickly away from the door of cowardice and make him bold to declare pridefully his firm belief that the instant need of our Republic in this hour is the remonetization of silver.

Let me further suggest to my every colleague who has been receiving, as am I, constant requests from his constituents with reference to the great silver problem that it might be well to answer such requests by quickly transmitting to any inquiring constituent a copy of the unanswerable argument made by South Trimble in behalf of silver and its larger use as money in our America.

EXPANSION OF THE CURRENCY

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I have no intention of objecting to the request of the gentleman from Mississippi; but we are anxious to begin the consideration of the Muscle Shoals bill and I shall feel compelled to object to any other requests.

Mr. SNELL. Mr. Speaker, reserving the right to object, we do not know what the gentleman is going to talk about and someone may want to answer him. If the gentleman is going to take that position, I shall have to object to the request because we may want 10 minutes on this side to answer the gentleman.

Mr. O'CONNOR. I shall not object to one additional speaker——

Mr. SNELL. Or two, if necessary.

Mr. O'CONNOR. Or two, if necessary, provided they do not consume more than 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, on yesterday certain alleged leaders of the Republican Party issued a statement attacking President Roosevelt's program of currency expansion, as incorporated in the amendment offered by Senator Thomas,

and the bill which I introduced in the House on yesterday (H.R. 5158).

Their statement is one of the most consummate pieces of Republican duplicity with which that discredited group has attempted to deceive the American people for many a day. They were aided and abetted by Andrew W. Mellon and Ogden Mills, the two men most responsible for the deplorable condition of this country today. [Applause.] They wrecked the administration of President Hoover. They are now undertaking to wreck the administration of President Roosevelt. From the standpoint of the welfare of the great masses of the American people they ought to be characterized as public enemy no. 1 and public enemy no. 2. [Applause.]

They are now in this Capitol lobbying against the greatest step for relief of humanity that has ever been taken by a President of the United States in times of peace. [Applause.]

If I were a painter, with the genius of Rembrandt, and desired to transmit in living lines to the generations yet to come a true picture of the Hoover administration I would take my suggestion from an expression once used with reference to Robespierre, and I would draw a picture of cynical old Andrew Mellon squeezing a human heart over a wineglass, with Ogden L. Mills holding the glass and the administration looking on with smug complacency. That is the picture that should be passed on down to the generations yet to come, as a solemn warning never again to turn this Government over to the subservient representatives of the money changers of Wall Street. [Applause.]

Let us see what they say in this statement. In the first place, they say that "half of this money is secured by paper and the other half is just paper." If they know anything about finances, everyone knows that this statement is untrue.

Every dollar of the money proposed to be issued under this plan is just as good as any other American dollar outstanding today. The money issued under section 1 is in accordance with the Federal Reserve Act and is on parity with money issued under the Federal Reserve System.

The money issued under section 2 is issued under the same law employed by Abraham Lincoln during the Civil War, who expanded the currency then over the protest of certain money changers of the country and helped to finance that great conflict. Every dollar of this money under the Gold Standard Act of 1900 is worth 100 cents on the dollar. It is interchangeable with every other kind of money we have. It is backed by every ounce of gold, every ounce of silver, every penny of wealth, and all the credit of the United States. Yet they come in and tell you that it is "fiat money." Ogden Mills knows better than that, though some of the other gentlemen may not.

But they say that "if it does take", it will probably cause prices to rise "because of a lack of confidence." Is not that logic? My God, if lack of confidence would cause prices to rise in America, the lack of confidence in the Hoover administration would have created the greatest boom of all times. [Laughter and applause.]

But listen to this—oh, listen to this. They say, "This bill may well constitute the first step on the road to ruin." In the name of all the gods at once, where have they been since 1929? The first step on the road to ruin! Do they mean the first step retracing the "road to ruin" that we have traveled for the last 4 years?

Why, look back for the last 4 years at that "road to ruin" and what do you see? You see failures, foreclosures, bankruptcies, and disasters on every hand. You see farmers driven from their homes, mortgages foreclosed, lands sold to pay their taxes; you see ragged and distressed laborers tramping the streets or crowding the bread lines of the towns and cities; you see hungry men, women, and children from the best families of America begging their bread from door to door, while crimson splotches of suicide mark the mileposts along that "road to ruin" that we have been traveling since 1929. Yet, Mr. BERT SNELL and Mr. ROBERT LUCE, Senator DAVE REED and Senator WALCOTT say that we are about to "take the first step on the road to ruin"!

Let us see what is said further. They go on to ask further, "Who will be injured by it?" and they say it will be the "wage earner." Twelve millions of these wage earners are out of employment. This expansion of the currency will bring back commodity prices, restore the purchasing power of the American farmer, which will enable him to pay his debts, and the interest upon his mortgage, and to buy manufactured articles, to feed, clothe, and equip his family. That will start the wheels of industry to turning, and make work for the unemployed. Then your bread lines will immediately disappear. It will benefit, and not injure, the wage earners. Your railways will begin to carry freight instead of empty box cars, and there will break over this distressed land a new day of progress and prosperity the like of which we have not seen for many a day. Yet they say this will injure the wage earners, those 12,000,000 men who have not drawn a penny of wages for 4 years!

Then they mention the "salaried class." Every salaried man and woman in America, from the President down, is having his salary rapidly reduced at present because of this depression, and it is going to be further reduced, if not wiped out, unless this expansion program is put into effect.

Next, they mention the man with a "fixed income." Aye, there is the rub! He is the real individual they are interested in. Did you know that all these billions of Government bonds have been gathered into the hands of those who have made their fortunes out of the tariff and those who have made their millions out of the war, out of the blood and tears of the suffering men, women, and children of the world? They have "fixed incomes", and do not want any expansion, which will bring the other man's wages or commodities up and bring their dollars down. There is the class that Mr. Mills and Mr. Mellon represent. They are the ones who are opposing any currency expansion at this time.

Then, listen to this. They say "last, but not least", the person who will be disastrously affected will be the "farmer." Don't you know the farmers feel flattered to have that bunch mention them in that way, down at the tail of the list? [Laughter.]

Then they go on and talk about the interest that the German farmer has to pay as a result of expansion in Germany. Mr. Speaker, the American farmer is paying today 30 percent interest, based on the price of his commodities at the time those debts were made. Since his commodities bring only about one fourth or one fifth of what they did when his debts were made, his interest rate has been increased four or five hundred percent.

No, Mr. Speaker; the farmer will be the first man to benefit, and when he does all the rest of you will benefit.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. BYRNS. What does the gentleman think of the wisdom and Americanism of their issuing such a statement at a time when a return to confidence is so very important?

Mr. RANKIN. Mr. Speaker, at the time that statement was issued there was opening up in this city a series of the most important economic conferences ever held in the history of mankind, and to make such a statement in the face of that condition, in my opinion—well, if we Democrats had made it under similar circumstances while Mr. Hoover was President or while Mr. Coolidge was President they would have said that it smacked of disloyalty to the American people and to the American Government.

They go on to say that "prices may rise." They know that prices are going to rise, and they are rising now, in spite of this opposition. They say that prices may rise, but that they will rise "as a result of fear, not of confidence." Fear of what? Fear that the Republican administration will come back into power? If that is what they are afraid of, they may dismiss it, because we are going to put this program through, and we are going to do it in the next few days. [Applause.] And when we do it we are going to rescue the American people from this terrible panic and start our country out upon a new path, a new era, a new day of happiness, progress, and prosperity.

Mr. Speaker, if this measure is passed and its provisions fully carried out, it will mark the turning point in the history of our civilization. It will bring order out of chaos, hope out of despair, prosperity out of panic, and will write the name of Franklin D. Roosevelt among the immortals of the ages. [Applause.]

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNELL. Mr. Speaker, the gentleman from Mississippi [Mr. RANKIN], from his standpoint, has made a logical argument on the statement that was put out in the newspapers yesterday, but fortunately not all of us agree with him on this subject. I think probably I am as much responsible for the statement he has been criticizing as any other man connected with it, and I do not apologize for a single word in it. I take the responsibility for it, both as a Member of the House of Representatives and as an American citizen. [Applause on Republican side.]

The gentleman said that the statement was aided and abetted by Mr. Mellon and Mr. Mills. I will say that as far as I am personally concerned I have never seen Mr. Mellon nor heard from him since he resigned as Secretary of the Treasury. It was also reported by some paper that Mr. Hoover was probably responsible for the statement. I will say that I never have heard from or seen him since he left Washington on the 4th of March.

Now, in regard to Mr. Mills' connection with that statement, I will say that I invited him to my office to discuss this subject yesterday morning, and I do not apologize for that either, for Mr. Mills is a man with some definite knowledge and experience on these matters and knows more about them than any man connected with the present administration; and the only difference between the Treasury Department under the present control and the Treasury when Mr. Mills presided over it is that it has all the weaknesses surrounded by all the same influences that it had, but it does not have one half the strength, character, and ability that it had when Mr. Mills presided over that Department. [Applause.]

You know, I thought that the Democrats would find some new argument to present to the House, without attacking Mr. Mellon and Mr. Mills when they both ceased to be a part of the Government; but from the fact that they are two such strong individuals, such outstanding characters in every respect, you just cannot get away from the old habit of trying to attack them. Why, they are not to blame because they have more brains and ability than anyone in the Democratic Party, and the more you attack them the stronger you make them.

The gentleman from Mississippi spoke about the wealth and the corporate connections of these gentlemen. I wonder if he has ever looked up the history and corporate connections of the present Secretary of the Treasury. I think you will find that he has just as many corporate connections, or has had, as any man that ever occupied that position in recent years. I wonder if you will want to investigate him for that reason?

The gentleman spoke about the banks. Perhaps under the Republican administration some of the banks were closed, but we were never as successful as the Democrats in closing all of them at the same time. [Laughter and applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. RANKIN. If you Republicans continue the opposition to the currency legislation, you are likely to succeed in closing the rest of them.

Mr. SNELL. Thank the gentleman for the suggestion; but, of course, he and I disagree on that issue. My idea in putting out the statement yesterday——

Mr. BULWINKLE. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. BULWINKLE. I am wondering if it is true that Mr. Mills advised Mr. Hoover before the 4th of March to take the same step that Mr. Roosevelt did.

Mr. SNELL. I cannot answer the question, but I think I am safe in saying that the present Secretary of the Treasury wanted President Hoover to close them and President Hoover refused.

Mr. BULWINKLE. Nearly all the banks were closed before the 4th of March.

Mr. SNELL. They were not all closed by direct authorization of the President of the United States; that is absolutely sure.

Mr. BULWINKLE. They were closed by the Republican panic.

Mr. SNELL. Well, I suppose you are willing to give us full credit for that, but nothing else; but the Republicans never succeeded in closing them all at one time, that is certainly true, and I will give you the credit for that, if it is anything to be proud of.

Mr. O'CONNOR. Will the gentleman yield?

Mr. SNELL. I cannot yield now. After I get through, I will yield as long as you want to keep me here. Our position is that we are absolutely opposed to what is fiat money, and if the proposed amendment does not issue money that is pure greenback money, I am frank to say that I do not know what greenback money is. And to prove that assertion, you will find in the bill a reference to the fact that this money is to be issued under the old greenback law of 1862. That is proof in itself and all that it is necessary to say about it. There is not a single thing back of this proposed money, only agreement to pay; every man who thinks and knows anything about it knows there is not, and I doubt, after careful consideration, if any man will say there is.

Mr. RANKIN. Will the gentleman yield?

Mr. SNELL. I should like to go on for a few moments, and then I will yield as long as you want me to.

The Democratic platform states that you stand for sound currency. Every statement made by the present President says he is for sound currency and not for greenback currency; at least that is the impression he wants to convey to the country, yet he is backing every kind of inflation in this measure ever presented by the wildest inflationists.

We also oppose section 3 of this bill because it is absolutely contrary to the Constitution of the United States. Let me read just what the Constitution provides in regard to that matter. Section 8 of the Constitution vests in Congress—

> The power to coin money, regulate the value thereof, and of foreign coin, and fix the standards of weights and measures.

This is the first time that I know of that any President has ever asked us to violate the Constitution in respect to money and money values.

Mr. RANKIN. Will the gentleman yield on that point?

Mr. SNELL. Yes. To satisfy the gentleman, I will yield.

Mr. RANKIN. The same question was raised on the tariff bill when the President was given power under the flexible provision of the Tariff Act, and it was held that where a limit was fixed it did not violate that clause of the Constitution which the gentleman has just read. This has been gone into carefully by the leading lawyers of the country, and they hold that this authority, with that limitation, is constitutional.

Mr. SNELL. This is an entirely different proposition from the tariff proposition. Certain power was given to the President under the tariff law to act as the result of a determination by a body set up by Congress to make that determination. That was the reason we gave authority to the President to raise or lower 50 percent, as a direct result of a determination and recommendation made by the Tariff Commission. This is an entirely different question that we have before us at the present time. Here you propose to give him power over money matters delegated to Congress, without any restrictions whatever, and it is clearly unconstitutional.

It has been stated that it was necessary to do this to prohibit Congress from doing something worse; or, if those are not the exact words, that is the impression that has been given to the country by the Democratic administration. I do not know where anyone gets any basis for that kind of a statement.

I want to say, if there is any new method of inflation that is not taken care of in the present amendment, I should like to have somebody tell me what it is. The only methods of inflation that have been spoken of have been by issuing fiat money, by coinage of silver, and by the devaluation of the gold dollar. Every single method that has ever been suggested is provided for in this legislation. If you can tell me there is anything in that to prohibit Congress from doing something, I want somebody to state it.

I maintain that we appreciate the fact that there should be some increase in commodity prices, but from my standpoint, from the standpoint of the thinking people of this country, I do not believe that under the present conditions in this country we must repudiate our present currency and start on printing-press currency just to accomplish that result. I do not want to burn down the whole house to remedy some slight defect in the structure. And I, for one, am willing to take responsibility for that statement as far as it goes along that line. [Applause.]

The SPEAKER. The time of the gentleman from New York [Mr. SNELL] has expired.

MEETING OF COMMITTEE ON LABOR

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that the Committee on Labor may have permission to meet during the sessions of the House, to hold hearings on the 6-hour day and 5-day week.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. CONNERY]?

There was no objection.

MUSCLE SHOALS

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 111.

The Clerk read as follows:

House Resolution 111

Resolved, That immediately upon adoption of this resolution the House shall proceed to the consideration of H.R. 5081, and all points of order against said bill shall be considered as waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, it shall be in order for the chairman of the Committee on Military Affairs by direction of that committee to offer amendments to any part of the bill. If there be no such amendments offered by the Chairman of the Committee on Military Affairs, then the previous question shall be considered as ordered on the bill to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY], to be distributed as the gentleman sees fit.

I now yield 8 minutes to the Chairman of the Rules Committee, the gentleman from North Carolina [Mr. POU].

Mr. POU. Mr. Speaker, this special rule no. 111 brings before the House the bill providing for the operation of the great Muscle Shoals property. This question has engaged the attention of Congress at one time and another since 1916. The Nation's investment in Muscle Shoals approximates $150,000,000. There is electric energy going to waste annually, amounting to approximately $2,500,000. It seems it is about time that some action should be taken with respect to this great Government property.

The Rules Committee has reported out the special rule, which gives 6 hours of general debate. It provides that only amendments can be offered by authority of the committee having charge of the measure, and for that restriction we have no apology to make. It is the purpose of the Committee on Rules, as far as we can, to provide restrictions whereby members of this Committee on Military Affairs, working in harmony with the administration, shall keep absolute control of this measure on the floor of the House. Of course, Mr. Speaker, I suppose we shall have the usual number of wise cracks that this measure is in response to another order from the White House, and that gentlemen who are supporting it are no more than rubber stamps, carrying out orders from the administration. Mr. Speaker, I do honestly believe the President has consecrated every faculty of his mind, soul, and heart to the great task of leading this Nation out of the slough of despondency in which we have been floundering for the last 3 years. I gladly follow his lead. Proudly, to the extent of my ability, I shall hold up his hands, because I have read in the market reports that during the last 30 days, approximately, there has been an increase in the price of cotton, in which my people are so largely interested, of $8 per bale, and an increase in the market price of wheat of about 20 cents a bushel. Of course the friends of the administration do not claim sole credit for all of this advance, but we do say it has been brought to pass largely because of the great program that this man has mapped out, and we propose to hold up his hands in carrying out the program he has announced. If the charge is made that to aid in carrying out his program, which has already succeeded to such an extent, one must be a rubber stamp, then I myself proudly plead guilty. So, Mr. Speaker, we have provided that this bill shall have ample time for discussion.

But we have protected it against amendments intended only to embarrass. I think it can be said safely that it is but part of the administration program and the majority members of the Rules Committee felt we were responding to an overwhelming sentiment of the House when this special rule was reported out. [Applause.]

Mr. Speaker, I reserve the remainder of my time.

Mr. RANSLEY. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, this rule, if adopted, will bring before the House what is known as the Muscle Shoals bill. Men who know nothing about business are today making an assault on the great power and fertilizer companies of our country. Many who had investments in railroads shifted their investment to power companies, believing they were less open to attack by the Congress. There are many thousands who own less than 50 shares of electric power or fertilizer companies stock, and in their name I ask you to carefully consider this bill; it is the entering wedge. Continue along these lines and you will have a socialistic government, destroying the initiative that has made this country great. If you pass the bill you will spend 30 millions for the development of Cove Creek, and more than 40 millions alone for transmission lines to serve the people and industry who are already served by existing companies.

The construction of Cove Creek Dam should not be undertaken until there is a demand for more power from that section of the country; the existing power companies in that part of the country are today able to produce more power than can be consumed by any business development in the next 10 years.

This bill will not only cause the Government to expend millions, but, like every Government operation, will not pay for itself. It is squarely the issue of Government ownership and operation of power and fertilizer business as a major operation, and must of necessity increase taxes.

Many who know nothing about business, instead of working to reduce taxes in our cities, States, and Nation are interfering with business and apparently are doing all in their power to destroy income. We should work to reduce taxation. This bill will have the opposite effect. Taxes are five times as high as they were 15 years ago. They are higher this year than last, and at least every fourth dollar of income goes to the tax collector. The story that taxes are paid by the rich is a lie and has caused the uninformed to vote for bond issues, causing cities and States to almost reach bankruptcy. Are we in the Nation to do what many municipalities have foolishly done?

The Alabama Power Co.'s stock is held by people in every county in the State of Alabama; the average is 16½ shares, but savings banks and insurance companies are also holders. The company has 3,609 miles of transmission lines, which are load lines; the distributing lines are 3,848 miles. The production of power is only 70 percent in use. There are over 1,800 men employed. In 1932 the existing power com-

panies paid $1,981,661 in taxes; they also paid $4,666,424 interest on their bonds and over $2,400,000 in interest on their stock. If you parallel the existing lines, it will not spell economy, and an investment of 400 million dollars will be destroyed, without counting the crippling of the 800 firms engaged in the fertilizer industry. It is understood that the railroads are to be protected against any unjust competition. Why not the power and fertilizer industries? Both are greatly damaged, if not destroyed, by this bill.

In the last Congress an attempt was made to take the Government out of business. I ask you what has become of that thought? If a Government restaurant is wrong, what about putting the Government in the power and fertilizer business?

I ask you to consider in relation to the bill that the Department of Agriculture reports that these plants are obsolete and will cost many millions to modernize. The power plant is today earning more than the operating expenses. Why not wait until the depression is over?

The bill permits the Patent Office to be invaded to study, copy, and use all methods. This is robbery within the law. It also grants the right of eminent domain. No one knows what that will cost.

If you pass this bill, you will put out of business many fertilizer plants, employing thousands, to say nothing of the capital invested. You will destroy the Commonwealth & Southern Co., which is a holding company, and make it impossible to ever pay dividends to thousands that own stock in that and allied companies.

You have taken from our "defenders", the soldiers and sailors of all wars, and the underpaid national employees $550,000,000. Is this sum to be spent on an experiment which is socialistic? Are business and income to be taxed until income is destroyed?

I ask you in the name of the Republic to cut down unnecessary expenditures, particularly expenditures that interfere with existing business.

Projects of this kind, if passed, will be duplicated, and will call for the expenditure of billions. How far can the Government run into fresh debt without impairing its credit and bringing about a great crash? Extraordinary borrowings would be at this time a calamity. I ask you to stop, look, and think of the future; if you do, you will save the Government from staggering losses. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 10 minutes to the majority leader, the gentleman from Tennessee [Mr. Byrns].

Mr. BYRNS. Mr. Speaker, this rule, if adopted, provides, as the gentleman from North Carolina, the Chairman of the Rules Committee, has said, for 6 hours' general debate on the bill. At the conclusion of that time the previous question is to be considered as ordered and the House will be asked to vote upon it.

I think it rather significant that there has been no attack from our friends upon the other side of the aisle, the Republicans, claiming that this is a gag rule. I assume this lack of attack is due to the fact that my good friend from Connecticut [Mr. Goss] was frank enough to state that this action was really taken at his suggestion as a member of the committee; all of which goes to show that sometimes, at least in the opinion of the gentleman from Connecticut and others of like political persuasion, it is important to have a rule of this kind. To my mind it somewhat reflects—and I say this with all kindness—upon the sincerity of those who have heretofore in the discussion of rules arraigned the committee and the Democratic Membership of the House for presenting rules which seek to cut off amendments.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a short question?

Mr. BYRNS. I yield for a brief question.

Mr. SNELL. We have become so accustomed to these gag rules that we are really surprised when you allow us to even talk under the general liberality of the Democratic Party. [Laughter.]

Mr. BYRNS. I had an idea that the gentleman, during the past 14 years in which his party has been in power in this House, was fairly accustomed to the idea of a gag rule. Hence I was very much surprised when I heard criticisms by the gentleman of what he chooses to call "gag rules" after the Democrats assumed control of the House.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. O'CONNOR. But the most surprising feature of this situation here is that this gag was requested by the Republican minority, as I understand it.

Mr. BYRNS. That was the statement which appeared in the morning's paper.

Mr. O'CONNOR. I might say, without disclosing anything confidential, that that was the information conveyed to the Rules Committee. The minority wanted to be gagged so that it might protest in behalf of the power companies, but could not do anything in reference to the bill. [Applause.]

Mr. BYRNS. This simply confirms the statement I made.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. For a brief question.

Mr. SNELL. The gentleman from New York, to whom the gentleman has referred as having been active in connection with rules, has been for several years, I will admit. I am always behind the Rules Committee and want to protect the integrity of the committee and the rules of the House. We might have brought in rules that were considered strict, but, as far as I can remember now, we have never brought in a general piece of legislation similar to the one being considered here today and denied the House the right of amending it. Will not the gentleman agree with me in this statement?

Mr. BYRNS. No; I am sorry I cannot.

Mr. SNELL. Then I wish the gentleman from Tennessee or some member of his committee would mention a specific bill outside of a tariff bill, which is an entirely different proposition, which we have brought in under such a rule.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield right there?

Mr. BYRNS. I yield.

Mr. O'CONNOR. They got over that hurdle by calling them up under suspension of the rules.

Mr. BYRNS. Precisely.

Mr. SNELL. Then we had to have a two-thirds majority to do that, which means you fellows must have joined us.

Mr. O'CONNOR. You had the two thirds seated over there.

Mr. SNELL. We have not had a two thirds since the gentleman has been sitting in this House.

Mr. BYRNS. Both the gentlemen from New York seem to be unanimously agreed that it was the custom of the Republican Party during their control of the House to deny the Membership the right to offer amendments to important bills.

Mr. SNELL. I deny the gentleman's statement. Name a single instance in which that was done.

Mr. BYRNS. I am not criticizing the gentleman.

Mr. SNELL. The gentleman said we did it. Now give us an instance in which we did it.

Mr. BYRNS. I am not criticizing the gentleman and his party for that.

Mr. SNELL. I do not think the gentleman can in view of his activity this year.

Mr. BYRNS. But I am talking about the sincerity of the gentleman and his party when they now undertake to criticize the Democratic Party for presenting similar rules.

Mr. SNELL. The gentleman has no right to criticize my sincerity on that because not a piece of general legislation was presented by our party which was not open to unqualified amendment.

Mr. BYRNS. If this is not general legislation, I fail to understand the meaning of the term.

Mr. SNELL. The gentleman cannot suggest any bill.

Mr. BYRNS. I cannot at this particular moment, but I submit that the RECORD is full of such instances. The Smoot-Hawley tariff is only one of many. Some day, when I have the time, I am going to compile some of them.

Mr. Speaker, this is all aside, and I did not know it was going to excite the attention of my friend from New York to the extent it has. Evidently I touched a sensitive spot.

Since July, 1921, Congress has been endeavoring to make some disposition of the great investment the Government has down at Muscle Shoals amounting, as the gentleman from North Carolina [Mr. POU] said, to something like $150,000,000. It will be recalled that Mr. Ford submitted his first proposals at that time.

Various bills have been introduced at every term of Congress, but the great interests which have opposed the development of this investment and its use in the interests of the people have been able, by playing one House against the other, to defeat them up to this time, except in two instances, when a bill which was finally passed was vetoed by President Coolidge through the pocket-veto method, and one was vetoed directly by President Hoover.

But I am thankful that now we have a man in the White House who is looking at this great investment down there, paid for by the people of the United States, from the standpoint of the interest of the people and he favors its development in the interest of the people rather than to let it remain idle in favor of the great interests which you and I know have opposed its development in the past and have succeeded in their efforts up to this time.

Personally, there are some amendments to this bill I would like to see adopted. I regret that the committee, by a close vote, struck from the provisions of the bill the 5 percent which was to be paid to the State of Tennessee and to the State of Alabama from the gross proceeds of power generated in those States; but I am not going to vote against the bill because of this fact or because I have no opportunity to offer an amendment upon the subject.

I do want to say, in support of my own opinion and those who favor this sort of provision, that under the terms of the bill you are taking out of the taxable property in the State of Tennessee more than 70,000 acres of land which will be flooded by the erection of the Cove Creek Dam.

I should like to see some provision in this bill giving the State of Tennessee the right, within a period of years, to purchase Cove Creek Dam, located, as it is, within its borders, but such privileges of amendment are denied by this rule.

Notwithstanding this, I am going to vote for this rule, because I realize that the Membership of this House, in a matter of this importance, involving as it does the operation of this great investment, cannot possibly sit upon the floor of the House and amend it without possibly destroying the whole structure of the bill. It has been carefully considered by a committee in which we have every confidence, and I am willing to trust their judgment.

I am not going to comment on just what the passage of this bill will mean. Our great leader in the White House has had the vision to see what it will mean to the great section of my own State in the development of the great Tennessee River Valley Basin and he has stated that in his opinion, it is simply the forerunner of similar developments which will take place throughout the country. This means the building of industrial plants and the employment of labor and relief to agriculture in the matter of cheaper fertilizer. It means, also, that if the investment is to be operated by the Government, it will present a yardstick by which the utility commissions of this country will be able to know, in exact figures, just what it costs to produce power and thereby fix the rate to the great consuming public accordingly. [Applause.]

I have received numbers of letters from stockholders in power companies protesting against the passage of this bill because it gives to the President authority to build transmission lines. In the very nature of things there can be only one consumer to whom the Government can sell any surplus power if it is required to sell same at the dam. This has been the trouble in the past, and as the result the Government has been unable to dispose of what power has been generated at anything like the price it felt that it should receive. It has been estimated that the Government has lost on this account something like 2½ million dollars every year. The power thus given is discretionary and will not be exercised unless the President finds that it is necessary to protect the Government. In such event, the bill expressly provides that he shall first make an effort to lease the transmission lines already existing and belonging to private companies, or purchase them if advisable. I think it very certain that it will not be necessary to build these lines, but I regard it as entirely a wise thing to give the President this power to be utilized in the event he finds it necessary to do so.

I am sure we can trust the President to deal fairly with all parties concerned. While this bill was not prepared by him or at his instance, nevertheless it was drawn to cover in a broad way the views which he has heretofore expressed and with which the people of the country are in accord. I am sure that in view of all its passage means to Tennessee and to this great section of the South, its passage will meet with the approval of the people. There can be no justification for permitting this great investment of the Government to continue as it has for the past 12 years, inactive and idle, when its operation means so much not only to the people directly involved but to the entire country. I have no doubt but that with the passing years the splendid vision of a great President will be realized, and it naturally follows that the first step shall be taken in connection with Muscle Shoals where so much money has already been expended.

Mr. RANSLEY. Mr. Speaker, I yield 7 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, before voicing my opposition to the bill which is soon to come before us, I want to say a word about the rule under which it will be considered.

I want to correct any impression that the Republican membership on rules voted for this rule. We did not. We are standing today upon this rule, just where we have stood on every gag rule that has been brought before the House. We have taken the position that on all general legislation the Membership of the House has just as much right to offer amendments as any member of the committee or any of those who dominate the legislation.

Mr. O'CONNOR. Will the gentleman yield?

Mr. MARTIN of Massachusetts. Certainly.

Mr. O'CONNOR. I do not think the gentleman would be exactly correct in saying that all the members of the Rules Committee voted against the rule.

Mr. MARTIN of Massachusetts. The gentleman knows the situation. I might say there was no Republican member who voted for the rule. There was one member who refrained from voting. It is an unusual contention that one Republican member of a committee can influence the Democratic Rules Committee as to what kind of rule they will bring out.

I want to address one word to the liberal and progressive Democrats. You showed your power last week. You took a stand for liberal, progressive rules, and the so-called "discharge" rule then proposed has never been brought into this House, and I do not believe it ever will be. If you men will take a similar position on other liberal rules, you will find we will get rules under which we can consider business in an orderly way and where it will be possible for Members to introduce amendments. We have had two instances during the last week where bills were considered under the 5-minute rule, and I do not believe any man will stand here today and say that the House abused the privilege.

So I hope we will have a new deal, a new era, and that we will again have liberal consideration of legislation.

Painting rainbows is always a delightful and inspirational pastime. That is what we are doing here today. We are painting a beautiful picture for the good people of the Tennessee Valley and the United States, a fine dream that will eventually end in bitter disappointment. Patterned closely after one of the soviet dreams, it will end as have most of the Russian industrial ventures—in failure to accomplish the objective and leaving a tremendous debt for the taxpayers to pay.

The trusting people of Tennessee and Alabama hope that out of this Government venture in the realm of business will rise a new industrial empire. A magnificent mirage. Lost sight of is the fact industrial expansion in the United States is over for a few years at least. Our problem is not the acquiring of new enterprises, but how to keep going those already in existence.

Subsidized by the Government, it will beyond question be possible for industries to secure cheaper light and power in the Tennessee Valley. There was a day when that would be persuasive to industry, but not now. This saving would be minor compared with what is now possible in the older industrial communities. Scattered throughout the country are thousands of modern, idle plants that can be bought for a song. Plants costing a million dollars go begging for one twentieth of that price. Many are being torn down to escape taxes. These are all located in the heart of the consuming sections of the country, where skilled labor is abundant. Less capital is required to get into business through the acquiring of one of those plants than in building a new plant in the Tennessee Valley.

Mr. DUNN. Will the gentleman yield?

Mr. MARTIN of Massachusetts. No; I cannot. I have not the time.

This will be a very determining point when we emerge out of this depression with lean pocketbooks. No, Mr. Speaker, I think I can accurately predict no one in this generation will see materialize the industrial-empire dream of the Tennessee Valley.

Even if there was to be industrial expansion in this valley, this Government project would not be necessary. Private capital and private facilities are already ample to care for any expansion that might come to this section of the country. If there was any real likelihood of immediate expansion, it would have come during the recent years of frenzied finance.

Alfred E. Smith, for whose rugged Americanism I have a profound admiration, expressed in the last issue of the New Outlook grave doubts about the wisdom of regional planning schemes such as Muscle Shoals. He well says the age of the pioneer is over and further declares it doubtful whether the Nation will gain today by drying up old communities to irrigate new ones.

I question the drying up of old sections because I believe the experiment we are plainly determined to embark upon will be a failure. But I agree with the sound philosophy of Governor Smith that one section of the country should not be taxed to build up a competing section. If we dedicate the resources of the Nation to building up the Tennessee Valley, we have a right to expect the Public Treasury to finance the making of New England and every other section of the country attractive to industry. To follow any other course would be manifestly unfair.

In plunging the Government into this soviet experiment it is wise to recall private plants with which the Government will compete have an invested capital of $700,000,000 and pay $8,000,000 in taxes. About 114,000 people have invested their savings in good faith in these enterprises. With these facts before us, it is a serious question whether the community itself will profit by the undertaking we are to engage in.

This is not the time to duplicate existing facilities or to unnecessarily destroy private business. The country is never going to get back to normalcy until private business is able to give to the millions of unemployed an opportunity to work.

A few weeks ago disabled veterans and Government employees were asked to accept great sacrifices that the Budget could be balanced and the financial integrity and credit of the Nation be maintained. Is it right, in view of these sacrifices, we now waste huge sums, saved from the poor people of the country, in a project which is not essential and which for years to come will be a constant drain upon the National Treasury?

Personally, I think it is plain justice to the veterans and to the Government employees to carry on with real economy in other directions and be prudent in our expenditures. Let us not forget that in the past the touch of the Government in business has invariably been the touch of death.

Occasionally there may be some exception, but that exception will not be at Muscle Shoals. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I shall use the remainder of my time and ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I do not know whether or not the day is fast approaching when the House may protest against so much time being consumed in discussion of rules and the type of rule and the methods of bringing in rules. I said in joining in the colloquy with the gentleman from Tennessee [Mr. BYRNS] this morning that this instance today should point out the sincerity of the attack made upon the Rules Committee in respect to the type of rules that committee brings in. The Rules Committee never brings in a gag rule. The gag, so called, is always asked for by the standing committee. The Rules Committee is very particular to inquire of the representatives of the standing committee whether or not a particular type of rule has been requested by the standing committee. Of course, in most instances the Rules Committee is informed that a particular type of rule is requested by the Democratic majority of the standing committee; but in this case the Republicans joined with the Democrats and were insistent on a rule which would not permit any amendment to the Muscle Shoals bill. At least, I am so informed.

Mr. JAMES. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. JAMES. That is not correct.

Mr. O'CONNOR. Well, the Rules Committee was so informed. I am willing to stand corrected. I am stating only what was said at the meeting before the Rules Committee.

Mr. HILL of Alabama. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. HILL of Alabama. The gentleman from Connecticutt, Mr. Goss, stated that the chairman of the committee, Mr. MCSWAIN, had been so preeminently fair, had given every opportunity to the minority to amend the bill and discuss it, and that in view of that and the further fact that the bill covered such a broad field, the Republican members of the committee joined in the request that the rule be limited simply to general debate, without any reading of the bill under the 5-minute rule.

Mr. O'CONNOR. Then I was not mistaken in what I said was the information conveyed to the Rules Committee.

Mr. HILL of Alabama. The gentleman was correct.

Mr. JAMES. It was suggested that the majority could offer certain amendments and that the minority as the minority could offer certain amendments. I objected to that upon the ground that as a member of the minority I wanted no more privilege than any other Republican on the floor of the House.

Mr. CARPENTER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. CARPENTER of Nebraska. Is this bill, H.R. 5081, an administration measure, and has it the backing of the Democratic administration?

Mr. O'CONNOR. I so understand, though I do not speak with any personal authority.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. McSWAIN. The President did not write either one of the bills introduced in either end of the Capitol. He has considered only the general broad principles, and approves of those broad principles as expressed in both bills. But this matter has been before Congress for 16 years, and some of us who have been laboring upon it for 12 to 15 years know a great deal more about the intricacies of the matter than it is possible for any one just coming on the scene to know.

Mr. CARPENTER of Nebraska. I may say to the gentleman that we are fast finding that out, but I disagree with the gentleman. I do not think this is an administrative measure, and I do not think it has the approval of the administration in its so-called "broad principles", to which the gentleman referred. I refuse to support any gag rule that has not the backing, in the final passage of the act, of the administration, and I say that this bill has not.

Mr. O'CONNOR. Well, Mr. Speaker, if I were against gag rules, I would be against them whether the administration wanted them or not.

For 12 years I have been listening to the subject of Muscle Shoals in the Rules Committee. I voted to sell Muscle Shoals to Mr. Ford. After that time, when the distinguished gentleman from New York, the majority leader, Mr. SNELL, was Chairman of the Committee on Rules, I stated in the committee that I would give Muscle Shoals away—do anything to get rid of the subject, and that something ought to be done about it. We are now fast approaching that day when a President in the White House is really going to do something about Muscle Shoals. The last two bills were vetoed by Republican Presidents, but we are now within a few weeks of the time when we are going to have this perennial subject disposed of and removed from the annual legislative program.

I listened to the gentleman from Pennsylvania [Mr. RANSLEY] weep over the fate of the power companies and the Fertilizer Trust. He stated that the bill would result in taxes being increased, but he did not say anything about a resulting decrease in the cost of electricity to the people. He did not say anything about a decrease in the cost of fertilizer to the farmer. As I sat there listening to him and the other Republican speakers, I came to the conclusion—one which I have been approaching all during this session—that the Republican policy of today is the same as it has always been. The Republican Party believes in protecting with all its might, in spite even of a negligible minority, the rights and the securities and the investments of the people who have without any concern for the 95 percent of the people who have not. [Applause.] That policy was demonstrated yesterday in the debate and votes on the Wagner bill and likewise on every bill that has been brought in here during this session. It is the same old policy of the Republican Party—protect the stockholders, not the consumer of the power; protect the security holders, not the farmer who buys the fertilizer, which is now subject to a monopoly and the extortions of the Fertilizer Trust.

The Alabama Power Co. seemed to be the chief concern of the gentleman from Pennsylvania [Mr. RANSLEY]. And the gentleman from New England [Mr. MARTIN] wept about his stockholders in New England. He did not talk about his farmers; he did not talk about his people in New England who, by reason of cheap power in the South, might be able to buy products of the factories and mills that would use that power to make those products.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. WEIDEMAN. He did not mention anything about dividends that had to be paid on watered stock or the tremendous salaries paid to executives, did he?

Mr. O'CONNOR. Oh, the gentleman from Pennsylvania [Mr. RANSLEY] did talk about dividends. Why, on the coat of arms of the Republican Party, up in the left-hand loop, is the word "dividends."

Mr. FORD. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. FORD. Did the gentleman have anything to say about the hundreds of thousands of stockholders that Mr. Insull and some of the other boys "gypped" when they got them in their clutches?

Mr. O'CONNOR. Oh, those stockholders, of course, are not the stockholders they are talking about. [Applause.]

Mr. FORD. I understand.

Mr. O'CONNOR. This morning on the floor the distinguished minority leader talked about the banks being closed when the Democrats came into office. I can see the Republican platform for 1936, and I can hear those dear old Republican spellbinders on the stump talking to their people. They will say, "Don't you remember the very day, that cloudy Saturday, the 4th of March, when the Democrats took office, why every bank in the country closed!" Of course, Mr. Speaker, the Republicans are not going to get away with that, because the people of America know that if the Republican administration had any interest or concern in the savings and the welfare of the people of America they would have closed every bank in the country months before March 4, 1933, as a means of working out a real solution of our banking situation. [Applause.] So when the expiring administration timed its plan exactly to throw the dying remains in our laps on that Saturday morning, our leader in the White House did just as he did the other day when the bankers said they wanted 5 million, 100 million, 300 million, 600 million gold to ship abroad. He said, "Just for that you are not going to get any to ship abroad." So when the bankers would not talk real business and would not meet reasonable terms and cooperate for the safety of the American public, our President closed the banks, as Mr. Hoover should have done months before.

Incidentally, I understand that the same Mr. Hoover, resting in the New York hotels, is now saying he should have done exactly what President Roosevelt did—months before. [Applause.] So just take a little blue pencil and rub that particular campaign argument out of the 1936 guidebook of spellbinders. [Laughter.]

Now, I am glad we are going to get down to the consideration of Muscle Shoals and that we are going to do something about it. What this bill proposes to do is fundamentally the very thing that the American people overwhelmingly want done about Muscle Shoals. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I am opposed to this rule because of the rule itself, and because of the merits or lack of merit of the legislation which the rule proposes to make in order. I am opposed to the rule because it is a gag or closed rule. I have stated what I thought about gag rules before, and I will not say anything more on that subject at this time except to say that I have not changed my position about them. It is true the statement was made before the Rules Committee that the Republican members of the legislative Committee on Military Affairs were not opposed to this kind of rule in this instance, but it was quite clearly brought out there that they had allowed their friendship and feeling toward the distinguished Chairman of the Committee on Military Affairs, the gentleman from South Carolina [Mr. MCSWAIN], to influence their attitude and, as it seemed to some members of the Committee on Rules, to get the better of their judgment. However, the Republican members of the Rules Committee maintain the same position on this rule that they have on other gag rules. They are opposed to this kind of rule, making in order legislative proposals such as this, which prohibit the reading of the legislation under the 5-minute rule, and prohibit the offering of any amendments by the Membership of the House generally.

My judgment is, too, that some of the Republican members of the Committee on Military Affairs did not oppose this particular rule partly because they were afraid that some good amendments that had been put into the bill during its consideration in the committee would be taken out on the floor if it were thrown open for amendments. My colleague, Mr. JAMES, the ranking Republican member of that committee, has already stated his position as being opposed to all gag rules.

Mr. BYRNS. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BYRNS. When did the gentleman and his party change their position about what the gentleman chooses to call a gag rule?

Mr. MAPES. I may say to the gentleman that personally I have never changed my mind in regard to it, and I do not

think the party has changed its mind in regard to it. As was brought out in the colloquy between the gentleman from Tennessee and the gentleman from New York, I have no recollection of the Republican Party, when it was in control of the House of Representatives, ever bringing in a gag rule on an important piece of general legislation, with the exception of the tariff bills, which everybody knows, as a practical matter, must be limited in some way or they would never get to a final vote in the House.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield to the distinguished Chairman of the Committee on Military Affairs.

Mr. McSWAIN. The gentleman has paid me a very undeserved and unjustified compliment.

Mr. MAPES. No; it is entirely deserved.

Mr. McSWAIN. But I feel I should state in fairness to the gentlemen of the minority on the Committee on Military Affairs that they were as much opposed to this bill in principle as they could be, and they fought it as hard as they could for days and days and days in the committee; but they recognized that this kind of legislation is very much like the tariff bill talked about by the chairman: that it ought to be voted up or down on its merits.

Mr. MAPES. Mr. Speaker, I shall not take any more time to discuss the rule, but I do want to say a word about the bill itself.

Mr. Speaker, the first sentence of the report of the committee very truthfully says that the Tennessee River and the Muscle Shoals question first made its appearance as a Federal problem as long ago as 1824. Anyone who studies the history of Muscle Shoals will find that from that time on, a period of 100 years, there has been a persistent drive from time to time upon Congress to get the Federal Government to develop and improve the Tennessee River, but the attempts have never been successful so far as Congress is concerned. Congress has repeatedly refused to undertake this improvement, and wisely so, in my judgment.

Finally, in 1916, Congress, in the National Defense Act, voted, and I as a Member of the House at that time voted for it along with the rest, to give the President of the United States a roving commission in the exercise of his war power to establish a nitrate plant, develop water power, build dams and locks, and to do other things, in his discretion, on any navigable or nonnavigable river in the United States. In the exercise of that discretion, with that roving commission, the President selected this site on the Tennessee River and started this development which has already cost the United States approximately $150,000,000, to say nothing of interest on the investment.

I, for one, am not going to vote to give another President a roving commission of that kind in a time of peace which will enable him to start an improvement or require an expenditure of Government funds that no one can tell where it will lead to. It is estimated, or some claim, that this is the beginning of an improvement which in the end will involve the Federal Government in an expenditure of over $1,000,000,000. Congress ought not to start anything of that kind without knowing where it is headed for.

Somebody has spoken of this improvement as a wonderful dream of a wonderful statesman. That may be so. I am inclined to think that it is largely a dream. Let me say that this is not a personal matter with me. I had the utmost respect for the President of the United States during the war, President Wilson, and I have the utmost respect for the present President of the United States, President Roosevelt; but as a Member of Congress I think Congress has its obligation, and it ought not to allow the President of the United States, no matter how able he is, how wise he is, or how well-intentioned he is, to commit the Federal Government to an expenditure of $1,000,000,000 without knowing where it is leading to.

This is spoken of as a wonderful experiment. This is no time to experiment. This is no time to start expenditures of this kind when we are trying to reduce the expenses of the country, when everybody is in such distress. It is not a sound investment. It is economically unsound from the standpoint both of navigation and of the development of power.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 2 additional minutes to the gentleman from Michigan.

Mr. MAPES. It is stated in the minority views on the bill that at the present time 30 percent of the generating capacity of privately owned plants serving the territory within transmission distance of Muscle Shoals is finding no market. This 30 percent amounts to a surplus capacity of approximately 400,000 horsepower, the amount proposed to be developed by the construction of the Cove Creek Dam. In other words, more horsepower is now being developed there than can be disposed of, yet we intend to spend good, hard money to develop still more.

The proposition is unsound also from the standpoint of navigation. Everybody who has seen the Tennessee River knows that in some places it is not more than 6 inches deep. There is little navigation on the river, and it will cost a lot of money to make it navigable for ships of any size. We have spent about $150,000,000 at Muscle Shoals. Now it is proposed to start the expenditure of $1,000,000,000 more. It is not a question of making use of the development that is already there; it is a question of obligating the Government for this tremendous expenditure in the future. It is sending good money after bad.

I think now is the time for Congress to put its foot down and say we will not allow any such expenditure to be made. We do not propose to let the camel get his nose under the tent in any such manner. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

The Clerk read the title of the bill.

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that the second reading of the bill be dispensed with, and that the bill be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The bill is as follows:

Be it enacted, etc., That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River, and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the "Tennessee Valley Authority of the United States" (hereinafter referred to as the "Authority"). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the "Tennessee Valley Act of 1933."

SEC. 2. (a) The board of directors of the Authority (hereinafter referred to as the "board") shall be composed of three members, not more than two of whom shall belong to the same political party, to be appointed by the President, by and with the advice and consent of the Senate. The board shall organize by electing a chairman, vice chairman, and other necessary officers, agents, and employees to do its clerical work, and shall then proceed to carry out the provisions of this act.

(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, one at the end of the third year, one at the end of the sixth year, and one at the end of the ninth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring 9 years from the date of the expiration of the term for which his predecessor was appointed.

(c) Any member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(d) Vacancies in the board so long as there shall be two members in office shall not impair the powers of the board to execute the functions of the Authority and two of the members in office

shall constitute a quorum for the transaction of the business of the board.

(e) Each of the members of the board shall be a citizen of the United States and shall receive compensation, without regard to the provisions of other laws applicable to the officers and employees of the United States, at the rate of $10,000 a year, to be paid by the Authority as current expenses. Members of the board shall be reimbursed by the Authority for actual expenses (including traveling and subsistence expenses) incurred by them while traveling in the performance of the duties vested in the board by this act. All members of the board shall reside in the vicinity of Muscle Shoals, Ala., and shall devote their entire time to the work of the Authority.

(f) No member of the board shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Muscle Shoals project as a producer of concentrated fertilizers or as a producer of electric power.

(g) The board shall direct the exercise of all the powers of the Authority.

SEC. 3. (a) The chief executive officer of the Authority shall be a general manager, who shall be responsible to the board for the efficient conduct of the business of the Authority. The board shall appoint the general manager, whose salary shall not exceed the rate of $10,000 a year, and shall select a man for such appointment who has demonstrated his capacity as a business executive. The general manager shall be appointed to hold office at the pleasure of the board. Should the office of general manager become vacant for any reason, the board shall appoint his successor as herein provided.

(b) The general manager shall appoint, with the advice and consent of the board, two assistant managers who shall be responsible to him, and through him to the board, whose salaries each shall not exceed the rate of $9,000 a year. One of the assistant managers shall be a man possessed of knowledge, training, and experience to render him competent and expert in the production of fixed nitrogen and/or fertilizer and fertilizer ingredients. The other assistant manager shall be a man trained and experienced in the field of production, transmission, and distribution of hydroelectric power. The general manager may at any time, with the consent of the board, remove any assistant manager, and appoint his successor as above provided. He shall employ, with the approval of the board, all other agents, clerks, attorneys, employees, and laborers not hereinbefore reserved to the board.

The compensation of such agents, clerks, attorneys, employees, and laborers shall be fixed with regard to the provisions of other laws applicable to the compensation of officers or employees of the United States: *Provided*, That all contracts to which the Authority is a party and which require the employment of laborers and mechanics in the construction, alteration, maintenance, and/or repair of buildings, dams, locks, or other projects shall contain a provision that not less than the prevailing rate of wages for work of a similar nature prevailing in the vicinity shall be paid to such laborers or mechanics.

In the event any dispute arises as to what are the prevailing rate of wages, the question shall be referred to the Secretary of Labor for determination, and his decision shall be final. In the determination of such prevailing rate, or rates, due regard shall be given to those rates which have been secured through collective agreement by representatives of employers and employees.

Where such work as is described in the two preceding paragraphs is done directly by the Authority, the prevailing rate of wages shall be paid in the same manner as though such work had been let by contract.

SEC. 4. Except as otherwise specifically provided in this act, the corporation (herein called the "Authority")—

(a) Shall have succession in its corporate name.

(b) May sue and be sued in its corporate name.

(c) May adopt and use a corporate seal, which shall be judicially noticed.

(d) May make contracts.

(e) May adopt, amend, and repeal bylaws.

(f) May purchase or lease and hold such personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

(g) As hereinbefore specified, may appoint such officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, without regard to the provisions of the Civil Service laws applicable to the employment and compensation of officers or employees of the United States, define generally their duties, require bonds of them and fix the penalties thereof, and dismiss at pleasure any such officer, employee, attorney, or agent, and provide a system of organization to fix responsibility and to promote efficiency.

(h) The board shall require that the general manager and the two assistant managers, the secretary and the treasurer, the bookkeeper or bookkeepers, and such other administrative and executive officers as the board may see fit to include, shall execute and file before entering upon their several offices good and sufficient surety bonds, in such amount and with such surety as the board shall approve.

(i) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Authority.

(j) The Authority may in the name of the United States of America exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States of America, and thereupon all such real estate shall be entrusted to the Authority as the agent of the United States to accomplish the purposes of this act.

(k) The Authority shall have power to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures, and navigation projects at any point along the Tennessee River, or any of its tributaries, and in the event that the owner or owners of such property shall fail and refuse to sell to the Authority at a price deemed fair and reasonable by the board, then the Authority may proceed to exercise the right of eminent domain, and to condemn all property that it deems necessary for carrying out the purposes of this act, and all such condemnation proceedings shall be had pursuant to the provisions and requirements hereinafter specified with reference to any and all condemnation proceedings. The Authority shall have power to construct dams, reservoirs, power houses, power structures, and navigation projects in the Tennessee River and its tributaries, and for this purpose may exercise the right of eminent domain.

It is hereby declared to be the policy of the Government to construct, where practicable, on the Tennessee River joint power and navigation dams, to conserve and make available the power, and to provide cheaper navigation; and the Authority shall create for each dam constructed a sinking fund, which, paid in annually with compound interest, will amortize the entire cost of the dam, including power houses and locks, over a period of 60 years, and the Authority shall pay to the Treasury 2 percent interest annually on money used for such construction derived from the Treasury and chargeable as cost to power: *Provided*, That the payment of any interest to the Treasury may be suspended for 1 year, but such suspended payment shall bear interest at the rate of 2 percent per annum: *Provided*, That the Authority shall not proceed to construct any dam herein authorized where power alone will be generated, or where the power will be generated in conjunction with navigation (except Cove Creek Dam and Dam No. 3), unless there is a reasonable market demand for so much of the power as will yield a reasonable return on that part of the investment representing the cost of the power production, including a sum for the amortization of the entire cost in 60 years, and then only with the approval of the President: *Provided further*, That the Authority may construct any dam or dams if prior to such construction it has effected a lease on self-liquidating terms approved by the President that will return the bond interest on the investment chargeable to power purposes, determined as herein provided, and amortize the entire amount of capital invested for all purposes in the project leased. Rates and charges for the power sold from a leased project shall not exceed amounts found as reasonable, just, and fair by the Federal Power Commission.

SEC. 5. It is hereby declared to be the policy of the Government to utilize and operate the Muscle Shoals properties so far as may be necessary to improve, cheapen, and increase the production of fertilizer and fertilizer ingredients by carrying out the provisions of this act.

SEC. 6. The board is hereby authorized—

(a) To contract with commercial producers for the production of such fertilizers or fertilizer ingredients not produced by the Authority as may be needed in the Government's program of development and introduction.

(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce.

(c) To cooperate with National, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

(d) The board shall manufacture fixed nitrogen and/or other fertilizer ingredients at Muscle Shoals by the employment of existing facilities (by modernizing existing plants), or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen, and/or other fertilizer ingredients for agricultural and military uses.

(e) It shall be the duty of the board to operate the nitrate plants or either of them by employment of existing facilities or by modernizing the existing plants and facilities for the production of nitrogenous plant food of a kind and quality and in form available as plant food and capable of being applied directly to the soil in connection with the growth of crops containing not less than 10,000 tons of fixed nitrogen, and said amount of such fertilizer or fertilizer ingredients shall periodically be increased from time to time as the market demands may reasonably require until the maximum production capacity of the plants now owned by the Government at Muscle Shoals, as the board may find them to be economically adapted, or susceptible of being made economically adapted for the fixation of nitrogen is reached, if the reasonable demands of the market shall justify except when the market demands are satisfied by maintenance in storage and unsold of such fertilizer or fertilizer ingredients containing at least 2,500 tons of fixed nitrogen if such production is economically justifiable and so found by the Authority and so approved by the President. Whenever such stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen the production of such nitrogenous plant food shall thereupon be resumed. In the event such production is not so found economically justifiable, then it shall be the duty of the Authority to

operate such plants and facilities for the production of phosphoric acid and/or other fertilizer ingredients in a form available as plant food and capable of being applied directly to the soil, and in an amount and quantity equal to the production of nitrogenous plant food herein required.

(f) To lease upon such terms and conditions as may safeguard the interests of the United States and insure the mass production of fertilizer and/or fertilizer ingredients the existing plants and facilities and any such additional plants and facilities as may be constructed and any other property or properties, in whole or in part, for the benefit of the farmer and for agricultural conservation, except that there shall be no lease of power dams, power plants, and power-generating facilities: *Provided*, That all fertilizer produced shall be in such form and in combination with such other ingredients as shall make such fertilizer immediately available and practical for use by farmers in application to soils and crops. In the event that a lease be made, the board shall supply the said lessee the power necessary for the operation of the properties leased and for such other manufacturing purposes as the President and the board may agree upon at a price which shall be deemed fair and just by the President and the board. The lease of any such properties for the production of fertilizer or fertilizer ingredients shall contain a stipulation that the operation of any properties used in the manufacture of fertilizer or fertilizer ingredients shall be conducted in an economical manner and that there must be manufactured annually at least a prescribed amount of nitrogenous plant food of a kind and quality and in a form available as plant food and capable of being applied directly to the soil in connection with the growth of crops: *And provided further*, That the contract shall contain a stipulation requiring the lessee to produce within 2 years from the date such lease shall become effective, such fertilizer or fertilizer ingredients containing not less than 10,000 tons of fixed nitrogen, and shall require periodic increases in quantity of fixed nitrogen from time to time as the market demands may reasonably require, and such lease shall provide that such increases shall finally reach the maximum production capacity of such plant or plants as the board may find to be economically adapted, or susceptible of being made economically adapted to the fixation of nitrogen, if the reasonable demands of the market shall justify the same, except when the nitrogen produced is required for national defense, or when the market demands for same are satisfied by the maintenance in storage and unsold of such fertilizer or fertilizer ingredients containing at least 2,500 tons of fixed nitrogen, but whenever said stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen, the production of such nitrogen, and the manufacture of such fertilizer or fertilizer ingredients shall thereupon be resumed.

(g) To make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants, for the production of concentrated fertilizers, and/or fertilizer ingredients, in form suitable for home mixing, or for direct application to soil, and for use in connection with growing crops, and to sell same at cost plus 4 percent, under such rules and regulations as will insure the widest practicable distribution thereof, and preference in such sale shall be given to farmers or to their authorized purchasing agents.

(h) It shall be the duty of the board to maintain in stand-by condition nitrate plant no. 2, or its equivalent, for the fixation of atmospheric nitrogen, for the production of explosives in the event of war or a national emergency, until the Congress shall by joint resolution release the board from this obligation.

The Authority, with the approval of the President of the United States, is hereby authorized to ascertain and declare, for the purpose of fixing the cost of fertilizers and/or fertilizer ingredients, the value of such part of any plant or plants as may be employed by the Authority in the production of fertilizer and/or fertilizer ingredients: *Provided*, That the total value of nitrate plant no. 2 shall not be fixed to exceed $6,000,000.

(i) To establish, maintain, and operate laboratories and experimental plants, and to undertake large-scale experiments for the purpose of enabling the Authority to furnish nitrogen, fertilizer, and other products needed for military and agricultural purposes in the most economical manner and at the highest standard of efficiency.

(j) To request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Authority the better to carry out its powers successfully, and the President shall, if in his opinion the public interest, service, and economy so require, direct that such assistance, advice, and service be rendered to the Authority and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board and of the general manager.

(k) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

(l) Upon the requisition of the Secretary of War the board shall allot and deliver without charge to the War Department so much power as may be necessary in the judgment of said Department for use in operation of all locks, lifts, or other facilities in aid of navigation.

(m) To produce, transmit, and sell electric power, as herein particularly specified.

(n) No products of the Authority shall be sold for use outside of the United States, its Territories and possessions, except to the United States Government for the use of its Army and Navy or to its allies in case of war.

SEC. 7. In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is guilty of a violation of this section shall be removed from office by said board.

SEC. 8. In order to enable the Authority to exercise the powers and duties vested in it by this act—

(a) The exclusive use, possession, and control of the United States nitrate plants nos. 1 and 2, including steam plants located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco Limestone Quarry, in Alabama, and Dam No. 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof, and all other property to be acquired by the authority in its own name or in the name of the United States of America, are hereby entrusted to the authority for the purposes of this act.

(b) The President of the United States is authorized to provide for the transfer to the authority of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Authority as herein stated.

SEC. 9. (a) The Authority shall maintain its principal office in the immediate vicinity of Muscle Shoals, Ala. The Authority shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

(b) The Authority shall at all times maintain complete and accurate books of accounts.

(c) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this act.

SEC. 10. (a) The board shall file with the President and with the Congress, in December of each year, a financial statement and a complete report as to the business of the Authority covering the preceding governmental fiscal year. This report shall include an itemized statement of the cost of power at each power station, the total number of employees, and the names, salaries, and duties of those receiving compensation at the rate of more than $1,500 a year.

(b) The board shall require a careful and scrutinizing audit and accounting by the General Accounting Office or its successor in performing similar duties, during each governmental fiscal year of operation under this act, and said audit shall be open to inspection to the public at all times, and copies thereof shall be filed in the principal office of the Authority at Muscle Shoals, in the State of Alabama. At least once during each fiscal year the President of the United States shall appoint a firm of certified public accountants of his own choice and selection which shall have free and open access to all books, accounts, plants, warehouses, offices, and all other places, and records, belonging to or under the control of or used by the Authority in connection with the business authorized by this act. And the expenses of such audit so directed by the President shall be paid by the board and charged as part of the operating expenses of the Authority.

SEC. 11. The board is hereby empowered and authorized to sell the surplus power, not used in its operations and for operation of locks and other works to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said Authority the board is authorized to enter into contracts for such sale for a term not exceeding 20 years and in the sale of such current by the board it shall give preference to States, counties, municipalities, or cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to their own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 5 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities.

SEC. 12. It is hereby declared to be the policy of the Government, so far as practical, to transmit or sell all the surplus power generated by the Authority at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance.

SEC. 13. In event the board is unable to make satisfactory contracts with persons, firms, or corporations engaged in the distribution and resale of electricity as in this act provided, or for the use or purchase of such transmission lines, it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from proceeds from the sale of bonds as herein authorized, with the approval of the President, to construct, lease, or authorize the construction of transmission lines within transmission distance not to exceed 400 miles from the place where the power is gen-

erated, if transmission lines are found economically justified and necessary to carry out the provisions of this act: *Provided*, That the project herein provided for shall be considered primarily as for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct a transmission line to the place of generation, or to the Government reservation on which is located a power-generating plant operated by the Authority, or to some place along or at the end of a transmission line, the board is hereby authorized to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 30 years, and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the Authority and any municipality or other political subdivision or cooperative association shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be voidable at the election of the Authority if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision: *And provided further*, That as to any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the Authority shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount found to be reasonable, just, and fair by the Federal Power Commission, or its successor as a Federal regulatory body having similar jurisdiction; and in case of any such sale, if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the Federal Power Commission, or its successor as aforesaid, the contract for such sale between the board and such distributor of electricity shall by the Authority be declared to be null and void and the same shall be canceled.

SEC. 14. The net proceeds derived by the board from the sale of power and any of the products manufactured by the Authority, after deducting the cost of operation, maintenance, depreciation, amortization, and an amount deemed by the board as necessary to withhold as operating capital, or devoted by the board to new construction, shall be paid into the Treasury of the United States at the end of each calendar year.

SEC. 15. The Authority is hereby empowered, when and if the market demands justify, to complete Dam No. 2 at Muscle Shoals, Ala., and the steam plant at nitrate plant no. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units, according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant no. 2.

SEC. 16. The Secretary of War is hereby authorized, with appropriations hereafter to be made available by the Congress or from funds arising from the sale of bonds, to construct, either directly or by contract to the lowest responsible bidder or bidders, after due advertisement, a dam which has by long usage become known and designated as the Cove Creek Dam in and across the Clinch River in the State of Tennessee, together with a transmission line to Muscle Shoals interconnecting with any intermediate power plants: *Provided*, That such transmission line may be constructed only if the board is unable to make contracts satisfactory to the Authority with owners of privately owned lines for the transmission of power, or for the use or the purchase of transmission lines, and if, after investigation, the Authority shall find that such transmission line is economically justifiable and necessary to carry out the purposes of this act. Such construction shall be according to the latest and most approved designs of the Chief of Engineers, including powerhouse and hydroelectric installations and equipment for the generation of electric power in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of promoting navigation by increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam.

SEC. 17. In order to enable and empower the board to carry out the authority hereby conferred in the most economical and efficient manner, it is hereby authorized and empowered in the exercise of the powers of national defense, in the aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies, and with railroads, railroad corporations, common carriers, and all public-utility commissions, and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the authority for use and operation in connection with the general Muscle Shoals and Tennessee Valley project and to promote flood control and navigation in the Tennessee River.

SEC. 18. The Authority, as an instrumentality and agency of the Government of the United States for the purpose of executing its lawful powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulae, and scientific information (but not including access to pending applications for patents) necessary to enable the Authority to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this right by the Authority shall have as the exclusive remedy a cause of action against the Authority, to be instituted and prosecuted on the equity side of the district court of the United States, in any district where infringement has occurred for the recovery of judgment for reasonable compensation. Service may be made in any such way as the court may direct. The Commissioner of Patents shall furnish to the Authority, at its request and without payment of fees, copies of documents on file in his office.

SEC. 19. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives, or for other war purposes.

SEC. 20. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States shall apply to the moneys and property of the Authority and to moneys and properties of the United States entrusted to the Authority.

(b) Any person, who, with intent to defraud the Authority, or to deceive any director, officer, or employee of the Authority or any officer or employee of the United States, makes any false entry in any book of the Authority, or makes any false report or statement for the Authority shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 5 years, or both.

(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Authority or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than $5,000 or imprisoned not more than 5 years, or both.

SEC. 21. In order that the board may not be delayed in carrying out the program authorized herein the sum of $10,000,000 is hereby authorized to be appropriated for that purpose from the Treasury of the United States, of which not to exceed $4,000,000 shall be made available with which to begin construction of Cove Creek Dam during the calendar year 1933, and begin the production of fertilizer and/or fertilizer ingredients.

SEC. 22. The President of the United States, for 1 year from the date of the enactment of this act, is hereby authorized and empowered to enter into negotiations and conclude agreements with any person, firm, or corporation for the exchange of electric energy generated and to be generated by the Authority at any plant intrusted to and under the control of the Authority, in consideration of the conveyance by any such person, firm, or corporation of any property or property rights on which the Authority may construct a plant or plants for the production of electric energy, upon such terms, conditions, and limitations as to the President shall seem meet and proper. The President is further authorized for 1 year from the date of this act to lease or sell to any person, firm, or corporation such land not needed for national defense, fertilizer production, power production, or other governmental purposes upon such terms, conditions, and limitations as to the President shall seem meet and proper: *Provided, however*, That the President shall first have the land appraised: *Provided further*, That no lease shall be for a term to exceed 50 years: *Provided further*, That any sale shall be on condition that said land shall be used for industrial purposes only.

SEC. 23. The Authority may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights of way which, in the opinion of the board are necessary in carrying out the foregoing projects. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right of way, or other interest is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America.

Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners, who shall be disinterested persons and who shall take and subscribe to an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said projects, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not less than $15 per day for their services, together with an additional amount of $5 per day for subsistence for time actually spent in performing their duties as commissioners.

It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpena witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court the clerk of said court shall give notice of the filing of such award to the parties to said proceeding, in manner and form as directed by the judge of said court. Within 30 days after giving notice of such award by the clerk of said court, as hereinabove provided, any party to such proceeding deeming himself aggrieved may file in writing with the clerk of said district court a demand for a jury trial upon the question of the reasonableness of the award so made, and upon such filing of a demand, or any such demand or demands, the judge of said district court shall cause a jury to be empaneled pursuant to the usual practices of such district court, and thereupon the causes of all parties so demanding jury trials shall be heard de novo by the court and jury and awards made according to the usual practices of such district courts.

Nothing in this act contained shall be construed to entitle each property owner to have a separate jury empaneled to determine the award to be made for any piece or parcel of property owned by him, but the trial judge shall determine and order the manner of the trial of said causes respecting the rights of the several owners, either by having the same jury determine the rights of all litigants who shall demand jury trials, or by grouping several tracts or parcels of land into separate jury groups, in which event, in his discretion, the trial judge or the trial judges who may be presiding at such trial or trials shall permit all litigants or counsel for litigants affected or to be affected by the determination of such jury to examine the jurors upon voir dire and to participate in the arguments to be presented to the jury at the conclusion of the evidence.

Where property to be affected by this act is situated in more than one judicial district of the United States, its value shall be determined by a jury to be selected of and from the judicial district where any part of such property is situated.

In the event of any property owned in whole or in part by minors, or insane persons, or incompetent persons, or estates of deceased persons, then the legal representatives of such minors, insane persons, incompetent persons, or estates shall have power by and with the consent and approval of the trial judge in whose court said matter is for determination to consent to or reject the awards of the commissioners herein provided for, and in the event there be no legal representatives or the legal representatives for such minors, insane persons, or incompetent persons shall fail or decline to act, then such trial judge may, upon motion, appoint a guardian ad litem to act for such minors, insane persons, or incompetent persons, and such guardian ad litem shall act to the full extent and to the same purpose and effect as his ward could act, if competent, and such guardian ad litem shall be deemed to have full power and authority to respond, to conduct or maintain any proceeding herein provided for affecting his said ward.

Upon acceptance of an award by the owner of any property herein provided to be appropriated and the payment of the money awarded, or upon the award of the jury and judgment of the district court and the payment of the money by the United States pursuant thereto, and the payment of the money awarded into the registry of the court by the authority herein provided for, the title to said property and the right to the possession thereof shall pass to the United States and the United States shall be entitled to a writ in the same proceeding to dispossess the former owner of said property and all lessees, agents, and attorneys of such former owner, and to put the United States, by its corporate creature and agent, the authority, into possession of said property.

Appeals from the final judgment of the district courts of the United States shall be prosecuted in like manner as appeals in other cases, but no supersedeas shall be allowed, but the amount so paid into the registry of the court shall remain in the registry of said court and shall from time to time, under order of the district judge be increased or diminished and disbursed in accordance with the final disposition of said cause.

SEC. 24. The board, acting for the Authority, is hereby authorized and empowered to issue on the credit of the United States and to sell bonds not exceeding $50,000,000 in amount, having a maturity not more than 60 years from the date of issue thereof, and bearing interest not exceeding 3 percent per annum, and when said bonds are so issued, they shall constitute a first lien upon all net income from property of the United States hereby intrusted, and hereafter to be intrusted, to the possession and control of the Authority, after payment of operating costs, maintenance, depreciation, and reasonable capital charges. Said bonds shall be issued and sold in amounts and prices approved by the Secretary of the Treasury, but all such bonds as may be so issued and sold shall have equal rank as to lien upon the net income from said property. None of said bonds shall be sold below par, and no fee, commission, or compensation whatever shall be paid to any person, firm, or corporation for handling, negotiating the sale, or selling the said bonds. All of such bonds so issued and sold shall have all the rights and privileges accorded by law to Panama Canal bonds, authorized by section 8 of the act of June 28, 1902, chapter 1302, as amended by the act of December 21, 1905 (ch. 3, sec. 1, 34 Stat. 5), as now compiled in section 743 of title 31 of the United States Code. All funds derived from the sale of such bonds shall be paid over to the Authority.

SEC. 25. That the President of the United States is hereby authorized and empowered to investigate and to declare, as a result of his investigation, what proportion and part of the cost of any power plant hereafter to be acquired or constructed, and entrusted to the Authority, is properly and fairly chargeable to the several and respective factors of flood control, navigation, and power, and such declaration by the President shall be the final and official determination thereof. Such determination and declaration shall thereafter be binding upon the Government, and upon any of the holders of the bonds herein authorized to be issued and sold, in the event of any litigation concerning any bonds defaulted as to principal or interest, or both, and such declaration and determination shall be the basis of apportionment of contribution from the general funds of the Government and from the power funds of the Authority in the appraisal of existing plants and in the financing of construction for other plants: *Provided*, That as to Dam No. 2 the amount of the cost chargeable to power is hereby fixed at $30,000,000, and the remainder of the total cost to the date of this act shall be charged to national defense, flood control, and navigation: *Provided further*, That the Authority shall pay annually into the Federal Treasury 2 percent on the $30,000,000 chargeable to power: *Provided further*, That the Authority shall create a sinking fund which, paid in annually with compound interest, will amortize and return to the Federal Treasury the entire cost of the said dam to the date of this act over a period of 60 years.

SEC. 26. Insofar as applicable the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this act.

SEC. 27. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River Drainage Basin and of such adjoining territory as may be related to or materially affected by the developments consequent to this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized, by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby.

SEC. 28. The President shall, from time to time, as the work provided for in this act progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee Drainage Basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River and its tributaries for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin; and (7) the economic and social well-being of the people living in said river basin and all adjacent territory.

SEC. 29. That all appropriations necessary to carry out the provisions of this act are hereby authorized.

SEC. 30. That all acts or parts of acts in conflict herewith are hereby repealed, so far as they affect the operations contemplated by this act.

SEC. 31. The right to alter, amend, or repeal this act is hereby expressly declared and reserved, but no such amendment or repeal shall operate to impair the obligation of any contract made by said authority under any power conferred by this act.

SEC. 32. The sections of this act are hereby declared to be separable; and in the event any one or more sections of this act be held to be unconstitutional, the same shall not affect the validity of other sections of this act.

Mr. McSWAIN. Mr. Speaker, I yield 20 minutes to the gentleman from Alabama [Mr. HILL], the sponsor of the bill under consideration.

Mr. HILL of Alabama. Mr. Speaker, we come today to the realization of a dream that in some form or fashion has engaged the thought and commanded the efforts of men for over 100 years. It was in 1824 that John C. Calhoun, of South Carolina, as Secretary of War in President Monroe's Cabinet, wrote the first report on the Tennessee River asking for a survey of the stream looking to its use for commercial and military operations. Is it not fitting that we come to the realization of this dream today, in large measure, because of the able leadership and the splendid services of another distinguished son of South Carolina, the chairman of the Committee on Military Affairs, Mr. McSWAIN. [Applause.] Permit me to say that in these 100 years and more there have been many excellent documents written on the Tennessee River, but there is no abler document on this subject than the majority report on the pending bill drafted by the gentleman from South Carolina, Mr. McSWAIN, and those of you who would get a clear, full, and fascinating picture of this great project need but read this majority report. [Applause.]

I know I voice the sentiments of each of you when I say that we are happy that after a rather extensive illness with influenza the Representative from the Muscle Shoals district of Alabama, Judge ALMON, is able to be with us at this hour. [Applause.] I do not really think we could pass a Muscle Shoals bill without Judge ALMON's presence. He has worked for this project so long and so consistently that we affectionately call him "Muscle Shoals." [Applause.] When this great project is developed, it will stand through the years a witness to his unremitting toil and his self-sacrificing labors.

The bill now before us for consideration does not altogether represent my views on this subject. I take it that it does not represent fully the views of any one man. The chairman of the committee, Mr. McSWAIN, and myself visited Muscle Shoals with the President of the United States. We also had two extensive conferences with him, and as a result of these conferences we drafted a bill to carry out the broad principles of the President's program for the Tennessee River. The bill was amended by the Committee on Military Affairs in some particulars, but stands today, in my judgment, as the expression, in its broad aspects, of the program that the President of the United States has in mind for the Tennessee River and that great river basin.

The President, in his message to Congress, in calling on Congress to legislate that he might carry out this project, spoke of the fact that the program was more than one of mere power development; that it included great questions of soil erosion, of soil exhaustion, of afforestation, of the elimination of marginal lands from agricultural use, of agricultural conservation, of the distribution and development of industry; in fact, of the development of a great river basin that would affect not only the lives of those in that basin today but that would affect the welfare and the happiness of millions yet unborn.

The Tennessee Valley has often been spoken of as the Ruhr of America, and it has been said that in this valley there are conjunctions of raw materials of all kinds, of coal, iron, and waterpower, more fateful than conjunctions of the stars. As the President in his message said, this development touches and gives life to all forms of human concern.

The Government has today at Muscle Shoals, on the Tennessee River, the great Wilson Dam with a height of about 92 feet and a length of almost a mile. It has the great nitrate plant no. 2, with a capacity for turning out annually 50,000 tons of pure nitrogen, and nitrate plant no. 1, with a capacity for turning out annually some 10,000 tons of pure nitrogen, but which have never been successfully operated.

Much will be said in this debate about Government operation and about putting the Government into business. Let me say to you that the Congress of the United States has tried for 15 years to secure a satisfactory lease for the Government properties on the Tennessee River, and it has never yet been able to get a lessee that would meet the terms and conditions which the Congress thought were fair and reasonable to the Government.

This is not the first bill for Government operation that has been presented to the Congress. In 1920 so conservative and so distinguished a gentleman as Senator WADSWORTH, at the time a Senator from New York and now a Member of this House, introduced a bill in the Senate setting up a Government corporation to manufacture fertilizer at Muscle Shoals, and to sell it to the farmers. Mr. SNELL, the distinguished minority leader of this House, at one time introduced a bill for Government operation, and even went so far as to authorize the construction of transmission lines for the Government to transmit electric energy.

The distinguished gentleman from Pennsylvania, Mr. Morin, when he was the Republican Chairman of the Committee on Military Affairs, brought in a Government operation bill, and the organic law under which the Muscle Shoals project was built, section 124 of the National Defense Act of 1916, expressly provides that this project shall be operated by the Government and shall never be operated in conjunction with any private industry or private enterprise. We are today carrying out what was written into the organic law and what was the intent and the purpose of the Congress when the Muscle Shoals project was authorized.

The bill before us sets up what is termed the "authority", consisting of three members, to be appointed by the President of the United States and to be confirmed by the Senate. The original appointees are to have terms of 3, 6, and 9 years, and thereafter the terms are to be for a period of 9 years.

The Authority is given the power to build dams on the Tennessee River, and the act expressly lays down the policy that the authority, in the construction of the dams, shall build joint power and navigation dams so that the power may in large measure take care of the cost of navigation.

With the exception of Cove Creek Dam and Dam No. 3, before the authority can build any dam it must first have the approval of the President of the United States, and it must know that there is a reasonable market demand for the power to be generated at the dam.

The reason Cove Creek and Dam No. 3 are excepted from the provision is that these two dams have always been considered as an integral part of the Government-owned project at Muscle Shoals.

The gentleman from Tennessee [Mr. McREYNOLDS] will address you and tell you about Cove Creek Dam, this marvelous project, 225 feet high, containing 3,000,000 acre-feet of water. There will be so much water in the Cove Creek Dam that if the city of Washington was on a level with a wall around the city and all the water that is to be in the Cove Creek Dam were poured in on the city of Washington, we would be working today 75 feet under the surface of the water.

The dam is a storage dam, and by impounding the water for release and use in dry seasons, it will double the value of the Government power properties at Muscle Shoals, and will pay for itself in 20 years by the savings alone that will result from its control of floods and prevention of property destruction.

The bill provides further that when the authority builds a dam it must create a sinking fund, which paid into annually, with compound interest, will amortize the entire cost of the dam over a period of 60 years.

It also provides that the authority shall pay interest on any bonds issued for the construction of a dam. If any money comes out of the Treasury for the construction of a dam, the bill provides that the authority shall pay to the Treasury 2 percent each year on the money used in the construction of the dam and chargeable to the cost of power.

Another provision in the bill permits the authority to construct a dam provided, before the construction, it has a bona fide lessee that will pay such an amount as will meet the amortization charges and interest charges.

We have provided here, gentlemen, in this bill, a business proposition—the construction of these dams on a sound financial structure.

The Government of the United States has spent altogether $1,800,000,000 on the rivers and harbors of this country, but not one dollar has it gotten back and not one dollar of interest has it received on this vast amount of money; and the Treasury never will get back any of this principal or interest.

On the Ohio River alone the Government has expended $120,000,000, without any expectation or hope of its return or of one dollar of interest on the money.

Did you ever hear of the Cape Cod Canal? Not one nickel back, not one cent of interest. In this bill, what do we do? We say that the Government built the Wilson Dam. Yes; and it was built as a great war measure, at an excessive war cost, but we will make the authority amortize the entire cost of the dam over a period of 60 years. Then we go farther and say that the authority shall pay into the Treasury of the United States 2-percent interest upon the cost of the dam chargeable to power, that cost being $30,000,000. So we not only provide for the return of all future money with interest on the money while it is being used but we go back and take this war project and get back for the Government every dollar put into the dam with interest on $30,000,000 of the investment.

Can any gentleman on this floor cite any other war-time project where the Government is going to get back the money with interest on the investment?

Mr. LEE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. Yes.

Mr. LEE of Missouri. The gentleman has shown that he has considerable information upon this subject. I should like to know what difference there is between this bill and the bill of Senator GEORGE W. NORRIS, of Nebraska? Personally, I am interested in that, because I am for the Norris bill.

Mr. HILL of Alabama. I am glad the gentleman asked that question. As I go along and take up the different features of this bill, I shall try to make the differentiation.

Mr. JOHNSON of Oklahoma. And if the gentleman will yield, he will find that this is a considerably better bill than the Norris bill.

Mr. HILL of Alabama. As the Norris bill now stands, it has none of these business elements that I have been talking about. There is nothing in the Norris bill today that would cause the authority to amortize out the cost of any dam. There is nothing in that bill that would cause the authority to pay any interest to the Government for any money that might be used in the construction of a dam. This bill is on a much better business basis.

Mr. LEE of Missouri. How long has the gentleman been a Member of the House?

Mr. HILL of Alabama. Ten years.

Mr. LEE of Missouri. Well, the gentleman has been voting for the Norris bill right along, has he not?

Mr. HILL of Alabama. Many features of the Norris bill have been incorporated in different bills that we have voted for, but just to say that we have voted for the Norris bill would not tell the whole story. The House has passed a bill and the Senate has passed a bill and those bills have gone to conference; differences between the bills have been ironed out, and on two occasions the conference reports have been adopted, and on both occasions the bills were vetoed—once by Mr. Coolidge and once by Mr. Hoover—as the gentleman will remember.

Mr. LEE of Missouri. NORRIS is a good enough Democrat for me. And I am willing to follow him on this bill absolutely, without any amendment or anything else.

Mr. HILL of Alabama. I shall point out the differences as I go along if time permits. This bill provides a specific method for the return of the money expended to the Government, and the Norris bill does not.

Mr. LEE of Missouri. My opinion is that this is not as good a bill as the Norris bill.

Mr. HILL of Alabama. What will this bill cost? One gentleman this morning stated that it is going to cost the Government a billion dollars.

The SPEAKER pro tempore (Mr. MARTIN of Oregon). The time of the gentleman from Alabama has expired.

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes more to the gentleman from Alabama.

Mr. HILL of Alabama. The bill authorizes the authority to issue $50,000,000 worth of bonds, the authority, of course, to pay the interest upon the bonds. Then it authorizes appropriations by Congress. It further authorizes the authority to use any profits it may have after it has met its amortization charges and paid its interest charges, but besides the $50,000,000 authorized for bonds this authority cannot spend any money except what profits there may be and what the Congress of the United States sees fit to give it. This means that a bill has to be passed through both Houses of Congress and signed by the President before one dollar goes out of the Treasury of the United States for the use of the authority.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. Yes.

Mr. TABER. That is exclusive of the $50,000,000?

Mr. HILL of Alabama. Outside of the $50,000,000. As to the cost, the engineers of the Army have made a complete survey of the Tennessee River. They have determined where dams can be built, where they must be built for the full development of the river so as to have the maximum amount of power, and so as to give the best navigation. If every dam that can be built on the river should be built, the estimates of the engineers made back in 1928 would give you a total cost of only $209,000,000. It was thought at the time, even though we were then in the midst of the boom, that $209,000,000 was an excessive estimate. Today the Chief of Engineers will tell you that all of the dams can be built for 65 percent of the original estimates. Therefore the authority today could build every dam for less than $150,000,000, and do not forget that, except the $50,000,000 of bonds, the authority has to come to you gentlemen for every nickel it is going to expend in the construction of a dam.

As to fertilizer, the fertilizer people came to us and suggested that the best thing to do would be to make it a power project, and the power people suggested that the best thing to do would be to make it a fertilizer project.

So we took the advice of both and made it both a fertilizer and a power project, and under the fertilizer provisions of the bill the authority is authorized to lease the nitrate plants to a private lessee on terms and conditions that will insure the manufacture of fertilizer at Muscle Shoals. If the authority cannot secure a satisfactory lease, then the authority is to operate the plants there, provided that the operation proves feasible and economical.

The operation of the plants at Muscle Shoals has time and again been stated to be the great hope of the American farmer so far as the cost of his fertilizer is concerned. Why? Not because of the American fertilizer industry, if you please, but because the American farmer must buy each year over half of all the nitrogen that he uses either from Chile or from Europe, and these foreign nations have a world cartel or world monopoly that fixes the price of nitrogen, and the farmer must pay that price. The depression came and the cartel for a time went to pieces, but in the United States Daily, under date of August 20 last, we find the following headline:

> Nitrate interests of Europe and Chile in compact. Agreement is negotiated for fixing prices.

What this bill would do would be to free the American farmer from his dependence upon the foreign nitrogen monopoly.

It has been stated that the Muscle Shoals plants are obsolete. Here are three advertisements of recent date advertising for sale to American farmers the very product that the big nitrate plant at Muscle Shoals manufactures, and at Niagara Falls today the American Cyanamid Co. is operating a plant which is 50 percent greater in capacity than is the Government plant at Muscle Shoals, and is turning

out fertilizer successfully and economically, using the same process exactly as that of the big Government nitrate plant.

Mr. HASTINGS. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. HASTINGS. What limitation is there upon the cost of fertilizer to the farmer, if any?

Mr. HILL of Alabama. There is a 4-percent limitation on the cost. Where the authority manufactures the fertilizer it cannot sell it for over 4 percent on the cost of the manufacture, and preference in sales must be given to farmers and farm organizations.

I had hoped I would be able to discuss the power provisions of this bill; but, of course, in the few remaining minutes that I have, this is impossible. I am sure that other gentlemen will take up this phase of the bill and go into it in detail, advising you as to the transmission lines and other provisions with reference to the distribution of power. Permit me to say that under the bill, preference is given to States, counties, municipalities, and nonprofit organizations of farmers and citizens for purchase of the power.

Mr. LEE of Missouri. Will the gentleman yield?

Mr. HILL of Alabama. I only have 3 minutes. I am sorry I cannot yield.

The dream is that the operation of this bill will not only bring industrial development through cheap power but that, first and foremost, it will carry cheap power to the domestic consumer and more particularly to the farmer out on his farm, and provisions to insure this are in the bill.

The bill, Mr. Speaker, is a part of the President's program of conservation and rehabilitation. If you gentlemen could have been privileged to talk with him about this project, as were the chairman of the committee [Mr. McSWAIN] and myself, you would have been tremendously gratified, as we were, to find the grasp and broad vision that the President has of this great question. As we sat there with him we could not but feel that here is a man who understands our time and the needs of our people and who has the pure heart to comprehend and the rectified will to choose the right course of action. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Alabama [Mr. HILL] has expired.

RECOGNITION OF SOVIET RUSSIA

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks by incorporating in the RECORD a speech made by me at the American Legion mass meeting against the recognition of Soviet Russia.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

Mr. FISH. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following speech delivered by myself at the American Legion mass meeting opposing recognition of Soviet Russia, at Washington Auditorium, Washington, D.C., on Tuesday evening, April 18, 1933:

The question of granting diplomatic recognition to the Soviet Government of Russia is one of the most important and far-reaching issues before the United States, and is entitled to the most careful consideration by the American people and by our own Government officials. President Roosevelt stated just prior to election that he had an open mind on the recognition of Soviet Russia, and he desired to study the problem and ascertain the facts. As Chief Executive, it is but natural and right that he should make a thorough survey of all the facts and approach the entire issue with an open mind, as it is a tremendous problem and largely a new one to him.

Mr. Raymond Moley, Assistant Secretary of State, a member of the "brain trust", together with Mr. Tugwell and Mordecai Ezekiel, is reported in yesterday's papers as "studying the question of recognition." According to the newspaper report, he is seeking grounds on which it could be shown that recognition would be especially beneficial to the United States, and if he succeeds within the next 8 weeks the President will informally approach the Soviet Government on the question. I should like to inquire—beneficial to whom? The Communists, Socialists, pink intellectuals, and certain elements in Wall Street, including the Chase National Bank, unless the new management has had a change of heart.

I suggest that Mr. Moley might try to ascertain what the American people think about it. He might ask Senator WALSH, of Massachusetts, who filed a protest against recognition signed by 683,700 of his constituents. He might ask Senator COPELAND, the senior Senator from New York, who refuses to compromise with communism in any form. Or he might ask the American Legion, the Daughters of the American Revolution, the American Federation of Labor, the Chamber of Commerce of the State of New York, which voted 300 to 3 against recognition, and the great fraternal, patriotic, and church organizations, many of which are represented here tonight.

It has been reported that Mr. Moley had a long interview with Col. Hugh Cooper, who probably made his usual promise of a billion dollars' worth of trade. Colonel Cooper has lived so long in Soviet Russia that he has confused dollars with rubles, worth 5 cents apiece. Theodore Dreiser and William Z. Foster, both leading Communists, might also shed some light on the benefits of recognition. The American people have recently been the target for advice and propaganda of several distinguished foreigners with Communist inclinations. Is it not time that American citizens cease aping and applauding prominent foreigners such as George Bernard Shaw and Professor Einstein when they ridicule and condemn our country, and uphold and commend communism? Comrade Shaw, once a brilliant literateur, has, in his dotage, become nothing but a mere Communist propagandist, and Professor Einstein mixes relativity with Stalinism and communism wherever he goes. At the recent Shaw meeting in New York he was entirely surrounded by American bankers looking for notoriety and reflected glory from the great English Communist. It is about time New York bankers attended to their own banking business, instead of devoting themselves to foreign affiliates and liabilities such as Shaw and Einstein. It is apparently true that some of our bankers and Shaw and Einstein have much in common, as they start from the same basis—that suckers are born every minute.

Representative BECK is right, that the American people ought to have pride enough to ignore Shaw, and I add Einstein to the list of foreigners who tell us everything is rotten in America and denounce us as boobs and ignoramuses.

Senator BORAH stated recently in the Senate that there has never been, since Stalin became dictator of the Russian Government, any attempt to interfere with the governmental affairs of the United States or to seek by propaganda to interfere with the governmental affairs of this country. I do not like long-distance disputes, but what does Senator BORAH mean by interference with governmental affairs? Perhaps Senator BORAH is not familiar with the following speech of Dictator Stalin, which he made at a meeting of the American Commission of the Comintern, at Moscow, in the month of May, 1929:

"I consider that the Communist Party of the United States is one of the few Communist parties to which history has given decisive tasks from the point of view of the world revolutionary movement. The revolutionary crisis has not yet reached the United States, but we already have knowledge of numerous facts which suggest that it is approaching.

"It is necessary that the American Communist Party should be capable of meeting the moment of crisis fully equipped to take the direction of future class wars in the United States. You must prepare for that, comrades, with all your strength and by every means; you must constantly improve and bolshevize the American Communist Party. You must forge real revolutionary cadres and leaders of the proletariat who will be capable of leading the millions of American workers toward the revolutionary class wars."

Former Governor Smith, than whom no man knows more about the government of New York State and less generally about foreign affairs, and especially about Soviet Russia and the Communist Internationale, gave the Senate the benefit of his knowledge by advocating recognition, and is now being used as exhibit A by the Senator from Idaho.

Senator BORAH emphasized that President Washington, with the advice and assistance of Hamilton and Jefferson, had accorded recognition to France while the Committee of Public Safety was still in control of that country during the French Revolution. Why not? What has that got to do with the present situation?

No competent person questions the stability of the Soviet dictatorship or that it is a de facto government. Personally, I am willing to concede that it is not our business what kind of government exists in Russia, or any other nation, unless it be Cuba, in view of our obligations under the Platt amendment. I would gladly support recognition of Soviet Russia tomorrow if it had a socialist government, or any kind of a government that did not insist on interfering or meddling with our domestic and internal institutions by urging, through the Communist Internationale, with headquarters at Moscow, strikes, riots, sabotage, and industrial unrest, and the overthrow of our republican form of government by force and violence.

The recognition of the Soviet Government, controlled by the Russian Communist Party, which seeks to sow seeds of class hatred, atheism, and world revolution in every non-Communist country, would be a lie to international law and to official diplomatic relations. Former Secretary of State Elihu Root summed up the American position in the following able and concise statement: "The recognition of one government by another is not a mere courtesy. It is an act having a definite and specific meaning, and it involves an acceptance by the recognizing government of the principles, purposes, and avowed intentions of the recognized government as being in conformity with the rules which govern the conduct of civilized nations toward each other. For the United States to recognize Russia would be to publicly acknowledge that the avowed purpose of the present Russian Government to overthrow our system of government is consistent with international friendship. Of course, that would be a lie."

It seems to me that there is no room for argument. The American people will not compromise with any attempt of a foreign government to interfere with our domestic institutions, and, of course, will not tolerate the revolutionary activities and vicious and diseased propaganda of the Communist Internationale directed at our civil liberties, our free institutions, and our form of government. I decline to argue whether the Soviet Government is strictly responsible for the acts of the Communist Internationale further than to quote Zinovieff, formerly head of the Communist Internationale, regarding its relations to the Soviet Government: "It is the foundation and roof of the same building; one belongs to the other." The Russian Communist Party, the Soviet Government, and Red Internationale have interlocking directorates, and all three take their orders from the political bureau headed by Stalin and Molitov. Its fundamental aim is world revolution and the establishment of a soviet dictatorship throughout the world by force and violence.

We do not intend to recognize Soviet Russia, because we do not propose to have the soviet consulates established in all our industrial cities, north and south, to become nests of Communist propaganda and class hatred, as they have done in Germany, China, and elsewhere. We are not afraid of such revolutionary propaganda in our midst, but we do not propose to admit it any more than we would such dread diseases as leprosy, bubonic plague, or typhus. We have plenty of preventive hygiene in the United States and many wonderful modern hospitals and able surgeons, and could segregate and take care of such contagious diseases, but, naturally, we don't admit them.

It is a libel against the American people to say that they are afraid of Communist propaganda. Why, the Regular Army, National Guard, American Legion, and Veterans of Foreign Wars could—using a Russian word—"liquidate" all the Communists in the United States in a few weeks' time, in case of any attempt at a Communist revolution. But, in the midst of our present economic crisis, it would be foolhardy to recognize Soviet Russia and thereby permit the Communist Internationale, under diplomatic immunity, to become established in our industrial cities, in the Farm Belt, and among the Negroes of the South to provide organized leadership to revolutionary activities in the United States.

Recognition of Soviet Russia, in order to strengthen our hands against Japan, is preposterous. I do not care a tinker's damn if Japan and Soviet Russia fight it out for Siberia or Manchuria. I am opposed to sending a single American soldier to police Manchuria. I am opposed to acting as a wet nurse to foreign nations, or picking the aggressor nation. I am opposed to any war with Japan except for defense.

I am sick, tired, and disgusted with the so-called "Stimson note-sending policy", any time the Japanese took a Manchurian town or a Japanese soldier tried to cut off a Chinese pigtail. It is the height of hypocrisy for the United States to be passing moral judgments on other countries, in view of our Monroe Doctrine, the seizure of the Panama Canal, and our adventures into Haiti and Nicaragua. Let us cease sticking out our tongues and making finger noses at Japan, and above all stop this maudlin and senseless talk of recognizing Russia in order to punish Japan.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I yield myself 1 minute for the purpose of making a statement.

I wish to say that I think the distinguished gentleman from Michigan [Mr. MAPES] unwittingly did an injustice to the minority members of the Committee on Military Affairs in connection with the debate upon the rule. It is a fact that party lines have never been drawn in the Committee on Military Affairs, and as far as it may ever be in my power to control it, they never will be so drawn. I wish to say that the minority members of that committee, during the discussions in executive session, while they are bitterly opposed to the principle of the bill, offered at times helpful and constructive suggestions; and I acknowledge that their ideas as business men, with reference to how, even though they are opposed to the proposition, it could be made to work successfully for the benefit of the whole country, have been worthy of our consideration, and in some cases of our adoption. This bill is the joint product of the 25 individual members of that committee sitting around the table with earnest desire to do what they think is best for all the people. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from South Carolina [Mr. McSWAIN] has expired.

Mr. JAMES. Mr. Speaker, I yield 20 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, the bill which is now before us, known as the "Tennessee Valley authority bill", is another item in the administration's program and another instance where President Roosevelt has prepared in advance the principles of a measure which he desires to have enacted by Congress.

I shall direct my remarks to one feature which today is not the biggest item—namely, Muscle Shoals. Muscle Shoals has become a political byword. There never was a project calling for the expenditure of the taxpayers' money which had less intrinsic merit and which was accompanied by more insidious propaganda. This project was conceived and born in the brains of lobbyists. It was nurtured by politicians. It was developed by selfish interests. It has come down through the years with this type of support and without virtue of any sort.

It is this background of Muscle Shoals to which I desire to make particular reference, and therefore I ask the indulgence of the House while I place before it, almost in chronological order, the history of these years of lobbying and political activity.

The source of my information, I may say to the House, in addition to that gained through my own personal association with the subject since I have been a Member of this body, is the report of the Select House Committee to Investigate War Expenditures. This committee, during the second session of the Sixty-sixth Congress, conducted a thorough investigation of the Muscle Shoals project and came to the conclusion that President Wilson's development of the Muscle Shoals was but the culmination of years of effort and striving on the part of certain interests to induce the Federal Government to dam the Tennessee River for the production of hydroelectric power. I shall briefly trace the history of these efforts as brought out in the committee's report.

It appears that one J. W. Worthington, of Sheffield, Ala., was one of the first persons to take an interest in the development of Muscle Shoals for power purposes, and the report states that he began to have conferences with Senator Morgan, of Alabama, about the project as early as 1901. In 1905, Senator Morgan prepared a report on the subject of Muscle Shoals. The following year Worthington interested a gentleman named Frank S. Washburn in the project, and these two persons immediately organized the Muscle Shoals Hydroelectric Power Co., a subsidiary of the Alabama Power Co. Afterward, it seems, Washburn became interested in the fixation of nitrogen from the air, and in 1908 he formed the American Cyanamid Co., of Niagara Falls, Canada.

The Muscle Shoals, of course, are a shallows in the Tennessee River, which from the earliest times had been an obstacle to navigation. As early as 1828 Congress donated to the State of Alabama a large quantity of land in order that the State might sell the land and with the funds realized construct a canal around the rapids. A canal was later built, but it was found to be inadequate and was subsequently abandoned. In 1890, however, the Federal Government, at a cost of over $3,000,000, built a larger canal around the rapids, and this canal remained in use until the Muscle Shoals area was developed during and after the war.

Constant and persistent efforts were made from time to time to get Congress to abandon the canal and build a series of dams, under the guise of navigation improvement, but for the real purpose of developing hydroelectric power for commercial purposes. In 1907, the then Representative from the Muscle Shoals district introduced a bill in this House which would have permitted the Muscle Shoals Hydroelectric Power Co., which Worthington and Washburn had organized, to build three dams in that vicinity, the Federal Government to pay the cost of the locks and the expense of building the dams and the power company to sell the power under Government regulation. The bill was referred to the Rivers and Harbors Committee but was never reported to the House. In the succeeding Congresses similar bills were introduced, usually by the same Representative, but no action was ever taken on them by the committee.

The Rivers and Harbors Act of 1907 provided for the appointment of a Board of Engineers to examine the Muscle Shoals with reference to permitting the improvement of that stretch of the river by private capital, and in a report

afterward made the Board took the position that no portion of the expense of any improvement along the lines of the Muscle Shoals Hydroelectric Power Co. proposal should be borne by the United States. As an exhibit to this report, there appears a memorandum prepared by Frank S. Washburn in which he contended that the Government should assist his company in building the dam.

In 1908, the Rivers and Harbors Committee requested the Board of Engineers to review their previous report, and after doing so the Board adhered to its previous recommendation. Two years later a similar request was made upon the Board, and a report was subsequently submitted which became known as "Document No. 20." At hearings conducted by the Board of Engineers, Washburn and Worthington appeared and insisted upon their plan for Government cooperation. Their final proposal was that the Government should finance the building of a dam and hydroelectric plant at a cost of $18,700,000, of which the Government was to contribute $8,575,000 as the amount attributable to navigation improvement and a further sum of $1,750,000 for flowage rights. The power company was to lease the dam for 100 years and was to repay the Government during that time for that part of the project attributable to power development. Interest was to run at 3 percent, which was about half what the company would have had to pay private capital for a loan.

This report of the engineers served as the basis for an item in the river and harbor bill of 1915 calling for an appropriation of $150,000 for the completion of surveys, and so forth, looking to the improvement of the Tennessee River in the vicinity of Muscle Shoals for the purpose, as stated in the bill, of—

> Navigation, combined with the development of water power by the United States alone or in cooperation with private interests.

After a bitter debate in the House, during which the real purpose of the appropriation was exposed, the provision was stricken from the bill on motion of Representative Lenroot, of Wisconsin. Mr. Lenroot quoted from the report of the Board of Engineers to show that the proposed appropriation was not for the purpose of furnishing information to Congress, but that it was considered necessary in order, to quote the report of the board, "that there need be no unnecessary delay in active prosecution of the work whenever it is authorized." He argued that to vote for the appropriation was to vote to commit the Federal Government to an $18,000,000 expenditure out of the Public Treasury and a 100-year lease to a water-power monopoly.

The water-power monopoly referred to by Mr. Lenroot was the Alabama Power Co., which prior to the World War had bought up all available power sites along the Tennessee River, including land in the Muscle Shoals area.

During 1915, Worthington appeared before the Rivers and Harbors Committee, of which I was then a member, and presented an elaborate plan, and also a book, setting forth the advantages of the Muscle Shoals proposition. In May of that year a group of Senators and Representatives visited Muscle Shoals at his invitation. As a member of the Rivers and Harbors Committee, I accompanied the delegation; and, while I was impressed with the possibilities of Muscle Shoals, I did not feel that the Federal Government should subsidize a private power venture under the guise of a navigation improvement.

In referring to this visit of Members of Congress to Muscle Shoals, the report of the Select Committee to Investigate War Expenditures says:

> Even this congressional visit did not seem to create a sentiment in Congress favorable to the proposition advanced. After these visits, Mr. Worthington decided that the only way to procure Federal aid in the improvement of the Muscle Shoals would be to persuade the Congress that it was necessary to procure nitrogen for war purposes, in the event we became involved in the war.

The basis for the foregoing statement may be found in the testimony of Worthington before the investigating committee, when he said:

> I then decided that the only hope for the development of the great possibilities at Muscle Shoals, and at other points on the Tennessee River, would probably be that Congress would have to decide—or the Government would have to decide, certainly so if we went into the war—upon some plan of providing the country with the needed supply of nitrogen.

Worthington and Washburn at once changed their plan of campaign. In connection with the agricultural appropriation bill for 1917, the House Agriculture Committee, at the request of Representative Heflin, held hearings on the advisability of erecting a nitrate plant, to which the Government was to contribute $20,000,000, or half the cost. The origin of the proposal was, of course, in Messrs. Worthington and Washburn, and the latter appeared before the committee and argued in behalf of the proposition. The committee, however, declined to take favorable action. A similar measure was advocated by Mr. Washburn before the Senate Agriculture Committee.

In March 1916 there was reported to the House a bill which subsequently became known as the National Defense Act. Section 82 of the bill—which, by the way, was so short and unobtrusive as to attract little attention—provided for an appropriation of $20,000,000 for the fixation of atmospheric nitrogen by the development of water power or other means. No particular site was mentioned for the location of the plant. However, it was freely charged on the floor that this provision was only a subterfuge to secure Federal capitalization for the development of Muscle Shoals, a proposition which had been definitely rejected on its merits. There was ample evidence to support this allegation. For example, in the report of the Military Affairs Committee the argument in support of the nitrate section of the bill consisted wholly of a lengthy quotation from the testimony of this same Washburn before that committee.

The day after the bill was reported to the House Mr. Worthington sent the following telegram to a gentleman in Florence, Ala., who was chairman of a so-called "Muscle Shoals finance committee", a propaganda organization:

> Will you please extend my thanks and hearty feeling of congratulations and encouragement to the courageous, upstanding, constructive people of Florence, and tell them that the bill [was] introduced in the House by the Military Affairs Committee authorizing the development of water power and construction of atmospheric nitrogen nitric-acid plants. * * * Our efforts supported by the lead of Florence secured the authorization for the proposed development, and if Florence will stand pat, put up, and see us through, we will get these plants. The total development with fertilizer plants to cost $50,000,000.
>
> J. W. WORTHINGTON.

I draw the attention of the House to Mr. Worthington's words, "Our efforts * * * secured the authorization", and to the claim that they would get the plants although no site was mentioned in the bill.

Under the provisions of the nitrate section of the bill the selection of the site was to be left to the President. However, it was evident in the debates that everyone knew that Muscle Shoals was in the minds of the sponsors of the proposal. One southern Representative admitted that he had what he called a "selfish interest" in the nitrate provision, saying that he hoped it was not unfortunate for the project that the best water-power sites were located in the South.

Representative Lenroot, of Wisconsin, who was later a Senator from that State, paid his respects to the nitrate provision of the bill as follows:

> This lobby has gone before the Committee on Rivers and Harbors and urged this proposition as a navigation proposition. They have gone before the Committee on Military Affairs and urged it as a preparedness proposition. They have gone before the Committee on Agriculture and urged it as a fertilizer proposition, and they have now been successful in getting this thing in a very ingenious form in the amendment that is now before us, very innocent appearing on its face, although they have not all they want nor what they hope to get at the hands of these conferees.

The late Nicholas Longworth referred to the nitrate proposition as "the old wolf in sheep's clothing", and at a later date, in speaking of the same provision, he said:

> What is this so-called "nitrate proposition"? It is a scheme to spend $20,000,000 of the people's money absolutely uselessly, so far as they are concerned, and the inherent vice of it all is that this money is being taken under false pretenses. In the name of national preparedness we are going to spend $20,000,000, and this

is but an entering wedge, for eventually it will cost millions more if carried out upon a scheme which has nothing whatever to do with national preparedness, upon a scheme which, when advocated on its real merits, has been repeatedly repudiated by Congress.

With what prophetic vision Mr. Longworth spoke when he said that this provision was but an entering wedge, and that it would eventually cost many millions more!

After considerable debate on the nitrate provision, the House eliminated it from the bill by a vote of 224 to 180. However, it refused to stay dead. When the bill reached the Senate, Senator Underwood and others started a movement to reinsert the provision. The same charges that had been made against it in the House were reiterated in the Senate. Senator Kenyon, of Iowa, in speaking of the proposal, said:

Mr. Washburn's plan, which is very similar to the plan set forth in Document No. 20 has been elucidated by him before the Military Affairs Committee of the House, before the Committee on Agriculture of the House, before the Committee on Agriculture of the Senate, and the plan is substantially the same plan, with some variations, as the one the Army engineers reported in favor of. That is why I have said that, in my judgment, the evidence is sufficient to show sufficient basis for the statement made that under the Underwood amendment we might just as well write the location Muscle Shoals.

The Senate adopted the nitrate provision after it had been considerably amended, but its essential character was not changed. The bill was sent to conference, and further changes were made there. When the conference report was considered in the House and Senate, the old charges were renewed, but to no avail. The conference report was agreed to and the nitrate provision became law.

As finally enacted, the provision gave to the President the authority to determine the best, cheapest, and most available means of manufacturing nitrates and to construct, maintain, and operate plants for its manufacture, and dams and powerhouses for the generation of electricity to be used in its production. An initial appropriation of $20,000,000 was provided for carrying out the purpose of the act.

Although the National Defense Act was enacted in June 1916, nothing was done under the nitrate-plant provision until early in 1917, at which time a committee of scientists, appointed by the National Academy of Sciences at the invitation of the Secretary of War, made a report stating their recommendations. In the meantime, the Chief of Ordnance of the Army, General Crozier, had requested Dr. Charles L. Parsons, then chief chemist of the Bureau of Mines, to go abroad and make a study of nitrate production for the War Department. Later the Secretary of War appointed a so-called "nitrate supply committee", headed by General Crozier and containing among its membership some of the former members of the committee named by the Academy of Sciences. This committee reported to the Secretary of War on August 21, 1917, recommending that $3,000,000 be set aside for the building of a nitrate plant using the synthetic-ammonia process developed by the General Chemical Co. Our friend Washburn, of course, was interested in the cyanamide process. This report was submitted to the President by the Secretary of War, and the latter was then directed to carry out the recommendations.

Thereupon the nitrates division of the War Department took steps to obtain a site for the proposed plant. Under the direction of Colonel Joyes, of the Ordnance Department, an investigation of proposed sites was made, involving some 60 locations. In his report Colonel Joyes strongly recommended Chattanooga, Tenn., for the location of the plant. The nitrate supply committee had previously recommended that the plant be located at a site somewhere in southwest Virginia or adjoining territory in West Virginia near to the sulphur, sulphuric acid, and coal supplies of that region.

In his letter of September 22, 1917, submitting the recommendations of Colonel Joyes to the Secretary of War, General Crozier added his own recommendation of the Chattanooga site. It was brought out in the hearings of the Committee to Investigate War Expenditures that on the margin of this letter General Crozier had written in longhand the following postscript:

The President has selected Sheffield. So informed by Secretary of War 9/28.

Just why the President selected the Sheffield site the committee was unable to determine. However, it made the following statement in its report:

A fair and candid consideration of the facts cannot fail to the conclusion that the location of nitrate plant no. 1 at Sheffield, Ala., was the result of a concerted plan for the improvement of that locality and the development of the hydroelectric power plant at the Muscle Shoals, and was the culmination of years of effort in that direction, some of which efforts have been hereinbefore briefly outlined, and efforts in which the President and the Secretary of War heartily concurred.

President Wilson's selection of the Sheffield site conclusively proved the statement made by Representative Longworth, when the nitrate-plant provision was written into the National Defense Act, that this provision was really the "old wolf in sheep's clothing."

All appearances indicated that the selection of the Muscle Shoals site for the proposed nitrate plant was a political move. A distinguished Member of the House from Illinois, Mr. Graham, stated on this floor on May 18, 1922, that it originated in the desire of President Wilson to build up one section of the country at the expense of the Public Treasury under the guise of a war necessity. Representative Longworth often inquired why, if the nitrate plants were erected as a war measure, they were placed where not an ounce of water power could be produced for several years. The answer, of course, is that it was pork-barrel legislation, pure and simple.

It appears that during the summer and early fall of 1917 there was a great deal of discussion in the War Department relative to the construction of additional nitrate plants. The War Expenditures Committee determined, as a matter of fact, that the nitrate program then determined upon—

Originated with the War Industries Board of the Council of National Defense—

To quote the report of the committee—

and is directly traceable to Mr. Bernard M. Baruch, chairman of that board, who admits that he was the moving spirit in the plans of the Government.

The report further states that it was "obvious that Mr. Baruch was conferring continuously with Mr. Frank S. Washburn as to this matter."

In spite of the fact that practically all of the scientific advice sought by the War Department was to the effect that it was not desirable to embark upon an extensive construction of nitrate plants, the decision to do so was made by those in authority. Col. J. E. Hoffer, Chief of the Gun Division of the War Department during the late war, testified before the investigation committee that he had participated in several conferences at which our friend Washburn was present and in which the advantages of the cyanamide process of nitrate fixation was set forth and discussed. He stated that at these conferences the decision was reached to develop the Muscle Shoals project. The report of the War Expenditures Committee makes the following statement with reference to Mr. Washburn's participation in this decision:

Colonel Joyes at once entered into negotiations with Mr. Washburn and the American Cyanamid Co. for the construction of a cynamide-nitrate plant at Muscle Shoals, Ala. There were several conferences during the summer of 1917, and some investigations were made as to the desirability of building a nitrate plant or plants at other places than at Muscle Shoals. However, Mr. Washburn at all times seriously objected to having such a plant put at any other location. For instance, there was a plan to build two plants of smaller capacity, one to be located at Keokuk, Iowa, where there was a very considerable amount of hydroelectric power immediately available, and the other to be located elsewhere; but Mr. Washburn would not consent to this, and the Department concurred in what he said.

The proposals considered for the building of additional plants were those of the American Cyanamid Co. to develop Muscle Shoals. Washburn's initial proposal contemplated

his ultimate ownership of the plant, which was to be built at Government expense and turned over to him after the war. Another proposal contemplated his ownership of only the ammonia plants. It was finally agreed, however, that the project would be built on a cost-plus basis, the exclusive ownership to be in the United States.

The report of the investigating committee makes an interesting comment on the reason for the location of nitrate plants nos. 3 and 4 in Ohio. The older Members of the House will recall, as I have already brought out, that the late Nicholas Longworth was always a bitter opponent of the proposed development of Muscle Shoals, regardless of the form which the proposal took. Even before the nitrate plants were authorized under the National Defense Act of 1916 he had called the attention of the House to the real purpose behind the movement.

The report of the committee has this to say about the Ohio plants:

> The site selected by the War Department for nitrate plant no. 3, at Toledo, Ohio, was entirely unsuitable for the location of such a plant, it being surrounded by water and otherwise largely inaccessible. The site selected for nitrate plant no. 4, in the Little Miami Valley, near Cincinnati, Ohio, was equally unsuitable, in a locality where construction was costly, labor hard to accommodate, and with high prospective expense for transportation of raw materials.
>
> It is evident that criticism of the nitrate program and the location of nitrate plants nos. 1 and 2, at Sheffield and Muscle Shoals, by Ohio Representatives in Congress was the inducing cause in the location of plants nos. 3 and 4 in Ohio, in an unsuccessful effort to quiet and assuage such hostile criticisms.

When the decision was made to build nitrate plant no. 2 at Muscle Shoals, Washburn and his associates concluded that it would be advisable for them to form a subsidiary corporation to build this plant for the Government. Washburn then formed the Air Nitrates Corporation, with a capital stock of $1,000, largely owned by himself. It appears that Washburn had at least two reasons for forming this dummy corporation, the first being to avoid taxes on the parent company, the American Cyanamid Co., and the second to avoid subjecting the assets of the parent company to liability in connection with the planning, construction, and operation of the plants.

It is interesting to note that while the estimated cost of plant no. 2 was first placed as $16,000,000 and then later raised to $30,000,000, its actual cost up to December 31, 1919, was approximately $70,000,000. Of course, Washburn's $1,000 corporation, working on a cost-plus basis, had no incentive to hold down the cost.

Of the funds used for the construction of nitrate plant no. 1, about half were allocated from the $20,000,000 appropriation under the National Defense Act of 1916 and the remainder from an appropriation made for armament of fortifications, which was not contemplated by Congress to be used for that purpose. The entire amount spent in the construction of plant no. 2 and the two Ohio plants was allocated from this latter appropriation. These plants, therefore, were not subject to the restrictions laid down in the National Defense Act. Wilson Dam, like plant no. 1, was begun with appropriations from the fund provided by the National Defense Act.

The responsibility for the development of the Muscle Shoals area is squarely laid at the feet of President Wilson in the following finding of the War Expenditures Committee:

> The responsibility for the location of United States nitrate plants nos. 1 and 2 and the building of the Muscle Shoals Dam rests upon the President of the United States. Plant no. 1 was located at Sheffield by his orders, contrary to the advice and report of every board or officer who had theretofore considered the matter. Plant no. 2 was located at Muscle Shoals by his direction, also contrary to the recommendations of the technical experts who had investigated plant sites. The Wilson Dam was ordered to be built by the President and that at a time when he must have known it could not be completed with the funds available for that purpose, and that it could not be completed in time to be of service during the war.

When the war ended, we had two nitrate plants at Muscle Shoals and had laid the groundwork for the construction of Wilson Dam. The nitrate plants had produced no nitrates during the war, thus fulfilling a prophecy made by the late Nicholas Longworth on May 20, 1916, when he said:

> Without posing as a prophet or the son of a prophet I venture this prediction, that not a pound of nitrogen will ever be made at this plant for the use of the Government in time of war.

Instead of suspending work on Wilson Dam when the war ended, President Wilson ordered the work continued through the use of unexpended funds previously appropriated and with moneys transferred from other funds. In April, 1921, work on the dam was temporarily stopped because further funds were not available. With respect to the continuation of the work after the armistice, the report of the War Expenditures Committee has this to say:

> It is obvious that it was the purpose of the War Department, after the signing of the armistice, to put the work at Muscle Shoals in such condition as to compel Congress to make further appropriations to add to and complete the improvements and plants begun at that place during the war. When hostilities had ceased, an uncompleted steam-power plant costing $10,000,000 was rushed to completion; the Waco quarry has been acquired, and $60,000 has been expended for land for the same; a modern electric plant, industrial village, transmission lines, and railroads have been completed for the Alabama Power Co. at a cost of over $5,000,000, while work on the dam has been suspended by the Priorities Board, when it was known an armistice would be signed, on November 9, 1918, work was ordered recommenced and rushed, although it was known by those giving these orders that there were not sufficient available funds with which to complete the dam.

The folly of the whole nitrates program is evident when we realize that all the nitrates used by this Government for all purposes during the war were produced in the United States by the byproduct coke ovens of the country or imported from Chile. However, we have Muscle Shoals on our hands, and it is up to the Congress and to the President to make the best of a bad situation. What has been done cannot be undone.

The House is familiar with the plans that have been brought before us for the disposition or operation of Muscle Shoals since the war ended. We have had an offer from Henry Ford to buy the plants; we have had offers from fertilizer and power companies to lease the project; but no sale or lease proposition has ever passed both Houses of Congress and been submitted to the President except as an alternative in bills providing for Government operation. We now have before us the plan of President Roosevelt as modified by the Military Affairs Committee.

It will be recalled that in 1925 President Coolidge appointed a commission to determine the best, cheapest, and most available means for the production of nitrates, and this commission recommended that private operation would be the most advantageous course possible, both for the Government and for the public. However, due to the limitations which Congress has placed in all leasing plans, such as the requirement that the lessee shall manufacture fertilizer and guarantee to produce a fixed quantity of nitrogen annually, private capital has found it impracticable to submit a bid which would be acceptable.

I am unalterably opposed to Government operation of Muscle Shoals. My opposition is based not only on the fact that I am against Government competition with private business as a matter of principle, but on the further fact that it would mean the expenditure of millions of dollars more on properties which have already cost the taxpayers of this country $150,000,000 without any return.

It is proposed to produce fertilizer in the nitrate plants, neither of which is equipped for that purpose. This means the installation of additional machinery. In nitrate plant no. 1, even the existing machinery would have to be replaced, as it was never successful. Owing to changes in methods of nitrogen fixation, in which there has been a considerable advance since the war, much of the existing machinery in plant no. 2 would undoubtedly have to be replaced also. What it would cost to put these plants in condition to manufacture fertilizer apparently has never been determined, but it is certain that it would be a large amount, running into the millions of dollars. At the present time I have no doubt the Government could build a complete modern

plant of equal capacity for what it would cost to bring the old plants up to date.

So far as the Wilson Dam is concerned, we are told that it will require the expenditure of several millions of dollars to bring the hydroelectric plant up to its maximum capacity. Then we are told that on account of the large variation in the flow of the Tennessee River it will be necessary to build Cove Creek Dam, at a site some two or three hundred miles up the river, in order to increase the primary power at Wilson Dam. This project alone will cost in the neighborhood of $34,000,000, not, however, including the cost of a transmission line to Muscle Shoals. Thus, in order to put the Muscle Shoals project in condition for the Government to operate it, the taxpayers will have to put up millions of dollars more in addition to that already spent.

Of course, I know that under the bill it is proposed to issue $50,000,000 of bonds for the purpose of providing funds for this expense, and that the interest on these bonds will constitute a lien upon the proceeds from the operation of the Muscle Shoals properties, but they are bonds of the United States and will be a direct charge upon the Treasury in the event the operation of Muscle Shoals is not a paying proposition. Moreover, it is not contemplated that this $50,000,000 will be adequate to cover all probable expenses, as is stated in the report of the Military Affairs Committee.

So far as the proposed Cove Creek Dam is concerned, I know our Democratic brethren will say that President Hoover himself advocated this project. But, my friends, he did not recommend it unqualifiedly. In his veto message on the Muscle Shoals bill in the Seventy-first Congress he said:

> The Federal Government should, as in the case of Boulder Canyon, construct Cove Creek Dam as a regulatory measure for the flood protection of the Tennessee Valley and the development of its water resources, but on the same bases as those imposed at Boulder Canyon; that is, that construction should be undertaken at such time as the proposed commission is able to secure contracts for use of the increased water supply to power users or the lease of the power produced as a byproduct from such a dam on terms that will return to the Government interest upon its outlay with amortization.

No such limitations are imposed on the construction of Cove Creek Dam by the bill now before us. In the first place, no previous contract for the sale of power is required, and, secondly, no stipulation is made that the operation of the dam shall be on a profit-making basis.

That the proposed dam would not return to the Government interest on its money with amortization is evident from the report of Lt. Col. M. C. Tyler, of the Army Engineer Corps, to President Hoover's Muscle Shoals Commission. In discussing the economics of the proposed power and navigation dams on the Tennessee River, Colonel Tyler said:

> The Cove Creek project will have the maximum power value only if operated in public-utility service. The power plant at Cove Creek must be practically shut down 4 months during the winter of each year in order to give the greatest service during the low-water months. The value of the Cove Creek project itself for power in the public-utility system is about $17,000,000, while the estimated cost is $34,143,000. The construction of this project at the present time cannot be justified, as it shows a deficit of about $17,000,000.

It has been conclusively shown that as a business proposition the Government cannot successfully operate a wholesale power business. President Hoover, in his veto message, pointed out that the probable operating cost would be in excess of $9,000,000 per annum, while the estimated receipts, on the basis of the realizations of private companies operating in the vicinity of Muscle Shoals, probably would not exceed a little over $7,000,000. Moreover, it must be remembered that the Muscle Shoals area is at present more than adequately served by existing private power companies having large capital investments. The Government would have to compete with these private companies for business. They are now capable of supplying more than the peak demand for power, and this demand has been steadily decreasing during the last few years. Government competition would force these plants into idleness, with a consequent loss of their capital investment. The consumer of electricity would not benefit, because it has been shown that even to meet existing power prices the Government would have to operate at a loss, and this loss would have to be paid out of the Federal Treasury. If the power were sold at a profit, it would probably cost the consumers more than they now pay for electricity produced in private plants.

With reference to the general question of the proposed sale of power by the Federal Government, the report of Lieutenant Colonel Tyler, of the Army Engineer Corps, which was made to President Hoover's Muscle Shoals Commission, draws the following conclusions:

> 1. The Government's power plants at Muscle Shoals and the proposed Cove Creek development are not suitably located to serve as the main generating stations of an extensive independent power system.
> 2. The construction of an independent system would involve large expenditures of public funds.
> 3. The cost of transmitting power in such a system would be high and the reliability of service at long distances from the generating center would be poor.
> 4. The construction of such an independent system would be an economic waste, in that it would duplicate transmission facilities now ample to serve that region.
> 5. It may be expected that the deficit from the construction and operation of such system, which will have to be met by the Federal Treasury and by the general taxpayers, will largely exceed any savings from lower rates which may accrue to the limited local public need.

These conclusions were drawn by a competent, disinterested engineer, with no ax to grind, and are worthy of the most careful consideration. Of course, I know that under the bill now before us it is proposed to avoid duplicating present transmission lines by authorizing the authority to lease such lines, or if negotiations for leasing fail to acquire the lines by condemnation. While this may serve to avoid the " economic waste " referred to by Colonel Tyler, it enables the Government to drive existing power companies out of existence.

Reverting to the matter of fertilizer production, I think no one will contend that we do not, at the present time, have an ample domestic supply of nitrogen. Therefore it is unnecessary to maintain the nitrate plants at Muscle Shoals for national-defense purposes. Moreover, it has been authoritatively stated that so far as the manufacture of fertilizer by the Government is concerned, it could not be produced as cheaply as it now is being sold in the wholesale markets. The price of fertilizer has declined tremendously since the war, and there is every reason to believe that private competition and development will cause even further reductions in the price.

The bill now before us contemplates extensive experiments in fertilizer production in addition to the manufacture of nitrogen. On this point, Dr. E. P. Howard, a chemical engineer in the Department of Agriculture, a few years ago stated before the House Military Affairs Committee that he did not see any need of operating Muscle Shoals as an experimental plant, as the art of nitrogen-fixation, he said, had advanced too far ahead of that. Dr. F. G. Cottrell, also of the Department of Agriculture, stated at the same time that he felt the Muscle Shoals set-up to be too large to be efficient for the kind of experimentation he thought most worth while, and said that, in his opinion, it could be done better and more economically on a smaller scale.

Aside from the question of whether the Government ought, as a matter of principle, to operate a power and fertilizer business, it appears to me that it would be unwise and uneconomical for it to do so. Now, as to the question of Government competition with private business, there is much that might be said. However, it is unnecessary to do any more than remind the House that once begun on a large scale, such as is proposed at Muscle Shoals, there is no telling where it will end. If we are to have the Government in the fertilizer and power business there is no reason why it should not also go into other industries which are imbued with as much, or even more, of a public interest.

Instead of throwing away any more of the public money on this sectional project, especially at this time when we are endeavoring to guard the Treasury from unnecessary expense, I am in favor of selling or leasing the plants in their present condition to private capital. We have already spent

in the neighborhood of $150,000,000 on Muscle Shoals, and to spend millions more would simply be throwing good money after bad.

It is acknowledged that we cannot get from our investment at Muscle Shoals what it has cost us, but any sacrifice that we may have to make in disposing of the plants will at least result in some return on the money already spent, whereas to spend any more in attempting to salvage our "white elephant", Wilson's folly, will only result in making it a "bigger and whiter" one. Let the properties be sold for what they will bring, or let them be leased to private capital without restriction on their use. Only in this way can there be any permanent solution of the Muscle Shoals problem. To commit ourselves to any more development in that region will only make the problem a permanent one, which will rise again from time to time to plague future generations. It would be far better, instead of appropriating more money or authorizing a bond issue, to take a complete loss of our investment to date and wipe the slate clean.

Although I stated at the opening of my remarks that I would allude only to one feature of this bill, namely, Muscle Shoals, I feel that I should, in closing make a brief reference to the bill as a whole. The measure now before us, in its present form, was introduced on Thursday after a few days' hearings on the general subject matter. We are taking the bill up for consideration today, Saturday, and will vote on it Monday. In 2 days, therefore, we are to pass upon a program of such great magnitude that it is difficult to visualize. Not only are we setting the Government up permanently in the fertilizer and power business, but we are undertaking a program for the general development of one section of the country at the expense of the Public Treasury, which may take 50 years to complete. We are committing the Government to an ultimate expenditure that may run into the hundreds of millions of dollars, and because the Executive has asked for this measure this Democratic-controlled House is going to place its rubber stamp of approval upon it without even permitting the dotting of an "i" or the crossing of a "t", and without fully realizing the consequences of its action. [Applause.]

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that all Members who address the House upon this bill may have leave to extend their own remarks in the RECORD in connection with their remarks delivered on the floor.

Mr. LEE of Missouri. Mr. Speaker, reserving the right to object, is the gentleman asking general authority for all Members of the House to extend their remarks upon the bill?

Mr. McSWAIN. The request now made is only for the gentlemen who address the House in general debate so their addresses may appear continuously in the RECORD. I shall present the general request the gentleman speaks of at the conclusion of the debate.

The SPEAKER pro tempore (Mr. MARTIN of Oregon). Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Alabama [Mr. ALMON], who represents the district in which the Muscle Shoals properties are located, such time as he may desire.

Mr. ALMON. Mr. Speaker, Muscle Shoals is located in the northwest corner of the State of Alabama on the Tennessee River in the district which I have represented in this body continuously for the past 18 years and within 5 miles of my home. I have devoted much of my time in behalf of the development and operation of these Government plants; this is well known to the Members of the House with whom I have served during these years.

This is the greatest water-power site east of the Mississippi and south of the Ohio River. President Wilson located the nitrate plants at Muscle Shoals by the authority given him in the National Defense Act of 1916. The nitrate plants were constructed according to this act for two fundamental purposes—for the manufacture of munition in time of war and fertilizer for the benefit of American agriculture in peace time. The plants were completed just as the war ended, and the Wilson Dam and hydroelectric development were completed afterward. We had much difficulty in securing the completion of the Wilson Dam after the war and have made various efforts to have the fertilizer plants put in operation since 1920, but have failed, due to the opposition of the power and fertilizer interests. Two bills have been sent to the White House, but neither met with the approval of either President Coolidge or President Hoover.

During Mr. Roosevelt's campaign for the Presidency he promised us that he would visit Muscle Shoals and make a personal inspection of the plants, if elected. About 2 weeks before he was inaugurated as President he made a full and complete inspection of the Muscle Shoals plants and stated publicly to my constituents that he was surprised to find the plants so large and in such splendid condition and early during his administration he would recommend legislation providing for the operation of the plants and development of the Tennessee River Basin.

On April 10 President Roosevelt sent to the Congress a special message recommending the enactment of this legislation. Afterward identical bills were introduced by Representatives McSWAIN, of South Carolina, HILL of Alabama, and myself for the purpose of enacting into law the recommendation of the President. These bills were referred to the Committee on Military Affairs of the House. This committee has considered very carefully the entire subject and has reported the bill introduced by Mr. HILL, a member of the committee, with certain amendments. The chairman, Mr. McSWAIN, has filed for your information a full and complete report on this measure from which you can secure much valuable information on the subject, and I trust that you will study the same very carefully.

I believe the President will appoint a board of directors of ability and experience for the Tennessee Valley authority and the board will select a general manager of experience and ability, and the administration of this act will be a great success. While this is local in some aspects in many others it is national, and will be Nation-wide in its scope and influence, and if a success, as is expected, the same project will be promoted in other sections of the country; as has been clearly stated by President Roosevelt.

The Representatives from Alabama and Tennessee and adjoining States have always supported legislation providing for river and harbor improvement in all sections of the country, also for the irrigation projects to recover the arid lands of the West, the construction of the Roosevelt Dam, the Cape Cod Dam, in which the Representatives of the New England States were interested, and lastly in the construction of the Boulder Dam. During all this time the Tennessee River, one of the greatest inland waterways of the country, has been neglected. Now, I appeal to the Representatives from all sections of this country in the interest of fair play that you give this measure your loyal support. [Applause.]

This legislation would give the people of that section of the Nation cheap water transportation, cheap electric power, the production of cheap concentrated fertilizer for the benefit of the farmers, provide flood control, and preserve the natural resources of the Tennessee Valley, and at the same time it will establish a great laboratory for the purpose of determining the cheapest and best method of manufacturing fertilizer, which is one of the greatest needs of agriculture at this time.

The bill expressly directs the construction by the Government of the Cove Creek Dam, a great storage reservoir on the Clinch River, a tributary of the Tennessee River. This dam will double the primary power at Muscle Shoals and all other dams on the entire river, in addition to preventing floods. It also directs the building of Dam No. 3, located 15 miles above the Wilson Dam at Muscle Shoals. This dam will increase the power at the Wilson Dam and provide 9-foot navigation for a long distance up the river toward Chattanooga. It is also provided in the bill that plant no. 2 or its equivalent be kept in readiness for the manufacture of explosives in the event of war.

We hear and talk much about farm relief. One of the greatest needs of the farmers is a cheap concentrated fertilizer. This can be made at Muscle Shoals. Nitrate plant no. 2 is one of the best plants in the world. It uses the cyanamid process, which is the best for the locality where there is an abundance of cheap power. It is said this is the only plant in the world of its kind that is standing idle. It is true that some improvements have been made on the process since plant no. 2 was built, but this is chiefly to reduce the amount of power required, and this improvement can be made there at a very small expense.

The cyanamid process is being used successfully in Canada and a number of European countries. We are even importing fertilizer into this country made by the cyanamid process in Europe.

The plants cannot be maintained for national defense unless operated for the production of fertilizer in time of peace; they would rust out and become obsolete. I have no patience with the claim of a few of the Army officers that the plants should not be retained for national defense, claiming in the event of war explosives can be purchased cheaper than they can be produced at Muscle Shoals. On what do they base such a statement? If this plant is maintained for manufacture of explosives, and we should become involved in another war, of course the Government could buy munitions cheaper by reason of having a plant of its own than if we were dependent upon munition makers, as during the last war. Congress would not have appropriated the enormous sum expended in the construction of these plants had it not been provided in the organic law of 1916 that the plants should be used for the manufacture of fertilizer for the benefit of the American farmer.

The Government operation of these plants is really not in competition with the fertilizer interest for the reason they are nothing but fertilizer mixers. They buy all the material, such as nitrogen, potash, and phosphoric acid, and mix it into fertilizer containing about 16 percent of plant food. They buy most of the nitrogen from the Chilean Nitrate Trust, a foreign monopoly, at an enormous price and, as a result, the farmers have received no benefit from the expenditure of money at Muscle Shoals which was intended for their benefit.

The power interests have opposed the enactment of all legislation for the purpose of utilizing the hydroelectric development of Muscle Shoals for the benefit of the people, and the people in that community are not securing any cheaper rates than before the power was developed at Muscle Shoals. They are paying more than twice the amount being paid in Ontario, Canada, and in municipalities which own and operate their plants.

Five of the seven Republican members of the Committee on Military Affairs have filed a minority report opposing Government operation of the fertilizer plants and the manufacture and sale of electric power at Muscle Shoals. The Organic Law of 1916, providing for this development, expressly provides that the plants shall be operated by the Government. The Government has operated the power plant for the past 6 or 8 years under the Republican administration, selling the power directly to the Alabama Power Co. for about 2 mills a kilowatt-hour, and the power company has resold it for 1 to 8 cents per kilowatt-hour for industrial and domestic purposes. One of the municipalities adjoining Muscle Shoals applied to the Republican administration, several years ago, for permission to purchase power from the Government for the benefit of the municipality, and agreed to extend transmission lines to the switchboard of the Government. A delegation of more than 50 leading citizens of that locality came to Washington and appealed to the Republican administration for permission to buy this power, but their claim was denied, and they continued to operate the plant for the benefit of the power company. So, it would seem at least in bad taste for the Republican Representatives to object to the operation of the plants by the Government. [Applause.] It does seem that they prefer the plants to remain idle and the most of the power run to waste rather than operate them for the benefit of the people, as provided in the law authorizing this development.

Private fertilizer interest can prevent the Government operation of this plant by leasing the same from the President within 12 months from the date of the approval of this bill, as expressly provided therein.

It is claimed by the National Fertilizer Association that the production of fertilizer in commercial quantities would interfere with the business of all the fertilizer manufacturers. It was admitted before the congressional committee a few years ago by the representative of the National Fertilizer Association that the chief objection to the operation of the Muscle Shoals plants for the manufacture of fertilizer was that it would lower the price of fertilizer. It cannot be claimed that the reduction in the price of fertilizer is the cause of the losses sustained by the fertilizer mixers in recent years, for their prices have been so high and the quality of their material so inferior that the farmers have been forced to discontinue to purchase the same. That, it would seem, is the chief cause of their distress as well as the depression which is affecting the business of all industries. According to a report authorized by resolution of the Seventy-second Congress, the United States Government is at present in competition with private enterprise in 41 lines of activity. So the manufacture and sale of fertilizer by the Federal Government is nothing new. The question now to be decided is, Shall the plants at Muscle Shoals remain idle and rust out or be put in operation as provided by law when they were built? As for me and mine, I favor the operation of the plants as provided in the pending bill.

As I have said, the manufacture of fertilizer at Muscle Shoals would not be local in its influence, for it has been proven by fertilizer experts before the committees of Congress that the price of fertilizer at Muscle Shoals would control the price of all fertilizer sold in this country. So farmers from Maine to California would be benefited by cheapening of the price of fertilizer. I appeal to the Members of the House from all sections of the country to support this bill.

The enactment of this legislation will make provision for the sale of power at a fair price. The bill as amended is fair to the power interests in that no competing transmission lines will be constructed by the Government unless the power company refuses to sell their lines. This legislation will fix a yardstick for the price of power in that locality, and if the power company does not make their rates to conform to the same, let them go out of business in that locality. [Applause.]

I desire to take this occasion to express my hearty appreciation and that of the people of the Muscle Shoals district, which I have the honor to represent, for his splendid program providing for this development which has so long been neglected. I trust this legislation will be passed by both Houses of Congress at an early date and be sent to the White House, where it will be promptly approved by our great President, Franklin D. Roosevelt. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 15 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Speaker, Muscle Shoals legislation has been a hardy annual and has been brought in here from time to time clad in the iron armor of economic law, but today it comes to us in the glorious garments of a great vision.

I sympathize with and understand the startling effect upon the President of the United States when he first saw Muscle Shoals. It had the same effect on me, and I came away from there thoroughly convinced, after going over various parts of the Tennessee River, that the Tennessee Basin constitutes one of the greatest natural resources that this or any other nation ever had; and I go further in the belief that eventually, in the interest of our civilization, that great, undeveloped resource will have to be developed for the service of the people there and of the Nation as a whole.

However, under our present circumstances of universal distress, I cannot possibly agree that now is the time to

bring a program of legislation before this House based upon a beautiful dream that will take $1,000,000,000 and, perhaps, two generations to complete. We are face to face with such terrific problems creating so real a pressure upon our resources of mind and character, that I feel this bill takes in so much territory that it is absolutely dangerous.

However, I am going to discuss only two aspects of the bill. I consider this bill a recognized, deliberate governmental attack upon two great private industries—first, upon the fertilizer industry of this country; and, secondly, upon the utility interests of the country.

I may forestall all questions when I say that I am not interested financially in either one of these industries. I never have been, and the fact is that since the depression I am not interested in anything financially. [Laughter.] So I speak simply as a student of social affairs and as a citizen of this country.

This bill is very frank. It admits that it is liable to injure these industries. On page 4, section (f), the bill provides:

> No member of the board shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public, nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer—

Now, listen to this—

> or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Muscle Shoals project as a producer of concentrated fertilizer or as a producer of electric power.

In other words, this bill proclaims the doctrine that the Government is ready to injure its citizens and taxpayers, but does not want any of its own agents to be injured in the process.

The fertilizer industry of this country is in distress. It has an investment of over $300,000,000. It employs 25,000 people. It has a capacity of 12,000,000 tons a year. And it now has a demand for less than 5,000,000 tons. Only today a telegram has been sent to the President of the United States signed by 103 fertilizer companies of this country asking for consideration of their rights in this legislation.

I am in favor of utilizing our investment on the Tennessee River. I would like to see the power developed. I think we ought to build the Cove Creek Reservoir and possibly finish No. 3 Dam, because we only have about 50,000 prime horsepower at Muscle Shoals today, without these additional projects. I am in favor of developing these sources of power for greater economy and then selling this power at the switchboard to the established institutions that are now in this territory with a great investment, giving excellent service. I favor leasing the fertilizer plants to private producers on reasonable economic terms.

We have invested in the utility industries of this country at the present time nearly $12,000,000,000. Over $2,000,000,000 of this is held by the insurance companies of the country and other institutions of a fiduciary nature. We have millions of investors in these institutions. Our privately owned utilities employ 4,000,000 people and pay in taxes every year more than Muscle Shoals has cost. In this Tennessee territory you have between three and four hundred million dollars invested in a half dozen utilities that are reaching a population of 12,000,000 people. They are selling now about 3,000,000,000 kilowatt-hours a year, 1,000,000,000 less than they sold 3 years ago. Their productive capacity is only about one half to three fourths used today, and the bill proposes to authorize an authority at public expense to produce another billion kilowatt-hours and to duplicate the transmission lines and the power plants of existing institutions in that territory, and thus injure their investment and put them out of business.

Mr. Speaker, I do not often speak here, because I think speaking here is largely a waste of time. I have no idea that I am going to change any votes. I expect to see this measure go through by a great vote of the faithful on this side of the aisle. That is what you are here for. I just want to go on record, because in days to come some of you gentlemen who are giving birth to this beautiful child today I am afraid will not be as proud of it after it grows up. However, I want to call your attention to something far more vital, far more central, in my judgment, than these economic facts and figures, great and vital as they are.

When the World War was over we began to realize that that great catastrophe was an explosion that ended an age in the civilized progress of mankind. Since then we have been in the dust and ashes of that explosion. The new pathway upon which to go forward has not yet been made plain.

When the great Russian Soviet experiment was launched I made up my mind, and have never changed it since, that when that experiment was developed it would have but one rival in the world. That was the wonderful social experiment known as "the United States of America." Either the whole world would become Russian or the whole world would become American. The two principles are as far apart as the poles, as light and darkness. Of course, they will modify each other tremendously in their application. But before civilization has settled down it must and will determine whether it is to be dominated by the Russian principle or by the American principle.

This bill, and every bill like it, is simply an attempt to graft onto our American system the Russian idea and make the Government everything and the citizen nothing.

The great ideal of American civilization is that the individual is the end of the civilizing process. Our Government exists to give him a chance to make a man of himself. The Government is the umpire in the game. When it takes the field as a player in hurtful competition with its own citizens it ceases to be American.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. EATON. I cannot stop now, because I am going strong. I will see the gentleman at Hennessey's after mass.

Getting back to where we were, gentlemen, we are going to experiment here. We have been 150 years, with now a population of over 100,000,000 people, building up the greatest social structure the world has ever seen from the point of view of the common man, by individual initiative, individual industry, individual ownership of property, with the right to cooperate. We have made vast mistakes. We have had cruelties and oppressions and outrages originating amongst us. We have had villainies without limit, as occur in all civilizations, but the fact is we have this one great, vital thing, called America, and you are now going to attempt to make it over in 3 months, by a series of legislative enactments; and you know very little about how they will work or what the results will be. It cannot be done. The patient is very sick, the world is sick, but this great patient is a vital thing, and if you leave him alone and do not try to cure him by a thousand violent experiments and quack nostrums his vast innate recuperative resources will assert themselves, and he will in due time find his feet on the highway of progress and prosperity once more.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield for a question?

Mr. EATON. Yes; I will yield to the gentleman for anything he wants.

Mr. McSWAIN. I ask the distinguished gentleman from New Jersey if he subscribes to the doctrine of his own party which follows expressly the doctrine of Theodore Roosevelt laid down in 1912, that water power developed in navigable streams should be held in the hands of the public for the benefit of all the people?

Mr. EATON. I am perfectly willing to have that, but let me tell my beloved and honored colleague, this thing is very much bigger than partisanship. We hear from you how wicked the Republicans are, and we tell you how wicked you are, but the fact is that we are all in the same boat, and we should all pull together. In fact, if we do not hang together we are going to hang separately. The principle involved in this thing is very much larger than any party. It strikes at the foundation of our American civilization. I have been opposed to it for these reasons if for no other, and I am going to stay opposed to it. My vote will not

count. it will be lost, but I shall have the satisfaction of knowing that I have been faithful to my convictions, and bye and bye perhaps we will find out who is right.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. EATON. Yes.

Mr. ZIONCHECK. Did the gentleman vote for the Reconstruction Finance Corporation Act?

Mr. EATON. Yes.

Mr. ZIONCHECK. Is not that socialism in its worst form?

Mr. EATON. It is not exactly in its worst form. I think this bill is in its worst form. [Laughter.] Now, if there are no other questions, I think I had better close. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Speaker, in the language and in the spirit of that old-time Baptist hymnal, "This is the hour I long have sought and mourned, because I found it not." We who for the past 12 years have devoted our time and our energies to the solution of the perplexing Muscle Shoals problem are about to witness, at last, a fruition of our toil and tribulation and a realization of our dreams. As one of those who has practically lived with this subject during that long, drawn-out period fraught as it has been by a succession of blasted hopes and repeated disappointments, I rejoice indeed at the prospect of witnessing a definite and successful settlement of this issue which has beset and harassed the Congress and bedeviled a patient and long-suffering public for more than a decade. In fact, my colleagues, my "cup" of personal gratification "runneth over."

SHADOW-BOXING PERFORMANCE

Mr. Speaker, the only kick or consolation I got out of the Democratic landslide last fall was the assurance that the Seventy-third Congress would pass a Muscle Shoals bill which would receive Executive sanction. Congressional action on Muscle Shoals up to this time has been a purely puerile and "shadow-boxing" performance. The House would pass a bill which we knew in advance would be literally rewritten at the other end of the Capitol, and which we knew also was destined to certain veto at the other end of Pennsylvania Avenue. We repeated this ridiculous travesty until it got to be a national joke and likewise a national scandal. But behold the difference! We are considering a bill today which we have every reason to believe will be ratified in principle by the other body, and which we know will receive immediate approval at the White House. So, my friends, this old dilapidated, weather-beaten weathercock that has been used as a political football for a decade, during which time it has degenerated into a veritable congressional "white elephant", thank God, is approaching the end of its devious trail. We can already hear the death rattle in its husky throat.

Mr. Speaker, in addition to the interest I have in this proposition because of the public good I expect to see result from its enactment and operation, I modestly confess a very deep and sincere personal concern. When I tell you that the proposed Cove Creek Dam is not only situated in the district which I have the honor to represent, but is also in the county in which I reside, you can appreciate my profound interest in the measure before us. However, I am frank to say that this program possesses such tremendous merit that I would support it regardless of its geographical situation. This development in its largest sense and in its final analysis is not a local or sectional one. On the contrary, it is a national proposition which will ultimately become a vast and gigantic national asset. I supported the Boulder Dam project on the same theory, and I expect to continue to support similar improvements on the same principle.

IMPORTANCE OF TENNESSEE RIVER

Mr. Speaker, I wonder if the Membership of the House realizes that in point of potential hydroelectric energy, the Tennessee River is one of the greatest streams in the world. Eliminating the Columbia, the Colorado, and the Niagara Rivers, it is the greatest in continental United States, and I am advised that few rivers in the world possess the potential hydroelectric power equal to that of the Tennessee. With the development of the power sites contemplated in the survey of the War Department, the Tennessee will produce 2,900,000 horsepower of electric energy. Including its longest tributary, the Tennessee is approximately 1,000 miles in length. Its watershed consists of more than 40,000 square miles in which reside about 2,500,000 people. This basin at present is largely devoted to agriculture, though it contains vast and important mineral deposits, particularly coal, limestone, iron, copper, zinc, and phosphate rock, to say nothing of the inexhaustible quantity of marble and limestone of the first quality. The Tennessee River is a navigable waterway, and its entire length is under improvement by the Federal Government. I am informed that it is the only river in the United States that has had a complete survey of its navigation and hydroelectric possibilities. This tremendous horsepower, coupled with the adjacent natural resources, makes the Tennessee outstanding in comparison with the other great rivers I have heretofore mentioned.

When at peace, the Tennessee is a most picturesque stream, its extreme tributaries rising among the foothills of western Virginia. Like a beautiful coil of blue ribbon it winds its way through beautiful east Tennessee, across northern Alabama, and northeast Mississippi, where it veers abruptly to the north and again crosses Tennessee, separating two of her grand divisions, and finally empties into the Ohio near Paducah, Ky. Properly stated, the Ohio empties into the Tennessee, for the reason that at low-water mark the Tennessee has a greater flow than the Ohio. But when lashed by the storm, the Tennessee ceases to be a lamb in its demeanor, and becomes a raging lion, frequently when on a rampage leaving its banks and committing horrible devastation, materially contributing to the flood destruction on the lower Mississippi. Floods occur frequently on the main stream and on the lower part of most of the tributaries. The damage done by ordinary floods is not great; however, the flood of 1926 caused damages in excess of $2,650,000. It is estimated by the district engineer of the War Department that over a period of many years the flood destruction on the Tennessee will average $1,780,000 annually. The program outlined by this legislation will completely solve the flood problem on the Tennessee and its tributaries, and greatly reduce flood volume and momentum on the Mississippi; and the savings from this source alone will more than amortize the capital cost and maintenance of these projects in 60 years.

PROPOSITION SOUND

Mr. Speaker, it has been urged by those not in sympathy with this measure that the proposition is economically unsound, because, they contend, that during the past few years it has been demonstrated that power can be generated cheaper by steam than by hydro. In the first place, they overlook the fact that this is not simply a power proposition. In my judgment, power is of secondary importance. Navigation is the primary and paramount objective; power follows, and flood control is a very important element, to say nothing of the forestation, reforestation, and conservation features. If this were an exclusively power measure, with fuel reduced in price to its present unparalleled low level, I concede that in sound economics this measure could hardly be sustained. Why, Mr. Speaker, the proposed Cove Creek Dam is located within 8 miles or less of one of the largest bituminous coal fields in the United States. It is common knowledge that during the past few years the coal industry, not only in that area but throughout the whole United States, has been suffering from a prostration and paralysis never before experienced in the history of the industry. Hundreds of mines have been forced to suspend operation, and those that are working are running only 2 or 3 days a week and on starvation wages, selling their production at prices which barely enable them to exist. But, Mr. Speaker, we are confidently hoping for a revival

in this great industry, and when normal conditions return who can say that power can be produced by steam when fuel is commanding normal prices as cheaply as it can be produced by water power?

Experience has shown us that fuel is subject to sudden and radical fluctuation, whereas water power is stable and permanent. The great Tennessee and other rivers are indifferent to prosperity and depression alike, and panics may come and panics may go, but "Old Man River just keeps rolling along." "He don't hoe 'taters and he don't plant cotton", and regardless of the fluctuations and vicissitudes with which his great competitor, Fuel, has to contend, in the language of the popular melody, "Old Man River just keeps rolling along."

EFFECT ON PRIVATE INVESTMENT

Mr. Speaker, recently there has been manifest a great deal of agitation among the power-company bondholders in my district, based, evidently, on the theory that this legislation will seriously impair, if not destroy, the value of their holdings. I have received hundreds of letters and telegrams from such stockholding constituents entreating me to oppose any measure that might jeopardize the value of these securities. I presume that my colleagues from the area affected are having a similar experience. I do not know whether this appeal has been superinduced by cunning propaganda or whether it is a spontaneous expression of genuine apprehension. But be that as it may, from a careful study and analysis of this bill I fail to see where its provisions can possibly do violence to legitimate private investment. It seems to me that the rights of the private power companies and their bondholders are reasonably safeguarded. Of course, this does not mean that any company whose financial structure is largely fictitious and whose stocks and bonds are based on values, or, rather, alleged values, consisting in a large measure of wind and water, will not suffer. But, Mr. Speaker, whether we pass this bill or not, private power companies cannot continue to pay interest and dividends on huge, superheterodyne stock and bond flotations that have no sound economic basis. The passage of this legislation may hasten the liquidation of such companies, if such there be. But, Mr. Speaker, can there be anything morally wrong in that premise? If they are unsound, they are destined to failure, anyhow. And while, to save their faces, they may attribute their failure to the passage of this legislation—in other words, use it as an alibi—nevertheless, everyone familiar with the facts will know that their failure was due to these unsound and illegitimate practices. No one, Mr. Speaker, has a higher regard for the sanctity of contracts than I have, and no one would oppose the confiscation of private property with greater vehemence than would I. But shall we hesitate to go forward with a great program—designed to give to the public cheaper power, to the farmer fertilizer at a reasonable price, to provide cheaper transportation facilities for our commerce, and to so regulate our streams as to prevent the devastation of constantly recurring floods—simply because, forsooth, such a program might, peradventure, conflict with the selfish interests of some private enterprise which has hawked and peddled a lot of its questionable securities to an innocent and unsuspecting public? That is the proposition in a nutshell.

I contend, Mr. Speaker, that this bill proposes to deal absolutely fairly with these power companies. As I read and interpret this measure, after power at Muscle Shoals has been employed in a maximum manufacture of fertilizer, if any power remains the board, or so-called "authority", may sell it to the power companies, having in mind the interests of the consumers, if a satisfactory price can be agreed upon. If negotiations fail to bring about such an agreement said board, or authority, before committing the Government to the construction of transmission lines, will undertake to lease the wires from the power companies or purchase them, and if a satisfactory arrangement cannot be had, then and in that event the authority may proceed to condemn such lines or construct others. Is there anything unreasonable, arbitrary, or confiscatory about this procedure? Is not this eminent domain applied in the most just and equitable manner possible?

At one time, Mr. Speaker, as an attorney, I represented the East Tennessee Power Co. in a rather remote and unimportant capacity, and while I have not represented it for some time, in each of my campaigns my political enemies desperately seek to make an issue of this fact in an effort to injure me. Hundreds of my close personal friends are holders of the securities of this company, and I certainly would be the last person in the world to intentionally do it an injustice. In my opinion, Mr. Speaker, the apprehension of these companies that this legislation is calculated to destroy their investment is without proper warrant in fact. It will only affect these companies in proportion to the water and wind their financial structure contains.

THE FERTILIZER PHASE

And, Mr. Speaker, another important element contained in this proposal is the proposed manufacture of cheaper fertilizer for the benefit of the American farmers. Here is a real opportunity to give the farmer genuine relief. I know there has been a studied and persistent effort to ridicule this provision of the legislation on the ground that this proposition is likewise economically unsound. I know that the representatives of the great fertilizer industry of the United States take the position that the ingredients of fertilizer cannot be produced by the Government at Muscle Shoals anything like as cheaply as it is being produced by private capital. But, my friends, if this be true why are they so exercised about it? The farmers of the Nation, and especially of the South, are in dire need of fertilizer to stimulate and resuscitate the soil of their impoverished farms, but they cannot afford to purchase it in sufficient quantity due to exorbitant and prohibitive prices.

In the minority report filed in connection with the consideration of Senate Joint Resolution 49, in the second session of the Seventy-first Congress, bearing on the production of fertilizer at Muscle Shoals, we find the following language:

> The first and direct result will be the production of a cheap nitrogenous plant food which will demonstrate to the farmers and the business people of the United States the actual cost of fixing nitrogen and of processing the same for use as fertilizer. Judging by numerous estimates made by experts, the reduction will cut the present cost of nitrogen products from 25 to 40 percent. This should break the power of the Chilean Nitrate Trust which has extracted tribute from the world and especially from the farmers of the United States, merely because Chile has a monopoly upon mineral nitrate of soda. Two hundred and sixty-five million dollars has been paid into the public treasury of Chile as the export duty upon nitrate of soda exported to the United States alone. When to this is added the exports of nitrate of soda to other countries, especially prior to the World War, the total receipts by the Government of Chile for such export tax must amount to more than a billion dollars. Thus the people of Chile have shifted a large part of their tax burden upon the shoulders of the people of other nations, merely because they possess a natural monopoly in an essential commodity vitally important in both peace and war.

Farther on in the report the committee added as follows:

> If the United States Government can help break this trust team and set the farmers of this country free, it will be one of the greatest blessings that agriculture has ever received.

Mr. Speaker, thus it will be seen that for many years the farmers of America have been the slaves of the fertilizer combine. The time is at hand when they should be delivered from this thraldom, and this measure provides the necessary instrumentality.

Due to the limit of time, Mr. Speaker, I am necessarily precluded from commenting on many phases of this measure that I would like to discuss, and therefore I must hasten to a conclusion.

RIGHTS OF TENNESSEE AND ALABAMA

I regret very much that the committee has seen fit to eliminate from the bill the section providing certain revenues to the States of Tennessee and Alabama, for manifest reasons, out of the earnings of these various plants. Appreciating the justness of this obligation, in each of the bills heretofore passed on this subject the rights of these two States in this respect were recognized. The bill introduced by Senator NORRIS, and likewise the bills introduced by

Congressman McSWAIN and Congressman HILL of Alabama at this session each contains the following provision:

SEC. 13. Five percent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 percent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam or steam plant located in the State of Tennessee, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much excess power is thereby generated at Dam No. 2 and any other dam hereafter constructed by the Government of the United States on the Tennessee River, in the State of Alabama, or in the State of Tennessee and from the gross proceeds of the sale of such excess power 2½ percent shall be paid to the State of Alabama and 2½ percent to the State of Tennessee. These provisions shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is only incidental in the operation of such flood-control dam. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee the board shall not take into consideration the proceeds of any power sold to the Government of the United States, or any department of the Government of the United States used in the operation of any locks on the Tennessee River, or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose.

The bill which passed the Congress in 1928 which received a pocket veto at the White House, and the bill which passed again in 1930 only to meet a similar fate, each contained a similar provision to that just referred to. Leaving the Alabama picture to be treated by the able Representatives of that great State, I shall confine my remarks on this item to the Tennessee side of the proposition. In all candor, I ask you, my friends, why, by every process of reason and common justice, are not the taxpayers of Tennessee entitled to this consideration which, in my judgment, is far below fair and adequate redress?

The proposed Cove Creek Dam will inundate and absolutely destroy for all time approximately 54,000 acres of valuable agricultural lands in Tennessee. In other words, the taxpayers of that State forever lose tax values to the amount of approximately $1,000,000 based upon an assessment of 50 percent.

I would like to see language inserted in the bill providing that this revenue be paid directly to the counties affected, but I realize that this is a matter that will later address itself to the Tennessee Legislature.

Mr. Speaker, I hope to see the section on this subject, which was struck out by the committee, restored to the bill on the floor of the House, and at the proper time and place, if the committee will permit, I expect to make a motion to that effect. The Norris bill, now on the Senate Calendar, contains this provision, and I feel sure that it will be retained in the bill when that body acts on it. This will enable us to preserve the rights of these two States when the legislation goes to conference, regardless of any adverse action we may take here.

COMPLETE PROGRAM MUST NOT BE HAMPERED

Moreover, I regretted to see the committee modify the President's plan by altering the bill so as to require a showing of a certain market demand for power before other dams can be built than those expressly provided for in this measure. Again we are harking back to the power theory in contravention of the spirit and big purposes of what is known as "the Tennessee Valley improvement program." To accomplish the navigation and flood control contemplated by the President's plan, it will be necessary to complete the entire project. While a great many of the dams included in the program will be purely navigation units, there are a number of others which will combine navigation and power. Notably among the latter class is the Whites Creek project near Kingston, Tenn. I am advised by the office of the Chief of Engineers of the Army that Whites Creek presents one of the two most economical and desirable power possibilities in the entire system.

Mr. Speaker, the chairman of the Military Affairs Committee did me the courtesy and the honor to invite me to appear and testify at the hearings on this measure. I gladly availed myself of the privilege. In my testimony before the committee I heartily endorsed the spirit and principle of the proposed legislation, and at the same time ventured a few suggestions as to amendments of a more or less important nature which I thought might improve the bill. Among the suggestions offered by me, to conform to established precedents, was one to make the board or governing authority bipartisan, and another was to reduce the terms for which the members of said authority were to hold office. I am glad to observe that both of these changes have been made. I was also very much gratified to note that the bill has been so amended as to place the construction of the Cove Creek Dam in the hands of the War Department. I think this is a very decided improvement, and I want to congratulate the committee on its wisdom and foresight in this particular, because I deem it of the utmost importance that this great public development be kept absolutely outside of the realm of politics.

And now, Mr. Speaker, I am about to conclude.

PREFERENCE FOR EX-SERVICE MEN

Some time ago, at the urgent behest of the President, the Congress passed the so-called "Economy Act", the effect of which will be to take $400,000,000 per year from the ex-service men of this country, their widows, and little children. Approximately one half million veterans, their widows, and dependent children will be the victims of this cruel legislation and will suffer untold tribulation as a result thereof. I voted against that bill because I felt that it imposed a too severe hardship on those who so heroically rallied to the colors when our Nation was in peril. I have no apologies for my remarks and my vote on that occasion, because I still feel very strongly that it violated a sacred fundamental and time-honored governmental policy that has in the past distinguished this Nation for generosity to those who were willing to bear its burdens in times of stress and storm. This policy has been our greatest bulwark against the insidious and dangerous doctrine of pacificism and its attendant evils in the past, and therefore one of the greatest guarantees of the perpetuity of this Republic and its sacred institutions.

Mr. Speaker, this measure affords a small opportunity to give at least a modicum of relief to some of our ex-service men who may be physically able to work. At the proper time I expect to offer an amendment giving a preference to honorably discharged American soldiers who are otherwise qualified in the execution of this great construction program; and I sincerely trust that the amendment will be accepted by the committee.

TRIBUTE TO SENATOR NORRIS

In concluding my remarks, Mr. Speaker, I consider that I would be recreant in my duty if I did not pay deserved tribute to that venerable old war-horse, Senator GEORGE W. NORRIS, whose patient, constant, and heroic efforts, more than that of anyone else, has made this colossal development possible. He has worked day and night, courageously and unceasingly over a period of many years for this great measure, the fruition of which will be an eternal monument to his memory. The Tennessee Valley, the South, and the entire Nation owe him a debt of everlasting gratitude for his self-sacrifice, his grim fortitude in the face of overwhelming odds, and his incessant and unremitting toil.

I hope to live to see Senator NORRIS and you other distinguished champions of this gigantic enterprise, both in the House and in the Senate, come to Tennessee when this program is completed. I look forward with keen anticipation to fishing and duck hunting with you on the placid surface of that great lake that will result from the construction of the dam at Cove Creek. And after we shall have regaled and satiated our appetites on fish and wild duck, I want to accompany you through the gorgeous pavilions of the Great Smoky Mountain National Park hard by—a park unequaled in sublimity and grandeur in this or any other country.

I solemnly conjure you to take advantage of the first possible opportunity presented, for verily, verily, I say unto you that with this great development east Tennessee will not only be the Ruhr of the United States but it will also be the Eden of America. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I am opposed to this bill because I believe it is leading us in a dangerous direction. I believe that it is taking the money out of the pockets of the taxpayers and putting it into something that is not going to yield a return. I think I am entitled to come before the House on the merits of the measure. When the President of the United States exhibited rare courage and sent down to the House of Representatives a measure designed to save $500,000,000 to the Treasury of the United States and help toward putting America on the black side of the ledger, taking it out of the red, I supported him, and I supported him just as loyally and just as enthusiastically as any member of his own party. I feel that I can come here now before the House of Representatives and say to you that if I could believe that he was at all right, at all sound, I should go along with him; but ever since that economy measure was passed we have had one measure after another sent down here by the President at the behest of the professors designed not only not to inflate the structures of the country but to further deflate them. There was the farm bill, which cannot do anything else than reduce the price to the producer for everything that he produces. There was the forestry bill to spend $92,000,000, or whatever it was, upon a wildcat scheme which would not provide a quarter as much employment as the same money would take care of the distressed, if it were used for that. There was the bond issue bill for $500,000,000 yesterday, part of it to be turned over to the States and used by them not to relieve distress but to put them into further bond issues on construction projects for things they do not need and thereby further draw money out of the banks of the country and take money out of business. Then we have this measure designed in its ultimate effect—and I admit that you have the votes to carry it through—to go into a vast power development, a vast manufacturing development, a vast reclamation development, the cost of which is variously estimated by competent authorities to run to $1,200,000,000.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. TABER. Yes.

Mr. GOSS. The preceding speaker said that there would be 2,900,000 horsepower developed. Our committee has heard as much as 5,000,000 horsepower, but at $125 per horsepower, which is a fair figure and low, it would cost $362,500,000 for that alone, on his estimate and $725,000,000 based on 5,000,000 horsepower, just for the power alone.

Mr. TABER. That would not at all include the reclamation or reforestation or any recovery of marginal lands or anything like that.

Mr. GOSS. No.

Mr. TABER. Now, in times like this, when the prices of Government bonds are falling, when it is going to be hard for us to get credit if we do not keep faith with the Government, we must stop and think what we are doing. There is not a scintilla of evidence anywhere in these hearings of the statement that there is in this territory any demand for power. On the contrary, there is evidence that there is a surplus of power available now, and that power is not being sold at a terrifically high price. It is under control of public-service commissions everywhere, and insofar as it relates to interstate power, it is under the control of the Federal Power Commission in addition.

As far as fertilizer is concerned, the price of fertilizer in the last 5 or 6 years has been cut in two. Fertilizer today is a drug on the market and cannot be moved even at that cut price in a way that would warrant the introduction of a new plant into the picture. Why should we, with that picture, with that situation, think that we should embark the Government on a vast project of that character?

Now, let us look at our situation. Our taxpayers are suffering. Our taxpayers are at the point where many of them are obliged to compromise with their creditors. People are talking about capital levies to raise the money to take care of the Government. It will help a lot to put our factories and our mines and our railroads to work, to put another bond issue on them, which they must pay, to set up somebody else in competition with private industry! Is that not a nice thing for us to think about, especially at a time like this, when industry is suffering, when business is suffering in every way, to tax business and industry a little more to set up something in competition with them?

Let us look at another feature of this Government-in-business proposition. Most of us are not very old, but we are all old enough to carry our minds back to the time of the war. We remember that the Government took over the operation of the railroads at that time, and any of us who ever had occasion to ride on a train during that period or stand by the side of the road and see a train go by will remember that the rolling stock of the railroads and the roadbed and everything in connection with their equipment and their upkeep was allowed to get in a most deplorable and ridiculous condition. That is a sample of the way the Government does business. If the Government builds this dam at Cove Creek, if it builds this power plant to go with it, if it builds a nitrate plant to take the place of the one that the sponsor of the bill told us this afternoon was obsolete, or had never worked just right, what can we expect? I understand that is the plant which produces the large quantity. That is the way I understand it.

Mr. McSWAIN. If the gentleman will pardon me for interrupting——

Mr. TABER. Yes.

Mr. McSWAIN. The gentleman from Alabama [Mr. HILL] was referring to nitrate plant no. 1, which used the Haber process, which never was a success. Plant no. 2, so far as the demonstration was concerned, was a complete success.

Mr. TABER. But plant no. 1 was the large producer?

Mr. McSWAIN. No, no. It is just the reverse.

Mr. TABER. I beg the gentleman's pardon. I thank the gentleman for the correction. Now, if we build another nitrate plant, it will cost the Government just twice as much as it would cost private business to construct it. It will cost the Government twice as much to operate it. It will be operated just twice as inefficiently.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. JAMES. Mr. Speaker, I yield to the gentleman from New York 5 additional minutes.

Mr. TABER. The cost of production would be a great deal more than it would be under private operation of the plant; and under the terms of this bill you will not be able to produce fertilizer and sell it to the farmer at anywhere near the price he can buy it from private firms who operate private businesses.

Mr. DUNN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. DUNN. If the Government takes over this plant, will not the consumers pay lower rates for power?

Mr. TABER. No. They will pay higher rates, because they are only allowed to sell this power, according to my interpretation of the bill, on the basis of cost plus interest and depreciation. I do not believe the Government operation of this plant and its construction of the new plant that is to be built can be done on a basis so that it will produce power to compete with privately produced power.

Mr. DUNN. Is it not a fact that in Canada the consumers are paying much lower rates than are the consumers just across the river in the United States?

Mr. TABER. I do not understand that is the situation. Perhaps it is, but I do not understand it that way. I understand they are not taking the proper factors into consideration in figuring their costs, and that they are selling power for really less than cost and that the burden is put upon the taxpayers. There is where it will be put in this case. We are spending a lot of money involving the Government in

getting ourselves into a mess. Why cannot we take this plant and be big enough to pass a bill that will lease the plants that are already there and that will produce power for a decent figure?

If we can do it on an intelligent and fair basis, we can get more out of it by a good deal than we can by entering into any other scheme.

Mr. HART. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. HART. Did the gentleman support the Farm-Marketing Act that put $500,000,000 into competition with the grain and cotton dealers?

Mr. TABER. I am talking about this bill now. I did support it, but that bill turned out bad; and this bill is going to turn out bad. I honestly believe the gentleman himself feels it is going to turn out bad.

If we are going to be honest legislators on the things that are before us, we have got to pass on them on their merits, and when they have no merits we ought to turn them down. If we are to have economic recovery in this country, we have got to stop the wildcat projects that have been going on for years and years.

Mr. HART. Will the gentleman yield further?

Mr. TABER. I yield.

Mr. HART. The Farm Marketing Act was a bad measure of the Hoover administration. I think the gentleman's suggestion that this is a bad measure is not justified.

Mr. TABER. That was a measure put out because it was feared something worse would be passed if that was not. The framers of this measure have gone to the *n*th degree in trying to find something that would be just as bad as it possibly could be.

Mr. MITCHELL. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. MITCHELL. I know the gentleman is sincere in his argument. I was wondering what disposition he would make of the present investment on the part of the Government representing approximately $150,000,000.

Mr. TABER. We have an investment of $150,000,000 which nobody values at over $40,000,000 or $45,000,000, as I understand it. I would lease it to some power company that would go ahead and operate it on a long-term lease under proper governmental supervision and control as to rates; and I believe this could be done if it were put up in that way and not involve the Government in any useless performances.

Mr. MITCHELL. The gentleman is familiar with the fact that we have been making efforts for some 15 years to lease or otherwise operate the property?

Mr. TABER. So many strings have been tied around the leases every time a bill has been proposed or passed that it has been absolutely impossible to get anybody to enter into the lease.

As a result of a bill passed a few years ago, President Hoover leased the plant so that it is returning approximately $550,000 to $650,000 a year. The cost of operation is $250,000. To my mind even that is better than embarking on a wildcat project such as this.

Mr. JOHNSON of Oklahoma. And that is about 20 percent of what it ought to be, is it not?

Mr. TABER. Just about. I believe we could get five times that if we went at it in an intelligent way and passed a bill that would authorize its leasing on an intelligent basis.

Mr. MITCHELL. My colleague realizes, does he not, that the very measure he has referred to was twice vetoed by Republican Presidents?

Mr. TABER. Not that kind of a measure, but a measure which had so many strings tied to it that no one could possibly operate the plant with profit; and you cannot get anybody to operate anything efficiently and intelligently unless you allow them to make a profit out of it. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BROWNING].

Mr. BROWNING. Mr. Speaker, Members who are complaining about this bill putting the Government into competition with private enterprise seem not to distinguish between what belongs to private enterprise and what belongs to the public. To them it possibly would be all right for these great national resources that belong to the people to be turned over to private enterprise to be added into their charges when they assess the benefits received from the public consumption of power from their investment.

That which belongs to the public is different from that which belongs to private enterprise. The little fellow who tills his farm on the hillside nearby the Tennessee Valley is just as much entitled to the use of this public resource for a reasonable charge as the man who runs a great manufacturing establishment. The individual who is a shareholder in this national resource should at least share in the benefits of the great public reservoir of strength we have in this section of the country.

Let me mention just one project in connection with this stupendous development. Of course, dreamers and people who see visions have always been spoken of lightly at the time they dreamed their dreams or saw their visions. It may be all right to sneer at the President because he has had a great vision and a great dream with regard to this development, but my prediction is that those who are doing the sneering now will live to see the error of their judgment. With reckless prodigality we wasted the virgin forests and soil of this continent. It is time to build them back. This is a step in a farsighted policy to do that wise thing.

The engineers estimate that the development of the Cove Creek Dam will cost approximately $34,000,000. Many believe it could be built for $20,000,000. Even if it costs $34,000,000, the saving which would come from the prevention of flood damage each year would within a period of 20 years amortize the entire cost of the dam. In other words, private enterprise is losing its property on an average of $1,780,000 a year due to flood damage, which could be saved by the construction of the Cove Creek Dam. This is not an interference with private business. It is a saving to private business.

The construction of this one project, which is the key to the whole development of power in the valley, would, in my opinion, practically double the primary horsepower of every dam below Cove Creek. The pondage rights of this investment would bring more than 10 percent interest annually to the Government in perpetuity. This great project, which would convert 60,000 acres of land into a tremendous lake, as outlined by the gentleman from Alabama [Mr. HILL] in his address a while ago, would create a storage reservoir which, as I say, would double the primary horsepower of every dam below it.

The Members who have discussed this matter have overlooked the provision in the bill which provides that the Government may build other dams where power demand justifies their building and lease the power at the switchboard to private enterprise over a period of 50 years. This bill would require the complete amortization of the construction cost and likewise interest chargeable to power development to be paid for the rental by the lessee.

No man on this floor, surely, could object to this if he believes in operation by private enterprise, and in the self-liquidating projects that have been proposed by the administration, because this would be an ideal opportunity for these great projects not specifically mentioned in the bill to become realities. Two of them, we hope, are to be built below Muscle Shoals at either Pickwick or Hamburg, and Aurora, constructed by Government money when there is a guaranty of a return of not only the interest on the investment but complete amortization at the end of 50 years, and then the Government will own the great dams that have been constructed without any charge against them. A bid to meet these conditions has already been made for one of these sites, and will almost assure speedy and much-needed development.

In other words, this great national resource belongs to the people, and I am sympathetic with any enterprise, whether it is the manufacture of fertilizer or the production of power, that is about to be disturbed by progress;

but I do not think progress should be disturbed just because they are about to get in the way. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Speaker, the bill now before us, H.R. 5081, is possibly the most far-reaching in its effects of any legislation that has ever had consideration in this Congress. It is a bill for the development of the Muscle Shoals for future use by the people of the United States.

When this property was originally purchased by the United States Government, during the Wilson administration, it was declared in the act that it should be kept and maintained and used for the purpose of national defense in time of war and that in times of peace it should be used to aid agriculture. It was developed during the last war for national defense, and it should ever be preserved by the United States Government so if it is ever needed for the purpose of defense again, the United States will not find itself as it did before without any plant of this nature. It means much more than would the building of large battleships or the maintaining of a great navy in times of peace.

The Congress, since I have been a Member of it, has twice passed a bill of this nature for the development of Muscle Shoals so it could be used to help in agricultural interests in the United States. In the year 1928 and in 1930 bills were passed by Congress and sent to the President for his approval. Both the bills were very similar to the bill now reported favorably by the committee to this Congress. A large part of the bill now before the House is the identical language of the other bills. The bill passed in 1928 met a pocket veto by President Coolidge and the bill passed in 1930 was vetoed by President Hoover.

The increasing public interest in Muscle Shoals has demonstrated how intimately it touches so many sides of life. Muscle Shoals is a great factor and a part of the great problems of conservation of natural resources and of promoting navigation and flood relief. It was stated by the President that Muscle Shoals is only an integral part of what this great development is to be when completed. On the success or failure of this bill will largely depend the future development of great enterprises of this kind.

President Roosevelt, in his message on April 10, 1933, said:

> It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development; it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

The field of industry will be greatly enlarged and helped by the development of this great power plant. The bill provides for the transmission of this current for a distance not to exceed 400 miles and provides for the selling and distributing of this power, so that other transmission lines may be established by private individuals or corporations and carried to the various parts of the United States.

Nothing is needed more than cheap power for development. Electricity once did not enter into agriculture in any manner, but now in many of our agricultural sections electricity is used in great quantities. In my own State, the great State of Arkansas, the pumps that pump water for rice fields are run by electricity. Electric energy now enters into almost every development of our business; and the cheaper it can be produced, the more our industries will thrive. It is now a common necessity and used in most of the homes of America where it is accessible, and it would be in many more places had we the proper transmission of power.

The principal value of this development will be enjoyed by those engaged in agriculture. In the past our farmers have had to pay an exceedingly high price for the fertilizer used by them in truck growing or farming of any character, and on account of its high cost they have been made to suffer and pay tribute to the great interests that have been developing it. We feel that after this plant is developed, the farmer should receive his fertilizer at least 40 percent cheaper than he is now getting it.

Each time that this legislation has been before Congress, it has been bitterly fought by the manufacturers of fertilizer, for the reason that they know when this plant is developed they cannot continue to get the price they are now getting for nitrogen, phosphate, and other plant foods that enter into fertilizer. Lobbyists are here now and will camp in Washington until the final roll call in both Houses on this bill.

The farmer at home is not here, but we are here as his representatives to speak for him, and to hear his voice rather than to hear that of the lobbyist for these great concerns. I have voted for this bill every time it has been before Congress, and I shall vote for it again in the hope, and knowing, that when it passes this time that it will meet a friendly President who has the courage of his conviction to do that which is right for the people in this respect, regardless of the objection that has heretofore been made and made successfully.

It is contemplated that if this is successful, which we firmly believe it will be, that this is only the beginning of the development of the great water power that has gone to waste that should have been all the time serving man. With the passage of this bill giving to the farmer cheaper fertilizer, the passage of the farm relief bill that has passed this House and is now pending in the Senate, and the bill that passed this House providing for the relief of mortgage debt on farms and the passage of other legislation contemplated at this Congress, we feel that a new day for agriculture is near at hand.

When the President decided that we should be no longer crucified on the cross of gold and at the altar of shame, he made the greatest stride forward for agriculture that was ever made by any human being living or that has lived in the past.

There are only two things the matter with the United States, or that has been the governing cause and predominating factors in bringing about this panic that we have been living in for several months. One is the gold standard, and the other a high protective tariff. Added to that, the character of extravagance that has been carried on during the past 4 years by the administration that has just gone out of power is enough to wreck a nation.

We passed through the House yesterday a bill for the relief of the unemployed which will help take off the roll of unemployed a part of the 15,000,000 in the United States that are now out of work.

When the President of the United States, before his election, declared that what America needed was a "new deal" and that the forgotten man should be cared for, no one conceived at that time that he could accomplish in the short time the great things he has in carrying out that promise. The light of a new day is soon to dawn upon us. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield such time as he may desire to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Speaker, I favor the passage of the bill mainly because it will reduce the price of fertilizer some 50 percent. The farmers in my section of the country are large users of fertilizer, but are now operating upon such a small margin that they cannot pay existing prices for it. The fact is, the farmers of the Nation have had to reduce their fertilizer purchases from some 8,200,000 tons in 1930 to about 4,300,000 tons in 1932.

If you will multiply even the 4,300,000 tons by $30 per ton you will get the enormous amount of $129,000,000. At this same rate the American farmers would have spent about one quarter of a billion dollars for fertilizer in 1930. If the bill saves our growers 50 percent, and we believe it will, then the American farmers would be saved some $55,000,000 annually and some $125,000,000 annually when business revives. I claim this bill to be the best farm-relief legislation presented to the Congress at this session.

The Muscle Shoals problem has been before the Congress for about 15 years. Nine years ago, when I was elected to Congress, I pledged in my platform to do all possible to the end that this great plant be utilized for the production of fertilizer during peace time. Twice have I voted for this end, and twice have Republican Presidents vetoed such legislative proposals. Mr. Speaker, the time has arrived. The right man is now in the White House. His heart throbs for the common interest of the rank and file of the American people. He feels for the down-trodden and the oppressed. He wants to relieve the American farmers of existing distress. He has recommended the passage of this legislation, and soon our hopes will be realized through his signature to this legislation. President Roosevelt has the courage and vision to embrace this opportunity for the American people and utilize this huge but now idle enterprise for the common good.

The farms of the Southeast—nearly all of them—are on leached soil, which requires liberal application of fertilizer. The State of Florida is one of the largest acreage consumers of commercial fertilizer because of the character of its products. Citrus fruits, vegetables, and similar crops require large applications. Much of Florida's soil is thin soil; there is hardly a county in the State of Florida which would not benefit greatly by the passage of this bill. It will mean a saving in the fertilizer bill to my own county of some thirty to seventy thousand dollars annually. It will save Florida growers probably more than $2,000,000 annually in their fertilizer bill. Our growers are no longer able to pay the high prices they have been forced to pay for commercial fertilizer. Passage of this legislation is imperative and is the greatest farm-relief measure that the Congress could pass. For more than 8 years I have labored for the passage of this bill and believe now, under the leadership of President Roosevelt, this worthy legislation will be promptly realized. It is folly to permit the vast investment of taxpayers' money at Muscle Shoals to remain idle, especially when our farmers imperatively need all benefits that it can afford.

About $150,000,000 of the taxpayers' money has been expended at Muscle Shoals. Until now it has brought very little in return to the American people, but with the enactment of this legislation it will return incalculable benefits to our citizens. I shall vote for the bill. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Speaker, I listened with interest to the splendid statement made by my colleague the gentleman from Alabama [Mr. HILL]. He mentioned the fact that in 1824 that prince of statesmen, that superb parliamentary gladiator, that matchless master of logic, John C. Calhoun, advocated the improvement of Muscle Shoals. His reference to Calhoun's proposal reminded me of another incident in connection with Muscle Shoals. Years ago in making a study of the policy of our Government in reference to our public lands, and in connection therewith, our policies with reference to rivers, harbors, and internal improvements, I discovered that the first grant of public land made by the United States Government for the improvement of our inland waterways was on May 20, 1828, when Congress granted to the State of Alabama 400,000 acres of land, the proceeds of the sale of which were to be used for the improvement of Muscle Shoals and Colbert Shoals, and other portions of the Tennessee River in the State of Alabama, the purpose being to construct a canal around the shoals in the interest of navigation.

More than a century ago Congress considered Muscle Shoals a valuable asset, and even then dreamers foresaw its great value and were reaching out for some feasible method by which the Government might utilize this national resource, the present and potential value of which it would be difficult to overappraise.

Muscle Shoals is the gift of a benign Providence to the American people. The Almighty, when he spoke this world into existence, and while it was plastic and still quivering from irresistible and indescribable internal convulsions, with His swift-moving finger furrowed out and molded the Tennessee Valley and froze its rugged terrain so man might easily impound and harness the turbulent flood waters rushing from mountain to sea, and appropriate their power for the happiness and comfort of the present and all future generations.

The limited time allowed for debate will not permit me to analyze or discuss this bill. I shall support this measure, although I am not in full accord with some of its provisions.

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, the President, in a special message to Congress, asked for dictatorial powers to reduce Federal expenditures to save the Nation from impending disaster. The message made a profound impression because of the gravity of the situation.

People throughout the country were stunned by the disclosure that our Nation was faced with insolvency because of the failure to balance the Budget.

The appeal of the President was so masterful and the exigency pictured by him so graphic and so great that the dictatorial power requested was promptly granted.

The burden of this reduction in Federal expenditures has fallen heavily upon the veterans. A majority of the veterans affected by the reduction come from the ranks of toil, thousands of whom are now unemployed and have been unemployed for a long period of time. Nothing short of the threatened collapse of our Government could have impelled our President to ask so great a sacrifice from the veterans of the Civil, the Spanish, and the World Wars.

It is fair to say, I believe, that nothing short of the appeal of the President to grant him this power to save the country would have caused the Members of the House of Representatives to vote to empower the Executive to make drastic reductions in the pensions of the veterans.

Retrenchment has been asked and demanded in the name of patriotism. Now, in the face of a deficit of $5,000,000,000 and the dire distress of the country, the astounding proposal is made to spend $50,000,000 now to develop Muscle Shoals. This is only the initial expenditure.

A request for dictatorial Executive power to save money is not consistent with a scheme like this to squander the public funds to dam rivers, reclaim swamps, and plant trees, even under the guise of relief.

When the measure was before the Congress, asking for unlimited power for the Executive to reduce expenditures and balance the Budget, the pleas made were so graphic and presented with such fervor that one could almost visualize as well as hear the walls of the Government crashing about our heads. Now, after authorizing the President to take from the veterans and their dependents $300,000,000 to preserve the Government from bankruptcy and ruin, it is proposed to raise political hypocrisy to the *n*th degree by squandering $50,000,000 now on the Tennessee River on a project ultimately to cost $1,000,000,000.

It was stated here today by the gentleman from Tennessee that similar raids are to be made on the Treasury to develop river bottoms in other sections of the country.

This is not retrenchment. It is wild, unrestrained, and inexcusable extravagance, and I am opposed to this bill at this time. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. LLOYD].

Mr. LLOYD. Mr. Speaker, it is fitting, I believe, that as a member of this committee and coming as I do from the great State of Washington, within whose confines is contained more than one fifth of the potential power of the United States, I should say a word upon this bill. I shall not, in the few minutes that are allotted to me, undertake to discuss the bill in logical or connected sequence, but simply make a few observations which, to my mind, may be pertinent and persuasive.

All of the arguments that you have heard from the opposition have been repeated from time to time as civilization has progressed throughout the history of man. I

assume that when the first old pirate stood upon his promontory over the only harbor where ships could land, and when it was proposed by the people of his country to make that harbor free to the shipping of the world, he believed sincerely that such an act was an infringement upon his rights of property; and I assume, too, that a hundred years ago the man who owned a toll road looked with grave misgiving upon a policy that should end in free highways for all who chose to travel.

As a matter of fact, my own manner of thought has always been on the side of the advocates of individual property rights. My people were pioneers who, before me, were taught in the stern school of individuality; so I had long been a believer in the rights of the individual to own and control property of every kind, character, and description. Time and experience and observation have caused me to depart somewhat from the habit of thought that all things are subject to rights of individual ownership and control, and I have come to classify power with our rivers and harbors and highways and public domains as one of the great gifts from a bountiful Providence which it was intended should be free to all the people for all time.

During the hearings before the committee I was constrained to give grave thought and view with some apprehension the claims of the representatives of the power companies that within this district to be affected there were investments in preferred securities of upward of $400,000,000, the value of which would be seriously impaired by Government competition in the development of the Muscle Shoals plant. A threat, at least, to distribute the power produced, to destroy in part or in whole investments that have been made in good faith, is not to be lightly considered; but I have come to believe that in a large part these investments do not represent sound values.

I am reminded of the testimony taken before our committee of a little power project on the White Salmon River in my own State, where $2,000,000 was spent in the complete building, financing, and promoting of that project, and then, when the plant was completely developed, the promoters bonded the water right upon which they had originally filed at a cost of approximately $40 for an additional $10,000,000 and sold the bonds thus secured to an unsuspecting public, making an investment of $12,000,000 upon a plant that had cost but two million, and requiring, of course, the users of that power to pay a rate sufficient to pay interest and dividends upon six times the actual cost of the plant.

Manifestly, investments thus secured are not sound investments, and we cannot expect to require the users of power to continue to pay, through all time, upon financed and refinanced investments of this character, a charge that never was commensurate with the real investment made. I have been persuaded by the testimony taken before the committee that this scheme of financing that I have just described to you is a fair representation of the financing that has been resorted to by practically all the power projects developed under private control. There is something so intangible about the development of power that it lends itself to unsound methods. To the investor it appears as an ever-running stream which will continue through all time to furnish fair dividends and profits, but the promoter who resorts to holding companies pyramided one upon another to hide the true state of his investment seems always to forget the ever-running silver river and sees only the golden stream.

We are told that in the present state of our Nation's finances we cannot afford to expend the money necessary to this great development, and that there is no market demand for more power than is now being produced, and yet the hearings before the committee have convinced me that, low as they say the power rates are, they are at least five times too high, and it is idle to say that because the demand is not there at the present price there would not be ample demand for twice the power now developed if the price were brought down to a cost commensurate with the real investment and the users were not required to pay an ever-mounting interest charge upon the representations of a value that never existed.

On the other hand, I am not afraid to spend any reasonable amount of money to stimulate the purchasing power of the American people. I know of no way that we can start our factories and mines and mills and farms to again go forth upon the road to prosperity, except by an expenditure of money that will permit our people to have work and a new and greater purchasing power than they ever had before. The history of this Nation tells us that we never have come out of the depression by curbing the expenditure of money. We never would have come out of the depression following the Civil War but for the fact that this Government, by money and by subsidies, lent itself to the materialization of the most chimerical dream the world has ever known and builded out across 3,000 miles of wilderness a railroad that commenced at the borderland of civilization and ended in the haze of sunset. No practical man in the world could have justified that venture upon accepted business principles, and yet it was the stimulus that brought new life to a nation upon the verge of collapse.

If by the building of Muscle Shoals we can stimulate the lifeblood of this Nation and build a new industrial empire in the Southland and bring to all of our people a new vision and a new hope, whatever we spend in the way of effort and money, which is the representative of effort, will have been well spent indeed.

Our friends who decry the embarkation of Government into this field of private industry and say that this is but the entering wedge are perhaps right, but the wedge has already entered. Under the late Republican administrations the great Boulder Dam project of the Colorado River came into life and being, and it is my hope that when the finances of this Nation may be in better repair we may go one step further so that the four corners of the country may find representation in the great field of power to turn the wheels of industry as time rolls on, and when that day comes not only will Niagara in the Northeast and Muscle Shoals in the Southeast and Boulder Dam in the Southwest be living examples of what cheap power can do for the people but the great Columbia River in my own State will be pouring its billions of gallons of water over the greatest project of all time to build and create the greatest empire within this Nation.

Oh, they say that our great President who has envisioned this project is a dreamer and has only dreamed a dream. As I grow older I wonder sometimes if the practical men and the great engineers are not the intangible and uncertain things of life, and dreams, the tangible things. Dreamers have ever been derided and decried, and yet the great dreams of the world have continued to come true.

I am reminded of the great dreamer who more than 400 years ago sailed across a storm-tossed sea, and Columbus discovered a new country. Washington dreamed a dream at Valley Forge, and, from that dream envisioned there burst forth the Stars and Stripes and the hopes and aspirations of a free people. Lincoln dreamed a dream, and, when the roar of cannon stilled, that dream came true and in its realization struck the shackles from 4,000,000 slaves. Only a little way from here and a few short years ago, two dreaming mechanics dreamed a dream, and men learned to fly. Edison dreamed a dream, and a world of darkness burst forth into light. Marconi dreamed a dream, and music filled the air; and if this dream that is here decried today may yet come true to lift the burdens from the weary backs of those who toil and bring some light and happiness and gladness into a sore, distressed, and weary world, that dreamer's name will be enshrined forever in the hearts of all mankind.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from New York [Mr. PEYSER].

Mr. PEYSER. Mr. Speaker, as a new member of the Committee on Military Affairs I have listened attentively to the remarks, both during the hearings and the executive sessions, on the Muscle Shoals and Tennessee River proposition.

I come from a district far removed from the project which is involved in this legislation, but I cannot conscien-

tiously get from under the proposition which has been looked into and advocated so strongly by the President of the United States.

It is my intention to support the President, as I supported him in the past, believing that this is only part of the general program he has mapped out. If this is one of the eight or more structures that he proposes to use to build up our Government again I am not going to weaken any part of that entire proposition. I am going to follow him right through, because I believe that the success which will follow the adoption of this measure will develop along the same lines in other parts of the country, which will be for the benefit of most of the people and for the most good.

I have listened to the arguments advanced by the opponents on the other side of the room, and I know that this is not a party program, as is evidenced by the fact that a similar measure has been supported by several Members on the Republican side of the House who are present in this Congress. I refer to the minority leader, Representative SNELL, and Representative WADSWORTH during the time he was a United States Senator.

I will not enter into the discussion of the technical side of the Muscle Shoals development for the reason that other members of the committee which has this bill in charge have been delving into its history for many years past. My only idea is to cover, in these few remarks to you, the belief that as a general proposition and as an experiment that it is worth the trial, in the effort to salvage the investment that the Government at present has in this development.

As stated previously, it is my intention to vote for this measure, and I have given you my reasons for so doing. I sincerely trust that as many of my colleagues as can see their way clear to support it will do so.

Mr. McSWAIN. Mr. Speaker, may I ask how the time stands for our benefit on Monday, for I think we have gone this afternoon as far as we can?

The SPEAKER pro tempore (Mr. MARTIN of Oregon). The gentleman from South Carolina has 2 hours and 2 minutes remaining, and the gentleman from Michigan has 2 hours and 9 minutes remaining.

ADJOURNMENT

Mr. McSWAIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 27 minutes p.m.) the House adjourned until Monday, April 24, 1933, at 12 o'clock noon.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. O'MALLEY: A bill (H.R. 5171) authorizing the Postmaster General of the United States to issue a series of special postage stamps in commemoration of the three hundredth anniversary of the white man's discovery of Wisconsin; to the Committee on the Post Office and Post Roads.

By Mr. BUSBY: A bill (H.R. 5172) to declare a monetary policy and regulate the value of money in accordance with paragraph 5, section 8, article I, of the Constitution of the United States, to provide for the maintenance and stabilization of the gold standard, and for other purposes; to the Committee on Banking and Currency.

By Mr. DREWRY: A bill (H.R. 5173) granting the consent of Congress to the State Highway Commission of Virginia to maintain a bridge already constructed to replace a weak structure in the same location across the Staunton and Dan Rivers, in Mecklenburg County, Va., on United States Route No. 15; to the Committee on Interstate and Foreign Commerce.

By Mr. KNUTSON: A bill (H.R. 5174) to set aside certain lands for the Leech Lake Band of Chippewa Indians in the State of Minnesota; to the Committee on Indian Affairs.

By Mr. LLOYD: A bill (H.R. 5175) to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods; to the Committee on Flood Control.

By Mr. McSWAIN: A bill (H.R. 5176) to authorize the Secretary of War or the Secretary of the Navy to withhold the pay of officers, warrant officers, and nurses of the Army, Navy, or Marine Corps to cover indebtedness to the United States under certain conditions; to the Committee on Military Affairs.

By Mr. PARKER of Georgia: A bill (H.R. 5177) to revive and reenact the act entitled "An act authorizing the South Carolina and the Georgia Highway Departments to construct, maintain, and operate a toll bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.", approved May 26, 1928; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 5178) for the relief of Verald M. Drake and his dependents; to the Committee on Naval Affairs.

By Mr. CALDWELL: A bill (H.R. 5179) granting an increase of pension to Alda E. Ramm; to the Committee on Invalid Pensions.

By Mr. COLLINS of California: A bill (H.R. 5180) granting a pension to Deborah Hacklander; to the Committee on Pensions.

By Mr. DOWELL: A bill (H.R. 5181) granting a pension to Emily Knauer; to the Committee on Invalid Pensions.

By Mr. DREWRY: A bill (H.R. 5182) for the relief of George R. Slate; to the Committee on Military Affairs.

By Mr. HILDEBRANDT: A bill (H.R. 5183) for the relief of C. B. Dickinson; to the Committee on Claims.

By Mr. HOLLISTER: A bill (H.R. 5184) for the relief of Sevellon Smith; to the Committee on Military Affairs.

By Mr. JOHNSON of West Virginia: A bill (H.R. 5185) granting an increase of pension to Malinda J. Jacobs; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5186) granting a pension to Cora C. O'Neill; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5187) granting a pension to Margaret J. McClure; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5188) granting an increase of pension to Mary E. Pritchard; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5189) granting a pension to Flora Coulter; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5190) granting back pay to Auguste C. Loiseau; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 5191) granting an increase of pension to Nannie Queen; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5192) granting a pension to Samuel Edwards; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5193) granting an increase of pension to Sarah L. Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5194) granting an increase of pension to Hannah Gibbs; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5195) granting a pension to Unoca Ferguson; to the Committee on Invalid Pensions.

By Mr. KNUTSON: A bill (H.R. 5196) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County, in the State of Minnesota; to the Committee on the Public Lands.

Also, a bill (H.R. 5197) granting a pension to Louis Qual; to the Committee on Pensions.

By Mr. LLOYD: A bill (H.R. 5198) for the relief of William Fenwick Howey; to the Committee on Claims.

By Mr. MERRITT: A bill (H.R. 5199) granting a pension to Veronica Zolyomy; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 5200) for the relief of Wallace Hensley Welch; to the Committee on Naval Affairs.

By Mr. REID of Illinois: A bill (H.R. 5201) for the relief of Luke Francis Brennan; to the Committee on Naval Affairs.

By Mr. WILCOX: A bill (H.R. 5202) for the relief of Frank Anderson; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

640. By Mr. BACON: Petition of 3,258 citizens, nearly all residing in New York, protesting against any change in immigration laws to permit admission of aliens, outside of quota, belonging to political refugee classes; to the Committee on Immigration and Naturalization.

641. By Mr. CARTER of California: Assembly Joint Resolution No. 9, State of California, memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

642. By Mr. JOHNSON of Minnesota: Resolution from the commander on behalf of the Veterans of Foreign Wars, stating opposition to naval appropriations with provisos; to the Committee on Naval Affairs.

643. Also, resolution protesting the removal of the Hydrographic Office, Navy Department, from Duluth, Minn., by the Chamber of Commerce of Duluth; to the Committee on Naval Affairs.

644. Also, resolution from the Railway Mail Post, No. 23, American Legion, at St. Paul, Minn., asking that postmasters in first-, second-, and third-class offices be placed under civil service; to the Committee on the Post Office and Post Roads.

645. By Mr. JOHNSON of Texas: Resolution unanimously adopted by the Legislature of the State of Texas, urging removal of the Federal tax on gasoline; to the Committee on Ways and Means.

646. By Mr. JOHNSON of Minnesota: Petition protesting against House bill 3769, now in committee; to the Committee on Interstate and Foreign Commerce.

647. By Mr. KENNEY: Petition of unemployed associations of Bergen County, N.J.; to the Committee on Labor.

648. By Mr. LINDSAY: Petition of Creed A. Neeper, New York City, urging support and passage of the home mortgage bill, S. 1317; to the Committee on Banking and Currency.

649. Also, petition of National Fertilizer Association, Inc., Washington, D.C., concerning House bill 5081; to the Committee on Military Affairs.

650. Also, petition of National Association of Postal Supervisors, Branch 100, New York City, opposing retirement of Federal employees after 30 years' service; to the Committee on the Civil Service.

651. By Mr. RUDD: Petition of Creed A. Neeper, New York City, favoring the passage of Senate bill 1317, the home mortgage bill; to the Committee on Banking and Currency.

652. By Mr. WELCH: Petition of California State Legislature, Assembly Joint Resolution No. 24, relative to memorializing the Congress of the United States to enact a moratorium on foreclosures of real property mortgages and on sales under deeds of trust on real property; to the Committee on Banking and Currency.

653. Also, petition of California State Legislature, Assembly Joint Resolution No. 9, relative to memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

SENATE

MONDAY, APRIL 24, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. KENDRICK. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Capper	Dickinson
Ashurst	Borah	Caraway	Dieterich
Austin	Bratton	Connally	Dill
Bachman	Brown	Coolidge	Duffy
Bailey	Bulkley	Copeland	Erickson
Bankhead	Bulow	Costigan	Fletcher
Barbour	Byrd	Couzens	Frazier
Black	Byrnes	Cutting	George
Glass	Logan	Patterson	Thomas, Okla.
Goldsborough	Lonergan	Pittman	Thomas, Utah
Gore	Long	Pope	Townsend
Hale	McAdoo	Reed	Trammell
Harrison	McCarran	Reynolds	Tydings
Hastings	McGill	Robinson, Ind.	Vandenberg
Hatfield	McKellar	Russell	Van Nuys
Hayden	McNary	Schall	Wagner
Johnson	Murphy	Sheppard	Walcott
Kean	Norbeck	Shipstead	Wheeler
Kendrick	Norris	Smith	White
Keyes	Nye	Steiwer	
King	Overton	Stephens	

Mr. KENDRICK. I wish to announce that the Senator from Missouri [Mr. CLARK], the Senator from West Virginia [Mr. NEELY], the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

Mr. COOLIDGE. I wish to announce that my colleague the senior Senator from Massachusetts [Mr. WALSH] is absent on official business as a member of the Board of Visitors to the United States Naval Academy. I ask that this announcement may stand for the day.

Mr. CUTTING. I wish to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] will be absent from the Senate today on account of illness in his family. I desire this announcement to stand for the day.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

FUNCTIONS OF THE TREASURY DEPARTMENT (S.DOC. NO. 42)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions of the Treasury Department, including accounting, disbursing, collecting, purchasing, and personnel administration, together with the authority for the performance of the several functions, and, insofar as practicable, the annual costs thereof, which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE RECONSTRUCTION FINANCE CORPORATION (S.DOC. NO. 41)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Reconstruction Finance Corporation, submitting, in response to Senate Resolution 351, Seventy-second Congress, a report of the various functions of the Reconstruction Finance Corporation, including accounting, disbursing, collecting, purchasing, and personnel, together with the authority for the performance of each function and the annual cost thereof, which, with the accompanying statements, was ordered to lie on the table and to be printed with illustrations.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Appropriations:

Senate Joint Memorial 6 (by Senators Herrin, Knous, Sanders, Peiffer, Ehrhart, Smith, Hill, Rumbaugh, Houston, Nelson, Manly, Unfug)

A memorial memorializing the Congress of the United States to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the Mineral Leasing Division of the United States Geological Survey

Whereas the Congress of the United States on February 25, 1920 (41 Stat. 437), on June 4, 1920 (41 Stat. 812), and March 4, 1923 (42 Stat. 1448), and under special agreement by the United States passed certain laws regulating production of oil, gas, coal, and nonmetallic minerals on the public domain; and

Whereas one of the provisions of the act of February 25, 1920, provides that 10 percent of all moneys collected as royalties, bonuses, and rentals shall be paid into the Treasury of the United States and credited as miscellaneous receipts, and that 37½ percent shall be paid by the Secretary of the Treasury after the expiration of the fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, and that 52½ percent shall be paid into, reserved, and appropriated as a part of a reclamation fund created by act of Congress approved June 17, 1902; and

Whereas the State of Colorado and other Western States own a large number of tracts of land within and adjacent to the lands

of the United States, and which said lands are in grave danger of being damaged by reason of the improper drilling, mining, and producing operations, and lack of efficient supervision in the event the said Mineral Leasing Division of the United States Geological Survey is rendered less efficient by reason of the appropriation of insufficient funds by the Congress of the United States for continuing efficient and proper field supervision of said operations, and thereby both the National and State Governments will suffer by reason of lack of careful drilling and mining operations and production by irresponsible and careless operators; and

Whereas the said Mineral Leasing Division is one of the few agencies of our Government which is self-supporting and which uses only approximately 5 percent of the money collected by the Government in its supervisory operations: Now, therefore, be it

Resolved by the Twenty-ninth General Assembly of the State of Colorado, That the general assembly hereby urge and request that the Congress of the United States of America make the appropriations for the Mineral Leasing Division of the Geological Survey sufficient to enable the said division to function efficiently for the protection of the oil, gas, coal, and nonmetallic mineral resources of the Western States of the United States, which States are vitally interested both directly and indirectly in the conservation of our oil, gas, coal, and nonmetallic mineral resources; be it further

Resolved, That copies of this memorial be sent to the President of the United States, the Honorable Franklin D. Roosevelt, the Vice President of the United States, the Secretary of the Interior of the United States, the Speaker of the House of Representatives of the United States, the Director of the Bureau of the Budget of the United States, to the United States Senators and Representatives of the State of Colorado, and to the Governors of the several Western States.

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of California, memorializing Congress to enact legislation providing that all patent rights for arms, munitions, and other equipment to be used for war purposes should be acquired by the Government and that the subject be presented at future international disarmament conferences, which was referred to the Committee on Patents.

(See joint resolution printed in full when presented by Mr. JOHNSON on the 22d instant, p. 2136, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of California, memorializing Congress to enact legislation providing a moratorium on foreclosures of real-property mortgages and on sales under deeds of trust on real property, which was ordered to lie on the table.

(See joint resolution printed in full when presented by Mr. JOHNSON on the 22d instant, p. 2136, CONGRESSIONAL RECORD.)

He also laid before the Senate the petition of Local Union, No. 293, Sheet Metal Workers International Association, of Pasadena, Calif., praying for the greatest possible consideration of the question of discontinuing vocational education in the public schools before any action is taken thereon, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Twenty-eighth Ward Taxpayers' Protective Association, of Brooklyn, N.Y., favoring the restoration of the former rate of 2 cents per ounce on first-class mail matter, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Harry Boland Council, American Association for the Recognition of the Irish Republic, of New Rochelle, N.Y., favoring insistence by the Government on full, regular, and prompt payment of European indebtedness to the United States, which was referred to the Committee on Finance.

He also laid before the Senate two petitions and a letter in the nature of a petition signed by 133 citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 7 memorials, 5 telegrams, and 12 letters in the nature of memorials from 470 citizens and organizations in the State of Louisiana, and letters from one citizen each of Minnesota, Pennsylvania, and Texas, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution of the Board of Supervisors of the City and County of San Francisco, Calif., favoring the setting aside of April 30 as Presidential Day as an expression of confidence in, and approval of the actions of, the President of the United States, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the County of Los Angeles, Calif., approving in substance the provisions and purpose of the so-called "Black bill", providing for the establishment of a 5-day, 30-hour work week, which was ordered to lie on the table.

He also laid before the Senate a letter in the nature of a memorial from Anna Jarvis, of Mother's Day, Inc., of Philadelphia, Pa., remonstrating against the adoption of the resolution (S.Res. 16, submitted by Mr. COPELAND on March 10, 1933), favoring an expression on Mother's Day of our love and reverence for motherhood, which was ordered to lie on the table.

He also laid before the Senate resolutions adopted by the board of directors of the Knoxville (Tenn.) Chamber of Commerce, deploring the attitude of the United States Chamber of Commerce in its expressions with respect to the Muscle Shoals project and the construction of the Cove Creek Dam, up to and including the year 1931, and the recent statements of Mr. Harriman, president of the United States Chamber of Commerce, in opposition to the development of natural resources, etc., and commending President Roosevelt for his intensive interest in the development of the Tennessee Valley, which were ordered to lie on the table.

EXECUTIVE REPORT OF THE FOREIGN RELATIONS COMMITTEE

As in executive session,

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of James B. Young, of Pennsylvania, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America, which was ordered to be placed on the Executive Calendar.

NOMINATIONS OF BRECKENRIDGE LONG AND SUMNER WELLES

Mr. PITTMAN. Mr. President, I should like to have the attention of the Senator from Oregon to the matter I am about to bring before the Senate. I want to ask unanimous consent, as in executive session, to present two reports from the Committee on Foreign Relations, the first recommending that the Senate advise and consent to the nomination of Breckenridge Long, of Missouri, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Italy, and the second recommending the confirmation of the nomination of Sumner Welles, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Cuba.

I will state that there is a desire that these nominations should be immediately confirmed, and I ask that they may be confirmed at this time.

Mr. McNARY. Mr. President, the Committee on Foreign Relations has given due consideration to these nominations?

Mr. PITTMAN. It has, the report is unanimous, and no protests whatsoever have been filed.

Mr. McNARY. Very well.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, without objection, the nominations are confirmed.

Mr. PITTMAN. I ask that the President be notified.

The VICE PRESIDENT. Without objection, the President will be notified of the confirmation of the nominations.

PRINTING OF MANUSCRIPT "CONTRACTS PAYABLE IN GOLD"

Mr. HAYDEN. From the Committee on Printing I report back favorably Senate Resolution 62, submitted by the Senator from Minnesota [Mr. SHIPSTEAD], authorizing the printing as a Senate document of the manuscript entitled "Contracts Payable in Gold", and I ask unanimous consent for its present consideration.

There being no objection, the resolution (S.Res. 62) submitted by Mr. SHIPSTEAD on the 21st instant was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the manuscript entitled "Contracts Payable in Gold", by George Cyrus Thorpe, showing the legal effect of agreements to pay in gold, be printed as a Senate document.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. McNARY:

A bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land; to the Committee on Indian Affairs.

By Mr. HARRISON:

A bill (S. 1514) authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.; to the Committee on Finance.

By Mr. COPELAND:

A bill (S. 1515) granting permits for the importation or manufacture for nonbeverage purposes of spirituous liquors of particular kind or quality where the supply in the United States is insufficient to meet the current need therefor; to the Committee on Finance.

A bill (S. 1516) for the relief of Michael Bello; to the Committee on Claims.

A bill (S. 1517) for the relief of Louis Kusnitz; to the Committee on Military Affairs.

By Mr. BRATTON:

A bill (S. 1518) providing for waiver of prosecution by indictment in certain criminal proceedings; to the Committee on the Judiciary.

By Mr. BULKLEY:

A bill (S. 1519) for the relief of Theodore Torok; to the Committee on Claims.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the emergency relief and construction act of 1932, which was referred to the Committee on Banking and Currency and ordered to be printed.

CONTROLLED INFLATION

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject of the so-called "Thomas amendment" and controlled inflation, delivered by the senior Senator from Nevada [Mr. PITTMAN] over the radio on April 22, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience of the United States, the most important subject now before the Congress of the United States—and I may go farther and say the most important question that has faced our country since the World War—is the question of currency inflation now pending.

Before going into a discussion of this subject, please permit me to express my gratitude to the Columbia Broadcasting network and those acting with it for this opportunity of attempting to explain to you the great problem of controlled inflation.

I am deeply appreciative also of the very generous introduction of my distinguished friend and popular broadcaster, Mr. Frederic William Wile.

Now to the subject of controlled inflation: In order that you may understand, first, the necessity for the inflation of our currency, I will give you a brief history of the condition of our circulating media, the rise in the value of the purchasing power of our dollar, and the relative fall in the price of commodities.

And let us remember that while the dollar purchases the products of the farm, labor, and other property, that those who must have the dollar with which to pay their debts and their taxes and to obtain the necessities of life must purchase the dollar with their commodities, their labor, or their property. When money is scarce, you have to pay more for it in labor, commodities, and lands.

We may therefore either say that the value of a dollar is too high or we may express the same thought by saying that the value of products or commodities or land is too low. Today, for instance, cotton, wheat, meats, wool, and other products, and lands are worth only about one half what they were prior to 1930. In other words, at the present time you must give about twice as much of these things to obtain a dollar as you did prior to 1930.

It is perfectly evident, then, that if you wish to change the conditions that now exist and return to the conditions that existed prior to 1930, then you must raise commodity prices and land values as measured by the dollar to what they were prior to 1930. If this is done, the result is the deflation of the dollar to the extent of practically one half. Expressed in another way, the dollar will then buy only half as much as it will now, and products and lands will purchase twice as many dollars as they now purchase. This can be accomplished through reflation of our currencies.

Everybody in the United States should desire the accomplishment of this result. It would benefit everyone. It would allow the producer a surplus over the cost of production, with which he could purchase not only the bare necessities of life but those manufactured articles and other things that are necessary to our high standard of living and make for health, comfort, education, and happiness. It would restore prosperity to our country, and it seems, in view of our past experience and the failure of our futile remedies, that such is the only method that will accomplish the restoration of prosperity.

I am assigned the topic of "controlled inflation."

This, in reality, means the same as "reflation", or expansion of our currencies and our credits to the point where they existed, on the average, prior to 1930. We must remember, in speaking of reflation, or controlled inflation, that there has been a tremendous deflation in circulating media, credits, and values since 1929.

As far as currencies are concerned, there is as large a quantity of currencies in the United States as there was prior to 1930, but such currencies are not circulating in trade and commerce. They are not in the possession of the people. They are locked up in the banks of the country in the form of capital and deposits. Banks have been refusing to lend money because loans were not safe, so they claimed, while commodity values and other values were decreasing and unemployment was increasing.

We have attempted, through every form of legislation, not only to empower the banks to lend money but to induce them to make loans for the purpose of stopping the disastrous liquidation, and also to enable self-liquidating projects to be constructed. All of these efforts and all of these schemes and devices and all of this legislation have failed to accomplish the purpose for which they were intended.

The banks that were members of the Federal Reserve System of the country had eligible paper——that means good securities—that could be rediscounted at the Federal Reserve banks for Federal Reserve notes of a value of $4,000,000,000. The banks did not avail themselves of this large potential money issue because they did not need Federal Reserve notes, as they were not making loans to the people of the country.

Then came the Glass-Steagall bank bill, which permitted member banks to use Government bonds as security—or, in other words, as eligible paper—upon which to obtain currency from the Federal Reserve banks. This act practically doubled the eligible securities of the member banks. Yet they did not avail themselves of this enormous power to get currency from the Federal Reserve banks and circulate it through loans in the United States. Only an insignificant amount of this currency was ever called for.

And after the passage of that act conditions in the country got steadily worse. Some banks not only refused to make loans, but at the time they accumulated reserves of money 2 or 3 times the amount required by law. It is true that they had a good excuse for holding this money out of circulation. They contended that they had to keep enough money on hand to meet the demands of the depositors—in other words, to meet runs on their banks.

This currency, while in existence, and, according to the Treasury reports, in circulation, was, in fact, not in circulation, and is not now in circulation, but is as useless to the people of the country as though it were locked up in the vaults of the Treasury or sunk in the bottom of the ocean.

But we are told that the chief circulating medium of this country is not currency but checks and drafts. Well, what has happened to checks and drafts? Prior to 1930 the daily turnover was about $13,000,000,000. The average for the last several months has been about one fourth of that amount. Check and draft turnovers depend upon purchases by depositors, and depositors have not been purchasing. Depositors cannot be blamed because, like the bankers, they could not safely use their money. When the value of everything is falling, they will not take the chance.

The only person or institution apparently that can afford to take the chance of expanding currency and credit is the people's Government. It has to take the chance because it is acting for all of the people, and because without the inflation of currencies, credits, and values, our Government, as well as our people, will continue their rapid spiral downward to economic and social destruction.

There are a few holders of vast fortunes in our country who are fighting the increase in the price of cotton, wheat, and other products because, as they argue, they will then have to pay many more of their dollars for such products. This is a narrow-minded argument. Their money will be worth nothing to them if the 30,900,000 people who depend upon agriculture for their purchasing power, and the 26,000,000 of men, women, and children who depend upon labor for their purchasing power continue to be nonpurchasers in our domestic market. Their factories will not be able to produce; their banks will not be able to lend; nor will they, as individuals or corporations, be able to produce or to lend.

The proposed Thomas amendment to the farm bill, in the form in which it was recast and introduced in the Senate on Thursday last, meets with the President's approval. Yesterday it met with a bitter attack by Senator REED, of Pennsylvania. He charged that it provided for an unlimited inflation; that the notes to be issued were greenbacks, like those issued in 1862. He presented some old arguments that have been presented for the last 3 or 4 years.

How much the passage of such an amendment may accomplish is subject to argument. What the "stand pat", do-nothing policy of the past 3 years did do, we know. Now, the amendment introduced by Senator THOMAS and approved by the President does not propose to issue greenbacks, or fiat currencies, nor is it a proposition for the unlimited issues of currencies, as was suggested by the Senator from Pennsylvania. It provides that the President, through the Secretary of the Treasury, may enter into agreements with the Federal Reserve banks, with the approval of the Federal Reserve Board, wherein such banks shall agree, out of their immense resources, to circulate $3,000,000,000 in Federal Reserve notes through the purchase in the open market of Government bonds, and through the purchase of Treasury bills. If these banks enter into such an agreement, and so expand such currency, and it results in raising commodity prices, restoring employment, and starting prosperity, then that will be the end of the currency inflation. If these banks refuse to enter into such an agreement, and refuse to use their resources and instrumentalities to meet the emergency, then the President will cause the Treasury Department to issue Treasury notes, not in excess of $3,000,000,000, with which to accomplish the purpose that such Federal Reserve banks refuse to undertake. Again, as the restoration of prosperity through the raising of commodity prices to a reasonable level is the aim of the President, he will, of course, utilize the power granted to him by Congress to issue such part of the $3,000,000,000 in Treasury notes as is necessary to accomplish the purpose intended.

In other words, the total power of inflation granted to the President under the amendment is only $6,000,000,000, with the possibility, and we hope the probability, that only half of this sum will be required to bring about the desired and necessary ends. Even with the circulation of the entire $6,000,000,000 there would still be less circulating media in the country than there was in 1928 and 1929.

Under the proposed amendment the proposed issue will not be greenbacks or any other form of fiat unsecured money. If the $3,000,000,000 is issued by the Federal Reserve banks, it will be in Federal Reserve notes secured to the extent of 40 percent by gold. If it be Treasury notes, then they will have behind them the same security as we have behind our Government bonds, and will be full legal tender for all debts, public and private.

In addition to that the amendment provides that there shall be appropriations for the annual retirement of 4 percent of such Treasury notes; in other words, all of such notes will be retired within 25 years. Nor is this all. These notes may be issued only for the purpose of purchasing the maturing obligations of the Government, such as bonds and Treasury bills. The obligations of the Government will be no greater by the issuance of these notes than they were before the notes were issued, because with the issuance of the notes an equal value of other Government obligations are retired and canceled. The difference is that the bonds and other obligations that are retired by the exchange of these notes are interest-bearing, while the notes that are issued will be non-interest-bearing.

Again, the bonds are not a circulating medium, while the notes will be. It is not the policy of the Government to permit any undue or sudden inflation of currencies, credits, and values; and it has ample power to prevent such an occurrence.

There is another power granted to the President in the proposed amendment which provides that the President may fix the weight of the gold dollar if he finds from investigation that it is necessary for the protection of our foreign commerce against the adverse effect of the depreciated moneys or currencies of other governments. It is universally admitted that our foreign commerce is now suffering from such cause. Great Britain and some 39 other countries are off the gold standard. Their currencies, such as the pound sterling, have depreciated in value in international trade from 30 to 60 percent. The value of such currencies in international trade is measured by their exchange value for gold. For instance, prior to September 1931, the British pound sterling would buy $4.86 worth of gold. Today it will purchase about two thirds as much gold. Therefore in international trade the value of the pound sterling has fallen around one third.

These countries of cheap money and cheap currencies can buy foreign products for less in countries of depreciated currencies than they can in the United States. But when these countries, with their products, buy the dollar they can take it back to their own countries and purchase from one third to two thirds more of their own currency.

Since the President's proclamation placing the embargo on the exportation of gold the value of the dollar in international trade has fallen or depreciated. This depreciation of the dollar has caused depositors to use their money to purchase products and property, with the result that commodity prices and stocks and lands have increased in value. The proposed amendment will further reduce the value of the dollar by comparison with products, and therefore depositors, anticipating this, are buying products and lands. This is a step in the right direction. It is what has been sought for the past 3 years. It will restore confidence in our values; it will loosen up money. It will start the wheels of industry and the employment of men and women. It will undoubtedly cause a steady and continuous increase in property values. Our people need not expect any wild inflation, which is commonly designated as "a boom." We want no such boom. The reaction from it would be too great. The President will not permit it.

And yet this race among governments to cheapen their money, so that they may obtain an advantage in international trade as against their competitors of higher-valued money, must necessarily cease. The end of such a race, unless soon stopped, will reach the point where moneys are so unstable and valueless that we will be driven to the recourse of barter in trade. The action of our Government is a demonstration of the necessity for the adjustment and stabilization of the moneys of the countries engaged in international trade.

The provision granting the power to the President to fix the weight of gold enables him to meet any depreciation in the currency of any government. It is a power that he would deeply regret to be compelled to use. It is a power that he would never use unless the actions of other governments made it absolutely necessary to the preservation of our foreign trade. It is a power that he should have, and that, in my opinion, is necessary when our Government enters the coming economic conference. It gives him power at such conference not only to meet any move by any other government, but to agree with other governments on a fixed value for the currencies of each of such governments in international trade. If the hands of the President are tied, then God help our country. The President deserves the confidence and trust of the American people.

There is another provision in the amendment which authorizes the President to accept silver at a value of not to exceed 50 cents an ounce in payment of foreign debts, and not to exceed $100,000,000 worth in the aggregate.

This may be of value to foreign governments in meeting payments due prior to the economic conference. We know that these governments deplore the necessity of repudiating their debts. We give due weight to their arguments that they have not the gold to safely transfer, and we do not desire to accept their commodities in payment.

The British Government for India owes Great Britain approximately $30,000,000. Such Government, so we are credibly informed, desires to pay Great Britain in silver, the market price of which today is under 50 cents an ounce. Great Britain owes the United States $74,950,000 as interest on June 15. Under the terms of the amendment Great Britain can pay this debt in silver. The United States, in the event of accepting this silver, would coin $74,950,000 in standard silver dollars and subsidiary coinage, issuing and circulating silver certificates as against the dollars.

The acquisition of this silver by the United States would reduce the oversupply of silver in the markets of the world derived from the melting up of silver coins by India and tend to increase the price of silver, which would greatly enlarge our export market with China, India, South America, and other silver-using countries. No one would lose by this transaction, while the United States and Great Britain would surely gain. Let all of our citizens stand with the President in his fight against depression.

SENATOR LA FOLLETTE'S EFFORTS FOR EMERGENCY RELIEF

Mr. CUTTING. Mr. President, I ask unanimous consent to have placed in the RECORD an article from the Capital Times, of Madison, Wis., of the issue April 15, 1933, on the subject of the efforts of the senior Senator from Wisconsin [Mr. LA FOLLETTE] to obtain unemployment relief.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Capital Times, Madison, Wis., Apr. 15, 1933]

THE STORY OF BOB LA FOLLETTE'S GALLANT, UPHILL FIGHT FOR RELIEF

Passage of the bill to provide $500,000,000 of Federal funds to relieve human suffering marks the first major victory since the collapse of 1929 for millions of men, women, and children who have been the chief casualties of the depression.

The fight for this legislation has lasted more than 3 years. It began in the winter of 1929–30, when BOB LA FOLLETTE, of Wisconsin, demanded on the floor of the United States Senate that the Federal Government, not the local taxpayers of States, counties, and cities, should assume the primary burden of human relief.

For 3 years, in four sessions of Congress, Senator LA FOLLETTE has fought unceasingly for this principle against tremendous odds.

His battle has been waged for a twofold program. He has insisted (1) that Washington could not shirk its share of the responsibility for the relief of the victims of a depression resulting primarily from mistaken policies of the Federal Government; (2) that the Federal Government should launch a Nation-wide program for useful public works to provide jobs for the unemployed, stimulate business, and check deflation.

On March 30 the United States Senate reversed itself by passing, 53 to 17, the $500,000,000 Federal relief bill drafted by Senators LA FOLLETTE, COSTIGAN, and WAGNER. This measure follows the terms of the La Follette-Costigan bill, twice rejected in the Senate at previous sessions.

After final action by Congress the bill will go to the White House. There it is assured of approval from the successor of Herbert Hoover, who stood like a rock against Federal aid for the unemployed through three winters of starvation.

LIFTING THE WHITE HOUSE EMBARGO ON PUBLIC WORKS

Almost simultaneous with Senate approval of the La Follette-Costigan relief plan comes the heartening news that President Roosevelt will scrap another Hoover policy by lifting the White House embargo on public-works legislation.

Under the Hoover regime, the main reliance of the Federal Government to "revive prosperity" was placed upon balancing the

Budget, cheese-paring economy, and other devices to stimulate the stock market and "restore confidence."

President Roosevelt apparently has the wisdom to see that we have had enough of psychological remedies and that the people rightfully expect their Government to provide actual jobs for those who are willing to work.

When the public-works program outlined by the President is undertaken on a national scale, the administration will have come up to the position LA FOLLETTE, of Wisconsin, has occupied throughout the depression. It will have virtually adopted the program LA FOLLETTE has strongly defended against the sniping attacks of the Nation's press, the Insulls, the Mitchells, and the other spokesmen for Wall Street who have dictated Federal policy before and since the crash in 1929.

The story of LA FOLLETTE'S fight to get the attention of Government officials at Washington off the banks, the railroads, and big insurance companies long enough to see the havoc wrought in wrecked homes and broken families, and his insistence upon fundamental remedies to recreate purchasing power as the essential step toward a balanced prosperity, are embedded deeply in the public records of the last 3 years.

IN 1931 LA FOLLETTE BROUGHT FORWARD PROGRAM

Beginning at the December session of Congress in 1929, LA FOLLETTE started his militant opposition to the Hoover policies and brought forward a clear-cut alternative program for national reconstruction.

At the opening session, within 60 days after the stock-market crash, the President asked Congress to rush through a bill to reduce Federal taxes by $160,000,000 on incomes for 1929, on which taxes were already payable. The avowed intent of this legislation was to "peg" the falling stock market by reducing the payments for big income and corporate taxpayers.

LA FOLLETTE opposed the bill on the Senate floor, warning that the depression was too serious to be checked by sleight-of-hand methods. He demanded that taxes already payable under existing law should be collected to meet the need for genuine relief which he foresaw would be necessary.

When President Hoover announced at the White House on March 8, 1930, that the crisis was past and predicted that unemployment would cease to be a problem "within 60 days", LA FOLLETTE challenged the statement and continued his uphill fight to force Congress to enact remedial legislation.

During the recess before Congress convened in December 1930 the Senator from Wisconsin sent out questionnaires to the mayors of all cities of 5,000 population and over to get the real facts concerning unemployment conditions in every section of the country. Using the replies to this inquiry and telegrams furnished him by President Green, of the American Federation of Labor, from central labor boards throughout the United States, he succeeded at the 1930 session in forcing administration officials in charge of relief and construction to appear before the Senate Appropriations Committee in January 1931. His analysis of their testimony belied the administration's claim that prosperity was "just around the corner."

A BREACH OF FAITH WITH THE AMERICAN PEOPLE

LA FOLLETTE took the floor in the Senate February 10, 1931, to protest vigorously against adjournment of Congress on March 4 without the enactment of Federal relief legislation. He said:

"The evidence is overwhelming that the urban centers are now suffering from a more serious economic crisis than has ever confronted the country. * * * With at least 6,000,000 unemployed, with another 5,000,000 on part time, it is a very conservative estimate to say that, with their dependents, at least 22,000,000 people are affected.

"To fail to provide any relief for this great group is a breach of faith with the American people. * * * This is the second winter of unemployment. As shown in the survey which I presented to the Senate from 303 cities scattered over 41 States of the country, it is evident that many communities have already exhausted the resources of voluntary contributions. * * * It has been argued in this controversy by those supporting the administration that the local communities should be called upon to take care of the unemployed.

"I, for one, cannot see the logic of that argument for two reasons: First, because if any governmental entity is responsible, or has had any share of responsibility in producing this economic crisis, then surely it is the Federal Government. The governments of the cities and the governments of the various States cannot be said to have enacted legislation which has contributed to the present business depression. It is only the Federal Government, in enacting legislation affecting economic conditions in the country, which has any responsibility in this matter; and yet it is argued that Congress is the one governmental agency which should not afford any assistance in the existing crisis.

"Secondly, Mr. President, to throw the entire burden upon the cities is to place it entirely upon real and tangible property. Those who derive their income from stocks and bonds and other forms of securities will go scot free. We leave it to their generosity to determine the amount of their contribution in meeting the demands of suffering and distress. Upon the homes of workingmen who are out of work, upon the little corner grocery, and the small property owner the administration contends the entire burden should fall.

"Mr. President, there has been much talk about a dole in the present situation, but up until this time I have not had anyone supporting the administration's policy explain to me the difference between a dollar appropriated by a city or a county or a dollar appropriated out of the Federal Treasury."

MARSHALLING THE EVIDENCE OF ACUTE DISTRESS

During the recess in the summer of 1931, LA FOLLETTE continued his independent investigation, sending out a second questionnaire to mayors of cities. On December 9, 1931, a few days after the new Congress assembled, Senators LA FOLLETTE and COSTIGAN introduced separate bills for Federal relief, which were referred to the Committee on Manufactures, of which LA FOLLETTE was chairman.

Hearings on the bills were promptly ordered by Chairman LA FOLLETTE, continuing from December 28, 1931, over the Christmas recess to January 9. On January 21 the La Follette-Costigan bill (S. 3045), combining the two measures, was reported to the Senate, and on February 2 LA FOLLETTE succeeded in having the bill made the unfinished business before the Senate, the debate continuing for 2 weeks.

On February 2 and 3 LA FOLLETTE spoke for 5 hours, marshaling the evidence produced before the committee and compelling the Senate to listen to scores of cases of acute distress among the unemployed and their families.

It was this debate, led by Senators LA FOLLETTE and COSTIGAN, in which reactionary Republican and Democratic leaders were for the first time forced to face the facts and to admit the necessity of immediate Federal aid to cities and States whose treasuries had broken down under the demand for relief.

Unable longer to ignore the array of facts assembled at the committee hearings, old-guard Senators in both the Republican and Democratic camps sought to shift the issue by proposing loans to the States in lieu of the appropriation of $375,000,000 for direct emergency relief proposed in the La Follette-Costigan bill.

SPOKESMAN FOR PRESIDENT HOOVER BITTERLY DENOUNCED THE BILL

After Senator FESS, of Ohio, chairman of the Republican National Committee, and spokesman for President Hoover, had bitterly denounced the bill, Senator BORAH, of Idaho, spoke in reply. He said:

"Mr. President, we seem to have the philosophy of the senior Senator from Ohio in all its naked and hideous ugliness. He takes the position that the National Government should not aid the suffering, the needy, the sick, and the distressed, even though the local government is not taking care of them. * * *

"A few days ago we passed what is known as "the Reconstruction Finance Corporation measure." I do not question now the necessity. I challenge any Senator upon this floor to find the slightest sanction for that measure in any authority that is given to the Congress of the United States. * * * What I am complaining of is that men who voted to take money out of the Treasury of the United States to revive private business are now unwilling to take money out of the Treasury of the United States to preserve human life when we know it to be imperiled. * * *

"We have lodged governmental powers in the people of the United States. This is their Government. It was made for them. They defend it upon the field of battle; they give their lives for it; and when distress comes the Government owes something to the people. * * *

"The senior Senator from Ohio spent considerable time on the system of the dole. He left the floor without defining the dole. * * * There is no proposal here to pay a stated sum to individuals, regardless of whether or not they are in actual need.

"There is nothing proposed in the nature of a dole such as they have in England. * * * There is not the semblance of a dole here. * * * Mr. President, this is a practical proposition. Theory disappears when people are hungry. We may call it a dole, but they call it something to eat.

"I have read almost in full the hearings taken before the committee of which the able Senator from Wisconsin [Mr. LA FOLLETTE] is chairman. That committee did a fine and helpful thing in bringing out the real facts. If anyone thinks conditions have been exaggerated, let him read these hearings. * * * I do not believe conditions have been exaggerated. * * * I sometimes doubt if the Great War itself, with all its suffering and sacrifices, entailed greater misery and more agony of heart than these long, fateful days in the aftermath of war."

"NO MORE INTELLIGENT HEARINGS EVER CONDUCTED"—SENATOR JOHNSON

Senator JOHNSON, of California, took up the cudgels for the measure as the debate continued. He said:

"I want to yield the fullest meed of praise of which I am capable of expression to the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Colorado [Mr. COSTIGAN] for the magnificent work they have done in connection with the measure that is pending now before the Senate, and to say to them, too, that that work, no matter what may be the fate of the bill that is before us now, has not been done in vain.

"No more intelligent hearings, in my opinion, were ever conducted by a Senate committee than were conducted by the committee over which the senior Senator from Wisconsin [Mr. LA FOLLETTE] presides. No more informative hearings have ever been brought to this body than this bill has brought after the deliberations of the committee headed by the senior Senator from Wisconsin. * * *

"The difficulty with the legislation which has been passed thus far by the Congress in this depression has been that it has all begun at the top. * * * Now, sir, finally we come down to the bottom; we come down to those who are little able to aid them-

selves. * * * For the first time in the history of this depression, thanks to the ability and perseverance of Messrs. LA FOLLETTE and COSTIGAN, we are to deal with men and women and children who demand of the United States Government some sort of relief in this horrid period of distress."

PETITION DENOUNCING "COMMUNISTIC DOLE"

Senator REED of Pennsylvania attacked the bill, declaring the depression would soon end and that the sufferings of the people were not to be compared with those of former panics. Senator KEAN, of New Jersey, a multimillionaire financier, presented a petition from the New Jersey Taxpayers' Association, advocating a sales tax and denouncing the "communistic Costigan-La Follette dole from the Federal Treasury."

On February 16 the bill was defeated by a vote of 48 to 35. All the progressives of both parties in the Senate voted for its passage. For the bill were 19 Democrats, 15 Republicans, and 1 Farmer-Laborite, with 21 Democrats and 27 Republicans against it. Thus a majority of both parties voted to kill the measure.

After the defeat of the bill LA FOLLETTE obtained from the Manufactures Committee a favorable report on a substitute by Senator WAGNER, of New York, providing for reimbursable loans to the States rather than outright grants from the Federal Government. The Wagner bill was reported by LA FOLLETTE from committee on February 29, but the leaders in the Senate permitted no action upon it until it was incorporated in the Emergency Relief and Construction Act of July 21.

Upon the convening of the "lame duck" session of the Seventy-second Congress in December 1932 Senator LA FOLLETTE for the third time addressed a questionnaire to the mayors of cities. The La Follette-Costigan bill was reintroduced, and hearings were held before the Manufactures Committee from January 3 to 17, 1933. The bill was favorably reported on January 27, but on February 20 it was defeated for a second time by a vote of 44 to 28. The "lame duck" session adjourned without action to extend Federal aid to the millions of unemployed workers, estimated to number 12,000,000 toward the close of the fourth winter of the depression.

The bill which passed the Senate on March 30, 1933, abandons the "loan" principle of the Wagner bill of 1932 and provides $500,000,000 for direct grants to the States. Thus the basic principle of the La Follette-Costigan bill has been accepted. After 3 years of struggle the burden of relief is about to be shifted from local and State taxpayers to the Federal Government, which throughout the Hoover administration failed to provide, except by loans, a dollar of Federal funds to aid in the direct relief of the human victims of the depression.

LA FOLLETTE'S FIGHT WILL SAVE MILLIONS

The fight Senator LA FOLLETTE has made for 3 years in the United States Senate—on the floor, in committee, and during recesses of Congress—will not only mitigate human suffering and provide food for men, women, and children on the verge of starvation, but it will likewise reduce, by every dollar of the Federal expenditure, the crushing burden of taxation which the Hoover policy of local relief has saddled upon the owners of homes, farms, and other property subject to State and local taxation. In Wisconsin alone, LA FOLLETTE'S fight, which has been carried to complete victory, will save millions to local taxpayers.

During the campaign of 1932 Senator GLASS, of Virginia, and Alfred E. Smith named Senator LA FOLLETTE as one of the few men in Congress who had foreseen the gravity of the depression and brought forward adequate measures to combat it. The people of Wisconsin know that this remarkable record of their senior Senator has been written in the teeth of continuous misrepresentation and abuse from reactionary politicians and a mendacious press within and without the State.

Bob La Follette, the elder, met the same kind of opposition when, almost alone in the United States Senate, he resisted American entrance into the World War and foretold its economic consequences, from which we are suffering today. The people of Wisconsin are fortunate to have another LA FOLLETTE in the Senate with courage, vision, and statesmanship tested and tried in the fires of a national crisis.

EXPANDING THE CURRENCY—ADDRESS BY SENATOR LONG

Mr. OVERTON. Mr. President, I ask leave to have printed in the RECORD a speech delivered by the senior Senator from Louisiana [Mr. LONG] over a network of radio stations of the National Broadcasting Co. from Washington, D.C., on April 21, 1933, on the subject of "Expanding the Currency."

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, I am pleased tonight to have the opportunity to speak from coast to coast on the most interesting subject with which we are now dealing in the American Congress. I do not wish to claim a great deal of credit for the events now transpiring, but I do wish to call to your attention, in order that you might understand it from a historical standpoint, the fight which has been going on here in Congress for nearly a year and a half to expand the currency of the United States Government.

There has been a fight, and that fight has been led by Senator WHEELER, of Montana, Senator THOMAS of Oklahoma, and myself, HUEY P. LONG, of Louisiana, undertaking to require the United States Government to supply the people with sufficient money to carry on the business of this country.

In order that I might explain what we have undertaken to do, because it now seems that we have succeeded, though the fight has been arduous, long, and tiresome, and under critical circumstances, in order to explain it, I will make this statement: In 1921 the American dollar, based upon commodity values, was worth about 60 cents. In 1927 and 1928 the American dollar, based upon commodity values was worth $1. In 1932 and 1933, the American dollar, based upon commodity values, was worth $1.60.

Now, let me restate that: In 1927 and 1928 the American dollar was worth 60 cents. In 1928 and 1929 it was worth a dollar, and in 1932 and 1933 the American dollar was worth $1.60. That is, based upon commodity values. That means, ladies and gentlemen, that in the Western States the man who borrowed a dollar in 1921, worth 60 cents, in 1932 had to pay back that dollar worth $1.60—two and a half for one. It broke down the purchasing power of the American farmer; it wrecked economic adjustment of the country; and as a result of it, a paralysis existed in America.

As a result of that condition, or rather as a consequence of it, last year an alleged filibuster was conducted in the Senate, that filibuster having been conducted between three Senators—THOMAS of Oklahoma; WHEELER, of Montana; and LONG, of Louisiana—and brought about a fight to compel expansion of the currency to restore commodity prices in the United States. We made a fight, commonly denominated a filibuster, to require the United States Government to lay down the principles for the expansion of the currency. We announced we would content ourselves with no legislation unless it embodied provision for the protection of the American debtor, so they might deal in American dollars on the basis of the American dollar when they contracted a debt they are now required to pay.

I wish to break in at this moment. I am advised by Frank Russell, the rather peculiar vice president of the National Broadcasting Co. located here in Washington, that tonight marks the eighth anniversary of radio station WSMB, located in one of God's chosen spots, New Orleans. You boys have done a great job in building up your station, WSMB, and I send you my hearty congratulations and best wishes and hope you keep up the great work.

Now, ladies and gentlemen, we are not indulging ourselves in any great fight, but we have made one fight, and one fight only, and that has been a fight for the decentralization of wealth, and I would not have you share any illusion while we are now apparently on the threshhold of success. I would not have you believe for one moment that the expansion of the currency will solve the problem of decentralization of wealth, for which we have fought so long and for which we have undertaken to secure an accomplishment by bringing down the fortunes of the big men and restoring the value of property ownership in the little man.

In order that I might be understood, ladies and gentlemen, let me say this: I was not willing that my fortitude and position in politics be regulated to coordinate to the wishes of Congress or the President of the United States. I regarded our handling of the banking situation as tragical and a menace. We closed so many banks with our banking legislation that from five to six billions of dollars of bank deposits became frozen. I was not in sympathy with that and I have undertaken to bring about a reopening of all banks.

I was not in favor of the economy bill passed by the State administration and the national administration to cut down the amount of compensation paid soldiers of wars fought for America. On the contrary, I felt every veteran of the Spanish-American War and World War should receive what compensation had been allowed him, and I fought against the so-called "economy bill", not only because it failed to take care of veterans of the Spanish-American War and World War, but because it took from the man who was injured money he needed to support himself and family and to undertake to bring himself back to health, safety, and life to come.

Therefore, ladies and gentlemen, I made no pretense on the question. I did not approve of the program on the bank transactions; I was opposed to the so-called "economy bill", and I was opposed to this bill appropriating $250,000,000 of the money of the people of the United States to plant trees in the United States and pay men $1 a day to do it. But, ladies and gentlemen, I went along with the administration because I felt it was better to give it a chance to succeed, however wrong it might be, rather than to have it handicapped by anything that I might do. But later on we undertook to bring about a test vote in the United States Senate to show that we were in favor of an inflation of the currency, or rather an expansion of the currency so there would be enough money left in America to carry on the legitimate business of commerce, agriculture, and various and sundry other transactions.

Late as may have been our success, we are happy tonight to tell you that the President of the United States and the other great statesmen of finance have swallowed our demand, hook, line, and sinker, and tonight, ladies and gentlemen, it appears that the expansion of the currency is but a few moments (based upon world time) when we will have before us a law for the signature of our great President expanding our currency to such an extent that there will be gold and silver and certificates sufficient to carry on and to accommodate the legal requirements of the people of the United States of America. So much for that.

We are happy, ladies and gentlemen; we claim no credit whatever for what we have done. We are glad Senator WHEELER'S amendment providing for 16-to-1 silver was passed by a majority

vote on the Democratic side of the Senate—the Democrats voted approval. It was defeated only by the fact that a majority of the Republicans voted against silver being remonetized.

Senator WHEELER will go down in our ranks as the leading exponent of advanced thought on expansion of currency. So much for his great name which none of us can share when it comes to accomplishments.

Now, it appears that when we have reconvened Congress on Monday it will be a matter of but a few moments—maybe a few days—when we shall have remonetized silver most probably; we will have expanded currency most certainly, giving the people of the United States a medium of exchange to carry on ordinary and customary transactions, without such paralysis as has handicapped the business of this country in the past few months and years.

I am now going to address myself to another subject—that is, decentralization of wealth. I have been asked to speak repeatedly in the larger cities of the United States and to explain my philosophy of government. This week I spoke in the city of New York. I am again pleased and happy to speak over the Nation's radio system from this Capital, Washington, D.C.

My philosophy, my friends, is not a new philosophy. It is opposed, I believe, because of its simplicity. I have advocated in the land of too much to eat, there should be none to starve. I have advocated that in the land of too much to wear, there should be none naked. I propose that in the land of too many houses, there should be none without homes to live in. In a word, I propose that in a land of plenty, there should not be suffering because there is too much.

I, therefore, have proposed, ladies and gentlemen of America, that we should return to the basic and fundamental laws of our Creator, that we should gain the support of our Government from the big fortunes on the top, and not oppress the man on the bottom in order to carry on and not create a state of social unrest, but a protected and civilized government.

If I might illustrate to you what I propose, I would say that in 1916 the entire United States was startled by the exposure that 60 percent of the wealth was in the hands of 2 percent of the people, and that 65 percent of the people owned less than 5 percent of our wealth, leaving a middle class of 33 percent which owned 35 percent of our wealth. We were startled by the fact that 60 percent of our wealth was owned by 2 percent of the people and 65 percent of the people owned less than 5 percent of the wealth. But, ladies and gentlemen, today the middle class has been wiped out and 90 percent of the wealth of America is owned by from 5 to 7 percent of the people of America; and, as a result of it, we have allowed the wealth of this country to become concentrated into the hands of a few people, resulting in starvation of the masses and in the overloading and overbonding of the great mass, instead of giving over the largest percentage of the wealth to the larger percentage of the people.

As a result of this situation we wonder why, my friends, there is starvation in the land of plenty! The reason is the fact that we have allowed this country to be gradually and steadily accumulated into the hands of a few men; and, as a result of it, a mere handful of men own more of the Nation's wealth today than 95 percent of the population of the United States all put together.

How are we going to counter this proposition? How are we to expect the people of America to exist when a few are allowed to gradually suck through such a system of windpipes and power pipes until a mere minority of 1 percent own more than 60 percent of the entire national wealth?

Why, ladies and gentlemen, it is a condition that cannot survive, under which no country can starve and live, and therefore we propose to the American people tonight that we be allowed to decentralize the wealth of this country and share the wealth of this land and the fruits of this land and the labor of this land among American people rather than have thirteen to fourteen millions of people idle and another twenty to thirty millions of people starving, in order that a mere handful comprising a plutocracy can have a strangle hold on the wealth and industry and thriving agriculture of the entire American public.

For that reason I have proposed in the United States Senate and the lower House of Congress three laws, and they are these: When a man earns a million dollars a year after paying all taxes and expenses he will be required to contribute all over a million dollars to the United States Government. That means a man is allowed to earn net $1,000,000 a year and no more than that; and then we propose, second, that after a man dies with a fortune, that he can give each one of his children $5,000,000 apiece; but that he cannot give more than $5,000,000 to any one child that he has never hit a lick of work to earn, the balance to go to the Government.

Then the third law I have proposed is a capital levy tax. It provides when a man has a fortune of more than a million dollars he shall give 1 percent of all over a million dollars to the Government. It proposes when a man is worth more than $2,000,000 he should give 2 percent of all he owns above two million to the Government. It provides when a man owns more than $10,000,000, he shall give 10 percent of all he owns above ten million and until it finally reaches $100,000,000, and then it provides when a man owns more than $100,000,000, that he shall give everything that he owns above $100,000,000 to the United States Government.

Why? For two reasons. First, when a man has earned $1,000,000 a year, he has earned enough. Then a child has no right starting life with more than $5,000,000; and, third, when a man has accumulated a fortune of $100,000,000 he has enough, and the balance should go to the Government.

That is one reason. The second is that it will give the United States Government $15,000,000,000 a year for the next 10 years. It will give it enough money to balance its Budget of expenses; enough to carry on public works; it will give it enough to carry on all works of public improvement; enough to amply finance the guaranty of bank deposits; and give this country so much money it will not have to levy one dime of taxes on a poor man, but on the bloated fortune status, until there would be no such thing as a man owning more than $100,000,000, and no such thing as a child inheriting more than $5,000,000, and no such thing as one man earning more than $1,000,000 exclusive of interest, taxes, and costs in the course of the year's business. And as a result, my friends, of what we propose it would gradually and finally drag the fortunes off the top; it would reduce the swollen fortunes of the few and raise the status of the common, ordinary American citizen from the bottom until he would steadily reach a place in American society, and thereby allow the farmer and laborer to share the benefits and welfare of the American people, rather than creating a condition of serfs and unemployment on the bottom and lords on the top, as has been, due to the system of bloated plutocracy, as we are now experiencing.

And now that I cannot illustrate to you further, having only a few more minutes left me, let me say we are not the enemies of the rich. We are not the enemies of industry. We are not the enemies of the plutocrat. On the contrary, we are their greatest friends. We are undertaking to cause America and its ideals to survive. And we are told the philosophy of Jefferson and Lincoln and Jackson was that unless the fruits and profits of the land are spread among the people, no country can survive. We know what these leading statesmen said is now true.

We have too much corn, cotton, wheat, and oats; and yet our people are starving. Too much to wear and yet we have our people with nothing to wear. So many big houses, the loan companies, and building and loan associations cannot carry them in their portfolios, and the United States Government must market them through other process. Too much to eat and people starving. Too much to wear and people go naked. Too many homes and houses and people going through the lands and highways and byways with no place to lay their heads, because there is nothing they can find as a resting place, simply because the wealth of the land has been concentrated into the hands of the few.

We do not propose to take luxuries away from the rich and wealthy. We do not propose to take away from them one thing they can enjoy, but we ask a law that requires the wealth of the land to be reasonably distributed among all of the people, so in the land of too much to eat there is no such thing as a starving man; so that in the land of too much to wear no one shall go naked; so in the land of too much in the way of houses and homes people do not walk the highways and byways looking for a place whereon to rest their head when nighttime comes. We ask a law scraping the wealth from the top to accommodate the man on the bottom, taking from a man that which he does not need and giving to a man that which gives him life.

We ask for laws that do not permit in the land of plenty starvation, pestilence, consumption, and riot. That will mean that the fruits and profits and fortunes of the land will be shared by the people of all of the land and not concentrated into the hands of the few until there is stagnation at the top and misery wide-spread at the bottom. I thank you.

AN HONEST DOLLAR BY THE USE OF SYMMETALISM

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have inserted in the RECORD an address entitled "An Honest Dollar by the Use of Symmetalism", delivered by R. B. Ketchum, dean of the School of Mines and Engineering, University of Utah, before the engineering council at the University of Utah April 17, 1933.

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

The new book by Warrum and Pearson, of Cornell University, tells us that in 1888 Marshall proposed to the British gold and silver commission the plan that is called "symmetalism", as follows (p. 161):

"I propose that currency should be exchangeable at the mint or issue department, not for gold but for gold and silver. * * * I would make up gold and silver bars in gram weights so as to be useful in international trade. A gold bar of 100 grams, together with a silver bar, say, 20 times as heavy, would be exchangeable for currency."

The gold standard has failed as a satisfactory money base. Two nations, the United States and France, have cornered gold and it has depreciated in purchasing power to such an extent prices of all commodities have reached unprecedented low levels, and these prices are still skidding to lower levels. The recent deflationary measures used to balance budgets will cause prices to go still lower and the trend of the business curve is still downward on a steep grade. The process of writing off mortgages, voluntary lowering of debts, salaries, budgets, etc., are unable to catch up with declining revenues because of the accelerated velocity of deflationary processes. Prices must be made to rise. More dollars must be awarded to producers of raw materials from the farms, mines, and forests, upon whom all industry depends. That the low prices are due to the appreciation of the cornered gold dollar and not to overproduction is easily shown by facts and figures relative to

production. For example, our national income from our greatest industry—agriculture—has fallen from 12 billions to 5 billions. Anything that is done artificially to stimulate industry by the expenditure of a few paltry millions on construction or otherwise has little effect on making up this annual deficit of 7 billions in this one industry. The same thing has happened in all industries, making an enormous annual deficit in our annual income.

I quote from the Business Week, of April 12, 1933:

"We think too highly of the intelligence of President Roosevelt and his advisers to suppose for one moment that the administration believes it has done anything as yet toward reviving business—save perhaps the 3.2 percent of stimulation that beer may give. To be downright frank about it, virtually everything done so far has been deflationary. Some $15,000,000,000 of bank deposits have been frozen; farm mortgages, which are really bank deposits and life-insurance policies, are about to be destroyed in part; some of the city consumer's income is about to be transferred to the farmer; issue of new securities is to be made more difficult; Government employees are losing jobs; spending power has been taken away from pensioners to the amount of a half billion dollars a year.

"Why, then, is the business world so hopeful? Just because we all believe the administration will not stop here; because the country has faith that the steps thus far taken are but the preliminaries toward constructive action.

"Washington has been doing an overhaul job on the automobile. The idea is to get it so it will run, cleaning out the gas line through which money flows from tank to motor, fitting a set of serviceable brakes to the securities markets, greasing the springs which must take the road jolts. All this is important, even necessary. But some day, not too far ahead, it will be necessary to fill the tank with gas, step on the starter, and try to go places. What brand of gas? How much?

"At that moment we shall catch our first glimpse of the real underlying philosophy of the administration or discover whether it has any fundamental program for recovery. There is evidence, both direct and inferential, that it has. Our own advices are that the administration realizes as fully as anyone that the only thing that can help business is the creation of jobs, and that it is concentrating on plans.

"The evidence of circumstances is even stronger. Nothing the administration does is going to make business much worse. 'Don't rock the boat' is a dead slogan. The Democratic Party cannot stay in power by the process of doing nothing to disturb the existing order. It was put into power for the specific purpose of changing things. The mere preliminary indications of vigorous action have aroused the country to enthusiasm. The administration must be perfectly aware of that, and aware, too, that the enthusiasm will die as quickly unless the fundamental problem of business recovery is attacked and prices improved.

"Plans include, it is to be surmised, direct employment by the Government, and perhaps the use of Government funds as bait to stimulate industry to put up funds of its own to undertake new enterprise and thus to employ more people.

"No doubt every effort will be made to avoid direct currency inflation. But the money must be provided somehow. Perhaps there will be great bond-selling campaigns. Cleaning up the banks and rebuilding confidence in the securities market would make sense as the first steps to prepare for such an appeal to the public.

"The program, when it emerges, is certain to shock the conservatives. But there aren't as many conservatives as there were 4 years ago. Most business men nowadays realize that all the old and orthodox policies have been tried and have failed. Not all men realize how greatly the economic world has changed since classic economists taught that depressions cured themselves, but the country senses clearly enough that the times demand new patterns of thought and of behavior. It is prepared for bold experiments. Inaction is the one thing it will not forgive."

Now is the greatest opportunity the West has had in years to exert an influence that will not only help the West but also the whole Nation, and the whole Western Hemisphere. Price levels must stop declining. They must rise. This can be accomplished by symmetalism. What is symmetalism? Simply this: Instead of the present gold base of 23.22 grains of pure gold let us follow the ideas proposed by Marshall and use 11.61 grains of gold and 185.625 grains of pure silver. Instead of gold only we then use gold and silver in the ratio of 16 to 1. Note this is very different from free coinage of silver, and this plan is entirely free from the objections raised against bimetallism as formerly proposed.

I propose symmetalism for the following reasons:

1. The Western Hemisphere produces most of the world's silver. After the war the European nations debased their silver coinage to make it go farther for their uses.

2. The British Empire produces 80 percent of the world's gold. We should debase our gold dollar for our own protection exactly for the same reason as used on silver by European nations.

3. Using silver always with a fixed amount of gold as our money base will protect us against undue inflation.

4. When silver is accompanied by the gold there can be no such thing as the silver driving out the gold as in free coinage of silver at a ratio of 16 to 1.

5. The vast potential market of the Orient may be developed under this system in a way that is impossible with the gold standard.

6. This will help solve the international-debt question by making it easier for Europe to liquidate obligations.

7. This gold-silver dollar will become the unit on the Western Hemisphere.

8. This will give us higher prices by cutting down present purchasing power of the appreciated and cornered gold dollar.

9. This will tend to depreciate gold and appreciate silver.

10. When business increases and more money is needed our money base will be larger and will provide an ample supply of currency.

11. This will help start production in all nonferrous mines.

THE AMERICAN NAVY—ITS STANDING AND NEEDS SURVEYED

Mr. TRAMMELL. Mr. President, I present an article appearing in the Sunday New York Times, entitled "The American Navy: Its Standing and Needs Surveyed", which I ask may be published in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

[From the New York Times, Apr. 23, 1933]

THE AMERICAN NAVY: ITS STANDING AND NEEDS SURVEYED—COMPARED WITH THE BRITISH AND JAPANESE FLEETS, IT IS MARKEDLY BELOW TREATY STRENGTH IN MODERN SHIPS, WITH DEFICIENCIES IN CARRIERS AND CRUISERS AND IN NEW SUBMARINES AND DESTROYERS

By Hanson W. Baldwin

Today, more than at any time in the last decade, our naval needs are subjects for headlines. With the disarmament conference at Geneva apparently faltering toward a futile conclusion, with Europe an armed camp fearful of the future, with Japanese and Chinese armies on the march, and with guns booming in South America, the question of the strength of our fleet again becomes of paramount interest.

A new Secretary of the Navy now directs the destinies of our naval arms. He is responsible to a President who, having served as Assistant Secretary of the Navy during the World War, has kept in constant touch with naval developments.

What have been those developments? What is the standing of the American Navy today? What are its weaknesses? What remedies for the weaknesses have been suggested?

I. The treaties

The fleet today is restricted and to a large extent defined by the provisions of two naval treaties: the Treaty of Washington, signed in 1922, and the Treaty of London, signed in 1930. The Treaty of Washington, the first in history actually limiting naval armaments, was ratified by the United States, Great Britain, Japan, France, and Italy. The London Treaty met the approval of the three greatest sea powers—Great Britain, the United States, and Japan—but France and Italy refused to subscribe to its terms and hence are not bound by its provisions.

The Washington Treaty is valid until terminated by one of the five contracting nations upon 2 years' notice, but the London Treaty expires on December 31, 1936, unless its provisions are extended or revised by another naval conference before that time. Such a conference is provided for in the terms of the London Treaty, and is scheduled to be held in 1935, unless prior agreements are reached at the disarmament conference at Geneva.

It was at Washington that parity—equality in combatant ships with the world's greatest sea power (then and now Great Britain)—was officially made the American naval policy, and it was at Washington that the now famous 5–5–3 ratio was evolved. That ratio was originally intended to apply to the entire fleet strengths of the United States, Great Britain, and Japan, but since no agreements as to the limitations of cruisers, destroyers, and submarines could be reached it was applied only to capital ships (battleships and battle cruisers) and aircraft carriers.

BATTLESHIP TONNAGES

The treaty fixed the total capital-ship tonnage at 525,000 tons each for the United States and Great Britain, 315,000 tons for Japan, and 175,000 tons each for France and Italy. The total tonnage of aircraft carriers was fixed at 135,000 tons each for the United States and Great Britain, 81,000 tons for Japan, and 60,000 tons each for France and Italy. Thus the ratio for capital ships and carriers of the United States, Great Britain, and Japan was fixed at 5–5–3, or 10–10–6.

Certain experimental vessels in excess of the stipulated tonnages were allowed the various nations, and under this arrangement the United States retained the aircraft carrier *Langley*. Individual capital ships and aircraft carriers were limited by treaty terms in size and in armament, and the age of capital ships and carriers was fixed at 20 years, after which they could be replaced. Vessels of other types, however, were unlimited, except as to maximum size (10,000 tons) and maximum size of guns (8 inches).

THE LONDON CONFERENCE

The Washington Treaty failed because of its incomplete provisions to halt naval building, and the London conference was called in 1930 to supplement it. At London, Great Britain (that is for treaty purposes the British Empire), Japan, and the United States agreed upon a capital-ship building holiday to last until the end of 1936, thus postponing their rights to replace their over-age battleships and battle cruisers. In addition, the United States

scrapped 3 capital ships, Great Britain 5, and Japan 1. Each of these nations was allowed to retain one of these ships, demilitarized, for training purposes. As modified by the terms of the London agreements, the capital-ship quotas now stand as follows:

Great Britain: 12 battleships, 3 battle cruisers; total tonnage, 473,650.

United States: Fifteen battleships; total tonnage, 453,500.

Japan: 6 battleships and 3 battle cruisers; total tonnage, 272,070.

But the principal achievements of the conference at London were the successful efforts to define and to limit the cruiser, destroyer, and submarine categories. Certain vessels which did not come within the definitions of any of these types, or which were termed experimental, were allowed to be retained in excess of set tonnages. In general, however, the limiting tonnages were definitely fixed.

Cruisers were divided into two classes: class A, with guns more than 6.1 inches in caliber, and class B, with guns of 6.1-inch caliber or less. In class A cruisers the United States was limited to a total of 180,000 tons, Great Britain to 146,800, and Japan to 108,400. In class B cruisers the United States was allowed 143,500 tons, Great Britain 192,200 tons, and Japan 100,450 tons.

In the destroyer class Great Britain and the United States were allotted 150,000 tons each, and Japan 105,450. In submarines each of the three nations was allowed 52,700 tons.

The effect of these provisions was to change the Washington ratio in Japan's favor. The new ratio, instead of being 10:10:6, became officially Great Britain 10, United States 9:8 and Japan 6:3, though the United States obtained the right, if it desired, to attain a ratio of 10 by building the same tonnage of A and B cruisers as Britain.

In class A cruisers the United States is permitted under treaty terms to complete 15 cruisers by 1935; but the 3 additional cruisers of this type she is allowed to build must not be completed before 1936, 1937, and 1938, respectively. The treaty permits each of the signatories to construct not more than 25 percent of its total cruiser tonnage as so-called "flying-deck cruisers."

AGE LIMITS FIXED

The age limits of cruisers, destroyers, and submarines, after which replacements were to be permitted, were fixed by the treaty. Cruisers and destroyers laid down before January 1, 1920, were to be replaceable 16 and 12 years, respectively, after completion; but those laid down after that date were not to be replaced until after 20 and 16 years, respectively. Submarines were to become "over-age" and replaceable 13 years after completion.

Keels of destroyers built for replacement purposes must not be laid down more than 2 years before the vessels to be replaced became "over-age"; in the case of other vessels the time was extended to 3 years.

The treaty provided that any vessels in excess of the maximum allowed tonnages must be disposed of by the end of 1936; in other words, the total tonnages for each class at that time must not exceed the limits as itemized above and as collated in table I.

TABLE I.—*Tonnage limits under treaties*

	United States	Great Britain	Japan
Capital ships	525,000	525,000	315,000
Aircraft carriers	135,000	135,000	81,000
Cruisers A	180,000	146,800	108,400
Cruisers B	143,500	192,200	100,450
Destroyers	150,000	150,000	105,450
Submarines	52,700	52,700	52,700
Total	1,186,200	1,201,700	763,000

II. The navies today

The Washington Treaty undoubtedly was a major milestone in the history of navies, and many believe that the signing of that document was the beginning of what has been recently described as the "decadence" of the United States Fleet.

Prior to the Washington Treaty, by the terms of which the nations scrapped some 1,800,000 tons of fighting ships, built, building, and authorized, the United States Fleet was well on the way to becoming the world's most powerful. By far the greatest and most powerful battleships and battle-cruiser fleet in the world was on the ways in American shipyards in 1921.

SCRAPPING BY AMERICA

In 1924, if the Washington Treaty had not been signed, the capital-ship ratios of the three leading powers (with allowance for age) would have been as follows: United States, 815,467 tons; British Empire, 447,469 tons; Japan, 400,806 tons. The United States, under the terms of the treaty, scrapped 28 battleships and battle cruisers, a larger and stronger Navy than it retained.

Our destroyer fleet, turned out at the rate of one or more a month to meet the menace of the German submarine campaign, was hastily built, but it was modern, and it was far larger than that of any other power. In submarines we were numerically superior to other nations. Only in cruisers and auxiliaries were we inferior, and these were deficiencies which at that time were not so marked as they are today.

Compared with a built fleet tonnage of 1,960,480 for Great Britain in 1921, the American-built tonnage was only 1,289,463, but the United States had 734,926 tons of warships either under construction or authorized, compared with 215,380 for Great Britain. Japan's built tonnage was 523,689, and she had 805,188 tons of warships under construction or authorized. Adding together the tonnage built, building, or authorized would have given the United States a total of 2,024,389 tons, compared with 2,075,860 for Great Britain and 1,333,877 for Japan, with every prospect that the United States would pass Britain in a few years.

The treaty signed in 1922 changed the entire picture. It not only halted our building program but, according to views often expressed by Capt. Dudley W. Knox, United States Navy, retired, and other prominent naval officers, it marked the beginning of the "eclipse of American sea power."

From a position rapidly approaching marked superiority in naval strength, we adopted, by the treaty, the policy of parity. But in the years that followed this was a policy more honored in the breach than in the observance. While other powers built cruisers, destroyers, and submarines, in this country we rested on the laurels of our war activities, our ships grew old without replacements, and our treaty quotas were never filled.

Moreover, since naval strength, like everything else, is relative, and since the strength or weakness of our sea power must be gaged by the fleets of other powers, the change in ratio at London, though slight, was considered by naval officers a still further reduction in the strength of our fleet.

OUR PRESENT STANDING

Since the Treaty of London we have done practically no building except in the class A cruiser category, so that we are today in "under-age" or "modern" ships well below our treaty quotas in practically every type of warship. If "over-age" or "obsolete or obsolescent" vessels are included in the totals, the United States is well above its treaty quotas in destroyers and submarines, but such "over-age" ships as are in excess of treaty tonnage totals must be disposed of before the end of 1936, and since they are of dubious fighting value, they are not generally reckoned in comparing the strengths of the fighting fleets.

Table II gives the figures for 1933 in "under-age" and "over-age" vessels.

TABLE II.—*Naval strength of the 3 leading sea powers in 1933*

	Under-age vessels						Over-age vessels					
	United States		Britain		Japan		United States		Britain		Japan	
	Number	Tons	Number	Tons	Number	Tons	Number	Tons	Number	Tons	Number	Tons
Capital ships	14	429,000	15	473,650	9	272,070	1	26,100				
Carriers	3	77,500	6	115,350	4	68,870						
Cruisers A	10	92,850	19	183,686	12	107,800	1	7,350			2	15,720
Cruisers B	10	70,500	24	114,020	17	81,455			9	36,885	3	11,920
Destroyers	14	16,560	40	52,849	72	93,205	237	250,910	116	123,490	31	28,680
Submarines	51	51,290	34	40,614	69	76,408	31	16,500	20	10,710	2	1,434
Total	102	738,000	138	980,169	183	699,808	270	300,860	145	171,055	38	57,754

A NAVAL OFFICER'S SUMMARY

The late Rear Admiral W. A. Moffett, United States Navy, recently declared:

"We have done almost no building as compared with the other signatories to the Washington Treaty. Since 1922 Japan has laid down or appropriated for 164 vessels, totaling 410,000 tons; Great Britain, 148 ships, totaling 470,000 tons. In the meantime the United States has appropriated for the niggardly total of 40 ships of 197,000 tons. The British and Japanese building programs have comprised practically every class of combatant vessel and have maintained their navies very nearly up to the full treaty strength.

"Moreover, it has been published in the newspapers of Japan that a navy consisting of cruisers, destroyers, and submarines would be built for the State of Manchukuo. Such a navy, of course, would not be subject to treaty limitations. Great Britain has just appropriated $24,000,000 for new vessels, and Japan has increased not only her navy but also her naval air force.

"Where does that put these various navies now, 10 years after the United States had a navy the equal of any in the world? In under-age, modern ships, Great Britain has 82 percent of her allowance, or 138 ships; Japan has 95 percent of her allowance, or 183 ships, and the once proud United States lags behind with only 102 ships, or 61 percent of her allowance."

Since the Treaty of London expires in 1936 and the contracting parties have agreed to meet in 1935 to frame a new treaty to replace it, the navies of all nations have been looking forward to 1935, and admirals and naval secretaries have been endeavoring to secure sufficient appropriations to build up to treaty strength before that time and thus place their own fleets in favorable positions before further negotiations are started.

THE STATUS IN 1936

In a recent communication to Representative HENRY T. RAINEY, of Illinois, Charles Francis Adams, former Secretary of the Navy, compared the numerical ship strengths of the United States, the British Empire, and Japan in 1936, provided all ships now authorized by the Governments of the three countries are completed, but no others. His comparison is based on the assumption that all signatories to the treaty will dispose of all tonnage above treaty quotas by that time and will complete all ships now authorized which may by the terms of the treaty be completed before that time.

By 1936, according to Mr. Adams' table, this country will have to dispose of many of the old destroyers which are now in excess of our treaty allowance, but will have only 12 new ones to replace them. His statistics, compiled in table III, give a picture of the numerical strength of the three principal navies for 1936.

TABLE III—*Estimated strength in 1936*

	United States			Britain			Japan		
	Under-age	Over-age	Total	Under-age	Over-age	Total	Under-age	Over-age	Total
Capital ships	8	7	15	4	11	15	5	4	9
Carriers	3	1	4	6	------	6	4	------	4
Cruisers A	16	------	16	15	------	15	12	------	12
Cruisers B	10	------	10	17	9	26	18	------	13
Destroyers	12	115	127	56	49	105	70	6	76
Submarines	20	33	53	36	7	43	47	------	47
Total	69	156	225	134	76	210	156	10	161

In his letter Mr. Adams emphasized our scarcity of "under-age" ships. "Unless we keep pace with the cosigners of the treaty in providing new ships in advance", he wrote, "American officers and American men must fight in old, less powerful, less reliable, and perhaps even less numerous vessels than their adversaries."

III. The weak spots

The trend of American sea power since 1921 and the relative strength of the fleet today have been told in part by the foregoing statistics and comments. But figures never tell the whole tale and there is much of importance about which the public never hears. It is fairly generally agreed that the Navy has needs, but just what are those needs, and what the defects of the fleet?

Briefly put, the greatest needs of the fleet are new ships to replace our outworn destroyers and submarines and additional carriers and cruisers.

Deterioration has proceeded to such an extent, particularly in the destroyer squadrons, that one third of the fleet's operating time is allotted to material upkeep and overhaul. That is exclusive of the 2 months in every 18 that each ship is scheduled to spend in a navy yard, undergoing docking and major repairs. Seventy million dollars have been spent since 1922 in the modernization of our older battleships, and the annual bills for upkeep and repair of many of our old ships are 1½ to 2 times the annual upkeep cost of modern vessels. The annual repair bill of a new destroyer is about $25,000; for our old ships it is roughly $40,000 to $50,000.

BREAKDOWNS OF MACHINERY

Engineer officers of destroyers have a constant struggle with breakdowns of machinery parts of both minor and major character, and officers and crews have to labor long and hard to keep the ships running. Minor accidents have been caused by failure of worn-out machinery parts, and the frames and plating of many of the destroyers have become dangerously corroded.

One high-ranking officer of the fleet recently declared that our destroyers are so badly outclassed by the more modern ships of other nations that they would be but little better than "man traps" in case of war. Not only are our destroyers outgunned and outspeeded but few of them have sufficient cruising radius to cross the Atlantic without refueling, and none is capable of crossing the Pacific without refueling.

In addition to our deficiency in modern destroyers, our fleet has no destroyer leaders, and the lack of these little flagships is seriously felt, the Navy has declared.

The state of our submarine flotillas is not comparably as serious as that of the destroyers, but many of the older submersibles, which are already "over-age", are obsolescent and are becoming increasingly difficult and expensive to maintain.

The state of the air arm of the United States Fleet is excellent. Our naval air force as a whole is undoubtedly far more advanced in tactics and operations and is far more efficient as a fighting unit than the flying arm of any other fleet. Its mobility and its ability to concentrate a great number of planes at a given point is hampered, however, by our scarcity of carriers. The *Saratoga* and the *Lexington* are serviceable, but they are far too large and expensive for efficient operation, and they are not able to handle planes as expeditiously as is desirable. The *Langley*, an old, experimental ship, with capacity for only 40 planes, is the only other carrier in commission.

THE NEW "RANGER"

The *Ranger*, the 13,800-ton ship now building at Newport News, is the first American vessel to be built as a carrier from the keel up. She will be much smaller than the *Saratoga* and *Lexington*, thus presenting a smaller target to enemy guns, and with 3 elevators from hangar to flying deck, instead of 2, she will be able to handle her planes much more speedily than the larger carriers. Her addition to the fleet will fill a long-felt want, but she only meets part of the flying fleet's requirements. More carriers are still stressed as the greatest need of naval aviation, together with additional planes to man those carriers, planes of longer range and higher speed.

The cruiser problem has to some extent been solved by the recent addition to the fleet of the new 10,000-ton cruisers of the 8-inch-gun type, classed as cruisers A in the tables. These ships, despite their obvious and definite defects of design and construction, are considered highly valuable fighting units. Ten of them are already commissioned; 5 more of the 18 allowed us under the treaty are building; 1 other which cannot be completed according to treaty terms until 1936 has been appropriated for; and 2 others have been authorized and will probably be completed, if appropriations are forthcoming, in 1937 and 1938.

In the cruiser B category, which includes ships with guns of 6.1-inch caliber or less, our deficiency is more evident. Ten of these ships of the *Detroit* class, which were added to the fleet shortly after the Washington Treaty was ratified, are still in service, but we are still well short of the London Treaty quota for cruisers of this type. We have no flying-deck cruisers, and naval authorities, recognizing the increasing importance of the fleet air arm, wish to build 1 or 2 of these ships as soon as possible.

CAPITAL SHIPS

There is already agitation for battleship planning, although no capital-ship keels can be laid down before 1937. It has been suggested that designs be prepared for new battleships to replace such vessels as the *New York* and *Texas*, which, though modernized, are well outranged by the battleships of other powers. There is also demand on the part of many naval officers for higher capital-ship speed; none of our battleships is as fast as many of the foreign capital ships. Even the *West Virginia*, *Colorado*, and *Maryland*, the newest and most powerful battleships in our Navy, were criticized recently in Brassey's Naval Annual for what was described as their slow speed, deficient gun power, and inadequate armor protection.

Certain naval officers believe that some of our allowable capital-ship tonnage should be put into battle cruisers when the time comes for replacement building. This country has no battle cruisers; Great Britain has 3 and Japan 3.

All together, as compared with our treaty allowances, we are, or soon will be, short in "under-age" vessels 3 to 4 aircraft carriers (depending on size), totaling 55,200 tons; 7 cruisers, totaling 73,000 tons; 89 destroyers, totaling 133,500 tons; and about 20 submarines, totaling 25,630 tons. Two of the 8-inch-gun cruisers, though authorized, have not been appropriated for, so that the Navy needs about 121 ships of all types, totaling almost 300,000 tons, if it is to reach treaty strength.

OTHER ASPECTS

The question of readiness for war has more aspects, however, than merely that of up-to-date equipment. Our fleet today is ill prepared for a possible conflict, naval officers say, not only because of its numerical weakness and the obsolescence of many of its units, but because many of the ships are not in full commission, and most of them are undermanned.

We actually operate only 101 of the 251 destroyers we possess, and only 72 of those are in full commission—that is, ready for action immediately; 19 of the 101 are in the "rotating reserve" status devised by Admiral W. V. Pratt, retiring Chief of Naval Operations, and 10 others are in reduced commission; 42 of our 82 submarines are in full-operating commission. All of our aircraft carriers and cruisers are in full commission, but 3 of our 15 battleships are undergoing complete modernization which will require from 6 to 18 months to complete; and another, the *Arkansas*, is in use as a training ship in reduced commission.

All of the vessels, except submarines, are operating with about 85 percent of the enlisted complement that would be required in time of war.

IV. Proposed remedies

To the end of bringing the Navy up to treaty strength several bills were introduced in the last Congress. One, of which Representative VINSON of Georgia was the author, was primarily a replacement measure—a bill designed to replace our outworn ships and to add new ships in categories in which we are under treaty quotas over a period of years. It called for the construction of 120 ships at a total cost of $616,000,000, to be laid down progres-

sively and gradually over a 10-year period. Its schedule provided about $18,000,000 for construction in 1933, increasing to a peak cost of about $90,000,000 in 1937.

LONG-TERM PROGRAM URGED

This bill would not have brought the fleet to parity by 1936, but the possibility of achieving this has been abandoned as not only chimerical but undesirable, because of the "lump" construction it would necessitate; and a long-term, reasoned, progressive building and replacement program providing for the gradual building up of the fleet and for replacements to keep it modern and up-to-date is favored by naval students in Congress.

The Hale bill, which passed the Senate at the last session, was in the form of a general authorization for the building of the Navy up to treaty strength.

A more recent measure, which has the approval of a number of administration supporters in Congress, including Representative VINSON, has attracted a great deal of comment. It calls for a construction program of 20 destroyers, 5 light cruisers, 4 submarines, and 1 aircraft carrier, at a cost of $230,000,000, to be spread over a 3-year period.

A PART-WAY MEASURE

This program, though a step toward parity, provides for only one third of the number of new ships that will be needed by 1936 to achieve such parity. It is clearly a concession on the part of "big Navy" supporters to the economic conditions of the country, even though the bill bears the ostensible label of unemployment relief. It does, however, represent a partial answer to the Navy's most pressing need—new ships—and, if enacted, it will undoubtedly be followed eventually by other legislation designed to bring the fleet to practical, rather than theoretical, parity.

Naval officers feel that immediate action on a replacement program of some sort is necessary. Vice Admiral W. H. Standley, who is mentioned as the probable Chief of Naval Operations to succeed Admiral Pratt, retiring, summed up the Navy's viewpoint succinctly when he said: "The greatest need of the American Navy today is a replacement program for the ships we have, and I don't mean a building program; I mean a replacement program. As Admiral Hugh Rodman used to say: 'Trying to operate a fleet which we do not keep up to date is about as useless as entering a jackass in the Kentucky Derby.'"

GOVERNMENT FINANCE

Mr. DICKINSON. Mr. President, I ask unanimous consent to insert in the RECORD an editorial by Lawrence Sullivan bearing upon the subject of Government finance.

Without objection, the editorial was ordered to be printed in the RECORD, as follows:

PAPER SAVINGS

By Lawrence Sullivan

Hasty and quite informal calculations in the Bureau of the Budget have provided material this week for dangerously misleading reports to the effect that something more than $1,000,000,000 has been slashed from the Federal spending program for the fiscal year 1934, which begins next July 1. The figure is alluring in the headlines, but upon analysis the "economies" take place beside that invincible paper Navy which, a few years back, gave the United States undisputed hypothetical supremacy on the high seas.

Among savings tabulated in the $1,000,000,000 economy chart to date is an item of $250,000,000 to be realized in departmental reorganization. Thus far the only reorganization consummated is in the farm-credit agencies. Here the consolidation has been achieved by the President's Executive order. But as yet there has been no actual reduction in administrative expenses. On the contrary, new subordinates have been added to Director Morgenthau's staff. Operating expenses of this branch of the Government today are greater, not less, than 6 weeks ago.

Another item in the Budget Bureau's calculations contemplates combined reductions of $190,000,000 in Army and Navy expenditures next year. In the Navy $45,000,000 of this "economy" is mere bookkeeping, to be realized by transferring outlays for additions to the fleet from the current budget to a new sort of capital investment account. In the Army another $54,000,000 authorized for river and harbor works is "saved" by the same process, to be transferred later to the new public-works budget. After deducting these two items of pea-under-the-thimble bookkeeping, the net Army and Navy economies come to $101,000,000—not one dollar of which has been actually realized by statute or Executive proclamation.

Similarly, the post-office reductions are tabulated at $75,000,000, but only $30,000,000 of this amount has been realized.

Actual reductions in expenditures thus far ordered are about $400,000,000 a year in veteran awards, to begin July 1, and $100,000,000 in Federal salaries.

Against these total savings of $500,000,000, however, there rests the State-aid relief program, which calls for the same amount; the vast administrative machinery called for in the farm-commodity bill, the undeterminable charge against the Budget which is contemplated in the farm-mortgage bill to guarantee interest, and the unknown levy to be fixed against the Budget by the urban mortgage guaranty.

Plans have been launched which may require eventually as much as $8,000,000,000 in new Government credits, or Government-guaranteed securities.

It is impossible, of course, at this phase of the legislative program to calculate the net results for 1934 in anything but approximate round numbers. But even these figures serve well to present the entire picture of the Federal fiscal phantasmagoria today.

The final Budget estimates for 1934, submitted to Congress last December, showed a net deficit of $307,000,000, which, added to the $534,000,000 for statutory debt retirement, produced a red-ink "balance" against the Treasury aggregating $841,000,000 for the year. Last week President Roosevelt said that the December estimates of income taxes must be reduced by 20 percent. This increases the basic deficit for 1934 by approximately $200,000,000. The continued decline in postal revenues will further increase this prospective deficit by something like $50,000,000. Another $60,000,000 must be added to take account of appropriations enacted in the last session of Congress which were over and above the Budget. On this basis the primary deficit for 1934 stands at $1,151,000,000.

This deficit now must be further increased by estimated new charges as follows:

Increased interest	$50,000,000
Relief	200,000,000
Farm bill, if enacted	100,000,000
Total	350,000,000

These additions bring the basic deficit for 1934 to $1,501,000,000.

Partial offsets against this deficiency of revenues are:

Veterans' cuts	$450,000,000
Pay cut	100,000,000
Beer tax	125,000,000
Gasoline tax	137,000,000
Total	812,000,000

After deducting all the economies actually realized to date, and after adding all the new revenues hoped for, the final deficit for 1934 stands as of today at $689,000,000—if no additional expenditures are sought for the railroad program, Muscle Shoals and other extensive projects which are to come up in Congress next week.

As of June 30, 1934, therefore, Uncle Sam's deficit ledger will stand:

1931	$902,716,845
1932	2,885,362,299
1933	1,146,000,000
1934	689,000,000
Total	5,623,079,144

This steadily accumulating and still expanding excess of Federal outlay over Federal revenues explains completely why the United States, the most energetic and resourceful and the most richly blessed Nation on the face of the earth, is writhing today in the first agonies of an inflation orgy.

Obscure methods in accounting and inspired headlines in the newspapers will not hide the ultimate facts about the Federal finances.

No nation in modern history has experienced four successive budgetary deficits without heading for inflation.

No nation in all the history of the world ever has squandered itself out of a depression.

Soon or late the Government's Budget must be balanced.

Then, not before, recovery may begin.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. THOMAS of Oklahoma. Mr. President, the issue pending before the Senate is embodied in an amendment offered to House bill 3835, a measure proposing to relieve the existing economic emergency by increasing agricultural purchasing power.

This amendment has for its purpose the bringing down or cheapening of the dollar, that being necessary in order to raise agricultural and commodity prices. This amendment having been completed in the main on Saturday, I have offered it to the pending bill, to be known as part 6, and to come at the end of the original bill.

The amendment as now pending before the Senate contains about four specific and definite propositions. The first part of the amendment has to do with conditions precedent to action being taken later. The second part of the amendment, if enacted into law, will provide that the Federal Reserve Board may initiate an open-market policy of buying outstanding Government bonds, paying for such bonds the total sum of $3,000,000,000 in the form of Federal Reserve notes. The second proposition, if enacted into law, will provide, if the first $3,000,000,000 are not sufficient to cheapen

the dollar and to increase commodity prices, that then the Treasury shall have the power to issue a second $3,000,000,000 of Treasury notes for the purpose of meeting maturing Federal obligations and purchasing outstanding interest-bearing obligations of the Government, to the end that $3,000,000,000 more may be placed in circulation.

The third proposition provides that, if it is found necessary, the President, after investigation, may proceed to exercise the power conferred by the bill by reducing the gold content of the dollar.

The fourth proposition as now embodied in the amendment provides that the President, within his discretion, may accept the sum of $100,000,000 in silver at a price not exceeding 50 cents per ounce in payment of the interest due or principal owed us by foreign nations.

Mr. President, the amendment, in my judgment, is the most important proposition that has ever come before the American Congress. It is the most important proposition that has ever come before any parliamentary body of any nation of the world. Saving the single issue of the World War, there has been no issue joined in 6,000 years of recorded history as important as this issue pending here today.

Mr. President, it will be my task to show that if the amendment shall prevail it has potentialities as follows: It may transfer from one class to another class in these United States value to the extent of almost $200,000,000,000. This value will be transferred, first, from those who own the bank deposits. Secondly, this value will be transferred from those who own bonds and fixed investments.

I want to make that statement clear. No issue in 6,000 years save the World War begins to compare with the possibilities embraced in the power conferred by this amendment. Two hundred billion dollars now of wealth and buying power rests in the hands of those who own the bank deposits and fixed investments, bonds, and mortgages. That $200,000,000,000 these owners did not earn, they did not buy it, but they have it, and because they have it the masses of the people of this Republic are on the verge of starvation—17,000,000 on charity, in the bread lines.

If the amendment carries and the powers are exercised in a reasonable degree, it must transfer that $200,000,000,000 in the hands of persons who now have it, who did not buy it, who did not earn it, who do not deserve it, who must not retain it, back to the other side—the debtor class of the Republic, the people who owe the mass debts of the Nation.

Mr. President, why is it necessary to consider here on this April day a proposal of so vast importance to the people of the Nation? It is not only national today, it is international, it is world-wide, and the remedy that is proposed in this amendment today is becoming the basis of relief for some of the other nations of the world.

Mr. President, for 12 or 13 years a policy of deflation, placed in force in 1920–21, has been pursued and through that policy of deflation we have seen liquidation, we have seen bank failures, we have seen hoarding of money, both credits, bank deposits, and actual money, until today there is not enough money in circulation of all kinds and character, credits and bank deposits and actual currency, with which to transact the business of the Republic. That is the proposition upon which I stand today on the floor of the Senate.

Mr. ADAMS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. THOMAS of Oklahoma. During the progress of my discussion I shall be glad to yield for any question or suggestion. I am glad to yield to the Senator from Colorado.

Mr. ADAMS. I wondered if I had heard accurately the Senator's statement that no bank deposits were earned.

Mr. THOMAS of Oklahoma. I did not intend to go that far.

Mr. ADAMS. I understood the Senator to say there is $200,000,000,000 that would be involved, and among the items affected are bank deposits which were not earned.

Mr. THOMAS of Oklahoma. I shall come to that in a moment. When I come to it the Senator will see the bank deposits on the one side neutralize the debts due the bank on the other, so they go out of the equation. I will come to that later in my discussion. I shall be glad to answer any questions if I can, and to have any Senator make suggestions if anyone so desires.

Mr. REED. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Pennsylvania?

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. Do I understand the Senator correctly when I heard him say that the purpose of his amendment is to transfer $200,000,000,000 of wealth from the creditor class in America to the debtor class? Is that correct?

Mr. THOMAS of Oklahoma. Unless that is done, the debtor class will not have done to them substantial justice, as I shall show before I conclude.

Mr. REED. And that is the motive and purpose of the Senator's amendment?

Mr. THOMAS of Oklahoma. No; I beg the pardon of the Senator from Pennsylvania. My purpose is to add another plan to raise the commodity prices of the farmers of America and of the producers of raw material so they can live.

Mr. REED. I understood the Senator to say the purpose of his amendment is to transfer $200,000,000,000 of wealth, which had not been earned by its owners, to the debtor class in America, and therefore it is the most important matter that had come up in 6,000 years. Did I hear the Senator incorrectly?

Mr. THOMAS of Oklahoma. I made the statement that it might have that possibility; but if that is done, it will not then have done fair and equal justice to the people of these United States. If the Senator will remain and listen to me, I shall be able to show him. This appeal is directed largely to the Senator from the State of Pennsylvania. He stands in this body unique, not all that is left of a regime that is now history but the outstanding spokesman of that regime. He is the leader here today, Mr. President, the full general in behalf of that battled army, vanquished last November and disbanded on the 4th of March.

Mr. President, I come now to the details. In 1930 we had about $100,000 less than $60,000,000,000 in the banks of the United States. I welcome challenges to any statement I make. I have the data. When the depression started, the banks of America—28,000 of them then—had on deposit a little less than $60,000,000,000. How much have they today? Twenty-eight thousand banks have dwindled to a bare 15,000 banks. Sixty billion dollars of deposits have dwindled to scarcely $30,000,000,000 of deposits. What has become of that $30,000,000,000 in the banks of the Nation less than 3 years ago? I pause for reply.

Mr. President, the money is gone. It does not today exist. Thirty billions of money that we had only 3 years ago has ceased today to exist. It has evaporated. It has vanished.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. How much money does the Senator estimate is tied up in the banks in the form of frozen deposits?

Mr. THOMAS of Oklahoma. It is practically all tied up in the way of frozen deposits. I will come to that later. We now have about $14,000,000,000 of deposits in the remaining open banks of the United States which are free, which can be checked upon at this moment. There is about $18,000,000,000 in banks in time deposits which can be had very readily, but not immediately. So, from $60,000,000,000 of money in the banks 3 years ago, we have today scarcely 30 billions of money in the banks. Yet we are told there is plenty of money; that the trouble in the country today is not because we have not the money but because the money is not circulated.

Mr. President, during the past 3 years, because of the scarcity of money and because of deflation, a policy of

liquidation has been pursued. Borrowers in the banks were called upon to pay their loans. They had to pay if they could, and when they paid their loans oftentimes that much credit was destroyed. The books are balanced, and the items are wiped from the deposit list. That is the first way the deposits went down.

The second way the deposits went down in the past 3 years is as follows: We have had about 10,000 bank failures, liquidations, and consolidations. When a bank fails, oftentimes the loss is severe, so that through liquidation, the payment of loans to banks, and the cancelation of credits through failed banks and the loss of the money, we have lost that gigantic sum.

Here is the result. I quote from the annual report of the Comptroller of the Currency of date December 5, 1932. If anyone challenges my statement that we had approximately sixty billions of money on deposit in the banks less than 3 years ago, I have the report here. Here is the report of what it was the 1st day of last June. The total money on deposit on the 30th day of last June was $45,390,209,000.

Mr. President, there is a loss of $15,000,000,000 in bank deposits since 1929 and 1930. Where has that money gone? It is not in the banks. It could not be hoarded, because 2 or 3 years ago there was only $4,000,000,000 of money in circulation, real money—gold, silver, and paper. This money never existed except in confidence and credit. It was the kind of money that was created when an old farmer would go down to his bank and say, "Mr. Banker, I need a thousand dollars." In former times the banker would say, "Yes, Mr. A; glad to accommodate you", and hand him out a note, which the farmer would sign, for $1,000, due in 30, 60, or 90 days. The banker took the farmer's note, entered on the passbook the date and the amount, and the transaction was complete. Under the law the farmer has the right, along with others, to convert his property, his collateral, his good name into deposit money; and when that transaction was completed on that day in that bank, $1,000 of credit money, deposit money, was placed in the bank where the transaction was had; and when night came, and the books were balanced, the bank showed a thousand dollars more in deposits than it had that morning.

Did the farmer put a single dollar in that bank—a single copper penny? No; but the bank's books showed a thousand dollars more of deposits in that bank that night than they showed that morning when the books were opened.

Mr. President, until the 30th day of last June, according to this report, the bank deposits decreased from 60 billions to 45 billions; but that is not all the decrease. From last June until the bank holiday they decreased still further; and we have the information—not official—that when the bank holiday came on the 4th day of March, or thereabouts, the bank deposits had fallen from 45 billions down to 40 billions. In 6 months' time we lost $5,000,000,000 more of money through liquidation and through the failure of banks.

But that is not all. When the bank holiday came and was over, 5,000 banks failed to open, and those 5,000 banks, it is estimated, had $5,000,000,000 more of its credit money, deposit money, on their books. When those banks failed to open $5,000,000,000 more of the money of the country was, for the time being at least, destroyed and canceled.

Take the $5,000,000,000 of losses from the 30th day of June until the banking holiday from $45,000,000,000, and that leaves $40,000,000,000. Substract from the $40,000,000,000 the $5,000,000,000 that is in the closed banks today, in the hands of conservators or in banks not open, and that brings you down to $35,000,000,000 on deposit in the banks.

But perhaps that is not all. Much of this money is in hoarding. We have a very large sum of money in circulation; that is true; but there has not been a day in the past 10 or 12 years, until this emergency came, when all the banks of the Nation had in their vaults at one time the sum of $1,000,000,000 of real money—of gold, of gold certificates, of silver, of silver certificates, of Federal Reserve notes, of Federal Reserve bank notes, of Treasury notes, of Treasury notes of 1900, any kind of money. There was not a single night in 10 or 12 years, even when we had 31,000 banks open, when the banks all together on any one night had in their vaults the sum of a single billion dollars, even though they had on their books in deposits the sum of $60,000,000,000.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I wonder if the Senator has contemplated what would happen if the situation I present were to come to pass: Suppose we pass the inflation measure and put it into effect. Suppose, as a consequence, stock, bond, and commodity prices advance. Now, suppose at the world conference we agree with France and England and other nations to stabilize the dollar. In the meantime we have driven up commodity and stock and bond prices to a point higher than their present level.

When we agree with France and with England to stabilize our money, if we do, then the reverse process will occur. In other words, the dollar then will decrease in value, and commodities will decrease, and we will have to a lesser extent, perhaps, gone back over the history from 1918 to 1929, namely, of driving values up higher than where they deserved to be, and then deflating. Now we are driving them up again; and if we effect these treaties stabilizing international currencies, then we will deflate again and will have the patient perhaps in the position of one who has had pneumonia and gotten up too quickly and had a relapse and gone back to bed again.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. Would not that depend upon the basis upon which we stabilized the currency?

Mr. TYDINGS. Yes; to some extent it would; but I assume that the Senator from Oklahoma is predicating his remarks on the theory that our currency will be greatly inflated. If it is a small inflation, then the amount of good will not be as great as he pictures. If it is a large inflation, then the amount of deflation must correspondingly be large when monetary stocks are revalued.

If the Senator will permit me just a minute more—because he probably will take up this subject in his discussion, and I am asking simply for information—there is some talk in the press this morning of France's further devaluating her money stocks. She has about three and a half billion dollars' worth of gold. Her franc is now stabilized at about 4 cents instead of 20. England is also contemplating, so we learn, a further debasement of the pound. If that is the case, then, if we do inflate, must we inflate still more as each one of these other monetary stocks starts the spiral? And, if so, where is the end?

Mr. THOMAS of Oklahoma. Mr. President, I shall not be drawn into a discussion of what France may do, or even what Great Britain may do. Neither will I speculate upon the farmers of the country getting too much for their wheat or their corn or their cotton. Until they approximate the cost of production, I shall not in any sense become alarmed; but as I proceed the Senator may gather an answer, in a general way, from my remarks.

I have just stated that we now have on deposit around $30,000,000,000 in the remaining open banks of this Nation. Those $30,000,000,000 of deposits are divided into two classes: First, into demand deposits, and, second, into time deposits; demand deposits being those against which the owner can write his check from day to day; time deposits being those placed in the bank upon contract to remain for a specified time, but to be withdrawn upon a certain amount of notice.

On the last day of June 1932 the 45 billions then on deposit were divided as follows: There were $16,000,000,000 in demand deposits, and there were $24,000,000,000 in time deposits; but from the 30th of June until the banking holiday we lost 5 billions. If the amount of demand deposits went down in the same proportion as the amount

of time deposits, then at the end of the bank holiday we had some $13,000,000,000 in demand deposits and $21,000,000,000 in time deposits. But when the bank holiday was over, 5,000 banks did not open, so there were approximately $5,000,000,0000 more of money that was not available. Take the same proportion and take $2,000,000,000 more from 13 billions, and it leaves $11,000,000,000 of demand deposits in the country today to transact the business of the Nation. It leaves, if we take the same proportion from time deposits, 18 billions of time deposits that the people could get if they wanted the money—and perhaps they will—but it is not subject to check. Add the 18 and 11, and it gives us $29,000,000,000 as the total amount of money in all the open banks of the Nation today with which to transact the business of the Nation, one half of the money we had only 3 years ago.

If we did not have too much money then, we certainly have too little money now, because the supply and the quantity and the amount we had 3 years ago are lessened today by approximately one half. That is the reason, Mr. President, why I have occupied so much of the time of the Senate in trying to call these facts to the attention of the Senate, and thereby to the attention of the country.

Now, Mr. President, let me come to the phase of this discussion suggested by the senior Senator from Pennsylvania [Mr. REED].

I made the statement a while ago that this amendment can take 200 billions of wealth from those who did not earn it and did not buy it and transfer it to the other side of the ledger—to the farmers who have lost it, to the real-estate owners who have lost it, to the unemployed, the city dwellers who have lost it—and yet substantial justice will not have been done to that debtor class.

I exhibit before you statistics prepared by the Bureau of Labor Statistics of the Department of Labor, and I exhibit a sheet entitled "Purchasing Power of the Dollar Expressed in Terms of Wholesale Prices."

In 1926 this table of wholesale prices gave the dollar the value of 100 cents; and I start from that base.

Today the dollar has risen in buying power until it not only has buying power to the extent of 100 cents, but of 200 cents; but that is not all. In February of this year the dollar, measured by farm commodities, was worth $2.44½. In other words, Mr. President, the farmer in Oklahoma, the farmer in South Carolina, the farmer in Nebraska, the farmer in Vermont or Connecticut, the farmer anywhere in America, today must produce and sell upon the market $2.44½ worth of his labor, his time, his sweat, his products, to get a dollar. So far as the farmer is concerned, every dollar that he has is worth $2.44½.

My statement made a moment ago, that if we should transfer 200 billions of wealth from the class who hold fixed investments to the farmer class, to the unemployed class, to the real-estate class, to the debtor class, we still would not do substantial and exact justice, is accurate because my figures were based upon halving the dollar in buying power today. Cut the dollar in two; take from the dollar $1.22¼, and you leave in the dollar $1.22¼, and still the farmer of America would have to toil and sweat and produce value to the extent of $1.22¼ to get every dollar that he must have to pay his taxes, and to pay his interest, and to pay his debts, and to keep the sheriff from his door.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. If the Senator has there a list of the farm commodities upon which these figures are based, I think it would be enlightening if he would put them in the RECORD at this point.

Mr. THOMAS of Oklahoma. This exhibit states that these data were prepared from a series of products embracing 784 commodities. Those are not all farm commodities. The farm commodities were taken as generally as the Department could gather them, and the general average was taken and the farm values based upon that wide selection of farm commodities selected and the average taken.

In order to go through the list and to be fair, I want to place this in the RECORD:

The dollar hangs most heavily upon the farming class, because the farmer has to work and produce goods to sell for $2.44½ in order to get a dollar. Those who produce food, and food alone, must produce value to the extent of $1.86 $^{2}/_{10}$ in order to get a dollar. Those who produce hides and leather products must produce $1.47 worth of commodities to get a dollar.

Textile products: Those who are engaged in the production of those commodities must produce value to the extent of $1.95 plus in order to get a dollar.

Fuel and lighting: Those who are engaged in that industry must produce $1.57 plus in order to get a dollar.

Metals and metal products: Those who are engaged in mining must produce value to the extent of $1.29 plus in order to get a dollar.

Building material: Those who are engaged in the growing of lumber, the processing of lumber, and the handling of lumber must produce wealth to the extent of $1.43 in order to get a dollar.

Chemicals and drugs: Those who are engaged in that industry must produce value to the extent of $1.40 plus in order to get a dollar.

House-furnishing goods: Those who are engaged in that industry must produce value to the extent of $1.38 in order to get a dollar.

Miscellaneous: Those who are engaged in the production of general miscellaneous articles must produce value to the extent of $1.68 plus in order to get a dollar.

Taking all the industries of the United States, including farm products, based on 784 commodities, the dollar, on an average, is worth $1.67 plus. In other words, there is a favored class, consisting of those who hold fixed investments in the form of bonds, in the form of notes, any class of fixed investment, even though it be a salary—although we have learned recently that salaries are not fixed investments, and that wages are not fixed investments, and if this process keeps on, as it has been going, accentuated in the last 3 years, and further accentuated in the last 2 months, wages will have been depleted and there will be nothing left; salaries will have been depleted and there will be nothing left. Members of Congress will be lucky in the next 12 months to receive salaries of $5,000 per annum.

Mr. President, my statement a moment ago, based upon the present value of the dollar, was only taking one half of the dollar, taking $1.22¼ from the dollar, leaving the dollar worth $1.22¼, and the farmers still have to pay that much to get a dollar. But based upon that analysis, this amendment, if it only goes to that extent, will have the potentiality of transferring wealth now in the hands of one class, which did not earn it, did not buy it, does not deserve it, to the class which lost it, and which must have it back if this Nation is to survive.

While the purpose of the amendment is to raise commodity prices, let me state what will happen under it. I do not say to what extent; I will not be administrator of the power conferred by the amendment. It is possible that nothing might be done under the amendment, but I have a conviction and confidence that something will happen under it.

The dollar will be cheapened, its buying power will be reduced, and, to the extent that the dollar is brought down in buying power, to the extent that its value is taken out, to that same extent will commodity prices rise. Wheat will go up in value, corn will go up in value, cotton will go up in value, every commodity of the field and the farm and the ranch and the lumberyard and the mine will share in the general prosperity. Yet the distinguished Senator from Pennsylvania, leading the remnants of a vanquished army upon this floor, protests against the cheapening of the dollar a single penny.

Mr. President, in the past 2 or 3 years the demand deposits in the banks have decreased almost $10,000,000,000. In the past 3 years wages of the laboring people of the country have decreased approximately $10,000,000,000 more. In the past 3 years the national income has fallen from $90,000,000,000 down to thirty-odd billion. Fifty billions of wealth created during a 3-year period in former times has been lost; during the past 3 years that much has been lost each year. Yet the Senator from Pennsylvania wants to continue the downward trend, apparently, to keep this loss a loss upon the people of the United States, to keep this loss to the wage earners of the Nation, to keep these deposits down, and not revive the deposits either in currency or in the credit of the Nation.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. CONNALLY. The Senator says that 50 billion of wealth was lost. Is he not inaccurate in that? Is it not true that there is just as much wealth in the United States as there ever was, but that, through the enhancement of the value of the dollar, that wealth has been transferred to other people, liquidated, squeezed out, handed over to other people?

Mr. THOMAS of Oklahoma. The Senator is exactly right, but his statement covers two propositions. The Senator is exactly right in his statement, but I made the statement that in the past year we have lost $50,000,000,000 of buying power through the loss of national income. That buying power is America's real wealth. The Nation and its people have lost $50,000,000,000. Because they have not made as much money, have not collected as much money this year as they did last, they have lost $50,000,000,000 in buying power, whether or not we call it wealth. It might not have been wealth, but at least it serves the purpose of securing the thing which wealth sometimes secures.

Mr. President, the record shows that there are today about $12,000,000,000 on deposit in the open banks of the Nation, and only about $12,000,000,000. Even those $12,000,000,000 are based upon assets which are not liquid. Banks cannot collect the notes which are due the banks. Every time there is a dollar in a bank on deposit there are two debts involved. There is the debt, first, which the bank owes the owner of the deposit. That is debt no. 1. Then there is debt no. 2. Someone owes the bank that dollar which the bank must have to pay its depositor. So these twelve billions of bank deposits are based upon a compound debt—first, debts the banks owe the depositors, and which the banks cannot pay. Less than 2 months ago that statement was justified. Last winter, only a few months ago, I heard the statement on this floor that the banks were full of money, and that what we needed was not to have more money in the banks but to have something else. Let me ask those who say that the banks were full of money, why every bank in the Nation closed less than 2 short months ago?

Mr. President, the total bank deposits have diminished from $60,000,000,000 to possibly $30,000,000,000. The demand deposits have decreased from $24,000,000,000 to approximately $12,000,000,000. I claim now that that is not enough money with which to transact the business of the greatest, the richest, the strongest, and the most influential nation of the earth.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. At that point, has the Senator the figures as to what the bank checks were along about 1928, as compared with today? Have they not fallen something like 65 or 70 percent?

Mr. THOMAS of Oklahoma. They have fallen approximately 60 percent. I have the statement of those who should know to the effect that at the peak of prosperity, in 1928 and 1929, the total circulation of bank-deposit money annually amounted to about twelve hundred billion dollars. Now it is down to about $500,000,000,000. In other words, the people of the Nation, because of frozen assets, because of a decreased amount of money in circulation, because of a diminishing amount of money in the bank, have lost in 3 years in the circulation of bank checks the difference between $500,000,000,000 and $1,200,000,000,000. Yet some wonder why we are having trouble in the United States and say that if we could only have a return of confidence things would be lovely.

Mr. President, I have tried to state upon this floor hour after hour that we could not make any progress with any matter satisfactorily until we took up and adjusted the money question. That opinion seems to prevail very largely today not only in the United States but throughout the world.

I made the statement a moment ago that this deflation, started in 1920 and 1921, has been going on all these years. It hit the farmer first, it hit the stockman second, it hit the small merchant third, it hit the little bank, and then the wholesale houses, and then it hit the factories, then the railroads, and at last it struck the Nation.

Mr. President, it has been stated upon this floor time and time again that this catastrophe did not have to happen. Who brought about this terrific cyclone and tornado and hurricane? There is one branch of our Government specially charged with the duty of handling money, created for that purpose. I refer to the Federal Reserve Board. Perhaps Senators might be startled if I were to tell them that since the 9th day of March, a little more than 30 days ago, the Federal Reserve Board, acting for a Nation that is ill, has canceled credits in the banks to the extent of $1,154,000,000. Since the 9th day of March, scarcely a month ago, the Federal Reserve Board, presuming to act for the people of the United States, has taken from circulation and canceled money to the amount of $1,470,000,000.

Think of it, Mr. President; with only $12,000,000,000 in the banks subject to check; much of the actual money being in hoarding, not subject to use, the Board which handles the finances of the United States and the money of the United States in the past month has withdrawn from circulation a billion and a half dollars, and for the time being has canceled that money.

I hold in my hand a tabulation of the Federal Reserve Board itself showing the progressive deflation from week to week, and in order that the record may be clear, I will place these figures in the RECORD.

On March 9, 1933, the total Reserve bank credits amounted to the sum of $3,644,000,000. There was money in circulation, partly in the banks, partly in hoarding, partly in the tills of the country, partly in the safe-deposit boxes, partly in the packets of the people, partly in foreign lands, in the total sum on March 9 of $7,538,000,000.

What happened? Within the next 7 days following the 9th of March 1933, this is what the agent of the Congress did, and I so describe it because section 8 of article I of the Constitution provides that the Congress shall coin money and regulate its value, and its value can only be regulated through keeping money in circulation, or raising or decreasing the gold content of the dollar. What did our agent do in the next 7 days following the 9th of March? It canceled $119,000,000 worth of bank credit. It took from circulation the sum of $269,000,000.

In the next 7 days our agent canceled bank credits to the extent of $638,000,000 and took from circulation the sum of $661,000,000.

In the next 7 days our agent canceled bank credits to the extent of $199,000,000, and during the same 7 days, ending on March 30, it took from circulation the sum of $255,000,000.

In the next 7 days your agents, Mr. President, and my agents canceled bank credits in the sum of $114,000,000 and took from circulation the sum of $92,000,000. In the next 7 days the Federal Reserve Board canceled bank credits in the sum of $46,000,000 and took from circulation the sum of $114,000,000. And on last Thursday, at 4 o'clock, when the last statement was issued for the preceding 7 days—that is the last report I have—your agents, Mr. President, and the agents of the Congress took from circulation the sum of $79,000,000 and canceled bank credits to the extent of $38,000,000. These sums, when added, make a cancelation of bank credits aggregating $1,154,000,000 and a cancelation of

money in circulation in the total sum of $1,470,000,000. Yet the Senator from Pennsylvania is apparently satisfied with this very accentuated policy of deflation.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I think it would enlighten the Senate and add to the value of the discussion if the Senator would tell the Senate just how the Federal Reserve banks did what he has described.

Mr. THOMAS of Oklahoma. During the past year the Federal Reserve banks went into the open market and bought almost $2,000,000,000 worth of Government bonds and paid for those bonds with Federal Reserve notes. From time to time the Federal Reserve Board, acting through the Federal Reserve banks, goes on the open market; it comes to Washington and takes up Treasury bills offered for sale by the Treasury from week to week and month to month, so that the Federal Reserve banks have this vast amount of bonds, almost $2,000,000,000 worth, and in addition all this vast sum of Treasury bills, short-term obligations.

Mr. REED. Mr. President, my attention was distracted, and I did not hear the concluding figures on the date the Senator mentioned as to the amount of currency outstanding. Will he repeat the figures for my benefit?

Mr. THOMAS of Oklahoma. On the 20th day of April, last Thursday, at 4 o'clock, the amount of money in circulation was $6,068,000,000.

Mr. REED. I thank the Senator.

Mr. THOMAS of Oklahoma. Answering the Senator from Nebraska, the Federal Reserve Board has this vast sum in bonds on hand, for which it paid Federal Reserve notes of the Federal Reserve System, and through the Federal Reserve banks it has a vast sum of short-term obligations on hand, for which it paid either credit or in effect money.

Now, here is what happened: According to the statment of March 16, the Federal Reserve Board sold $182,000,000 worth of its bills. That money was in circulation, but the Federal Reserve Board did not want it to remain in circulation. So they put out a sponge and absorbed the money, drew it back, by selling their bills and requiring the purchaser to pay for them in the coin of the realm; and when they sold bills to the amount of a million dollars they withdrew and extracted from circulation the sum of $1,000,000 in currency.

They sold again in that same week $14,000,000 worth of such bills. That week they sold only $1,000,000 worth of their bonds. That was a start. The next week the Federal Reserve System put out this sponge again and sold bills, requiring the purchasers to pay currency, gold or silver or what not—actual money. That week they sold $561,000,000 of their holdings. They must have had a big sponge that week or they must have placed their sponge all over the United States, because in 1 week's time they disposed of their holdings of bills held in the sum of over half a billion dollars, and at one fell swoop they withdrew from circulation $561,000,000. That same week they withdrew $51,000,000 more; for that same week they sold $16,000,000 of Government bonds. They bought all the bills they could; and then they began to sell their bonds, because they could not get the currency in quite fast enough by selling just the bills alone.

The next week the Federal Reserve Board sold $126,000,000 worth of bills, and again $42,000,000 of bills; and in that week they also sold $26,000,000 of Government bonds which they had bought last year. When they sell these issues they take that much money from circulation. During the next week the Federal Reserve Board sold $109,000,000 worth of their bills and $24,000,000 more of their bills, but that week they only sold one million of their holdings of United States bonds. The next week, the week ending April 15, the Federal Reserve banks only sold $8,000,000 of their bills of one issue. Then they sold $39,000,000 more, but that week they did not sell any securities. I would not be surprised, however, if along about that time a most responsible member of the Federal Reserve Board who had been pursuing this policy got information from some source that his policy was not in harmony with the intent and purpose of the present administration. About that time I heard that he was considering resigning. Whether or not he has resigned, I do not know; but evidently the Board has been checked in its ruthless policy of taking money from circulation.

Last week—that is, for the week ending April 20—the Board sold $14,000,000 worth of bills, and again $39,000,000 worth of bills; but they sold no Government obligations that week. That explains the method by which the Federal Reserve Board, acting through the several Federal Reserve banks, can take money from circulation.

They can put money in circulation, as they did last year, by buying Government bonds and bills and paying for those bonds and bills with Federal Reserve notes. They did that last year to the extent of about a hundred million dollars per week; they bought about $1,200,000,000 worth of Government bonds. But the banks, or those who owned the banks, held these bonds, and as soon as the Federal Reserve System bought the bonds and paid money to the banks, or to those who owned the banks, the banks owing the Federal Reserve System, not being able to loan money—because there are no securities which are making money—the banks, to save interest to the Federal Reserve System, sent the money back and paid their obligations. To that policy I agree, for there has been no property in the past 12 months until recently on which a bank dared to loan money. They will loan on Government bonds, but those who own Government bonds do not have to borrow; there is always a market for Government bonds, and they have been above par a good part of the time. So that those who own the bonds are not borrowers, in the main. There is now no property save one single class on which the banks of the Nation dare to loan the money of their depositors. There is one class of property today that is making money. Those who own breweries can get loans today. The breweries are making money. Those who own glass factories and glass-bottle works can get money today at the banks. The banks are making loans to them because those industries are making money. The makers of bottles, proceeding along with the beer traffic, are prosperous. Then, we have the hop industry, and those who own hop farms today have buying power and can secure loans.

If they need money they can get it; but, save the interests represented by the brewing establishments and allied institutions, there is no class of industry today of which I know that is making money sufficiently to enable a bank's officers to make a loan to it. Banks do not loan their own money; in the main they loan the money of their depositors. Of that money the banks are only the guardians and the trustees, and they do not dare to take a chance loaning the money of their depositors of which they are the trustees and guardians to any person upon any industry unless the bank is sure as nearly as may be that not only the principal will be paid but likewise the interest. That is the reason why the banks are not loaning money; that is the reason why the banks cannot loan money; and until this money question is settled and adjusted the banks cannot loan money. I do not care how much money they may have in their vaults, they do not dare to take that chance.

Mr. President, what is the condition today? I will not dwell on it at any length. I just want to call attention to one or two facts. A few days ago Mr. Green, of the American Federation of Labor, made the statement that we have today 13,000,000 unemployed people in these United States. I hope that is not true, but I am afraid it is. Times have gotten so bad, Mr. President, through unemployment, through the scarcity of money, through the lack of credit, business being at a standstill, that the people cannot get money with which to pay their taxes. Taxes are not being paid because taxes cannot be paid. States, towns, villages, counties, and the Nation itself are having difficulty in getting money to keep themselves going concerns.

I have here a statement—it is the result of a debate that was held recently—of which the headlines are as follows:

Many cities' plans to reorganize told. Hall and Kiplinger in joint discussion over radio.

I quote the first paragraph of the body of the article:

Thousands of big and little cities, villages, counties, townships, and other local districts are planning wide-spread reorganization of their government, Arnold Bennett Hall, director of the Institute for Government Research of the Brookings Institution, declared last night.

Mr. President, what does that mean? It means that the cities of the country, the counties, the States cannot secure payment of their taxes, and, realizing that they cannot secure payment of their taxes, these cities, these municipalities, are preparing to go through what might be termed "bankruptcy" to rid themselves of the obligations now hanging over them upon which they cannot even pay the interest. That is what faces America. There is no chance for these cities to collect taxes on the basis of a 2.44 dollar; there is no chance for the counties to collect taxes on the basis of a 2.44 dollar; there is no chance for the States to collect taxes on the basis of a 2.44 dollar to pay their expenses. The people have not paid their taxes; they are not paying their taxes, and they cannot pay them; and what are we going to do about it?

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I just want to interject that the 2.44 dollar does not tell the whole story. Many of these municipal obligations were incurred during the period of 1920 to 1921, when the dollar was worth about 60 cents. So, instead of being on a 2.44-to-1 basis, many of them are having to discharge debts that they really contracted on a 60-cent basis, so that it is really a 4-to-1 basis for many of them.

Mr. THOMAS of Oklahoma. I thank the Senator for his contribution.

Mr. President, I will quote from the public press some news items. I will not mention the city, but there is no one in this presence but who knows what city is referred to. Omitting the name of the city:

——— march to help teachers. Twenty thousand in mile-long parade demand payment of salaries overdue 8 months.

Another news item:

Teachers riot in ———.

I read again:

Twenty-five thousand in —— city teachers' parade.

What does that mean, Mr. President? The teachers perhaps could not put on much of a revolution. Were they properly aroused, even those teachers no doubt could put up a fight.

I now call attention to a report which appeared in the public press yesterday. I hold in my hands a copy of the New York Times of date Sunday, April 23. I will omit the name of the State:

Crisis threatens ——— State schools. Shortage of funds has closed 85 percent, with remainder on part time. Situation growing worse. Apart from national slump, the State's finances are at the lowest ebb since 1865. Teachers suffering. Some live in school houses and exist on donated vegetables. Merchants refuse scrip.

That is only a sample. What has happened and is happening in that Southern State is happening in the Western States, the Northern States, and the Eastern States. I do not need to dwell upon conditions as they exist today.

I said a moment ago that the deflation initiated in 1920–21 has been going on for these 12 or 13 years. It first hit the farmers, second the livestock men, and then others, until today no one is escaping except those holding tax-exempt gold bonds, and if they only knew it they are hurt, and badly hurt. They have waited too long. There was a time when they could have saved themselves by yielding a portion of their unearned increment. That time has passed. The deflation did not stop on the 4th of March, much to my regret. It has gone on. It could not have been avoided, and I will tell why.

The banks were closed when the present administration came into power. This administration found every bank in the United States closed. Then, as soon as the administration was installed, the first problem was to try to get the banks reopened. Fortunately, in a week or 10 days' time most of the banks were opened. Five thousand were not opened, and those 5,000 banks had on their books a total sum of approximately $5,000,000,000. That $5,000,000,000 in the closed banks, for the time being, had just as well have been in the center of the Atlantic Ocean. It is not in circulation. It is not of service. It cannot be had. I hope it comes to life, and very shortly, but today that money is dead. That was a further deflationary act.

Then when the banks reopened all gold was kept from circulation and all gold certificates were withdrawn, and all gold and gold certificates in circulation were ordered withdrawn, taking that much additional money from circulation—another deflationary act.

Then the Federal Reserve Board, as I have already shown, began to contract bank credits and circulation, taking out of the banks and removing from circulation almost one half of the real money of the Nation. That was a further act of deflation.

We cannot escape the conclusion that the economy bill was a further act of deflation, because when we sever persons from the public pay roll or the private pay roll they have lost that much buying power, and to the extent that those persons throughout the country have been discharged, not only from Government but private employment, just to that extent deflation was accentuated. The bill we passed had a further deflationary effect by cutting down the salaries of those who remained upon the public pay roll. Private industry took advantage of that to slash again. A few nights ago I had the privilege of attending a banquet presided over by one of the great industrialists of the United States. He had on either side of him other industrialists of the United States. These industrial heads told that assembled gathering that for months they had had but two duties to perform because of no business—first, cutting off heads; and, second, cutting down salaries. So the economy bill, whatever we may think about it, was another act of deflation.

The reduced appropriations which have been and are being cut off for all sorts of public purposes, not only by the National Government but by the States, are likewise a deflationary move. If we are to continue in this line, let me make this prophecy. Germany is held up to the American people as a ghost of inflation. If deflation is carried on to its ultimate end, deflation will result exactly in America as inflation resulted in Germany. The people will lose their property, those who hold fixed investment, such as United States bonds, State bonds, corporation bonds, notes, and mortgages, will see them defaulted, repudiated, and their paper will be worthless.

Mr. President, my State is a great agricultural State. In the southern part of my State we produce not much else but cotton. Thirty-five counties in Oklahoma are cotton-producing counties. All landowners and tenants and wage earners in the cities in that section live upon cotton. In the northern half of my State we have a wheat-growing section. The farmers, the tenants, the laborers in the cities, live upon wheat. Interspersed in the south and north halves of my State we grow corn. We grow almost everything produced in the North and likewise in the South, so Oklahoma is a great farming state, primarily a farming State. It is true we have oil, we have coal, we have lead and zinc, we have lumber, but in the end those will disappear and the lands alone will remain for future years. When the lead and zinc and coal and oil are gone we will still have our farms, we will still be inhabited by the farmers and by the tenants.

Let me place in the RECORD at this point what we have been forced to sell our products for in Oklahoma during the

past 12 months. Wheat has sold by the farmer in Oklahoma in a range of 15 to 30 cents per bushel. Corn has sold by the farmer in a range of 8 to 15 cents a bushel. Oats have sold in Oklahoma in a range between 7 and 10 cents a bushel. Cotton sold during the past fall in a range from 5 to 6½ cents a pound. Hogs have sold around $2.75 per hundred, and cattle around $3 per hundred.

Mr. President, in Oklahoma, as in all wheat-growing States, wheat in the past 12 months has been the lowest in recorded history. Four hundred years of the record of wheat prices has not seen wheat so low as it has seen wheat in the past 12 months. Yet the Senator from Pennsylvania [Mr. REED] wants my farmers to keep on raising wheat at a lower price than it has been in 400 years, in order that the holders of tax-exempt bonds may draw dollars at the rate of $2.44 per dollar. That is not now being done on behalf of one Senator. I suggest to the Senator from Pennsylvania that it will not again be done.

Mr. President, at this point I want to show the Senate what the farmers of my State have to produce in order to get money. I have here a pound of cotton which I exhibit to the Senate. The farmer in Oklahoma, the farmer in the South, must get land and plough it, plant cotton, and he and his children and his wife must top that cotton and cultivate it. In the fall they must pick it, take it to a gin and have it processed by being run through a gin, have it baled, and then take the cotton to the market. This is the size of bundle, tightly compressed, that he must produce in order to get 5 cents in money. The Senator from Pennsylvania wants the farmers in the South to produce that much cotton indefinitely to pay the interest on the bonds held in Pennsylvania at the rate of $2.44 value per dollar. It is not being done, Mr. President. It will no longer be done.

Mr. REED. Mr. President, will the Senator from Oklahoma yield for a question?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Pennsylvania?

Mr. THOMAS of Oklahoma. Gladly.

Mr. REED. I gather from what the Senator said that he expects the farmers who grew that cotton will now cease to produce the surplus that weighs upon the market and depresses the price. That is all we want them to do—not to keep on producing, but to slow up producing.

Mr. THOMAS of Oklahoma. Mr. President, I deny that we have any surplus of cotton in either the United States or the world. The Senator from Pennsylvania only last week made the statement that we have 17,000,000 people in these United States upon charity. They are barefooted. They have no socks. They have perhaps no underwear, perhaps they have no shirts—just rags—17,000,000 upon charity. If those 17,000,000 could be outfitted in cotton, we would wipe out the surplus in America.

Mr. President, I exhibit to the Senate a half-gallon jar. This contains a very poor quality of yellow corn—shelled, I will say for the benefit of those who may read what I have to say and not see what I am displaying. Farmers in Oklahoma and in the South and East and the West must produce a half-gallon fruit jar three quarters full of corn shelled in order to get one-half cent. That is what the farmers face today. That is what they have faced in the last 3 years. Yet the Senator from Pennsylvania wants the farmers of Iowa and Nebraska and the Nation to produce a half-gallon jar of shelled corn to get half a cent to pay his holders of tax-exempt gold bonds at the rate of $2.455 per dollar. Mr. President, it is not being done. It cannot be done. That is the issue that the pending amendment and this bill brings before the people of America at this particular time.

I next exhibit to the Senate another half-gallon jar filled with oats. This half-gallon jar will not hold one half cent's worth of oats. The farmers of Oklahoma and the other oat-growing States must produce more than half a gallon of oats; they must plow the land, they must sow the oats, they must cut the oats, they must thresh the oats, they must take them to the market, more than half a gallon of them, to get one-half cent.

Mr. President, it is a physical impossibility. It is not being done, not because the farmers do not want to, but because it is a physical impossibility.

I next show to the Senate another half-gallon jar of wheat. This is the standard farm commodity of America, grown in my State, grown in the South, grown in the North, grown in the East, grown in the West, grown everywhere. Here is a half-gallon jar of wheat. It is a little more than half full. It contains 2 pounds. The farmers of America must raise 2 pounds of wheat, plant it, cut it, thresh it, sack it, haul it to the elevator, to get 1 cent of money.

Mr. President, here is the visible evidence of the issue that I am trying to raise before the Senate:

This one-half cent's worth of corn represents 2 pounds of shelled corn. The farmers must raise and sell 2 pounds of shelled corn to get one-half cent. They must raise and sell 2 pounds of wheat at the rate of 30 cents a bushel—more than it has been sold for in months in my State until recently—to get 1 cent of value. They must raise, process, and sell 1½ pounds of oats to get one-half cent in value. And that is the reason, Mr. President, knowing as I did of the conditions under which the farmers had to live, that I have done the best I could to get some relief.

Mr. President, since I took the floor there has been sent to me a note; and along with this note I have, and exhibit to the Senate, a piece of paper of approximately the exact size of a $2 bill. The paper feels to be about as good as real paper money. It is printed to look very much like paper money. It is brown on one side, with the words "City of Detroit, Mich.", with the State seal. On the other side I find, in large figures, "2", which means $2; "City of Detroit, Mich." That is scrip. That evidently circulates in Detroit, Mich.

Mr. President, if we have in the country enough money with which to transact the business of America, why cannot the great city of Detroit secure enough of the real money of the Nation, authorized by Congress, with which to transact business, without having to resort to scrip of the kind that I exhibit to the Senate?

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield to the Senator from Maryland.

Mr. TYDINGS. While the Senator's observation might apply to other cities, I understand that in Wayne County, a large part of which is the site of the city of Detroit, money has been so lavishly expended in the past that it requires 54 cents out of every tax dollar to pay the interest and sinking-fund requirements of the municipal debt.

Mr. THOMAS of Oklahoma. I thank the Senator for his contribution at this point in connection with this discussion.

Mr. President, the issue joined before the Senate is this: Shall the American Government continue the policy of deflation that has brought us where we are, or shall we make a heroic effort to stop the deflation and start back on the upward trend through what might be termed "expansion" or "reflation"?

At this point I desire to call the attention of the Senate to the statement of an eminent economist. I refer to Dr. G. F. Warren, of Cornell University. He defines the issue, and defines it better than could I. For that reason I read his statement. The headline is:

DEFLATION OR REFLATION?

The price level must be raised to the debt level, or the debt level must be lowered to the price level. This is a matter of grim reality that cannot be cured by psychology, confidence, or Government lending.

We must choose between deflation and reflation. * * *

If we wish to go through with deflation, we may as well proceed with the bankruptcies, foreclosures, and public defaults and get them over with.

DEFLATION

If deflation is completed, the following are some of the innumerable adjustments yet to be made.

Mr. President, if the policy of deflation advocated by the distinguished Senator from Pennsylvania is to be continued, here is what Dr. Warren says must come. I read:

At the new price levels, public and private debts are nearly equal to the national wealth.

If Dr. Warren's statement is true, today there is scarcely enough wealth in America to pay the debts of America.

These debts will have to be reduced. The only plan thus far proposed for reducing them is bankruptcy and private adjustment. This will probably require 3 or 4 years for the major adjustment and a generation to complete the process. While the more serious part of this is taking place, bankrupt homes, farms, and other properties will always be for sale at less than new costs of construction, regardless of how long these costs may fall. Therefore little building of any kind is to be expected. Consequently most of the basic industries will operate at low capacity and severe unemployment will be continuous.

That is the policy which the Senator from Pennsylvania and those who see as he does think should be followed from here on out. I am not willing to follow that leadership, Mr. President; and I shudder when I think of what will happen—and that, I fear, too shortly—unless the reverse policy is inaugurated and pursued.

Mr. President, in this emergency the States are powerless. Not only are the States powerless, but the cities and the counties are powerless. They can do nothing save issue scrip, and that is being done throughout the length and breadth of the Nation; but the States are protecting their citizens. They cannot get them more money; they cannot cheapen the dollar; they cannot raise the price of corn, wheat, cotton, and livestock; but the States almost without exception have passed laws protecting their citizens. They are protecting those citizens through denying the processes of the courts to those who seek to foreclose the mortgages existing against the farms and the property of those States.

There is what we face. The States themselves are in rebellion against this policy of deflation; and that act of rebellion is seen in the passage of innumerable laws throughout the Nation postponing the possibility of foreclosures, repealing laws under which Eastern investors having mortgages on Western properties can secure the process of the courts to enforce those mortgages.

If that is not rebellion, Mr. President, what is rebellion? The people cannot pay their present indebtedness at these prices. The cities cannot pay. They cannot pay their indebtedness. They cannot pay their interest. They cannot pay their operating expenses. The counties cannot pay. Even the States cannot pay, and the Federal Government itself cannot pay. In the past 3 years the Nation of which we are the policy-making branch has run behind more than $5,000,000,000. We are not collecting enough money, under our existing tax rates, to keep the United States a going concern.

We raised the tax rate last year, and the higher we raised the rate the larger the deficit. It does not do any good to raise the rates. What good would it do to raise the income-tax rate when the people have no incomes? What good would it do to raise the corporation-tax rate when the corporations have no net incomes? No good whatever would come from that process. This trouble cannot be solved through that method.

Let me quote at this point the words of one of America's most distinguished publicists; and, by the way, when this issue was first sought to be joined, this particular publicist was vicious in his writings againt the proposal of expansion, against the proposal of reflation, or against the proposal in the popular mind now called "inflation." But this particular publicist has changed his mind. In that particular he is a wise man, Mr. President, and those who have not already changed their minds have yet to make that decision and perform that act, because there is only one thing that will save the Nation—to reverse the process of deflation, and enter upon a process of reflation or expansion of the currency.

I quote from a recent article by Mr. Walter Lippman. If you have confidence in his judgment, listen to what he says:

For at present price levels—

Says Mr. Lippman—

and with the continuing impact of the world deflation, there is no such thing as keeping the Budget in balance, or providing enough relief, or readjusting fixed charges to earnings and income. As Mr. Keynes has put it, when deflation continues the only way to bring budgets, public, corporate, or individual, into balance is at zero on both sides of the account.

Hence Mr. Lippman supports the statement made by myself a moment ago that deflation carried to its ultimate end means the same thing as inflation carried to its ultimate end—chaos. We are not very far from that point now, Mr. President. Some do not seem to know it yet.

Again says Mr. Lippman:

Instead of allowing the dollar to find its own level in relation to sterling and the franc and of expanding credit to offset deflation, as Britain and France did when they were driven off gold, the United States has been letting Britain, and even helping her, to manage the dollar. We are thus in the rather absurd position of allowing the value of the dollar to be fixed in London in the interest of Britain and of the other nations on the sterling standard.

Again says Mr. Lippman:

The time is at hand, therefore, when the United States should assume control of its own monetary policy so that when the moment comes to stabilize currencies internationally we shall not make the mistake that Great Britain made in 1925 of stabilizing the dollar at a point so high that we are doomed to a long period of deflation and depression.

Thus said Mr. Lippman.

Mr. President, I said a moment ago that this issue of money, its adjustment and regulation, has assumed not only congressional importance; it has assumed national importance—not only national, but likewise international.

I exhibit to the Senate a section of the New York Times of yesterday. In black letters and words across two columns we read these words:

The monetary problem holds world attention. Need for currency adjustments and stabilization prime issue before Roosevelt and MacDonald.

I call the attention of the Senate to another page of the New York Times. There are on this page headlines covering four columns, as follows:

Roosevelt and MacDonald favor world action on money and trade.

Again, on the front page of one of the leading papers published in this city, a paper heretofore almost daily denouncing those who even assumed to talk upon the money question as radicals and as "reds", and other names too numerous to mention, on yesterday, in the Washington Post, we find a 4-column headline, as follows:

World-wide inflation aim.

By the Associated Press, underneath that headline, we find the following words:

Toward a bold attack upon the depression by a world-wide inflation of currency, President Roosevelt and Ramsay MacDonald turned their thoughts last night as the British Prime Minister called for the united action of governments against a common foe.

To check the sharp fall of commodity prices and break the vicious circle which is keeping millions from their daily bread, the chiefs of the English-speaking Governments pondered the potentialities of international action to cut the purchasing power of currency by decreasing the gold "cover" behind each unit of money.

The inflation policy upon which the administration already has embarked on a national basis would show the way in this direction.

Mr. President, while this amendment was not introduced until late Saturday, already it is receiving the almost unanimous consideration of the people of the United States. Some of our leading economists have passed judgment on the proposal.

I now call attention to a news item appearing in the public press of April 22, an article signed by Roger W. Babson. It is from Babson Park, Mass., with a headline as follows:

United States money stand praised by Babson. Financial expert calls move Roosevelt's master stroke; recovery seen.

I will read one or two paragraphs from the statement:

The decisive action of President Roosevelt in declaring a gold embargo and embarking on a policy of controlled inflation is the

master stroke which should turn the tide from depression toward recovery. I am highly optimistic for three reasons:

First, this action reverses the vicious trend of deflation, replacing it with a trend of rising values.

Second, it starts a buying movement which sets into motion an upward spiral of business instead of the disastrous downward spiral from which we have been suffering for the past 3 years.

Further along in the article I read as follows:

That the President's policy of controlled inflation is already working is clearly shown by the sharp rise in stock and commodity prices. Billions of dollars have been added to the stock valuations since the gold embargo, and other billions to the valuation of basic commodities.

Roger W. Babson is not the only one. I now call the Senate's attention to a statement signed by Mr. Irving Fisher, not only a nationally known but an internationally known economist of Yale University. Dr. Fisher's statement was given to the Associated Press and was published by the Associated Press under date line of New Haven, Conn., April 22, with a headline as follows:

"Reflation" plan backed by Fisher.

Price rise is the only way to escape imminent danger, says Yale economist.

Republican criticism hit.

It is in line with worn-out traditions, he asserts, holding this no time to cavil at methods.

I read a portion of the statement, as follows:

Few realize the gravity of our present situation. Our very national existence is at stake, even more than it was in the World War.

Half-way, traditional, and timid measures will no longer do. If the price level is not speedily raised so that business, industry, and agriculture can be run again at enough of a profit to make sure that they are run at all and reabsorb the unemployed, and if that level is not raised enough to enable debtors to pay their debts and creditors to get their pay, this country will soon be over the precipice with bloodshed and revolution.

Mr. President, that does not come from an unemployed man, that does not come from a former farmer who has lost his farm and is now adrift in the world, that does not come from a western or southern farmer, but it comes from a world-renowned economist, with one of the great universities, not only of this Nation but of the World:

BEST METHOD IS THE QUICKEST

There is, if my analysis of this depression is right, absolutely no escape from our present imminent danger except through reflation.

Nor can we stop to cavil about methods. The situation is too desperate and imperative. The best method is whatever is the quickest.

I, too, dislike to load on the President so much responsibility and power, but the alternative is a debate which will delay action, when there is no time to lose.

We are at war and must intrust to our Commander in Chief the war-time powers necessary to win this sort of war.

The open-market operations, which alone the objectors grudgingly admit might well be used, cannot be intrusted wholly to the Federal Reserve System. They had their opportunity a year ago, and made insufficient use of it.

OTHER NATIONS HAVE DEVALUATED

The paper money which the objectors fear is no more "flat" than what we have, nor as much. Our dollar silver certificates are redeemable in only 25 cents' worth of silver.

The objectors fear if the medicine doesn't work, more will be tried. It certainly should be used until it works enough and then stopped. It can be stopped, for we shall be stronger, not weaker. We can then balance the Budget. We cannot now.

In that opinion Dr. Fisher supports the opinion of Publicist Lippman. We cannot balance a Budget upon a falling market. We cannot balance a Budget with deflation continued. Only by and through reflation, says Mr. Lippman, says Dr. Fisher, and say millions upon millions of others, can we ever be able to balance the Budget.

The Budget cannot be balanced until the people commence earning money so that they can pay income taxes. The Budget cannot be balanced until corporations again commence earning money, making net earnings, upon which they may be enabled to pay corporate income taxes. They are not doing that now. If deflation persists, the less able will people be to pay the taxes necessary to keep the Government going even upon a reduced annual appropriation Budget.

I quote further from Dr. Fisher:

When we reach the price level which does the greatest good to the greatest number—not far from the 1926 level as calculated—we should stabilize as Sweden has.

Almost all other nations have devaluated their gold coins. No one should care what the dollar weighs, if what it buys is properly safeguarded. It now is not 100 cents but 180 cents in terms of 1926 dollars. Debtors cannot pay 180 cents on the dollar nor interest.

Dr. Fisher says that the dollar today is worth 180 cents. I stated a moment ago from figures which I had that, based upon farm commodities, the dollar is worth 244¼ cents; that based upon all commodities in the United States, 700 of them, wholesale and retail and farm commodities, according to this index, the dollar is worth 170 cents. Dr. Fisher has his own index; he makes his own estimates; and, according to his chart, the dollar today is worth $1.80 not only of the farmer's commodities, the miner's commodities, the livestockman's commodities, the lumberman's commodities, and the fisherman's commodities, but of every commodity produced in the United States.

I want to read that last sentence from Dr. Fisher again. He is speaking about the dollar:

It now is not 100 cents, but 180 cents in terms of 1926 dollars. Debtors cannot pay 180 cents on the dollar, nor interest.

Mr. President, that is the issue. Shall the United States, acting through its Congress, the policy-making branch of the Government, continue the policy of deflation? The distinguished Senator from Pennsylvania says the dollar must not be debased, that not a single penny shall be taken from its value, that not a single mill shall be taken from that dollar, which, measured in the farmer's dollar, buys 244 cents' worth; that not a single penny of the dollar which, measured by all commodities, is now worth 170 or 180 cents, shall be taken from that dollar; that in the future, as long as the people shall live, they shall be compelled to work and sweat and produce and sell their products to raise money at the basis of 150 or 180 or 200 cents on the dollar in order to get the money with which to pay their taxes and to pay their interest and to pay their debts.

Mr. President, it is not being done any more; it will not be done any more; not perhaps because the people would not like to, but because they cannot.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. SMITH. I did not hear the Senator develop the thought, although perhaps he did while I was out of the Chamber; but have not most of the efforts we have made to relieve the present situation, so far as balancing the Budget is concerned, and so far as economy measures are concerned, which seemed to be necessary in view of the terrible conditions in which the country has found itself, been in themselves deflationary?

Mr. THOMAS of Oklahoma. Without exception, they have been in their administration, not in their potentialities. No law has been passed by the Congress since the crisis came on in 1929 which has not in its administration been a deflationary measure. Some of them were intended to be reflationary; but it makes no difference what kind of laws Congress may pass unless those laws are administered to carry out the intent of the Congress. The administrator may fail to carry out the intent of Congress and go in the reverse direction.

Throughout the Nation each fall in the campaigns in all of our respective counties we elect our sheriffs. Why are sheriffs elected? The power of enforcing the law is given into their hands. Having the power to enforce the law, having that responsibility on their shoulders, they can misconstrue and misinterpret their power and responsibility, and, instead of using their offices to enforce the law, they may use them to protect the law violators. That is what has happened in the United States too often in the past 3 years.

Mr. ADAMS. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. ADAMS. Is it not true of the amendment which the Senator has offered that that also would depend almost wholly, if not exclusively, upon administration, that there is no mandatory feature to it?

Mr. THOMAS of Oklahoma. Exactly so. The Senator is correct in his interpretation, and that is true for a good and sufficient reason. If we should place in this amendment one affirmative mandatory provision, it would lead to unending debate.

I have been in the Congress for 10 years, in the Senate for more than 6, and I know that we cannot agree upon the silver question. We could not agree upon reducing the gold content of the dollar; we cannot agree upon the exact extent of the expansion of the currency through the buying of bonds. Perhaps we have not the information; perhaps there is some other reason; but it has not been done, and I doubt if it could be done. So the only alternative, if something is be to done, is to confer this power on someone. That someone should be the one who has the confidence of the people of America, someone who is responsible to the people of America, someone who has it in his grasp and power to get the best information, the best expert advice that the Nation and the world afford. This amendment confers that power upon the President, elected by the people by the largest majority ever given a President of this Republic. He has the confidence of the public; he has a record that justifies the bestowal of this confidence; he has the facilities at his command to obtain the best information—in fact, all the information—and the best advice, the best brains not only of America but of the world. Because of those facts the amendment confers upon the President a power which we had but which we failed to exercise, and I fear we shall continue to fail to exercise it if this amendment or some similar amendment shall not be enacted.

Mr. ADAMS. Mr. President, I wish to say that the Senator is making it very obvious that there is at least one Member of the Senate who is very well advised as to these questions, and that we do not have to leave the Senate Chamber in order to get the data.

May I suggest one further thought? When we handled the economy bill, we gave directions as to what was to be done and laid down the scale upon which it was to be done. We did not hesitate to cut salaries and to cut benefits in a direct way and to issue directions that it should be done.

Mr. THOMAS of Oklahoma. I thank the distinguished Senator from Colorado for his compliment; and likewise I appreciate the suggestion he has made; but as to the economy bill, I will say to the Senator from Colorado, when that measure was pending, a motion was made to limit the powers of the President to cutting any existing compensation or award to a sum not exceeding 25 percent. I voted for that limitation, but I and those who voted with me were voted down, and the President was given full power to deprive every pensioner, every widow, every soldier of all the wars of the past of every dollar, of every benefit, they are now receiving under solemn laws enacted by the Congress and approved by prior Presidents.

Mr. President, a few days ago a very significant decision was made. That decision was made by the President; that decision took America off the gold basis. No longer is it possible for citizens, either of this country or of foreign nations, to get gold legally from the Government of the United States. A little gold was released a few days ago, but the outflow has now been stopped, and gold is not being sent from the United States. Those who have deposits are unable to get gold upon their checks. One cannot even get gold upon greenbacks, upon paper money. One cannot get gold today upon gold certificates, because even to have a gold certificate in one's possession is contrary to the policy of the Nation. Under the decision which has been entered and which is now in force, America is off the gold base, and, in my judgment, we will not return to the gold base so long as there is a single one of the competing trade countries of the world that refuses to go back upon the gold base at the same moment that we return to the gold base.

Mr. TYDINGS. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to ask the Senator if, in his opinion, the result of the suspension of gold payments or the embargo on gold exports was not in effect a further increasing of the value of the dollar because it kept our gold at home? As a matter of fact, if gold had gone abroad in large quantities, we would have had a less strong dollar, would we not?

Mr. THOMAS of Oklahoma. I do not take that interpretation to be the correct one. When we went off the gold base, we released $4,400,000,000 of gold we have in this country from any demand being made upon it. No one today has any demand for gold. Foreign nations cannot get it; Americans cannot get it. We are getting along without the gold. That gold—$3,000,000,000 worth of it, as I understand, or thereabouts—is 80 feet deep in a vault beneath the Federal Reserve bank in New York City. I am advised—I never saw the vault, although I should like to see it—that the vault is 80 feet deep in the solid rock, and in that vault underneath that bank there are $3,000,000,000 of gold, and above the vault there are 50 feet of water as a protection for the gold. So far as the world is concerned, that gold might just as well remain there. We can get along without it; we are getting along without it. I do not see anything sacred about the gold standard. We are not today on the gold standard; Great Britain is not on the gold standard, and approximately 35 other nations of the world are not on the gold standard, and they are getting along fine. I am not arguing against the gold standard; I am simply stating the fact that we are off the gold base, and we will not go back on the gold base, in my judgment, so long as a single world-wide competing trade nation refuses to go back on the gold base with us. We do not dare to do it, because if we did go back on the gold base, even in conjunction with Great Britain and France, supposing Germany, which is now theoretically on the gold base, went off the gold base; she could enter the markets of the world with cheaper currency and take America's trade because of having a cheaper currency; she could produce goods at a smaller figure, at a cheaper price, and sell them in competition with America cheaper than we could produce them and sell them and thus get our business. That is very largely the trouble with America's foreign trade today.

Mr. President, I read awhile ago from some newspaper releases by famous economists giving approval to the policy enunciated by this amendment and announced by the President. I now desire to call attention of the Senate to just one statement by a newspaper of wide circulation.

Mr. BORAH. Mr. President, before the Senator takes that up, will he yield to me for a question?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. I should like to ask if those who had to do with the framing of this amendment sought legal advice as to the power of Congress to authorize the President to change the gold content of the dollar?

Mr. THOMAS of Oklahoma. In reply to the inquiry, I will say that the best legal advice available was consulted when the amendment was prepared; and let me say further, in reply to the Senator's question, that at this time the Attorney General and his associates are considering that question, and in the event the Attorney General finds that there should be some clarifying language or some restrictive language or any kind of language necessary to make this amendment comply with the Constitution, the suggestion will come to the Senate before we conclude our consideration of the amendment or will be submitted to the other branch for its consideration and for attachment as an amendment to our amendment to their bill. So the matter is not foreclosed.

Mr. BORAH. It seems to me that a formula could be drawn which might be constitutional, but it does not seem

to me that we can confer unlimited discretion upon the President to do as he pleases with the gold dollar. In other words, we cannot delegate legislative power to the President. We may pass a law and make its operation depend upon the act of an agent, but we must ourselves complete the law.

Mr. THOMAS of Oklahoma. Mr. President, any act we may pass presumes that the President is a rational, reasonable, sane being, and that he will act with discretion for the best interests of the people of America; and that presumption would carry us to the conclusion that if he shall do anything under this amendment, it will be what is necessary and best for the people of the Nation.

Mr. BORAH. I am not now questioning the integrity or ability of the President or his desire to serve the people; that is not in my mind at all; but the Constitution provides that Congress shall have power to coin money and to regulate the value thereof. The question upon which I desire to have the Senator's opinion whether or not the Congress may delegate that power to the President of the United States, conceding that the President, whatever power he might be given, would use it, in his judgment, for the best interests of the people. It is purely a constitutional question, and in no sense a question of the President's ability or high purpose.

Mr. THOMAS of Oklahoma. The amendment as prepared by myself and originally introduced gave the President unlimited power. It was hurriedly drawn, and it was withdrawn later and submitted to those who were interested in the proposition and the best advice was had that was available. A limitation was placed in the amendment giving the President the power to devalue the dollar only to the extent of 50 percent.

Now, let me announce to the Senator an interpretation of the law which I think is good, although perhaps he will not agree with me. Under section 8 of article I of the Constitution the Congress has power to coin money and regulate the value thereof. That is a positive, express grant of power to the Congress. I assert this proposition, that when the Congress has a power of that kind and exercises it and selects machinery for carrying into effect the power conferred upon it further than the Congress itself wants to go, the courts, then, will not disturb the operation of that special machinery.

Mr. BORAH. I am inclined to agree with the Senator that if Congress will announce the formula or the rule which is to govern its agent, to wit, the President, it can confer upon its agent, the President, the powers proposed; but the Supreme Court has said that we cannot delegate legislative powers, though we may lay down a formula and select an agent to carry it into effect. If the Senator has done that in his amendment, I think it would be constitutional; but it does not seem to me that the language is sufficient. That is the way it impresses me at this time.

Mr. THOMAS of Oklahoma. Let me say to the Senator from Idaho that the amendment was so drawn in conference as to comply exactly with the formula prescribed by the Senator from Idaho, in that certain conditions must exist and they must upon investigation be found to exist before the President can take any action. Then, having found that certain conditions exist which are detrimental to the welfare of America, and that in order to correct that detrimental tendency or condition something must be done, the President, within his discretion, can exercise the power conferred by this amendment and devalue the dollar to the extent of 50 percent.

Mr. REED. Mr. President, at that point will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I shall be glad to yield.

Mr. REED. On reading the Senator's amendment I find that this delegated power is to be exercised in either one of two contingencies: First, if the President from his investigation finds it necessary to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, the power is delegated to him to reduce the gold content of the dollar in case his investigation shows such facts to exist; and, second, in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established. That is to say we delegate the legislative power which the Constitution gives us to the President in case he makes any agreement with a foreign government with regard to the exchange value of its currency and ours. In other words, no rule is laid down; Congress is not legislating in the event a particular thing shall happen or a particular set of facts shall occur, but is leaving the door wide open; and we might just as well give the President the power to declare war in case he should make an agreement with a foreign government or governments, and then say that that was a proper delegation of legislative authority.

Mr. BORAH. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Idaho.

Mr. BORAH. I understood the Senator to say that the Attorney General is now investigating the legal aspects of the question.

Mr. THOMAS of Oklahoma. The Senator understood me correctly. I may state that I am expecting an amendment to be submitted at any moment, if one is thought to be necessary. It may not come if it is not thought necessary; but if it should be considered necessary after we conclude our deliberations, such an amendment may go to the House, and, under the parliamentary procedure, the House may agree to our amendment with an amendment which might be necessary to meet the point raised by the Senator from Idaho.

Mr. BORAH. Of course, there is no doubt that Congress can designate that, upon the happening of a certain state of facts, a certain law shall go into effect, and I presume the Attorney General when he tenders his opinion will deal with that feature of it.

Mr. BYRNES. Mr. President, will the Senator yield to me for a moment?

Mr. THOMAS of Oklahoma. I yield to the Senator from South Carolina.

Mr. BYRNES. I think the Senator will agree that insofar as the first declaration of the standard contained in section 34 is concerned, it is in the exact language of the Tariff Act which was construed by the Supreme Court in the *Field case* or the *Hampton case*. Certainly, the language follows the exact language of the act in which the Congress gave to the President the power, whenever the President determined that a foreign government was discriminating against this Government in levying tariff duties, upon his findings as a result of that investigation, either to raise or lower the tariff duties. The Court held that it is within the power of the Congress and that the President was merely the agent of the Congress to carry out the will of the Congress within the limitations set out in the act.

Mr. BORAH. I am not sure that the amendment comes within the case of Field against Clark or the flexible tariff case. So far as the flexible tariff is concerned, I opposed it to the extent of my limited ability, because I thought it was unconstitutional. I am aware the Supreme Court has decided otherwise, but with great respect to that tribunal, it has not conviced me. I think under the decision announced by the Supreme Court in the flexible tariff case the Congress could delegate away practically all its legislative power. It is in my judgment a most dangerous rule there announced. It occurs to me that regardless of the decision of the Supreme Court in that particular case, the Congress should adhere as strictly as it can to the rule that if it undertakes to delegate power, it must do it under a specified formula so the agent will do nothing more than find the facts, and upon the finding thereof the law will go into effect. I think an amendment could be drawn perhaps along that line, but I do not think this amendment comes within the rule. At a later time I may say something further upon the subject. This is a most important measure, and we should bring it within the

Constitution, for rest assured it will be tested in the courts, and the courts may conclude that after all, there is a limit to this granting of legislative power.

Mr. THOMAS of Oklahoma. Mr. President, I appreciate the suggestions made by the Senator from Idaho, the Senator from Pennsylvania, and the Senator from South Carolina. I am sure that before the debate is concluded this matter will have every attention that those interested in it can give it, and we will welcome suggestions to make the amendment comply with the Constitution and the best interests of the people of the country.

Mr. President, for 3 years the Congress has been trying to bring about some relief for the people of the country. We have not succeeded very well. Even though the proposal is not yet enacted into law, but is only being discussed, I now desire to call the attention of the Congress and of the Senate to what it has already done. Before I do that, I want to have the attention of those who are sponsoring and supporting the proposal. I have just read support from Dr. Fisher, Roger W. Babson, and Mr. Lippman. I have here the financial section of one of the leading papers of the country. In the first column I find headlines as follows:

Trade increase seen resulting from inflation. Economic deadlock will be broken by cheaper money.

The next column I find this:

Retail trade climbing. Car loadings show 6,919 increase in week. Steel up. Wheat active. Automobiles improving.

In the next column I find this headline:

United States has quit being boob in world deals.

That is at the top of an article by Mr. B. C. Forbes, financial writer of note.

Then in the next column I find these headlines:

Stock market buoyant as week closes. Industrial shares are leaders in spectacular advance caused by inflation news.

Are these headlines displeasing to the distinguished senior Senator from Pennsylvania, hailing as he does from the great industrial State? I pause for a reply.

Mr. REED. Mr. President, if the Senator will indulge me for a moment or two I shall be glad to give him a reply.

Mr. THOMAS of Oklahoma. I shall be glad to have the Senator from Pennsylvania interrupt me at any time he sees proper.

I now call attention of the Senate to another page from a great publication, perhaps the greatest in America, and that means the greatest in the world. I refer to the New York Times of Sunday, April 23, 1933, a rather recent publication. I want to show the effect the talk about this proposal, even the serious consideration of a proposal which has for its purpose the checking of deflation, has had upon business throughout the country. Then I want the opinion of the distinguished Senator from Pennsylvania, who stands in the Senate speaking in and out of season for industry, industrial life, those engaged in industry, both the employer and the employee. I shall read only the headlines:

Business buoyed by action on gold.

There is little doubt but that this step, following closely on increased inflationary force in Congress, was confusing to the average business man, who in many cases found his stocks of raw material suddenly increased in value, but with the cost of necessary new stocks equally higher.

Under that I find another story:

Local trade strong. Stores report gains in sales over year ago.

That is in New York City, the barometer of the business life of America. Again:

Philadelphia more active. Building and industrial progress noted in the district.

That is from Philadelphia, April 21. If anyone knows where Philadelphia is, if anyone who knows who represents that great city in this body, he may wonder what that distinguished representative thinks of such headlines when he is protesting against the action being taken with those headlines in black print in Sunday's papers.

Again I read:

Chicago turns to selling. Inflation prospect ends buyers' market. Business is brisk.

From the second column I read:

CHICAGO, April 22.—Rise in grain prices prompts order for 700 freight cars.

I wonder if the railroads are offended by the decision of the President to give them an increased business which justifies an order for 700 additional freight cars to handle wheat alone?

I read further:

Many lines increase activity beyond seasonal levels.

That is from Cleveland, April 20. Underneath that is the following:

Northwest is cheered. Grain prices are rising, and retail trade is good.

That is from Minneapolis, April 22. Here is one from the Southwest—St. Louis:

Eighth district quickened. Commodity price rise spurs mining, farming, and trade.

We have not had such news in 13 long years. Three years the Congress has been in session, daytime and nighttime, passing bill after bill, and never has the New York Times covered one of its important pages with notice after notice from all over the Nation, North and South, East and West, that even the proposal of a plan is bringing an upturn in trade prospect and confidence.

From Kansas City:

Trade rises. New year's highest levels. Grain trend encouraging.

That is from Kansas City, April 21.

Again, from nearer Washington:

Southeast shows gain. Coal production rises. Retail trade firm. Optimism increases.

Whence does that headline come? It comes from the Old Dominion State. It is from Richmond, Va., April 21. Who represents that State in this body?

For 3 years we have been enacting legislation, passing financial bill after financial bill, but it produced nothing like this.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Pennsylvania?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. REED. If the Senator regards the increase of prices in debased money as an evidence of prosperity, he ought to regard it, I suppose, as an evidence of great prosperity in Germany that in 1924 it took 1,000,000 times 1,000,000 marks to buy an orange. That was a rise in commodity prices. Does the Senator think that is prosperity?

Mr. THOMAS of Oklahoma. I expect the Senator from Pennsylvania to go to the German situation. He cannot argue from the standpoint of America. There is no comparison between the German situation and the American situation. When the German mark began to advance Germany was a defeated nation. We are almost defeated. In a few months more we will be in the same condition as was Germany if this trend is not changed. When the war was over the mark was only two and a half times less than its normal value. The inflation in Germany took place after the war closed. They had only 28,000,000,000 marks in circulation when the war was closed. Germany did not need to go to the extent of inflating her mark the way she did. In my judgment it was done for a purpose. The Senator and I will not discuss that. But Germany after the war had no gold. The United States has almost five elevenths of the monetary gold of the world. Four billion four hundred million dollars of gold rest securely in the bank vaults of America. Then the Senator from Pennsylvania, with all his knowledge and ability to analyze, continues to make statements upon this floor comparing America to Germany.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. Does the Senator know of anybody who is advocating inflation that would go to the extreme to which Germany went?

Mr. THOMAS of Oklahoma. The man in America who would advocate going to that extreme or would seriously state upon this floor that America will perchance go to that extreme would be or should be confined before night in a padded cell in St. Elizabeths.

Mr. REED. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. REED. Does the Senator know whether there is a vacant cell in St. Elizabeths? [Laughter.] I should like to invite his attention to the fact that the present Speaker of the House of Representatives, the distinguished Mr. RAINEY, leader of the Democratic Party in the House, said last May in opposing one of the particular unsound money measures in Congress:

> A government once embarked on the practice of issuing fiat money finds it difficult always to stop.

Then, apparently qualifying for St. Elizabeths, he said:

> In the recent past we have seen European governments resort to fiat money, until it took in Germany millions of marks to buy a small loaf of bread. Finally the German issue of fiat money based on the promise of the German Government to pay was stabilized on the basis of 1,000,000,000,000 marks, based on the promise of the Government to pay for 1 gold mark.

If using the German situation as a parallel and a warning of the danger that inflation always gets out of control is qualification for St. Elizabeths, I nominate the distinguished leader of the Senator's party in the House of Representatives for cell no. 1 and I should like to go to cell no. 2. [Laughter.]

Mr. THOMAS of Oklahoma. I suggest that the Senator from Pennsylvania confer with the distinguished Speaker of the House and arrange that trip so that they can both go together, because if the Speaker of the House was correct in his statement that it would lead to chaos, the statement made by the Senator from Pennsylvania favoring deflation, if carried to its last analysis, leads to chaos exactly similar to uncontrolled inflation.

Mr. President, we had inflation in the sixties. Did that go to an unnatural, abnormal extent? Let me ask the Senator from Pennsylvania what would have happened to Pennsylvania if the Northern States had not passed the act of 1862 and authorized first $300,000,000 of greenbacks, later increased to $400,000,000 of greenbacks, to pay the expenses of protecting his State and his citizens and his cities in Pennsylvania? The North had no money. The North had no gold. They had no credit. They were stopped. I pause for a reply. What would have happened to the North if the Congress at that time had not passed those acts, and given Mr. Lincoln these so-called now-hated "greenbacks" with which to carry on that now-historic conflict?

Mr. REED. Mr. President, it was a desperate expedient resorted to in a desperate time, I grant you. If the war had not ended, it probably would have resulted in the total disappearance of the American dollar from having any value at all. As it was, it took nearly two decades of toil and distress on the part of all the American people to bring their money back to a sound basis; and now the Senator wants to throw us off it in time of peace, when we have half the gold in the world!

Mr. THOMAS of Oklahoma. Why, Mr. President, take the CONGRESSIONAL RECORD. Turn to the speech made by the distinguished Senator only 3 days ago, and read there that 17,000,000 American citizens today are living on charity. Read his speech. We saw no times like those during the historic days of the recent world-wide war. That war, Mr. President, was not a circumstance in the point of effect to the cost and misery already and now being sustained and experienced by the people of this Nation.

War? The Senator from Pennsylvania is the only man I know of in America who does not agree that today we are in a worse war than we ever were in during the years 1916, 1917, and 1918.

Mr. REED. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. I have already made it plain, in what I have said about this subject, that I am just as fully conscious of the amount of distress in America as is the Senator from Oklahoma; and because there is more distress in Pennsylvania than there is in Oklahoma, I venture to think I am at least as anxious to relieve it. That, however, is no reason why we should adopt schemes which have been proven by the universal experience of mankind to cause more distress than they relieve. I do not want to take poison because the Nation is ill; and the Senator is offering financial poison to the people of America.

Mr. THOMAS of Oklahoma. Mr. President, I will come to that in just a moment. I want to complete the record that I am trying to make.

I last referred to the change in the trend of the times, and I quoted from Richmond, Va., that even the section here south of the Potomac is responding to the changed psychology and the changed hope that finds lodgment in the breasts and minds of the people of the Nation.

I read further:

> Sixth district trade brisk.
> Atlanta also reports gains in employment and wage rises.

That is from Atlanta, Ga., of date April 21.

The next news story:

> Prices spur on coast.

That is away out yonder on the Pacific.

Reading further:

> Numerous lines of business quickened. Gold search increases.

That is from San Francisco, Mr. President.

Then we find in the next headline:

> Wheat is jumped by inflation talk.

In the next headline:

> Cotton up again on heavy buying.

Is it possible that these news stories are unpleasant reading to the distinguished Senator from Pennsylvania? Is that possible?

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from South Carolina.

Mr. BYRNES. Since the Senator referred to the matter in the last few minutes I took the trouble to telephone, and I find that cotton and wheat have retained their spurt, and cotton is up a few points from the closing on Saturday.

Mr. THOMAS of Oklahoma. Mr. President, here is an important, interesting news item—and I want to assure the Senator from Pennsylvania that there could be nothing personal in my referring to him in the second person. I have stated frequently upon this floor that no Member of the Senate has more courage, is more able, more energetic, more efficient than is the distinguished senior Senator from Pennsylvania. I only regret that he is at the head of the army of which he finds himself the general. He is now a full general in this army. It is a rather disorganized army, although it is not a ragged army. It is well uniformed. The army that the Senator leads as a general has money with which to send telegrams to him. The folks that I am privileged to represent do not have that money. They cannot send me telegrams. They cannot even send letters by air mail. Three cents is almost too much for them. The wires that I get are mostly sent collect. Many of them I have to pay for myself.

There is the difference, Mr. President.

On January 28 the distinguished senior Senator from Pennsylvania made a speech in Philadelphia. This is a special article from Philadelphia to the New York Times, and I take it to be correctly reporting what happened in Philadelphia. I read the first few lines:

> Philadelphia, Pa., January 29.—

This is just this year, 1933—

Terming the inflation of currency "the road to ruin for America", Senator DAVID A. REED, in an address before the Northeast Philadelphia Chamber of Commerce last night, said that the "vast body of common sense" in Washington would resist the importunities to take that "foolish" step.

Then the article goes on, but that gives the gist of the article.

Reflation, expansion of money, putting back, where people get them, some of these dollars that now are ancient history to many of them—that is inflation? That is a "foolish step"? Yet even the suggestion of the Congress and the administration taking that "foolish step" has done more to help the people of America and the interests of America than has all the legislation sponsored and passed by the party of which the distinguished Senator is an influential leader from October 1929 to March 4, 1933.

Mr. President, when the distinguished Senator made this speech in Philadelphia, Mr. Hoover was President, his President as well as ours; Mr. Mills was Secretary of the Treasury; Mr. Mellon was at the Court of St. James's; Mr. Mitchell was the dictator of the financial policies of New York City, Wall Street—if not the dictator, a most influential associate among the few that do dictate those policies—and all this time, Mr. President, the distinguished Senator from Pennsylvania was here in the Senate seeing to it that nothing was done to check the deflation and permit reflation. In other words, until the 4th of March the distinguished Senator from Pennsylvania, the leader and full general of that army, prevented America from even entering upon the "road to ruin."

Now, let me call attention to what happened during the closing days of that historic and never-to-be-forgotten administration.

I need not remind the Senator from Pennsylvania and the Senate of the United States that the reign of Mellon, Mills, Morgan, and Mitchell closed on March 4; that at that time every bank in America was closed; 13,000,000 men were unemployed, meaning, with their wives and children, perhaps 50,000,000; trade was stagnated; business was paralyzed; smokestacks were smokeless; dinner pails were empty; taxes were unpaid; interest was in default; incipient revolutions were widespread; individuals, corporations, counties, cities, and most of the States were accepting doles from the Government, which in effect placed such individuals, corporations, and municipal subdivisions in the Federal bread line. Mr. President, the policy of deflation sponsored by the distinguished Senator from Pennsylvania, and led by him in the Senate, not only entered America upon the road to ruin but led America to ruin.

There is the picture on March 4, 1933, at 12 o'clock; and I have just tried to portray to the Senate what has been accomplished in the past 6 weeks. Although no act on the subject has been passed, even the discussions here upon this floor and in the other body of Congress and in other halls and chambers of this city where policies are considered and made, even the discussion of a reversal of that policy has done more to bring back our lost prosperity than all the acts considered and passed by the administration that ended only a short time ago.

Mr. President, in conclusion—and I am almost through—I desire to place in the RECORD some facts, and I invite the attention of the Senator from Pennsylvania to the consideration of these facts. I alluded to these facts when I began my remarks shortly after 12 o'clock. I want to show, if I may, for whom the Senator speaks—and I make no charge. I do not think he knows that he speaks for the people to whom I shall allude; but in my opinion he does speak for them, even though he has not discovered it yet.

Mr. President, only recently we had 57 billions of resources in all the banks of America. If my knowledge is correct, each one of those dollars represented in buying power, in financial wealth, the sum of $2.44. If that is true, then that wealth, that power represented by $57,000,000,000 of resources, had added power—financial power, purchasing power, buying power so far as the farmer is concerned—in the sum of $139,365,000,000. In other words, the banks, to pay their depositors, would have to collect from their borrowers that much money in value. They never could collect it, because it is a physical impossibility for farmers and laborers and merchants and lumbermen and miners to get that much money at the high price at which the dollar is valued now to pay their obligations to the banks; and the banks, failing to collect from the borrowers, could not pay their depositors. So this is not only a farm-relief measure; it is a bank-relief measure. Without this amendment, or some similar amendment, not a single bank in America can ever pay its depositors—not a single bank. Either this amendment or some similar amendment must carry, or not a single bank—North, South, East, or West—within the confines of America has a chance to get enough of these $2.45 dollars to pay the depositors who have credit in that bank.

As a rule, the bankers are not against this amendment. In my State last year, when I was trying to get more money into circulation through another means, the bankers of my State, apparently not understanding what I was trying to do—and I could not make them see it, through my inability—were not for my proposal. But times are so changed in Oklahoma that I do not know of a single bank in that great State today that is not back of this proposal. The banks must have it or they will close.

Mr. President, that is not all. These bank resources, as I have said, are worth $139,000,000,000. That is their buying power, their purchasing power. It is necessary for the banks to obtain possession of that much wealth in order to pay the depositors. On the other hand, the borrowers must get that much wealth to put into the banks to enable the banks to pay their depositors. So this proposition neutralizes itself, and as a rule the banks of the country are not particularly interested in the proposal, save that if they know anything about it they are for it; but if they have been following the philosophy of the Senator from Pennsylvania and some of the papers, they do not think, they take what they hear as the gospel truth, and believing what the Senator from Pennsylvania says, and his interpretation, they believe they are to be ruined and that the country is to be ruined if we debase the dollar by a single penny.

Mr. President, there is a bunch of banks in New York which do not take that view about this matter—about 13 banks in New York City. Let me enumerate those banks, and then deduce my conclusions from the evidence. On December 31, 1931, the National City Bank of New York had resources in the sum of $1,857,000,000. On that date the other banks in New York City of this group to which I have referred had resources as follows:

The Chase National Bank	$1,988,000,000
The Guaranty Trust Co	1,494,000,000
The Bank of Manhattan Trust Co	461,000,000
The Bankers Trust Co	745,000,000
The Central Hanover Bank & Trust Co	756,000,000
The Irving Trust Co	621,000,000
The Manufacturers Trust Co	502,000,000
The New York Trust Co	323,000,000
The Public National Bank & Trust Co	120,000,000
The Empire Trust Co	170,000,000
The Marine Midland Trust Co	86,000,000
The City Bank Farmers Trust Co	70,000,000

Those 13 banks had total resources in the sum of $9,193,000,000. That was the face value of those resources. That was only 13 banks in New York City. I did not mention the smaller banks. It is safe to say that, taking the joint resources of the smaller banks, not mentioned, and adding them to the resources of the banks I have mentioned, in that one city alone the banks have total resources with a face value in excess of $10,000,000,000.

Mr. President, are these banks limited to the $10,000,000,000 when it comes to buying power, to purchasing power, to financial power? No; these banks have the resources, the buying power, the purchasing power, of $10,000,000,000, but that is not all. They have this enhanced buying power. As measured by the farmers' dollar, each dollar of their resources means $2.44. As measured by the entire list of

commodities, each dollar of their resources amounts to $1.70.

I am pitching this discussion on the basis of the agricultural States, and I make my computations on the basis of the farm. These banks in New York City, having $10,000,000,000 of resources, have buying power, have purchasing power, have financial power, have political power, in the sum of $24,450,000,000.

It is a simple calculation. Ten billion equals 100 percent; 1 percent equals $100,000,000; 244½ percent, which is the number of cents to the dollar, times 1 percent gives us the result. Twenty-four billion four hundred and fifty million dollars is the total buying, financial, political power of those banks in New York City.

If this amendment carries and the dollar should be reduced in buying power, to the extent of the reduction these resources will be taken away from those banks and placed back on the farm, placed back in the mine, placed back in the lumber camps, placed back in the fisheries, placed back with those who are in debt.

Mr. President, if we cut the dollar half in two and make it worth only $1.22¼, these banks then will still have more than $2,000,000,000 of buying power, financial power, political power, which they did not earn, which they did not buy, a gift through the policy of the administration at Washington.

Mr. President, that is not all. There are $21,000,000,000 of United States bonds in the United States. Those bonds are held by men and women of wealth. The United States owes $21,000,000,000 of bonds, so far as figures are concerned, but the United States owes more value than that. The United States owes more buying power than twenty-one billion. It owes more financial power than twenty-one billion. If the farmer had to pay those bonds, the farmers would have to raise $2.44½ to liquidate each dollar of that twenty-one billions of bonds. How much would that $21,000,000,000 take? The farmers of the United States must toil and sweat and produce commodities and sell them to the extent of $51,345,000,000 to retire that bonded obligation.

Do these misguided, deluded bondholders believe they are going to collect $51,000,000,000 of wealth, of sweat and toil, of wheat and cotton and oats and meat, from the farmers of the United States to pay that obligation of $21,000,000,000?

Those bondholders did not pay $21,000,000,000 for the bonds. Many of those bonds were purchased with a 50-cent dollar, on the basis of an 85-cent bond. I will not go into that detail. I am presuming that the standard level of 1926 was the point at which all those bonds were purchased, and, taking that as the basis, those bonds today, to be liquidated by the farmers, would cost them $51,345,000,000.

Mr. President, that is not all. The States have bonds outstanding, the counties have bonds outstanding, the cities have bonds outstanding, the districts have bonds outstanding, corporations have bonds outstanding, and it is estimated that there are bonds of those classes outstanding to the extent of $50,000,000,000. Is that all the wealth that is represented by those bonds? No. If the farmers have to pay those bonds—and they must pay their share—they cannot liquidate $50,000,000,000 of State, county, city, district, and corporate bonds with $50,000,000,000 of wealth. They must produce dollars worth $2.44 to liquidate each dollar of those bonds. That being true, how much wealth must they produce in order to liquidate $50,000,000,000 of State, county, city, district, and corporate bonds? The computation is easy. Make the computation and you will find that they must raise, produce, and sell to the extent of $122,251,000,000 of buying power and of wealth in order to liquidate the corporate bonds and the city bonds and the State bonds and the county bonds and the district bonds of this Republic.

Mr. President, let us add those figures. The bank resources, based upon the present value of the dollar, are worth today $139,000,000,000. United States bonds, based upon the present buying power of the dollar, are worth $51,000,000,000. The bonds issued by cities, counties, States, and corporations, based upon the present buying power, are worth, in the products of the sons of toil, $122,000,000,000. So that in order that the people of the United States may get rid of their national bonds, their State bonds, their county bonds, and the other bonds they must produce and sell products in the sum of $312,000,000,000. The face value is only $128,000,000,000. There are almost $200,000,000,000 of wealth—of corn, of wheat, of cotton, of hogs and cattle, human sweat and toil—which must be produced and expended to pay money to a class of bondholders who did not earn the money, who did not buy the money, who do not deserve to keep the money, and that is the reason why I stated a while ago that this single amendment has more possible significance than any proposal that has ever come before the American Congress or any parliament in the history of the world.

If this amendment should be enacted, and if it should be exercised to the extent of 50 percent, and the dollar cut half in two, it would transfer that wealth from those who do not own it to the other side of the ledger, and still the bondholding class would have billions they did not buy and did not earn, and the producing class would not have as many billions as they deserve.

Mr. REED. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. Can the Senator give us any assurance that this power to cut the dollar half in two, as he states it, would be used by the President if Congress were to give the power to the President?

Mr. THOMAS of Oklahoma. Mr. President, the Senator knew in advance of asking that question, or he should have known, that, in the first place, I could not answer the question, because I do not have the facts now which the President would have when he proceeded to exercise the power; and, secondly, if I know, I doubt whether I would tell the Senator from Pennsylvania upon the floor of the Senate.

Mr. REED. The Senator implied that he knew, when he said that $200,000,000,000 of property are to be taken from one class and given to another, and that that is why this amendment is the most important thing since Adam and Eve.

Mr. THOMAS of Oklahoma. No, Mr. President; I said that if that were done, it would not be enough, that people would still have property and wealth in the United States which they did not buy and did not earn, and that, on the other hand, another class—the debtor class, the farming class, the city class, the working class, the middle class—would not have as much transferred to them as they would have if the Government did exact justice by them.

Mr. REED. I understood. The Senator would take all this wealth from Mr. J. P. Morgan and give it to the voters. Perhaps there would not be enough left for the voters to get.

Mr. THOMAS of Oklahoma. I am not going to prophesy from whom it is to be taken. I think I know of some from whom it will be taken. If there is a bunch of hogs in a lot, and if we throw a rock over there and hit one of them, he will squeal. When we hear a man squeal in this contest we may just put it down as a safe proposition that he either has been hit or is likely to be hit.

Mr. President, the other day the Senator from Pennsylvania, within his prerogative, asked the Nation to advise him and the other Senators and Representatives whether or not they wanted this amendment to be agreed to; in other words, whether or not the people of the Nation wanted the United States to enter upon the road to ruin.

I did not receive any telegrams from my State in response to that appeal. It really was not necessary for anybody in my State to send me a telegram, and, on examining my file, I find I received none from my State. But I find that there are some people in the United States with enough money to send telegrams who do not agree with the distinguished Senator from Pennsylvania. The first one I received was from Hutchinson, Kans. This is in direct response to the appeal made by the Senator from Pennsylvania, and I want

to read these telegrams, because they are interesting. This telegram from Hutchinson is addressed to me and reads:

A former Kansas Republican county chairman extends congratulations on your courageous fight for equitable debt adjustment and dollar revaluation. New hope inspired in all classes here. Mills says poor people with insurance and savings to be hurt under his policy of deflation. This class cashed their insurance and spent their savings.

C. E. KING,
Former Republican County Chairman,
Reno County, Kans.

Mr. President, I have another telegram from Atlantic City, N.J., in response to the request of the Senator from Pennsylvania. It is dated April 23, is addressed to me, and reads as follows:

ATLANTIC CITY, N.J., *April 23, 1933.*

Senator ELMER THOMAS,
Washington, D.C.:

Answering Senator REED's request for telegrams, we urge that your currency bill be passed as written, but as a separate measure. This bill seems well designed to carry out several sound recommendations of committee of the Nation. Imperative for business recovery that destructive opposition of REED not be allowed to change any essential part of program. We were Hoover supporters, but repudiate present Republican attitude.

KENTS RESTAURANT & BAKING CO.,
By KENNETH B. WALTON, *President.*

The next message, Mr. President, comes from New York City. This gentleman must have a little money because he sends a telegram of about three pages. He could not say as much as he desired in support of this proposition on one page, so evidently he took as much as necessary. Here is the message addressed to me:

NEW YORK, N.Y., *April 22, 1933.*

Senator ELMER THOMAS,
Senate Office Building:

For your information I have sent Senators REED, WALCOTT, Representatives LUCE, SNELL following telegram: "The overwhelming majority of Americans are astounded at your statement criticizing President Roosevelt's most constructive and essentially necessary currency-expansion program to restore an honest dollar and prosperity. Do you wish President Roosevelt to follow the past administrations' deflationary policy of maintaining an unfair, if not dishonest, dollar which was destroying agriculture, commerce, and industry? Do you want our financial and economic policy to be directed from London for the advantage of Great Britain and to our economic destruction? My firm does one of the largest commodity brokerage businesses in the world, and, for your information, during the past few days due to the belief that controlled inflation would be accomplished, America's greatest industry, the cotton industry, has been transformed from gloom and depression to optimism and is actually doing the best business in years, and our mills are putting tens of thousands back to work."

Is it displeasing to the distinguished senior Senator from Pennsylvania to learn that the mills are reopening and tens of thousands of people are being placed back to work?

Reading further:

"You will find this true of other businesses. I am a member of the Committee for the Nation, composed of approximately 500 presidents or chairmen of the board of America's largest industrial corporations, also having representatives of more than 5,000,000 of farmers; our committee is not only advocating but urging the nationalization of our gold and revaluation of the gold ounce, so as to permit the direct issuance of 75 percent more currency. This would permit recalling billions of tax-exempt bonds, which are destroying our country economically. Your reference in comparing our currency-expansion program to Germany is so ridiculous that it is not worthy of answering, except that it comes from what should be a responsible source. If you will look in the records 14 years back, you will find that Germany was a bankrupt, defeated nation, without gold reserve, without national resources of commodities and raw materials, and owing untold billions of dollars to other nations, and having absolutely nothing on which to expand or inflate her currency. Germany was even then without a stable government, whereas the United States has approximately half the monetary gold supply of the world, unlimited national resources of wealth, commodities, and raw materials, and is not a debtor nation, but the world's greatest creditor nation; therefore the United States has the strongest foundation on which to expand her currency and thus restore an honest dollar. After consideration, I hope that in the interest of our country you will cooperate in eliminating the existing unfair, if not dishonest and thieving, dollar which is destroying our country, and use your best efforts for currency expansion, so as to restore an honest dollar, which is so vital for the recovery of agriculture, commerce, industry, and our national existence and happiness."

You are at liberty to place same in the CONGRESSIONAL RECORD.
Best regards.

ROBERT HARRISS.

Mr. President, then I have here a telegram from Greeley, Colo., addressed to myself, as follows:

GREELEY, COLO., *April 21, 1933.*

Hon. ELMER THOMAS,
Senate Office Building, Washington, D.C.:

We extend our congratulations. Majority of western people are very anxious for success of your proposed inflation measures. Our opinion that they are the greatest and only practical relief measures offered that can relieve us from this depression. Let us know if we can assist you.

WELD COUNTY BIMETALLIC ASSOCIATION.

The last message that I will call to the attention of the Senate is from South Bend, Ind., my native State—and, by the way, it is a great farming State and likewise a great industrial State. The message is as follows:

SOUTH BEND, IND., *April 21, 1933.*

Hon. ELMER THOMAS,
Senate Office Building, Washington, D.C.:

It is most significant that just the publicity about prospective inflation has brought such a tremendous improvement in prices and general psychology. It is therefore, I believe, most obvious that achievement of actual inflation through contemplated legislation will bring about a far greater advance in prices, and with the resultant buying power of the Nation the entire country would soon be on the road to complete recovery and prosperity.

That message is signed by Vincent Bendix, of Chicago, the head of one of the great industrial concerns of America.

Mr. President, I want to sum up just in a word to show what will happen, in my judgment, if this amendment shall be adopted and written into law and the powers conferred shall be exercised by the Chief Executive under the spirit and incentive and impulse of the preamble of the Constitution acting for the best welfare of America.

If this amendment should be adopted this, in my judgment, is what will happen:

First. Owners of bank deposits will immediately begin to convert such deposits into commodities, real estate, and property, to secure the benefits of the advance in price and value.

Second. Owners of collateral will begin immediately to negotiate loans in order to be able to take advantage of the rising prices.

Third. Merchants will begin to place orders for goods to restock their empty shelves.

Fourth. Wholesalers will begin to place orders for additional stocks to supply increasing demands.

Fifth. Manufacturers will take chances on opening their factories, thus making demands for raw materials.

Sixth. Such activities will make business for the railroads, transportation companies, transmission companies, and the banks.

Seventh. Labor will be employed and additional demands will arise for the products of the farmers, hence stimulate and raise farm and commodity prices.

Eighth. Bank credit and bank deposits will be thawed out, and banks will become active once again.

Ninth. Value will be replaced in all kinds of collateral and securities.

Tenth. Credit will be in demand and will begin to expand and revolve.

Eleventh. The people will be able to secure money with which to pay taxes, interest, and debts.

Twelfth. The amendment, if adopted, will continue the advance now noted in all lines of public and private activity.

Mr. President, inasmuch as the gold clause is under discussion, and inasmuch as, if the power conferred by this amendment is finally exercised, the gold clause will probably reach the courts, I ask unanimous consent to attach as exhibit A to my remarks a portion of a syndicated article prepared by Mr. Mark Sullivan.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit A.)

Mr. THOMAS of Oklahoma. As a second exhibit, I ask to have printed a statement relative to the English case recently cited involving the identical point whether or not the Government has the power to evaluate or reduce the gold content of the unit value.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit B.)

Mr. THOMAS of Oklahoma. I ask permission to insert a news article appearing in yesterday's newspapers prepared by Mr. J. R. Brackett under the title "Inflation—What It Is."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit C.)

EXHIBIT A

THE COURTS AND THE GOLD CAUSE

By Mark Sullivan

* * * * * * *

Suppose, now, either that the United States go "off the gold basis" in the sense of printing or minting great quantities of paper or silver money, or that the size of the gold dollar be reduced.

The present gold dollar "of present standard of weight and fineness" contains 25.8 grains nine tenths fine, or 23.22 grains of pure gold. Let us assume now that Congress reduces the quantity of gold in the dollar to, let us say, 20 grains, or 15. Or let us assume that Congress, by one act or another, puts the country's currency "off the gold basis."

In that event what would be done about all these billions of dollars of bonds, mortgages, and other contracts containing the old "gold clause"?

The universal assumption has been that the creditor could continue to demand and insist on getting gold dollars of the old size, weighing 23.22 grains. Especially has that been assumed by the creditors.

The question, of course, would go into the courts, ultimately to the Supreme Court. What the Supreme Court would do is a thing about which there can be only surmise.

There is, in short, difference of opinion about what the courts would now do, under today's circumstances. In any event, there is a probability at least that the courts may now have occasion to pass on the "gold clause" again.

* * * * * * *

A recent and extremely important and interesting case arose last year in England. I suspect practically every lawyer in the United States will be looking this case up shortly—for a similar case, many similar cases, may arise at any time in any county court in Illinois or Iowa or Kansas or California.

In 1928, in England, a Belgian company, the "Société Intercommunale", borrowed £500,000. They gave in return bonds. In the bonds was a "gold clause", similar to the American one, stipulating that the company would pay "in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928."

Last year, when interest came due, a holder of a bond demanded gold. In the meantime Great Britain, on September 20, 1931, had "gone off the gold basis" and the paper pound had become worth approximately $3.20 as against the value of a gold pound, which was and is $4.86.

The debtor company tendered paper pounds. The holder of the bond refused that form of payment and the case went into the British High Court of Justice, Chancery Division. This court handed down its decision on October 27 last. In part the court said that the obligation was to pay "£100" and that if the sum were now paid in gold the payment would actually be more than a hundred pounds. "It is not a bullion contract. * * * The contract is a simple contract to secure payment of a sum of money, and if the defendants tender the sum in whatever might happen to be legal tender at the date the payment was due they have discharged their obligation. * * * In this country there are certain things—paper and metal—which are legal tender, and for the purpose of paying a debt a tender of the appropriate amount of any of those symbols is sufficient to discharge the obligation. * * * This is not a contract for the delivery of gold; it is a contract to pay a sum of money."

This decision was in the lower court. The case was carried to the British Court of Appeal and the decision was confirmed. The case is still subject to final appeal to the House of Lords.

EXHIBIT B

THE ENGLISH CASE

Mr. Justice Farwell's decision in the case of *Feist* v. *Société Intercommunale Belge d'électricite* must have come as something of a shock to all holders of foreign-issued bonds bearing a "gold" clause. The company had issued £500,000 of "gold" bonds, and in both the bonds and the coupons it undertook to make payment "in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928" (varying dates necessarily appeared on the coupons), and the plaintiff contended that the company was therefore obliged to make payment in gold coin or in its bullion equivalent.

Here, surely, was a "watertight" gold clause, if ever such a clause can be, for it not merely specified payment in gold coin, but actually defined its weight and fineness.

Mr. Justice Farwell ruled, however, that the document was inconsistent: that on the one hand it was an undertaking to pay a defined sum of money, namely, £100, and on the other it seemingly undertook to pay an unascertained sum; that the former was the true meaning, and the payment could therefore be satisfied in current legal tender.

EXHIBIT C

INFLATION—WHAT IT IS—ADVOCATES HOLD IT WOULD RAISE PRICES BY CHEAPENING VALUE OF DOLLAR

By J. R. Brackett

NEW YORK, April 22.—What is inflation?

Advocates define it as:

1. A means of raising prices, particularly those prices which have fallen most.

2. A plan to raise these prices by reducing the value of the dollar through regulation of the money system.

All of the many plans now being proposed in Congress are based on these two points, whether by use of silver, more currency, lessening of gold content of the dollar, or more credit.

The keynote is to cheapen money in order to raise prices. Money is, in a sense, a commodity, and the price of it is determined in part by supply and demand.

TODAY'S DOLLAR DEAR

Cheapening the dollar is the reverse way of saying raising prices. The dollar today is dear, prices are low. In 1929 the dollar was cheap, prices were high.

Suppose it were possible to combine a sample of all the commodities bought and sold in the United States. Suppose this sample was worth $1 in 1926. Today such a sample would be worth about 60 cents. Commodities include everything from food to cement.

COMMODITIES PAY COSTS

On the other hand, suppose it were possible to combine a sample of all the interest charges paid on debts, railroad rates, public-utility rates, long leases, and other items which change but little in cost. Such a sample would be about as expensive today as it was several years ago.

To get money to pay these fixed costs, the merchants, manufacturers, and farmers must sell commodities. They must sell nearly twice as many commodities today to meet those fixed costs as in 1929.

The purpose of the inflationist is to raise the price of the commodities so the costs may be easily met. The difficulty in meeting them in the depression has meant bankruptcy, foreclosure, and default—in a word, deflation.

WOULD MAKE MONEY CHEAP

Inflationists would meet this difficulty by raising prices with cheapened money.

Suppose dollars were for sale in the stores and could be purchased with the sample of all commodities described above. In 1929 the merchant asked one sample for $1; today he asks two samples for $1.

It costs about twice as much to buy a dollar. Money is expensive to buy. Inflationists would make it cheap.

INCREASING THE AMOUNT

In general, they would bring this about either by actually increasing the amount of all money in the country, or by devaluating the dollar by reducing its gold content.

The first plan makes money cheap by increasing the amount of it.

If the merchant above had a large supply of dollars he would sell them cheaper. If the whole Nation had more dollars it would willingly pay more of them for the sample of commodities.

REDUCING THE GOLD

The second plan would reduce the gold content of the dollar. If the gold content were cut in half, the gold would go twice as far in backing the currency, and would, the plan's proponents hold, have a lifting effect on commodity prices.

Many economists and financial observers believe a process of inflation started some time ago when the Government attempted to hasten the reopening of banks and planned the easing of mortgages, among other things.

These plans, they say, would bring money in closed banks back into use and would increase the liquidity of frozen funds in mortgages. Such an inflationary process is viewed as temperate and possible of control.

Mr. TYDINGS obtained the floor.

Mr. REED. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Pennsylvania.

Mr. REED. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bratton	Copeland	Frazier
Ashurst	Brown	Costigan	George
Austin	Bulkley	Couzens	Glass
Bachman	Bulow	Cutting	Goldsborough
Bailey	Byrd	Dickinson	Gore
Bankhead	Byrnes	Dieterich	Hale
Barbour	Capper	Dill	Harrison
Black	Caraway	Duffy	Hastings
Bone	Connelly	Erickson	Hatfield
Borah	Coolidge	Fletcher	Hayden

Johnson	McKellar	Reynolds	Townsend
Kean	McNary	Robinson, Ind.	Trammell
Kendrick	Murphy	Russell	Tydings
Keyes	Norbeck	Schall	Vandenberg
King	Norris	Sheppard	Van Nuys
Logan	Nye	Shipstead	Wagner
Lonergan	Overton	Smith	Walcott
Long	Patterson	Steiwer	Wheeler
McAdoo	Pittman	Stephens	White
McCarran	Pope	Thomas, Okla.	
McGill	Reed	Thomas, Utah	

The PRESIDING OFFICER. Eighty-two Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President, I think we should approach consideration of the pending amendment by admitting that a very many, certainly most, of the facts adduced by the Senator from Oklahoma [Mr. THOMAS], if not all of his conclusions, are true. There is no doubt in the world that people have borrowed money which at the present prices they cannot repay. There is no doubt in the world that people bought stocks and bonds. A policy of inflation will cause those bonds and stocks to decrease from their present-day value. There is no doubt that the debtor in this respect would probably be benefited if it were rationally and equitably carried through as a policy.

There are certain factors, however, in connection with the subject matter which ought not to be overlooked and which it seems to me up to the present time at least have received no consideration. I want to start what I may say by calling attention of the Senate to a paradox. Everybody in this Chamber, in fact in all the parliaments of the world, daily make use of the utterance that "the depression is world-wide." Yet all the cures for that depression which are offered are internal and not international cures. We are in the position of a man who is covered from head to foot with a disease. Our cure for the disease is to make well one part of the man's body, assuming that the other parts will as a matter of consequence get well of their own weight. If the depression is world-wide the cure must be world-wide. If the depression is internal, then the cure must be internal. Any other premise upon which an argument is based must of necessity be fallacious.

I want to begin by reading the words of Woodrow Wilson sent to the Congress of the United States right after the World War, because while he did not picture the situation with great clarity or with great foresight, apparently he did visualize that at this time we would be in this situation by a pursuit of the policy which we have adopted for the past 18 years since the World War started. Here is what President Wilson then said. This was a message sent to the Congress on January 3, 1921, and I quote in part:

> Large Government credits were extended during the war to certain European governments associated with us in the struggle. These ceased several months after the armistice, except for commitments already made either directly or indirectly. The recent Brussels Conference—

Mark these words, Senators!—

> The recent Brussels Conference, composed of experts from many European countries and from other nations, itself expressed the opinion that further credits should not be accorded directly by governments. I do not believe that they should be accorded indirectly. Exports of domestic products have not declined since the armistice. On the contrary, they have greatly increased. From an aggregate value before the war of less than $2,500,000,000, and of about $6,000,000,000 the last year of hostilities, they rose in the calendar year of 1919 to more than $7,900,000,000, and this figure will probably be exceeded for the last calendar year. For the first 11 months of the last calendar year we exported more than $7,500,000,000 worth of domestic merchandise. These have been largely privately financed. The difficulty in the way of still larger exports does not seem to lie so much in the lack of financial ability here as in Europe's lack of means to make payment. Her productive energies and the services which she renders have not yet reached the point where they balance the value of commodities taken from this Nation, and her ability to furnish for additional exports securities which business men would feel justified in taking is restricted. The experts of the Brussels Conference reported that "one of the chief obstacles to the granting of credit is the absence in borrowing countries of securities for ultimate payment." Until this obstacle is removed it is difficult to see how materially larger exports to Europe are to be made, even if exporters, aided or unaided by Government finance, stand ready to do their part.

Listen to this statement:

> It is remarkable that Europe is able to make effective demand for as large a volume of our goods as she is making. It is gratifying evidence of her recovery and progress toward full production and sounder financial condition.

I could read more, but I shall not do so.

How many of us in this Chamber realize that the balance of trade of the United States with the remainder of the world has been in our favor each and every year since 1893? There has not been in that 39-year period one year when we did not sell to the world more of our products than the world sold of its products to us. Indeed, to be exactly accurate, during that period of time we have sold to the world $36,000,000,000 worth more of the products produced in this country than the world has sold to us—a $36,000,000,000 balance of trade in the 39-year period, almost $1,000,000,000 a year favorable trade balance.

Does inflation take account of that fact? Does inflation take account of the fact that since 1920, or, in other words, commencing with 1921 we have sold to Great Britain alone $6,000,000,000 worth of our products more than she has sold of her products to us—twice the present value of the war debt to this country—$6,000,000,000 worth of farm products principally, forsooth, that have left this country and found purchasers over in Great Britain. Does inflation take into consideration that fact involving a favorable trade balance with one nation of $6,000,000,000 in the last 10 years? How many of us are keeping in mind the fact that one third of our exports are the product of the farm? Does inflation take into account that fact? If it does, I fail to see where it is applied.

Nothing in the world will compel us to assume a policy of isolation more than does the pending proposition, in my judgment. It is a policy of America living unto herself. We are saying good-bye to the rest of the world in the face of the fact that during the last 39 years we have sold $36,000,000,000 more of our goods to the world than the world has sold of its goods to us. Are the farmers of the West and the farmers of the South ready to pay that price? Are they ready to say good-bye for all time to their export market? Remember, we are exporting nearly 20 percent of our total agricultural production. Are the farmers of America ready to say good-bye to that for all time? That is what is being said in this amendment, because it means isolation for America.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Texas?

Mr. TYDINGS. I yield.

Mr. CONNALLY. The Senator says the adoption of the amendment means isolation. Is not the whole theory of the bill to use its provisions for the purpose not of bringing about isolation, but bringing about an international agreement as to a new standard of money and currency so as to make the standard fair and uniform and facilitate trade with the whole world, rather than to isolate ourselves by pursuing our own policy without regard to what foreign nations are doing?

Mr. TYDINGS. I am glad the Senator has asked that question. I had not intended to come to it for a little while, but I will come to it now.

When the World War was over our Allies said they could not pay the war debt in full. President Harding sent a recommendation to the Congress and as a result of that recommendation the Congress created the World War Foreign Debt Commission. Then we revised the debts that every nation owed us, scaling them down. We refunded the debts on a lower plane than that which formerly existed. In the case of Italy, she received an equivalent reduction of about 80 percent. In the case of France and Belgium the reduction was about 50 percent. In the case of Britain, it was about 30 percent, for while the British pay us 3 percent interest for the first period of years and then 3½ percent, the Italians pay only one eighth of 1 percent upon their bonded

indebtedness. So that, figured on the basis of the price at which foreign bonds sell today, we have in reality made a reduction of Italy's debt of 80 percent and of the British debt of 30 percent.

How much gold was there in the world at that time? There was about 11½ billion dollars. In 1931 over one fourth of that was in this country, because at that time we had $4,000,000,000 worth of gold. That was more than one fourth of the total monetary gold stocks of the world; yet in the case of Great Britain alone we required that she pay us $500,000,000 annually in gold to settle her unfavorable balance of trade with this country, and an average of $180,000,000 a year as installments upon her war debt, making a total of $680,000,000 a year that must come in gold from Great Britain to the United States. Great Britain has only $715,000,000 worth of gold; she has only $250,000,000 worth of silver, or about $1,000,000,00 all told; and yet we have required Great Britain to pay us three quarters of her entire monetary stock each and every year since the debt settlement down to 1933.

Nobody can deny a single figure I have mentioned. If there is any dispute about it, let somebody rise now and say where the error lies.

Talk about making international currencies equal! Talk about stabilizing the monetary systems of the world! I believe the time has come to be truthful in this matter, and not to wave the American flag unless the American flag ought to be waved. I say that the policy of this Government ever since 1920 has been to drive Britain eventually off the gold standard, and there is no escape from it. It is the only way she could balance her budget and continue to exist. Every economic fact that enters into the matter is true; and yet we gave our best customer, which since the war has paid in unfavorable trade balances twice the amount of the debt, a reduction of only 30 percent in the settlement. We gave some other countries which were not as good customers of our products as was Great Britain an 80-percent reduction.

What happened? Talk about stabilizing the money values of the world! As soon as we demanded the payment of the war debts and the private debts and the trade balances in gold, every country that had silver money called in the silver money and melted it up into bullion and traded it for gold, selling it on the world silver market. To this hour 541,000,000 ounces of silver have been gathered in by the governments of the earth and melted up into silver bullion and thrown upon the world's silver market, glutting it and driving the price from $1 down to 25 cents an ounce. Sixty percent of all the countries of the world are on a silver basis, and they must translate their silver money into gold before they can come and buy the products of our farms and our factories and our mines.

Is it any wonder? We demanded payment in gold, did we not? Can we blame these governments that owed us money, whose trade balances with the United States were unfavorable, whose war debts had to be paid in gold, whose private debts had to be paid in gold, for getting all the gold they could lay their hands on with which to discharge their obligations?

The 541,000,000 ounces of silver money which has been demonetized and melted up and thrown on the world's silver market is one thirtieth of all the silver produced in the world since Columbus discovered America. I owe my summary of these figures to the industry of the Senator from Arizona [Mr. HAYDEN], who secured these facts from our commercial attachés throughout the world, and who gave them to me the other day, for which I am deeply obligated. That amount of silver, by a natural calculation, is one thirtieth of all the silver produced in the whole world since Columbus discovered America. Is it any wonder that the silver currencies have depreciated? But who compelled them to depreciate, if not the United States, which demanded payment only in gold? Then we want to blame England and France and Italy and Belgium and India and all these other countries for doing only what, by the sheer force and working of economic laws, was inevitable.

Now we come along, at this belated hour, when the horse is out of the stable, and try to lock the door. Now we come along, realizing that the price of silver has gone away down to nothing, and carry in this very bill a provision to accept $100,000,000 of silver in payment upon the war debts. What a pity we did not do that 4 or 5 or 6 or 8 years ago, and arrest the decline of silver, and keep our markets with the Orient and with South America and with Mexico!

The citizen of Bombay, India, has to take 5 of his silver pieces to buy 1 American gold dollar today, where he used to take 2 of his silver pieces to buy 1 only a few years ago. A Ford automobile in India today costs about $2,700; 5 or 6 or 7 or 8 or 10 years ago one could be bought there for about twelve or fourteen hundred dollars. Is it any wonder that we are not trading with the Orient? Is it any wonder that the nations which have to pay us with gold are depreciating their gold basis so that they can get down upon a plane where the international exchange will make trading with those countries favorable? Are we not forcing them to do it?

Notwithstanding the fact that our balance of trade with the world has been favorable for 39 years, in 1920 we passed the Fordney-McCumber Tariff Act. We had the idea in this country that we could keep on selling to every nation in the world and keep them from selling anything to us. We had the idea that there were no smart men in those other countries; that they would sit by and see us bar their goods and would not bar our goods in return. This depression was only postponed by the fact that during the last 12 years we have loaned $15,000,000,000 to foreign governments. Since 1920 the amount of the foreign governmental loans sold in the United States was around $15,000,000,000, and they were paying us the unfavorable balance of trade which they owed to the United States with the money that we were lending to them. They were paying off their unfavorable trade balance with the money that we were sending abroad and spending and circulating there. When we quit making these foreign loans the trade declined precipitately. The minute no more of our money went abroad, as I have shown by the total amount of gold stocks in Great Britain, there was not enough gold over there to keep the show going.

It is said that we ought to make England get back on the gold standard. It is said that we ought to make France get back on the gold standard. Then we ought not to put into operation the policies which, in the very nature of things, drive them off the gold standard. There is no escape from it—not the slightest bit.

This business of thinking that the United States is always right and the rest of the countries of the world are sitting around scheming how they can take advantage of us is more demagogic than actual. We have built up our prosperity not alone through the efforts of our own people but through the foreign money which poured into this great potential theater of endeavor and operations from abroad. Prior to the World War foreigners invested in our railroads and in our industrial establishments and in our banks and in our property and in our mines by the billions of dollars because they knew there was a great opportunity here for return, and that the money would be safer here than at any other place on earth. During the same time we sent back, every year, a great amount of gold to foreign countries in dividends upon those investments, or in amortization of the bond issues, or in interest on the bond issues. So, while they were sending their gold over to us to pay us for their unfavorable balance of trade, we were sending gold back to them to pay dividends on the investments they had made, and gold flowed back and forth and the world was in balance. We were a debtor and an exporting nation. Today we are a creditor and an exporting nation, and the gold is all coming this way; and there is only eleven and a half billion dollars' worth of it in the whole world. Imagine a pile of gold 35 feet long, 35 feet wide, and 35 feet high and you have all the gold under God's sun.

Does a policy of inflation take into account the fact that sooner or later the time will come when we cannot keep one foot on the international road and one on the road of

isolation? We shall have to walk one road or the other. I am not rising, may I say to the Senator from Oklahoma, to direct opposition to his proposal. There is much justice in it. There is much sense in it. All I am attempting to point out is that we are at the parting of the ways. We shall have to go back on all our history, we shall have to go back on $36,000,000,000 of favorable trade balances in the last 40 years, we shall have to cut loose from all the world—and, incidentally, the war debts plus our private loans to governments, amount to $23,000,000,000, and we on top of that have loaned another $3,000,000,000 to foreign corporations. We have 26 billion invested throughout the world, only about 10 billion of which are war debts; and the interest on that, at 5 percent, brings in a billion and a quarter dollars in gold a year. Do we want to say good-bye to that?

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Maryland yield to the Senator from Pennsylvania?

Mr. TYDINGS. Yes; I yield.

Mr. REED. Is it not a fact that if we debase the dollar by cutting its gold content in half, we are thereby canceling half of the present debt due to this country from foreign nations?

Mr. TYDINGS. There is no question about it; and the next step will be, and I can hear the Senator from Pennsylvania now, "We need more tariffs", because this is the road of isolation, and who is going to refuse them? What are you going to do, Mr. Cotton Farmer who raised this pound of cotton for 5 cents a pound, when one half of your world market is gone? I will tell you what he will do. Let us translate that into terms of human beings.

The cotton crop is produced in 16 States—a fourth of all those in the Nation. As nearly as I could get the figures from the Bureau of Agricultural Economics down here, there are 6,288,000 farms in America, and 1,986,000 of them, about a third of the total, produce cotton. It is the major crop on most of them. If over half of our cotton crop goes abroad, then half of the farmers who are producing it are producing for the export market. We cannot get away from that. There are 1,655,000 cotton farmers in America; so, if we say good-bye to our export trade, 800,000 of them will have no means of livelihood; and they, with their dependents, constitute a nice little population of 2,000,000 people that we will have to feed, clothe, and shelter.

Does inflation take that step into account? Let us take the case of wheat. Wheat was produced on 940,000 farms. The total value of the crop was $514,000,000, and we shipped 18 percent of it abroad in 1929 or 1930, I have forgotten the year. Therefore, if 18 percent of it went abroad, then 18 percent of the farmers raising it were working to supply the foreign market. If 18 percent of all those engaged were working to supply the foreign market, then 286,870 wheat farmers were working to supply the foreign market. They and their dependents make another million who must be fed, clothed, and sheltered. They cannot go to raising oats, they cannot raise rye, they may raise a little more hops now, but even that market will not absorb their number, and I am wondering whether we are ready to have another million persons thrown on the market.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. COUZENS. Is the Senator later on going to tell us just how we are to lose the foreign market by the adoption of this amendment?

Mr. TYDINGS. Yes; I am coming to that.

Mr. COUZENS. I think the Senator ought to tell us that first.

Mr. TYDINGS. The Senator wants me to tell him how that is to result. I want to build up to it. It is inescapable, as I have prepared these categories in all fields of endeavor, translated from bushels and tons and pounds to the human beings. I am going through and take the totals, although there are some observations I should like to pass on in between, but I shall skip over them.

In all lines of work there are 48,829,920 persons over 10 years of age gainfully employed in the United States. My authority is the United States Occupational Statistics, Department of Commerce. All those persons working together in 1929 produced $52,000,000,000 worth of goods, outside of gold and silver. Of this amount, and excluding re-exports, $5,170,000,000 worth were sold abroad. That is 10 percent of the total. Therefore the complete loss of our foreign market would mean that 10 percent of all persons normally and gainfully employed would immediately be thrown out of employment. That would be 4,882,000 people.

If we will study the occupational statistics, we will find that there are 10,000,000 agricultural workers in the United States, and 16,000,000 in the mechanical industries. Those figures lead to the conclusion that each farmer supports one and a half mechanical workers, and every one and a half mechanical workers support one farmer. In other words, employment, to a certain extent, is correlated, so that if 4,800,000 people were thrown out of employment, assuming we had no foreign trade whatsoever, that would automatically, before the repercussions cease to be heard, throw approximately a similar number out of work.

I can illustrate that best by the railroads. In 1929 the total freight receipts of the railroads were about $4,200,000,000. Therefore a loss of our export markets, which were one tenth of our total production, would have meant a loss of one tenth of the gross freight receipts, or about $450,000,000 a year. But railroad income and railroad fixed expenses are not the same. Taxes remain the same, interest on bonds remains the same, sinking-fund requirements remain the same, but railroad operating income does not remain the same. So pretty soon we are at the point where income will not pay stock dividends, and in time will not pay bond requirements. What happens then? Contracts for new orders are canceled, affecting steel mills, car foundries, locomotive works, Pullman-car works, cotton away back on the farm, and many other things. People on the inside, learning that railroad stocks are becoming insecure, begin to sell them. This communicates itself to car-foundry stock, locomotive stock, and the like, and soon the whole process of deflation is on its way.

In my judgment, the unemployment today is directly attributable to the loss of the foreign market, because the calculations work out exactly to an apex. For every dollar of foreign market we have lost that has made its proportionate contribution to the army of the unemployed, and when we get back $5,000,000,000 a year worth of new orders we will put back to work 10,000,000 people who are now out of employment. If America wants to abandon that whole policy permanently, let me call attention to the fact that the unemployed who would be directly thrown out of work through the loss of our foreign trade, plus those who would be indirectly thrown out of work by the same calculation, plus their dependents, would make an unemployed army of 22,000,000 men, women, and children. Are we ready, through Government taxes, to support 22,000,000 more people in idleness in the United States? That is what we are asked to approve.

Somebody says, "This is only internal. What relation has this to the monetary systems in the rest of the world?" To start with, I go back to my original conclusion. Everybody who speaks here says the depression is world-wide. If a man is sick all over, making his little toe or his thumb well will not make him well; and if this world remains sick all over, outside of the United States, mark my words, the United States will never get well. We are all going to die or we are all going to live together, and if there is anything left in the tenets of Christianity, that ought to be our course. We ought to want to live and to let live. This business of starving the people of these poor countries simply because we have the economic might to do it should make every man who advocates that never want to put his foot inside a church again. To leave economics for a minute and splurge

over into the field of religion, which I very seldom do, even in debate, let me say that it is absolutely contrary to the teachings of Jesus Christ, and we will pay for it in the end.

We are asked to give up a billion dollars' worth of trade balances a year, to give up a billion and a half dollars of debts which are owing to us, either in private or Government debts, through a policy of isolation; and internal inflation is nothing more than a policy of isolation because it is a retaliation, as the press shows, against the money systems of England, France, and the other countries. I have already traced the history of silver, and God knows that picture should stop us from making gold go through the same downward spiral through which silver has gone.

It is said that we are not responsible for the unsettled condition of the world's gold monetary stock. Let me call attention to a few facts. The measure which became the Smoot-Hawley Tariff Act was introduced in 1929 and it was written into law in 1930. I want to tell the Senate what the rest of the world did in 1930, 1931, and 1932. Listen to this: Senators may think this world is not tied up together.

We passed the Smoot-Hawley Tariff Act to keep out the pauper goods of foreign countries so that our rich working men and women would not be jeopardized and hurt. Do Senators know what was said over in France? Those people over there said, "We will put tariffs on to protect our poor working men and working women and keep out the goods manufactured by the rich working men and women of the United States."

When we said we were going to pass a tariff act to keep out goods made by the poor people over there England went up to Ottawa and passed a tariff act to keep out goods made by our rich working men and women here. Who lost by that? We were selling to all of them more than they were selling to us, and we lost by it. If gentlemen believe in this policy of isolation, go out and argue it with the unemployed. There are 10,000,000 of them who will take on the argument. Go out and argue it with the farmer, whose farm values have gone down. Go out and argue it with the banker, go out and argue it with the workingman. We are already isolated, we are living in the greatest pool of isolation that has ever been created since the beginning of time, and we are stewing in our own juice; and, like people who have been wrong, we are trying to blame it on everybody else, and I will not join in doing that. I am going to take my share of the responsibility.

Mr. President, let me show what the rest of the world did after 1930 to keep out the products made by the rich working men and women of the United States from going into these countries which had only pauper labor. In 1930 the first thing we heard was that M. Briand, celebrated world statesman of France, seriously advocated before a European conference a European customs union against the products of the United States. By the end of 1930 Norway, Sweden, Belgium, and Holland entered into an agreement for reciprocal trade relations between themselves and against the rest of the world. In Latin America many countries adopted policies for the curtailment of imports. In 1930 there were six general or exclusive tariff revisions on the part of many European countries, with a general trend in rates upward. All but two of the governments of Europe made some changes in their tariff rates during that year, and Senators know which the two were. They could not do it under the Treaty of Versailles. Early in 1931, the rest of Europe having raised its schedules, Austria and Germany entered into a customs union in an effort to keep the trade with one another because the rest of the world was barred.

In the Far East, China increased her tariffs; in the Netherland East Indies, a 10-percent increase immediately became effective. I could read on ad libitum. I could quote from the Department histories, but I will not take the time now.

Mr. President, the movement could be traced. Yet we are talking about keeping out the products of these poor people. Who started the tariff war? The tariffs are working against our customers. Are there not smart men in those governments? Are they going to sit down and see us bar the importation of their products and not keep ours out when the balance of trade with us is already in our favor?

In France they not only adopted retaliatory tariffs against American imports—and, by the way, with the exception of 1 year we have sold France more every year than she has sold us since 1910—but the balance of trade was so heavily against France (her annual payments to us took gold, the payments on the private debts she owed to American investors took gold, her trade balances took gold) and in order to try to turn the balance of trade from against her to her favor she not only put on tariffs but she put on quota and embargo provisions.

May I remind my colleague from Maryland our State produces apples, and we export 88 per cent of them, principally to Europe. But we could send only so many apples into France, notwithstanding the fact that the merchants over there wanted to buy more. That was France's effort to turn an unfavorable balance of trade into a favorable one. Look at our apple orchards today. We could sell those apples everywhere, but the tariff and quota and embargo laws prevent us from selling the apples.

Mr. President, is that the way to make the United States prosperous? Take the markets away from the farmers; take the markets away from the people who used to supply them, and we have ten or twelve million people unemployed.

Mr. SHIPSTEAD. Mr. President——

Mr. TYDINGS. I will yield in just a moment. I want to say a word further along this line. "Oh, yes;" it is said, "look what France did; she stabilized her franc at less than 5 cents instead of 20 cents. Look what Great Britain did; she went off the gold standard." Who compelled her to go off the gold standard? I think with the depression existing all over the world the time to wave the foolish flag of a silly, stupid, short-sighted, ostrichlike nationalism has passed. The depression is world-wide, and if it is to be cured it will be cured in a world-wide manner or not at all. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. In reference to what the Senator says about tariff wars, I fully agree with him. Two years ago a member of the Liberal Party of Great Britain, who has always been a free-trader, told me he was going to vote for a protective tariff, "because", he said, "since this tariff war started and your people were a part of it, the balance of trade against Great Britain last year was a billion and a half, and", he said, "we cannot afford to let goods come in, because we cannot afford to pay for them when we cannot sell."

Mr. TYDINGS. Of course not.

Mr. SHIPSTEAD. "So", he said, "we have got to shut them out. We may have to eat less, but we cannot let the country go bankrupt in this tariff war."

A German statesman, when I called his attention to the fact that Germany had imported over $800,000,000 of agricultural products and yet had just then put a high tariff on agricultural products, and when I asked him how Germany could afford to do that, with the low wage level and high prices for food in Germany, said, "We cannot afford to let agricultural products come in, because we have no method of payment. Since you passed the Hawley-Smoot tariff bill you will not take our goods; we have not enough, and yet we cannot pay and we cannot afford to let them come in."

Mr. TYDINGS. Of course not. May I follow the Senator's suggestion by saying that if anyone will take the figures of our export trade with the world during the last 40 years and examine them he will find that during the very years when we imported the most goods from abroad we exported the most goods to foreign countries. In other words, we sold more to the world when the world was selling the most to us. Why? Because foreign countries took the money which they received from selling their goods in our market to pay for the goods which they bought from us. The farmer goes to town with 10 dozen eggs. He cannot buy a pair of shoes until he sells his eggs. So, Europe cannot buy our products unless we buy hers. A man cannot buy what he has not unless he parts with what he has. I think we have had enough of isolation. I certainly am sick

of it; and if I have contributed to it, directly or indirectly, I am sorry; and I certainly am not going to contribute to any more of it than I have to.

There are some people who, even in spite of all the economic chaos in the United States, in spite of the fact that 12,000,000 workingmen and workingwomen are pounding the pavements and have been pounding the pavements for 3 years, still want more tariffs. Let me point out to them that the value of our imports has declined over two thirds since 1929. They represent a very small fraction of our normal production. If we need tariffs to make America prosperous, why, in the name of common sense, are we not prosperous. We have them, and every other country beneath God's sun has them; the whole world is locked up in watertight tariff compartments as I stand here speaking. No nation can trade with any other.

Mr. SHIPSTEAD rose.

Mr. TYDINGS. Before the Senator interrupts, let me say further along that line of thought, and then I will yield, that I used to hear the former Senator from Utah, Mr. Smoot, who was a devout and sincere protectionist, say that a great percentage of our imports were on the free list. I looked that free-list question up the other day and I found of the raw materials imported over half of them were silk and rubber. I know the Senator from Nebraska wants the rubber farmers of America to have a square deal.

Mr. SHIPSTEAD. And the coffee farmers.

Mr. TYDINGS. And the silk farmers. Then I looked up the figures as to foodstuffs, and I found that over one third of our food importations consisted of coffee—and God knows we do not want to put the American coffee raiser on a level with the coffee producer down in Brazil. But when it came to manufactured commodities, when it came to commodities which we ourselves produce, the desire was not to equalize the cost of production at home and abroad; oh, no; the desire was to put the tariff wall up so high that nothing of a similar nature could get over it.

Mr. SHIPSTEAD. Mr. President, will the Senator yield now?

Mr. TYDINGS. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. The Department of Labor report shows that the decline in industrial production and the increase in unemployment started in the United States within 30 days after the House voted for the Hawley tariff bill on the 28th day of May 1929, and that industrial production has decreased and unemployment has increased until this day.

Mr. TYDINGS. That is right, and if that is the trouble, what are we dealing with the gold dollar for? What are we trying to deal with the agricultural situation internally for? I firmly believe that that is the trouble; at least, I believe it is the trouble after I have examined all the facts which have come within my possession; and if it is the trouble, I am in favor of attacking the disease where it exists.

Mr. SHIPSTEAD. Mr. President, will the Senator yield further?

Mr. TYDINGS. Yes; I yield.

Mr. SHIPSTEAD. I do not want to interrupt the Senator any more than just to say that I believe the tariff war resulted in the currency war.

Mr. TYDINGS. I think that conclusion is inescapable. I will not take the time, unless the Senate would be interested in hearing it, but I examined the figures the other day as to the amount of gold in the world and who had it. I found that in 1931—I think that was the year for which I took the figures—we had $4,593,000,000 of gold; France had $2,100,000,000 of gold; Great Britain had $718,000,000 of gold; Germany had $543,000,000 of gold; Spain had $470,000,000 of gold; Argentina had $420,000,000 of gold; Japan had $411,000,000 of gold; Italy had $278,000,000; and Russia had $248,000,000 of gold. Thus 9 nations, between them, had $9,790,000,000 worth of gold, which is about nine tenths of all the gold in the world.

Mr. GORE. As of what date were the figures compiled?

Mr. TYDINGS. As of January 31, 1931.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. TYDINGS. I do not want to get off on the money just yet, if the Senator will excuse me.

Mr. FLETCHER. I merely want to say a word which will not make the Senator digress from his line of thought at all. He laid down the proposition that the United States is about to lead in a direction and to establish a precedent that will be harmful to all the other nations of the world and will destroy our foreign trade. I merely wish to call the Senator's attention to the fact that 30 foreign nations are already off the gold standard and have been off that standard for nearly 2 years.

Mr. TYDINGS. And, while the Senator was absent, I showed how we drove them off the gold standard.

Mr. FLETCHER. I thought the Senator was claiming that we are now about to do it.

Mr. TYDINGS. No.

Mr. FLETCHER. And 16 foreign countries have depreciated their currencies, and that system has been in operation for nearly 2 years.

Mr. TYDINGS. And the way to get rid of pneumonia is to go where the germs are prevalent.

Mr. NORRIS. Mr. President——

Mr. TYDINGS. I yield to the Senator from Nebraska.

Mr. NORRIS. As I understand the Senator, he is opposed to any legislation on the financial question?

Mr. TYDINGS. No; I am not.

Mr. NORRIS. Then, I did not get the right idea. Is the Senator opposed to the amendment which is pending?

Mr. TYDINGS. I am.

Mr. NORRIS. Is he opposed to all parts of it?

Mr. TYDINGS. Yes.

Mr. NORRIS. Does the Senator believe, then, that if instead of changing the financial laws of our country we would repeal the tariff law, we would relieve ourselves from the depression?

Mr. TYDINGS. The Senator has asked a very pertinent question, and I will try to inform him as to what, at least, I think should be done. First of all, if we depreciate the value of our money, in my humble judgment the same course will follow which followed the passage of the tariff act; England will be forced to devalue her money further; France likewise will do the same thing. In my judgment, the only reason why that is not being done now is because the statesmen of those countries are here, and they are hoping to forestall that very possibility by effecting some sort of an international agreement.

Mr. NORRIS. Mr. President——

Mr. TYDINGS. Let me finish, and then I will again yield. If we were now to devalue our money, in my judgment it would be foolish to have the international conference. I do not see any need of having it if we are going to pursue a policy of nationalism, of complete isolation. It strikes me that we ought to be consistent. If we hope to achieve a cure in the field of international difficulty, then let us lay aside these questions until after that field has been exploited and our efforts have failed.

If they shall fail, I can see that if other nations persist in a policy of trade and monetary isolation circumstances will leave us nothing more to do than to modify, to some extent at least, the existing disparity between debtor and creditor. But assuming, on the other hand, that we are to be successful in the international field, that tariffs are to be lowered through reciprocal agreements, that world trade is to be revived, that we are to regain our markets, that the world debts are to be settled in lump-sum payment of which I am strongly in favor for many reasons, and assuming that silver currencies are going to be stabilized and brought into some parity with gold, then I think that while a change for the better may not take place immediately, yet over a period of a few months there will be a decided improvement in the economic conditions of the country; and I submit that, in my opinion, such improvement will be sound and permanent.

What I am afraid of is that we are going into court having first called the man on the other side a bad name, which is not going to be conducive to the kind of litigation upon

which we are about to enter. If we are going into the conference in a feeling of friendship, with a desire for honest fair dealing, then we had better leave out all controversial matters which we can and not proceed as if we are going to play a poker game.

My observation has been, humble though it be, in viewing past conferences, that their possibilities for good have to a large extent been destroyed by the assumption on the part of peoples who sent representatives to such conferences that they were not going to be fair, but that, as it were, there was going to be a poker game played and everybody had better watch his alley. That being the case, it could not help but affect the delegates, and they entered cautiously into the proceedings to find out what the other delegates were going to suggest. I think we have reached the Waterloo; I think we are at the Marne. We are standing at the Marne today with the army of depression coming on and attacking not only Paris but the capital of every other nation in the world. I believe the time has come for a counter attack, and I do not believe in making it on one front alone. I think that world trade can only be revived by all countries; that currencies can only be stabilized by all countries; that war debts can only be settled by all countries. I do not think they can be settled by any one country sitting back of the Atlantic Ocean on one side and the Pacific Ocean on the other.

Mr. NORRIS, Mr. SHIPSTEAD, and Mr. WHEELER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I will yield after I make a further remark, because the Senator from Nebraska and I are both groping, I hope, toward the same objective—I know he is, and I hope I am—and that is relief for the American people. I may be wrong about it, as he often says; I hope I am wrong; but if this proposal shall be adopted, whatever I think about it I want the Senate now to know, for whatever my opinion may be worth.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. I have undertaken to ask these questions not from any argumentative viewpoint or spirit.

Mr. TYDINGS. I understand that.

Mr. NORRIS. I realize the Senator is acting in perfect good faith, of course. However, the Senator says that if we should adopt this particular amendment and act under it it would force Great Britain, for instance, to debase the pound still further, and would force France to debase the franc still further, and so on. Is the Senator satisfied now with the value of the dollar as compared with the value of the pound and the franc?

Mr. TYDINGS. Oh, no.

Mr. NORRIS. How are we going to remedy that situation?

Mr. TYDINGS. That is a very fair question.

Mr. NORRIS. What are we going to do about it?

Mr. TYDINGS. I believe, and I believe very sincerely, that we forced Great Britain to devalue the pound for the reasons I stated. First of all, she was sending to us $500,000,000 of gold every year to pay her unfavorable balance of trade with the United States. She was sending to us $175,000,000 of gold to pay her annual war-debt installments. In addition to that she owed us about three other billions of dollars in private loans we had made abroad. In other words, we had over $700,000,000 of gold coming year after year from Great Britain to the United States. Now she only has $714,000,000 of gold altogether, so that it would take her entire stock of monetary gold to make one annual payment.

What did England do? She tried desperately, like every individual debtor does who owes more than he can pay for the moment, to find avenues where she could get some more gold. Great Britain could not trade with us. Our tariff has taken care of that. She needed our cotton which she could not get any other place. It was going over there in abundance. There was no way she could turn the balance upon us. She looked to India, China, and South America. The Prince of Wales went to South America on a tour of friendship, and he went to China and to India, and tried to establish more friendly relations. That move did help Great Britain a little, but it was not enough to bring in sufficient money to supplement the gold monetary stock to the extent of the payments necessarily coming to America. So Great Britain, faced with that situation, had very little other alternative than to depreciate her money. It was the only way out, it seems to me. She had to get it in trade.

Mr. NORRIS. Does the Senator believe that it is probable that we can get an international agreement that will fix the value of the pound and the dollar? Does he think that can be accomplished?

Mr. TYDINGS. I am very glad the Senator asks that question, because I might have overlooked it and I think there would have been a gap in my remarks if I had not covered that point.

I am very much encouraged from several factors that we will get such an agreement. First of all we know the Secretary of State of our own country. Fortunately the Senator from Nebraska and myself have both been in the Chamber many times when he has spoken. We know that he is international-trade minded. We know he believes that America is better off when it sells more goods abroad, and the facts show that it is, every time we are importing the most goods from abroad. I believe Mr. Hull was selected not because he was a strong man politically, not because he was dominant in his State, not because he was wealthy, not because of many other reasons that might normally enter into the selection of a person of that kind; but it seems to me that in that appointment more than in any other the President had indicated what was his outlook. I may be wrong.

Mr. NORRIS. I think the Senator is right.

Mr. TYDINGS. I am coming now to the second fact. Mr. MacDonald is already here. I have read in the paper today that what he said is that we must all act together to stabilize the money value. Mr. Herriot has said the same thing. If they are going to meet to stabilize money values, had we not better leave ours alone for the meeting which is only 2 months away?

Mr. NORRIS. The adoption of the pending amendment, let me suggest to the Senator, does not necessarily mean that we will not wait. But let me ask the Senator this question: Suppose we fail to get an agreement, which we have tried a great many times, though sometimes I thought not in the best of faith; but for years we have been advocating an international agreement on financial questions. Suppose we fail; what shall we do then?

Mr. TYDINGS. I hate to make this remark and I hope I do not take too dark a view of the picture, but if these world representatives fail as statesmen to meet the conditions which have been pyramiding year after year until they cannot be piled up any further, then I am frank to admit that I do not expect to pursue in my future votes in this body, unless there is a little glimmer of light still left, any policy such as I hope I have more or less adhered to up to this time. I say that because in my judgment then we will go into a period of what might be called the economic dark age. We will say good-bye to every other country, more or less. Nationalism will run rife. I have looked across the sea. I have seen it in Russia. I have seen it in Germany. I have seen it in Poland. I should like to preserve my country, if I could, with some of its liberties, with some of its individualisms which have perhaps been abused and need modification; but I should like to prevent its swinging to the other extreme of the pendulum by waiting—although it has been a long wait—until the statesman of these various countries, all of whom seem now more than at any other time anxious to do the things that ought to be done, have acted.

I am going to say to the Senator from Nebraska that one reason why I feel like supporting the bill and the amendment is my belief that the President would not use the

powers therein granted until after the conference failed, and only in the event it failed. But I know the pressure will be terrific on him. I know that no sooner will he affix his name to the document than the wires will burn with "Do this immediately" by men who are depressed, by men who have lost their all, by men who are hungry and out of work—not by the man who is reasoning along a course which may bring us out, but by the man who is grasping for a straw, a straw that will not support him, a straw that has not enough cork and buoyancy in it to hold him afloat. I hope we can get into an economic condition that will make the present look perhaps a little bit more rosy than it does at this time.

Mr. REED. Mr. President, may I interrupt the Senator at that point?

Mr. TYDINGS. Certainly.

Mr. REED. If the Congress is unable to withstand the demands for inflation, what right would we have to assume that the President would be able to withstand them?

Mr. TYDINGS. The Senator's question is very apt and, I think, answers itself. I do not believe the President would, however, but I do not believe that it will help him or the country to put him into that position. The reason why I do not think the President will is because up to now he has not only appointed a Secretary of State whose policies, according to the way I see the future progress of the country, show that he is a good man, but he has now the heads of governments here—not the representatives of the conference but the heads of the governments—and lo and behold, the heads of the 3 leading governments of the world, 3 of the 4 or 5 leading governments of the world are here today. They are down at the White House. They are sitting there talking as we are talking.

The world's conference comes off in a very short while. Each of the statesmen who has come here from abroad says that this is not a national problem. Each one of them says we have got to live and let live, one with the other. Each one of them says that he, as well as we, has made mistakes, that his government perhaps has been to blame as has ours. It seems to me that when we have that feeling, when we have that desire to cooperate—the only kind of cooperation which in my judgment will be helpful—we had better keep out an element which might upset the possibility of these gentlemen's interlocking their various ideas into a concrete workable machine with which to dissipate the depression.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Minnesota?

Mr. TYDINGS. I yield.

Mr. SHIPSTEAD. I want to ask the Senator a question, but before I do that may I invite the Senator's attention to another important step that Great Britain took in her defense or in her efforts to maintain the gold standard? In 1925 she forced India on the gold standard in order to force the gold out of India by putting a premium on gold.

Mr. TYDINGS. That is true.

Mr. SHIPSTEAD. No one can deny the importance of stabilizing foreign exchange. I do not think anyone can quarrel with the desirability of that point of view. But we have, it seems to me, a domestic problem here which, so far as I am able to learn, does not affect foreign countries. The Senator will agree that when the war was over our capital structure was topheavy. From 1920 to 1930 we had underwritten a total of more than 70 billions of new capital issues payable in dollars. Does the Senator think our production of wealth, our national income, will support that kind of capital structure without some alteration of the value of the dollar? Is not the alternative wholesale bankruptcy?

Mr. TYDINGS. Let me interrupt the Senator. I am not going to take direct issue with the Senator, but let us see if this is not what we are getting into: Let us suppose that the value of the dollar is altered so that it is only worth, for example, 50 percent of its present value. Let us suppose the bill passes tonight and the President affixes his signature tomorrow morning. By the time the stock exchange opens there is no doubt in my mind that the roof would blow off of the stock market. There is no doubt in my mind at all that stock would immediately shoot up to highs that would be at this day almost unbelievable. Wheat would go up, and all commodities would go up.

Let us suppose that in the world conference an agreement is entered into stabilizing the American dollar at 90 cents. What happens to the 40 cents intermediate inflation between now and the ratification of the treaty stabilizing the dollar at 90 cents on the dollar?

Mr. SHIPSTEAD. France stabilized her franc without consulting anybody, and Britain stabilized her pound the same way. What I am talking about is some agreement for stabilization of world currency.

Mr. TYDINGS. But the Senator leaves out one factor, one very great keystone in the arch of France's financial policy. France stabilized her franc over a period of years. The situation which I am calling to the attention of the Senator is a 3 or 4 months' period. We will have an unhealthy inflation, and then we stabilize the dollar, and what becomes of it? The minute the dollar is stabilized at 90 cents on the dollar, all the inflation the 50-cent dollar built up immediately collapses, and we have exactly the position which we are trying to get out of today, only compounded. That is the danger of this thing, and it is because of that reason that I cannot conceive that the President would put it into effect until after failure of the world conference.

Mr. REED. Mr. President, will the Senator yield further?

Mr. TYDINGS. Certainly.

Mr. REED. If this power is given to the President and not exercised by him for a considerable time, is it not obvious that all business has to be on the hand-to-mouth basis while that unexercised power hangs over the community?

Mr. TYDINGS. The Senator has put his finger right on the quick nerve. Here, when the matter is only talked about, silver goes from 25 to 36 cents an ounce and stocks go from $1 to $9 or $10 a share, just on rumor. The ink will not be dry on that document before there will be men here who will immediately be yelling that what we need is a policy of deflation, that some other group of constituents have been mulcted in this process of inflation, and that here we have left those poor fellows along the wayside, bleeding and dying, and we had better adopt a policy of deflation in order that we can get them on firm ground again.

Mr. REED. I am wondering, if President Roosevelt had this power to debase the gold content of the dollar and did not exercise it, whether my friend the Senator from Oklahoma [Mr. THOMAS], who says I am working for J. P. Morgan and the rich bondholders of the country, might not be in some danger of saying that about President Roosevelt if he refuses to debase the dollar as my friend would like to see it done? That would be an unhappy state of affairs.

Mr. TYDINGS. As I see inflation, I see a great deal of the possibility of real deflation instead of inflation in it before its effects are fully felt.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TYDINGS. In a moment I will yield.

Mr. WHEELER. I want to make just one observation.

Mr. TYDINGS. All right; go ahead.

Mr. WHEELER. I assume the Senator thinks that the bill to remonetize silver which I introduced the other day is conservative compared with this proposition of giving the President of the United States the power to devaluate the dollar at his will down to 50 percent.

Mr. TYDINGS. The Senator has stated my position in exact words. The Senator from Montana was ultra conservative the other day in offering the proposition which the Senate then would not take, and now in adopting the one which they are about to take.

Mr. WHEELER. Of course.

Mr. GOLDSBOROUGH. Mr. President, will the Senator yield?

Mr. TYDINGS. I will, if my colleague will let me make just one observation first.

Great Britain has been our very best customer. Since 1910 Great Britain has bought from us $16,000,000,000 more of our goods than we have bought of hers. Think of it—five times the amount of the war debt! If anybody challenges those figures, I have them here, year by year.

Mr. REED. Mr. President, I challenge them. If we take the British Empire as a whole, that is not true.

Mr. TYDINGS. But the British Empire is not paying this debt. We did not lend the money to the British Empire. We lent it to Great Britain, the United Kingdom; and we can collect it only from the United Kingdom. I have a few notes that I wish I could put somebody else on to help me discharge them; but, unfortunately, the man whose name is on the note is the one who has to pay it off.

Mr. SHIPSTEAD. Mr. President——

Mr. TYDINGS. Just a minute; then I will yield, because I refused to yield to my colleague until I bring out this fact:

We say, "Oh, those English over there"—and I do not want to get off on the war debts—"those English over there ought to pay this debt. Notwithstanding they have bought $16,000,000,000 more of our goods than we have of theirs during the last 20 years, notwithstanding they send us half a billion dollars a year in gold, and notwithstanding they send us $180,000,000 a year in war-debt payments, they ought to pay us." "Well", I said, "how are they going to pay us? Let us see if they can"; and I took the income-tax schedules for Great Britain and the United States.

A single man who makes $1,250 in America pays the Government $10 income tax. A man who makes $1,250 in Great Britain pays his Government $56—five times as much.

A man who makes $2,500 in Great Britain pays the Government $253, while our man pays his Government only $60.

A man who makes $5,000 in Great Britain pays his Government $815. In our country he pays $160.

A man who makes $10,000 in Great Britain pays his Government $1,940. In our country he pays $600.

A man who makes $20,000 in Great Britain pays his Government $5,500, while our Government charges only $1,960 on the same income.

With all the doles in England, with all her unemployed—not recent but scattered over years—with the fact that her gold stocks have been depleted down to $715,000,000, and she has only $250,000,000 in silver, in the very nature of things how could she stay on the gold standard? She could not sell us anything. We even barred her coal when we were selling $15,000,000 worth of coal a year, and importing but $800,000. We had a ratio of 20 to 1, but we put a tax of $2 a ton on coal, and then we expect the British Government to pay us in gold. It is the most ridiculous, paradoxical situation, and it cannot be done.

I think the English people have been splendid in this whole situation.

Mr. GOLDSBOROUGH. Mr. President——

Mr. TYDINGS. I am going to yield to my friend next. I want to say, first of all, that they did not come here and ask for a 50-percent reduction in their debt. They came here and kept the old principal, and all they asked was a reduction in their interest rate. All these other countries got off with 20 and 30 and 40 cents on the dollar. England is our best customer. I say that the facts show that she has tried to pay her debt 100 cents on the dollar.

I yield now to my colleague from Maryland.

Mr. GOLDSBOROUGH. Mr. President, I largely agree with much that has been said by the distinguished senior Senator from my own State, but I desire to go back a few moments. When he was speaking about the iniquities of the tariff, he directed my personal attention to the fact that the exportation of apples in Maryland had been very greatly hurt by the building up of the tariff wall in France.

Mr. TYDINGS. That is right.

Mr. GOLDSBOROUGH. I should like to ask the Senator if he is not conscious of the fact that Baltimore City is one of the greatest centers in this country for the manufacture of straw hats; and when we passed the tariff bill, did not the senior Senator from Maryland see fit to protect straw hats?

Mr. TYDINGS. I am very glad the Senator has brought that up, because I intended to bring it up myself; and I hope I shall have the attention of every man here.

What is the situation with straw hats?

I venture to say there is not one man on the floor of the Senate now who can tell me what percentage of the straw hats consumed in America are imported. If there is one, let him stand up. Do you mean to say that you are going to pass judgment upon a case about which you know nothing of the evidence? How many men here know how many straw hats are imported? [Laughter.] Well, I will tell you: Over one half the straw hats worn in America come from abroad; and if we revise the tariff, I shall not vote to reduce the tariff on straw hats for the simple reason that whenever the importations of an article which we are equipped to produce in abundance at home are over 50 per cent of the home production it cannot be contended that that tariff is either a prohibitory or an embargo tariff.

Mr. GOLDSBOROUGH. I am in sympathy with what the Senator says. I agree with him.

Mr. TYDINGS. Wait a minute. Does the Senator agree that that tariff is not a prohibitory or an embargo tariff, or does he say that it is?

Mr. GOLDSBOROUGH. I think it is a very proper tariff, as did the senior Senator from Maryland.

Mr. TYDINGS. I gave the Senator a fair answer to his question, and he is evading mine; but it needs no answer, because whenever the importations of an article which the American producer can produce to supply the entire home market exceed the local production the tariff cannot be called a prohibitory tariff.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. TYDINGS. Must a Democrat vote for every low tariff, regardless of the factors that enter into it? Must a Democrat vote for free trade? I advocate no such policy. I will say that if you will show me in the entire tariff schedule any other article but straw hats—any other one—where the importations are more than half of the local consumption of that article, I will show you a case for a new duty; but you cannot show me another one.

Mr. REED. Mr. President, will the Senator tell us how he voted on the manganese tariff?

Mr. TYDINGS. I do not recall.

Mr. REED. The imports of manganese are more than 90 percent of the domestic consumption.

Mr. TYDINGS. I might have voted for a small tariff for revenue on that product. I do not have to vote against every tariff; but I will venture to say this, and the Senator knows this is logic, it is not politics: Whenever the importations of any article exceed the local production of that article, and we are in a position to produce it, it cannot be maintained that that is a prohibitory or an embargo tariff.

Mr. COUZENS. Mr. President——

Mr. TYDINGS. I am going to ask if there is any man who does say that that is a prohibitory tariff, because I do not want my position equivocated. Is there any man here who claims, under that state of facts, that such a tariff is an embargo or a prohibitory tariff? Is there any man here who now claims that a Democrat who believes in equalizing the cost of production at home and abroad could not support that tariff without going back on his principles? Is there any man here who will contend that?

There seems to be none. At last I have convinced the Senate of the justice of my position. [Laughter.]

Mr. BARBOUR. Mr. President——

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. COUZENS. The Senator has by no means convinced the Senate of his logic, because a while ago the Senator was emphasizing in general terms the Tariff Act of 1930 and condemning that as the reason for Maryland's losing 80 percent of its export of apples.

Mr. TYDINGS. That is right.

Mr. COUZENS. The Senator ought to have been specific as to the tariff on straw hats.

Mr. TYDINGS. I was. The Senator from Michigan was sitting there dreaming about the bank situation in his own State.

Mr. COUZENS. Oh, no, no; the Senator cannot divert me in that way.

Mr. TYDINGS. If the Senator will recall, I pointed out the number of articles that were on the free list, the percentage that came in, how the Smoot-Hawley Act in most cases applied only to articles which we produced at home, and in those cases it was not applied with an idea of equalizing the cost of production at home and abroad but as an embargo; and the Senator knows by the facts now that the case of straw hats does not come within the embargo category.

Mr. COUZENS. I also contend that the other rates do not come within the embargo category, but the Senator condemned the whole tariff act as a reason for preventing the export of Maryland apples.

Mr. TYDINGS. I will read the Senator some of the items, then, to convince him that the other rates are not of the same kind as in the case of straw hats.

I venture to say that there is not a man in the Chamber who has ever made a study of the straw-hat situation. I venture to say that up to this afternoon there was not one Member in the Chamber who knew that over half the straw hats worn in America came from abroad. I venture to make the statement that there is not a man in the Chamber who knew that 5 or 10 years ago only 30 percent of the straw hats we wore came from abroad, and that during the past—well, to be on the safe side, I will say 10 years—the amount of straw-hat importations has grown each year, and it was only when they reached the halfway mark that the Senator from Maryland supported any increase in tariff; and wherever that condition can be shown with any other article, I am inclined to do the same thing, all things considered.

There is no violation of policy there, and I am not equivocating. I am going to talk about the Smoot-Hawley Tariff Act now, since the Senator from Michigan wants me to.

Mr. REED. Mr. President, is not the straw-hat season opening rather early this year? [Laughter.]

Mr. TYDINGS. Yes; for the Senator from Pennsylvania.

Of crude materials, 83 percent came in free; but raw silk and rubber—which, of course, we do not produce in the United States—between them accounted for one half of these importations. However, only 40 percent of finished manufactures and only 19 percent of manufactured foodstuffs were imported. Those who were seeking prohibitory tariffs were careful to see that there would be as little competition as possible in the American market for the products that they themselves produced.

I did not try to keep out any competition in the American market. I was ready to put the foreigner on a comparative parity with our own producers. All I asked for my people was the same right that I was giving to the other man. If the Senator had followed that policy, he could have taken me to task with a great deal more assurance.

Now, Mr. President, let us get back to inflation. We have a world conference coming on. We are going into that conference to chart the course of the United States for the future. This administration for the first 6 weeks seemed headed toward a solution of the world problem, and I hope it is still headed in that direction. I am inclined to believe that these grants of power which the administration hopes to secure are only to be used in the event the world conference is not successful. But I cannot see the sense of anticipating that lack of success, of injecting into this already chaotic condition factors which will but complicate and not simplify the solution of the grave matters ahead.

Mr. President, I believe that the depression is caused by international factors, principally a stoppage of international trade and commerce; secondly, by a debasement of silver money which has been debased to the extent of 541,000,000 ounces since 1920. I believe we will have to stabilize silver through a reverse of that process.

I think that in the international conference we ought to accept a lump-sum settlement of a fair amount in settlement of the war debt and get rid of it, and if we do that, I believe that a lot of these panaceas will be unnecessary.

Mr. President, I think the American people are sick and tired of expedients. I think they have had enough of unguents. I think they have had enough of palliatives. I think they have had enough of equivocation and evasion. They want an attack on the fundamentals, the underlying things which have brought on the depression. I think the Congress can support the President by waiting until an attack on the fundamentals has failed, before we inject into the conflict, already complicated, other and unrelated matters.

Therefore, I do not feel that I can bring my support to this matter at this time. If we do have inflation in the meantime, and subsequently stabilize the dollar, we will have the problem of more deflation brought on our doorstep. If, on the other hand, nothing is to be done about this matter, if the President is simply to be a reservoir for power, and wait until the world conference fails, then it might be passed on to him with some degree of soundness.

I am not going to vote to complicate what seems to be the one sound solution and forever condemn the United States to a policy of isolation, which means nothing more nor less than the regulation of industry, the 30-hour week, the regulation of agriculture, unemployment relief on a permanent scale, high income taxes, the loss of world trade, the loss of our war debts, and the loss of our private debts; and that in a country whose prosperity has been built up by selling more to the world than the world has sold to it. I am not going to turn my back upon our good customers unless our good customers force us to do it.

Mr. VANDENBERG. Mr. President, if I may have the attention of the Senator from Oklahoma, I want to ask for one or two interpretations of the language of the bill concerning which there seems to be some misunderstanding and controversy.

I first call his attention to the language on page 2. Under subsection (a) there are two different permissions granted—first, respecting open-market operations; second, respecting the direct purchases of Treasury bills or other obligations of the Government.

Some have interpreted the language under subsection (a) as applying the $3,000,000,000 limitation only to the second one of these permissions. Will the Senator state whether, in his judgment, the $3,000,000,000 applies to the entire subsection (a)?

Mr. THOMAS of Oklahoma. Mr. President, I would answer in the affirmative. Otherwise under subdivision (1) there would be no money to support the exercise of the power granted under that subsection. It is my understanding that the $3,000,000,000 is to be made available to do either or both of the things under subdivision (1) and subdivision (2).

Mr. VANDENBERG. Therefore, any interpretation that subdivision (1) is an unlimited permission would, in the Senator's judgment, be wrong?

Mr. THOMAS of Oklahoma. That is my judgment.

Mr. VANDENBERG. If there is any doubt about it, the Senator would be very glad to clarify the language to make the situation plain?

Mr. THOMAS of Oklahoma. Exactly so.

Mr. VANDENBERG. I should like to ask the Senator, in respect to the first of these privileges, what the language "corporations in which the United States is the majority stockholder" would embrace?

Mr. THOMAS of Oklahoma. I think that would embrace such corporations as the Reconstruction Finance Corporation.

Mr. VANDENBERG. Would it embrace Federal land banks, under the mortgage section of the bill?

Mr. THOMAS of Oklahoma. In the event the United States owns a majority of the stock, yes; but unless the United States does own a majority of the stock, no.

Mr. VANDENBERG. Will the Senator explain to me the result accomplished by the sentence injected at line 24, on page 2, reading as follows:

No suspension of reserve requirements of the Federal Reserve banks under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c).

Mr. THOMAS of Oklahoma. As I understand it, section 11 (c) of the Federal Reserve Act provides that when banks start to borrow, they can borrow a certain amount of money at a certain fixed rate. If they increase the borrowing, eventually the rate begins to increase likewise, and if the bank has to continue borrowing, the rate gets so high that they cannot borrow any more. It is the intention of this section to provide that banks can borrow without having the rate increased.

Mr. REED. Mr. President, will the Senator from Michigan permit an interruption?

Mr. VANDENBERG. I yield.

Mr. REED. My understanding of that is that where the reserve requirements are suspended, and less than 40 percent in gold is permitted to be kept as a reserve, this section of the Federal Reserve law puts a tax upon the deficiency under the 40 percent. The effect of the sentence referred to would be to suspend that provision of the law. It would allow a reserve to go below the 40 percent without any penalty and that is the whole purpose of it.

Mr. THOMAS of Oklahoma. That is exactly the intent of my answer, because banks could not borrow at all unless they had the 40-percent reserve. Later, if they borrowed so that they did not have the 40 percent, then there would be a tax imposed. This would not impose the tax, although they might borrow when they did not have the 40 percent in gold backing up their reserves.

Mr. REED. This is not a question of the bank borrowing at all. The Federal Reserve banks will not borrow. They buy these Treasury obligations directly from the Government and issue Federal Reserve notes in exchange for them. In taking in these Government obligations they are increasing their own liabilities by the issuance of the notes, and, under the existing law, 40 percent in gold must be kept as a reserve against those outstanding notes. Obviously they are not getting in any gold when they are putting out notes and their reserve is going to be impaired. Under the present law they would be taxed by the amount of that impairment. Under the pending measure there would be no such tax.

Mr. VANDENBERG. In other words, the net result would be permission to reduce the 40-percent coverage.

Mr. THOMAS of Oklahoma. Without being taxed. That is correct.

Mr. VANDENBERG. Now, I should like to ask the Senator a question as to page 4, referring to the second $3,000,000,000 limitation. May I ask whether the language commencing in line 6, which permits the issue of these notes for the purpose "of meeting maturing Federal obligations to repay sums borrowed by the United States" would include short-time notes to cover Budget deficits?

Mr. THOMAS of Oklahoma. Exactly so. It includes those, as well as maturing long-time obligations. For example, $640,000,000 of Federal bonds were due on the 15th of March. We had to refinance those by selling short-term obligations. If this measure had been in effect, it would have been possible to pay those obligations with these Treasury notes. There are now maturing from week to week large volumes of short-time obligations, Treasury certificates of indebtedness. If we cannot refinance those to our satisfaction, as an alternative we will have this fund to fall back on, and it would be used for that purpose. I doubt whether it will be used for that purpose, but it is possible.

Mr. VANDENBERG. That virtually would mean the use of this privilege to meet Budget deficits, would it not?

Mr. THOMAS of Oklahoma. In the event the Budget deficits have been converted into some sort of interest-bearing obligations.

Mr. VANDENBERG. The deficits could be translated into a 30-day obligation and then handled under this section?

Mr. THOMAS of Oklahoma. The purpose of it is to find some means of getting the money into circulation. It would not do any good to print billions of dollars and leave them in the Treasury. The Government has printed $2,000,000,000 of money since the 4th of March in Reserve bank notes, and about $20,000,000 went into circulation. The balance of that 2 billion has done neither the country nor its citizens any good. It kept the printing presses running for quite a while, three shifts a day, and, in addition to having the printing presses running to print $2,000,000,000 of that money, they have been running for months printing the refunding bonds, and they are running now and will continue to run, until such time as we get back on some sort of a stable financial basis.

Mr. VANDENBERG. Could not the Senator completely reach his objective—and by his objective I refer to the necessity of getting the money to work—by confining this privilege to the purchase of United States bonds, so that there would be at least a thoroughly bona fide bonding transaction underlying the use of this monetary privilege?

Mr. THOMAS of Oklahoma. I think I would agree with the principle stated by the Senator; but I may state the real reason why that provision was placed in the amendment. Suppose some of these weeks we cannot refinance some of these short-term obligations satisfactorily. If the President should have the power to use these Treasury notes to purchase outstanding Treasury obligations, he would thereby have a club which those who have money would understand he had, and he could thereby, in my judgment, secure the sale of additional obligations, even long-time obligations, at a lower rate than could be accomplished if that were eliminated.

Mr. VANDENBERG. The Senator thinks that the inclusion of that phrase is essential to the objective he has in mind?

Mr. THOMAS of Oklahoma. That is in harmony with the spirit of the entire measure.

Mr. VANDENBERG. I thank the Senator. I want to submit just one general inquiry to him further. If the philosophy of this amendment produces the result which the Senator has in mind, is there any sense in the price-fixing section of the farm relief bill?

Mr. THOMAS of Oklahoma. Let me say that when that bill was prepared this matter apparently was not in mind; and in the hearings before our committee every day, we would get on to the money question. We just could not keep off it. It became a conviction in our committee that the money question had to be adjusted before anything could be done to help the farmer. So, in the last analysis, we decided to incorporate a report to the Senate calling attention to that fact. At that time, as I have said, this particular feature of inflation, or reflation, or expansion was not contemplated.

Now, since this is before the Senate and before the country, it is my judgment that if this amendment goes through, it will be practically a waste of paper and ink to print the farm bill, because I doubt whether it would be used, since even the talk about this amendment has done more to raise commodity prices than the entire farm relief bill might have done if placed in operation at vast expense and with the employment of hundreds and perhaps thousands of agents in the country.

I agree with the viewpoint expressed by the Senator, that the last provision would, in my judgment, do more to raise commodity prices, the thing we all want done, than the farm bill could do if it did all its sponsors claimed and hoped for.

Mr. VANDENBERG. Then the Thomas amendment might fundamentally claim for itself that it will protect America against the need to use the Wallace-Tugwell-Ezekiel formula?

Mr. THOMAS of Oklahoma. I should not want to make any commitments on that proposition because I can see in the bill given this lengthy title this additional virtue, if I

may have the attention of the Senator from Michigan. Let us assume that the amendment under consideration would do what I think it will do, raise commodity prices to a point even higher than that contemplated under the original bill. It was hoped that under that bill the price of wheat would be raised to about 90 cents a bushel, cotton to about 12 cents a pound, and other things in proportion. That provision was being made for the express purpose of raising the prices of those commodities to a parity with the wholesale prices of other commodities—steel, for example—and other things which the people have to buy. If the "inflation amendment", so-called, should raise the price of farm commodities and at the same time raise the price of other commodities and perhaps later on they should still be at a disparity, then this bill might be used to give the farmers' prices and commodity prices a still further boost and raise them to a general average along with wholesale commodity prices.

Mr. VANDENBERG. Just one more question. Is there any provision in the amendment which provides for inflation without definite boundaries, except that section of the bill which relates to the content of the gold dollar? Let me put the question differently. Is not the section relating to the content of the gold dollar the only entirely unbounded inflation provision in the amendment? I am not referring to the 50-percent limitation; I am referring to the fact that one cannot estimate what would happen under it, whereas one can estimate the rest of the situation.

Mr. THOMAS of Oklahoma. If this amendment should become law, the President could reduce the gold content of the dollar to any extent up to 50 percent. He could take out one half of the gold content of the dollar.

Mr. VANDENBERG. He could increase it 100 percent if he wanted to do so under the language of the amendment; but, of course, that is an absurd hypothesis.

Mr. THOMAS of Oklahoma. Yes. Just what will be done no one can tell. As I understand, the President's action will be based upon the best expert advice and opinion he can secure, not only locally but abroad, because the question of money has ceased to be local and has become international; but I am satisfied that nothing will be done in the future under the amendment unless and until the leading trading nations competing with America come to some kind of agreement. If they remain off the gold standard, we will remain off the gold standard. We do not dare to go back on the gold standard so long as they stay off it or any one of them stays off it, because if we do, the country that does not go back on the gold standard can immediately depreciate its currency below the standard fixed and can take the trade of the world from those that are on the gold standard. We have been "buncoed", I think, long enough about that; and I doubt if we will take that action unless we all go back together.

Mr. VANDENBERG. The only point in the general amendment with which I find myself in serious difficulty is in respect to the release of this virtually unlimited power to the President to deal with the gold dollar. Will the Senator be good enough to state to me whether he thinks the remainder of the amendment would have adequate advantage in it pending the outcome of international negotiations regarding gold and silver, which, in turn, might come in the ordinary constitutional way to Congress for ratification? Does the Senator get the purport of my question?

Mr. THOMAS of Oklahoma. Yes. Mr. President, it has never been my opinion that we should necessarily be forced off the gold standard. Had those in responsible position acted earlier, we would not today, in my judgment, be off the gold standard. We could have reduced the value of gold or its buying power through another process. By placing paper money in circulation or placing silver money in circulation we could have arbitrarily brought down the buying power of gold, and we might have had a vast sum—not too large—of real money in circulation. That fact of itself, in my judgment, would have brought down the buying power or the value of gold. We could have done that if we had commenced early enough, and it would not have been necessary to have gone off the gold standard. We could have been today operating under the gold standard with the value of gold away down below what it is now; but not having done that, and having adopted the policy of deflation, with the dollar mounting from month to month, now being at $2.44½ measured by farm commodities, we reached a point where we could not go any further, and when the people could not pay their debts, their interest, and the banks could not collect so as to pay their depositors, of course, the public knowing of these facts began to make runs upon the banks.

The banks cannot stand runs; sometimes it is difficult for them to stand the ordinary strain and drain upon their deposits; but when some unusual condition arises and the banks are called upon to pay currency or cash upon deposits to be hoarded, then they fail. That is what caused the bank holiday in March. So now we have reached the point where nothing can be done except to go off the gold standard. There are only $4,400,000,000 of monetary gold in America, but even so we have still nearly $40,000,000,000 of deposits; and when the people want their money, they want gold; paper is of no account.

I was handed a while ago a piece of Detroit scrip. Here it is [exhibiting]. It looks very much like money. That scrip circulates in Detroit and is good for $2, but it is not good anywhere else unless in the hands of someone who is going to Detroit. Paper money in itself is no better than that scrip. As I see it, we have gone off the gold standard, and we must remain off the gold standard until we get this matter stabilized.

Let me say again to the Senator from Michigan that it is my judgment that, although we are off the gold standard, this financial matter could be so handled that paper money would go to a premium above gold. If we should today make paper money so scarce that people could not get such money with which to pay their restaurant bills, their traveling and other bills, if they had to have it and could not get it, paper money would be at a premium over gold. That can happen if paper money is made sufficiently scarce. That is the explanation of my theory; that if we had started earlier and placed some additional money in circulation we would have brought down the buying power of gold, and all that is now proposed would have been unnecessary.

Mr. VANDENBERG. Let me bring the Senator back to my particular question. It is my understanding that the chief use intended to be made of the gold-dollar section of the bill is to arm the President in conducting international negotiations in respect to the international stabilization of gold.

Mr. THOMAS of Oklahoma. I would say that, in my judgment, it has two possible benefits for this country. What the Senator has mentioned is one of them, but it is not the only one. If the President finds that the other nations cannot go back upon the gold standard at the present value of gold, then in adjustment with them we will have to reduce the number of grains in our dollar; but if the other nations will not go back on the gold standard under an agreement, then we must remain off that standard or else voluntarily reduce the number of gold grains contained in the dollar in order to make it comparable to theirs, and try it alone, which I do not think will be done.

Mr. VANDENBERG. But the Senator does not expect that any such experiment will be undertaken, at least until an international effort has first been made?

Mr. THOMAS of Oklahoma. Absolutely not.

Mr. VANDENBERG. Very well. Now, does the Senator think that his amendment, without this advance authority to the President in it, but with a perfectly frank feeling on the part of Congress that it is ready to be receptive to an international agreement if, as, and when made, would cease to be useful if there were a present elimination of this warrant for the international agreement?

Mr. THOMAS of Oklahoma. Mr. President, let me answer that question in this way: If this section should be stricken

out and the President should not be given the power vested in him arbitrarily to decrease the gold content of the dollar, and then he should participate in an international conference as President Wilson did at Versailles, in what position would he be placed? President Wilson no doubt thought that any agreement or treaty he made would be ratified by the Congress; but President Roosevelt, knowing of the experiences of former Presidents, will enter that conference with regard to money and say: "I cannot agree to anything; I must take any suggestions you may make back to the Congress; any treaty that I may propose will have to be passed upon by the Congress." Then he will get the best agreement he can. He comes back and submits it to Congress, and then what will be the result? Unending debate, because we never could agree upon the number of grains that should be in a gold dollar. Some want many grains in the dollar and others want few grains in the dollar, and we would never agree. Those interested in silver cannot agree as to that metal.

Mr. VANDENBERG. Let me use the precise example the Senator has submitted, because it is equally eloquent in illustrating, it seems to me, the menace of this section. Suppose President Wilson had been given this precise type of authority before he went to Versailles; the United States today would be a member of the League of Nations, which certainly would not be agreeable to a vast majority of the American people.

Mr. THOMAS of Oklahoma. I do not want to get into that discussion.

Mr. VANDENBERG. I am merely using the Senator's example.

Mr. CONNALLY. Mr. President, will the Senator yield at that point?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. Let me suggest to the Senator from Michigan a difficulty about deleting the provision with reference to the gold content of the dollar and undertaking to have the President negotiate on the assumption that Congress would later approve his action. Can the Senator understand with what timidity foreign nations would enter into any agreement as to the stabilization of their money without the assurance that when they make the agreement the United States is going to carry out its part of the contract?

Mr. VANDENBERG. I can fully understand that.

Mr. CONNALLY. Does not that suggest to the Senator's mind how desirable it is to invest the President with the power proposed, so that when he enters into an agreement as to fixing the gold standard throughout the world that the standard will be fixed in accordance with that agreement?

Mr. VANDENBERG. Yes; but offsetting that timidity, there is what seems to me to be a rightful timidity within our own confines respecting how this grant of power might be used. It seems to me a perfectly good argument may be made either way.

Mr. CONNALLY. If the Senator will permit me further, if our agreement as to fixing the number of grains in the gold dollar is on the same level with other nations' currencies with relation to their former standard, would there be any harm in the agreement?

Mr. VANDENBERG. I cannot answer the Senator until I see the agreement.

Mr. CONNALLY. How are we going to get the other nations of the world back on the gold standard when it is impossible for them to go back on the old standard unless we fix a standard somewhat comparable to their own and agree that that shall be an international standard?

Mr. VANDENBERG. I agree we must do precisely that thing, I will say to the Senator.

Mr. CONNALLY. How are we going to do it unless we give the President, who is going to do the negotiating, the power to do what we want him to do and what the Senator says we have got to do, rather than to go into a conference and say, "I hope Congress will ratify what I am going to do; I do not know whether it will or not, but I hope it will"? Would foreign nations make such an agreement?

Mr. VANDENBERG. Yes; I think they would.

Mr. CONNALLY. And then take the chance of the debate here, the logrolling, and so forth?

Mr. VANDENBERG. Yes; I think they would; because in 150 years there are only a few outstanding examples of failure on the part of the American Congress to sustain their negotiators in respect to international agreements.

If the Senator will permit me to say so, I think there is a very general feeling, so general that it is quite dependable, that there ought to be an international rearrangement in respect to both gold and silver. It would not trouble me in the slightest to vote in favor of a revaluation of the gold dollar on the proper basis of a firm international contract. The thing that disturbs me is to put a blank check in anybody's hand. It is no reflection on the integrity or the judgment of the President; I would feel precisely the same way in respect to any President. I do not think the good Lord ever made one man wise enough to use that much power. Since there is such a general meeting of minds in respect to the need for the international stabilization, both of gold and of silver, I think the President goes into the negotiation under far different circumstances than President Wilson went to Versailles in respect to the League of Nations.

Mr. CONNALLY. I do not care to discuss the League of Nations.

Mr. VANDENBERG. I only use that example, because the Senator from Oklahoma used it to illustrate the point the other way around.

Mr. CONNALLY. My objection to a discussion of the League of Nations is that I have found that whenever a Republican gets in the hole on any question, he tries to drag the League of Nations around the Senate Chamber a few times.

Mr. VANDENBERG. This is not merely a Republican Senator engaged in this debate at the moment, and he is in no hole——

Mr. CONNALLY. I am not charging the Senator with anything; I am stating what has been done here before, and I hope the Senator from Michigan will not follow that example.

Mr. VANDENBERG. This is a Senator of the United States endeavoring to determine what the truth of the situation is. If I could have an international contract laid down upon my desk that I could vote for definitely and specifically, I should have no horror about reducing the gold content of the dollar if our constitutional right to do so may be favorably resolved. The thing that is disturbing me is the grant of an unknown power to achieve an unknown objective. I do not think that is in keeping with the spirit of our democratic constitutional institutions.

Mr. WHEELER. The thing that bothers me is whether or not the Congress has a right to delegate its constitutional power in advance to ratify a treaty. In other words, every treaty has to be ratified by the Senate of the United States.

Mr. CONNALLY. It is not a treaty.

Mr. WHEELER. Of course it is a treaty. It cannot be otherwise.

Mr. CONNALLY. The authority granted the President is not to make a treaty.

Mr. WHEELER. What else is it?

Mr. CONNALLY. It is that when he enters into this agreement he does something with relation to our own currency, independent of any agreement, so far as a binding treaty is concerned.

Mr. VANDENBERG. He has to have an international contract or the thing is of no dependability.

Mr. CONNALLY. Suppose Great Britain and France do the thing, it would not be necessary to bring back a treaty.

Mr. VANDENBERG. I think though, in the very spirit of the Senator's own questions to me a little while ago, they would require us to sign on the dotted line before they believe us, precisely as we would require them to sign on the dotted line.

Mr. CONNALLY. The Senator said we should make an agreement to bring it back. What would happen with reference to international exchange in the meantime? Here we would be under an agreement to fix it at a certain ratio. We do not know whether that would be done or not until Congress approves or rejects it. In the meantime the fluctuation in our money and exchange would do the very thing that we are trying to avoid. It would destroy our foreign trade and throw the whole international picture into confusion and chaos.

Mr. VANDENBERG. That argument is a two-edged sword. I contend that when we create an unused Executive power of the extent here contemplated, which can be exercised at any time in any direction and in any way that the Chief Executive desires, we have thereby created the precise uncertainty to which the Senator from Texas adverts; and it is one more reason why I have a feeling that I prefer certainty to uncertainty in respect to the contract.

I will say to the Senator from Texas that if this unused but potential authority is to be left in suspense indefinitely in the hands of the President, to be used by him to move dollar values up or down when, as, and if he sees fit, I would ask for no better opportunity to get all the wealth that I could ever hope to spend than just one advance bit of information respecting his contemplated use of that power. I think it is an exceedingly dangerous thing for the most honest of men to be put in a position where even a remote leak respecting that information could lead to a scandal besides which Teapot Dome would be a tea party instead of teapot.

Does the Senator see the point to which I advert?

Mr. CONNALLY. I see the point, but I do not see that it relates to this matter any more than any other leak when the Executive or the Congress is about to take some fundamental action. Of course, leaks about what we are going to do here might occur. If anyone knew in advance about such action with respect to the stock market or anything else, that advance information could be turned to private advantage. That is inevitable. But if the procedure suggested by the Senator from Michigan were followed, we would not need this bill at all, because the President now has power under the Constitution to make treaties with foreign countries. If we are going to fall back on the treaty-making power, then there is no occasion for the legislation at all.

This is an extraordinary grant, but we are living in an extraordinary era. We are living under tremendous difficulties. This is a short cut, of course. We all know that. It never would be called for except for the exigencies of the existing situation. But how is the President going to deal effectively and aggressively and quickly with the foreign powers unless when he says, "We will reduce or raise the dollar", other governments dealing with him know that that will take place?

Under the European form of government and their parliamentary system, Prime Minister Ramsay MacDonald and his government tomorrow can make an agreement of that kind and it is permanent. It does not have to be ratified by anybody, because they are the government.

Mr. VANDENBERG. I am fully aware of that fact.

Mr. CONNALLY. Why should not we do the same thing?

Mr. VANDENBERG. Because we are not under the European system.

Mr. CONNALLY. We ought to be able to function in an emergency such as this just as the European system functions.

Mr. VANDENBERG. That is an age-old argument. The European form of government and our form of government are different. I hesitate to depart from our form of government and paraphrase the European form. The Senator's question illuminates the fundamental difference in philosophy of approach to the question. He has put his finger on one of the things that disturbs me. I cannot conceive that we can paraphrase the British system and graft that paraphrase upon our system and have a constitutional democracy left. I agree with him that except as this optional power is granted to the President, there would be no need to include the gold section in the bill. In fact, that is the base of my original inquiry which precipitated this entire debate. My question has been whether there is substantial utility in the bill for the present if the gold section were eliminated pending the outcome of some international agreement. Under such circumstances, I could go along with this program.

Mr. REED. Mr. President, I move to amend the pending amendment by striking out, on page 5, beginning in line 1, down to and including line 18.

Mr. WHEELER. Mr. President, will the Senator allow me to offer my amendment before that is done? I have an amendment affecting this section which has been printed and lying on the table several days.

Mr. REED. I am sure that what I am proposing will tend to perfect it. If the Senator prefers to have his amendment offered first, I have no objection.

Mr. WHEELER. Let me say to the Senator from Pennsylvania that it does not make very much difference. The Senator is moving to strike out the so-called "gold clause"?

Mr. REED. That is true.

Mr. WHEELER. I am proposing to amend it. My amendment has been submitted to the administration, and my understanding is that the Executive is favorable to it. It gives him the power to remonetize silver at some fixed definite ratio in the event he may see fit to do so.

Mr. REED. Is the Senator proposing to amend that part which I am proposing to strike out?

Mr. WHEELER. Yes; that very part.

Mr. REED. Then I think the Senator's amendment ought to come first.

Mr. WHEELER. That is the way I thought about it.

Mr. SMITH. Mr. President, I understand the Senator from Montana is offering an amendment to have it printed and lie on the table?

Mr. WHEELER. No; it has been printed and is on the table. I should like to have it adopted.

Mr. REED. Oh, no; it will lead to considerable debate.

Mr. WHEELER. Then I will offer the amendment and let it be pending.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Montana proposes to amend the amendment of the Senator from Oklahoma, on page 5, by striking out the words beginning with "by proclamation" in line 1 down to and including the words "foreign currencies" in line 5, and insert in lieu thereof the following:

By proclamation to fix the weight of the gold dollar in grains nine tenths fine and also to fix the weight of the silver dollar in grains nine tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The Senator will state it.

Mr. McNARY. Is the pending amendment the one offered by the Senator from Pennsylvania [Mr. REED] or the one offered by the Senator from Montana [Mr. WHEELER]?

The PRESIDING OFFICER. The understanding of the Chair is that the Senator from Pennsylvania withholds his amendment until the amendment of the Senator from Montana shall have been acted upon.

Mr. REED. That is true, but I desire to be recognized to speak on the amendment of the Senator from Montana. I should like to be recognized for some remarks upon the amendment, but if I am recognized, I should be perfectly willing to let the remarks wait until tomorrow.

Mr. SMITH. Mr. President, as soon as the Senator from Pennsylvania [Mr. REED] is recognized and makes his request I desire to move a recess.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. CONNALLY. Mr. President, I want to ask the Senator from Pennsylvania if, when he proceeds in the morning, it will be to discuss the Wheeler amendment or the gold-content question?

Mr. REED. Partly the Wheeler amendment but chiefly the gold content.

Mr. McNARY. The Senator from Pennsylvania desires to be recognized for the purpose of speaking first in the morning?

Mr. REED. Yes.

The PRESIDING OFFICER. The Senator from Pennsylvania has been recognized for that purpose.

Mr. REED. I yield now to the Senator from Texas [Mr. CONNALLY].

CROP-PRODUCTION LOANS TO FARMERS

Mr. CONNALLY. Mr. President, I ask unanimous consent for the immediate consideration of the joint resolution (H.J.Res. 135) to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers and for crop production and harvesting during the year 1933, and for other purposes. I have consulted about it with the minority leader, the Senator from Oregon [Mr. McNARY]. This is an amendment of the Crop Loan Production Act, which makes it possible to loan to wheat farmers who grow winter wheat. It must be acted on quickly, because the loaning period expires the 1st of May.

Mr. McNARY. Mr. President, as I recall the statement of the Senator from Texas to me, this is a House joint resolution which was referred to the Committee on Agriculture and Forestry and by that committee reported favorably and is now on the calendar.

Mr. CONNALLY. That is correct.

Mr. McNARY. I have no objection.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That section 2 of the act of February 4, 1933 (Public, No. 327), be, and the same is hereby, amended by adding at the end of the first sentence thereof the words "and in the case of summer-fallowing or winter wheat, a first lien, or an agreement to give a first lien on crops to be harvested in 1934, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security."

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 11 o'clock tomorrow morning.

Mr. McNARY. Mr. President, a number of Senators have expresed to me the hope that, in view of committee meetings and pressing office work, we shall not meet tomorrow until 12 o'clock. I hope the Senator will agree to that. If we do not conclude consideration of the amendment tomorrow, I shall be very happy to cooperate with the Senator to recess until 11 o'clock on Wednesday morning.

Mr. SMITH. I think that all Senators recognize that, if possible, we must get this legislation passed. I have refrained from asking for a night session. I hope that we may go along in the ordinary course and get through with the bill. I do not want anyone denied an opportunity to express himself, but we are about to make a freight train out of this measure. Attached to the engine are numerous box cars carrying every kind of provision, and it is getting to the point where I am afraid the engineer and conductor cannot keep it on the track.

Mr. McNARY. I share that feeling, but I feel certain that if we meet at 12 o'clock tomorrow we can dispose of the pending amendment. If we do not dispose of the bill tomorrow, then I shall be glad to cooperate with the Senator to recess until 11 o'clock on Wednesday morning.

Mr. SMITH. Will the Senator join with me in an endeavor to hold a night session tomorrow?

Mr. McNARY. Let us compromise by taking a recess until 11:30 tomorrow morning. That will give us more time.

Mr. SMITH. Then I will modify my motion, and move that the Senate recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 25, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 24 (legislative day of Apr. 17), 1933

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARIES

Sumner Welles to be Ambassador Extraordinary and Plenipotentiary to Cuba.

Breckinridge Long to be Ambassador Extraordinary and Plenipotentiary to Italy.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 24, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O give thanks unto the Lord; for He is good, and His mercy endureth forever. We praise Thee; we thank Thee for Thy unfailing care. By the vision, by the passion of our patriotism, by the fervor of our industry, by the stern ideals of duty, may we prove ourselves worthy of the public trust. In every way, O Lord, make us instant to expose wrong, quick to detect evil, and ready to denounce the unjust. Almighty God, as the Ambassadors of disturbed lands gather in state in yonder executive chamber, O fill the unseen chair at the council table. By the ministry of brotherhood may they enter into cooperation with Thee and hasten the golden age of the world. Grant that their deliberations may be as coals of fire upon all rivalries and animosities that pall mankind. May they redeem all lands from their desperate condition. O welcome the day when they shall give back the song of the angels—"Peace on earth, good will to men." And may they never again keep step to the grim music of the hymn of hate. Through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of Saturday, April 22, 1933, was read and approved.

EXTENSION OF REMARKS

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a radio address delivered by Mr. Edward A. O'Neil, president of the Farm Bureau Federation, on April 21, 1933.

The SPEAKER. Is there objection?

Mr. CLARKE of New York. Mr. Speaker, I reserve the right to object. Is this a Member of the House who delivered this address?

Mr. GOLDSBOROUGH. No. It is Edward A. O'Neil, president of the Farm Bureau Federation.

Mr. CLARKE of New York. Oh, he is just one of these farm agitators. I object.

MUSCLE SHOALS

The SPEAKER. Pursuant to House Resolution 111 the next business in order will be the further consideration of House bill 5081, the Muscle Shoals bill. The gentleman from Michigan [Mr. JAMES] has 2 hours and 9 minutes left and the gentleman from South Carolina [Mr. McSWAIN] has 2 hours and 2 minutes left.

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Speaker, I rise to speak in favor of this bill, believing that it is one of the best bills that this session of Congress has considered. The question of the operation of Muscle Shoals has been before Congress for the past number of years, but for some reason or other it has been always sidetracked, and we have never been able to enact satisfactory legislation covering the project. This bill from every standpoint should be promptly enacted into law, so that the Tennessee Valley and the farmers of the Nation may have the benefit of it.

FERTILIZER PRODUCTION

Not only will it reduce the price of fertilizer to the farmers but it will assist in the reduction of electric-power rates to all people in the area generally affected by this project. This measure gives wide authority either to operate the present plants or to lease them for production of nitrogen or for other fertilizer ingredients for agricultural purposes. Adequate safeguards are placed in the bill to protect the marketing of these products.

GENERAL PURPOSES OF BILL

It is well recognized that there are four distinct fields of usefulness in which a valuable service can be rendered by the Muscle Shoals project:

First. Nitrate manufacture for national defense.

Second. Fertilizer production.

Third. Power development.

Fourth. Navigation improvement.

All who favor this legislation hope and believe that each of these projects will be well developed and the work carried on under an administration friendly to the purposes for which the act is created.

I trust that the gentlemen on the other side of the aisle will join with us in the speedy enactment of the legislation.

MUNICIPALLY OWNED POWER PLANTS

I have in my district six municipally owned light plants that have made a wonderful record of progress in furnishing their customers power at cheap cost. These plants are located in the following cities: Denton, Sanger, Bowie, Burkburnett, Vernon, and Seymour. I hold in my hand a press copy of the record which the plant in Denton, Tex., made in the reduction of power rates. I ask unanimous consent to insert this brief statement in the RECORD as a part of my remarks.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I reserve the right to object. Is that newspaper publicity?

Mr. McFARLANE. It is not. It is just a statement by the mayor of Denton, Tex., showing the record made by the municipal light plant of that city. It is not lengthy.

Mr. CLARKE of New York. Mr. Speaker, I think our RECORD is now already overclogged and, so far as I am concerned, I shall register an objection to that.

Mr. RICH. The gentleman is taking my time. I expect to register an objection.

Mr. CLARKE of New York. The gentleman's time is just as valuable as mine. I object.

Mr. McFARLANE. Then I want to briefly refer to it and read it into the RECORD.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

Mr. CLARKE of New York. His own remarks?

Mr. McFARLANE. My own remarks.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. TURNER].

Mr. TURNER. Mr. Speaker, the question of further development and appropriate use of the great hydroelectric plant at Muscle Shoals has recurred with unvarying regularity at every Congress since the ending of the World War. Those who would be most directly affected—those who would enjoy the largest measure of benefit from its use—would be the people of Tennessee and Alabama. Three counties in my district border on the Alabama line, and it is less than 60 miles from the geographical center of this district to the Wilson Dam at Muscle Shoals.

Our people, during all the years that have intervened since the utilization of Muscle Shoals Dam was first proposed in Congress, after the ending of the World War, have alternated between feelings of high hope and deep disappointment. They have not been able to understand why the declared purpose of the Government in building the great plant there for manufacturing nitrates to meet the exigencies and demands of the World War and for the further purpose of manufacturing fertilizers for peace-time use should not have been carried out.

The failure to use this great power development, in which the Government has invested the peoples' money, of approximately $147,000,000, can only be explained and accounted for by the well-known organized opposition of the great power and fertilizer companies.

The methods of propaganda used by power companies, of political manipulation, of the uncontrolled and corrupt use of millions of dollars, have been disclosed by an investigation of the Federal Trade Commission in which it was shown that these great interests bought newspapers, controlled others without owning them, subsidized college professors and teachers, and controlled political conventions and legislatures. These great interests fear that the people of the entire United States will have a great scale illustration of the cheapness of the cost of production and distribution of power and fertilizer, so they have not and do not spare effort or expense to kill every attempt to develop it.

Mr. Speaker, the people of Tennessee, of Alabama, of the South, and of the whole country—those who believed in the use of this great power development for furnishing cheap electricity and cheap fertilizers—were deeply discouraged until President Roosevelt became the candidate of the Democratic Party for President. All that was known of his trend of thought, of his policies and beliefs, and his courage for action with reference to power development and control while he was Governor of New York, gave assurance that if elected he would see that proper use of this great project would be made.

Mr. Speaker, after he was elected he gave to representatives of the public press, down at his Warm Springs home in Georgia, an outline of a great experimental demonstration which he would make—of what might be accomplished for the direct benefit not only of the Tennessee Valley but the surrounding States, and for its educational value to the people of the United States. In the great area comprising the watershed of the Tennessee River and its tributaries—40,600 square miles in extent—a great laboratory test would be made, an experiment of vast proportions, of far-reaching benefits—an experiment which might profoundly and helpfully affect the people of the whole United States.

This development scheme would begin with the great Wilson Dam at Muscle Shoals as the nucleus of operations and extend up the valley and to the far-away mountains of Virginia.

The bill which we have under consideration sets forth the powers and duties to be exercised by the officials of the "Tennessee Valley authority", a corporate body to be set up, whose directors and officers are appointed by the President, and sets forth in detail the ends and objectives of the measure and the manner in which they shall be achieved.

In this great laboratory test there will be carefully planned use of many different resources, together with the development of various activities. The great dam at Muscle Shoals, which is the major factor in the combination, would be further developed and more fully equipped by the addition of other power units for generating electricity as needed to attain maximum capacity. The power developed will be used for manufacturing fertilizer—nitrates—fertilizers in concentrated form and of high availability as plant foods. The best fertilizers that chemists and scientists can evolve will, no doubt, be made here and made available under the terms of the bill for demonstrations and tests at all the demonstration farms, the agricultural-college farms, and on those belonging to farmers throughout the United States who will use them under such conditions as will permit an estimate of their practical value. It is further provided that fertilizers shall be sold, giving preference to farmers, at cost, plus 4 percent. In this way—through such experiments and use—the farmers everywhere will be able to realize in a practical manner the maximum of benefits to be derived from their lands and their labor.

The surplus of electric power under the terms of this bill will be disposed of at wholesale prices to cities, towns, States,

corporations, partnerships, and individuals and cooperative organizations of farmers and citizens—preference always to be given to those who are not procuring it for the purpose of selling for a profit. Should it become necessary to assure low rates for the people, the corporation controlling the Muscle Shoals property is authorized to lease or build transmission lines to carry electric current to towns, communities, or cities. The building of transmission lines by the authority at Muscle Shoals will depend on the success of efforts first to be made to have it transmitted by firms or companies engaged in the distribution and sale of electricity at fair and reasonable rates.

The surplus power is primarily for the benefit of the people as a whole, particularly domestic and rural consumers who are given preference over industrial users. By making maximum developments on the Tennessee and its tributaries, industries, no doubt, will be able to procure power for their use, and the cost of developing on a large scale will make the price to the domestic user very much less by reason of this large load factor.

Another great objective of the bill is the creation of storage basins or reservoirs in the upper valley—the first to be made at Cove Creek, where a great dam will be built. This great storage of water may be released in seasons of low water, generating electricity at the dam. The released water will help to equalize the flow over the dam at Muscle Shoals and will add to its power as it will to any other intervening dams. The benefits of these great storage basins will inure to the benefit not only of the towns, cities, and people on the Tennessee River but will favorably affect the people living on the Ohio and Mississippi Rivers who suffer periodically great flood damage.

The measure provides for improving navigation on the Tennessee which eventually may be of tremendous importance to the people along the Tennessee River from Knoxville to the Ohio River and to commerce generally.

Mr. Speaker, among the new factors entering into this great carefully planned program, and not of least importance, is that of reforestation of the highlands. The immediate benefits to be derived from this part of the general plan will come from the employment of thousands of idle men and in preventing destruction and timber loss and damage by forest fires. Reforestation of cut-over lands, of marginal lands, is a foresighted provision for growing timber for the use of future generations and for conserving the rainfall by forest growth. This will not only be of great value in providing future stores of timber but will prove a valuable aid in flood control.

This part of the program is peculiarly that of the President, who profoundly believes the Government should be mindful of the future as well as of the present. It is also a part of his great demonstration plans to withdraw nonproductive marginal lands from cultivation and make use of them by planting in trees and by other appropriate uses. The reclamation of the rich swamps and overflow lands, by drainage and other means, will compensate for the withdrawal from cultivation of marginal lands and of great benefit to the adjacent territory in that it will help to rid such sections of mosquitoes and the miasma of the swamps, which endanger the health of the surrounding communities.

In this great experimental laboratory is to be tested and proven the benefits to be had from the combination of cheap power for public and private use, of the manufacture of nitrates and fertilizers, of reforestation, the withdrawal from cultivation of marginal lands, the reclamation of swamps, of building great dams at Cove Creek and other points for aid in flood control and for the development of electric power, for planned provision for making farm life in this great valley inviting, thereby drawing thousands of people from centers of population to make a living on the cheap lands not only in the valley but in all the nearby adjacent country.

Out of this great laboratory test which combines all these factors and elements, what will be the result?

Perhaps the greatest value of this stupendous undertaking will be found in the demonstration of the value of well thought out plans for combining in one general scheme the many important undertakings authorized by this measure, which, if successful, and it will be, widespread public attention will be drawn to it. It will be visited and studied by millions of people. It will be followed by other great combined enterprises of like purpose in other sections of the United States.

Mr. Speaker, four of the counties in my district have their western boundaries on the Tennessee River quite a distance below Muscle Shoals. This great river enters Tennessee again not many miles below the Shoals. In the lower river it has great power possibilities as have the many streams running through the counties of my district and emptying into the great river. We have the hope that the time will come when the lower river, with its rich land and many power resources, will be developed, the power to be used not only for local benefit but to supply the people of Kentucky, Missouri, and Illinois. To make this project what it really should be, a dam should be constructed at Aurora, Ky., and at other points between Aurora and the Wilson Dam.

A greatly discouraged people in the South, as they come to better understanding of this great vision of a great leader, will take heart again; will see opportunities for work and employment for many, for the sale at better prices of their products, for cheaper electricity for their various uses, for cheaper fertilizer, for home life made easier and more comfortable by placing within their reach aids to better production from their lands and conveniences in their homes and on their farms they have been unable to enjoy.

For my part, I can foresee great industrial enterprises springing up at Muscle Shoals employing thousands of people. Many will be able to drive over the line daily from Tennessee to work and return home at night. The blessing of cheap electricity will be carried to untold thousands, who are now paying exorbitant lighting and power rates. The average throughout the towns in my district for home use is now about 10 cents per kilowatt. I see better local markets made possible by this development for much of what the farmers produce, not only at Muscle Shoals, but because of other industrial enterprises which will come to all of our towns and cities where cheap power will be made available. I can see many of the unemployed of my section working in reforestation, in the reclamation of swamp lands, in building dams, and other activities directly pertaining to this great scheme of development. I can see farmers producing cotton, corn, wheat, tobacco, and all the farm and vegetable crops at less cost and on smaller acreage. I can see a great demand for the splendid deposits of phosphate rock which abound in six counties of my district and in other middle Tennessee counties.

Out of the tests in the chemical and scientific laboratories at Muscle Shoals, there will be methods evolved for extracting the fertilizing elements contained in phosphate rock which are now unknown. This necessary element for almost every fertilizer will be sent to farmers everywhere at low cost for transportation, cheap in price, in highly available form for plant growth, and suitable for home mixture. The use of phosphate will develop great mining propositions, giving employment to thousands in our great basin of Tennessee so rich in this great resource.

Mr. Speaker, I can see plantations divided into smaller farms to supply those who will come to our section, which has been favored by nature with a splendid climate, abundant water, and productive lands. I foresee as a result of this great demonstration to be made in the public welfare and for the general good a strong movement of people from centers of population which will aid in balancing the distribution of population.

Mr. Speaker, I have already stated that the average rate for electricity to home users in my district is about 10 cents per kilowatt-hour. It was shown by uncontroverted proof before the Military Affairs Committee, of which I am a member, that in the city of Windsor, Canada, just across the river from Detroit and 240 miles from the plant at Niagara, they are selling their power to users for 1¼ cents per kilowatt-hour and making a profit, which they returned at the

end of the year, paying back 10 percent of consumers' bills for the year. In the city of London, Ontario, the city buys its power from this great Government-owned Niagara Falls plant, and sells to its consumers at 1½ cents per kilowatt-hour. This city, after paying for its power, paying interest, insurance, depreciation, and all other expenses, showed a profit of $80,000 per year.

Mr. Speaker, with all the power possibilities of this great plant so near to hundreds of thousands of people, why should they be burdened with exhorbitant rates? Why should they grope longer in the dark? Why not give them light and power for their use, enjoyment, and pleasure? Why not permit them some of the profits of the new deal? Why should power companies be permitted to collect exhorbitant rates from the people to be used in paying profits to over-capitalized companies and to the many holding companies who skim the cream off of the operating companies' earnings and who have put wind and water into the companies' bonds and stocks and claim the right to returns on all their grossly inflated capital structure?

Mr. Speaker, let us now insist that our people have a right to as low rates as those people of Canada. Let us pass this bill and assure ourselves the benefit of all its advantages and blessings.

We of the South have good reason to be hopeful and confident. We are thankful we have a President who has visions of putting into effect and carrying to success great enterprises for the public welfare—enterprises too costly for private undertaking, too great for States to carry out.

We believe the people of our section of the South stand on the threshold of a happier and better era and that the entire Nation will benefit by this great laboratory experiment. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 15 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Speaker, the reason that H.R. 5081, the so-called "Muscle Shoals bill" introduced by the gentleman from Alabama [Mr. HILL], is before the Committee on Military Affairs, is because of section 124 of the National Defense Act, which requires the President to investigate the question of nitrates in time of war, and of fertilizers in time of peace.

This bill, as reported from the committee, goes far beyond the scope as planned in section 124 of the National Defense Act, especially through sections 27 and 28 of the bill, which I will touch upon later. The bill proposes to put the Government into a field of commercial enterprise heretofore exclusively operated by private industry.

The gentleman from Alabama [Mr. HILL] said he was not going to touch upon the question of power and he did not touch very extensively on the question of fertilizer, so I should like to direct my remarks for a few moments to those two subjects.

This great Government project was started during the war in order to supply power that would let us manufacture nitrate, so necessary in the production of explosives for munitions. The Government spent $150,000,000. About $47,000,000 of that money was spent in the development of the Wilson Dam, a hydro-power dam, costing $47,000,000, and the testimony shows there are only 45,000 to 50,000 kilowatts of primary power at Wilson Dam No. 2, 10 percent of the time. During the other 90 percent of the time it may develop upward of 75,000 kilowatts. It is necessary, in order to get more hydro power at Dam No. 2, the so-called "Wilson Dam", to build the proposed Cove Creek Dam. It was estimated that that dam would cost $34,000,000 some years ago, but I think it might be fair to say it might be reduced by perhaps 30 percent of the original estimate today, so that it would take somewhere between twenty and twenty-five million dollars more for the Cove Creek Dam.

It is proposed, when that dam is built, to generate through hydro power, some energy. The testimony reveals about 10,000 horsepower, if my memory serves me correctly. The main purpose of this second dam is to impound water so that more water will be in a uniform flow, coming down to the Wilson Dam No. 2, to give more electrical energy there.

It is proposed by this bill to later construct what is referred to as Dam No. 3, and many other dams for so-called navigation and flood-control purposes. To my mind, those other dams are more or less veiled around this whole power question, not so much perhaps for navigation purposes and flood control as the real purpose behind this bill, which is to build up the maximum amount of electrical energy by hydro power at Muscle Shoals.

On Saturday the gentleman from Tennessee stated that in his opinion we could generate around 2,900,000 horsepower after this whole development had taken place. There is other testimony which shows that we could generate 5,000,000 horsepower. The testimony before our committee, covering a period of years, indicates that the cost of building those hydro-power plants, as a minimum fair figure, would be $125 per kilowatt. If that project were carried out, to give the fullest amount of electric energy by hydro power, that alone would cost the Government somewhere in the neighborhood of $700,000,000. I think that is a fair statement, based on the testimony given to our committee. However, this bill makes authorization for an appropriation of $50,000,000 and not the entire $700,000,000, but that is contemplated as just a small part of this project that the committee had in mind in reporting out this bill.

Now, I want to call attention to the fertilizer situation. As this bill was originally introduced it did not require the manufacture, either by the Government or by private operators, of any definite amount of fertilizer. In connection with this entire Muscle Shoals question that has been one of the foremost arguments in connection with the development of the project, cheaper fertilizer for the farmers, with two different schools of thought, one, that the Government engage in this business for the production of cheaper fertilizer, and the other that private capital go in for the production of cheaper fertilizer.

Nitrate plant no. 1, about which we have heard so much talk, is practically out of the question, as it is obsolete. I think it is fair to say that that plant is obsolete, whereas plant no. 2, which is the large plant, can be used for the production of fertilizer, either in the fixation of nitrogen or by the electric-furnace process of making phosphoric acid, and possibly other ingredients. The prices of nitrogen in the world, not only in the United States, have gone to very, very low figures. In fact, it has been stated that the prices are so low that the people making nitrogen cannot even get a fair return on their invested capital. At any rate, we know that nitrogen is overproduced today in the world and that the United States has a very large supply; but to insure for the future for national defense, and that is the only national defense that I see in the bill, we require this authority to maintain nitrate plant no. 2 in stand-by condition so that it could be used in time of war if it were found economical and wise to use it. In my judgment, that is all the national defense there is in the bill for war times. I admit there are possibilities down there at Muscle Shoals to make very large quantities of fertilizer, which the committee had in mind when it wrote section 124 of the National Defense Act. We require in this bill a minimum production during the first 2 years of 10,000 tons of fertilizer or fertilizer ingredients. If it is found uneconomical to make nitrogenous plant food, we can then turn to making phosphoric acid. After that first 2-year period it is the purpose under the bill to build that capacity up to its maximum capacity, but I call the attention of the House to some of the diverting factors which, in my judgment, will prevent us getting these large amounts of fertilizer either by Government or by private operation. For instance, in one section of the bill the President is authorized to exchange electric energy for land, to be used for manufacturing purposes for other industries, the electrochemical industry, and so forth; and there is a sort of veiled idea in this bill of trying to bring in these other industries under sections 27 and 28 for the social and physical well-being of the people of this district—

the purpose is to bring large industries down into the Tennessee Valley.

Let me submit to the House that if these large plants are brought down there for the manufacture of commodities other than fertilizer or nitrogen, just that much more power will be taken away from the manufacture of fertilizer. Yet there is a provision in the bill whereby fertilizer manufacture may have a certain amount of this power.

These are some of the things the proponents of the bill wish to see accomplished, but I doubt very much if they will because of some of the other factors I have mentioned.

There is a provision in the bill that the Tennessee Valley Authority shall construct a transmission line to transmit power from the Cove Creek Dam and the Wilson Dam. This is mandatory on the authority under the terms of this bill. Therefore you can see they will try to develop this property for manufacturing purposes other than fertilizer. In addition to making it mandatory upon the authority to build this transmission line, the authority is authorized to construct transmission lines in any direction from the generating plants to an extent of 400 miles. They may duplicate, they may parallel, the existng lines of private companies serving this district; and may I point out to the House at this time that the testimony before our committee indicated that only two thirds of the generating capacity of private plants now in existence in these six Southern States is being marketed. In other words, right now the private companies in these six States have 1,000,000,000 kilowatt-hours of electrical energy that is unsold, according to the testimony of the officials of the power companies before our committee. The development of Cove Creek Dam and the output from Wilson Dam, without the construction of any of these other intermediary dams about which I have just spoken, would give us just as much more energy as the unsold output of existing facilities.

The minority views in the report accompanying the majority report indicates that there is now invested by private companies in these six Southern States, $600,000,000, some, if not all, of which may be destroyed. The stocks and bonds of these private companies are held by the customers of these companies to the extent of some $60,000,000.

In the construction of future dams other than Dam No. 2, under the provisions of this bill, it is required that the Authority show there is a reasonable market demand for the additional power before the dams may be constructed.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield the gentleman from Connecticut 10 additional minutes.

Mr. GOSS. This Government may spend $700,000,000 on this project.

I wish now for a minute to comment on section 27, which provides among other things, reading from page 17 of the report:

> To aid and further proper use, conservation, and development of the natural resources of the Tennessee Drainage Basin and such adjoining territory as may be related to or materially affected by the developments consequent to this act.

What does this mean? The members of the committee do not know, as indicated here on pages 17 and 18 of the report in connection with sections 27 and 28. We took no testimony. No testimony was offered as to what the staggering, gigantic propositions may mean in dollars and cents to the American people. It provides for the general welfare of the citizens of said area. I ask the Membership of the House what the general welfare of the citizens of this whole territory means.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. GOSS. Yes.

Mr. BLANCHARD. I have been trying to determine the effect of this power development upon other industrial sections of the country. The gentleman is familiar with my district in Wisconsin. Does the gentleman care to state what, in his opinion, will be the effect of this development upon other industrial sections?

Mr. GOSS. Nobody can tell, because there is nothing in this act that requires the Government in operating these power plants or selling the electricity, either wholesale or retail, to do so at a profit. The Government may sell it at a loss or it may charge higher prices. This is left entirely to the authority. Thus nobody can foresee what the cost will be. I may say that many people hope power costs will be cut in two, but there is no section in this bill which requires the power or fertilizer operations to even earn interest on the money expended.

You will find the old familiar Ford plan, where they made a capital charge on the hydro plant of $30,000,000 and on the fertilizer plants of $6,000,000; that where they were very careful in these two instances to require them to get interest out of the investment. No such provisions prevail in reference to power or fertilizer.

The bill goes on to say: For the general purpose of fostering an orderly and proper physical, economic, and social development of said areas. Again I submit that neither the Secretary of Agriculture, the Secretary of Commerce, nor any Cabinet officer who might be called upon to act under the terms of this bill came before our committee to give us any information as to what this might mean.

The bill gives to the President the authority to make all such surveys and plans and to cooperate with the States. We do not know what kind of cooperation this means. In section 28, after giving authority on flood control and navigation to the maximum extent, the maximum flood control, the the maximum navigation facilities, it says:

> To provide for the proper method of reforestation of all lands in said drainage district suitable for reforestation.

Here again, I submit, we do not know how much money will be spent. We do not know what plans the administration has in mind, because no testimony in this regard was given to the committee; and the same is true with reference to the economic and social well-being of the people living in said river basin and all adjacent territory.

A careful reading of sections 27 and 28, showing the very broad scope of the bill, discloses that it is nothing more than a state of socialism. No one can estimate what the demands for money will be to carry out the provisions of these two sections. I have already stated to the House that from testimony adduced before our committee and from the speeches of the proponents of this bill the Government may be obligated for some $700,000,000 and upward.

Here is what the minority had to say:

> In the opinion of the minority, any additional appropriations needed will be obtained through the issuance of bonds rather than coming back to Congress for such additional appropriations.

Here is the language I wish particularly to call to your attention:

> Thus, while sacrifices are being made to balance the Budget, the public debt may be increased to an unlimited and potentially dangerous extent.

I have only tried in the short time I have had here to explain the vast sums of money that may be expended in the development of more power and in the production of some fertilizer and the carrying out of all these social-welfare activities with respect to the citizens residing in this entire area.

O Mr. Speaker, this bill is veiled under the purposes of national defense, flood control, and improvement of navigation, but when this bill comes back to us, as I expect it will, if we have before us from the conference committee the so-called "Norris bill," as a member of this committee studying the subject for several years, I do not really know what will be involved. I hope before the day is over some Member of the majority will come down here on the floor and try to explain to us some of the vague hidden powers contained in the bill under the guise of flood control and improvement of navigation. [Applause.]

Mr. Speaker, the bill reported proposes to put the Government into fields of commercial enterprise heretofore exclusively occupied by private industry—fields of activ-

ity never suggested by anyone who believes the functions of the National Government should be confined within constitutional limits.

If put into effect, the Government will be in business for the sake of business itself. While it declares that promotion of navigation, national defense, and flood control are primary purposes, it is obvious that enumeration of such purposes is only a smoke screen behind which the Government will engage in commercial business. Those who support the legislation would not do so if divorced from alleged constitutional powers. They make no other pretense. Only a flexible mind can conceive a relationship between the manufacture and sale of chemical products for fertilizer, the manufacture, transmission, and sale of electricity, and any constitutional function of the National Government. While the act does lip service to the power to regulate interstate commerce, to control flood waters, and provide for national defense, the real purpose to engage in commercial business is so manifest it is doubtful that any court could be deceived by the hollow claim that the purpose is navigation improvement, control of destructive floods, and preservation of national defense.

The control of the National Government over navigable waters of the several States is not a proprietary one but purely a delegated sovereign right to regulate, control, and improve the navigation thereon—*Port of Seattle* v. *Oregon & Washington Railroad Co.* (255 U.S. 56). The United States Supreme Court has held that no constitutional power resides in the Government to engage in business and that while the commerce clause permits the National Government to regulate commerce, it does not grant the right to engage in commerce—*License Tax Cases* (5 Wall. 462).

POLICIES DECLARED

By expressed provision (secs. 5 and 12) it is declared that the policy of the legislation is to improve, cheapen, and increase the production of fertilizer and fertilizer ingredients by carrying out the provisions of the act, and, so far as practical, to transmit or sell power equitably among States, counties, and municipalities within transmission distance.

There is a declaration of policy to construct joint power and navigation dams, to conserve and make available the power to provide cheaper navigation, and to create sinking funds to retire the cost of such dams, the power houses, and locks, but for some reason the Cove Creek project, estimated to cost $34,000,000, and the Dam No. 3 project, estimated to cost $20,000,000, are excepted. However, any future dam may be constructed on self-liquidating terms approved by the President, sufficient to return bond interest on investments chargeable to power and sufficient to amortize the capital cost. No provision, however, is included for self-liquidating operations in the fertilizer business or in the generation, transmission, and sale of power to the public, or for investments to be made to increase the generating capacity at the Muscle Shoals plant and the construction of the storage and power dam at Cove Creek and a power project at site no. 3, immediately above Muscle Shoals, or return to the Treasury of $10,000,000 authorized for immediate activities, involving additional expenditures of some $65,000,000 to $70,000,000.

PROPOSED COMMERCIAL OPERATIONS

A recital of the activities in trade and commerce in which the corporation would participate shows that business enterprise is the objective. The charter powers of a private organization would not provide a wider scope for its activities. The bill creates a corporation labeled "Tennessee Valley Authority of the United States." It is permitted to have succession in its own name; to sue and be sued as would any private corporation; to use a corporate seal which must be judicially recognized; to make contracts; to adopt bylaws; to purchase, lease, and sell personal property; to acquire by lease, purchase, or condemnation real estate; to appoint and discharge at will officers, attorneys, agents, and others independent of Civil Service provisions, including general managers, assistant general managers, secretaries, treasurers, bookkeepers, administrative and executive officers, and fix their compensation.

Detailed directions in the fertilizer operations of the corporation are to purchase fertilizer and fertilizer material needed in its fertilizer program; to encourage practical use of fertilizer produced and purchased through cooperation with national, State, district, and county experimental stations and demonstration farms; to manufacture fixed nitrogen and other fertilizer ingredients to the extent deemed wise and profitable; to alter, modify, or improve existing chemical plants; to build new chemical plants; and to sell for profit fertilizer products produced in a manner to insure wide distribution to farmers.

It is made the duty of the corporation to produce nitrogenous plant food in form for direct application to the soil containing not less than 10,000 tons of nitrogen, to be increased in response to market demand to the maximum capacity of the plants, and to continue such production if absorbed by the market. In event the production of nitrogenous plant food proves to be uneconomical, it is made the duty of the corporation to produce phosphoric acid, fertilizer, or fertilizer ingredients in form for application to the soil in quantities equal to the required production of nitrogenous plant food, with no provision to discontinue such production if unprofitable. Lease contracts are authorized under conditions to safeguard the interest of the United States for mass production of fertilizer or fertilizer ingredients and, with the approval of the President, for other manufacturing purposes. It is also the duty of the corporation to alter, modify, or improve the existing chemical plants and to construct new plants for fertilizer production. The sales price shall include cost of production plus 4 percent. Fertilizer shall be sold with preference to farmers and in a manner to insure the widest practical distribution. For purposes of fertilizer production, it is declared that the value of nitrate plant no. 2 shall not exceed $6,000,000, and that such plant shall be maintained in stand-by condition or the equivalent for production of nitrogen for war purposes until Congress shall otherwise provide.

Furthermore, the corporation is directed to maintain and operate experimental laboratories and plants and to undertake large-scale experiments to enable it to furnish nitrogen fertilizer and other products needed for military and agricultural purposes in the most economical manner and at the highest standard of efficiency; to request the advice and assistance of any officer, agent, or employee of any department of the United States; to manufacture and sell to the Secretary of War or the Secretary of the Navy at cost explosives or the nitrogenous content of explosives; to deliver power without charge for operation of locks, lifts, and other facilities of navigation; to produce, transmit, and sell electric power, but no products shall be sold outside the United States or its territorial possessions except for use by the Army or the Navy or allies of the United States Government in case of war.

Members of the board and its appointees or agents shall be subject to dismissal in event any political test or political qualification shall be permitted or given consideration in the selection of employees or in their promotion.

In order to effectuate the purpose to distribute power equitably within 400 miles from the point where generated, the corporation is directed to sell power not only to States and political subdivisions within that area, but to corporations, partnerships, and individuals. In furtherance of the program to transmit and sell power, it is authorized to build transmission lines to any point at any time using funds provided either by Congress or from power sales or from proceeds of its own bond issues.

Enumerated preferences are given to States, counties, municipalities, and mutual nonprofit organizations of farmers who build their own transmission lines. Contracts for sale to private distributors would be subject to cancellation on 5 years' notice in order to supply States, counties, and municipalities, and subject to cancellation in event the resale price to consumers exceeds a price determined by the Federal Power Commission.

Additional public funds are authorized to be spent for increasing the power capacity at Muscle Shoals and to build

a storage, flood-control, and power dam 300 miles upstream for the alleged purpose of equalizing the 600 miles of river flow as an aid to navigation, the control of flood water, and maximum development of power. The corporation is directed to build a transmission line, in event it is unable to conclude arrangements with private distributors, for transfer of power between its own power plants extending a distance of 300 miles in the Tennessee River Basin and to build other transmission and distribution lines to power markets anywhere within a radius of 400 miles contingent upon failure to contract for transmission, distribution, and delivery of power by persons, firms, or corporations engaged in resale of electricity or for the use or purchase of privately owned lines.

GRANTS OF AUTHORITY AND FUNDS REQUIRED

To the end that the corporation may better operate with the utmost freedom, it would assume exclusive use, possession, and control of the Muscle Shoals nitrate and power plants including all auxiliary property. With approval of the President, it would take over other property, real and personal, belonging to the United States deemed necessary for its purposes.

In order that the corporation may avail itself of patent rights, methods, formulas, and all scientific information obtainable in the Patent Office for production of chemical fertilizer and production of power, it would be permitted to appropriate such patent rights and formulas or other scientific information. Compensation for the taking of such property rights would be determined exclusively by Federal district courts without authority to make compensation by mutual agreement.

In order that the corporation may not be delayed in promptly going forward with its commercial operations, $10,000,000 is authorized to be appropriated, of which $4,000,000 shall become immediately available to begin construction of the Cove Creek storage dam and power plant and to begin the production of fertilizer and fertilizer ingredients. Should the $10,000,000 prove insufficient, additional appropriations are authorized necessary for carrying out the purposes of the act; and if there should be difficulty in securing such appropriations, the corporation may resort to the sale of its own 60-year bonds to the extent of $50,000,000, for which it may pledge "all net income from property of the United States hereby entrusted or hereafter to be entrusted to the possession and control" of the corporation as well as the credit of the United States. Such bonds would enjoy the special privileges accorded in Panama Canal bonds. Interest would be paid in gold coin, and the bonds would be free of every form of national, State, county, and municipal taxation.

EXPENDITURES AUTHORIZED

Expenditures authorized for launching this wide-spread commercial activity are as follows:

Operating capital (includes $4,000,000 for Cove Creek)	$10,000,000
Installation additional generating capacity at Wilson Dam (estimated)	6,000,000
Installation additional generating capacity at Nitrate Plant No. 2 steam plant (estimated)	2,000,000
Transmission line from Muscle Shoals to Cove Creek (estimated)	6,000,000
Construction of Cove Creek Reservoir and power plant ($34,000,000 less $4,000,000 included in operating capital)	30,000,000
Total new funds	54,000,000

Indefinite amounts for other developments are authorized. This would increase the total public investment in physical properties on the Tennessee River to more than $175,000,000.

PRODUCTION AND SALE OF POWER

While the corporation is directed to sell fertilizer at 4-percent profit, it may sell power, wholesale or retail, to any character of purchaser without regard to cost. Armed with the right of eminent domain, it may build power houses, substations, and transmission lines in competition with private power operators using for the purpose public funds secured from appropriations by Congress, from the sale of power or from the proceeds from the sale of bonds. It may duplicate power plants and transmission lines where adequate plants, transmission lines, and distribution systems already exist, serving the entire area, and in this manner greatly impair if not destroy millions of dollars of investments in plants, lines, and distribution systems privately owned. Charged with the duty of disposing of large quantities of power, it would be free to engage in cutthroat competition, to invade the market of private companies, and sell power at any price that will command a purchaser.

In disregard of local State authority to regulate the rates of public-utility companies, a private distributor buying power for resale is required to agree that the maximum price to the consumer shall be fixed by the Federal Government—the Federal Power Commission—which would provoke legal conflict with State regulatory agencies. It would be free to engage in discriminatory practices in fields of commercial enterprise where similar conduct by the citizen is prohibited by the antitrust laws, the antimonopoly laws, and by public-utility regulation. In the sale and distribution of power the corporation is not required to observe the first principles of private business, to earn the cost of invested capital, or to pay its own way. The most it is required to do is to pay cost of operation, maintenance, depreciation, amortization, and amounts deemed necessary by the board to withhold as operating capital or to be used for new construction before paying the remainder into the Treasury of the United States.

The extent of such unregulated and unrestricted competition with private industry can better be appreciated when it is remembered that private companies engaged in generation and distribution of electricity in public service are required to secure, first, the consent of the State in which they do business, to submit to public regulation and control, to secure local franchise permits in towns and cities, to conform to rate schedules fixed by public authority, and to consent to the supervision of the amount and character of securities issued. Generating plants and other major facilities or equipment cannot be constructed except upon the certificate of public authority that a public necessity exists and that public service will be promoted. Furthermore, the amount of return permitted to be earned is subject to State determination.

Evidence before the committee discloses that the power market within the States surrounding Muscle Shoals is adequately supplied with extensive interconnected transmission lines and distribution systems extending into practically every town and village and, in a large measure, into the rural sections; that the existing capacity is more than 33 percent in excess of the market demand; and that rates are efficiently supervised and controlled and below the national average, both for domestic and industrial use. It is obvious that any effort to market 1,000,000,000 additional kilowatt-hours of energy from the Muscle Shoals plants at this time would necessarily invade the market of private companies, and that it could not be sold except at substantial reductions in rates with consequent disastrous effect upon the gross and net income of private companies.

PRIVATE INVESTORS AND PRIVATE INVESTMENTS

Evidence before the committee disclosed that within the States of Tennessee, Alabama, Georgia, and Mississippi privately owned power companies have investments in excess of $600,000,000 in water power and steam plants, distribution systems, and lines interconnected with each other and with the Muscle Shoals plants. Six companies in one interconnected group within the 400-mile radius of the proposed power system proposed to be set up by the act serve 1,678 towns, covering a territory of 196,000 square miles, with 430,000 customers. They have 36,000 miles of transmission and distribution lines, 20,000 miles of which are high-tension lines, and 17,000 are distribution lines.

Residing in the territory of these companies are 37,000 preferred stockholders who own 623,797 shares of preferred stock, in which they have invested more than $60,000,000. They have outstanding bonds amounting to $288,000,000, of which about $75,000,000 are held by some 38 insurance companies. Many of the stocks and bonds are held by universities, savings banks, and individuals. The outstanding pre-

ferred-stock issues are $110,000,000. Taxes paid in 1932 were $6,000,000. The entire property, plant, and equipment account of these companies is $616,000,000. The average number of employees in 1932 was 9,339 and the pay roll was $13,470,000.

Evidence was submitted that contrary to a gradual increase in the power market in the territory adjacent to Muscle Shoals of about 5 percent annually in former years, there has been considerable decrease since 1930 and that the market value of the securities issued by these companies has decreased several points in the case of the bonds within the last 4 or 5 months and about 50 percent in the case of the preferred stocks. It was stated that the decreased value of these securities is largely attributed to apprehension in the minds of investors concerning the stability and future worth of their investments because of the threat of Government competition. Witnesses for these companies stated that within recent weeks thousands of individuals and corporate investors had inquired of the companies for information concerning the effect of the proposed program of putting the Government into the power business in the territory served by these various companies.

LACK OF EVIDENCE OF ECONOMIC VALUE OF PROPOSED POWER-PLANT INVESTMENTS

It is fair to say that the committee nor the Congress has any definite data or information respecting the economic value of proposed power plants and power-plant operations contemplated by the act. Scant attention has been given to a survey by an engineer officer of the Army in 1931 of the existing power service and power rates in the territory surrounding Muscle Shoals and of an economic study of proposed power and navigation dams such as is contemplated by the legislation. The report submitted to the Chief of Engineers not only discusses the value of the Muscle Shoals power plants in public service and in chemical industry but the economic value of proposed power plants at other points on the Tennessee River, including the Cove Creek project. This report shows that combination of navigation and power dams near the market for power on the Tennessee River is economically justified only between Knoxville and Chattanooga after proper credit is given for necessary investments for navigation and flood control, that these projects would afford greater flood protection at Chattanooga, where flood damage is greatest, than would the proposed Cove Creek project; that construction of the Cove Creek project in advance of construction of sufficient power dams below to justify contribution for increased power production from Cove Creek could not be justified from an economic standpoint, and that the cost of additional installation of generating equipment at Muscle Shoals is unnecessary.

In a separate report of an investigation of a proposed system for transmitting and selling Muscle Shoals power through a publicly owned system to available municipal and industrial markets at 20 percent less than existing rates, the same engineer estimated that within 15 years the project will result in a deficit of $40,000,000. The conclusions in that respect are summarized as follows:

1. The Government's power plants at Muscle Shoals and the proposed Cove Creek development are not suitably located to serve as the main generating stations of an extensive independent power system.
2. The construction of an independent system would involve large expenditures of public funds.
3. The cost of transmitting power in such a system would be high, and the reliability of service at long distances from the generating center would be poor.
4. The construction of such an independent system would be an economic waste, in that it would duplicate transmission facilities now ample to serve the region.
5. It may be expected that the deficit from the construction and operation of such a system, which will have to be met by the Federal Treasury and by the general taxpayers, will largely exceed any savings from lower rates which may accrue to the limited local public served.

From a purely business standpoint, the United States would save tremendous waste of public funds if the Muscle Shoals power and nitrate plants were sold to private industry on the best terms available. In the absence of such method of disposition, they should be leased on the best terms obtainable. If, however, it is determined that the United States shall retain ownership of the project and operate the power plants, the power should be offered first for local industrial development in the production of electrochemical and electrometallurgical products for which the facilities and equipment are adaptable.

Industries of this character require large amounts of power and raw products, such as phosphate rock, coke, coal, limestone, silica, and magnesium, all of which are locally available since it was the presence of such raw products that determined the location of the nitrate plants at Muscle Shoals. The development of an industry of this character would stimulate activity in collateral industry, would create pay rolls, and provide employment, and develop business where none exists today. During the period that Muscle Shoals has stood idle another war-built plant, adjacent to the Tennessee Valley near Nashville, has been active in industrial operations in the production of rayon and cellophane. The Old Hickory plant near Nashville, which cost $90,000,000, was sold for $3,500,000 about 10 years ago. It has furnished employment to an average of 3,500 persons annually with an average annual pay roll of $3,250,000 and has paid an average tax bill of $65,000. Industrial chemical operations at Muscle Shoals sufficient to absorb a substantial amount of the power would be several times that at Old Hickory.

COMPARISON WITH A PROPOSED SIMILAR PROJECT ON THE ST. LAWRENCE RIVER IN NEW YORK

The proposed legislation would exercise authority within the States of Alabama and Tennessee, which the State of New York through the power authority act denies the Federal Government with respect to power to be generated in the St. Lawrence River, a navigable stream in that State. The State of New York through the power authority act asserts inalienable ownership, possession, and control of the State in the bed, waters, power, and power sites within the watershed of the St. Lawrence for the benefit of the people of the State. On October 28, 1931, the New York Power Authority filed a memorandum with the Secretary of State at Washington asserting that the State regarded as definitely settled:

1. The authority of the Federal Government is paramount in all matters having to do with the improvement of commerce and navigation along the St. Lawrence River.
2. The State of New York is the sole and absolute owner of that part of the water flowing in the St. Lawrence River, and to the land comprising its bed and the power and power sites in, upon, or adjacent to it on the American side of the international boundary, and is fully vested with a legal and inalienable title thereto.

The memorandum stated that the principle of ownership has been established by a long line of court decisions and uniformly recognized by the United States Government.

In this connection attention is invited to the following comparison of principal differences between the plan reported by the committee and the recent power authority act of New York, enacted under the leadership of Gov. Franklin D. Roosevelt:

COMMITTEE BILL	POWER AUTHORITY ACT OF NEW YORK
The Federal Government is authorized to operate power plants and power lines, transmit and sell power, and fix retail rates in different States.	The power authority act of New York asserts against the Federal Government's inalienable ownership and exclusive jurisdiction of generation, sale, and distribution of the St. Lawrence River power, including the right to fix rates. No bonds or other obligations can be issued until firm contracts for the sale of power shall have been made sufficient "to insure payment of all operating and maintenance expenses of the project and interest on and amortization and reserve charges sufficient to retire the bonds of the power authority issued for the project in not more than 50 years from the date of issue thereof."

This was President Roosevelt's view then as compared with this bill now.

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Speaker, I feel that anything that may be said on this bill at this time will probably not change a single vote; in fact, it occurs to me that 6 hours of debate is almost unnecessary, because I doubt if there is a Member of this House who does not have his mind fully made up as to how he shall vote on this proposition.

The question of Muscle Shoals legislation has been before this House for many years. I have read most of the debates and the history of this legislation, and you can hardly pick up a copy of the CONGRESSIONAL RECORD, when the bill was under consideration, that one of the men in the forefront of the fight was not the distinguished Member from the Muscle Shoals district, Judge ALMON, of Alabama. The people of the Tennessee Valley will never be able to repay him for his persistent and intelligent efforts in their behalf.

So far as I am personally concerned, I would even go farther than some of the provisions of this bill. I anticipate, however, that the body at the other end of the Capitol, as well as the free conference committee, will make some changes that will, perhaps, liberalize some of its provisions, but I am enthusiastically for this legislation, and to be perfectly frank with you, I cannot see how anybody can oppose this bill. When you realize that during the World War this Government, in order to carry out its adopted program of national defense, invested $150,000,000 in this property primarily for the purpose of national defense; and, secondarily, for the benefit of the American farmer, and then observe that not one single thing has been done in a big way during all the intervening years to develop the property, it occurs to me as almost criminal. It has been a political football, used by special interests to carry out their own selfish desires and create sectional prejudice.

The United States Government has $150,000,000 invested here. There is nothing in the world necessary to be done except to have enough money available to start the wheels turning, not only to produce whatever nitrogen or fertilizer may be necessary but, secondarily, to develop the power that is lying there dormant at this time.

Let me say in reply to my friend from Connecticut [Mr. Goss], when he talks about this costing several hundred million dollars, or perhaps a billion dollars in the final analysis, the Government is not out anything in this connection, because the authority is authorized to issue and sell $50,000,000 in bonds secured by the property, as well as provide for interest, sinking fund, and amortization. No more money can be spent except by coming back to Congress for an appropriation. The President will not ask for more and Congress will not appropriate unless it is justified. It is a self-liquidating project that will pay its own way and make money after it is fully developed.

Why not go on and develop this great property down there? Why let it lie idle when it will provide employment for thousands, develop a great area, benefit the farmer, and furnish cheap electricity for homes and factories?

There are some things, Mr. Speaker, that in their very nature are monopolistic. I am not for putting the Government into every kind of business, but there are some things like water, and in these more modern days there are things like gas, telephones, and electricity that are getting to be of such common, universal, and even necessary use that they must, in their very nature, be more or less monopolistic, whether owned privately or publicly. These necessities ought to be within the reach of every user.

I am not for doing damage to private interests in that country, but a careful analysis of this bill will show that every opportunity on earth that is reasonable, fair, and just is given for the leasing of this property not only for the making of fertilizer but also for the development of additional power facilities and power lines. It is even provided that with building of Cove Creek Dam and Dam No. 3, which all the engineers, I think, have admitted is necessary for the carrying on of the project, nothing more can be done in the way of building dams or developing power until the market demands will justify it. Surely you can trust your President and this authority, as well as the Congress, to do equity toward all parties at interest.

If you go back to 1912, 20 years ago, there was another great Roosevelt by the name of Theodore, who favored the conservation of the natural resources of this country, and among other things he favored the preservation of the water sites of America for the benefit of all the people, and if you had heard some of the testimony before our Committee on Military Affairs a few days ago, particularly by a distinguished Senator from the State of Washington, about how power sites in the great Northwest had been gobbled up for a song by special interests who turned right around and capitalized on them for millions and sold stocks all over the country that were full of wind and water, I think you would reach the same conclusion that the majority of this committee reached when it said, "Let us develop this and do it ourselves for the benefit of the American people if the power interests will not do it."

Mr. McFARLANE. Will the gentleman yield there?

Mr. THOMASON. I yield.

Mr. McFARLANE. Does not the gentleman know that we have had that same experience in Texas, where the power interests have to a considerable extent gobbled up the power sites on the different rivers of Texas?

Mr. THOMASON of Texas. Oh, that is true of every State in the Union. There is not a State in the Union where power interests or selfish private interests of some sort have not come along and taken charge of the streams that God put in this old world for the benefit of everybody, and after, perhaps, having got them for practically nothing, then turned around and capitalized them, and then I might say they "Insullized" on them and sold stocks comparable to the Insull stocks all over the country. I do not say all of them did this, but I do say that a lot of them did. This bill will put an end to such sharp practice, as well as provide a yardstick by which we shall learn what is a fair and reasonable charge for electric energy.

My friends, since electricity has become as common and necessary as water, gas, and fuel, it ought to be within the reach of every man in America to use it upon terms that he can afford. [Applause.]

I take it that this is just a step in the development of that great area. It is not done for the purpose of confiscating anybody's property. This does not place the Government any more in business than it now is. Under this bill private fertilizer and power interests can lease and operate if they will contract to sell the products to consumers at only a fair and reasonable profit. They have had that opportunity, but showed no disposition to deal fairly with the public.

Now, there is no money involved here except that which will come out of the project itself. Do you propose to allow this property to remain idle for another 15 years? It will afford the greatest possible opportunity for the development of all sections of the United States, and if it is a success it will be followed by the development of the Columbia and the St. Lawrence for the benefit of all the people.

Mr. BRITTEN. Will the gentleman yield?

Mr. THOMASON of Texas. I will yield to the gentleman.

Mr. BRITTEN. The gentleman stated that this is merely a step in the direct development of water power elsewhere in the country. Is he suggesting to the House and the country that the Roosevelt administration is going into the various States for the development of power?

Mr. THOMASON. I do not assume authority to speak for the administration, but I do think it safe to say that this administration is for the preservation and development of the great waterways, power sites, and other natural resources of this country. I am equally sure that this administration is not for the exploitation of public watercourses by special and selfish interests.

Mr. BRITTEN. I appreciate what the gentleman says, but what are you going to do for the private interests you destroy?

Mr. THOMASON. I am going to do nothing against them so long as they do the decent and right thing, but I am not willing to turn the country over to them.

Mr. BRITTEN. That is what is going to happen.

Mr. THOMASON. My home city of El Paso owns its own water plant. Rates are not so low as I should like, but are far cheaper than they were under private ownership. A fair profit has been made, which has many times helped to tide the city over financial difficulties. I do not want cities to take over public utilities if they will take the wind and water out of their stock and exact only a fair and reasonable charge. I do object to the practice indulged in by some utilities of having one set of books for the tax assessors and another for the ratemaking bodies. I want them treated fairly but not to have an advantage.

I voted in the last Congress against placing a consumers' tax on electricity. I also voted a few days ago to right that injustice, and I am glad this body passed it by such a large majority.

You Republicans are an inconsistent lot. When you were in power you spent $120,000,000 on the Ohio River without any hope of getting a dollar of it back. You spent millions on the Cape Cod Canal without getting a cent in return. Three years ago you yelled your heads off about the great Hoover Dam, which you named for your chieftain. But, now that a great project already in existence is to be improved for the benefit of millions of people, you can express nothing but criticism and condemnation.

No man can visualize the great good that will come from this development. I hope the day of war has passed, but the clouds are hanging low in many parts of the world. This is an ideal location far from the sea coast and well protected for the manufacture of explosives. In the days of peace it will provide cheap fertilizer for millions of American farmers. It will give flood control, navigation, afforestation, and employment in all that vast area. One of the crying needs of the day is the improvement of country and community life. Cheap electricity in every home will make for convenience, happiness, and longer life. With cheap power, factories by the hundred will spring up all over the South and add to wealth and employment.

It is gratifying to know that this bill will pass both Houses by a large majority and will receive the approval of our great President. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL. Mr. Speaker, this is a great day for the South, a great day for Tennessee, and for the people of my congressional district. I am glad to have a part in the passage of this important bill. It means much to the Nation. It was my pleasure in January of this year to go by airplane with the distinguished Chairman of the Military Affairs Committee and other colleagues to inspect the physical conditions of the Government's investment at Muscle Shoals. President Roosevelt was there with Senators HULL, NORRIS, MCKELLAR and a great number of distinguished visitors, all interested in the development of this property.

We are now about to get action. No longer can the power trusts or the fertilizer trusts delay it. It is the express will of the people of America, their mandate at the polls, and with a new President, imbued with the responsibilities of his office and anxious to serve America the pending bill will soon become a law.

The Muscle Shoals question has been a Federal problem since 1824, when President Monroe, through John C. Calhoun, as Secretary of War, recommended a survey of the Tennessee River so as to improve its navigation at that point, in aid of commerce and military operations. From that day to the present this subject has had the attention of the Nation at different times.

In 1916, in the National Defense Act, the President of the United States, Woodrow Wilson, was authorized to investigate the best and cheapest means of producing nitrates and other products for munitions of war and useful in the manufacture of fertilizer and other products by water power and was authorized to acquire sites upon river or rivers or upon the public lands as he thought best to carry out the purposes of the act, and was authorized to construct, maintain, and operate at such sites dams, locks, and improvements to navigation, power houses to generate electrical power, and the production of nitrates useful in the manufacture of fertilizer.

The President was given the right to purchase and condemn land for the purpose and money was appropriated and Wilson Dam No. 2 was built and two nitrate plants for the fixation of atmospheric nitrogen for war purposes and for agricultural use in times of peace were completed. The dam is there. Buildings are there. Machines are there. All we now need is action and cooperation.

In 1928 a bill somewhat similar to the present bill was passed by Congress and met a pocket veto by President Coolidge, and in 1930 a second Republican President, Mr. Hoover, vigorously protested the passage of a similar bill and vetoed it.

Henry Ford once made a very serious and determined effort to lease this property.

Many bills have been debated in Congress for years looking to a disposition of the property. All to no avail until the present leadership of President Roosevelt, when on April 10, 1933, he said in a message to Congress:

> It is clear that Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. It enters the field of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

We are told there are 11 valuable dam sites between Cove Creek Dam and the Wilson Dam, and the construction of Cove Creek Dam will double the power available at each one of these sites.

All these dams will be built within the next 20 years, and the power generated will be sent in various directions to cities and towns. New cities and towns will spring up in the wake of industry which will settle along this 300-mile section of the Tennessee River from Cove Creek to Wilson Dam. This area will become a great hive of industry.

Millions of busy and industrious people will come to the Tennessee Valley to enjoy this great national resource and benefaction. Many hundreds of millions of dollars will be spent in development in our State.

New plants, new enterprises, and new life in farming and agriculture will follow. Cove Creek Dam, when completed, will flood 52,000 acres of land, making the largest artificial lake in the world. The eyes of the world will be centered on Tennessee, and millions of people will seek this new field of industry and enterprise.

Farming will prosper as never before, producing many different crops and vegetables to feed the millions engaged in construction and in the development of industry, all because of cheap power, cheap fertilizer, and an ideal climate with ideal surroundings in which to live.

Power is required in modern industry; and with all the mineral deposits in our section, with a fertile soil, with the finest of American citizens of the truest and best strain of the Anglo-Saxon blood to draw from, a people who love the ideals of our Republic and the principles of our Constitution, our section presents a promise of prosperity never before equaled.

The farmers for the first time will learn the actual cost of fertilizer, and it will be from 25 percent to 50 percent cheaper than at present. No longer will Chile have a monopoly upon mineral nitrate of soda, as she now has. This trust has taken millions of dollars from the farmers of the United States. This should not longer be permitted. Let the Government help break this trust and set free the farmers of our country. It will be the greatest blessing ever to befall our people and will give them renewed ambition, a new faith, and new hope. Broad power is given in the bill

for the authority, the representatives of the Government, to either operate the present plants or lease them for the production of nitrogen or other fertilizer ingredients for use in agriculture.

ELECTRIC POWER

It is provided that all electric power not used in navigation projects and in the production of fertilizers shall be sold and preference given to States, counties, municipalities, and nonprofit cooperative associations. Three-year contracts for power are permitted to States, counties, and associations building their own transmission lines. This power may be sold by them without discrimination among customers of the same class.

Private power companies engaged in the sale and distribution of electricity for profit must sell to the consumer at a figure found to be just, fair, and reasonable by the Federal Power Commission.

In order to prevent duplication of transmission lines and to prevent waste of invested capital, the board is authorized to negotiate with private power companies having transmission lines needed by the Government to serve the public to buy such lines at fair and reasonable prices. If negotiations fail, the authority may acquire the line by condemnation, when the full and fair value of the property must be paid to the owner.

No new lines need be built except where none now exist. The fear that money would be wasted in duplicating existing transmission lines was encouraged by the power trusts in the mind of the public for a purpose.

No ground of fear need exist. All that is required is for the power interests to cooperate under this bill in serving the public by leasing or selling their lines at a fair valuation, and thus promote the industrial, agricultural, and economic development of the Tennessee Valley, which will result in the improvement of business conditions throughout the Nation and the speedy restoration of prosperity.

COVE CREEK DAM

No one longer disputes that the Government should build Cove Creek Dam. Even the power companies now agree to this. It must be done to develop flood control, navigation, and power in the Tennessee Valley.

UNEMPLOYMENT RELIEF

If we will pass this bill and begin the work of building the dam, cleaning out the basin, relocating the roads and bridges, and constructing the power houses, then an army of unemployed workmen will be needed. No longer will the man without a job be walking the highways in search of work. He can and will get employment and become again self-sustaining. The purchasing power of the people will be restored and normal prosperity once again reign.

The people of my State are ready, anxious, and willing to cooperate with the Government in this great program of development. No one opposes this national project unless it is because of a selfish motive.

BOND ISSUE

There is provided a bond issue, to build Cove Creek Dam No. 3, of $50,000,000. Already the Government has an investment at Muscle Shoals of $150,000,000 earning practically nothing. This additional expenditure should make the whole investment profitable to the Government and the people. These bonds are Government obligations, but the interest on them is to be paid from the sale of power.

No money can be appropriated on this work except that authorized by Congress. The initial issue will complete Cove Creek Dam and Dam No. 3 and make the necessary changes in the nitrate plants and install the necessary fertilizer equipment and provide working capital.

DEMOCRATIC PARTY PLATFORM

In 1924 the Democratic Party platform contained this provision:

> We hold that the production of cheaper and higher-grade fertilizers is essential to agricultural prosperity. We demand prompt action by Congress for the operation of the Muscle Shoals plants to maximum capacity in the production, distribution, and sale of commercial fertilizers to the farmers of the country, and we oppose any legislation that limits the production of fertilizers at Muscle Shoals by limiting the amount of power to be used in their manufacture.

In 1932 the Democratic Party platform pledged the present administration to the development of natural resources in the common interest and said:

> The conservation, development, and use of the Nation's water power in the public interest.
>
> The removal of Government from all fields of private enterprises except where necessary to develop public works and natural resources in the common interest.

Muscle Shoals, as it now stands, was the product of the World War, when our Nation was drawn into that world catastrophe of sorrow, misery, and death. Out of this came Muscle Shoals to manufacture nitrates for munitions of war. Let it now be dedicated to peace. Let it be used to manufacture for the farmers of the United States cheaper and better fertilizer, and second, let it be used to protect the people against the Power Trusts of America. Let it produce throughout the years the yardstick by which the people of the Nation may know the fair, legitimate, and actual cost of electricity.

These two purposes alone will be of incalculable value to our people for all time.

Let us protect the farmers and home owners in this country, and let the power companies, with their watered stocks and inflated bonds, reap what they have sown. Let us develop Muscle Shoals and Cove Creek Dam, with intervening dams, and thus make cheaper current available to all the people. Let us provide for cheaper fertilizer to be sold the farmer. The fertilizer trusts and power companies have robbed the people of my State and district too long already. Let it be stopped and stopped now.

I should be glad if it were possible to so amend the present bill and have included a provision to pay to the State of Tennessee and to Alabama 5 percent from the gross proceeds of power generated in those States; but I am supporting the bill even though this provision is not included, because I have no opportunity to offer an amendment upon this subject. This would protect the right of my State in the earnings of this property, which I feel would be fair and just. We furnish these natural sites within the confines of my State, and while the property owners are reimbursed for the value of lands taken, yet the State of Tennessee loses tax values to the amount of almost $1,000,000, based upon a 50 percent assessment. The sovereignty of the State is thus permanently deprived of this asset. The original bills have provided for a 5 percent dividend of the gross earnings to be paid to Tennessee on the dams located within the State. I hope the committee will permit an amendment to this effect on the floor of the House today before the bill is passed.

I hope and believe that this is the beginning of the development of the potential power in Tennessee and that my district will soon have the attention of the National Government in this respect. One fifth of all potential power sites in the Nation are located in Tennessee. The fourth district, which I have the honor to represent, has many possibilities in which I hope to interest Government engineers later. The Caney Fork River, Cumberland River, Stone River, Elk River, Duck River, and other streams which flow through this section present admirable location for the development of power so essential to the progress of the great citizenship in that section of the South.

We have paid tribute to power companies throughout the years. Let us have cheaper current, and thus relieve some of the drudgery on the farms by affording the home owners cheaper light and heat, and the housewives the opportunity of cooking, ironing, laundering, and many other advantages arising out of cheap current. Let power turn the wheels of machinery for the farmers in the use of their cream separators. Let the current be sold to individuals, towns, cities, and communities. The authority provided in this bill to sell power to the people by the Government as a sovereign would not be subject to the rules and regulations of public utilities commissions in the different States. No rates will or can be fixed other than by the Government, and this will

afford a savings to our people of almost one half of the present prices they are forced to pay to power companies, who have sold watered stock and inflated bonds, unfortunately, to the people in my section for the past many years. The Government can build lines without the consent of public utilities commissions in the States.

This means that the Government, or the people, will receive the profits that accrue. It will put thousands of men to work who are now idle. It will protect our people from floods. It will stop us from longer paying tribute to the Fertilizer Trusts of America and foreign countries.

We must perfect this great national resource. We must provide for additional dams, and especially at Whites Creek, in Roane County, where the Chief of Engineers of the Army states that this is one of the most economical and desirable possibilities of developing additional and cheap power of the entire area to be developed.

When the bill is passed providing cheaper fertilizer for the farmer and carrying cheaper power to his home, together with the farm relief bill already passed and now in the Senate, the bill providing for the relief of mortgage debts on farms, and other relief legislation in prospect, then a new day for the farmer shall have dawned.

This legislation is the greatest forward step ever taken in this Nation for the common man—the man who has made America great.

Let the currency be inflated if need be and the circulating medium increased and the excessive cost of government reduced—then the "new deal" will bring agriculture to the front. It is our greatest national resource. Let us continue the fight for the forgotten and neglected men of America, the great common people, the masses of the people.

They are the ones who have developed this country, cleared its fields, opened its mills, mines, and factories, built its cities, its railroads, and paved highways reaching all over the Nation. They fought for and established our independence. By their sacrifice and suffering they have defended their Nation's honor at home and abroad. For 150 years our people have struggled in peace and war to make this Nation what it is today.

Let us render the greatest good to the greatest number. Let us carry on. Let us build for the future and serve not only the present but all coming generations. Let us remember that "he who serves best lives most."

And in the language of a Tennessean, permit me to conclude with this expressive poem:

An old man going a lone highway,
Came at the evening, cold and gray,
To a chasm vast and deep and wide,
Through which was flowing a sullen tide;
The old man crossed in the twilight dim,
For the sullen stream had no fears for him;
But he turned when safe on the other side
And built a bridge to span the tide.

"Old man", said a fellow pilgrim near,
"You are wasting strength with building here;
Your journey will end with the ending day,
You never again will pass this way;
Why build this bridge at the eventide?"

The builder lifted his old gray head—
"Good friend, in the path I have come", he said,
"There followeth after me today
A youth whose feet must pass this way.
This chasm that has been naught to me,
To that fair-haired youth may a pitfall be;
He, too, must cross in the twilight dim—
Good friend, I am building the bridge for him."

[Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Speaker, in answer to the gentleman from Illinois [Mr. BRITTEN], who asked a question a moment ago as to what the policy is to be, I wish to state that our President in his great speech in Portland, Oreg., stated definitely that there were four great developments of electric power in this Nation that should be undertaken; namely, Muscle Shoals in the Southeast, Boulder Dam in the Southwest, the Columbia River, the greatest of all, in the Northwest, and the St. Lawrence River in the Northeast. I had the pleasure of introducing him to that audience, and in that campaign he made a claim that it was the intention that these power developments should be undertaken by the Government so as to use them as "yardsticks", to use his own words, to fix the price for the sale of electric energy.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. PIERCE. Yes.

Mr. BRITTEN. Does the gentleman really believe that those four projects he has mentioned to the House should be developed when there is now a great surplusage of power owned by private enterprise, the stock in which is held by the people all over the United States? Does the gentleman believe the President will still go ahead and construct those great power sites in those four places, notwithstanding that fact?

Mr. PIERCE. If there is a surplusage of power, it is caused by the tremendous prices asked. The prices asked for electric current are often many times the cost of production. The companies almost universally have developed not their cheapest plants, but the expensive ones. They have built transmission lines and charged into their capitalization many times the actual cost.

Mr. Speaker, all utilities which are essential to life, health, and the growth of our civilization are natural monopolies. Water is essential to life itself. Therefore the business of supplying it is a natural monopoly. Its distribution and supply permit of no competition. Private ownership of a natural monopoly is indefensible. Being indefensible it is intolerable. Being intolerable it must be abolished.

Electricity in its varied uses has become so much a part of our economic life that it is now a natural monopoly. It is just as essential to our daily existence as is the post-office or the water-supply systems. Yet this great natural monopoly is almost entirely under private ownership and control.

Here in our United States nature has provided us with four great natural sites for hydroelectric development. We have the St. Lawrence with Niagara Falls in the Northeast; Muscle Shoals on the Tennessee in the Southeast, the Colorado with the Hoover Dam in the Southwest, while in the Northwest we have the mighty Columbia, the greatest power stream on the continent, second only in size as a river to the Mississippi. The combined potential power of these four streams is sufficient to turn all the wheels of industry, move the traffic of the Nation, and provide modern electrical conveniences to every home in the land. Nature has provided these sources of electrical energy and placed them strategically for man's use. Why should we permit private monopolies to appropriate them and exploit them for private gain?

Recent surveys reveal that the profits of private power companies are out of all proportion to those of other industries and utilities serving the public. The Nation of April 26, 1933, gives the following comparisons of the distribution of gross revenues between labor and the capital invested in four great industries:

	To labor	To capital
	Percent	*Percent*
Steam railroads give	75.2	24.8
Telegraph and cable	72.1	27.2
Manufacturing (all)	63.2	36.8
Electric light and power	33.9	66.1

Public ownership of this great natural monopoly of water power would at once reduce by one third the costs to the consumer. When by amortization the costs would be paid off within a 40-year period, the rates would be reduced another third. Increased consumption would further reduce rates. Lowered costs would make electricity available to every home in the land—light, heat, refrigeration, and power with modern conveniences everywhere. The development of Muscle Shoals is the beginning of this great program. Its inception grew out of our Nation's war need for nitrates. When this Muscle Shoals site was proposed, Senator George E. Chamberlain, of my own State of Oregon, proposed the Columbia as another site to be considered. President Wilson decided that Muscle Shoals was then more feasible for im-

mediate use, and that site was chosen. The dam was constructed. A nitrate plant was built. The end of the war came. A great plant built at Government expense capable of developing enormous electrical energy lay idle. For nearly 12 years every effort to develop and distribute electricity under Government management has been thwarted by the private power interests. Twice bills for this development passed both House and Senate, only to be vetoed by Presidents Coolidge and Hoover.

During all this time the only beneficiary of this gigantic Federal outlay has been a private power company, which pays the Government one fifth of a cent for electricity which it sells to its consumers for as high as 12 cents. Is it not time to stop such exploitation of a natural resource that belongs to all the people?

It is said with much earnestness that Muscle Shoals should not be made available for the public use because it would ruin the present investors in private electric companies operating in that part of the United States. The electric companies will be able to salvage out of their distribution systems all they are worth. The present generating systems will be run for several years during the time these Government plants are being installed. We should not forget that a part, in many instances a large part, of the capitalization of the private companies is "water." These companies have not always availed themselves of the cheapest development. Expensive development and costly transmission lines afford a large capitalization upon which utility commissions of the various States fix rates high enough for the earning of net dividends on millions of capital that should never be considered as invested capital.

Methods of the electric-power companies have been so ruthless and unfair that the consumers have very little sympathy for these modern buccaneers.

No private investor should be allowed to retard progress nor stay the onward march of civilization simply because he desires to continue to bleed the public for his own selfish enrichment.

The President has promised the Columbia as the next large enterprise of Federal hydroelectric development. Government surveys of that great River have shown that the Umatilla Rapids project can be most economically constructed, that it is practicable and advantageous for immediate development work, that it could be begun at once, because preliminary engineering work has been done, and that a great public employment program could be initiated on the Columbia River this summer. The Government should push the work with all possible speed, so that during the first term of President Roosevelt the four great development plans may be far advanced. Nothing in our President's constructive program can rank in importance with Federal development of hydroelectric projects. Think what this great conception will mean to the people in every section of the United States. The development of the Columbia will follow that of Muscle Shoals. Let us pass this bill. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Speaker, as I look at this Muscle Shoals bill I feel that when it receives the signature of the President of the United States a new charter of economic liberty will have been granted to that great southeastern section which it is going to affect. I speak on this subject with a good deal of authority, because I come from the region that is to be the recipient of the great benefits that will flow from Boulder Dam. We are living today in a machine age, and the most important public utility, the most important social economic factor, in the United States is power. Electric power is the great facility which in the future will turn 95 percent of the wheels of industry, and cheap power is the key to any measure of prosperity that this Nation is going to enjoy in the future. I am very glad indeed to raise my voice and say that in the passage of this bill we shall owe a great measure of gratitude to that noble old Roman in the Senate, GEORGE W. NORRIS, of Nebraska. For 14 years he has fought this battle and fought it nobly, and I hope when this bill is signed that Muscle Shoals will be named Norris Shoals, because he has earned the right to have it named after him.

This great project has within it four purposes—power, fertilizer, flood control, and erosion or afforestation. Those are the four things that will be the foundation of the future progress of the country. In California the people of the Imperial Valley have for years been under the tremendous menace of the Colorado River. That will be ended when Boulder Dam is finished. You in the South have the same problem of flooded lands, and I am hoping for the day when we will do something like this on the Mississippi River to make that great Southland area safe from flood.

I happen to come from the city of Los Angeles, which owns its own water and power systems. It so happens that when this city took over the private company that was supplying power to the great part of its citizens, the going domestic electric rate was 9 cents per killowatt-hour. That rate today is 4.8 cents per kilowatt-hour, and, because of this low rate and the corresponding low rates for commercial, industrial, and street lighting, the citizens of Los Angeles have paid over $57,000,000 less for their power in these four classes than they would have, had the private companies been able, through a monopoly which they held, to continue their high electric rates. In addition thereto, they own a power system worth $90,000,000, most of which was earned from surplus profits.

It will thus be seen that publicly owned power has proved an effective yardstick by which to measure electric rates. It is because of this knowledge of the effect of publicly owned power on privately owned power rates that I am so whole-heartedly in favor of this Muscle Shoals project. It is readily seen that with power rates sufficiently low, the great Tennessee Basin may confidently anticipate an era of development that will quickly absorb any surplus power that may now exist, not because it is not needed, but because the rates charged by the power monopoly are so high that the people cannot afford to use the power.

While I am fully conscious of the tremendous advantage that will accrue to the Tennessee Basin through low power rates, I am also convinced that because of low-priced, high-grade fertilizer the development that must follow this project will be further enhanced. Then, too, a flood-control system that will protect the rich bottom lands from yearly inundations will remove the dread and uncertainty that hang over the menaced areas like the sword of Damocles and thus give further impetus to their rapid settlement and cultivation.

I am in full accord with the President's program on this measure. I am also in accord with his idea that this is just a first step in a program of national planning which will have the dual purpose of coordinated development and the saving to the people of what is left of their most priceless natural heritage—water transportation and water power.

This project, with all its rich promise, and the Boulder Dam project that is now happily under way, are the first 2 of 4 great projects which the President promised to foster when, speaking as a candidate in the Northwest, he mentioned Muscle Shoals, the St. Lawrence project, the great Columbia River undertaking, and the Boulder Dam. It was his bold stand on this great question that cemented the liberal element of the country into a solid block of support for his candidacy. Now, less than 2 months after his election, he courageously advocates as a President what he promised as a candidate.

I note, not with much surprise, that the opponents of this bill are chiefly concerned with the prospective losses to be sustained by the stock and bond holders of the private power companies whose interests are to be affected. I doubt that any private company whose plants are capitalized fairly will be hurt in the least. But those whose securities are composed chiefly of wind and water will, I am sure, get a jolt. It is not at all singular that these opponents never have for one moment given thought to the people of the Tennessee Basin's problem of laboring under the burden of

high power rates. Had these private companies been disposed to be satisfied with reasonable rates, they could have done twice the business they now do and they would not have a surplus kilowatt-hour of power unsold. But that is not their stripe. They are of the "all the traffic will bear" school. They never have learned and they probably never will learn that "live and let live" is a much safer business policy than the one of overweening greed which they have heretofore practiced.

I trust that every man and woman in this House who is in sympathy with the idea of making the "new deal" mean a "square deal" will vote for this measure and grant to the good people of the Tennessee Basin a new charter of economic liberty that will enable them to go forward to that high destiny to which their important situation in the national economy entitles them.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, I have been reflecting somewhat upon what has transpired in this Chamber in the last month. I have seen the valiant efforts of the minority party in seeking to torpedo some of the legislation that has come here for deliberation, and as a member of the minority party speaking on this bill I presume I ought to preface my remarks with the same statement that was made by the Christian martyrs when they were gathered in the Roman arena. It will be recalled that they looked up and said something to this effect, "We who are about to die, salute you." So we minority Members will salute you of the majority as we are about to die upon the roll call that will be held upon this bill.

I am not going to change any votes on this bill by what I may have to say today. In fact, any Member of the minority who essays to speak on an administration bill must feel a great deal like the fellow who was in jail and who, as he saw a buddy going along, called and said, "Hey, partner, what time is it?" He said, "What do you care; you are not going anywhere."

So we of the minority know that we are not going anywhere particularly on this bill, but there is something I should like to bring to the attention of the House, particularly to the proponents of this bill. I am open to conviction, and I am ready to vote for this bill, if an affirmative case is conclusively set forth; but I do not believe you have definitely established the need for this kind of legislation.

I live in Illinois. I do not know whether my constituency is going to get any particular benefit from this bill. However I remembered a statement that was made by a distinguished Democrat in this body, who served here for years, Mr. Chisp, of Georgia, when he gave to the country the statement that "he serves his district best when he serves his Nation best." I am, therefore, willing to serve my district by serving the country, if I am convinced that this is good for the country. We might supplement that, I suppose, by a statement that Lincoln made whenever he scrutinized any proposal:

> Every proposal contains good and evil, and the only proper rule in embracing any kind of measure is whether it contains more good for more people than it does of evil.

I therefore look at this bill in that broad light.

There has been a great deal of general talk here. This bill has been referred to as "a charter of economic liberty" and "as the great consummation of a dream after a hundred years of effort"; but I cite you that nothing definite or conclusive has been offered to show that there is any particular need at this time, and it is not emergency legislation. When I think of all the general statements that have been made by the proponents of this bill, it recalls the story of the country boy who went to call on his lady friend one night in a horse and buggy, and upon reaching the house he went in and sat down on one end of the horsehair sofa and she sat over at the other end. They sat there in silence for perhaps an hour, and finally he turned to her in mental desperation and said, "Mary, how is your ma? Not that I give a dern, but just to make talk." It seems to me a lot of talk has been made on this bill, as a matter of fact, but it has not been conclusively set forth that there is any need for this legislation.

Not so long ago in this body we passed a farm bill to relieve agriculture. Why? Because prices were so low. Oats were quoted at 8 cents a bushel; cotton, 5 cents a pound; corn, 26 cents a bushel; wheat at 30 cents a bushel. Why are prices low? Because there is no demand. The market seemed to be glutted. So what did we do in this body? We passed a relief bill that is hooked up with a processing tax. For what purpose? For the purpose of decreasing production in agriculture. Now here we cite the need for fertilizer to increase production, and there does not seem to be any genuine consistency between the two. I have not heard anybody in this Chamber say that this bill is necessary from the standpoint of navigation. I have not heard anybody establish a case that there is a dearth of power in the Tennessee Valley at the present time. If you justify it on the ground that this is a securities-policing measure, that you are going to police the companies that have issued watered securities and try to squeeze out the water, it is a damnably expensive way of administering police regulations upon the security companies of this country. I will not vote to spend $50,000,000 or $10,000,000 or any amount of the people's money when that function is properly exercised by the Federal Trade Commission.

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

Mr. JAMES. I yield to the gentleman 2 additional minutes, Mr. Speaker.

Mr. DIRKSEN. I say to the proponents of this bill that my mind is open to conviction. I am ready to vote for this bill when it is conclusively shown that we need this measure from the standpoint of fertilizer, power, navigation, and all of the other things that have been cited as a reason for the bill.

Mr. PIERCE. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. PIERCE. The gentleman comes from Illinois?

Mr. DIRKSEN. Yes.

Mr. PIERCE. That is the home of the Insulls. If there is any other answer on earth than that, I should like to know what more answer is necessary than that the gentleman's own fellow citizens defrauded this country of millions of dollars. The necessity for this bill lies in the excessive charges of electric-power companies for light and power and energy which they are developing.

Mr. DIRKSEN. I may say to the gentleman that that sounds to me like a confession that the existing governmental bodies cannot regulate the price of securities or scrutinize securities and see that they are sound.

Mr. PIERCE. How much have they been regulated in the last 12 years?

Mr. DIRKSEN. Is it not a confession, then, that this Government is not equal to the job of regulation and that Uncle Sam is helpless? And now you come here and ask for another 50 million—for what? Merely to establish another governmental body, and you confess in the same breath the Government's helplessness.

Mr. PIERCE. The proper way to regulate is by the development of this power by the Government.

Mr. DIRKSEN. The development of power in that particular locality of the Nation, or of fertilizer, for that matter, can be of no general good, as I see it. Not one single advocate of the bill has established the need for the measure, and I gladly await the presentation of some affirmative evidence to show that the Muscle Shoals project is needed. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Illinois has again expired.

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes to the gentleman from New Hampshire [Mr. ROGERS].

Mr. ROGERS of New Hampshire. Mr. Speaker, 9 years ago last month, as a Member of the Sixty-eighth Congress, I had the opportunity to speak for and to hear arguments

for and against a bill entitled "A bill to authorize and direct the Secretary of War to sell to Henry Ford Nitrate Plant No. 1, at Sheffield, Ala.; nitrate plant no. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellsville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3, including power stations when constructed as provided herein, and for other purposes."

At that time, although this House was composed of a strong Republican majority, the need for some action to be taken on behalf of the public in connection with Muscle Shoals was recognized by a substantial majority in the House, and we heard on one side of the House the remark that "Muscle Shoals in Alabam' without Henry Ford is not worth a damn", and we heard on the other side emphasized again and again "Muscle Shoals in Alabam' with Henry Ford ain't worth a damn."

The result as to that bill was that after full debate and a full understanding of its provisions, the House passed it by a vote of 227 to 143. Later on, before becoming law, owing to the opposition of united fertilizer companies and for other obvious reasons, it failed to pass the Senate. Since the defeat of the Ford bill in 1924, two bills in many ways similar to the legislation which is proposed here today have been passed by both the House and the Senate and have gone to the White House. One of them was given a pocket veto by Calvin Coolidge and the other a direct veto by Herbert Hoover, one in 1928 and the other in 1930. Today, acting as representatives of the people of this country, we have a solemn obligation to vote for this legislation, knowing as we do that when it passes the Senate and goes to the White House it will receive, not a pocket veto, not a direct veto, but the approval of the great leader of the American Republic, Franklin D. Roosevelt. [Applause.]

In this connection let me call your attention to his language in connection with the necessity for this legislation. In his message to Congress on April 10 the President said:

> The continued idleness of a great national investment in the Tennessee Valley leads me to ask the Congress for legislation necessary to enlist this project in the service of the people. It is clear that the Muscle Shoals development is but a small part of the potentional public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development; it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

In considering the continued necessity of this legislation I look back to the remarks I made in this House 9 years ago and repeat in substance what I then said:

For more than a generation we have seen a steady decline in American agriculture, rapid deterioration of the fertility of the soil, gradual decline in agricultural communities, a drift of the rural population to the cities, lured by higher wages, greater opportunities, and better living conditions. In order to attempt to thwart that movement we developed the cry "Back to the farm." We can shout "Back to the farm" from the mountain tops to the valleys below but we cannot get men who come off the farm to go back to the farm, or, better still, not to leave the farm, until we give the farmer a decent, fair, and reasonable opportunity to make a living for himself and his family.

I had the honor of being born and brought up on a farm and I realize something of the obligations, the trials, and tribulations which beset not only the farmer in New Hampshire and New England, but the farmers throughout the length and breadth of this Nation. We do not have the weapons with which to fight, to maintain the standards of quality which both labor and capital have today throughout the Nation. Capital and labor are today both highly organized. Labor may secure its demands by strikes and boycotts. Capital may fight its battles by lockouts and combinations. The American farmer cannot avail himself of either of these remedies, for if the farmer should strike the Nation itself would perish. In other words, the farmer does not have the opportunity for strikes and lockouts that labor and capital have, because the very existence of the American people depends upon the welfare of the agriculture of this Nation.

What is the remedy? The American Nation cannot exist without agricultural prosperity. It is necessary to the return of our great industrial and commercial activities, and it is necessary to the continued health, happiness, and prosperity of all our people. As for the remedy, let me call your attention to the testimony delivered before the Committee on Military Affairs by Edward O'Neal, president of the American Farm Bureau Federation. He said this:

> The farmers are using in an increasing percentage, year after year, more of the highly concentrated fertilizers, such as can be best made at Muscle Shoals. Freight by water from Muscle Shoals on fertilizers of high concentration will be much less a factor in the total cost to the farmers than is now possible under the present system of manufacturing low-content fertilizers with shipment by rail. The costs of Muscle Shoals fertilizers will be materially lower than are now paid by farmers, first, because of the low price of the power; second, because of water transportation; third, because of high-concentrate material; and, fourth, because of distribution largely through farmers' cooperative purchasing organizations; also, because of low-cost raw materials in the valley.
>
> I might say on one of those points here that I have a list which I should like to show you gentlemen to what extent cooperative farmer service organizations are operating in this country. The first one listed is the Aroostook Federation of Farmers, who purchased in 1932 a million dollars' worth of fertilizer. Right next to that, in New England, is the Eastern States Farmers' Exchange. They handle feed, fertilizer, and seed to the extent of $10,000,000 worth. The largest in the United States is the Cooperative Grange League Federation Exchange, Inc., in New England, which handled $24,000,000 worth. There are a number of groups of those cooperative service organizations scattered throughout the country, and their total business in 1932 was $94,000,000.

So this is what we will do for the interest of the American people through providing cheap fertilizer. Although agriculture may be down in the depths today, I have the confidence to believe it is going to come back and that the country is coming back. In order to secure a return to prosperity, let us give the farmers of this country reasonable logical benefits of this bill so they may enjoy the prosperity to which they are entitled.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield 5 additional minutes to the gentleman from New Hampshire.

Mr. ROGERS of New Hampshire. May I speak for a moment, Mr. Speaker, on the power development involved in this bill? I shall now refer to the committee report. It appears in the report of the majority of the committee, after full hearings—

> That all electric power not used in navigation projects, in the production of fertilizers, and in the conducting of fertilizer experiments shall be sold, and in such sale preference shall be given to States, counties, municipalities, and nonprofit cooperative associations.

In connection with this feature of the bill there appeared before our committee the Honorable HOMER T. BONE, United States Senator from the State of Washington, and as to what benefit this will give the American public I want to call your attention for just a moment to his testimony that in the municipally owned power system the city of Tacoma, in the State of Washington, where he resides, charged him $16.55 for what the Insull-controlled plant, the Commonwealth Edison of Chicago, charges today the sum of $98. Here is his own testimony before our committee:

> In my home in 1 month I used, for all purposes, 2,249 kilowatt-hours of current. For that amount I paid my city $16.55. I went to the city of Chicago in 1931 to speak before a public body there on the power question, and I checked that charge with the Commonwealth Edison of Chicago to see what their charge would be for the same service. I not only checked it with them but I checked it up and compared it with the records of the department of that State which regulates the service charges of that utility, and also with the records available to me in my own office. For the service which my city charged me $16.55 Sam Insull's company would have charged me $98 in Chicago. The difference between $16.55 and $98 represents the reason the Insull Co. went on the rocks. It represents flagrant racketeering in the power business. It makes it easily understood why Insull could give $20,000,000 to

build a fine opera house in Chicago. The people there thought the charges were perfectly proper, because some department of the State had said that that was a perfectly proper charge.

Why, Mr. Speaker, if we pass this bill, as stated by the majority leader on the floor of this House last Saturday, it will provide what the United States needs, which is a yardstick by which the public-utility commissions of this Nation may know by true and accurate figures the real cost of the production and distribution of power, and thus be able to fix reasonable and fair rates all over this Nation for the protection of the common people.

As a continuation of the administration's policy of giving the American people a new deal and a square deal, I do not hesitate to ask each and every one of you to support and vote for this bill, because it gives us assurance in this country of continuing to live under a government of the people, for the people, and by the people. [Applause.]

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, I was very much interested in the statements just made in reference to the fact that all men in this Chamber have made up their minds on how they expect to vote on this bill. I feel that anyone who comes here to serve his country best should give consideration at any and all times to what is the best thing for the greatest number of the American people. I do not believe that any man who comes here with the idea that somebody else is his boss and expects to tell him how he is to vote on particular subjects that come up here is a fit subject to be in the House of Representatives. I think it is time we have men who are able and willing to think for themselves in order that they may be able to do what is best for their country.

So far as I am concerned, I am a Republican, and I want to stand by the Republican principles, but when the Republican principles are detrimental to the best interests of our country, I am opposed to the Republican principles, but will stand by and with the party to show them they are wrong and help make the Republican Party better, if that is possible. I think this is a principle that should be inherent in all of us so far as our legislative duties are concerned.

We speak today of Muscle Shoals as being the Norris bill, and it was suggested here that it ought to be designated as the "Norris bill." If I were to designate the bill, I would call it the "Norris folly", and I think probably this would be the best interpretation we could give to it, because if we are going to start out today on this gigantic plan of putting the Government in business, I believe it is the opening wedge for the greatest piece of socialistic legislation that has come up before the House of Representatives in the past 2 years that I have been here. It is socialism and Russianism on a gigantic scale.

I am opposed to the Government being in business. I think it is absolutely wrong for the Government to go into any kind of business except that which the Constitution provides for. I think we should have Government supervision and Government regulation but not Government operation. When we have Government supervision and Government regulation we can put the screws on men who are dishonest and are doing things that are detrimental to the welfare of this country a whole lot better than we can if we have the Government in business, putting it in the hands of politicians, because I am telling you that too many men are here for their own selfish interests. Business and politics do not mix well. I have seen this, and I know this is the case. If you want efficient business, it must not be controlled by politicians.

We stand up before the House here and say that we are for the best interests of the country, when I question very much if some Members of Congress have not had orders from somebody else as to how he will have to vote.

Mr. PIERCE. Will the gentleman yield?

Mr. RICH. I do not care to yield at the present time. I am not a politician or a speechmaker, and I have to keep all the wits I have together if I am going to try to get across anything I want to say.

We talk of the Insulls in the power business and we talk of the Mitchells in the banking business. If what the papers say is true, they should all go behind the bars. We do not want any operation of that kind, whether it is in the power business, the banking business, or any other kind of business; but we stand here before the House of Representatives and we talk about the banker and the business men, and one would naturally think from the talk in this Hall that they are all crooked. I want to tell you that the business men of this country and the bankers of this country are just as honest as any man who sits here in the House of Representatives—95 percent of them—yet we stand up here and damn the business interests of this country. I am a business man and I am proud of it, and I do not want to sit back and take any insult from any Member of Congress that I am crooked.

I tell you we are doing the wrong thing here in Washington if we want to put men back at work, and this is our greatest object, and it ought to be the ambition and the desire of every Member of Congress; yet when you talk about business interests and interests of all kinds as being crooked you destroy the thought and the idea of the average man or woman who is not able to think for himself to any great degree. You destroy their confidence, and then you destroy and disobey the greatest of all laws—the golden rule—and when you do that then you destroy all the laws of our country. To put men back to work you must encourage business, not kill it; business and labor are inseparable and must work hand in hand. You cannot have one without the other.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. RICH. We have an investment of $150,000,000 in Muscle Shoals. Any man in business today, if he has a poor investment and finds that the original investment is going to go, he will not put good money after bad money; he will stop right away and consider the first loss the best loss.

We have an investment of $150,000,000 there as a war measure. The war was over 13 years ago, and we should have never gotten into the war or Muscle Shoals. But because we have that investment down there at Muscle Shoals is no reason why we should say we are going to spend millions of dollars more on that project and then lose it also; that is mighty poor business and poor reasoning, yet we have some that reason that way.

You come back and say that the bill does not provide for additional funds from the Treasury. The system of bookkeeping that we have under Federal control is such that we do not know what things do cost here in the House of Representatives.

There is not 1 Member out of 25, as a rule, when they make statements in reference to the cost, who knows actually what they do mean. We have a system in the House of Representatives and our Government that camouflages the American people; we have a system dealing with appropriations, but you do not know what the actual cost is.

I do hope that we are going to have sometime a system of bookkeeping under every branch of the Government where it will readily appear what the expenditures are, where the money comes from, and where it is going to, showing the assets and liabilities and making proper charges for depreciation, interest on money invested, and all expenses that any legitimate business enterprise would adopt.

If you want to, turn back and look at the barge lines or Inland Waterways Corporation, which, Major Ashburn says, are making money for the Government. This is Government operation.

That is a deviation from the truth or misstatement of good business principles. If you invest capital in the operation of a project today any sane, sensible man knows that capital costs money. If we invest some money in a Federal operation we are going to add to the national debt. Do you think if we are adding to the national debt it does not cost money? Do our Government bonds bear interest? It is absurd to

state otherwise. Therefore all business, whether operated by Government or private individuals, must count their costs and count it accurately.

Now, if we would add in the operation of the barge line the cost of operation, the depreciation and the interest on the money invested, you would see that the statement of Major Ashburn that it operates at a profit is untrue if we add all expenses to operation.

Under the terms of this bill we are going into the development of Muscle Shoals. We are going to develop it on $150,000,000 of money already spent, and I will bet any man within reason that we will spend millions and millions of dollars of the taxpayers' money within the next 10 years developing that proposition.

You must count the money invested, the interest on the investment, and you will find it will cost the taxpayers of the country, especially my State—and I do not believe in being selfish—but if the people want to develop it, it belongs to Alabama and Tennessee; let us give it to them. I will vote this minute to turn it over to those States if they want it and save the taxpayers of my State who are already overburdened with a great amount of taxes from still further taxation. I say again our first loss is the best loss. Let the Government get rid of it now.

These men who want it want to build up that territory at the expense of the Nation. I think I am safe in saying that we will try to build up industry down there, and when you build that up in that vicinity you are going to take it from other sections of the country at the expense of all taxpayers. Who will you rob? People in that vicinity have invested $450,000,000 in capital in power plants and fertilizer plants. They have sold bonds and they have paid out millions of dollars of interest, and now it is proposed to set up this Government project and kill them. You are proposing to set up this socialistic, Russianized project on the Nation's money. I am against the proposition, because it is not right, it is not justifiable, it is not honest, and no business in the country would project it at this time.

Not one of you Congressmen would invest $100 in any proposition if you thought you would lose it. Do you know of any person who would? I say, No, no; a thousand times no! Yet you are going to invest the money of the American taxpayers in such a project as you would not foster yourself. This I call politics and not business.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes.

Mr. PIERCE. Does the gentleman not recognize that there are certain lines of business that are pure monopolies, which should be handled by the people, like water, gas, electricity? There is no such thing as competition and there is no regulation of the private corporation.

Mr. RICH. If the States of Alabama and Tennessee have this natural resource, let them develop it. Let us give it to them. Why should we in Pennsylvania take it away from them, and why should the people in Pennsylvania be taxed to develop it? If you gentlemen in Oregon want to develop the Columbia River, develop it, and God be with you. We wish you all success in it, but I do not want the Pennsylvania taxpayers to be called upon to give you something out in Oregon that you ought to have yourself, and that ought to be yours and be developed by the people of Oregon. [Applause.]

Mr. PIERCE. Does the gentleman not realize that this will require millions and millions of dollars and that no State or community can undertake it by itself?

Mr. RICH. Very well, but do not come to our State and tax our people for it. We cannot stand it; that is one reason why I object to it. They do not need the additional power down there at Muscle Shoals. They do not need it in Tennessee or Alabama, or in any of those places. They have their own companies down there and they have their own power plants that can develop 30 percent more than they can now use. Why project more at this time? Why do you want to kill them? Give them an opportunity. If they are charging too much for power, have your States regulate them or the public service commission.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes; I yield to the gentleman.

Mr. McSWAIN. The gentleman remembers that on December 14, 1931, he himself introduced into this House the bill, H.R. 5622, to regulate the Muscle Shoals proposition?

Mr. RICH. I do, and I wanted to put it in such position as it ought to be in at that time. I made the statement before the gentleman's committee that we would give it to you gentlemen down there in Tennessee and Alabama if you would only take it from the Government. I think this is the best bill so far proposed, but this bill is far from being a perfect one. My first bill proposed to give it to Alabama and Tennessee; this the gentleman knows.

Mr. FOCHT. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes.

Mr. FOCHT. Is not the position which the gentleman assumes in direct violation or contradiction of the position assumed in this Capitol by Daniel Webster in his immortal reply to Haine with regard to Federal control of the interior industries of the land?

Mr. RICH. I take it——

Mr. FOCHT. Is it or is it not?

Mr. RICH. Yes and no. I am not as well versed as my colleague on history and I would have to refresh my memory to give a definite reply.

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Speaker, coming as I do from one of the greatest industrial sections of the world, namely, the Monongahela Valley in Pennsylvania, and realizing that that section of the country owes in its industrial development a great debt to that which our friends of the opposition are pleased to call Government subsidies, I call the attention of the House to the fact that most of the development of this character throughout the United States has been more or less in the nature of Government subsidies. In the section from which I come this subsidy is to such an extent that it amounts, in fact, to a gift, a gift of free navigation to a few large steel companies. I wish to say one of the greatest streams that has ever flowed from the great Republican pork barrel of the United States is the Monongahela River. During the last 12 years Andrew Mellon has pleased to move locks and dams up or down that river a thousand yards or so to give employment to that Dravo Construction Co., and has any voice ever been raised in this House in protest against that? There have been no protests, at least not sufficient to stop that kind of manipulation, because it has been to the financial interests of those in this country who are in the front ranks of big business. Now that we have proposed a measure intended to promote the interests of the little man, loud is the protest from the high priests of special interests for a special few.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I have not the time to yield. My time is short. A great deal of opposition has been raised to this measure because it has been stated that we are overdeveloped in the United States. Are we in this country today of so little faith that we must look backward for our industrial inspiration? If so, then beyond a doubt we are lost. This Nation owes its industrial development to the fact that we have always looked forward and not backward. The wants of the American people are as great or even greater today than they were 5 or 10 years ago. The most important factor which has influenced the evolution of the human race is the fact that it is one of the determinations of mankind that his posterity shall enjoy more comforts, advantages, and pleasures than he himself enjoyed. Are we, the descendants of those pioneers who in such a short space of time carved a Nation out of the wilderness, to throw up our hands in abject surrender and say, "The sun of opportunity has set; therefore let us rest." A nation which does not look forward must go backward.

All we need to start industry moving in this country is to allow the people to be able to buy what they desire. That is the solution to our industrial stagnation. If the people of the United States have the means to buy they will buy.

and if they can buy, our industries will start up, and we will have employment and its inevitable prosperity and happiness. Here is one measure designed to further this industrial program by which we are trying to provide employment for the people of the United States. Here is a measure which takes into consideration the largest class of people in this Nation—the ultimate consumers.

Coming from the section I do, I would not consider myself a good American citizen if I could stand on the floor of this House and oppose this measure simply because it is liable to benefit a certain section. It is true that it will benefit this one section more directly than any other. However, it will benefit the whole country indirectly, because of this fact: As one gentleman of the opposition stated a few minutes ago, a measure must be viewed from the viewpoint of the Nation as a whole. Let us therefore lay aside our sectional viewpoint and consider the Nation. It is a well-known fact of economics that money spent in one part of the country eventually gets around and helps all of the country.

In the Monongahela Valley the Government maintains a free river for the transportation of a very few big steel companies, and each bank of the river is paralleled by railroads. Because of the fact that the traffic of the steel and coal companies passes through those locks without even the cost of a postage stamp, the Government has been compelled to furnish the money to pay the interest on the bonds of these practically bankrupt railroads. Is not that Government competition with industry, I would ask you, and who is paying the bill?

During the past few years there has developed in this country a gigantic industry—that of furnishing electric refrigeration. So far it has been limited mainly to refrigeration concerning foodstuffs. I can see in the near future that industry reaching out and engaging in refrigeration to cool the habitations of the citizens of the Nation. Where in our national boundaries is there more demand for electricity for this purpose than in the section of country where this project is proposed?

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. RICH. When we have hearings before a committee and cannot get time as we desire, and we have debate on the floor and cannot get the time we want to discuss these questions of national importance, what kind of legislation should we call that?

The SPEAKER pro tempore (Mr. GREEN). Under the rules of the House the gentleman in charge of the bill, chairman of the Committee on Military Affairs, controls the time.

Mr. McSWAIN. Mr. Speaker, I yield ½ minute to the gentleman from Illinois [Mr. GILLESPIE].

Mr. GILLESPIE. Mr. Speaker, I ask unanimous consent to incorporate in the RECORD a short article by Dr. Beard in Harpers Magazine, 1931, which illustrates and catalogs briefly all of the different enterprises in which the Government is engaged.

Mr. GOSS. Reserving the right to object, how long is the article?

Mr. GILLESPIE. It would occupy about two pages, I believe, of the CONGRESSIONAL RECORD, or perhaps two and a half pages.

Mr. GOSS. Cannot the gentleman reduce that?

Mr. GILLESPIE. Yes. I can cut out the first two pages of it and that will shorten the article.

Mr. GOSS. If it will make a short article, I will not object.

Mr. BRITTEN. Reserving the right to object, how many pages of the volume which the gentleman now has does he intend to insert in the RECORD under leave to print?

Mr. GILLESPIE. It is about 4 or 5 of these pages. It would make about 2 pages of the CONGRESSIONAL RECORD.

Mr. BRITTEN. What is the volume which the gentleman has in his hand?

Mr. GILLESPIE. It is Harpers Magazine, which I got from the Library.

Mr. BRITTEN. Mr. Speaker, I object to that being inserted in the RECORD.

Mr. JAMES. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, this bill providing for the development of the Tennessee River does violence to fundamental principles of government, practices inequality among the people, violates horse-sense business, and places upon the American people an intolerable financial and tax burden.

In the first instance I say it does violence to government. I point to section 2. Here is created a board which is to be responsible for the expending of tens of millions of dollars, and will be spending hundreds of millions of dollars before we are through with it. By the terms of the bill this board of three men is to be appointed, each for a term of 9 years. Once this thing is in operation it means that no President of the United States, during one term, will have an opportunity to appoint more than one member of this board. The creation of this board, to have charge of the expenditure of this vast sum of money and given terms of 9 years, has but one obvious purpose, and that is to build up something which is above and beyond the control of the President of the United States, whoever he may be, and the Congress of the United States. [Applause.] It flies in the teeth of the fundamental principles of democracy and of the Constitution of our country.

In this bill again you Democrats are destroying the civil-service provisions of our law. I have no desire to be partisan. I wish only success for the administration of Franklin D. Roosevelt. Failure means more than personal failure to him. It may mean failure to the country; but certainly, my Democratic friends, you owe more to your country than to bring in bills such as this and make patronage measures out of them. [Applause.] Down to the stenographers who work for this institution the civil service is not applicable. Then, to add insult to injury and to practice deception, you place section 7 in this bill, in which you make the hypocritical statement that no appointment shall be subject to political qualification.

Mr. McFARLANE. Will the gentleman yield?

Mr. McGUGIN. No. I cannot yield until I have finished.

Now, what does that statement mean? Here is a board supposedly nonpartisan, two of one political party. Your President will naturally appoint two Democratic members, and I take no exception to that. You Democratic Congressmen and Senators, of course, can go down to this board, controlled by Democrats, and obtain appointments for stenographers, and what not, which should be under the Civil Service. You will say that your recommendations are on the basis of efficiency, and that will be sufficient to meet the qualifications of section 7. It is wrong to destroy the civil-service provisions in this bill; and last week, even in a relief measure, where the welfare of the hungry and the poorly clad and the unsheltered was involved, you made patronage of it by driving the Civil Service from its operation. It is wrong, and I appeal to you not to become drunk with your power of three-fourths majority and destroy the Civil Service.

Now, I want to get down to this bill. Section 6 pertains to fertilizer. I said a moment ago that this bill perpetrated inequalities among the people of this country. Assuming that this board operating this governmental adventure is going to manufacture fertilizer cheap, you know and I know that transportation will make it impossible to deliver that fertilizer to the great body of farmers of this country. It will take care of a few farmers within three or four hundred miles of Muscle Shoals; yet every farmer in the United States will be taxed to pay his proportionate share of the investment made in this institution. That is inequality.

Again we have as a part of the relief program farm legislation. Just two weeks ago we enacted legislation giving the cotton producers of this country a free gamble on the cotton market at the expense of the Government, and with the pledge that the cotton producer need only reduce his acreage. Yet now, at Government expense, it is attempted to produce fertilizer more cheaply, which, in the nature of things, can only be delivered to the cotton section; and cotton, of all crops, is the one outstanding crop of which we produce a surplus in this Nation. Still, at Government

expense, we justify going into this wild experiment on the theory of producing fertilizer more cheaply.

Subsection (b), section 10, provides that during each fiscal year the General Accounting Office of the Government of the United States shall make a careful accounting and audit of the receipts and expenditures of this project. The same section provides that there is to be a complete duplication of this work by outside accountants and auditors. This provision is that the President shall employ a firm of certified public accountants to likewise make an annual audit. During this session of Congress we have given the President power and authority to consolidate duplicating bureaus and departments, yet, before the President has time to perform this task, we are here passing this act which makes it mandatory that once a year the same identical work will be duplicated. If we have no faith in the ability and integrity of the General Accounting Office and want outside accountants to do this work, then let us not make it necessary that the General Accounting Office carry a personnel to do work which the Government is not going to accept with confidence. If we have confidence in the General Accounting Office, then we should at least leave it optional with the President as to whether or not he wants an outside check-up on the General Accounting Office.

Now let us go to the power phase of it. When we consider this bill carefully, there is no doubt but that there will be expended untold millions. The bill itself provides for an appropriation of $10,000,000 and for a bond issue of $50,000,000. So far as the bill itself is concerned, we would say it only authorizes an expenditure of $60,000,000. Probably a casual reading would leave this inference, but this is a deception practiced upon the country. Carry out the mandates of this bill, and the man does not live who has a reasonable comprehension of how far this obligation will go against the people of the United States.

Very likely when this bill comes back to the House we will find the Senate has substituted for it the Norris bill. Under section 15 of that bill electric power is to be developed to the maximum, and bonds are authorized to be issued with no limitation on the amount of bonds which may be issued. It is estimated 5,000,000 potential horsepower is involved in this project. A reasonable estimate of the cost to develop such horsepower is $150 per horsepower. This would mean an expenditure in the end of about $650,000,000. Before this thing is through we are going to be into the billions, because once it is started we will be told we cannot stop.

Let me show you some more of the fallacious ideas set forth in this bill. Section 15 of the bill provides that the primary purpose is the development of power for domestic consumption on the farms and in the cities; that the secondary purpose is its use by industry. Well, this is only a dream. Anyone who knows enough about electricity to turn an electric button knows the plant does not operate that can produce electricity profitably except it has a constant industrial load. Unless a plant has a constant industrial load it cannot produce electricity cheap enough to be sold to advantage for domestic purposes.

I have no brief for the stock grafters who have been promoting electric light and power plants over the country the last 15 years. In many instances I have advocated municipal ownership of plants, but I have never yet undertaken to lead the people of any given community down a blind alley by recommending to them the establishment of a municipal light and power plant where there was not an industrial load at hand for them.

Municipal light plants are practical and are invariably operated at a profit in those towns and cities where they have access to a constant industrial load to equalize the demand with the capacity of the plant. I have never known of a successful municipal plant to be operated upon the theory that furnishing electricity to industries was a mere secondary purpose. My position in this matter is not a case of a greater interest in smokestacks than in lighting darkened homes. It is just a case of using a little horse sense and being practical. In the long run, it is a case of having a greater interest in the welfare of the homes. The people buy the electricity for domestic consumption when they are able to buy it from a plant which has a large, constant industrial load. When the people buy electricity from a plant which does not have a large constant industrial load, the cost of placing electricity upon the board to be used in the homes is so high that in turn the price paid by the homes for domestic use becomes prohibitive for many domestic uses. Those who operate municipal plants either know, or soon learn, this fact. Therefore, they soon operate their plant not with the idea that supplying electricity for industries is a mere secondary purpose but with the idea of supplying electricity for industries in order that they may be able to produce electricity in a quantity and at a cost which will permit the sale of it for domestic consumption at a cheap rate.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield 10 additional minutes to the gentleman from Kansas.

Mr. McGUGIN. The distance power may be transmitted from this plant is limited to a radius of 400 miles from the place of generation. Why tax the people of the entire United States to provide electricity and power for industrial and domestic uses within a restricted area of 400 miles?

I do not admit for a moment this project is practicable; but, assuming for the purpose of the argument that it is, I ask you, How can I or any Member whose district lies more than 400 miles from Muscle Shoals justify his action in voting taxes upon the backs of his constituents to furnish electricity and power for those living within this golden circle with a radius of 400 miles from this portion of the Tennessee River? [Applause.]

I came in here a few weeks ago and stood squarely behind the President of the United States and voted for the economy bill. I personally believed, and I believed his statement when he said that a bill was necessary to preserve the faith and the credit of the Government of the United States; but here comes a proposition that is going to demand much of the people of the United States and drain the faith and credit of the United States for tens and tens of millions of dollars and ultimately hundreds of millions of dollars.

Having stood here a few weeks ago and voted to reduce the salaries of public employees, voted to give the President power to take certain pensions away from many of my comrades who were the defenders of this country in time of war, I am not now ready to vote to pour public money and credit by the millions into the Tennessee River. [Applause.]

In this connection, I want to ask any Congressman who stands upon this floor and votes for this bill, who likewise voted for the economy bill, if he thinks he even deserves the good will of the veterans of his district and of the public employees of his district and of the taxpayers of his district, much less deserving their confidence and support.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I cannot yield.

Mr. RANKIN. What about those who voted against the economy bill?

Mr. McGUGIN. They are in pretty good shape; they are consistent. In this connection I may say we have almost come to the point where there may as well be but two kinds of Congressmen—consistent Treasury raiders all the time and those consistently in favor of some economy in government.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. My time is very limited.

Mr. GOSS. The gentleman was a member of the Economy Committee, was he not?

Mr. McGUGIN. Yes.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I am sorry but I have not the time to yield.

This is a case where it is purely a proposition of heads the Government loses and tails somebody else wins. Obviously, all losses must be made up by the Government, but here again, in section 14, we practice some more fraud and deceit upon the Congress and the country. By this section we leave the inference that the net profits shall go into the Treasury of the United States. But before there are any net profits the Board must first deduct the cost of operation, maintenance, depreciation, and amortization.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. Not yet.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a question about his own record? I wish to ask him about his own consistency as shown by his votes in the RECORD.

Mr. McGUGIN. I have not yet yielded. Mr. Speaker, I decline to yield.

Let us see what else there is to it. Mr. Speaker, under this section before one dollar can get into the Public Treasury this board must be satisfied that it is not needed for future operating capital or needed for construction. This will be worse than the Federal Reserve System. Supposedly the Treasury was to obtain some profit from the Federal Reserve System, but before any profit will be turned back to the Treasury from the Federal Reserve they must pay for the great buildings they have built all over the Nation, buildings that were not needed. The same thing will apply in this enterprise. Not one penny can get into the Treasury except the board reaches the conclusion it is not needed for future operation or future construction. There will be no end to carrying on future construction rather than to turn any net profits into the United States Treasury.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. For a very short question.

Mr. McFARLANE. Will the gentleman explain his vote against the administration measure which gives to the President the right to reduce the more than $200,000,000 annual postal deficit? In view of his speech today on the subject of economy, will he explain why he voted against the measure giving the President of the United States the power to reduce the postal deficit?

Mr. McGUGIN. My first answer to that is that I voted to reduce first-class postage from 3 cents to 2 cents, but I was voted down by the gentleman and his political colleagues. [Applause.] Next, I refused to vote for that bill because it carried a continuation of the iniquitous gasoline tax for another year. [Applause.]

I want to call the attention of the House to another section of this bill. It provides for going up to Cove Creek and building another dam over 100 miles from Muscle Shoals and not even on the Tennessee River.

After the war there were millions of dollars' worth of American Army supplies destroyed in France. We have heard much complaint about it. When it was destroyed, however, at least it was not used as an excuse or justification for spending millions of dollars more.

Muscle Shoals is not practical in and of itself as a place to produce electricity, and sections 16 and 17 frankly admit this, because you are insisting that the Government go 100 miles up the river and on another river and build another dam in order to have an even flow of water for 12 months of the year so that Muscle Shoals can be used for the production of electricity. As a matter of fact, after this is done and after this $60,000,000 is expended, again we are going to be told, as we are now told, the Government has this much money invested and we will have to go on and see this thing through and spend more and more money.

Now, let us assume that this proposed board can produce electricity and will produce it more cheaply for the use of manufacturing in the Tennessee Valley. If I am not mistaken, the thing that is hurting this country now is that the industry we already have is standing idle and not that we need more industries.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. McGUGIN. In considering this measure, the sponsors always throw reason and consideration to the four winds and intolerantly stick to the assumption that its success is not a matter of question. Now, for the sake of the argument, let us assume that their assumption is correct. Let us assume that the enterprise will be operated efficiently, that electricity is produced cheaply and sold advantageously to industry in the Tennessee Valley. Then the question arises, Is that advisable, and is it equality among the people of this country? I cannot subscribe to the proposition that all of the industries and all of the people of the United States should be taxed to provide cheap electricity for industry in one specific section of the country so that it may be favored and operated at an advantage over the industries of the rest of the United States.

I am not interested in taxing the people of Kansas or having the people of Kansas assist in providing their share of the public credit to generate cheap electricity in the Tennessee Valley so that industries located in that valley can operate at an advantage over industries located in Kansas. I am not interested in placing this burden upon the people of Kansas so that in the future industries seeking locations will pass by Kansas and go to the Tennessee Valley.

My honest judgment is that in the end this enterprise will not be successful and that the people will suffer a terrific loss which must be made up by the Federal Government picking the pockets of all of the people through the collection of taxes. Yet, assuming that it meets with all the success which its sponsors claim, still the fact remains that any Congressman who sits here and votes for it and represents a district more than a few hundred miles distant from the Tennessee Valley betrays the just interests of the people whom he serves. He will have voted to tax his own people for something which may destroy them and which certainly cannot benefit them.

We are forced into this situation very largely by the efforts of a grand old gentleman from McCook, Nebr., yet my judgment tells me that he is promoting something which is a mere obsession with him and which I am quite certain will never benefit the people of Nebraska. If it succeeds, it will provide economic discrimination against the people in Nebraska. If it produces cheap power, it will discriminate against Nebraska industries. If it produces cheap fertilizer, transportation charges will not permit the farmers of Nebraska to enjoy the benefits of that cheap fertilizer. It will only present economic discrimination against the farmers of Nebraska in that it will make it possible for their competitors in the vicinity of the Tennessee Valley to enjoy increased production to be sold in competition with the production of the Nebraska farmers. If it fails, every citizen in Nebraska will be obliged to contribute in taxes to help make up the loss. What is here said of Nebraska is true of every other State which is located at a distance of more than a few hundred miles from the Tennessee Valley. I am not going to vote for such discrimination against the people who sent me to Congress and whom I am trying to represent faithfully.

Under the rules, I cannot mention a Senator by name. I said, a few moments ago, that the Congress and the country were being forced into this situation very largely by the efforts of the distinguished citizen of McCook, Nebr. During the campaign, President Roosevelt stopped off at McCook especially to visit with this distinguished gentleman. This visit obtained for Mr. Roosevelt the votes of a host of followers of this gentleman. Then a political obligation was created, which the President should some time liquidate. I have no objection to the President's paying his political obligations. Due to my high regard and veneration for the distinguished citizen from McCook, I have no objection even to his obsessions' being gratified. However, I am not willing to vote to force my country into an enterprise which will cost the people of the United States millions of dollars, and which experience and reason tell me will most likely be a

gigantic loss to the people in order to pay the political obligations of any man or gratify the obsessions of any man. This is true even though he be a President or a United States Senator.

If this enterprise proves successful, it is discrimination which the most of us are voting against our own people. If it proves unsuccessful, we have voted the loss of the experiment upon our own people. Others may do as they please, but, as for me, I will not so vote against the people of the Third District of Kansas. I thank you. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes to the gentleman from Louisiana [Mr. MONTET], a member of the committee.

Mr. MONTET. Mr. Speaker, while this is my second journey with a Muscle Shoals bill since I have been a member of the Military Affairs Committee, it will not be my purpose to cover ground already covered. My only purpose in taking this time is to call to the attention of the House certain provisions of the bill which render this proposal immune from any successful charge that it is begotten of prejudice against any activity in the area it seeks to serve and develop.

While Muscle Shoals was first called to the attention of the Nation some 100 years ago, it was not until 17 years ago, in 1916, that Muscle Shoals really came into being. During the World War Congress passed the National Defense Act. In that act it is provided that in times of emergency Muscle Shoals shall be used for purposes of national defense, and in times of peace for the promotion of agriculture by producing cheaper fertilizer and more fertilizer for the farmers of the country.

In this proposal we seek to effectuate this purpose. We have written into the bill provisions which insure, under all circumstances, the production of fertilizer at Muscle Shoals. It is provided that the authority shall have the power to lease this project for the production of nitrogenous plant foods and other fertilizers or fertilizer ingredients. It provides that if the authority itself operates this project, it shall be bound—and this is made mandatory—to produce fertilizer at Muscle Shoals under all conditions and circumstances. The bill insures a minimum production and that this production shall be increased as the market demands shall require.

So in this respect we are carrying out the provisions of the National Defense Act of 1916, which brought Muscle Shoals into being.

It is my purpose to not only call your attention to certain provisions of this bill but to also refer to statements by our President and other leaders of public thought with reference to public utilities of this and kindred kinds.

I want to call your attention to section 13, which provides that—

> in the event the board is unable to make satisfactory contracts with persons, firms, or corporations engaged in the distribution and resale of electricity as in this act provided, or for the use or purchase of such transmission lines, it is hereby expressly authorized, either from appropriations—

And so forth, to construct lines for the distribution of electricity. On page 24 of this bill, section 16, the first proviso also has a like provision with reference to the construction of a transmission line from Cove Creek to Muscle Shoals.

These provisions are founded upon sound business principles, and it is my hope that under any and all circumstances, whatever bill is eventually passed by the Congress, these same sound principles will be contained in the measure.

This is in line with the testimony adduced before our committee. Every witness testifying before the Military Affairs Committee in support of this legislation said it was either his or her opinion that if the Government entered into this field of activity and constructed dams and electricity generating facilities at Muscle Shoals, before engaging in the construction of transmission lines, the Government should first make every effort possible to avail itself of now existing transmission facilities in that territory. Every witness who testified before the committee admitted that that was the proper way for the Government to enter into this field, that it should first attempt to use existing facilities now in that area and owned by private companies. In other words, the Government should only go into the transmission and resale of power as a last resort.

We have written this principle in the bill. This is in line with what our President said to the New York Legislature in 1931 when he was Governor of that State. It is in line with his public addresses and in his recent book, Looking Forward.

Mr. GOSS. Will the gentleman yield?

Mr. MONTET. I yield.

Mr. GOSS. I want to say to the gentleman that I consider that the most constructive amendment that has been written into the bill.

Mr. MONTET. I thank the gentleman. I want to call attention to statements made by President Roosevelt. I am calling this to your attention for the purpose of showing that these provisions are in line with what the President has said.

In July 1931, at a conference of governors at French Lick, he said:

> We hope this new commission will be able in order to prevent duplication of existing lines to make a fair contract with existing utility companies, under which contract the utility companies will receive the actual cost of transmission, the actual cost of distribution, plus a reasonable profit on that transmission and distribution.

The provisions of this bill are in direct line with that statement.

In a radio address on the New York State water-power issues in April 1933 President Roosevelt, discussing the bill creating the New York State Power Authority, said:

> The bill further distinctly provides that if the power trustees are unable to bring about a contract or contracts satisfactory to them and to the governor with private companies for transmission and distribution, then the trustees must report to the legislature some other plan, if practicable, for either transmission or distribution, or both, which may involve the erection of transmission lines by the authority itself.

We went a step further than did Governor Roosevelt in 1931. He said, if the board is unable to effect an agreement with private companies for the transmission of power, it shall report back to the legislature for further instructions.

There was written in this bill a provision which goes beyond the instructions contained in the New York Power Act, because we do not provide that the authority must come back to Congress. We provide that if it is unable to make a contract with private companies for the resale of power, or for the use or purchase of these lines, instead of coming back to Congress, the authority can go ahead and construct distributing lines without coming back to us. This is a more liberal provision than was put forth by President Roosevelt in his New York Power Authority Act.

No one, I believe, would attempt to justify the construction of unnecessary competing services. I notice that on the 15th of this month our own Speaker, Mr. RAINEY, in a speech to the American Highway Freight Association Convention in this city, while discussing the question of a system of railroad trunk lines paralleling each other and serving the same areas, said:

> We have the spectacle in this country now of parallel tracks extending sometimes for 2,000 miles, serving the same terminals, and the same points where passenger and freight traffic originate.

It would be just as ridiculous for this Government to build transmission lines without making some effort to use the system already in existence as it would be to build two competing railroad trunk lines serving the same terminals and the same area. It is for this reason that we wrote the provisions here referred to in this bill. These, I believe, are sound economically and represent good business sense. The Government cannot justify going into this Muscle Shoals project with a view of destroying existing facilities. It must first make every effort possible to close satisfactory contracts for the resale of power, and to show you that that would accomplish the same purpose as the construction of transmission lines, we also provide in the bill that the rates to be charged for the redistribution of this power shall be fixed by the Federal Power Commission.

Mr. KVALE. That applies only to maximum rates.

Mr. MONTET. That is true. It applies only to maximum rates, but the point I am driving at is that the purposes of this Muscle Shoals legislation is to establish a yardstick, and we maintain that by these provisions of the bill we can establish the yardstick without causing the Government to put the distributing system now in existence out of business, because, at all times the Government will have its thumb on the rate-making power, the Federal Power Commission. It is therefore important that whenever any provision is made for the construction of transmission lines by the Federal Government, these provisions of this bill should be maintained, for they are economically sound, good business principles and refute the charge of time made that this is a deliberate effort to destroy power facilities now serving the Tennessee Valley. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, my interest in this bill so far as conversation on the floor of the House is concerned has been directed very largely to the repeated suggestions on the Democratic side of the aisle about this proposed yardstick that the Government is to construct at an expense of 1,000 million dollars. Surely you gentlemen on the other side of the aisle are not going to convey to the people of the country that the administration is ready to spend a billion dollars in order to ascertain what it costs to make fertilizer or to generate power? That to a large degree has been the basis for your support of this socialistic proposal. Your administration has very little confidence in you gentlemen on that side of the aisle when it promotes the presentation of a rule to hamstring every one of you and prevent you from offering amendments to the bill.

The rule provides that no amendment shall be in order. Why is that done? It is done because your President has no confidence in you and your tremendous voting majority. You might offer amendments to this bill that would perfect it and make it desirable in the eyes of the public, but that is not what your administration wants. Let us see what your administration requested last week. Your President requested Congress to—

> create a Tennessee Valley authority, a corporation clothed with the power of Government but possessed of the flexibility and initiative of a private enterprise, whose duty should be the rehabilitation of the Muscle Shoals development, together with the conservation and development of the natural resources of the Tennessee River Drainage Basin.

When he requested that, few people had an idea that he was going to embark on an orgy of expenditure to the extent of a thousand million dollars. They little thought that he was intent upon promoting a gigantic governmental undertaking that would cost the Federal Treasury more than a billion of dollars and would in turn put the Federal Government in direct competition with two of its largest private commercial enterprises.

Let us see what the bill provides in section 27. It provides that money appropriated may be used for the—

> general purpose of fostering the proper physical, economic, and social development of the people of said areas.

Think of it! A rule is brought into the House objecting to your amendment, and I am referring to you gentlemen over there who have the majority and who are responsible for this legislation, which rule will prevent your amendment of language like that which I have just quoted. It is so broad that the President could establish breweries down there if he wanted to, or hospitals, or schools, playgrounds, insane asylums, or military barracks. He could spend that money for almost any purpose under the sun. The language of the bill permits it, and you gentlemen are hamstrung and tied so that you cannot even offer a limiting amendment. Nothing like this has ever been presented to the House, I venture to say, in the history of this Government. This Muscle Shoals legislation is not new to Congress. It is new to some of you gentlemen on the other side, a hundred or more of you, who are trying to make yourselves believe that the President will not take advantage of the power granted him; but I agree with the very distinguished gentleman from Arkansas [Mr. RAGON], who said the other day, when the postal legislation was under consideration, that legislation is always brought into the House for the purpose of putting it into effect, and I agree with him.

So it is with this Roosevelt Muscle Shoals bill. It is brought in here for action. The administration is going to pay the South a debt that the Democratic Party has owed it for many, many years.

Mr. Speaker, when carried into effect, the Roosevelt Muscle Shoals bill will destroy the fertilizer industry of America, which now comprises a capital investment of some $400,000,000, with a manufacturing capacity of 12,000,000 tons of fertilizer per annum.

In the year 1932 the farmer tonnage of fertilizer requirement was 4,300,000 tons, and it is probable that the requirements this year may reach 5,500,000 tons, because of governmental stimulation, cash subsidies, farm-relief legislation, and other panaceas being formulated by the socialistic "brain trust" surrounding the President.

The Roosevelt "new deal" proposes to put the Government into the fertilizer business at a time when the private industries are running at 50 percent of their capacity and losing in actual money nearly a million dollars a month to their respective stockholders who are scattered throughout the United States.

Fertilizer industries are today selling their product to the farmer at much less than actual manufacturing costs.

The suggested sale of surplus electric power carried in the Roosevelt bill is mythical, because the several private power and light corporations now operating in that section already have a surplus of a billion kilowatt-hours, with no customers for it.

The bill puts the Government into the power and fertilizer business in competition with private enterprise at a time and place when this costly action is as unnecessary as would be the continuance of building war-time wood and concrete ships, the manufacture of shells and ammunition or the mining of our harbors against an unknown aggressor.

The political football of the Wilson, Harding, Coolidge, Hoover administrations is now scheduled to kick the balanced Budget into a cocked hat.

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. JAMES. Mr. Speaker, I yield 3 additional minutes to the gentleman from Illinois.

Mr. BRITTEN. Years ago it was sought as a power project for the development of the Tennessee River area. Then the war came along and it was changed into a war chemical manufacturing plant for the manufacture of nitrogen, and, forsooth, for fertilizer purposes. There is no need, there is no demand for this great military power plant today. There certainly is no demand for it for military purposes. It is no different from other costly military ventures of the Government. We spent for the Hog Island shipbuilding yards $70,000,000. Would anyone suggest in seriousness that we ought to carry on that tremendous enterprise and construct ships? Of course not. We spent $390,000,000, almost three times as much as was spent at Muscle Shoals, for the building of wooden and concrete ships during the war. Would anyone seriously suggest that we continue that activity? We spent $2,000,000,000 for commercial ships to carry our supplies to and from Europe. Would anyone suggest that we continue our shipbuilding activities, just because we were capable of doing so? We spent $23,000,000 in the erection of another enterprise down here in West Virginia, for the manufacture of armor plate. It was another one of your Democratic "yardsticks" to regulate the cost of armor. It was a fizzle and a complete loss to the Treasury.

The Muscle Shoals plant was built during the war for the manufacture of nitrogen for military explosives. Today that plant is obsolete and of no value to the national defense, which in an emergency would require less than 150,000 tons of nitrogen annually for military purposes. Private enterprise today could manufacture 550,000 tons of nitrogen per annum. An amount quite sufficient for war, industry, and

agriculture. There is no need for this enterprise. It is not an emergency measure. We are not required to spend a thousand million dollars for a yardstick by which to measure the cost of fertilizer or the cost of power. We know what that is. As the gentleman said a moment ago, tomatoes may cost more to grow in Minnesota than in Florida. You gentlemen on the Democratic side of the aisle will rue the day you brought this bill into this House. It has been promoted by the so-called "socialistic brain trust" now surrounding your distinguished President. It is an unnecessary piece of legislation. [Applause on the Republican side.]

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. BRITTEN] has again expired.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. JOHNSON] such time as he may desire.

Mr. JOHNSON of Oklahoma. Mr. Speaker, for more than 100 years the Muscle Shoals question has been recognized by the United States Government as a Federal problem.

In the year of 1824 President Monroe submitted to the Congress a report of his Secretary of War, John C. Calhoun, recommending a survey of the Tennessee River in the vicinity of Muscle Shoals for the purpose of improving navigation and aiding commerce and military operations.

In almost every administration from President Monroe to that of President Wilson, some 90 years later, the Muscle Shoals problem has engaged the attention of the country.

In the year 1916 a provision was inserted in the National Defense Act, section 124, authorizing the President of the United States to make an investigation to determine the best, cheapest, and most available means of producing nitrates and other valuable products for munitions of war and useful in the manufacture of fertilizer; looking to the building of dams, locks, and improvements to navigation, power houses, plants, and equipment for generation of electrical power.

This survey resulted in the Government's investment of more than $150,000,000 in Muscle Shoals as a war-time project.

Muscle Shoals was only one of many war-time enterprises but is the only one, so far as I can recall, that emerged from the World War with any appreciable peace-time value.

Twice since I have been a Member of this House, in the years of 1928 and 1930, both Houses of Congress have passed a Muscle Shoals bill by an overwhelming majority, similar to the bill now pending, and both times they were vetoed by the President.

In the Seventy-second Congress the House passed another Muscle Shoals bill, similar to this one, but it failed of passage in the Senate. I was a member of the subcommittee that wrote the last bill that passed this House, so am somewhat familiar with this legislation.

It has been amusing to hear some of the arguments that have been raised against the pending measure. For example, there are a few Members of this House who are insisting that they want nothing but the original Norris bill, whatever that may mean. Let me say here that I yield to no one in my respect for the great progressive Senator from Nebraska. His great heart beats in sympathy with the toiling masses. His zeal is unsurpassed in either House of Congress for the enactment of legislation to harness the Tennessee River in the interest of mankind. The fact is, however, that the so-called "Norris bill" that some of you gentlemen are so insistent upon passing without the changing of the dotting of an "i" or the crossing of a "t", was, in part, written by a House subcommittee back in the Seventieth Congress. Senate Joint Resolution No. 49 by Senator Norris passed the Senate, but when it reached the House a subcommittee redrafted the Norris bill. The House passed the measure as redrafted and the conference between the two Houses adopted much of the redrafted bill, and it has since become known as "the Norris bill."

As a member of the Committee on Military Affairs that wrote the pending measure, I have no hesitancy in saying that, in my humble judgment, it is a much more complete and practical measure than the so-called "Norris bill."

For example, the Norris measure only has fertilizer in it as an experimental proposition, while the pending measure guarantees a reasonable production of cheap fertilizer for the farmers of the United States.

The Norris bill contains no plans providing for amortization, while this bill provides for complete amortization within a period of 50 years.

It has been whispered around the corridors of the Capitol that the President of the United States does not want the passage of this bill. I have never posed as a White House spokesman but will say that I have discussed Muscle Shoals with the President of the United States and I am fully convinced that in the pending measure have been written the fundamentals of this legislation desired by our great Chief Executive.

A few Members of this House, who are bitterly opposed to any kind of Muscle Shoals legislation, are ridiculing the whole project as an impractical dream, but may I remind you that when Columbus dreamed of a new world he was ridiculed by many of the high and mighty? When Robert Fulton conceived the idea of a steam engine he was scoffed at as an idle dreamer? When the Wright brothers made their first crude contraption, in an effort to build what they hoped to be a flying machine, their efforts were laughed at by the so-called "sane conservatives" as silly and impractical? No great outstanding achievement has been accomplished, in any age, by any people, without a vision.

President Franklin D. Roosevelt, who pledged to the people in the last campaign that he would harness the Tennessee River and put to use for the benefit of humanity the great God-given powers of that region, and who is religiously endeavoring to carry out that promise, as well as all other campaign promises, is also scoffed at as a dreamer. Because he seeks to unshackle that great giant at Muscle Shoals that will revolutionize the power problem and permit the humblest family to avail itself of electricity at a reasonable rate, he is being held up by the representatives of the power monopoly as an impractical dreamer. Because he has visions of securing fertilizer for the American farmers in the reach of the small home owner and tenant farmer, he is being scoffed at today by scores of lobbyists and representatives of the fertilizer trusts as an idle dreamer.

Another argument raised by enemies of this measure is that the machinery and equipment at Muscle Shoals is antiquated and of no value for practical use. Representatives of the Power and Fertilizer Trusts who have appeared from time to time before the House Military Affairs Committee have all stressed and stretched this argument to the breaking point.

Mr. Speaker, when I went with several members of the House Military Affairs Committee on an inspection tour of these plants a few months ago, at the time Mr. Roosevelt visited this region, I had fully expected to see very little but old, out-of-date machinery, good for little of anything but junk. But, to my amazement, our committee found the opposite to be true. The machinery has been well kept and shining like new money. A greater part of it can be put to practical use within a very short time.

So, in spite of the insidious propaganda that Government properties now at Muscle Shoals are only a junk heap, as has been insinuated time and again since this discussion began, a visit to Muscle Shoals will convince any fair-minded person that there is absolutely no foundation for any such argument.

Time does not permit a detailed discussion of the pending measure. Other members of the committee have already dealt more or less in detail in discussing the bill, and no doubt Chairman McSWAIN, who has spent much time and energy on this legislation for the past several years, will probably explain the features of this bill at some length when he speaks later.

I am not one of those who claim this is a perfect bill. The fact is, I did not support all of its provisions in the committee. However, any weaknesses in this measure can be ironed out in conference between the House and Senate

later. Inasmuch as the people of Oklahoma, whom I have the honor to represent in part, are 800 to 1,000 miles distant from Muscle Shoals, they will not secure the benefit as will the people of the Tennessee Valley. So I cannot be charged with being selfish in my support of this measure. And yet, because the completion of Muscle Shoals holds out to the farmers of America cheap fertilizer and to all our citizens power at a more reasonable rate, I predict that the passage of this measure and the construction of Cold Creek and other dams as provided in the bill and construction and improvements at Muscle Shoals will mean a distinct blessing to the entire country, not only for this generation but for posterity. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. TRUAX.]

Mr. TRUAX. Mr. Speaker, I wish to consider this bill as a fertilizer measure to help the farmers of this country. I would remind my friend on the minority side of the aisle, when he said this was a bill to pay back to the South a debt that the Democratic Party owed it, that this bill will help pay off the debt to the farmers of this Nation which the Republican Party owed it for 12 years and failed to pay. [Applause.]

We hear much from our friends across the aisle about the socialistic "brain trust" that is sponsoring the President's program. I would remind them that when one billion or two billion dollars was being doled out to the bankers and railroads, insurance companies, and mortgage-loan companies of this country, we heard no such statements emanating from them. I like the gentleman from Kansas [Mr. McGUGIN], but continually the gentleman seeks to tell the new Members on the Democratic side how they should vote and what the reaction will be back home should they vote this way or that way. I wish to say to the gentleman I am thinking when I vote for this bill of one and one quarter million people back in Ohio who voted for me. I am voting for those seven million people in Ohio who are held in the grip of and being strangled by the Power Trust of this country. I am voting for the one and a quarter million farmers in my State who are being robbed and plundered by the Fertilizer Trust of this country. I say to you that I voted against the so-called "Economy Act", and when I did that I voted against the National Economy League and the rich income-tax payers of this country, and today when I vote for this bill I am voting against the Power Trust, against the Fertilizer Trust, and voting for all the people of this great country of ours.

Mention has been made that the President is assuming dictatorial power. He is, my friends, and the country is with him, and whenever he uses those dictatorial powers for the benefit of all the people, as he has, and not for the benefit of the privileged few, I shall continue to vote with him on each and every one of those measures which he sponsors. [Applause.]

The enactment into law of this bill, H.R. 5081, marks a milestone in the progress of Government activities for the benefit of the American farmer. The many advantages of using commercial fertilizers in connection with the production of grain crops in this country are too well known to warrant enumeration or analysis at this time. For decades large and liberal applications of nitrogenous and phosphoric fertilizers have been used by farmers in the Middle West, in the South, and in the New England States. Quite liberal use has also been made of these plant foods in the Southwest, Far West, and Northwest in recent years for the intensive production of certain specialized crops. Two decades ago and even three decades ago the net returns to farmers for their various crops was such as to warrant the use of commercial fertilizers upon the stable grain crops, including wheat, corn, oats, rye, barley, and to use much larger quantities upon such specialized crops as tobacco, cotton, potatoes, garden truck, and fruits.

For the past 2 years selling prices of farm commodities have stood at such ruinously low levels that the farmer who used fertilizers has not been able to break even but has actually lost money on this transaction. Because of this condition and because of his inability in many regions to obtain fertilizer on credit, the total amount used shows a marked decrease. It is an axiomatic fact that when prices are low production is greatest. In order to pay taxes and interest charges, farmers must work every last tillable acre, which means soil depletion year after year. Add to this the natural soil erosion that takes place each year together with the cutting down of leguminous nitrogen creating crops because of high-priced seed, and we must admit that even in a 5-year period a decided impoverishment of soil plant food has occurred.

With each succeeding year of farm depression, beginning in 1921, it has been increasingly difficult for farmers to use fertilizer. They carried on year after year without keeping accurate account of the cost of fertilizer, the excess yield produced thereby, and the gross selling price as compared with the net cost. Then a little later, with many private dealers handling fertilizers and the farm cooperative buying associations forging to the front, these commercial plant foods became the easiest thing in the world for the farmer to buy—and the most difficult to pay for in the end. With competition growing keener day by day, the farmer learned that his fertilizers would be delivered at his door; that he would be given ample time in which to pay for it upon giving his note bearing a seemingly reasonable rate of interest. The rub was that each succeeding year, with few exceptions, in this 12-year downward slide, selling prices of the farmer's grain crops, fruits, vegetables, and livestock showing a diminution each year. Fertilizer costs did not show a corresponding diminution, keen as the competition was. Hence, during the past several years farmers find they can buy fertilizer but cannot pay for it out of the meager receipts of their farm commodities; hence, the provisions of this bill that we are debating today offers an opportunity unequaled and unprecedented in all history for the farmers of a great nation to be furnished at the lowest possible cost the plant food so necessary and vital to the conservation of our soil, hence to the conservation of the greatest agricultural nation the sun ever shone upon.

The farmers of America look upon the Muscle Shoals project as a fertilizer project. They insist that all the power necessary shall be used in the making of fertilizer. They say that the surplus power should be used for the common good of the residents and industrialists living and operating in the adjoining territory, and that a marked reduction in price over present rates should be effected.

A word about the enormity of the plant itself would not be amiss at this moment.

There are three distinct Government operations at Muscle Shoals: United States nitrate plant no. 1; United States nitrate plant no. 2, with its steam plant and limestone quarry; and Wilson Dam, with its generating plant and navigation facilities and its cheap hydroelectric power, and Waco Quarry, with its almost unlimited amount of limestone, are essential to the successful operation of nitrate plant no. 2. The cost of construction was $69,000,000. Two thousand three hundred and six acres of land are covered. The plant has a production capacity of nitrogen, 500,000 tons; phosphoric acid, 1,000,000 tons. Normal mixed fertilizers, 12,000,000 tons; ammonium nitrate, 110,000 tons. Raw materials necessary to the process are limestone, coke, air, and water. Two of these—limestone and coke—are shipped to the plant by rail. Lime and coke are mixed together and fused in electric furnaces to form calcium carbide. Nitrogen is separated from the atmosphere by first cleansing the air, then compressing it, where the separation of the nitrogen gas is accomplished by the Claude process. Carbide and nitrogen are brought together in electrically heated ovens and fused into cyanamide, a crude fertilizer having a nitrogen content of over 20 percent. The cyanamide is ground to a fine powder and the acetylene gas removed by hydrators. At this point cyanamide is placed in large steel tanks with a solution of caustic soda. Live steam is then turned in, and the subsequent reaction produces ammonia gas, which in

turn produces nitric acid and nitrates for fertilizer and explosives.

The production of fertilizer, however, is only one of several gigantic projects proposed. The bill provides:

For the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development.

Four distinct fields of usefulness are recognized: First, nitrate manufacture for national defense; second, fertilizer production; third, power development; fourth, navigation improvement.

The bill is opposed by two organized groups—namely, the Electric Power Trust and the Fertilizer Trusts. It would appear on the surface that the opposition of these two groups is wholly selfish, since they produce and sell power and fertilizer, respectively.

That this gigantic Government plant, instead of being allowed to disintegrate, as it has for the past 13 years, should be put to immediate use and work for the farmers and electric-power users of the country no fair-minded person seriously doubts. The United States is not self-sufficient either in peace or war in its nitrogen supply. The soils of our fields are depleted from erosion and crop production many times faster than they are being replenished. Nitrogen and phosphates can be produced cheaply at the Muscle Shoals plants. One great national use can be obtained by selling power in the form of fertilizer; another national use secured by selling the surplus power at reduced rates. Cost of fertilizer to farmers will be much less than now: First, because of low-priced power; second, because of water transportation; third, because of high concentrate material; fourth, because of distribution through cooperative organizations and other local associations. Admitting that fertilizer prices have dropped sharply, yet the disparity between selling prices of farm commodities and fertilizer cost prices is greater now than it was 10 years ago. More pounds of pork, more bushels of corn, more bushels of wheat are required today to buy a ton of fertilizer than was the case in 1923.

Farmers and farm organizations will be given first opportunity to use the new forms of fertilizers at a low cost; to lease the existing plants, if necessary, for the benefit of the farmer and agricultural conservation, except that there shall be no lease of power dams, power plants, and power-generating facilities. Fertilizers produced shall be sold to farmers or their authorized purchasing agents at cost, plus 4 percent. The plants must be maintained for the production of explosives in the event of war and nitrogenous explosives supplied to the Government at cost. No products shall be sold to foreign nations except to allies of the United States in case of war. Surplus electric power will be sold to States, counties, municipalities, corporations, partnerships, or individuals at low rates, with preference given to such municipalities or farmers or organizations of farmers or parties not organized for profit. One of the most valuable accomplishments of the plant will be the fixing of a standard rate for electric power all over the United States. This rate will be based upon actual cost of production, plus a reasonable profit. In case of war the Government takes possession of the entire plant immediately. Under the bill the President is given broad dictatorial powers which are vitally necessary to the successful administration of the act. The enactment into law will be a glorious victory for the consumers of electric power and a distinct defeat for the Power Trust. It will mean the freeing of the American farmer from the oppression of the Fertilizer Trust.

As we view American agriculture in the broadest manner possible, looking to the East with its many diversified crops, then turning to the West with its great Corn Belt, the Northwest where wheat is grown that the people may have bread, the Southwest and South with its cotton plantations, we cannot do otherwise than realize that the Muscle Shoals project, if operated to capacity or near capacity as a fertilizer project, can be made of personal and direct benefit to every farmer in this great Nation of ours.

I am supporting the bill 100 percent and am herewith submitting tables that will fully prove all of the contentions made for the bill by its proponents. (Tables furnished through the courtesy of the American Farm Bureau Federation.)

Principal ingredients used annually in manufacture of fertilizer in the United States

[Source: Fertilizer and Fixed Nitrogen Investigations, by Bureau of Chemistry and Soils, U.S. Department of Agriculture, p. 2]

	Tons
Phosphates	4,100,000
Nitrogenous	2,100,000
Potash	900,000
Filler and conditioner	800,000
Total	7,900,000

Fertilizer consumption by crops in the United States, 1930

[Source: Fertilizer and Fixed Nitrogen Investigations, Bureau of Chemistry and Soils, U.S. Department of Agriculture, Jan. 1, 1933]

	Percent
Percentage of total fertilizer consumption utilized for various crops:	
Cotton	35
Corn	21
Vegetables and fruit	10
Wheat	9
Potatoes	9
Tobacco	7
Oats	4
Hay	2
Miscellaneous	3
Total	100

Production, imports, and consumption of nitrogen in United States

[Source: Fertilizer and Fixed Nitrogen Investigations, Bureau of Chemistry and Soils, U.S. Department of Agriculture, p. 2]

Item	1913	1926	1929	1930	1931
Production:	Tons	Tons	Tons	Tons	Tons
Byproduct	39,330	170,000	187,600	164,000	122,900
Air fixation [1]		26,000	84,000	140,000	60,000
Imports	128,235	255,327	236,161	166,508	151,550
Total	167,565	451,327	507,761	470,508	334,450
Exports		36,000	55,500	33,840	34,200
Apparent consumption	167,565	415,327	452,261	436,668	300,250
Percent of total from domestic production	23.5	47.0	60.5	69.6	60.9

[1] Estimate.

Production, imports, and consumption of potash in United States

[Source: Fertilizer and Fixed Nitrogen Investigations, Bureau of Chemistry and Soils, U.S. Department of Agriculture, p. 26]

Year	Production	Imports	Total
	Short tons	Short tons	Short tons
1913		270,720	270,720
1926	23,366	238,000	261,366
1929	61,590	325,000	386,590
1930	61,270	318,900	380,170
1931	63,880	194,000	257,880

Estimated amount of concentrated phosphate which could be manufactured from surplus power at Muscle Shoals

[From data supplied by Office of Chief of Engineers, U.S. Army]

Year	Amount of concentrated phosphoric acid (95 per cent) which could be manufactured with surplus power		Equivalent amount of 16 percent acid phosphate	
	Amount during entire year	Amount during peak period	Amount during entire year	Amount during peak period
	Tons	Tons	Tons	Tons
1928	283,500	164,200	1,701,000	985,000
1929	275,700	179,500	1,654,000	1,077,000
1930	170,700	171,800	1,024,000	1,030,000
1931	174,000	158,400	1,044,000	950,000
1932	236,100	196,400	1,416,000	1,178,000

Amount of power going to waste annually at Wilson Dam, Muscle Shoals, 1928–32

[Source: From data supplied by Office of Chief of Engineers, U.S. Army, War Department]

	Total energy available with present Wilson Dam installation	Total energy delivered to transmission line	Amount of power not used
	Kilowatt-hours	*Kilowatt-hours*	*Kilowatt-hours*
1928	1,776,199,000	216,859,000	1,559,340,000
1929	1,682,232,000	165,821,000	1,516,411,000
1930	1,238,251,000	299,260,000	938,991,000
1931	1,291,044,000	333,975,000	957,069,000
1932	1,578,900,000	280,220,000	1,298,680,000

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. I should like to know the program for this afternoon. Is it expected to have a roll call on this bill, or what is the plan?

Mr. McSWAIN. I think it is best, from what I have heard from both sides, that we conclude the debate and go down to the point where the previous question will be ordered. We will adopt the committee amendments, about which there is no controversy, as I understand, and get to the point where the previous question will be ordered, and have the roll call tomorrow morning.

Mr. JAMES. The gentleman proposes that we act on the committee amendments?

Mr. McSWAIN. Yes; we will adopt the committee amendments this afternoon and get down to the ordering of the previous question.

Mr. Speaker, I now yield 5 minutes to the gentleman from Missouri [Mr. DUNCAN], a member of the committee.

Mr. DUNCAN of Missouri. Mr. Speaker, ladies and gentlemen of the House, the gentleman from Illinois a moment ago said this seemed to be a contest between the "brain trust" and the Power Trust. I come from back in north Missouri, where the people are not directly concerned with the question of Muscle Shoals. There nature has endowed us with soil so fertile that it needs little artificial enrichment; we are too far away to enjoy the benefits of the power to be generated at this project; but it does seem to me, in view of the things that have taken place during the past 10 years in this country, we ought to take advantage of the opportunities we have to develop this great project. It is a well-known fact that some of the agricultural communities of this country, particularly those growing cotton, must have large quantities of fertilizer to keep their soil sufficiently fertile to grow their products. Every man in this House who has had any experience with rate making knows that there has grown up in this country, with the consent of the courts and the regulatory bodies, a plan or system of valuing public utilities for rate-making purposes that has brought them into the present disrepute in which they find themselves and has shouldered upon the people the burden of paying excessive rates for their products, of paying exorbitant sums for fictitious values written into their rate structures. I have nothing in common with those who are upholding the rights of the utilities, nor have I any sympathy with those who are suffering from an exaggerated case of powerphobia. The necessity for this project has been repeatedly questioned by those who are against it and tell us that there is already an overabundance of electrical energy being generated by privately owned companies of the Tennessee Valley.

In determining the need for a thing we must take into consideration the efficiency of the methods in use, the price of the commodity, and its availability to all who want or need it. If your automobile is so expensive in its consumption of gasoline that you can not afford to use it, it would be good business to acquire one that you could operate. If the authority can manufacture electricity and fertilizer and develop these two commodities for the farmers and citizens of the South at a reduced cost to them consistent with good business methods, it is a worthy project, aside from the elements of national defense, flood control, and other uses to which it may be put to.

We are told that by one act of this body we intend to curtail the production of the farmer and by another act we intend to increase that production. I say to you that one of the problems of the farmer today is to produce the thing that he is now producing with a minimum effort. If he can raise the same amount of products on 1 acre of land by the use of fertilizer and with the same effort which he now produces on 2 acres, the opportunity ought to be given to him. This is the only bill I have ever seen providing for a Government-controlled agency which safeguards that project by permitting it to operate in accordance with recognized business methods unhampered by political red tape. Under the Democratic leadership and plans now being formulated I feel confident that the farmers are going to be able to buy fertilizers and use electricity to minimize their labors. You are going to be able to develop business not only in the vicinity of this project but in your own communities.

It is provided in this act that the authority may sell the electrical energy generated to be distributed by the purchaser to consumers at a price to be agreed upon by the authority and the distributor, and if no satisfactory agreement can be reached by which this commodity can be sold to the consumer at a fair price, the authority itself can build transmission lines for its distribution. This is a proposition to furnish the people needed products at a price they can afford to pay for them. It is worthy of consideration for the purpose of creating an institution which may be used as an example throughout this land. Its cost is small compared to the benefits to be derived from it.

The Republicans in 1924 in their platform recognized the duty of the Government to conserve national water power, and used these words:

> The natural resources of the country belong to all the people and are a part of the estate belonging to generations yet unborn. The Government's policy should be to safeguard, develop, and utilize these possessions.

Today they are backing up on an old policy of their party, and speakers attack the measure because its employees are exempt from the Civil Service. That is natural. They have long been strong for Civil Service. When they are in power they create many jobs under it and have so manipulated it as to keep their boys and girls in office regardless of the political complexion of the administration. Employees of this authority will hold their jobs if they are efficient and if they are not they may be relieved just like the employees of any other business institution.

The most gratifying thing I have heard on the floor of the House coming from the Republican side is their apparent interest in the taxpayers' money. I say to you that it is high time they were thinking about it because, so long, they completely forgot the taxpayers, creating a deficit of hundreds of millions of dollars. Yet they advance the "saving" question as one of the reasons for defeating this measure, although it is the only project created under Government authority providing for a return to the Government whatever money is appropriated for its use.

Electrical energy has become one of the necessities of life and is used by all classes of people. It can be cheaply made and it ought to be available to every man and women at a price they can afford to pay for it.

Mr. McSWAIN. Mr. Speaker, I yield such time as he may desire to the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Speaker, this question has been before Congress for years and years and, as the gentleman from Illinois said a while ago, it has been a political football. With the Republicans in control of the White House and Congress since 1920 this question has been made a political football, but now with the Democrats in power we expect to make it a prosperity ball. I am happy to say that today we have a President in the White House who is playing ball with us. He has thrown the ball to Congress. Mr. McSWAIN, of South Carolina, Chairman of the Military Affairs Committee, is now on first base. Mr. HILL of Alabama, is on second base; Mr. ALMON, of Alabama, is on third base. When this ball gets over to the other end of

the Capitol Senator NORRIS, of Nebraska, will knock a home run. The bill is going to pass and there is going to be rejoicing throughout the length and breadth of this country. [Applause.] In February of this year President Roosevelt went to Muscle Shoals to inspect the properties there and I was fortunate in being invited to go with him on this trip. I will never forget the great throngs of people who gathered at Tuscumbia, Sheffield, Florence, Decatur, Birmingham, and Montgomery, Ala., to hear President-elect Roosevelt speak or to catch a glimpse of him. The long-continued depression had left its effects on the appearance of our people and, although thousands of them were poorly clad and have not had sufficient food, yet I could see a spirit of new hope and encouragement in their faces as we passed through the immense crowds. At each place when President Roosevelt said that he was going to put Muscle Shoals to work there was loud cheering and clapping of hands. Our people realized that when he puts Muscle Shoals to work this means that men will be put to work.

When Henry Ford made his offer for the development of Muscle Shoals properties it would have meant a great deal to Muscle Shoals and the immediate section around it. The development of the Muscle Shoals properties by President Roosevelt has an even more far-reaching effect. It means the operation of the nitrate plants for the development of nitrate in time of war and fertilizer in time of peace. It carries with it the idea of reforestation, the reclamation of lands, and embraces the building of Cove Creek Dam, which will double the primary power at Muscle Shoals, thereby virtually doubling the value of Wilson Dam and the nitrate plants. It involves the development of all the power possibilities of the Tennessee. Engineers have estimated that between four and five millions of horsepower can be developed in this area. This will mean cheaper power for several million of people in 7 or 8 Southeastern States. It also means the restoration of farm values in these States, which means the return of prosperity. It will bring new industries into these States, which will give employment to hundreds of thousands of people and create pay rolls. The people employed in these industries will in turn be able to buy the farmers' products.

There are those who criticize this measure because they say it places the Government in business, and I will answer this criticism by replying that the Government is already in business. Millions of dollars have been spent by the Government for carrying air mail, millions more have been loaned to the railroads, to the banks, and even the farmers to help them buy seed and equipment to make a crop. Therefore it can truly be said that the Government is interested and engaged in the airplane business, the banking industry, the railroad industry, and in agriculture.

Another criticism is raised to this bill by saying that it will destroy the properties of the power companies. I do not think that it will do this. The consumers of hydro-electric power and electricity have greatly decreased in the past 3 years, and if prosperity does not return to our section, it will continue to decrease. I think the development of Muscle Shoals will restore prosperity and enable our people to buy and use the power from the private power companies, whose rights have to a large extent been protected by the bill as amended, in regard to transmission lines. It may be that there will be some losses in stocks and dividends, but practically all stockholders throughout the Nation and world have suffered severe losses in the past 3 years.

I look upon the power in the rivers as I do the sunshine, air, and the water of the seas and oceans. It is a right that is inherent to our people and should be used for the welfare of all the people and not in the interest of a few.

The merchant, the school teacher, the preacher, the lawyer, the doctor, county, municipal, and Government workers have all had to take lower prices for their products, goods, and services during the past 3 years; and they have had to pay practically the same thing for their gas bills, their telephone bills, their electric bills, their railroad fares, interest on money, and for most manufactured products.

The Hydro-Electric Power Co. of Ontario sells power at 1½ cents per kilowatt-hour, while the people of Alabama are paying 4½ cents per kilowatt-hour for power. Eighty-five percent of the farmers of the Nation do not have electric power on their farms. No one can deny that if power was cheaper thousands of farmers throughout the Nation would be using it. The rural sections offer the greatest need for the development of hydroelectric power. The towns and cities are fairly well developed along this line. The production of cheap hydroelectricity will extend development into these rural sections. Business at this time is practically at a standstill, for the farmer is receiving less than cost-of-production for his cotton, corn, wheat, livestock, and other products. This means that the factories throughout the Nation are either shut down or running only part time. Either one of two things is going to happen: We are either going to have to receive a better price for our farm products, and labor will have to get better pay and more employment given, or our gas rates, electric rates, hydro-electric rates, freight rates, telephone rates, and most of our manufactured products and city, county, State, and National taxes must be cut in half. The passage of this bill will cheapen power rates. The passage of the farm-relief bill will increase the price of the farmers' products and at the same time cause inflation, which will cheapen money. I am, therefore, supporting these measures with the hope that they will aid in restoring prosperity to our Nation. [Applause.]

Mr. JAMES. Mr. Speaker, I yield such time as he may desire to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, last week we considered a farm relief bill that had been sent to us by brain trust no. 1. That bill provided for restriction of production of agricultural commodities of which there is a surplus.

Today we are considering a bill that has been sent to us by brain trust no. 2. The purpose of this bill is to stimulate production.

Do you gentleman realize that if this legislation is carried through to fruition you are going to impose a burden upon the American people that will run into the hundreds of millions of dollars, not tens of millions as has been stated?

What right have you to assess the people of Minnesota in order to provide the people of Alabama and Tennessee with cheap power? [Applause.]

Do you wonder we have had but three Democratic administrations in 72 years? We always have such ill-advised extravagances as these when we have a Democratic administration.

We have already put over $120,000,000 into Muscle Shoals and now you want us to put in another two or three hundred million dollars. I want to ask you if it is honest to assess the people of the North to develop a project that is purely local. The gentleman from Missouri [Mr. DUNCAN] says his community will not benefit one iota from this legislation and yet he lives within 500 miles of Muscle Shoals.

Mr. ALLGOOD. Tell us about Boulder Dam. Did the gentleman vote for that?

Mr. KNUTSON. I voted against Boulder Dam.

Mr. ALLGOOD. But the Republican Party was in power when that legislation was passed.

Mr. KNUTSON. I do not care whether it was or not, it was dishonest, just as dishonest as this. Why should Uncle Sam assess all the people to do for localities the things they should do for themselves? Why do you not come in here and ask us to give you Muscle Shoals? We will gladly give it to you, lock, stock, and barrel. We will give you a quit-claim deed to it and turn over to you every dollar that we have already put into it. [Applause.] That would be the cheapest and best way out of a foolish, wasteful, and expensive venture.

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, this bill has some good features and I should like to support it, of course, in the hope that when it got over in the Senate the Norris bill would be substituted to carry out the program of the President

for the operation of Muscle Shoals and the development of the Tennessee Valley. But the bill is not acceptable in its present form. Senator NORRIS is opposed to it, and I expect to offer a motion to recommit and substitute the Norris bill.

I live closer to Muscle Shoals than any other man in Congress, with the exception of two. This great project is capable of producing hydroelectric power that will exceed in amount the physical strength of all the slaves freed by the Civil War. This may give you some idea of its vast magnitude.

My idea is to use this power to experiment in the production of fertilizer, and to send the balance of it pulsing through this country to give the American people hydroelectric power at something like what it costs to produce it and to free this great project from the implacable grip of the Power Trust that has prevented the development and operation of Muscle Shoals for, lo, these many years.

Since my time is limited I want to point out one or two instances where I think this bill is faulty, if not vicious.

In the first place, it limits the President in his great program to develop the hydroelectric possibilities of the Tennessee Valley, in throwing about the building of future dams restrictions that will enable the Power Trust to step in with injunctions and other interferences and hamper the development of these projects in the years to come.

Again, this bill, instead of giving the Government the outright privilege and power to build power lines to deliver this hydroelectric power to the ultimate consumer at something like what it costs to produce it, will hamper, and greatly hamper, the Government in this particular by bringing into the matter the provision relative to purchasing or leasing hydroelectric-power lines from these companies on whose watered stock we are now paying exorbitant light and power rates. They have sold this watered stock to news papers throughout the country for propaganda purposes. They have sold it to lawyers, bankers, and business men who were formerly highly in favor of the Norris bill in order to develop a wave of propaganda against government operation of Muscle Shoals.

I introduced the Norris bill in the House and am offering it in my motion to recommit in the hope that we can get it substituted for the present measure.

Let me lay down now, once for all, my policy on the hydroelectric power of this country. I regard it as a natural and a national resource, just as much as the surface of the seas or the navigation of our rivers. I believe it should be used for the benefit of all the people.

If the Norris bill is enacted, I believe it will be the greatest step ever taken in this direction. It will be the beginning of a new national policy—the Roosevelt policy—that will give us hydroelectric power to turn the wheels of industry to transform our raw materials into the finished products, give us hydroelectric lights in every home, and will permit the installation of machinery to lift the burden of toil from every man and every woman, from the laborer in the factory to the housewife who now bends down over the washtub doing the most menial work, almost, known to man. Besides, the Norris-Rankin bill is in accordance with the President's views, and the President's views cannot be reconciled between these two bills. If he is for this bill, he can hardly be for the Norris bill. If he is for the Norris bill, as I understand he is, then the provisions of this measure must be unacceptable to him. I am sorry the Rules Committee gave this rule to shut off debate and deny the Members of Congress the right to offer amendments. [Applause.] Under this rule I could not offer the Norris bill as an amendment, but I am going to offer to substitute it on a motion to recommit. I hope you will all support that motion and help to substitute the Norris bill. Then the Senate will pass it and the administration will get behind it and help to give us this great piece of constructive, progressive legislation, which will be worth more to the American people than any other measure of its kind ever passed by the American Congress. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Speaker, in my own time I want to ask the gentleman from Mississippi [Mr. RANKIN] if he can really inform the House as to whether the administration is backing the Norris bill or the so-called "Hill bill"?

Mr. RANKIN. My information is that the administration is backing the Norris bill. I do know that Senator NORRIS is opposed to the bill now before the House, and I understand Senator NORRIS and the President are in thorough accord.

Mr. GOSS. There is no doubt in the gentleman's mind about that and the gentleman introduced a companion bill to the Norris bill in the House?

Mr. RANKIN. I introduce the Norris bill "verbatim, spellatim, punctuatim." [Laughter and applause.]

Mr. McSWAIN. I do not know whether the gentleman from Mississippi has talked with the President or not, but I talked with him for 4 hours before we wrote one line of the bill, and his secretary telephoned me Saturday afternoon that he relied upon us to work it out for the best interests of the country. When the bill comes from the conference the gentleman will see who represents the views of the President.

Mr. JAMES. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. McFADDEN. Mr. Speaker, when I came to Congress in 1915 the lobby which is responsible for the Muscle Shoals project was working hard. They took advantage of the war situation, and, greatly to my surprise, one morning I found that the chief farm leader from my State was advocating Muscle Shoals development as an aid to the farmers in the United States. Up to that time it had been nothing but a power proposition.

The lobby became aware of the fact that they could not get that as purely a power promotion, so they sold the idea to the farmers to insure cheap nitrates for the manufacture of fertilizer. The farmers have been farmed on Muscle Shoals. [Laughter.]

I want to say to you Members who may not have been here at that time that this proposition has been a creation of the lobbyists, and I want to ask now the chairman of this committee whether or not he can assure me and other Members that this power project created with Uncle Sam's money and transmitted to the consumer at his expense is not going to be sold to Henry Ford and the Du Pont interests and the Canadian power interests?

They are the people who have been lobbying for the development of this power proposition, and I want to know definitely in regard to it. They are supposed to be shut out under this bill, but I want to know if they are shut out, because if they are not, if they are behind this and are getting now in this bill what they have so long been working for this legislation should be stopped.

Mr. McSWAIN. I want to say that the authority will be in the hands of three citizens appointed by the President and confirmed by the Senate. They will administer the duties provided in the bill. Nobody can say that the power will not be sold to Henry Ford or the Du Pont interests or anybody else.

Mr. McFADDEN. That is just it. The gentleman has been here long enough to know how members of these boards are appointed. The power interests of this country always get what they want. I want to know if they are going to get it in this bill.

Mr. McSWAIN. I know how they were created during the previous administration, but we are going to have a new deal now.

Mr. McFADDEN. I am glad to hear the gentleman say that it is a new deal. Up to this time it is not in evidence that there is a new deal. Now, these are vital things in connection with this legislation. [Applause.]

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I have served in Congress a little bit over 16 years, and during that time various measures have been brought before Congress for the purpose of dealing with this problem.

But I want to say to the House that never have I seen a measure brought in here that dealt with it on its merits. The first bill that was brought in suggested a lease to Henry Ford and had no provision in it which could be enforced as to anything required to be done by the lessee. From that time on various bills have been brought in, and all of them have been tied up with such restrictions that the property could not possibly be leased, or else they were on such a basis that it could not possibly be operated properly. What do we do when we reach a situation in industry or anything else when we have a surplus of factory space or a surplus of power? Do we go ahead and build more, or do we stop? This bill can result in an expenditure of $1,200,000,000. Is that why we cut our employees and the veterans $600,000,000? Is that why we started out on our economy program? Is that why we laid out a structure upon which to get a return to prosperity, only to smite it down and cut the legs from under it with some such bill as this?

Mr. RANSLEY. Mr. Speaker, will the gentleman yield?

Mr. TABER. Yes.

Mr. RANSLEY. The gentleman from New York was a member of the Economy Committee, was he not?

Mr. TABER. Yes. I supported the President's policy, believing that he was in good faith in his desire to cut down the expenses of the Government, but frankly I am terribly disappointed here on the authority of the gentleman from Mississippi, as I understand it, this afternoon, that the President is in favor of the bill which has been introduced in the Senate by the Senator from Nebraska, which goes twice as far as this bill goes in that it authorizes the issuance of more bonds and more construction than this does, without further action by Congress. There is not the least bit of evidence anywhere from anybody that there is a need for more power or that there is a need for more fertilizer. On the contrary, there is evidence absolutely undisputed that we have a surplus of fertilizer at this time and a surplus of power in that territory. It is the height of folly to go ahead with a Government operation at such a time and in such a place. The thing to do is to stop foolish construction now and get to the point where we are not putting any more burdens upon our taxpayers. Why should we, contrary to all economic law, go ahead and create new facilities at a time when there is no need for them and no reason for them? Why should we not intelligently lease that property to somebody to develop power and sell the power and not go ahead with further construction of a power plant when there is no demand for it, and when, if we draw industry down there, we simply destroy industry somewhere else. I beseech the Members of the House to use common sense on this program and not go ahead with the issuance of a lot of bonds and a lot of expenditure for construction which is not needed and which will be an absolutely unbearable burden upon the taxpayer. And do we propose to pay for it with dollars—and what kind of dollars—gold or printed?

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. McSWAIN. Mr. Speaker, I now yield to the gentleman from Tennessee [Mr. McREYNOLDS].

Mr. McREYNOLDS. Mr. Speaker, for the past 10 years there has been no legislation coming before this House in which I was more interested than I have been in the proper disposition of Muscle Shoals and in the development of the great natural resources of the Tennessee Valley. Many times have I appeared on the floor of this House in behalf of different measures of this character, and also before the Military Affairs Committee of the House and the Rivers and Harbors Committee of the House. I now come feeling that we will during this Congress reach our goal, and that this will probably be the last time that we will have this for consideration, because I am sure before this Congress adjourns we shall have enacted into law proper legislation which will mean one of the greatest developments in this country. I want to congratulate you members of the Military Affairs Committee, and especially your chairman, Mr. McSWAIN, Mr. HILL of Alabama, and Mr. JAMES, of Michigan, who have been on this committee so long and who have been so vitally interested in this great question, and who have given so much time and study for its proper solution. To you should be given great credit, and the people should be very thankful for the great services that you have rendered to our section of the country.

I want to express to you my appreciation, and, I know, the appreciation of the House, of the most wonderful report that you have given accompanying this bill. You go back many years, giving the history of the different character of legislation that has been offered at various terms of Congress, the result of that offered legislation, and you cite the various planks in the different political parties which placed the Democratic as well as the Republican Party as pledged for the conservation and the development and for the use of all the people of the natural resources of the country, and that these natural resources were more likely conserved and utilized for the general welfare if held in the public hands.

The bill that is before us today for consideration, and which will be passed, is in my opinion one of the most far-reaching and wisest bills that has ever been offered for the solution of this Muscle Shoals proposition and for the development of the great natural resources of the Tennessee Valley. I say this regardless of the fact that there are some provisions in this bill to which I do not entirely agree, and there are other provisions that I would have placed in the bill if it had been my privilege to dictate the same. But I realize that all legislation involving so many great questions as this legislation does involve must be a matter of compromise. This bill provides, among other things, for the manufacture of fertilizer, which is so necessary for the farmers of the country; and if the Government is successful in manufacturing fertilizer, as provided in this bill, it will mean the saving of millions of dollars to the farmers of this country. Everyone knows their needs, and everyone knows that we can have no real prosperity in this country until we can restore the farmer to a prosperous basis.

It provides for immediate building of Cove Creek Dam and Dam No. 3, which are so necessary to the development of this section, and further gives the board, which is created under the provisions of this bill, called "the authority", the right to build other dams for the purpose of flood control or navigation, and also to build high dams, which is a combination of navigation and power dams, whenever there is a reasonable market demand for so much of the power as will yield a reasonable return on that part of the investment representing the cost of power production. Under this last provision it is very probable that the great power and navigation dam at Aurora will be built, which would give us navigation of 9 feet of water across the State of Tennessee to Pickwick Landing. Under the terms of this bill, reclamation and reforestation are included and the general development of this great section of our country. But the greatest feature of this bill is the use of the power and further development of the power at Muscle Shoals and Cove Creek Dam. The people of our section of the country are extremely fortunate that we are in a position for this great development, and we are in this position because of the fact that from 1922 to 1930, during different years, we spent as a whole something like $1,000,000 in a complete survey of the Tennessee River and its tributaries. This survey is the most complete that has been made in any section of our country. It includes the various dam sites and the possibility of such dam sites for electricity throughout this section. It includes a general survey of all of our natural resources, such as minerals and timber. It includes the losses that are occurring on account of the flood situation. It shows what constructive work is necessary to be done to give us navigation of 9 feet of water from Knoxville to the Ohio River. It shows the number of people that live in the different sections, also railroads and public high-

ways. It shows that all these developments along the lines of electricity might be manufactured to the extent of some 4,000,000 horsepower, and the figured growth of our section of the country as to utilization of this power. I say that on account of our having procured appropriations from the Federal Government for many years we are able to lay this picture of the possibilities of our Government before Congress and before the President of the United States and ask for its development. The power at Muscle Shoals, insofar as its complete use, has been lying idle for many years. Only part of the power that is now produced at that great dam has been sold to the Alabama Power Co. at the rate of 2 mills per kilowatt, and every attempt of legislation for many years to put this dam to its full use, and thereby give the people of the South the benefit of cheap fertilizer and cheap power, has met with stubborn opposition which has been fatal to our legislation up to this time.

I have always advocated before the committee, or before this House, or wherever I might be, the building of Cove Creek Dam, because I felt that it was the key to the development of the great natural resources of the Tennessee Valley. I am delighted that this bill provides for the building of Cove Creek Dam and that it will be commenced at once. It is important, first, on account of navigation; secondly, on account of the increase of the horsepower and making many dams available and the decrease in the cost of horsepower; and, third, flood control; and I might add further, in the language of the Chief Executive, fourth, reclamation; and, fifth, reforestation. I shall discuss briefly these first three propositions.

The people of my section are greatly interested in the navigation of the Tennessee River. The proposed Cove Creek Dam is situated some 350 miles above Muscle Shoals in east Tennessee, some 150 miles above Chattanooga on the Clinch River. The building of Cove Creek Dam will amount to a storage of something like 3,000,000 acre-feet of water. The building of this reservoir alone will increase in navigation at various sections of the main stream 150 percent of its natural flow during low water. From Clinch River to Chattanooga the increase will be 1.5 feet; from Chattanooga to Hales Bar, 6 feet, as it now is; Hales Bar to Widows Bar, 1.6 feet; from Widows Bar to Guntersville, over 2 feet; and this increase is carried on down from Rivington to Paducah of 2 feet. This may seem a small amount, but considered in connection with the dams that will have to be built under the navigation project, to make the stream 9 feet of water, it is an immense saving in cost and makes our possibilities of navigation more certain. I might add right here that General Brown, Chief Engineer of the War Department, has already recommended the navigation of the Tennessee River to 9 feet of water from Knoxville to the Ohio River, and the estimated cost at $75,000,000. This provision has been endorsed by Congress, and with the dams that have been built and that are being built, we hope some day to see the project completed. So from this you can see the great benefit to be derived to navigation from the building of this dam. The engineer's report shows that the increase in horsepower of all dams below Cove Creek would be from 100 to 110 percent; and if I remember correctly, the Government will get the benefit of horsepower at Muscle Shoals of 124 percent, which will not only increase the horsepower of these various dams but will decrease the cost of horsepower which will make the dam more inviting and shall give the public the benefit of cheaper electricity, which would mean the rapid growth and the development of our section of the country. As an illustration of the decrease in the cost of horsepower, let me cite the figures of the Government engineer for two places below Cove Creek Dam to construction cost per horsepower without benefit of storage at Cove Creek: At Whites Creek, $1,464; with storage, $366; dam site of Chickamauga, just 4 miles above Chattanooga, Tenn., construction without storage, Chickamauga, $777; with storage, $262. This not only increases the horsepower and decreases the cost of the horsepower but makes other dam sites available along this river. Anyone who makes any study of this whatsoever can see the importance of Cove Creek Dam construction, and the Government will hereafter reap great revenue from the increase of horsepower on the various dam sites along this river and from the decrease in the cost of the same. Heretofore the Tennessee River project, from Muscle Shoals to Cove Creek, has been considered as one project, and the report of our numerous dam sites and the development of power to be had was based on the construction of Cove Creek Dam, and I might add that $180,000 has been spent on the survey and borings at Cove Creek.

I am glad that this bill considers all these projects from Muscle Shoals to Cove Creek as one project and one great development to be made by the Government. No private interest could or would make this great development, and these great natural resources should always be held and controlled by the Government of this country for the best interest of its people.

The third proposition in connection with the importance of building Cove Creek Dam is flood control, which affects all of the Tennessee Basin below Cove Creek and even into the Mississippi River. It is estimated that the damages caused by the December 1926 flood along this river was approximately $2,650,000, and engineers further state that the total damages caused by 500-year floods on main streams and navigable tributaries are approximately $14,350,000, but that the average annual damage from all floods is $1,780,000. This does not include indirect damages such as loss due to interrupted travel and business, insanitary conditions, and spread of disease due to overflow of towns, depreciation of land due to overflow which is difficult to assess. The estimated damages to Chattanooga, my home city, in 1926, were $600,000, so much so that the city of Chattanooga has figured on levees for its protection, which would mean an expenditure of millions of dollars. The engineer's report shows that the building of Cove Creek Dam will decrease the high-water mark in my city 15 percent. In other words, if a flood should reach the height of 40 feet under present conditions, with this dam built it would only reach the height of 34 feet, and it is this extra 6 feet that usually does the damage to our city. If the two dams above Chattanooga, on the Tennessee River, were built with 10 feet surcharge, there would be no floods in our city. I cite this to show the specific instance wherein this Cove Creek Dam would be of great benefit and save millions of dollars. I think you can see from this brief statement the great and vital interest that the people in our section have in securing the building of Cove Creek Dam for navigation purposes, for the development of our power dams, and for flood control. Consequently, I am happy over the fact that this bill provides for the building of Cove Creek Dam and for the immediate beginning of the construction of the same. It will mean much also in its construction at this time to the relief of thousands of those people who are unemployed.

This bill also provides for the building of transmission lines from Cove Creek to Muscle Shoals in case proper arrangements cannot be made with the power companies for the transmission of the power or if it does become necessary for them to condemn power lines.

I am very much surprised at the many letters I have received from my section wherein stockholders of the Tennessee Power Co. are very much disturbed over the building of these power lines, or the leasing of these power lines, with the fear that it will work detriment to their holdings. If the power companies of our section will cooperate with the Federal Government in the development of these great projects as they should, I predict that private property will not in any wise be injured, but their holdings will be improved; that thousands of people will come into our section on account of this great development; that new industries and new factories will spread throughout the Tennessee Valley, which will more than use the developments not only made by the Government but by the power companies themselves.

We are wonderfully blessed with our natural resources and with the great people who are interested in the development of our section of the country, and I am glad to say and to know that we have in the White House at this time

a great President, who looks at matters of this character from a national viewpoint and who has approved of the development, the growth, and protection of the natural resources of the great Tennessee Valley, and it is the duty of the people of this great section to render him every cooperation within their power toward carrying out this program and reaping the benefits of this great development. The people of the South should be duly grateful, and, as the representative of the people from my section, I know that they are appreciative. I know that they are ready and anxious to render every aid in carrying out this great program, feeling that it will mean more to our section than any legislation that has ever occurred in the history of this Government. [Applause.]

EXTENSION OF REMARKS

Mr. BLACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a letter I received from the Secretary of State regarding the recent press censorship bill.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. I reserve the right to object. Is the gentleman going to get any more letters?

Mr. BLACK. Oh, the gentleman expects to get many more letters and to make many more inquiries.

Mr. GOSS. I mean from other departments.

Mr. BLACK. Only time can tell about that.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BLACK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter addressed to me by the Honorable Cordell Hull, Secretary of State, relative to censorship of the press:

DEPARTMENT OF STATE,
OFFICE OF THE SECRETARY,
Washington, April 21, 1933.

Hon. LORING M. BLACK, JR.,
House of Representatives, Washington.

MY DEAR SIR: Answering your letter of the 12th instant, requesting information as to the genesis of H.R. 4220 to the extent that any person in the State Department was connected therewith, I would say in reply: When I assumed my present official position at the State Department, I soon learned that certain individual acts of interference with secret governmental code information in process of transmission between this and other countries, or like information in process of transmission between a government and its diplomatic mission in the United States, and the threat to make the results public imperatively called for immediate action making such publication unlawful.

I thereupon telephoned a ranking member of the appropriate committee of the House of Representatives, calling attention to this state of facts and suggesting appropriate legislation to make unauthorized publication of the particular kind of code information just described unlawful. I think I suggested to one of the attorneys in the State Department that he might well have a similar telephone conversation with a member or members of the appropriate committee of the House of Representatives, which he later informed me he had immediately proceeded to do. Some days later I was informed that a number of officials in two or three branches of the public service collaborated in the preparation of the measure against which you complain, and also that certain of its provisions were being objected to upon the ground that they infringed upon the freedom of the press.

Such effects as to the press, of course, were not remotely contemplated by myself in telephoning, nor, I am sure, were they contemplated by those responsible for the final draft of the bill in question. At any rate, I at once urged that any provisions that could possibly be construed as to the least extent affecting the freedom of the press be stricken out of the bill. There is not the slightest relationship between the protection of code information as aforesaid and the utmost freedom of the press. And, besides, my individual view is that the American public should suffer incalculable injuries in other respects before the freedom of the press should be injuriously affected to any material extent whatever. I think I have a consistent public record of 40 years in support of this doctrine.

If it is desired to ascertain in detail the genesis of the measure referred to, it would, of course, be necessary to confer with the different persons in the various branches of the Government who participated to a more or less extent in its drafting. There should be no difficulty about locating each of such persons and securing a statement based upon first-hand knowledge.

Very truly,

CORDELL HULL.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. SNYDER].

Mr. SNYDER. Mr. Speaker, I am for this bill because I see in it much relief for the farmer, the laborer, and the little business man. I am somewhat startled here today in listening to the remarks of those on the opposite side of the aisle relative to the Government's spending $150,000,000 on the Muscle Shoals project. I do not see why they should get so excited. I did not hear of any excitement or read about any in the newspapers along about 1924, when that side of the House made it possible to give back some $4,000,000,000 in refunds and rebates to certain individuals and interests. I did not hear of any excitement on that side of the House when the Ship of State, through the Reconstruction Finance Corporation, dropped off something like $80,000,000 or $90,000,000 in front of Mr. Dawes' bank in Chicago.

Up in Pennsylvania we saw the big interests come in, some 60 years ago, and cut down our forests and leave our hills barren. Some 40 or 50 years ago we saw similar interests enter our State and bore holes in the ground, taking away our coal and oil and gas, leaving the State almost bankrupt. Now we find the same type of organization taking over our utilities such as water and power facilities.

I am not opposed to corporations or big interests as such. They are necessary in our industrial activities. However, since the set-up necessary to run corporations and big business must always be made up of men—just human beings—it is necessary to have such organizations operate within certain specific limitations.

It seems to me that the banking interests and other big industrial interests are assuming unsolicited recognition when they come in here at this time to give us advice on the Muscle Shoals proposition. Most of them proved beyond a shadow of a doubt that they themselves cannot run efficiently and effectively the institutions that they set up. In other words, from 1920 to 1930 the banking interests and other big interests of the country had at their command all the money, all the equipment, and all the facilities in the Nation necessary to build a social and economic fabric that would function for generations to come. But what happened? Most of them failed! They failed to manage their own business successfully, and as a result their institutions went to wreck and ruin.

Now, ladies and gentlemen, when the people are asking the Congress of the United States to take over Muscle Shoals under the provisions of this bill and operate it in the interests of the farmer, the laborer, and the little business man, they step in and say, "Hold, Macduff!"

As I said a moment ago, I am in sympathy with big interests—especially the railroads—but until they themselves can govern themselves and operate for the common good of all humanity, I question their right to interfere with such humanitarian legislation as this bill proposes.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. JAMES. Mr. Speaker, I yield 8 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. GOSS. Mr. Speaker, before the gentleman from New Jersey begins, will he yield to me?

Mr. EATON. Yes.

Mr. GOSS. Apropos of the previous speaker's remarks, the gentleman must remember when the Government sold the Old Hickory plant at Nashville, Tenn., which cost $90,000,000, for three and a half million dollars. I rose to tell the House that today the pay roll of that plant amounts to three and a half millions per year and that they employ 3,500 people and pay taxes of about $75,000 a year. That is the way we disposed of that plant, and this might be disposed of in the same way to equal advantage.

Mr. EATON. Mr. Speaker, there is one ray of hope in this situation, and that is that in the dispute to which we have just listened as to which bill the President is for we may not have to vote for the Norris bill. If we have to swallow this legislation at all, I am strong for the McSwain-Hill bill as against the other, because I have never seen a Muscle Shoals bill bearing that other name which was not like the human heart, "deceitful above all things and desperately wicked."

My objections to this bill have been presented before. We have thrashed this out and got all the facts ad nauseam. We are tired. It would take a thousand volts to awaken much interest here today. There is nobody here and nobody seems to care; but I want the record straight as far as I am concerned, and as far as the party to which I belong is concerned.

In the first place, this bill is sectional legislation. The Muscle Shoals project was not built with money from those five States nor from the Tennessee Valley alone. It was built with money from New Jersey, California, Minnesota, and every State in the Union. It belongs to us all. Now, it is proposed to tax all of us in the interests of this immediate neighborhood and for the advantage of those immediate people.

The sting of this bill is in its tail, and I should like to unfold that tail to you in just a word:

SEC. 28. The President shall, from time to time, as the work provided for in this act progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee drainage basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control.

That is according to the Constitution.

(2) The maximum development of said Tennessee River and its tributaries for navigation purposes.

That is good under the Constitution.

(3) The maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin; and (7) the economic and social well-being of the people living in said river basin and all adjacent territory.

SEC. 29. That all appropriations necessary to carry out the provisions of this act are hereby authorized.

This grandiose program will involve at least a billion dollars of the taxpayers' money, used for the profit of a small section of our country, and constitutes sectional and class legislation of the most harmful character.

I congratulate the gentlemen who come from that district over their success, not from the point of view of the Nation, but from the point of view of their electorate. When you go home, your electors will say to you, "Blessed art thou, thou good and faithful servant; thou hast brought home the bacon. Enter thou into a second term, and during your second term we hope you will be able to bring home a little gravy to go along with the bacon."

Mr. McFARLANE. Will the gentleman yield?

Mr. EATON. I cannot stop now, because I want to get this thing before you.

Mr. McFARLANE. I just wanted to ask the gentleman if he was in the employ of the General Electric Co. as one of their welfare workers?

Mr. EATON. Oh, I resent that contemptible kind of attempt to hold a man up here and pry into his personal business. Nobody would do it unless he were saturated with that miserable, abominable personal-attack stuff which has been the Democratic policy and practice for the past 3 years, and especially during the recent campaign.

Mr. ZIONCHECK. Will the gentleman answer the question of Mr. McFARLANE?

Mr. EATON. Why, yes. What size shoe does the gentleman wear?

Mr. ZIONCHECK. No. 9, and I am proud of it. It is a plain answer. I do not try to evade any question. What size do you wear?

Mr. EATON. No. 10, and I am proud of it. If the gentleman's head was as big as his feet he would amount to something.

Now, that the gentleman seems to think there is something wrong with my morals and my personal relationships, it may lift the discussion into a purer air if I present a statement from Mr. William Randolph Hearst. He is the king maker of the Democratic Party. He very nearly made our distinguished and honored Speaker President of the United States, and would have done so if he had not found another man he thought was better. Mr. Hearst has an article in his Washington paper this morning entitled "A Supine Congress." This is what he thinks about you Democrats that he has helped to put here. Mr. Hearst says:

To the EDITOR OF THE WASHINGTON HERALD:

I think we should have a series of editorials insisting that Congress resign and allow the people to elect a Congress which has the capacity and the disposition to perform its functions under the Constitution.

The people admire Mr. Roosevelt very much, but they admire him as a President, not as a dictator.

Congress is going contrary to the registered vote of the people, and contrary to the spirit of the Constitution, and contrary to the purposes of the founders of this republican form of Government when it shirks its own duties, abandons its functions, and turns its powers over to the President.

Mr. Roosevelt is a good President, and he might not abuse these powers; but the wisdom of the founders contemplated the possibility of a bad President, who would misuse powers which were too largely entrusted to him.

They created a Government of three coequal branches: The executive branch, the legislative branch, and the judicial branch.

They defined the powers of each, and they took pains to see that one branch should not encroach upon the powers of another.

There is nothing in the character of the present Congress to lead anyone to suppose that they have more wisdom than the founders of this Government.

In fact, the abandonment of the powers of Congress, who are the most direct representatives of the people, is not based on any worthy motive.

It is due in the main to cowardice as well as incompetence. If there is anything to be done which obviously ought to be done in the interests of the whole country, but which nevertheless might jeoparidize the seat of some Congressman, these Congressmen can almost certainly be found regarding the situation from the point of view of their own interests and not from the point of view of the Nation's interests.

Consequently these Congressmen decline to do the rightful thing, and prefer instead to turn the powers of Congress over to the President, with the purpose of letting him do it and take the consequences.

A Congress of such cowardly and incompetent character is unworthy to represent the people of the United States.

It is willing, in order to save itself some onerous obligations, to try to make a dictator out of the Executive, to upset the balance of the coequal branches of government which the fathers of the Republic provided for in the Constitution of the Nation, and to establish evil precedents which may return to plague us, and possibly to destroy the democratic character of our Government, if at some future time a less worthy and less unselfish Executive should occupy the Presidential chair.

We have, in fact, the singular spectacle and the disturbing situation of a Democratic Congress which does not believe in democracy, and which furthermore does not apparently believe in the fundamental principles of republican government on which this Nation is founded.

It is idle to hope that this Congress will resign; but an amendment to the Constitution should be offered which would enable the voters to recall Congressmen who are incapable of performing properly and constitutionally the duties of their office.

WILLIAM RANDOLPH HEARST.

That is no partisan Republican talk. That is the sincere milk of the word of public opinion, delivered in person for consideration of the American people by the unmitigated and spotlessly pure guide and governor of the Democratic Party, William Randolph Hearst.

Mr. BECK. Will the gentleman yield?

Mr. EATON. I yield.

Mr. BECK. I want to say, although I hold no brief for the Democratic side, it is well known that long before Mr. Hearst wrote this, every Democratic Member at night is haunted by the ghost of Thomas Jefferson.

Mr. EATON. Well, I did not know what haunted them. I am glad it is so respectable a ghost.

While I am on this painful subject, I might as well complete the picture by adding a statement from a brilliant and penetrating critic, Mr. Arthur Krock, which appeared yesterday in that greatest of all Democratic organs, the New York Times. Mr. Krock says:

A poetic statistician has estimated that, after 49½ days in office, Franklin D. Roosevelt possesses, is seeking, and has been offered more absolute power than the sum of arbitrary authority exercised at various times in history by Generals Washington, Lee, Grant, and Sherman, Presidents Jackson, Lincoln, and Wilson and all the Emperors of the Ming dynasty. What power has been and will be granted is all technically within the framework of the Constitution. If that document has not been put on the shelf, as Alfred E. Smith recommended, it has been republished on Indian rubber to meet these unusual tests of its flexibility.

These two statements from such widely divergent sources within the Democratic ranks take on a new significance when considered in connection with the principles embodied in this Muscle Shoals bill. I have full sympathy for the devoted group of gentlemen representing the regions in and about the Tennessee Valley in their long-sustained effort to secure from the Federal Government what they believe will be of advantage to the people they represent in their home communities; but the American people as a whole are entitled to have this question lifted up out of its local relationships and considered as a symbol of a great fundamental national policy adopted by the Democratic Party now in control of our Government.

The end of the civilizing process is the freedom of man. The long struggle of the masses of men to achieve liberty has now reached its climax in what we call an economic age. It is no longer an idle dream to hope that the blighting curse of economic poverty can be lifted from the masses of men. Science has placed the scepter of dominion in the hands of man over the forces and resources of nature so that every normal human need of a material kind can easily be supplied for every human being, provided we can discover a workable method for achieving this result.

In this new age I have believed for years that organized industry is the chief instrument of modern civilization. By organized industry I mean all the activities of man in connection with the production and distribution of wealth, either as commodities or services, I have for many years been working in the great industries of this country, representing the employees. My objective has been to make American industry a real clinic in civilization. To this end I have worked to raise the wages of labor, to reduce the hours of toil, to improve working conditions, to create conditions in which the masses of workers can secure not only an American standard of living but a surplus enabling them to become part owners in American industry. In other words, my objective has been to cure the recognized evils of the capitalistic system by making more capitalists.

Up to the beginning of this depression this program was making tremendous strides in America. Now, all has been swept into the abyss of unemployment, bankruptcy, and economic and social uncertainty.

But notwithstanding the enormous difficulties apparently still beyond the power of man to solve, I am firm in the faith that the American idea of making its privately owned and operated industries the chief organ of civilization is the best idea yet conceived by man for this purpose. For this reason I am compelled to oppose in every way within my power every attempt to substitute for this American principle the Russian idea of making the Government everything and the individual nothing. Because this Muscle Shoals proposal is to this extent un-American and Russian, I shall vote against it.

A few moments ago a gentleman asked me if I was a representative of the employees of the General Electric Co. The inference implied in his question was that there was something reprehensible in holding such an office. I am proud to say that for many years I have represented the employees of the General Electric Co. and of other industrial organizations. And I am happy further to state that the General Electric Co., beyond any other institution within my knowledge, has put into practice the principles I have just outlined. In spite of the terrible conditions of unemployment affecting every industry in the land the employees of the General Electric Co. at this moment own nearly 40 millions of 8-percent bonds which they have purchased out of the savings from their daily wage. The employees of the General Electric Co. are carrying $149,000,000 of insurance paid for partly out of the earnings of the company and the savings of the wage earners. During the past 9 years, under the company's policy, employees of the General Electric Co. have acquired 2,723 homes, representing a present value of over $20,000,000. During 1932 company pensions and life-retirement payments of $2,237,000 were made to retired employees, and they now hold in their pension trust assets of over $21,000,000. And this, gentlemen, is the kind of thing that legislation like the present Muscle Shoals bill proposes to put out of business and substitute therefor a government bureaucracy controlled by the lifeless letter of an act of Congress.

The SPEAKER pro tempore. The time of the gentleman from New Jersey has expired.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Washington [Mr. ZIONCHECK] 2 minutes.

Mr. ZIONCHECK. Mr. Speaker, I had no intention of speaking upon this question, but after hearing the opponents of the bill deliberately filling the RECORD with the private power companies' propaganda I felt impelled to state a few undisputed facts that our publicly owned and operated utility of the Northwest has proven beyond a question of a doubt. Before going into those figures I want to quote from yesterday's New York Times, page 12, entitled "Utilities to Resist Political Critics", wherein they carefully set forth that they had nothing whatsoever to do with the collapse of the Insull empire and the small bankruptcies, stating that—

> Due to the importance and prestige of the Insulls it was not possible to organize rigid opposition to such practices until last year.

Inferentially propagandizing the public into the belief that every privately owned utility company is as sweet, fragrant, and pure as the lily from yon valley, except for the little speckle created by the Insull affair. The article goes on to say—

> In substance, the utility leaders are not alarmed over any prospects facing them from the standpoint of earnings, rates, regulation, or any other factor, excepting Government competition.

This last statement is a very significant one, for by it they recognize that regulation is of little effect inasmuch as they can regulate the regulators. Let me give you a concrete example of why they really fear publicly owned competition:

In the city of Seattle we have one of the greatest publicly owned light and power plants in the United States. Before the city plant was started in 1902 consumers were paying 20 cents per kilowatt-hour for current. When it became evident that the city was actually going to build a municipal plant the private company reduced its rates to 12 cents per kilowatt-hour. In 1905 the city of Seattle began taking contracts under rates for residence service as follows: 8½ cents for the first 20 kilowatt-hours; 7½ cents for the second 20 kilowatt-hours; 6½ cents for the third 20 kilowatt-hours; 4½ cents for all over 60 kilowatt-hours per month.

Some weeks later the private power company reduced its rates to 10 cents for the first 20 kilowatt-hours, 9 cents for the second 20 kilowatt-hours, 8 cents for the third 20 kilowatt-hours, and 5 cents for all over 60 kilowatt-hours per month.

On July 1, 1911, our municipal plant reduced its rates to 7 cents for the first 60 kilowatt-hours and 4 cents for all over 60 kilowatt-hours, and this reduction was met by the private power company in November of the same year.

On July 1, 1912, the city again reduced the rate to 6 cents for the first 60 kilowatt-hours and 4 cents for all over 60 kilowatt-hours, and reduced the minimum monthly bill, which had been $1, to 50 cents. The private power company met this reduction 1 month later.

On April 1, 1915, the city established the rate of 5½ cents for the first 45 kilowatt-hours and 2 cents for all over 45 kilowatt-hours, which rate the private power company met soon thereafter.

Effective since June 1, 1923, the present residence rates are 5½ cents for the first 40 kilowatt-hours, 2 cents for the next 200 kilowatt-hours, and 1 cent for all over 240 kilowatt-hours, and in conformity with the wishes of the people of the city of Seattle our municipal plant gave very marked reductions to industrial plants building their factories in our city, which was subsequently met by the private power company. Today the average domestic rate for the Seattle municipal plant is 2.83 cents per kilowatt-hour, which is 48.21 percent of the Nation's average of the domestic current used in the United States, which is 5.87 cents per kilowatt used in 1930 according to the Electrical World (Jan. 3, 1932). If the domestic electric light and power consumers of the city of Seattle paid the average domestic rate effec-

tive throughout the Nation for the power which they use, they would pay $10,525,000 more than they now pay. It is indisputable that this amount is an absolute saving to the Seattle citizens on account of their City Light plant of a sum equal to their total city taxes. To preclude any question about the good faith of the private power company, allow me to state that the light and power rates outside of the city limits of the city of Seattle are 50 percent higher than the rates within the city limits, and this for the reason that City Light has been precluded until recently from selling beyond its municipal boundaries.

In the city of Tacoma, which is located 30 miles from the city of Seatle, they own their own light and power utilities and have no private power company within the city with which to compete, thus avoiding duplications of distributing systems and other incidentals. Because of this publicly owned monopoly Tacoma is able to sell its electricity to its consumers for approximately 33⅓ percent less than that of Seattle. Here are the city of Tacoma's residence rates for lighting, cooking, and heating: 4½ cents for the first 20 kilowatt-hours, 1 cent for the next 800 kilowatt-hours, one half of 1 cent for all over 820 kilowatt-hours.

I think that the foregoing figures speak for themselves and do not require any further comment.

It has been stated that the private power companies in Alabama and in the vicinity of Muscle Shoals have a vast surplus of power which they are unable to dispose of. The answer to this is that their rates are so high that the people are unable to buy the power which they produce. Reliable figures show that the average domestic consumer in that territory uses on an average of 50 kilowatt-hours per month, whereas in the city of Seattle the average is 116 kilowatt-hours per month, and in the city of Tacoma, with its lower rate, the average consumer uses 122 kilowatt-hours per month. I only bring these figures in to show the fallacy of the arguments against this measure.

It is rather amusing to hear the onslaught of the opposition on the so-called "socialistic brain trust" of President Roosevelt, who sponsored this plan, for one is immediately impelled to ask who constituted the "brain trust" of the Hoover administration that created the Reconstruction Finance Corporation. Yesterday's Washington Herald carried a small article about a poor man in Brooklyn, N.Y., who requested a loan from the Reconstruction Finance Corporation in the sum of $100—

> So that he and his truck could go to work again. He agreed to repay the Reconstruction Finance Corporation in monthly installments, which made his offer self-liquidating, and he pointed out that the $100 loan would put at least one man—himself—to work, thereby relieving the unemployment situation. And it would give an impetus to trade and commerce, for he would have to buy gasoline and supplies. But the request was much too unusual, and therefore will be ignored.

The reason that this was unusual was because all the loans made by this corporation heretofore have been made to banks, railroads, and insurance companies, which loans were made without a tremor. It is my humble belief that if the policy of this corporation would honor such $100 requests and ignore the million-dollar requests all would be better today—at least, it could not be as bad as it is now. For the sake of argument, assume that these $100 loans were made to workingmen, the $3,000,000,000 fund at this institution's disposal could have created employment for 30,000,000 people, and if the loans were made in the sum of $300 to each person they would have created employment for at least 10,000,000 people. Let us see what has actually happened. At the time the Reconstruction Finance Corporation was launched there were approximately 9,000,000 people out of employment.

They have now made loans in the sum of approximately $2,000,000,000 "to create employment" and today we have 14,000,000 unemployed. This is a perfect example of the manner in which the capitalistic communism of the Hoover regime works. Why even Russia would not stand for such a thing, and yet the opponents of the Muscle Shoals bill almost to a man voted for that measure.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. I shall be glad to.

Mr. McGUGIN. I did not vote for the Reconstruction Finance Corporation. Is Mr. Roosevelt using it?

Mr. ZIONCHECK. Then the gentleman must have been absent when the measure came up, because he usually votes for every reactionary measure.

Mr. McGUGIN. Is Mr. Roosevelt still operating the Reconstruction Finance Corporation? Is he still taking advantage of that loan?

Mr. ZIONCHECK. We will try to fix that very soon. Anyone will recognize that you cannot make an abrupt change and it is always easier to keep a horse from falling into a well than pulling him out after he has fallen in.

I am not in full accord with the provisions of the bill before the House, and were it not for the very strict gag rule under which it was introduced I would offer amendments to this measure which would conform more closely to Senator NORRIS' plan for Muscle Shoals, but in view of the parliamentary situation I shall vote for the measure in the hopes of expediting matters and getting it over to the Senate where I hope it will be made a more perfect bill. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Michigan [Mr. WEIDEMAN] such time as he desires.

Mr. WEIDEMAN. Mr. Speaker, we have heard this bill opposed and attacked on the ground of sectionalism. I am from a district which cannot be helped at all by this bill. I am also interested in removing the tentacles of the Power Trust from the natural resources of the country; and knowing this to be a step in that direction, I shall vote for it.

For over 100 years there has been a movement to secure the natural resources of Muscle Shoals for the benefit of the Nation. I firmly believe that all natural resources of this country should be protected and developed for the people at large and kept under their immediate control. The Power Trust of this country has too long held the great mass of the people in subjugation.

I am not so interested in what becomes of the Alabama Power Co. or any other power company, but I am interested in preserving for the Government those resources that naturally belong to it. We have been under the control and domination of the Power Trust, which, in turn, is controlled by the international bankers, for too long a time. Now is the time to remove those shackles of control from our Government so that the people will benefit from the operation of Muscle Shoals and other natural resources, rather than a few coupon clippers of Wall Street.

I want to compliment at this time the valiant fight made by the gray-haired Senator from Nebraska [Mr. NORRIS] and the gentleman from Alabama [Mr. ALMON], who have been unrelenting in their determination to secure the passage of this bill.

In addition to the war-time value of this project, providing for the manufacture of nitrogen, another great benefit will be production of fertilizer at a cheap rate to be used by the farmers throughout the country.

In 1928 a bill concerning Muscle Shoals was passed by Congress and it received a pocket veto at the White House. In 1930 a similar bill received the veto of President Hoover, and it is with extreme gratitude that I am sure our Democratic Congress and Democratic President will now give to the country the control of part of its natural resources they have so long fought for.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Washington [Mr. KNUTE HILL] 2 minutes.

Mr. KNUTE HILL. Mr. Speaker, they say that Muscle Shoals is a dream. What a magnificent dream it is! Thank God for dreamers! Had we not had dreamers we would have had neither music nor art, invention or discovery, development nor progress, no civilization at all.

The dreamer Columbus made possible the New World. The dreamers, the Wright brothers, made possible the conquest of the air.

At the beginning of the last century there sat in the White House a dreamer, Thomas Jefferson. He was also a prac-

tical statesman. He had a dream about the Louisiana Territory. He purchased it, and we have carved out of this territory the splendid States between the Mississippi Valley and the Rocky Mountains, a domain worth thousands of times more than the purchase price. He had another dream and saw the possibilities of the Oregon country. He sent Lewis and Clark to explore this region, and as a result we own the great Northwest, from which I have the honor to come. Even so great a statesman as Webster was blind to the possibilities of this region, designating it as the "American desert" and declaring that representation in the Congress from across the mountains would be an impossibility.

In 1867 another dreamer, Secretary of State William H. Seward, purchased Alaska. He was ridiculed far and wide, and this region was called "Seward's ice box." It has already paid for itself tenfold. You Members of Congress do not know what is stored in this "ice box" in the shape of coal and other minerals, valuable timber and fisheries, agricultural lands and limitless power resources. Some day the empire of Alaska will be understood and its wonderful possibilities become a reality.

We have another dreamer and practical statesman in the White House today, Franklin D. Roosevelt. He has a dream contemplating the development of the stupendous water-power resources of our country for the benefit of all of its citizens. We are living in the electrical age and its blessings should be distributed equitably among all of the people, as they are all common inheritors of this great resource provided us by a bountiful nature.

His plan is fourfold. He is going to complete the Muscle Shoals project to serve the great Southeast. Then on to Boulder Dam to serve the great Southwest and parenthetically I want to emphasize that it is Boulder Dam. I refuse to attach to this great project the name of one who has fought Government ownership and operation for a decade or more. Thirdly, the Government will develop the St. Lawrence-Great Lakes waterway to serve the great Northeast. Lastly, will come the the great Columbia River in which, according to reclamation and Army engineers, reposes the greatest potential water power of all of the great valleys of the United States. I am proud that I come from that valley, and I am proud that I come from a State which contains one sixth of the potential water power of the whole United States within its borders.

We are vitally interested in the President's plan of developing all this water power, also for the purpose of flood control, irrigation, and navigation.

The statement has been made here that there is an overproduction. This has not been the case nor is it the case today. It is a matter of underconsumption. There will never be too much food until all the starving are fed. There will never be too much wool and cotton until all are comfortably clothed. There will never be too much fertilizers until all the worn-out farms are restored to normal fertility. There will never be too much power until every cottage in every hamlet and on every hillside has electric power and electric lights. The trouble has been and is that the purchasing power of the farmers and laborers has been destroyed. Restore this as the President proposes to do and bring down the prices of fertilizers and power to a cost-plus basis and all the proposed power and fertilizers will be consumed.

We know full well the sinister activities of the Power Trust in our State. They are on a par with Insull of Illinois. They spread propaganda against public ownership in our schools from the grammar grades up. They bribed college professors at $25,000 per year—in addition to their salaries—to spread their poison in universities all over the country. They subsidized the public press, especially the country newspapers, throughout the United States to carry their syndicated articles. This has been exposed by the Federal Trade Commission. Another trick of the industry has been to have their valuation for rate-making purposes about 10 times the valuation for taxing purposes.

The great purpose of this Muscle Shoals development is to establish a yardstick for the cost of production which will serve throughout the United States. Of course, it will be competition, and that is what we need. In Seattle and Tacoma municipal ownership has brought the prices down from 20 cents per kilowatt, when municipal ownership started, to about 2 cents per kilowatt. The private companies can sell at that price in those cities and still make a profit. But over in the Yakima Valley, where they have no competition, they have charged us from 8 cents to 12 cents per kilowatt. They have reduced their prices now, because the people enacted by initiative a power bill permitting the organization of power districts throughout the State, and the legislature enacted a law permitting Seattle and Tacoma to sell outside of the city limits. J. D. Ross, of Seattle, told me a week ago that Seattle could and would consider the proposition to sell in the Yakima Valley. Regulation has never brought down rates. Competition will. You are all familiar with the rates in Ontario, Canada, and those in New York across the Niagara. Power is developed from the same river. In Ontario, under public ownership, it costs about 2 cents per kilowatt, and in New York, under private ownership, it costs about 7 cents per kilowatt. Naturally the residents of Ontario use many times more electricity than those in New York. The voters of the State of Washington knew Governor Roosevelt's record on power in the State of New York. They knew his stand on the question from his speech at Portland. This explains the tremendous vote he received in that State last November. We rejoice that we have a dreamer and a practical statesman again at the other end of Pennsylvania Avenue who not only knows what the people want but has the courage to make his dreams come true.

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. LEE.]

Mr. LEE of Missouri. Mr. Speaker, I was considerably amazed at the remarks of the gentleman from New Jersey [Mr. EATON]. I do not know why he would not answer the question of the gentleman who asked him whether he was in the employ of the Power Trust. I do know, however, that the Power Trust has employed every crook in this country, including ministers of the gospel; and, besides, I know they have gone into the colleges and public schools of our country and put their own poison propaganda in them, had our own textbooks taken out, textbooks which gave both sides of the subject and let the student draw his own conclusions. [Applause.]

Now, to the gentleman from New Jersey [Mr. EATON], who talks about sectionalism, may I say, you Yankees over in New Jersey and Massachusetts have post-office buildings worth $200,000. Down South we have cities with five times the population of your cities renting little buildings for $10 a month for post-office purposes. For 12 years the South has suffered from your party's having everything its own way. You have drained out everything we had. But today your numbers are few and you will be mighty lucky if you can maintain your numbers in the next election. That is what is going to happen to you. [Applause.]

You come from districts that are solidly Republican, and you think you have to vote for the big interests of this country; but, I thank God, every decent progressive in this country has left you, and even HAROLD McGUGIN only votes with you occasionally, and one of your own Members told me they would trade him off for a gingersnap [laughter], but I would not give him for the whole darned caboodle of you. Ordinarily, he has more intelligence and more integrity than most of you who sit over there. [Laughter and applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Speaker, I am very much interested in this bill. I am very much interested in preserving what little we have left of our various natural resources, and Muscle Shoals is one of them.

We have heard much said here this afternoon about what this bill will do to private industry and especially to the Power Trust. I simply call your attention to this fact. For about 3 years we have been investigating the Power

Trust, and we find that this trust has practically destroyed government in the United States of America. They have bought up our halls of legislation and corrupted our judges throughout the country until they have robbed the people blind. They have taken from us everything.

We have right in my State, in the city of St. Paul, a dam built by the United States Government known as the "Ford Dam." For 49 years Ford has leased this power to the Northern States Power Co. for the small and insignificant sum of 2 mills per kilowatt. The power is being sold to the people of the State of Minnesota in some places as high as 17 cents per kilowatt—and this dam was built by the people's money.

If Congress wants to do something real it should protect our natural resources. We must quit turning over these natural resources to these money grabbers and to the Power Trust to be used forever as a means of extortion of generations yet to come.

We must also wake up to this fact: We have this water, the last of our natural resources—these rivers, God-given, running down hill, ready and willing always to turn out energy and electric power to give the people modern equipment in their homes—and we must protect these resources.

I hope this bill will receive the support not only of the House but of the Senate, so that we can once and for all dispose of this question and take the Power Trust out of the politics of the United States of America and make this a government of and by and for the people with respect to our natural resources. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Ohio [Mr. POLK] such time as he may desire.

Mr. POLK. Mr. Speaker, this measure providing for the use of the Muscle Shoals properties for flood control and to encourage agricultural, industrial, and economic development in the Tennessee Valley should be speedily passed. Since the cutting down of our forests, one of the greatest menaces to the happiness and prosperity of those who live along our great rivers are the constantly recurring floods. Every year in some part and often in many parts of the United States floods cause tremendous property damage, much suffering, and some loss of life.

Heretofore the efforts of the Government along the lines of flood control have largely been centered on the lower Mississippi River. For years we have poured millions upon millions of dollars into the fund for the purpose of controlling the Mississippi River floods. Most of this money has been spent in endeavoring to confine the bounds of the Mississippi River from St. Louis to the Gulf. It has evidently not been realized by those planning flood-control work that the surest way to prevent a flood in the Mississippi River is to prevent floods in the tributaries of this great river. They have apparently given no thought to the proposition that if floods are prevented in the Ohio, the Tennessee, the Missouri, the Arkansas, and the other large tributaries of the Mississippi River that the flood problem on that river will be solved.

As provided in this measure we are now approaching this problem from the proper angle, namely, that of controlling the rapidity of run-off from the headwaters of the tributary rivers. This method of building dams and reforesting areas which are suitable for reforestation is the most practical and best flood-control method that has been suggested.

I wish to assure my colleagues from the Tennessee Valley that we who live in that other great river valley to the north of you, the Ohio Valley, are much interested in this problem you have under consideration here today. We are faced with the same kind of flood problems as you are. During the past century at rather regular intervals the Ohio River has rushed through its course with floods which have caused great property damage, untold suffering, and much loss of life.

I do not believe anyone who lives away from a region which is menaced by floods can realize just what a flood means. They are unable to realize the feeling of one who helplessly watches the water gradually but swiftly rising at his doorstep with the knowledge that in a few hours it will be several feet deep in his home. They do not realize the tremendous force of such a torrent of waters which may carry away bridges and undermine roads and building foundations. They do not realize the amount of dirt and refuse which remains after the flood water has receded. Floors may be covered with an inch or more of sediment which must be quickly removed to avoid greater damage. Streets of towns and cities are littered with dirt.

We in the Ohio Valley are vitally interested in this problem. We hope that the next step in flood control will be the building of dams at proper places in the tributaries of the Ohio River, the building of retaining walls along the water fronts of our towns and cities, and the reforestation of marginal lands, thereby slowing down to some extent the rate at which rainfall runs off the land.

Surely there never has been a better time to do this flood-control work than now with millions of unemployed men and building costs at a lower level than usual.

I hope that our friends from the South and West and other parts of the country will join with those of us from the Ohio Valley States in the support of measures looking toward flood control on the Ohio and its tributaries. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, it seems strange that one who has been working on this measure as long as I have, and as long as the distinguished gentleman from Michigan [Mr. JAMES] has, should have to explain to anybody under the sun that our views are uninfluenced and unaffected by any power under heaven, such as the Power Trust or the Fertilizer Trust, or any "brain trust" from anywhere.

Of course, it is a source of deep regret to me that my good personal friend, Mr. JAMES, for some reasons that he will doubtless explain, cannot go all the way on this measure, but I will not permit that to prevent me from repeating what I have often said as to this project—it is immaterial where it is located—as a project for national defense, for the development of a great national resource of power, and for the improvement of a great interstate highway for navigation and for the control of the flood waters of the Mississippi and of the Ohio and of the Tennessee Rivers; and this man FRANK JAMES has rendered service that I am proud to testify to, which has preserved to this Nation this Muscle Shoals project through all these years.

Why should a man apologize to anybody under the sun for having honest convictions about how business projects ought to be carried on? Why, I have introduced at this session of Congress two bills on Muscle Shoals. On the 9th of March I introduced the first bill that proposed to call the corporation that should be created the "Tennessee Valley Authority." I set up in that bill my individual views about how this project should be developed.

Then, after we had conferred with the President, I introduced another bill, which was H.R. 4559, identical with the bill introduced by the gentleman from Alabama [Mr. HILL] and the gentleman from Alabama [Mr. ALMON]. These bills represented in principle, along with Senator NORRIS' bill, not identical as to words, the views of the President of the United States.

It is not improper for me to say that when my friend, Mr. NORRIS, and I conferred with the President he said to us, "You gentlemen draw the bills that you think represent our collective views that we have been expressing here"; and it was never understood or contemplated that the bill that would be introduced by myself or Mr. HILL and Mr. ALMON on this end of the Capitol would be identical in every particular respect with the bill to be introduced by Senator NORRIS.

Now some gentlemen come here and say that because this bill, which is the result of the work of 25 patriotic citizens, has not got the label of a certain distinguished gentleman at the other end of the Capitol they regretfully say they cannot support it with a whole heart, but must vote for it under what they describe as a "gag" rule.

This bill as worked out in committee, which received valuable suggestions from some able men who signed the mi-

nority report, is, in my judgment, the best bill ever brought here on Muscle Shoals or the Tennessee Valley.

Why do I say it? Because the whole project in this bill is on a business basis. It says that after the Cove Creek Dam and Dam No. 3 shall have been built—and here let me say parenthetically that everybody admits that the Cove Creek Dam not only ought to be built but it ought to be built by the United States Government in the aid of navigation and flood control. Even the gentlemen who appeared before the committee representing the interests of the power companies themselves said that when there should be a demand for power the Cove Creek Dam ought to be built and ought to be built by the Government, as a great governmental project, because private interests would never be able to build that and because private interests ought not to control it.

And when the 2 dams are built the Cove Creek Dam will double the primary power of every dam on the Tennessee River, and there are 11 or 12 of them. So when the other power projects are to be built, the President of the United States, on the advice of the Engineer Corps, will say how much of the dam is to be allocated to flood control, and how much to navigation, and the remainder represents power. I say that in building these dams and selling the power to be produced by them, would not business men dealing with their own affairs go about it in a businesslike way? I am Scotchman enough to believe that when gentlemen are doing business for the Government they ought to do it in a businesslike way.

Then as to the transmission lines. What is wrong with the provision in this bill that before the Government shall contract for the erection of transmission lines, at a cost of perhaps eight or twelve thousand dollars per mile, it shall say to the power companies owning parallel lines, "Now, Mr. Power Company, it is not the design that this investment shall be duplicated; if you will let us have your power line, for which we are willing to pay rent, or if you will sell us the power line at a fair price, we will take it off your hands." That is all that part of the bill means. Is not that business? Would the United States Government build one canal right alongside of an existing canal, or would it build one railroad alongside of an existing railroad or establish a ship route right alongside of an existing ship route? No. This bill putting the power into the hands of three men, who constitute the board of directors of the authority, is so reasonable that it will appeal to the commonsense of the Congress, and to all the country, and will finally and ultimately justify me in saying now, after some familiarity with this subject for more than 10 years intimately associated with it, that it is the best bill that has ever been presented to Congress on this subject.

Mr. WEARIN. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. WEARIN. There is no provision in this bill, is there, to bring additional agricultural lands under cultivation?

Mr. McSWAIN. There is no provision in this bill that will authorize the taking of marginal lands out of agricultural use, except by additional legislation. The President could recommend it without the authority contained in section 28 of the bill. The President, by virtual suggestion, is authorized after studying the subject to recommend additional legislation on all those subjects. He can do it without that, but that is merely a provision put in there just like a signboard on the road, which does not say that you have to travel a certain way, but says in effect: "If you want to go to Pittsburgh, you ought to take this road." [Applause.]

I yield 3 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Speaker, many men who have spoken from the floor of the House on this legislation now before us, have said that if this bill would be enacted into law, it would signify we were becoming socialistic. In other words, everything we undertake to do that is progressive is called, by some, either socialism or communism. What difference does it make whether it is Socialism, Communism, Protestantism, Catholicism, Judaism, Confucianism, Mohammedanism, Buddhism, Brahmanism, or any other kind of "ism", as long as the masses will be the ones who will derive the benefit?

Mr. Speaker, I come from a district where there are many utility companies, and may I say, without any hesitation, these companies are not paying taxes in proportion to their valuation. As I stated in a previous address, if the utility companies could be compelled to pay a just tax, as the small business man and home owner is compelled to pay, we would always be able to balance our Budget. In fact, we would have a surplus which could be used to provide adequate pensions for the aged, widows, the blind, and all others who are physically incapacitated. There would be no necessity for such a thing as poorhouses, or unfortunates being compelled to beg on the highways for a livelihood.

The natural resources of the earth were not created for a privileged few. They belong to the people of the earth. Therefore, the people as a class should own them. There are many States and towns in the United States that own, control, and operate electric power and water systems, and it has been proved, under municipal ownership, the citizens of these communities have much lower rates than those who reside in cities and towns where the electric power and water are owned by private corporations.

We do not hear any person criticizing the Government because it has a postal system, or because we have a public-school system; we do not hear criticism because the States and counties own the roads and bridges. Why, then, take exception to the Government's going into the electric-power business? Let us be progressive and a little more humane. In fact, it is my opinion this world could be turned into a paradise if we men who are in power would legislate in behalf of the masses instead of the privileged few.

Mr. JAMES. Mr. Speaker, I yield the remainder of my time to the gentleman from Pennsylvania [Mr. COCHRAN].

Mr. COCHRAN of Pennsylvania. Mr. Speaker, first I desire to publicly acknowledge the courteous and fair treatment accorded the minority members of the Committee on Military Affairs by its distinguished chairman, the gentleman from South Carolina [Mr. McSWAIN]. [Applause.]

I shall vote against this resolution, and I ask your respectful attention while I detail some of the reasons for arriving at that conclusion. For more than a century and a quarter the people of the Tennessee Valley have sought the development of the power sites of the river and of the natural resources of the valley. Organizations were formed and glittering proposals were made to capital, but capital could not be interested. In 1906 the movement took concrete form in the organization of the Muscle Shoals Hydroelectric Power Co. for the purpose of the development of the power site on the river, known as "Mussel Shoals", though now termed Muscle Shoals; and renewed efforts were made to induce capital to invest, but capital makes no investment except the project present a reasonable chance for profit. That corporation continued its efforts until 1913, when the lobby mentioned by the gentleman from Pennsylvania [Mr. McFADDEN] came into action. The engineers of the War Department were approached, and navigation upon the Tennessee was discussed, and flood control; but nothing was accomplished until 1916, and then only under the urge and stress of the World War. The National Defense Act was passed on the 3d of June of that year.

Nitrogen is an essential ingredient of explosives, and our source of supply theretofore was Germany and Chile. Further supplies from the former were barred by the war, and war-time hazards of ocean transportation rendered importations from the latter impractical.

A process for the fixation of atmospheric nitrogen had been perfected, and it required power. The Government, to secure an independent source of nitrogen, determined to construct such a plant and sought a hydroelectric power site, which of war-time necessity must needs be situate remote from the coast to avoid possible attack by an airplane of an enemy. Neither the power sites on the river nor the natural resources of its valley had warranted their de-

velopment by private capital, but the additional factor of remoteness rendered the Muscle Shoals power site admirable for the purely military purposes of the Government.

The reports of the hydraulic engineers up to that time were to the effect that the Tennessee River is what is termed a very "flashy" stream, because the water flow varied from 7,000 second-feet in certain seasons of the year to 400,000 and 500,000 second-feet in other seasons of the year. It is that fact that makes necessary the building of Cove Creek Dam; principally for storage purposes.

I beg your indulgence while I read section 124 of the National Defense Act. This section is the pole star that should guide us in arriving at a solution of this question. It is national defense that I want to keep before you at all times.

The President of the United States is hereby authorized and empowered to make, or cause to be made, such investigation as in his judgment is necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products by water power or any other power as in his judgment is the best and cheapest to use; and is also hereby authorized and empowered to designate for the exclusive use of the United States, if in his judgment such means is best and cheapest, such site or sites upon any navigable or nonnavigable river or rivers or upon the public lands as in his opinion will be necessary for carrying out the purposes of this act; and is further authorized to construct, maintain, and operate, at or on any site or sites so designated, dams, locks, improvements to navigation, power houses, and other plants and equipment or other means than water power as in his judgment is the best and cheapest, necessary or convenient for the generation of electrical or other power and for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers and other useful products.

I shall omit the next paragraph and read the succeeding:

The products of such plants shall be used by the President for military and naval purposes to the extent that he may deem necessary, and any surplus which he shall determine is not required shall be sold and disposed of by him under such regulations as he may prescribe.

That is, that the products of this plant, constructed for national-defense purposes, shall be used in time of war for war purposes, and the products in time of peace shall be "sold and disposed of", using the very words of the act. The products of Muscle Shoals are, first, power, and, second, nitrates; and those are the things that are to be "sold and disposed of." The manufacture of fertilizers was a later consideration, but the National Defense Act provided that those two products should be "sold and disposed of."

Under authority of that act the United States constructed the Wilson Dam and power plant at Muscle Shoals at a cost of $47,000,000, at a time when a responsible contracting firm offered to construct it for a price of $25,000,000. The greatest argument against the Government in business at Muscle Shoals is the experience already had there.

It not only built the Wilson Dam at an expense of $47,000,000 but because this was a very "flashy" river, it had to build a steam plant in order to supplement the hydro power at low-water time. Twelve million dollars were spent in the construction of the steam plant. The Government then constructed nitrate plant no. 1 at a cost of $13,000,000. It sought to make nitrogen by the Haber process, which we thought we had in some way taken from Germany, but one step was missing, and that plant was a failure and its entire cost a loss.

We next constructed nitrate plant no. 2 at an expense of $55,000,000. Now, I come to a very controversial point, namely, whether nitrate plant no. 2 is obsolete and antiquated, as claimed by some, or is an up-to-date nitrate-producing plant. The bill itself bears evidence that it is obsolete, because it speaks of modernizing the plant. In another place it admits its obsolescence when it states that in the manufacture of fertilizer the capital investment or the charge against capital as regards nitrate plant no. 2, shall be not $55,000,000 nor the half of it nor the quarter of it, but shall be considered to be not to exceed $6,000,000. It may be any insignificant sum if it is desired to reduce the cost of fertilizer in order to shorten the mythical "yardstick."

Mr. McSWAIN. Will the gentleman yield for a question?

Mr. COCHRAN of Pennsylvania. I yield to the chairman of the committee.

Mr. McSWAIN. The gentleman remembers, of course, that not the entire property constituting nitrate plant no. 2 would be employed in the production of nitrogen for fertilizer purposes; the entire plant would not be used for the production of nitrogenous plant food, but that in the process of making fertilizer you cut out at a certain point. You do not use that part of the plant used for nitric acid nor for the making of ammonium nitrate, and that the break-down for that part of the plant which would be used in the making of fertilizer would be shown at a cost of $18,000,000 and that 33⅓-percent salvage of the original war-time investment would be a pretty fair figure. Is that not so?

Mr. COCHRAN of Pennsylvania. In answer, I would say, respectfully, that no 33⅓ percent capital charge is provided, in the bill, because the wording is "not to exceed $6,000,000." It may be a mere nominal sum, and I venture the opinion that it will be a mere nominal sum if it becomes necessary to reduce the cost of fertilizer in order to shorten the mythical yardstick.

I ask your indulgence again while I read from the hearings excerpts from the testimony of Judson C. Dickerman, who stated he is a public-utility investigator, an engineer-investigator for the Federal Trade Commission.

Asked by the chairman to detail his study and experience, he replied:

Originally I am a graduate of the Massachusetts Institute of Technology in chemical engineering, in which I gave a great deal of consideration to power engineering. Since then I have had manufacturing experience in chemical plants; I have had charge of a utility; I have been the principal engineer in charge and supervision of all the utilities, except railroads, for the State of Virginia; have been connected with the Wisconsin Railroad Commission in the utility investigations; was assistant director of the giant power survey in Pennsylvania and a staff member of the public-service commission there; and I have been for 4 years traveling over the country investigating the physical properties and the operating conditions of the power plants in this country.

Dr. Dickerman stated his familiarity with nitrate plant no. 2 and that that plant was antiquated; yet this is the plant this bill would seek to modernize by spending the money of the taxpayers, at a time when they are already overburdened, in order to make fertilizer. The existing fertilizer plants in the United States have a present production capacity three times present consumption.

There is great controversy here as to the most economical method of developing electrical energy, whether by the hydro method or by the steam method.

I make the statement after considerable study and mature thought that the cost of electric energy in a given locality cannot be used as a yardstick to determine what should be the cost in another locality. The factors entering into such cost are never identical. Nature has favored some localities over others. If a power site can be found upon a river with an ample, steady flow of water in all seasons, at a point where the dam can be constructed at low cost and large storage can be had at low cost and near a large industrial market, the price at which such power can be sold will be far below that at a site where one or more of these factors are lacking. Likewise, if it is sought to develop electric energy by a steam plant, and the plant can be located near a large supply of low-priced coal and near a steady industrial market, the price to the consumer will be far below that of power from a plant less favorably located. There will thus be a wide difference between the cost of electric energy generated at Muscle Shoals and the cost of electric energy generated at any point, we will say in the State of Nebraska, where there are few, if any, power sites and where freight rates increase the cost of coal. Thus the cost at Muscle Shoals cannot be used as a yardstick to determine what should be the cost in Nebraska.

Further testimony of Dr. Dickerman upon this subject, when his attention was directed to it by the chairman and

he was asked to make a comparison of costs between these two sources of energy, is as follows:

I am continually making those comparisons in reports which I have been making for the last 4 years. I have had occasion to find out what both the installation and operating costs of various hydro and steam electric power plants have been, so that I have gathered a considerable knowledge of such matters.

Now, when it comes to comparison of hydro as against steam production, it appears to me that there are at least three groups or factors which must be considered as regards any particular place in which you wish to develop power. One very obvious one is the probable cost of coal over a period of years. At the present time we are all aware that coal is being sold at the mines at a cost which represents practically no return on investments; a dollar a ton or less is a prevailing price. How long that will last we do not know. It is bound to last for a while, but it does not seem conceivable that that can remain as the fundamental price for coal over a period of years.

The cost of coal includes, at the point of use, the railroad or freight charges to deliver it. There are power plants in this country which, in the last few years, have been charging coal into their plants at $2 a ton. Those are located in the coal-mining States. The companies which are operating in such sections as New England and New York State are having to charge in from $4 to $5. In the interior of New England they have to charge in practically $6 a ton for their coal. So the coal price, regardless of what it is at the mine, will vary according to the transportation charges to different parts of the country.

Another factor is, What sort of service do you expect to supply? If you are going to supply a community or a group of communities that are commercial, residential, and only moderate in their industrial development—a few factories employing 50 or a hundred people—you will find that what we call the load factor—that is, the percentage of the total time that the equipment will be operated at full capacity—is apt to be only between 30 and 40 percent. If you are going into a highly industrialized community, where there are large factories that are likely to have continuous operations throughout the year, you may get your load factor built up to around 50 percent. If you can operate a lot of electrochemical or electrometallurgical industries, such as are clustered around Niagara Falls, you may get a load factor of approximately 80 percent.

I have wondered whether the residents of Nebraska honestly expect electric energy at the price at which it can be produced at Muscle Shoals.

Comparisons have been drawn between the cost of electric energy in the State of Washington and its cost elsewhere. Nature has been bountiful in her gifts to the State of Washington, for there, it is stated, are found 20 percent of the power sites of the United States, an unlimited source of power at the lowest possible production cost. So I repeat that no "yardstick" is possible to be made at Muscle Shoals which will honestly measure the cost of electric energy at any considerable distance therefrom.

At Muscle Shoals I saw a deserted city of perhaps a hundred modern, well-constructed homes, many of them of brick, with fine improved streets. This city is unoccupied. These buildings are unoccupied because there is no demand for the electric energy that can be produced there. That cheap energy has not succeeded in attracting any industries; and I foresee if this great construction program goes forward, as it doubtless will, to produce additional surpluses of electric energy for which there is no demand, that the ghosts will play around those plants as they are nightly playing around that deserted city.

Saturday it was asserted by one of the persons favoring this bill that the Government is selling power at Muscle Shoals at 2 mills a kilowatt. This statement, like many others with reference to the cost of electric energy in different localities of the country, is startling in the absence of an explanation. The six Southern States are served by six utility corporations, and the common stock of these operating utilities is held by the Commonwealth & Southern Corporation. These operating utilities today sell only two thirds of the power they produce. Representatives of the War Department besought them to buy Muscle Shoals power. These utilities had their hydro plants and their steam plants. They wanted to cooperate. They did not need the power. So the engineers of the War Department and those of these utilities got together. The utilities agreed to take annually a minimum of $560,000 worth of energy at 2 mills a kilowatt-hour; but this price was based upon the savings the utilities could achieve by shutting down steam plants—that is, the saving in wages and coal. The capital charges continued against these steam plants, and the net result was that these utilities made no more money than they would had they generated a like amount of power in their steam plants, while the United States receives $560,000 or more annually.

I have listened to glittering generalities here and invectives against electric utilities as a class. I do not know whether there is a foundation for these charges, because only conclusions are stated, not facts upon which we might judge the soundness of the conclusions. It ought not to be necessary for a Member of this House to preface any remarks he has to make with reference to utilities with the statement that he is not financially interested in them. I hold no brief for any utility. I am a lawyer. I fight them when they do wrong; but I do want to direct your attention to the utilities in the six Southern States.

The uncontradicted testimony before the committee is that every issue of stock or bonds for capital purposes has first been approved and authorized by the utility commissions of the respective States, and that after this authorization has been secured every dollar received from the sale of stock or bonds has been expended under the direction of these utility commissions.

I am speaking rather in behalf of the owners of the $500,000,000 of invested capital in these utilities. The uncontradicted evidence is that there is not a cent of water, that there has not been a cent of write-up in order to boost rates. It may be that inequalities exist in matters of rates, but if they do the fault lies with the rate-making bodies. I may state that insofar as my knowledge goes there is not a single stockholder of any of these utilities within my congressional district.

The further evidence is that if the Government goes into the business of either building or acquiring transmission lines within transmission distance of Muscle Shoals, this entire investment will be lost. This is the fear of the people who have invested their money. I desire to read at this point a letter received a few days ago:

TALLADEGA COLLEGE,
UNDER THE AUSPICES OF THE AMERICAN
MISSIONARY ASSOCIATION,
Talladega, Ala., April 19, 1933.

MR. THOMAS COCHRAN,
Congressman from Pennsylvania, Washington, D.C.

DEAR MR. COCHRAN: I am a holder of preferred stock in the Alabama Power Co. I know of many others like myself who have put their small savings in this stock. For this reason I object to the Federal Government building transmission lines for the distribution of electric current, as it would cause a hardship on all these people. I come from Grove City, Pa., but my work calls me here.

Yours sincerely,

E. C. MEYERS.

The letter indicates that Mr. Myers is the controller of Talladega College.

It is not an idle statement that the acquisition by the governmental agency of the existing transmission lines, or its construction of competing lines, would destroy the entire investments of the people of the six Southern States and elsewhere, in the bonds and preferred stocks of the operating utilities.

It grieved me to hear one of the supporters of this resolution say that the governmental agency should have legislative authority to construct transmission lines, so that it would be armed with a club which would compel the utilities to sell at the agent's arbitrary price. In other words, it is sought to have the Government enact the role of a highwayman and bludgeon its citizens out of their property.

An electric utility is composed essentially of three units, namely: First, the generating or power unit; second, the transmission lines or transportation unit; and, thirdly, the sales unit or municipal distribution plant. If the governmental agency takes the transmission lines at its arbitrary price, or constructs competing lines, it follows as night the day that the generating unit and distribution units are valueless. Under this scheme the governmental agency proposes to generate electric current at Muscle Shoals and 11 other plants authorized to be constructed on the river, to take over existing transmission lines at its price or construct

others, and seize without any compensation whatever the entire markets that have been built up by the existing utilities, such action rendering valueless the generating units of the existing utilities. It should be noted here that no evidence whatever was presented to the committee that the services of the utilities are, or have been, inadequate or that their rates are, or have been, other than just, fair, and reasonable. To those who advocate that our Government should engage in such an undertaking, I will say that, by way of comparison, banditry is an honorable profession.

The governmental agency can and will sell electricity below the actual cost of production, for it pays no taxes, and will reduce charges against capital investment to a nominal figure to justify its continued existence. The history of such governmental agencies is that they perpetuate themselves, without regard to the cost to the taxpayers.

Many of the arguments advanced above apply with equal force against the Government's engaging in the production of fertilizer at Muscle Shoals. The Government nitrate plant cost $55,000,000, and the pending resolution provides that in ascertaining the cost of production the capital charges shall be made against a sum not in excess of $6,000,000, which means that there will be no capital charges. The agency is obligated to produce fertilizer below the cost at which it can be produced by modern methods at the most efficient plant in the United States.

Fertilizer produced at Muscle Shoals will be sold within a very limited area, for the sales area of such a heavy, bulky commodity, defined by freight rates, is necessarily small. Owing to the controlled items of cost in its manufacture at Muscle Shoals its cost there affords no "yardstick of price" elsewhere. The whole proposition is simply to establish another subsidy, which would benefit nobody, not even those who would purchase the cheap fertilizer. It would only add to the present surplus of cotton. The hidden costs of the fertilizer, not reflected in the sale price, would be borne by the taxpayers of the country, including the wheat farmer and the dairyman.

The final argument in favor of the resolution is that the development of the power sites of the Tennessee River and of the natural resources of its valley would give employment to the jobless. But the proposition is to produce those things for which there is no present or prospective demand, and of which the country now has and for years has had a great surplus.

I will remark that there is in existing industries today a job for every person unemployed and willing to work, and that the efforts of the Congress would be more beneficially employed if directed toward starting those industries. When they are started, the masses will be restored to their old purchasing power, agriculture will again flourish, and the depression will be a matter of history.

Pennsylvania is the greatest industrial State of the Union, and for this reason feels the direst effects of the depression. Thousands of her citizens are unemployed. Revival of industry will necessarily commence within her borders. Such revival would be greatly stimulated by the Government's immediately adopting the Allegheny River-French Creek route as the route for the Ohio River-Lake Erie ship canal, and connecting with it at the same time the canalization of the Beaver, Shenango, and Mahoning Rivers. Sixty-three miles of this route is now completed. George Washington advocated a ship canal connecting the Ohio River and Lake Erie. A recent economic survey of the territory contiguous to such route has shown the project self-liquidating. Ships would travel north with cheap coal and oil and its products for the Northwest and return with that section's wheat and ore from the Lake Superior districts. The coal and oil industries of western Pennsylvania and the steel industries of Pittsburgh and the Shenango and Mahoning Valleys would flourish.

It may well be that this is the point at which we can pierce the lines of depression and start our country on its road to its accustomed prosperity. Its promise justifies the attempt.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, in connection with the matter of the watered stock, I call the attention of the House to the testimony of Mr. Willkie, who is the president of the holding company known as the Commonwealth & Southern. The testimony showed that there are several intermediate holding companies and that it finally heads up in the banking firm of J. P. Morgan & Co., and on page 238 of the hearings I asked Mr. Willkie these questions:

The CHAIRMAN. Mr. Willkie, do you say that all of this common stock that the holding company owns, which has a third-lien status upon the earnings of the company, represents cash investment in the physicial properties of these plants?

Mr. WILLKIE. I would not say that exactly; that is a rather difficult thing to measure. These companies are a growth of gradual consolidations. Take, for instance, the company that Mr. Arkwright told you about, one company going into another company.

I think it was claimed before the Federal Trade Commission in connection with the Georgia Power Co. that some increase in value was placed on the Georgia Power Co. in connection with lands it acquired in 1902. The consolidation took place in 1926, and the Georgia Power Co., in accordance with the well-established rule of law that you are entitled to increases in the value of real estate, claimed some value for that increase.

The CHAIRMAN. How did the Tennessee Power Co. pick up $10,000,000; that is, the difference between the $90,000,000 investment and $102,000,000, the present stock valuation?

Mr. WILLKIE. Mr. Guild can answer that question.

Mr. GUILD. I think, Mr. Chairman, that can be answered by the consolidation that took place when the Tennessee River Power Co. became a part of the Tennessee Electric Power Co. There was a loss of about $7,000,000 or $8,000,000 that was charged off, and the real value of Hales Bar stands on our books now at about $9,000,000, when the real value was about $12,000,000 or $13,000,000. That loss was sustained by the other company.

Then Mr. Dickerman, who is certainly an impartial witness, being employed by the Federal Trade Commission, testified, beginning on page 335 of the hearings, as follows:

Mr. Goss. Do you think those figures they have given me are accurate?

Mr. DICKERMAN. Well, let me say one thing about the rate of return, which I am not thoroughly impressed with. They may figure 6 percent, but there is not a utility company going that is trying to do business on 6 percent on their actual investment. They have included, as our Federal Trade Commission reports have shown, their capital charges in their investment accounts, and if they earn 6 percent on capital, they are earning 8 or 9 percent on the real investment.

Mr. GOSS. Will the gentleman yield there?

Mr. McSWAIN. Certainly.

Mr. GOSS. If my memory serves me correctly, Mr. Dickerman, of the Federal Trade Commission, admitted that out of the $600,000,000 invested in all of these companies there was a write-up of about $9,000,000. Is not that correct?

Mr. McSWAIN. That was in the case of the Tennessee Power Co.

Mr. GOSS. That was all they found in respect of all the properties, was it not?

Mr. McSWAIN. That is the only actual item that they were able to identify as to how it got in, but he states that the fact is it must be in there somehow, because when they figure 6 percent on their capital they are figuring enough to represent 8 or 9 percent on the actual physical value of the property. So this shows that Mr. Williams, of Mississippi, a son of the distinguished John Sharp Williams, and himself a consulting engineer, was right when he testified that the company that had employed him as consulting engineer had ascertained that they could go to Georgia and construct power plants and transmission lines and a distributing system through the city of Atlanta and make a reasonable profit on their investment by charging the consuming public only 52 percent of the rates now prevailing in Atlanta.

So I submit that these statements by Mr. Dickerman and Mr. Williams corroborate one another and indicate that the public impression that has grown up out of the experience of millions of people of the country, to the effect that the rates charged by the utility companies for both domestic and industrial use are unjustifiably high, is probably a correct impression.

Mr. McFADDEN. Will the gentleman yield?

Mr. McSWAIN. I will yield.

Mr. McFADDEN. The gentleman will agree that the exploitation of the power companies has been perpetrated by the banking houses?

Mr. McSWAIN. I do not know who the power is behind the throne. I have not been able to go into all the intricacies of the holding companies. Our time is limited, we have no funds to bring witnesses here, and no funds to pay them; but, as I said, it appears by the statement of Mr. Dickerman that the holding companies have exploited the utility companies and it has finally landed in the banking house of J. P. Morgan & Co.

Mr. McFADDEN. That is one of the reasons why I introduced the resolution calling for an investigation of the Treasury income-tax department, because these people have not paid their proper share of the taxes.

Mr. McSWAIN. If anybody has escaped the payment of his share of the taxes, I am in favor of an investigation.

Mr. KVALE. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. KVALE. I have in my hand a statement which shows that the Tennessee Power Co. has an assessed value of $59,000,000 for taxable purposes, and for rate-making purposes the same property is valued at $94,000,000.

Mr. McSWAIN. I thank the gentleman.

Mr. KENNEY. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. KENNEY. I understand that some of these companies have underwritten the charges as capital. Does the gentleman know of any case where the underwriting charges are written off?

Mr. McSWAIN. I do not; I do not know very much about holding companies. I do not know how they came into existence or what they are for; but I have had a little experience in telephone concerns, and I have been convinced that a lot of these parent companies milk the local companies and make it appear that the local companies are not earning much of anything, whereas the earnings go into the coffers of the parent company.

It is difficult, therefore, to write legislation that will satisfy some of our friends. My amiable and delightful friend from Pennsylvania, Mr. RANSLEY, for instance.

Now, when Henry Ford wanted to acquire the Muscle Shoals property it would seem that the proposition ought to satisfy anybody who is in favor of private operation. Mr. Ford said that if the property was leased to him he would operate it as a private proposition and would manufacture fertilizer, and that his personal fortune would be behind it, and then all the rest of the power he would use for Henry Ford. What he was going to do with it nobody knows.

But what happened when the bill was brought out of the Military Affairs Committee? A report was signed by my distinguished friend from Pennsylvania, and 4 or 5 others, who are not Members of Congress now, in which they said:

> A large amount of evidence was brought before the committee to show the wide-spread demand in the South for hydroelectric power and the concern which is felt in that section lest the Muscle Shoals power be entirely withdrawn from public service.

In other words, they were then much afraid that private industry—to wit, Henry Ford—would gobble up all the power generated at Muscle Shoals. The truth is the power companies wanted that power then and they want it now. They admit they will buy it now on a long-term contract and pay over $2,000,000 a year for it.

Mr. RANSLEY. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. RANSLEY. The gentleman also recalls that Henry Ford became frightened over the proposition and withdrew it.

Mr. McSWAIN. I remember that very well, but I believe that but for the opposition made by my distinguished friend and his associates and men of like mind at both ends of the Capitol Henry Ford today and through all these years would have been operating that property, turning out 2,000,000 tons of mixed fertilizer a year for the benefit of the farmer, and using all of that power, and not come into competition with a single one of these "precious power-utility companies."

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. McFARLANE. Several gentlemen on the other side of the aisle in the course of debate have stated that there are ample plants in existence to furnish fertilizers to the country. I ask the gentleman whether he is familiar with the fertilizer that was last year used on the Mount Vernon road, between Washington and Mount Vernon, and on other projects, which was shipped into this country from Germany?

Mr. McSWAIN. I have heard about that. I want to stick to the main track. As to the necessity of having additional power, when the then Secretary of Commerce, Mr. Hoover, made a speech in Seattle on August 21, 1926, it then appeared to him that there was not only a demand for power at Muscle Shoals and in the Cumberland River and in the Columbia River but that there was a necessity for such power, and he expressed the hope in that address that there would be a devotion of a large part of the power which shall be created there to the development of the electrochemical industry as a "national necessity for industry, agriculture, and the national defense."

In 1926, therefore, it was all right. In 1930, sitting as President, when we offered a bill which would have accomplished, in large measure at least, the development of this property, the very object that appeared desirable when he made the speech in Seattle in 1926, it was met with the most vigorous veto. One provision that was in the bill as it passed both Houses of Congress and would have become a law except for the signature of the President in 1928, when it was met with a pocket veto, and in 1930, when it was met with a very positive veto, was the provision that if power was sold by the corporation operating the property to a public-utility company, reselling power for profit, that such power might be withdrawn upon 2 years' notice to the power utility company, that the power was needed either for States, municipalities, counties, or cooperative associations.

In this bill the time has been increased, so far as notice is concerned, from 2 years to 5 years. When the representatives of the power interests were before us and protested against that provision I said that the mere length of time was immaterial. We thought 2 years was fair enough for them to build another power plant, and I asked the question myself if they would tell us what they think is a fair limit of time. They declined to say, but after the committee got around the table and began to consider the matter, we decided to more than double it, and now, so far as this bill is concerned, it is 5 years. I think that surely ought to foreclose any criticism or complaint that this committee has been actuated by anything like prejudice or the spirit of unfairness toward these interests.

In conclusion, very briefly, this bill is in pursuance of the policy of conservation which has been proclaimed for 21 years by both the great parties of this Nation, representing at least 95 percent of the entire population of the country, beginning with the declaration of the Progressive Party in 1912, saying in effect that the power then in the public domain, or in the navigable waters, was a national asset and should be preserved in public hands for the benefit of all the people; and from that time to this day every single party platform has proclaimed that to be its policy. How can any of us say that this bill which carries that policy into effect is, as has been said, socialistic or communistic or sovietistic? This is the policy of 95 percent of the American people. It is that the power incidentally developed in pursuance of those projects of navigation and flood control is an asset of all the people. Great complaint was made before our committee by some representatives of the power companies that such legislation as this would deprive some women and children who have invested some money in these public-utility bonds and preferred stock, of their investment. In the first place I am satisfied it will not do it. The bill is as fair as it could be.

It says, "If you have a power-transmission line and we need it we will buy it from you and pay its reasonable price,

and you can take that money and distribute it as a stock dividend among your stockholders and pay them back this money you are now grieving about." But in the next place, my friends, we have to direct our attention to some women and children who are not owners of stocks and bonds. I must assume that at least a large part of the women and children who have been able to put money into bonds and preferred stocks of public-utilities companies have some more money invested in some other stocks and bonds. I am thinking of the millions of women and children who have to earn their own bread by their daily toil.

The SPEAKER. The time of the gentleman from South Carolina [Mr. McSWAIN] has again expired.

Mr. McSWAIN. Mr. Speaker, I yield myself the remainder of the time.

I am thinking of those millions of women and children who are compelled to have electric power for light and for other domestic purposes, and when they, out of their meager earnings, are compelled to pay more than a fair and reasonable return on the actual physical property employed in the production, transmission, and distribution of that power, then an unfair exaction is being made of them. Their money is unjustly taken from them. I summon before your mind all those millions of women and children struggling for a bare existence, against the few thousand who are stockholders and bondholders in the utility companies involved. [Applause.]

The SPEAKER. The time of the gentleman from South Carolina has expired.

All time has expired.

Mr. McSWAIN. Mr. Speaker, by instruction of the Committee on Military Affairs, I offer two very brief committee amendments, which are on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. McSWAIN for the committee: On page 23, line 1, after the word "shall", strike out the word "by" and insert the following: "be voidable at the election of"; and beginning with and including the first word "be", strike out the remainder of the sentence.

Mr. McSWAIN. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from South Carolina [Mr. McSWAIN].

The amendment was agreed to.

The SPEAKER. The Clerk will read the second amendment offered by the gentleman from South Carolina.

The Clerk read as follows:

Amendment offered by Mr. McSWAIN for the committee: On page 23, in line 21, after the first word "from", insert the word "such", and after the word "bonds" and the comma following it, insert the following words: "as the Authority may make available to the Secretary of War for that purpose."

Mr. McSWAIN. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on the amendment offered by the gentleman from South Carolina [Mr. McSWAIN].

The amendment was agreed to.

Mr. McSWAIN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

Mr. McSWAIN. Mr. Speaker, I ask your indulgence. It has been agreed that the final vote on this bill will come tomorrow, and I do not now move the engrossment and third reading and final passage.

Mr. RANKIN. Mr. Speaker, I desire to serve notice on the House that I shall offer a motion to recommit to substitute the Norris bill. That may be done tomorrow.

The SPEAKER. The Chair suggests that the bill may be engrossed and read a third time.

Mr. McSWAIN. Very well.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. RANKIN. Mr. Speaker, I offer a motion to recommit to substitute the Norris bill.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. RANKIN. I am.

The SPEAKER. Is there any member of the committee who is opposed to the bill who desires to offer a motion to recommit? [After a pause.] The Chair hears none.

Mr. McSWAIN. I desire to reserve all points of order on the proposed motion to recommit.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. RANKIN moves to recommit the bill to the Committee on Military Affairs with instructions to report it back forthwith with the following amendment: "Strike out all after the enacting clause and insert the following."

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the amendment referred to may be considered as read and be printed in the RECORD at this point.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The amendment is as follows:

Strike out all after the enacting clause and insert the following:

"That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of 'The Tennessee Valley Authority' (hereinafter referred to as the 'Corporation'). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the 'Tennessee Valley Authority Act of 1933.'

"SEC. 2. (a) The board of directors of the Corporation (hereinafter referred to as the 'board') shall be composed of three members, to be appointed by the President, by and with the advice and consent of the Senate. In appointing the members of the board the President shall designate the chairman. All other officials, agents, and employees shall be designated and selected by the board.

"(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, one at the end of the fifth year, one at the end of the tenth year, and one at the end of the fifteenth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring 15 years from the date of the expiration of the term for which his predecessor was appointed.

"(c) Any member appointed to fill a vacancy in the Board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(d) Vacancies in the board so long as there shall be two members in office shall not impair the powers of the board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board.

"(e) Each of the members of the board shall be a citizen of the United States. The chairman of the board shall receive a salary of $10,000 a year. Other members of the board shall receive salaries of $9,000 each per annum. Each member of the board, in addition to his salary, shall be permitted to occupy as his residence one of the dwelling houses now owned by the Government in the vicinity of Muscle Shoals, Ala., the same to be designated by the President of the United States. Members of the board shall be reimbursed by the Corporation for actual expenses while in the performance of the duties vested in the board by this act. No member of said board shall, during his continuance in office, be engaged in any other business, but shall give his entire time to the business of said Corporation.

"The board shall select a treasurer and as many assistant treasurers as it deems proper, which treasurer and assistant treasurers may be corporations and banking institutions and shall give such security for the safe-keeping of the securities and moneys of the said Corporation as the board may require: *Provided*, That any member of said board may be removed from office at any time by a concurrent resolution of the Senate and the House of Representatives.

"(f) No director shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Corporation as a producer of concentrated fertilizers or as a producer of electric power.

"(g) The board shall direct the exercise of all the powers of the Corporation.

"(h) All members of the board shall be persons who profess a belief in the feasibility and wisdom of this act."

SEC. 3. The board shall appoint such managers, assistant managers, officers, employees, attorneys, and agents, as are necessary for the transaction of its business, fix their compensation, define their duties, require bonds of such of them as the board may designate, and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed in the discretion of the board.

"SEC. 4. Except as otherwise specifically provided in this act, the Corporation—

"(a) Shall have succession in its corporate name.

"(b) May sue and be sued in its corporate name, but only for the enforcement of contracts and the defense of property.

"(c) May adopt and use a corporate seal, which shall be judicially noticed.

"(d) May make contracts as herein authorized.

"(e) May adopt, amend, and repeal bylaws.

"(f) May purchase or lease and hold such personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

"(g) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation.

"(h) In the name of the United States Government to exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States Government.

"SEC. 5. The board is hereby authorized and directed—

"(a) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of that produced by Government plants. Such contracts may provide either for outright purchase by the Government or only for the payment of carrying charges on special materials manufactured at the Government's request for its program.

"(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce.

"(c) To cooperate with national, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

"(d) The board shall manufacture fixed nitrogen at Muscle Shoals by the employment of existing facilities by modernizing existing plants, or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen.

"(e) Under the authority of this act the board may make donations or sales of the total product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct, for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of use of same.

"(f) The board is authorized to make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants.

"(g) To establish, maintain, and operate laboratories and experimental plants, and to undertake experiments for the purpose of enabling the Corporation to furnish nitrogen products for military and agricultural purposes in the most economical manner and at the highest standard of efficiency.

"(h) The board shall have power to request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Corporation the better to carry out its powers successfully, and the President shall, if in his opinion, the public interest, service, or economy so requires, direct that such assistance, advice, and service be rendered to the Corporation, and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board.

"(i) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

"(j) Upon the requisition of the Secretary of War the Corporation shall allot and deliver without charge to the War Department so much power as shall be necessary in the judgment of said Department for use in operation of all locks, lifts, or other facilities in aid of navigation.

"(k) To produce, distribute, and sell electric power, as herein particularly specified.

"(l) No products of the Corporation shall be sold for use outside of the United States, her Territories and possessions, except to the United States Government for the use of its Army and Navy or to its allies in case of war.

"SEC. 6. In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is guilty of a violation of this section shall be removed from office by said board.

"SEC. 7. In order to enable the Corporation to exercise the powers vested in it by this act—

"(a) The exclusive use, possession, and control of the United States nitrate plants nos. 1 and 2, including steam plants, located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco limestone quarry, in Alabama, and Dam No. 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof are hereby entrusted to the Corporation for the purposes of this act.

"(b) The President of the United States is authorized to provide for the transfer to the Corporation of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Corporation as herein stated.

"SEC. 8. (a) The Corporation shall maintain its principal office in the immediate vicinity of Muscle Shoals, Ala. The Corporation shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

"(b) The Corporation shall at all times maintain complete and accurate books of accounts.

"(c) Each member of the board before entering upon the duties of his office shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this act.

"SEC. 9. (a) The board shall file with the President and with the Congress in January of each year a financial statement and a complete report as to the business of the Corporation covering the preceding year. This report shall include the total number of employees and the names, salaries, and duties of those receiving compensation at the rate of more than $1,500 a year.

"(b) The board shall require a careful and scrutinizing audit and accounting by the General Accounting Office during each governmental fiscal year of operation under this act, and said audit shall be open to inspection to the public at all times and copies thereof shall be filed in the principal office of the Corporation at Muscle Shoals, in the State of Alabama. Once during each fiscal year the President of the United States shall have power, and it shall be his duty, upon the written request of at least two members of the board, to appoint a firm of certified public accountants of his own choice and selection, which shall have free and open access to all books, accounts, plants, warehouses, offices, and all other places, and records belonging to or under the control of or used by the Corporation in connection with the business authorized by this act. And the expenses of such audit so directed by the President shall be paid by the board and charged as part of the operating expenses of the Corporation.

"SEC. 10. The board is hereby empowered and authorized to sell the surplus power not used in its operations and for operation of locks and other works generated by it to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said authority, the board is authorized to enter into contracts for such sale for a term not exceeding 30 years and in the sale of such current by the board it shall give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 2 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities. In order to provide for the fullest possible use of electric light and power on farms, the board, in its discretion, shall have power within reasonable distance of any of its transmission lines to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates and to make such rules and regulations governing such sale and distribution of electric power as in its judgment may be just and equitable.

"SEC. 11. It is hereby declared to be the policy of the Government, so far as practical, to distribute the surplus power generated at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance of Muscle Shoals.

"SEC. 12. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from funds secured by the sale of bonds hereafter provided for, to construct, lease, or authorize the construction of transmission lines within transmission distance from the place where generated: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct a transmission line to the Government reservation upon which is located a Government

generating plant, or to a main transmission line owned by the Government and under the control of the board, the board is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 40 years, and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the Corporation and any municipality or other political subdivision shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be void if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision: *And provided further*, That any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the board shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount fixed as reasonable, just, and fair by the board; and in case of any such sale if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the board, the contract for such sale between the board and such distributor of electricity shall be declared null and void and the same shall be canceled by the board.

"SEC. 13. Five percent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 percent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam or steam plant located in the State of Tennessee, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much excess power is thereby generated at Dam No. 2 and any other dam hereafter constructed by the Government of the United State of Tennessee, and from the gross proceeds of the sale of such State of Tennessee and from the gross proceeds of the sale of such excess power 2½ percent shall be paid to the State of Alabama and 2½ percent to the State of Tennessee. These provisions shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is only incidental in the operation of such flood-control dam. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee the board shall not take into consideration the proceeds of any power sold to the Government of the United States, or any department of the Government of the United States used in the operation of any locks on the Tennessee River, or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose.

"SEC. 14. The board shall make a thorough investigation as to the present value of Dam No. 2 and the steam plants at nitrate plant no. 1 and nitrate plant no. 2, and as to the cost of Cove Creek Dam, for the purpose of ascertaining how much of the value or the cost of said properties shall be allocated and charged up to (1) flood control, (2) navigation, (3) fertilizer, (4) national defense, and (5) the development of power. The findings thus made by the board, when approved by the President of the United States, shall be final, and such findings shall thereafter be used in all allocation of value for the purpose of keeping the book value of said properties. In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained.

"SEC. 15. In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation of hydroelectric power, the board, if directed so to do by the President of the United States, shall issue its bonds for the payment in part or in full of that part of said development that is allocated to the production of hydroelectric power. Said bonds shall be in denominations and shall draw such interest and shall bear such maturity dates as shall be directed by the President, and the same shall be sold to the public in such manner and under such rules and regulations as the President may direct. The net proceeds of all moneys received for the sale of power to States, counties, municipalities, or farm organizations, as well as the net proceeds derived from any tonnage tax that may hereafter be provided for by Congress, are hereby pledged to the payment of said bonds and the interest thereon.

"SEC. 16. The Secretary of War, whenever the President deems it advisable, is hereby empowered and directed to complete Dam No. 2 at Muscle Shoals, Ala., and the steam plant at nitrate plant no. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant no. 2.

"SEC. 17. It is hereby declared to be the policy of the Government to utilize the Muscle Shoals properties so far as may be necessary to improve and cheapen the production of fertilizer and fertilizer ingredients by carrying out the provisions of this act.

"SEC. 18. The Secretary of War is hereby authorized, with appropriations hereafter to be made available by the Congress, to construct, either directly or by contract to the lowest responsible bidder, after due advertisement, a dam in and across Clinch River in the State of Tennessee, which has by long custom become known and designated as the Cove Creek Dam, together with a transmission line from Muscle Shoals, according to the latest and most approved designs of the Chief of Engineers, including power house and hydroelectric installations and equipment for the generation of at least 200,000 horsepower, in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam.

"SEC. 19. In order to enable and empower the Secretary of War to carry out the authority hereby conferred, in the most economical and efficient manner, he is hereby authorized and empowered in the exercise of the powers of national defense in aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain for all purposes of this act and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies and with railroads, railroad corporations, common carriers, and all public-utility commissions and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the Corporation for use and operation in connection with the general Muscle Shoals project and to promote flood control and navigation in the Tennessee River.

"SEC. 20. The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulæ, and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any patentee whose patent rights may have been thus in any way copied, used, or employed by the exercise of this authority by the Corporation, shall have as the exclusive remedy of a cause of action to be instituted and prosecuted on the equity side of the appropriate district court of the United States for the recovery of reasonable compensation. The Commissioner of Patents shall furnish to the Corporation, at its request and without payment of fees, copies of documents on file in his office.

"SEC. 21. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives or for other war purposes; but, if this right is exercised by the Government, it shall pay the reasonable and fair damages that may be suffered by any party whose contract for the purchase of electric power or fixed nitrogen or fertilizer ingredients is hereby violated, after the amount of the damages has been fixed by the United States Court of Claims in proceedings instituted and conducted for that purpose under rules prescribed by the court.

"SEC. 22. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States intrusted to the Corporation.

"(b) Any person who, with intent to defraud the Corporation, or to deceive any director, officer, or employee of the Corporation or any officer or employee of the United States, (1) makes any false entry in any book of the Corporation, or (2) makes any false report or statement for the Corporation, shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 5 years, or both.

"(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than $5,000 or imprisoned not more than 5 years, or both.

"SEC. 23. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent of this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to

the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby.

"SEC. 24. The President shall from time to time, as the work provided for in section 23 progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee drainage basin in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin.

"SEC. 25. For the purpose of securing any rights of flowage, or obtaining title to or possession of any property, real or personal, that may be necessary or may become necessary, in the carrying out of any of the provisions of this act, the President of the United States is hereby authorized to enter into contracts with the owner or owners of such rights or such property, and to provide for the payment of same by delivery of hydroelectric, steam, or other power generated at any of the plants now owned or hereafter owned or constructed by the Government or by said Corporation. Any such contract made by the President of the United States, or under his direction and approved by him, shall be carried out by the board.

"SEC. 26. The Corporation may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights of way which in the opinion of the Corporation are necessary to carry out the provisions of this act. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right of way, or other interest is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America.

"Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners who shall be disinterested persons and who shall take and subscribe an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said project, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not to exceed $15 per day for their services, together with an additional amount of $5 per day for subsistence for time actually spent in performing their duties as commissioners.

"It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpena witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court, the clerk of said court shall give notice of the filing of such award to the parties to said proceeding in manner and form as directed by the judge of said court.

"Either or both parties may file exceptions to the award of said commissioners within 20 days from the date of the filing of said award in court. Exceptions filed to such award shall be heard before three Federal district judges unless the parties, in writing, in person, or by their attorneys, stipulate that the exceptions may be heard before a lesser number of judges. On such hearing such judges shall pass de novo upon the proceedings had before the commissioners, may view the property, and may take additional evidence. Upon such hearings the said judges shall file their own award, fixing therein the value of the property sought to be condemned, regardless of the award previously made by the said commissioners.

"At any time within 30 days from the filing of the decision of the district judges upon the hearing on exceptions to the award made by the commissioners, either party may appeal from such decision of the said judges to the circuit court of appeals, and the said circuit court of appeals shall upon the hearing on said appeal dispose of the same upon the record, without regard to the awards or findings theretofore made by the commissioners or the district judges, and such circuit court of appeals shall thereupon fix the value of the said property sought to be condemned.

"SEC. 27. All appropriations necessary to carry out the provisions of this act are hereby authorized.

"SEC. 28. All acts or parts of acts in conflict herewith are hereby repealed.

"SEC. 29. The right to alter, amend, or repeal this act is hereby expressly declared and reserved."

Mr. RANKIN. Mr. Speaker, that motion will be pending in the morning?

The SPEAKER. That will be the business pending.

CURRENCY INFLATION

Mr. LAMNECK. Mr. Speaker, I will not take a great deal of time. There is no question but that we are off of the gold standard and we have embarked on a plan of temporary inflation. [Applause.]

I do not have any criticism of such procedure, but I am considerably concerned about what position we are to be in when we are called upon to consider the problem of going back onto the gold standard, and it is on that subject that I desire to address the House this afternoon.

There are price levels that cause depression and there are price levels that bring prosperity. America can have sound money under American control and can offset foreign manipulation of money values under the simple plan in H.R. 1577, quoted in full in these remarks.

It is now 4 years since our so-called "depression" started. Since that time more tragedy has been written into the affairs of man than in any like period during times of peace in the history of the world. More destruction has taken place than during many periods when the nations of the world were engaged in war. We have tried many relief measures without avail. Without a single exception, all these measures deal with the effects and not with the cause of the depression.

When Mr. MCCORMACK, of the Ways and Means Committee, on May 2, was questioning Mr. Janney, who is known to many of the Members of this House because of his testimony before the various committees and his published statements on economic affairs, Mr. Janney replied:

I would get the cause of the trouble firmly before my view, and then I would remedy the cause.

By reference to pages 726 and 727 of this hearing before the Ways and Means Committee can be found his analysis of the cause of this depression, which up to now, so far as I know, stands not only unchallenged and uncontradicted but fully supported by record evidence from everything that I have been able to gather on this subject.

Such legislation as we have passed in this Congress up to now will not cure this depression because it does not deal with the cause of the depression. Some small temporary aid was had by some at the expense of others of our citizenship from this legislation, but no cure was effected because the law of cause and effect has not been our guide.

The Congress of the United States must realize that there is an economic war going on in the world and the issue in this economic conflict is to fix the commodity price level. If the United States cannot find a remedy, or rather I should say if the United States cannot work out a strategy in this economic conflict, which gives us the power to fix the commodity price level at the point that will restore prosperity in the United States, then I warn you that foreign nations will fix it for us in an international conference. And we will not know until long afterward what we have done. And then all these so-called remedies that we are dealing with will fall like a house of cards and add to the wreckage that we now have when we come to restoring normal conditions in the United States.

In all previous depressions there has been a choice between two courses of action, one to allow liquidation to run its course with all the disastrous consequences it entails—the other course is to arrest the fall in the value of property by adding to the money volume and thus increasing the value of property, or, in other words, to lower the value of money.

The situation is different in this depression from what it has been in other depressions. Investigation of Congress, as I find from a study of its records, makes very clear, and the proof is uncontradicted, that this depression is the result of foreign nations passing laws to affect the

value of our gold dollar combined with the fact that the United States of America has made no counter move to protect it in this situation. There is, therefore, present in this situation a third course of action, which is to adopt an American plan that will be defensive and will protect our position in the matter of the price level by defending gold values from manipulation.

If we continue to follow the course of liquidation we can expect the following results: Debts will have to be reduced or completely wiped out by bankruptcies or foreclosures. Such procedures will require at least 10 years to complete. As a result of such policy, farms, homes, and other property will be for sale at ridiculous prices. No building will take place during this period. All industries dependent on building operations will be closed or they will be run at low capacity. Public debt will increase because of decreased revenue. Some, if not all, political subdivisions will no doubt be compelled to default on their interest and sinking-fund charges. Bank deposits will decline from fear, low-interest rates, and so forth. More banks will fail, more businesses will fail because of lack of credit. Interest rates will be lower for safe securities but interest rates will be higher for business and agriculture—all because of the precarious business conditions.

Fire-insurance policies will be reduced and rates increased. Other prices and fees will fall, such as freight rates, telephone charges, newspapers, doctors, dentists, and attorney's fees. Large numbers of business concerns will pass out through bankruptcy. Capital investments in all forms will be written down.

We must either be prepared to endure this tragic situation with all of the unforseeable conditions it will entail or else we must adopt a movement in the counter direction which will be sane, sound, and effective—one that will treat with the cause of the difficulty.

Where does our wealth come from in this Nation? In the United States we produce $18,000,000,000 a year yielded up from our agriculture and other resources. In the last 3 years the profits from the production of this new wealth have been completely wiped out. Definite causes have produced this result, causes which have led to the closing of the markets of the world. Our exports of the surplus of these productions cannot go out to people in need of them and this same surplus of our productions which should be the basis of our continued prosperity must remain at home to break down our markets and destroy our profits. Is there anything mysterious about this? Then why can we not deal with it as a basic problem? And why can we not consider that these same causes have also closed the central banks of the nations with whom we have dealt in our foreign trade, thus making commerce impossible with them, and at the same time have accomplished a third result by so increasing the value of gold from which our dollar is made that it takes nearly twice as much in commodities to buy a given amount of gold dollars as the average over a period of years?

We should recognize the gravity of such a situation by studying the causes that have produced these results. Any other attitude will discredit our leadership to such an extent that the people may take the matter into their own hands—we must not allow such a cause to continue. When we apply temporary measures or measures that are alleviative in their nature and that do not cure the cause of the trouble, we are merely trifling with natural law. We are denying our confidence in law and we are worshiping false gods.

I repeat what I have said before—there is an economic warfare going on in the world and all that we hear about is some program that will bring relief in this difficulty. Why not adopt a defensive measure in this economic conflict? Why not work out an American plan that will control permanently the price level and defend the United States from this type of depression? In that way we can avoid all the misery and devastation we are now witnessing. We cannot only relieve present conditions but a measure can be put forward to protect us from future catastrophies of this kind. Where is the boasted ability of American financiers and American statesmen? We owe it to our constituents and to future generations that we include in any plan we decide upon such a control of money values that will prevent foreign countries from bringing about such conditions in the future. Why should we permit foreign countries to manipulate our monetary system? Why do we sit idly by and permit them to do this thing? Why do we hear so little on the floors of Congress that tends to educate its Members or the public of this country in the matter of a defensive economic policy?

Is there any defense for us in this situation, and must we admit that an international arrangement must be had to make permanent this foreign control of our economic destiny?

Why can we not speak out in this matter of wresting the control of our prosperity away from foreign nations? What is the reason for so much silence and so much confusion on this question? Why is it the European viewpoint is so often and so freely advanced and the American viewpoint is silenced?

It would be very different if a committee of the House had not studied this question and built up a record that is the most enlightening of any in the records of Congress on this subject and that conclusively proves what I have said. European nations are destroying our prosperity. This is established by the statements of men that are among the leading men of Europe today, both in statements made before their investigating commissions and statements made on the floor of their parliament. They are exploiting us, and those of us who would defend this situation cannot be heard to speak even in our own Congress.

There is no doubt whatever that the United States has completely failed to enact any measures that have any such control on commodity prices as those European nations have exercised. If they take action which depresses world commodity prices, or in other words which increases the purchasing power of the ounce of gold, why do not we take action to protect the commodity price level or to prevent the increase in the purchasing power of the ounce of gold? Such action is open to us. Such a defensive measure is possible to us. A bill to effect this rests in Congress with an imposed silence—why do we not subject it to debate? Why this imposed silence?

I cannot answer satisfactorily to myself why it should be—but there seems to be an effort to prevent the Congress of the United States from even debating a plan that will defend this Nation from the specific and definite things that have caused this terrific cataclysm of depression—the only discussions I hear are those which would make us vassals to those European nations by surrendering to them by way of an international conference at least a part of our independence of action, and in return for this we will concede to them the right to continue to exploit us.

When the colonies of Great Britain complained of this exploitation, as it applied to them, it resulted in the conference at Ottawa, at which conference various concessions and advantages were yielded up to the colonies in return for this manipulation of price levels. But no advantage was given up to the United States, and the manipulations that affect our wealth and our prosperity still continue. It not only continues, but the silence still continues on the only measure that is now before this Congress that provides an effective American plan and an American remedy. I will read this bill, but first I will say that every effort that has been made to discuss this bill and the way it has been sidetracked with the administration has so far resulted in complete failure, and on some other occasion I will hope to bring before the Congress the efforts that have been made to bring this matter up for explanation and discussion with the administration without any success.

A bill to preserve and protect the gold standard through establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold value equivalent and under such regulations as will provide protection to gold from being cornered and protection from inflation in gold values during periods of excessive demands

Be it enacted, etc., That it is declared to be the purpose of this act (1) to safeguard the gold standard and prevent it from becoming a false and uncertain measure of value; (2) to restore gold to

its former use as a dependable measure of value; (3) to relieve business from such disasters as we now see accompanying the distortion and shifting in the purchasing power of the gold dollars, and, in order to avoid such disasters in the future, to cause to be set up, in competition with gold, another element of value in the reserves of the Treasury of the United States, and for this purpose to authorize the purchase of silver and the placing of it in the reserves of the Treasury, maintaining the single gold standard as a measure of its value, and to provide for its purchase in such amounts as will safeguard the dependability and the integrity of gold as a yardstick of value; (4) to set up a definite monetary use for silver so employed by issuing against this silver a storage receipt or certificate of deposit exactly the equivalent of our present gold certificates; and (5) to make such certificates legal tender.

SEC. 2. The Secretary of the Treasury is authorized and directed to immediately proceed to purchase silver bullion in amounts as hereinafter provided and to deposit silver bullion in the Treasury of the United States as an auxiliary reserve to the present gold reserve, and to issue, for the account of the Treasury of the United States against the silver so deposited, certificates of deposit payable to bearer on demand, which in effect shall be equivalent to the present gold certificates issued by the Treasury of the United States, and which shall be a certificate of deposit rather than a credit obligation, and which shall recite on the face of the certificate: "This certifies that there has been deposited in the Treasury of the United States of America $ in silver, payable to the bearer on demand." Said certificates shall also recite: "This certificate is legal tender in the amount set forth on the face hereof for the payment of all debts and dues, public and private." Certificates shall be issued in denominations of $1,000, $100, $20, and $10, and in an aggregate amount which shall equal but shall not exceed the amount paid out from the Treasury of the United States in the purchase of the silver bullion that shall have been deposited.

SEC. 3. The silver certificates issued under this act are hereby made legal tender and shall be accepted at their full face value for all debts and dues, public and private, of every nature and description, within the United States of America, and when accepted by the Government shall be reissued and in all respects shall be a part of the lawful money of the United States.

SEC. 4. The silver purchased under this act shall be paid for in silver certificates as provided for in this act, or in lawful money of the United States.

SEC. 5. The Secretary of the Treasury shall have placed at his disposal for the purposes of this act $150,000,000, which is hereby appropriated for this purpose, to be used as needed in carrying out the provisions of this act, and the amount, when no longer needed for the purposes of this act, shall be paid back to the Treasury of the United States in silver certificates herein provided for.

SEC. 6. The Secretary of the Treasury shall purchase silver at the lowest obtainable price in the markets of the world wherever the silver certificates to be issued under this act shall be accepted in payment therefor. The Secretary of the Treasury is authorized and directed to open negotiations for contracts which shall provide for future deliveries of silver when, in his judgment, this will enable him to secure silver to better advantage to the Treasury in the matter of price. The bullion purchased under this act shall be stored in the Treasury of the United States in blocks or bricks of standard and uniform fineness and in convenient units by weight and stamped by authorized official stamp, as may be determined within the discretion of the Secretary of the Treasury; and upon presentation for redemption by the bearer of the silver certificate provided for in this act, there shall be delivered upon demand an amount of silver equal to the gold equivalent of the face value of the certificate at the market price of silver as of the day prior to the date of presentation.

SEC. 7. The first 150,000,000 ounces of silver provided for in this act shall be purchased or contracted for within 4 months from the passage thereof. An additional 250,000,000 ounces shall be purchased or contracted for before the expiration of 12 months from the passage of this act, and the remaining silver to be purchased under this act shall be purchased as it may be required under the following rising scale of prices:

That the Secretary of the Treasury, after the purchase of the 400,000,000 ounces aforesaid, shall be, and he is hereby, directed and instructed to purchase silver bullion as provided in this act whenever the market price of silver bullion per ounce does not exceed by 3 cents an ounce the daily average market price per ounce of the preceding 90 days; and he shall continue to so purchase until 371¼ grains of fine silver reaches a parity in value with 25⁸/₁₀ grains of gold nine tenths fine; and it shall be his duty to resume purchasing silver bullion whenever it may be obtainable at or under the price of $1 for 371¼ grains of fine silver: *Provided, however,* That in no case shall the amount of additional silver purchased during any succeeding period of 12 months exceed in amount a total aggregate of 200,000,000 ounces for that year nor shall it exceed 100,000,000 ounces per year for any year after the total amount of silver purchased under this act shall aggregate 1½ billion ounces.

SEC. 8. After 3 years from the passage of this act, in order that the stability of gold may be more completely assured, the Secretary of the Treasury shall continue to purchase silver for the use as herein provided (a) whenever silver may be purchased on the silver market under the price of 371¼ grains of fine silver for $1 of gold or (b) whenever the average price of commodities in the United States shall be under the scale of 100 in the commodity price level of the United States Bureau of Labor Statistics: *Provided, however,* That the maximum price paid for silver in such case may not exceed its value at the ratio of the world's supply of monetary silver to monetary gold as found by the survey of world accumulations of these metals which the Secretary of the Treasury is hereby authorized and directed to cause to be made and which until such survey is completed is hereby placed at 14⁵/₁₀ to 1: *Provided further,* That in no case shall the amount of silver purchased under this section of the act, combined with that purchased under other sections of the act for any 1 year, exceed 100,000,000 fine ounces.

SEC. 9. The Secretary of the Treasury is authorized and directed to make rules and regulations for carrying out the provisions of this act and the intent thereof, which is to stabilize the purchasing power of gold by the use of silver in reserves as hereinbefore provided, and shall make full and detailed reports to Congress at regular 90-day intervals as to his operations under this act.

As to this bill, I wish to make the following remarks: This bill puts silver in reserves and maintains the gold standard as a standard of measure. It takes note of the distinction between gold as a standard and gold as a money or reserve. This is the key to the control by America of depressions, because it gives control to the United States of the value of gold, or the commodity price level, by controlling the demand—supply ratio of gold. This is the same thing as saying that stability to price levels in terms of money is arrived at under this bill. By reinstating confidence in reserves it reinstates normal functioning powers of South American and Asiatic countries. It not only adds the $3,000,000,000 in value to the money of the world, which is the amount that was destroyed by England in 1928–29, but it gives the power to the United States to add $3,000,000,000 more, or such amount as necessary, of gold values to the world's stock of silver. It acts just as if additional gold mines were opened, with America in control of the amount of gold that could be produced from these mines, for it makes silver have an increased value all over the world. It restores to the silver monetary stocks of the world a dependable value for money purposes in all the banks of the world, and it gives to the United States the control of the value of this silver so that under this bill the United States has the power to control the value of the money metals of the world. Until this bill is enacted, England has had this power, and neither changing the gold content of the dollar nor any other remedy yet proposed takes this control away from England and gives the power to the United States. Every remedy yet proposed leaves this power in the hands of England.

I consider this a sound measure, admirably adapted to our present requirements. Such a bill would restore prosperity to the United States to such an extent as has never before been equaled, and it would represent a normal and stable condition and not a condition of inflation. We would still have speculative reactions on a small scale, but the repercussions from speculative booms could never result in an economic break-down such as we now have. The United States could then go forward and occupy the supreme position to which it is entitled because of its enormous natural resources and its splendid factory equipment.

This bill is based on principles and findings that are set out in the Coinage, Weights, and Measures Committee's report of May 14 to Congress. They take advantage of and mobilize the information contained in this report to the effect that foreign nations have manipulated upward the value of gold and to that extent destroyed our property values and profits, and that this depression we are now going through is the result of legislative enactment of foreign nations.

In this bill you counter foreign legislation and neutralize it, you increase the value of property by exactly the same, though reverse action, as that by means of which this depression has been brought about.

The United States of America, under this bill, is placed in control of the value of money in terms of property, or, to say it in another way, the value of property in the terms of money. The United States is protected from further aggressions of foreign powers in this type of destruction of our property values. We can then enjoy freely the great prosperity which comes to us through our great natural resources, and we can completely revive our great home market for our manufactured goods. This bill restores our

railroad tonnage, it revises the value of railroad securities, it opens the credit facilities of foreign banks of customer countries. It revives our foreign commerce, and it will save the tragedy that is bound to follow from the tamperings with our individualistic or capitalistic system that are bound to come if such protection as this bill affords to our Nation is not provided.

The most remarkable feature of this bill and the plan it employs is this: I have discussed the subject with many students of such questions, and I have never heard any objections seriously advanced, and no objection has been seriously urged in the hearings. It seems to be without serious flaw or defect either in principle or in operating details. It places before the Nation the issue of whether or not we wish to continue the depression. It brings the vital issue of this time to a focus.

I wish especially to bring to the attention of the House the fact that this bill does not set up any monetary use that is not now in operation in the world—there is no experiment here. There is no double standard of measure. We adhere to the single gold standard for the purposes of a unit of value, and yet we give silver the position in our monetary system that puts silver in competition with gold, that affords a controlled use to which we can apply it definitely in our monetary system. We give silver the function of a "metal of ultimate redemption", thus restoring silver to its necessary position as having a definite monetary use. Also, I wish especially to point out that this use of silver is identically the use that is now given in England to gold as a metal of ultimate redemption by means of which England has controlled the value of sterling and captured world markets.

By this I mean to say that the amount of gold that can be purchased at the present time in England for a given amount of sterling exchange would represent a variable amount of gold but approximately a stable amount of value in terms of commodities.

Under the Constitution of the United States, Congress is required to coin money and "regulate the value thereof." There is one tried and proved method for regulating the value of money and that is the method that England now uses.

To change the gold content of the dollar is not a tried proved method. It is, moreover, difficult to understand how this method can be applied without destroying confidence both in contracts and in money values where money is used as a storage of capital or of wealth. I am not going into the question at this time further than to point out what is and what is not a tried and proved method of controlling the value of money.

Under this bill the United States of America becomes an active factor in regulating the value of its money as under the Constitution it is required to do, and this is the only method by which the value of money can be regulated if we are to follow the approved practices of the nations of the world that have successfully controlled their money values.

After writing to 140 leading economists in every State of the United States, asking for criticism of this bill, not a single serious objection has been urged and no objection has been urged to it which cannot be urged to monetary systems that are now successfully operating in the world. This plan makes the United States independent of foreign nations in the control of its prosperity, which gives us a continuous and permanent price level that in its average will be approximately uniform. It prevents the manipulation of our money in foreign markets, and it gives freedom and independence not only to us but to many other countries of the world with whom we engage in foreign commerce with whom we can trade freely and so bring prosperity to our farmers and other producing industries in the country, and prosperity to them will again restore the home market for our manufactured goods.

Can anyone explain the reason why this matter cannot be discussed freely upon the floor of Congress and freely presented by the Members of Congress who have made a close study of this question to the executive branch of the Government? So far we have failed to produce any remedy that can even be claimed to deal with the cause of this depression. Why can we not seriously consider and seriously debate this remedy? It deals directly with the cause and gives our Government control over it. However, we limit that control to preserving the 1926 price level. But we take the control away from a use it now has in the hands of other nations for bringing about depression. Who is there in Congress who can object to this?

No valid reason against the bill has yet been advanced. Why can we not give it free debate and free discussion on the floor of this House with adequate time for those of us who have studied this bill to explain it and answer questions from those who have not?

THE VETERANS' ECONOMY LAW ANALYZED—EXTENSION OF REMARKS

Mr. HOEPPEL. Mr. Speaker, I have made an analysis of the Veterans' Economy Act and the regulations. I ask unanimous consent to place this in the RECORD.

Mr. GOSS. Mr. Speaker, reserving the right to object, are they the gentleman's own remarks?

Mr. HOEPPEL. They are my own remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, in order that those who favored economies at the expense of the veteran may understand just how these economies are being effected and the results thereof, the following analysis of the law is submitted, showing its inequalities, injustices, inhumanities, and glaring inconsistencies.

Instead of establishing or initiating a uniform and humane method of application in the award of pensions or gratuities to our veterans and their dependents, it is found that the racketeering program of the Veterans' Administration has been perpetuated in the same manner as has heretofore existed. Instead of applying economies in a sensible, humane, and just manner, all the old injustices and favoritism for certain classes of veterans continue to exist.

For instance, the veterans who volunteered for service in the Philippine insurrection and who enlisted in response to the call for such service are removed from the pension rolls without any recourse whatever unless they actually participated in service in China or the Philippines. In other words, men who entered the service as volunteers, with no other purpose in mind than to serve their country in battle, will be peremptorily removed from the pension rolls because they did not serve on foreign shores. These men are not even entitled to the pittance of $6 per month after attaining the age of 62 years. Veterans of the World War who were inducted or drafted into service prior to November 13, 1918, and others who were drafted but who never entered the service are granted equal benefits for disease or injury incurred in line of duty during the World War, whether they left the United States or not. Thus, unlike the Spanish War veteran, the World War veteran who did not leave the city of Washington is granted the same and equal disability benefits with men who suffered disabilities in the trenches. It is not understood why the Veterans' Administration would so abjectly discriminate against volunteers who enlisted specifically for service in the Philippines and, at the same time, favor the men who were inducted or drafted into service, both groups having served during a war period. To penalize one group which did not leave American shores and to favor the other group, which also did not leave American shores, is an inequality of a drastic nature, tragic in its effect, favoring, as it does, the youthful veteran and discriminating against the aged volunteer who has only a few more years to live!

Widows and dependents of the men who volunteered for service in the Philippine insurrection but who, through the exigencies of the service, failed to actually participate therein, will also be peremptorily removed from the pension rolls. They are not even permitted the pittance of $15 per month granted to widows of Spanish War veterans.

Outstandingly unfair is the further application of the new Veterans' Administration regulations wherein veterans who served 2 years or more in the Philippines and who are 99 percent disabled (non-service-connected) are now prohibited from receiving any pension. Notwithstanding they are aged and infirm and unable to provide for themselves, these men, who suffered the hazards of battle and made continuous sacrifices during the 2 years of their arduous service in the Philippines, are today forced to appeal to public charity, merely because they cannot prove service-connected disabilities. If they are past 62 years of age, a mere pittance of $6 per month is authorized for them.

In comparison, we find childless widows of such veterans granted $15 per month. In other words, the man who suffered and sacrificed and offered his life repeatedly is thus peremptorily removed from the pension rolls, while the widow of a veteran of the same class, who, perhaps, married him on his deathbed, continues to receive a pension, provided the marriage took place prior to September 1, 1922.

Another glaring inconsistency is that veterans, totally disabled, but whose disabilities are not service-connected, receive only $20 per month, which is insufficient to maintain them and is less than many States provide for their indigent aged citizens who did not serve in war. In addition, if a totally disabled veteran, receiving $20 per month, has an income from any other source aggregating $1,000 per annum, the pension of $20 per month is taken from him. This income restriction also applies to widows receiving $15 per month.

In view of the fact that the veteran's disability, while not provable as service-connected, is clearly, in many instances, a result of service, such a deduction is obviously unfair. Veterans known to the writer, who have served in 2 or 3 wars and who carried their disabilities without applying heretofore for pension, are thus forced, in a sense, to declare themselves paupers in order to become eligible for a pension for disabilities attributable, if not directly connected with, their service in war.

Spanish War veterans with 89 days' service, discharged for partial disability incurred in service and who are today totally disabled, actually receive less pension under the new law than does a Spanish War veteran, today totally disabled, who served 91 days and who left the service in perfect health.

Civil War veterans with 90 days' service and Indian War veterans with 30 days' service only, who did not serve in combat and who have no service-connected disabilities, suffer a loss of 10 percent only in their present pensions. Widows of such veterans also suffer a reduction of only 10 percent in pension. The Spanish War, Philippine-insurrection, and World War veterans who served in combat and who are 99 percent disabled (non-service-connected) are entirely removed from the pension rolls. The widows of such veterans are permitted a pension of $15 per month, which represents a reduction of 50 percent of their present rates. The widows, however, of such World War veterans are entirely denied a pension.

PENSION PAYMENTS FOR DISABILITY OR DEATH INCURRED IN PEACE-TIME SERVICE

In some instances, pensions for peace-time disabilities are increased, the increase, however, being entirely disproportionate with the rates received for the same disabilities suffered during the World War by men who remained safely at home.

More specifically, a veteran who enlisted November 11, 1918, and who served 90 days, if totally disabled in service, receives $80 pension, whereas a veteran who enlisted November 13, 1918, and who likewise is totally disabled, receives only $30 pension, notwithstanding that both may have been injured in the same manner, at the same place.

Peace-time veterans who lost sight of both eyes receive only $87 per month, whereas similarly disabled war-time veterans, who did not leave the United States, receive $175 per month.

Regardless of the degree of disabilities incurred in service, peace-time veterans are excluded from Veterans' Administration facilities in soldiers' homes and hospitals. Peace-time veterans who left the service with or without disabilities, if now disabled and not able to pursue a gainful occupation, are freely admitted to the United States Soldiers' Home. Thus, the United States Soldiers' Home is more liberal in its entrance requirements for peace-time veterans than is the Veterans' Administration.

Men who lost their eyesight in service suffer a reduction of 38 percent in pension under the new law.

Widows of peace-time veterans, as well as all other widows, appear to be especially favored in the new regulations. For instance, widows of deceased peace-time veterans receive only 25 percent less pension than do widows of veterans killed or who died as a result of battle. Peace-time veterans receive, for total disabilities, approximately 166 percent less than do veterans disabled in time of war who did not leave the United States.

WORLD WAR VETERANS' DISABILITY AND DEATH BENEFITS

World War veterans are granted a presumption of service connection of chronic diseases which became manifest to a 10-percent degree or more within 1 year after separation from the service, with a proviso that the Government is authorized to rebut such presumption. Inasmuch as many of the most deserving World War veterans did not advance their service-connected disabilities within 1 year and others only advanced them after the stock-market debacle of 1929, it is quite apparent that thousands upon thousands of worthy emergency officers and enlisted men of the World War, directly or presumptively service-connected, will be peremptorily removed from the pension rolls.

In instances of presumptively service-connected cases, where the veteran has since died, the widow and other dependents of such veteran will also be removed from the pension rolls. This feature is one of the most objectionable of the entire new economy regulations, as no rebuttal evidence is obtainable where the veteran has succumbed to what he averred and which were officially recognized as presumptively service-connected disabilities but which were not advanced within 1 year of discharge.

Men who are as much as 100 percent disabled from battle casualties, under the new rating schedules, will have their present disability awards reduced 20 percent or more, and in addition they also will lose the family dependency allowances which heretofore applied. Thus, in many instances, the total loss to battle-disabled enlisted men may average as high as 40 percent or more.

Pensions for widows and dependents remain as heretofore, with the exception as stated above, through which dependents of World War veterans who died with presumptively service-connected disabilities will be removed from the rolls.

Another vital change reduces the limitation of pension age for World War veterans' children from 21 years to 16 years. In other words, while children are not self-supporting, and while they are yet compelled to attend school in most States, the benefits heretofore provided by the Government for them are withdrawn. This is especially inhuman where it applies to children who were bereft of a breadwinner owing to the death of their father in battle. Furthermore, widows who lost their husbands in battle or as a result of combat should be granted more pension than widows who married 10 or more years after the war, recognizing at the time of marriage that their husbands were disabled and their tenure on life more or less restricted. In many instances nurses married such veterans on their deathbeds; and, under the unfair application of the new regulations, these widowed wives of 1 day receive an equal pension with those who lost their loved ones in the supreme sacrifice on the battlefields of France.

Another innovation in the new regulations provides pensions for draftees who were not accepted for service, on an exact equality with men who served and were disabled in action.

HOSPITALIZATION AND DOMICILIARY CARE FOR WAR VETERANS

The new regulations provide hospitalization for direct service-connected veterans when hospitalization is required

for such service-connected disabilities only. In such instances transportation is paid to and from the hospital by the Government. The thousands upon thousands of veterans today receiving compensation for presumptively service-connected disabilities will have absolutely no hospitalization privileges under the new regulations, notwithstanding that, in the majority of instances, the disabilities these men suffer were incurred in service but not advanced by them within 1 year after their discharge. More specifically, the patriotically minded emergency officers and enlisted men who failed to advance their disabilities within the prescribed period, who carried their disabilites within their own hearts, and who only applied for benefits when their breakdown became more pronounced or their finances restricted, are thus unfairly barred from obtaining hospitalization which by every right should be accorded to them.

The non-service-connected disabled veterans must be permanently disabled and have no means of support before hospitalization is granted to them; or, in other words, they must be paupers before the Veterans' Administration will permit their hospitalization, even though, as in the thousands of cases of Spanish War veterans, their disabilities are positively due to service in the tropics, the eating of embalmed beef, and the result of improper or inadequate sanitary provisions.

Peace-time disabled veterans are not permitted entry to Veterans' Administration hospitals or soldiers' homes.

Most objectionable and unfair is a provision in the new regulations which denies a totally disabled emergency officer or enlisted man more than $15 per month while he is undergoing treatment for battle-connected disabilities. In other words, an individual who has made almost the supreme sacrifice and who requires treatment to assuage or alleviate his suffering, finds his pension reduced to the pittance of $15 per month. This same restriction prevails where such battle-disabled veterans are members of a soldiers' home. However, in such instances, where the refuge is of a permanent nature, there may be some excuse, with our present national deficit, for such a restriction, but by no stretch of the imagination is such limitation on pension within the bounds of common sense or justice for those who are seeking surcease from disabilities incurred in combat with an enemy. Whether a disabled veteran is single or married, his disability, his reduced earning power and his right to the pursuit of happiness are just as vital in either case, and the regulation which today denies a single veteran his pension while undergoing treatment is an abrogation of the principles of justice inherent in the hearts of true Americans.

The further provision in the new law that totally disabled war veterans who cannot prove service connection and who are in receipt of $20 per month arbitrarily have their pensions reduced to $6 per month while in a Veterans' Administration hospital or soldiers' home is also inconsistent with clearly demonstrable facts.

The majority of veterans of the Spanish-American War who cannot prove service-connection, and who will thus have their pensions reduced to $6 per month, suffer with disabilities directly or indirectly traceable to the fever camps of the South or rigid service in the Tropics. To reduce these men to $6 per month while they are in a Veterans' Administration hospital or soldiers' home and to further require that they purchase their own clothes from this $6 is an affront to the patriotic veterans of all wars and to the patriotic instincts of the American people.

Under the application of the provisions for hospitalization and domiciliary care is found the only instance where Spanish and World War veterans are equally considered with Civil and Indian War veterans. These two latter groups suffer reduction in pension to $15 per month while receiving these facilities if their disabilities are service connected, and those not service connected receive only $6 per month and must, in addition, purchase their required clothing from this pittance. This provision virtually reduces the pension of all Civil War veterans to $15 per month while in a hospital and to $6 a month while in a soldiers' home, and is a most arbitrary economic innovation at the expense of those honorable defenders of our Nation.

Indian war veterans who served less than 90 days, but whose total service was more than 30 days, suffer no basic pension reduction. They are, however, denied hospitalization and domiciliary care unless their disabilities are service connected.

Enlisted men discharged in peace time for tuberculosis or neuropsychiatric ailments incurred in line of duty are absolutely barred from hospitalization or domiciliary care.

GENERAL SUMMARY

The new regulation, which provides that pension or emergency officers' retired pay shall be withheld from any person who is employed in any capacity by the Government, or by any corporation in which the majority of stock is owned by the United States, is palpably an injustice of the most virulent type. Under this regulation, a veteran whose physical condition is impaired in line of duty, or, for instance, who may have been disabled in air training or other activity directly connected with war, is prohibited from working for the Government in any capacity unless he relinquishes his pension or emergency officers' retired pay. This inhibition prevails whether or not the veteran may be employed at the most menial task in Government and earning less than $1,000 per annum. Had this prohibition been written to provide a minimum salary exemption and had it been made to include all pensioners earning any income rather than to apply only to those in Government service, it might have been reasonable, considering the present status of the Treasury. Striking as it does, however, only at those who are employed by the Government, regardless of their compensation, it is a direct denial of the right of a disabled veteran to earn a livelihood at a recognized living standard in the service of the Government which he enlisted to protect from an alien foe. Especially inconsistent is this regulation, and unfair by every standard of common justice, inasmuch as wealthy widows who married their husbands years after the war, or perhaps on their deathbeds as many nurses did, if employed by the Government, continue to receive their pension, plus their civil compensation, whereas the veteran himself, who suffered injury and disability during the war, is denied the right to pension while so employed.

The new regulations which permit only 50 percent of pension or emergency officers' pay to veterans living outside of the United States is a gesture in the right direction; but when such reduction is made to apply toward men who risked their lives in battle and who are disabled as a result of such combat, it is a travesty on common justice. Our Government should do all within reason for those who suffered disabilities in actual combat with the enemy.

BURIAL PROVIDED FOR INDIGENT VETERANS ONLY

The new regulation, granting $75 funeral and burial expenses, including transportation for the deceased veteran, is predicated upon the pauperism of the veteran. Even though a deceased veteran has indigent dependents, any moneys due him for pension or emergency officers' retired pay, and even a mere pittance of a few cents in his possession at death, must first be applied toward the amount of $75 provided for burial. The Government will then make up any deficiency to provide the $75 authorized by law. This regulation is, by some, considered as a regulation to rob the dead. If, perchance, the county, State, or some lodge or fraternity defrays the expense of burial for the deceased veteran, to an amount of $75 or more, in that event, the Government does not defray any expense of burial of the deceased, and such assets as he may have had at the time of death, including pension due him, are turned over to his dependents.

As many counties and States provide burial for indigent veterans to an amount of $125 or more, it is doubted whether the Government will ever be called upon to provide burial expense for indigent veterans since the counties and States appear to be more favorably inclined toward deceased veterans than is the Government which the veteran himself served in war.

It is provided, however, that if the veteran is buried as a pauper by the county, State, or municipality, the Government will at least furnish a flag for the burial, which is then turned over to the next of kin.

PENSION ATTORNEYS PROFIT AT EXPENSE OF VETERAN

Heretofore pay was not authorized for pension attorneys in presenting claims of World War veterans. Under the new regulations pension attorneys are authorized, the fee for services to be designated by the Veterans' Administration. This innovation constitutes a financial obstacle to the veteran in obtaining benefits due and adds to the administration of veterans' affairs a parasitic group who will profit at the expense of the veteran.

As benefits under the new law are easily obtainable by all veterans who had hospital records during war service, and are almost unobtainable or enmeshed with almost insurmountable obstacles for those who did not advance their disabilities during service or within 1 year after discharge, the application of this law tends to encourage malingering and shirking of duty. With this law accepted as the standard, soldiers of future wars (which God forbid) may find it incumbent and desirable to first obtain a medical history and to avail themselves of hospitalization at every opportunity for the purpose of protecting their interest and that of their potential dependents rather than to give the full measure of loyalty and duty characteristic of our defenders in the past, and for which they are today being penalized under the abolition of presumptively service-connected disabilities.

FINAL ANALYSIS

Limited space prevents the further discussion of many of the cumbersome and improper proceedings which were in the old law and which are continued in the new. The veteran question will not be adequately or properly solved until the present Veterans' Administration set-up is radically changed in the interests of efficiency and economy and a uniform scale of pensions established. In justice to the veteran, pensions should be predicated upon—

First. Disabilities incurred in combat.

Second. Disabilities incurred during a war period (directly and presumptively service connected).

Third. Disabilities incurred in line of duty in time of peace.

Fourth. Disabilities which the veteran is unable to prove as service connected after a liberal application of the presumptive provisions.

Fifth. Dependency (widows and other dependents).

If a uniform scale of pensions, hospitalization, and domiciliary care were predicated in accordance with the above classifications, the expense of administration would be most radically reduced, the proper and just awards and treatment accorded to our veterans would be standardized, and in that sense, accepted by the veteran with little or no disapproval. Such acquiescence cannot be expected in the present abortive law, which, in its application today, is merely a continuance of the old set-up in which the slash has been made indiscriminately, without proper consideration to the interests of the veteran or the taxpayer. Not only have our national defenders, in peace and in war, been the victims of a ruthless economy hysteria, which has apparently swept all reason and common sense aside, but the American people likewise, who are not unmindful of the sacrifices so generously made for the national defense, have been betrayed. When the chaotic effects of our financial debacle have passed, they will demand the enactment of a comprehensive veterans' program, not only meeting the needs of efficiency and economy in government but honoring the principles of justice and expressing the grateful appreciation of the Nation as well.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GLOVER (at the request of Mr. DRIVER), on account of attendance at Annapolis as a member of the Board of Visitors.

To Mr. FIESINGER, indefinitely, on account of illness.

To Mr. LINDSAY, for the remainder of the week, on account of the death of his brother, John H. Lindsay.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I move the previous question on the motion to recommit.

Mr. RANKIN. Mr. Speaker, may I say to the gentleman from South Carolina I should like for him to withhold the ordering of the previous question until tomorrow, because we might come to some agreement about time to discuss this proposition, and I would rather he would not move the previous question.

Mr. McSWAIN. I do not mind withholding it, but I may say we cannot have any debate.

Mr. RANKIN. Why? There may be some change. Let us sleep over it.

Mr. BYRNS. Mr. Speaker, we have another rule on a matter that must be considered tomorrow.

Mr. RANKIN. I understand, but this is one of the most important questions with which this Congress will have to deal, I may say to the gentleman from Tennessee.

Mr. BYRNS. We have already discussed it 7 hours.

Mr. RANKIN. I understand that, but we did not get time to discuss this part of the bill.

Mr. McSWAIN. Very well.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. I understood the gentleman from Mississippi to say that he gave notice that he proposed to offer a motion to recommit. I did not understand he had offered it.

Mr. RANKIN. Yes; I may say to the gentleman from New York I did offer it and it is pending.

The SPEAKER. The gentleman from Mississippi offered a motion to recommit and it is pending.

ADJOURNMENT

Mr. McSWAIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 42 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 25, 1933, at 12 o'clock noon.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4509) for the relief of George Henry Clayberger; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 4512) granting a pension to Harry C. Spring; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LOZIER: A bill (H.R. 5203) to reduce to $500 the maximum amount which may stand to the credit of any one person in a postal-savings account, and to reduce the rate of interest on such accounts; to the Committee on the Post Office and Post Roads.

By Mr. WHITE: A bill (H.R. 5204) to preserve and protect the gold standard through the establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold-value equivalent and under such regulations as will provide protection to the gold standard and operate to restore and stabilize commodity prices; to the Committee on Coinage, Weights, and Measures.

By Mr. DIMOND: A bill (H.R. 5205) transferring the jurisdiction, supervision, administration, and control over the salmon and other fisheries of Alaska, except the fur-seal and sea-otter fisheries, from the Department of Commerce to the Territory of Alaska, and for other purposes;

to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. RUDD: A bill (H.R. 5206) to amend the act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes"; to the Committee on the Post Office and Post Roads.

By Mr. WOOD of Missouri: A bill (H.R. 5207) to reduce from 16 hours to 12 hours the number of hours that employees of certain common carriers may be continuously on duty; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H.R. 5208) to amend the probation law; to the Committee on the Judiciary.

By Mr. DIMOND: A bill (H.R. 5209) extending the legislative power of the Legislature of the Territory of Alaska to include the game laws and laws relating to fur-bearing animals applicable to Alaska, and transferring the jurisdiction, supervision, administration, and control of the game and fur-bearing animals of Alaska from the Department of Agriculture to the Territory of Alaska, and for other purposes; to the Committee on the Territories.

By Mr. DICKSTEIN: Resolution (H.Res. 118) to provide for the assignment to the Committee on Immigration and Naturalization the suite of rooms in the New House Office Building, No. 1536, which has been tentatively assigned to, but not occupied by, the Committee on the Library; to the Committee on Accounts.

By Mr. BURKE of California: Joint Resolution (H.J.Res. 162) to amend the provisions of the Emergency Relief and Construction Act of 1932 relating to loans for reconstruction of buildings damaged by earthquake in 1933; to the Committee on Banking and Currency.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Territory of Hawaii, memorializing Congress to restore to the Public Utilities Commission of the Territory of Hawaii jurisdiction over certain public utilities; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Territory of Hawaii, memorializing Congress to provide the same pay, etc., for the adjutant general of the Territory of Hawaii as officers of corresponding grade of the Regular Army are entitled to by law; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H.R. 5210) granting an increase of pension to Sophia Snuffin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5211) granting an increase of pension to Oscar Fields; to the Committee on Pensions.

Also, a bill (H.R. 5212) granting an increase of pension to Mary A. Dyer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5213) granting a pension to Gregg Garrison; to the Committee on Invalid Pensions.

By Mr. BRUNNER: A bill (H.R. 5214) for the relief of Guiseppe Sperduto; to the Committee on Claims.

By Mr. CUMMINGS: A bill (H.R. 5215) granting a pension to Robert C. Humphrey; to the Committee on Pensions.

By Mr. DE PRIEST: A bill (H.R. 5216) for the relief of E. B. Gray; to the Committee on Claims.

By Mr. DISNEY: A bill (H.R. 5217) for the relief of T. L. Rippey, who suffered loss by fire in Josephine County, State of Oregon, during September 1924; to the Committee on Claims.

By Mr. DRIVER: A bill (H.R. 5218) for the relief of Felix Maupin; to the Committee on Naval Affairs.

By Mr. FORD: A bill (H.R. 5219) for the relief of Elijah C. LeCount; to the Committee on Military Affairs.

Also, a bill (H.R. 5220) for the relief of Squire Estes; to the Committee on Military Affairs.

Also, a bill (H.R. 5221) for the relief of George A. Gundelfinger; to the Committee on Military Affairs.

Also, a bill (H.R. 5222) for the relief of Earl E. Keen; to the Committee on Military Affairs.

Also, a bill (H.R. 5223) for the relief of Barney E. Wells; to the Committee on Naval Affairs.

Also, a bill (H.R. 5224) granting a pension to Sarah A. Willig; to the Committee on Invalid Pensions.

By Mr. GRISWOLD: A bill (H.R. 5225) granting a pension to Ula M. Hoover; to the Committee on Pensions.

By Mr. KURTZ: A bill (H.R. 5226) authorizing the Secretary of the Treasury to convey certain land, together with building thereon, to the city of Altoona, Pa., for a public library; to the Committee on Public Buildings and Grounds.

By Mr. McCORMACK: A bill (H.R. 5227) for the relief of James Francis O'Brien; to the Committee on Naval Affairs.

By Mr. RANDOLPH: A bill (H.R. 5228) to authorize the payment of hospital and other expenses arising from an injury to Florence Glass; to the Committee on Claims.

Also, a bill (H.R. 5229) for the relief of Jessie D. Bowman; to the Committee on Claims.

By Mr. STOKES: A bill (H.R. 5230) granting a pension to Mary R. Dillon; to the Committee on Invalid Pensions.

By Mr. WOOD of Missouri: A bill (H.R. 5231) granting a pension to Grace L. Horn; to the Committee on Invalid Pensions.

By Mr. GIBSON: A resolution (H.Res. 117) for the relief of Victoria M. Vodila; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

654. By Mr. ARENS: Petition of Railway Mail Post, No. 23, America Legion, Department of Minnesota, Corliss W. Resor, adjutant, favoring the placing of postmasters of the first-, second-, and third-class post offices under Civil-Service rules; to the Committee on the Civil Service.

655. Also, petition of Olga E. Hammerbeck, secretary Minnesota Farm Bureau Association, Little Falls, Minn., to retain the county-agent service; to the Committee on Agriculture.

656. By Mr. CARTER of California: Petition of approximately 170 employees of the Hazel-Atlas Glass Co., of California, protesting against the passage of the Black bill limiting labor to 30 hours per week; to the Committee on Labor.

657. By Mr. CRAVENS: Petition of Caddo River Lumber Co., Glenwood; residents of Norman, Amity, Rosboro, Mount Ida, Mauldin, Caddo Gap, Glenwood, Forester, and Glenwood Chamber of Commerce, Glenwood; Southern Pine Lumber Co. and David Wright, foreman, and 60 employees of Tennison Bros., of Texarkana; Oscar C. Parks, of Glenwood; Border Queen Kitchen Cabinet Co., Fort Smith, all of the State of Arkansas, protesting against passage of the Black bill, S. 158; to the Committee on Labor.

658. Also, petition of presidents and secretaries of seven locals of the United Mine Workers of America, and secretary-treasurer Arkansas State Federation of Labor, requesting support of Black 5-day-week bill, S. 158; to the Committee on Labor.

659. Also, petition of Eureka Coal Co., Dixie Fuel Co., New Shockley Coal Co., Superfuel Coal Co., Carbon Coal Co., Sullivan Coal Co., Jewell Mining Co., Paris Purity Coal Co., New Union Coal Co., Mack Coal Co., Comet Coal Co., Diamond Coal Co., Victor Coal Co., and Blue Ribbon Coal Co., of Paris, Ark., protesting against passage of Black bill, S. 158; to the Committee on Labor.

660. Also, petition of Southwestern Coal Co., Fort Smith; Logan County Marketing Co., Paris; Arkansas-Oklahoma Coal Operators' Association and R. A. Young & Son Coal Co., Fort Smith; Paris Purity Coal Co., Paris; 12 coal operators in Clarksville field; other Fort Smith mining and manufacturing interests; Hon. Henry Moore, Jr., Texarkana., all of

the State of Arkansas; and Continental Gin Co., of Memphis, Tenn., protesting against passage in the House of the Black bill, S. 158; to the Committee on Labor.

661. By Mr. ELTSE of California: Petition of the California Legislature, relative to the acceptance of the cemetery at Sawtelle, Calif.; to the Committee on Military Affairs.

662. By Mr. FORD: Petition protesting against discontinuance of services of Army engineers on harbor work; to the Committee on Rivers and Harbors.

663. Also, resolution from the Board of Supervisors of the County of Los Angeles, approving and urging favorable consideration and action by Congress on Senate bill No. 158, providing for establishment of 5-day 30-hour week; to the Committee on Labor.

664. By Mr. JOHNSON of Texas: Petition of George L. Roxburgh, president, and H. F. Borg, secretary, of the Corsicana (Tex.) branch of the Letter Carriers' Association, favoring President's 30-year compulsory-retirement measure; to the Committee on Appropriations.

665. By Mr. LINDSAY: Petition of Newport Chamber of Commerce, Newport, R.I., urging continuance of the Newport Naval Training Station; to the Committee on Naval Affairs.

666. Also, petition of Madison Square Cooperative Association, Jackson Heights, New York City, favoring amended or optional 30-year retirement bill; to the Committee on Appropriations.

667. Also, petition of United States Customs Inspectors Association Port of New York, J. V. Treacy, president, opposing the retirement service bill; to the Committee on Appropriations.

668. Also, petition of Leo I. Cashin, of Brooklyn, N.Y., opposing Senate bill 158, the Black bill; to the Committee on Labor.

669. Also, petition of National Converters Institute, of Chicago, Ill., concerning the administration labor bill; to the Committee on Labor.

670. Also, petition of F. E. Compton & Co., New York City, opposing House bill 3769, the Reilly bill; to the Committee on Interstate and Foreign Commerce.

671. Also, petition of Greyling Realty Corporation, New York City, favoring certain amendments to the Federal Home Loan Bank Act; to the Committee on Banking and Currency.

672. Also, petition of Boyertown Burial Casket Co., New York City, opposing the 30-hour labor bill; to the Committee on Labor.

673. Also, petition of Rossman Bros. & Messner, Inc., importers and converters of fabrics, New York City, opposing House bill 3769, the Reilly bill; to the Committee on Interstate and Foreign Commerce.

674. Also, petition of New York Board of Trade, Inc., New York City, concerning House bill 3769; to the Committee on Interstate and Foreign Commerce.

675. Also, petition of the Power Authority of the State of New York, New York City, concerning House Joint Resolution 157; to the Committee on Interstate and Foreign Commerce.

676. Also, petition of J. R. Edwards & Co., investment securities, Cincinnati, Ohio, concerning the new securities act; to the Committee on Interstate and Foreign Commerce.

677. By Mr. LOZIER: Petition of Theodore Bazan Post, No. 6, of the American Legion, of Moberly, Mo., commending President Roosevelt for his fearless leadership, and approving the action of the President and the Congress in meeting the present national emergency; to the Committee on Ways and Means.

678. By Mr. LUNDEEN: Petition of the Legislature of the State of Minnesota, urging Congress to pass legislation providing relief to hard-pressed counties and drainage districts on account of drainage bond indebtedness at the earliest possible time; to the Committee on Appropriations.

679. Also, petition of the American Legion, Railway Mail Post, No. 23, St. Paul, Minn., favoring the placing of postmasters in first-, second-, and third-class post offices under Civil Service rules; to the Committee on the Civil Service.

680. Also, petition of the city of Eveleth, Minn., approving President Roosevelt's reforestation project, and asking that through said project employment be given to many of the unemployed of the community of Eveleth; to the Committee on Labor.

681. Also, petition of Minneapolis Bearcat Post, No. 504, American Legion, urging an investigation of Reconstruction Finance Corporation loans to the Pennsylvania Railroad; to the Committee on Banking and Currency.

682. Also, petition of the State Legislature of the State of Minnesota, memorializing the President of the United States and Congress that appropriate action be taken to place in the hands of a judicial tribunal the determination of damages suffered by owners of property bordering the Lake of the Woods, and to authorize the Department of Justice to compromise and adjust the valid claims arising out of the fluctuation of the level of said lake; to the Committee on the Judiciary.

683. Also, petition of American citizens in meeting held March 27, 1933, at Temple Israel in Minneapolis, Minn., urging that the State Department of the United States Government be asked to use its good offices to convey to the German Government the grave concern felt by a large number of American citizens regarding the treatment of the Jews in Germany; to the Committee on Foreign Affairs.

684. Also, petition of Currency Study Club, of Willmar, Minn., urging the passage of the Wheeler bill for the remonetization of silver, the Rankin bill for stabilizing the purchasing power of the dollar, the Patman bill for payment of the soldiers' bonus, and the Frazier bill for the refinancing of farm mortgages; to the Committee on Banking and Currency.

685. Also, petition of Minneapolis Bearcat Post, No. 504, the American Legion, urging an increase in the postal rates on newspapers, magazines, and periodicals, so as to wipe out the deficit of the Post Office Department; to the Committee on the Post Office and Post Roads.

686. By Mr. McFARLANE: Petition of the Legislature of the State of Texas, requesting the Federal Government, either at the end of the present emergency act levying a Federal tax on gasoline or by June 1, 1934, to abandon this field of taxation and leave the same entirely to the States and their subdivisions; to the Committee on Ways and Means.

687. Also, petition of the Legislature of the State of Texas, urging upon the Congress of the United States the passage of the necessary legislation authorizing the construction of an additional storage reservoir upon the Rio Grande River at or near the line between the States of Colorado and New Mexico, and the construction of a drain for the purpose of augmenting the water supply in the Rio Grande River; to the Committee on Flood Control.

688. By Mr. RUDD: Petition of the Greyling Realty Corporation, New York City, favoring the passage of the Federal home loan bill, to include homes valued not in excess of $25,000; to the Committee on Banking and Currency.

689. Also, petition of the New York Board of Trade, Inc., New York City, opposing the passage of House bill 3759, which will limit or restrict the United States courts in the selection of receivers to natural persons; to the Committee on the Judiciary.

690. Also, petition of National Converters Institute, Chicago, Ill., opposing the passage of the 30-hour work-week legislation; to the Committee on Labor.

691. Also, petition of Rossman Bros. & Messner, Inc., New York City, opposing the passage of the Reilly bill, H.R. 3769; to the Committee on Interstate and Foreign Commerce.

692. Also, petition of F. E. Compton & Co., New York City, opposing the passage of the Reilly bill, H.R. 3769; to the Committee on Interstate and Foreign Commerce.

693. Also, petition of Boyertown Burial Casket Co., New York City, with reference to the 30-hour work week and the exemption of the casket industry; to the Committee on Labor.

694. Also, petition of J. R. Edwards & Co., Cincinnati, Ohio, favoring certain amendments to the proposed securities act; to the Committee on Interstate and Foreign Commerce.

695. Also, petition of Madison Square Cooperative Association, Jackson Heights, Long Island, N.Y., favoring optional retirement of Federal employees; to the Committee on Appropriations.

696. By Mr. SNELL: Petition of National Motorship Corporation against bills H.R. 3348 and 4599; to the Committee on Merchant Marine, Radio, and Fisheries.

697. By Mr. SUTPHIN: Petition of George P. Vanderveer Post, No. 129, American Legion, Toms River, N.J., urging continuance of the lighter-than-air service in the Navy as well as the continued operation of the Lakehurst Naval Air Station; to the Committee on Naval Affairs.

698. By Mr. TRAEGER: Petition of the Assembly and Senate of the State of California, dated April 4, 1933, urging enactment of a moratorium on foreclosures of real-property mortgages and on sales under deeds of trusts on real property; to the Committee on the Judiciary.

699. Also, petition of the Assembly and Senate of the State of California, dated April 11, 1933, urging adoption of legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

700. By Mr. TURNER: Petition of the Houston County Court, Houston County, Erin, Tenn.; to the Committee on Ways and Means.

701. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing the Postmaster General to issue a series of special stamps in commemoration of the three-hundredth anniversary of the white man's discovery of Wisconsin; to the Committee on the Judiciary.

702. By the SPEAKER: Petition of the Committee of the Farmers' Educational and Cooperative Union of America and the Holiday Association, urging that Senate bill 457 be substituted for title II, agricultural credits, of House bill 3835; to the Committee on Agriculture.